

**THE FIDELITY UK FOUNDATION**

**(Registered Charity Number: 327899)**

**Annual Report and Financial Statements  
for the year ended 31 December 2022**

## **THE FIDELITY UK FOUNDATION**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The Trustees submit their annual report and audited financial statements for The Fidelity UK Foundation (“the Foundation”) for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity’s Trust Deed, the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 (the “Charities SORP”).

The financial statements have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair’ view. This departure has involved following the relevant version of the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

#### **Objective and activities for the public benefit**

The objective of the Foundation is to make grants to organisations for charitable purposes, as recognised by the laws of England and Wales. The objective is consistent year to year.

The Foundation’s strategy for achieving this objective is to build an endowment out of which sustainable, long-term grant-making programmes can be established. The Trustees set annual grant budgets designed to balance current grant-making programmes and the long-term future of the Foundation. The Trustees confirm that they have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the Trust’s objectives and in planning future activities and setting the grant-making policy for the year.

#### **Grant-making guidelines**

The Foundation has established its grant-making guidelines to achieve its objective for the public benefit. Grant-making guidelines are reviewed annually to ensure that they continue to reflect the Foundation’s objective and thereby advance public benefit.

The Foundation directs the majority of its grants to UK registered charities operating in the UK, primarily in the fields of:

- Enabling disadvantaged children and young people to fulfil their potential
- Health and wellbeing
- Arts, culture and heritage

The Foundation aims to strengthen the impact, efficiency and/or sustainability of the charitable organisations that it supports. As such, the Foundation has a focus on supporting capacity-building, by which the Foundation means the capacity, knowledge and resources that charities need to be effective.

Each grant application is considered on an individual basis against the Foundation’s grant-making guidelines. Foundation representatives (and from time to time, Trustees) meet with applicants to establish a fuller understanding of an organisation and its needs.

In addition to reviewing an applicant’s fit with the Foundation’s grant-making guidelines, other factors considered as part of the due diligence process include: the organisation’s impact and its role relative to other organisations in the field; strategic plans; leadership and governance; operations; financial health; and the degree to which the project for which funding is requested will strengthen an organisation’s impact, efficiency and/or sustainability.

Grantees are requested to report to the Foundation on progress towards achieving the goals of the project supported as outlined in their application to the Foundation, on a periodic basis. Foundation representatives also have periodic contact with grantees so we can learn from grants made.

## THE FIDELITY UK FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### Grant-making guidelines (cont.)

The Foundation's focus and approach to grant-making is outlined on the website [www.fidelityukfoundation.com](http://www.fidelityukfoundation.com).

The Foundation can make grants outside of the categories and grant-making guidelines described above. Grants made from the W L "Bill" Byrnes Global Scholarship Fund are made in line with that fund's purpose (see Funds and reserves policy section for more details).

#### Achievements and performance in 2022

During 2022, the Trustees met their objective of awarding grants to charitable organisations with a view to strengthening their impact, efficiency and/or sustainability, thereby delivering public benefit. In 2022, 58 grants were awarded totalling £10,519,251.

In 2022, the Foundation established a clear strategic framework for its programme focused on health and wellbeing. This programme focuses on mid-sized organisations that: provide services and support in areas of unmet need (outside of statutory provision); support and engage people to enhance their health and wellbeing (including self-management, prevention and navigating the health system); and that deliver activities supporting families and unpaid carers. It was agreed that the Foundation would not focus on organisations whose focus is health research.

In 2022, the Foundation also agreed to develop a new programme focused on environmental conservation.

In terms of the Foundation's operations, a new website was launched in 2022, a discovery phase for a new grants management system was concluded, and a new financial system was implemented.

Grants were awarded in 2022 as follows:

Area	Number of grants awarded	Total amount awarded	% of total by amount
Disadvantaged children and young people	28	£4,770,621	45%
Arts, culture and heritage	14	£2,630,195	25%
Health and wellbeing	9	£2,406,935	23%
Other	7	£711,500	7%
<b>Total</b>	<b>58</b>	<b>£10,519,251</b>	<b>100%</b>

Further details of the grants awarded are included in note 6. A full list of all grants awarded in 2022 is included in note 20 to the financial statements.

Grants were awarded in 2021 as follows:

Area	Number of grants awarded	Total amount awarded	% of total by amount
Disadvantaged children and young people	41	£6,368,138	52%
Health and wellbeing	14	£3,376,489	27%
Arts, culture and heritage	14	£1,809,417	15%
Other	2	£562,400	5%
Grant(s) from the W L "Bill Byrnes Global Scholarship Fund	1	£129,107	1%
<b>Total</b>	<b>72</b>	<b>£12,245,551</b>	<b>100%</b>

## THE FIDELITY UK FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### Financial review

The Foundation is committed to building and maintaining an invested fund for the long-term benefit of the Foundation and its beneficiaries and remains in a sound financial position. The net assets of the Foundation decreased by 2% from £336,859,601 at the start of the year to £330,381,671 at 31 December 2022.

Donations received were £3,403,712 (2021: £4,015,183) and the Foundation approved grants totalling £10,519,251 (2021: £12,245,551). In 2021, an amount of £74,664 relating to a grant approved in a previous year was written back and disclosed as a contingent liability. During 2022, it was confirmed that this payment will not be made and is no longer disclosed as a contingent liability. In addition, an unspent amount of £25,000 relating to the same grant was returned by the grantee and credited to the statement of activities. In December 2022, the Foundation was notified of an unspent amount of £144,592 in relation to another grant approved in a previous year. This amount has been written back, included as a debtor at 31 December 2022 and was returned after the year end. Two further payments relating to this grant totalling £231,800 were also written back as they are no longer required due to changes in the scope of the related project (2021: 1 amount of £2,098 written back and 1 grant approved in a previous year increased by £54,544 resulting in net additional grant expenditure of £52,446).

#### Investment policy and performance

The Foundation's assets have continued to be managed in accordance with the provisions of the Trust Deed, the Trustee Act 2000, the Charity Commission's guidance and the Foundation's Investment Policy, which was revised in July 2021 and sets out the long-term investment objective, risk profile, and the Foundation's approach to Responsible Investing.

The financial objective of the managed portfolio is to achieve a real return of 4% per annum (calculated as 4% + RPI) over the long term. The portfolio is diversified across a broad range of asset classes, industries, geographies and investment strategies. The Foundation supports the view that the effective management of environmental, social and governance ("ESG") issues by companies it invests in is an important component in achieving good financial performance and long-term growth. As such, the Foundation actively encourages its investment manager(s) to integrate ESG issues into investment analysis and decision-making processes, including voting and engagement.

The Foundation holds common shares in FIL and common and preferred shares in ERS.

The Finance & Investment Subcommittee is authorised by the Board to monitor, review and manage all aspects of the Investment Policy and strategy and to provide oversight of the operation of the investments, ensuring that these arrangements are aligned with the Foundation's Investment Policy

At 31 December 2022, the total value of investments was £336,492,047 (2021: £338,712,599). The managed portfolio was valued at £199,699,806 (2021: £212,589,652), the FIL shares were valued at £62,224,504 (2021: £52,989,134), the Eight Roads Shareholdings Limited ("ERS") shares were valued at £73,894,319 (2021: £72,464,936) and investments held in the name of the W L "Bill" Byrnes Global Scholarship Fund were valued at £673,418 (2021: £668,877).

For the year to 31 December 2022 the investment portfolio (excluding FIL and ERS shares) delivered a return of -4.9% compared with the benchmark return of -4.1% (2021: return of 11.4% compared with the benchmark return of 10.0%). The purchase and sale activity within the managed portfolio increased in 2022 as compared to the previous year as a result of changes to strategic asset allocations and in response to the volatile market conditions. The FIL shares delivered a return of 17.4% and the ERS shares delivered a return of 2.0% (excluding dividends), in sterling, over the same year (2021: 41.4% and 33.3% respectively).

Trustees will continue to closely monitor performance during 2023.

## THE FIDELITY UK FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### Risk management

As outlined in the Foundation's risk register, Trustees have identified the following risks: governance/compliance risk; operational risk; financial risk; grant-making risk; and reputational risk.

*Governance/compliance risk* - relates to the Foundation meeting regulatory, accounting and legal compliance requirements.

The Foundation actively manages these risks through robust internal controls, effective application of relevant policies, engagement with specialist advisers for legal requirements and regular reporting to Trustees.

*Operational risk* - relates to the Foundation being unable to deliver its work.

The Foundation actively manages these risks through robust internal controls, an Administrative Services Agreement with Fidelity International and a business continuity plan.

*Financial risk* - relates to the Foundation meeting its financial commitments and long-term objectives, financial reporting and record keeping, liquidity, market and credit risk.

- Liquidity risk is the risk that the Foundation does not have sufficient available resources to enable it to meet its obligations as they fall due or can only secure them at excessive cost.
- Market risk is the risk of adverse financial impact due to changes in the fair values of the Foundation's investments as a result of fluctuations in foreign currency exchange rates, interest rates, fund and equity prices. Foreign exchange rate risks exist related to the investments and cash denominated in foreign currencies. Interest rate risk exists related to cash and investments in liquidity funds that are subject to daily interest rate variances. Fund and equity price risk exists due to market driven fluctuations in the investment portfolio values.
- Credit risk is the risk of a counterparty failing to meet its financial obligations to the Foundation. Investments and cash are only held with financial institutions of an appropriate standing and which have been approved by the Trustees.

The Foundation actively manages these risks, with oversight from the Finance & Investment Subcommittee, through robust internal controls, effective application of relevant policies, regular monitoring and reporting of the financial performance of investments, and regular cash flow and liquidity forecasting.

*Grant-making risk* - relates to the Foundation's ability to achieve its grant-making objectives.

The Foundation actively manages this risk through annual review of grant-making guidelines, clear approach to grant-making, due diligence and grants administration, clear decision-making processes and monitoring of grantee performance against project goals.

*Reputational risk* - relates to the Foundation's ability to respond effectively to any incident that could affect the Foundation's reputation.

The Foundation actively manages this risk through application of all Foundation policies, and also through clear terms and conditions in grant agreements, and the monitoring of the application of grants made through reports received from grantees.

A detailed risk register, which includes details of the mitigating actions, is reviewed annually by the Trustees. The Trustees confirm that they are satisfied with the procedures which have been established to regularly monitor these risks and with the action taken to mitigate exposure to them.

## THE FIDELITY UK FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### Funds and reserves policy

The Trustees wish to build a substantial Foundation for long-term charitable purposes. As the level and frequency of future donations is uncertain, the Trustees have established an expendable endowment fund to provide sufficient future income and growth to ensure the Foundation's long-term sustainability and to meet its overall charitable objectives. The Trustees have targeted an expected level of overall growth (capital and income) from the invested funds and expect to be able to spend around 5% of the average endowment fund over the previous three years for grant-making, administration and other costs in the subsequent year, while preserving the real value of the endowment. For 2022, this resulted in a grant-making budget of up to £13,000,000 (2021: £12,500,000).

The endowment fund represents the managed portfolio and shares in FIL Ltd and ERS. When donations are received, these are either invested into the managed portfolio or allocated to unrestricted funds as required. The Trustees have discretion to transfer some or all of the capital of the endowment to the unrestricted fund in circumstances which they consider would justify it, having regard to the need to maintain an appropriate balance between the interests of present and future beneficiaries. The value of the endowment fund at 31 December 2022 was £336,377,878 (31 December 2021: £338,793,058).

The unrestricted fund provides the working capital of the Foundation for grant-making, administration and other costs. The level of funds and estimates of likely future expenditure are monitored and reviewed on a regular basis and transfers are made from the endowment, if necessary.

The Foundation's managed portfolio is sufficiently liquid to enable the redemption of amounts to be transferred to the unrestricted fund allowing the Foundation to meet payment commitments as they fall due. The Trustees have concluded that, based on current conditions and considering their ability to transfer from the expendable endowment, the level of unrestricted funds should generally not exceed the value of one year's forecast expenditure.

A total amount of £1,700,000 was redeemed from the managed portfolio during 2022 (2021: £6,200,000) and £657,179 transferred to the unrestricted fund (2021: £5,344,781). The value of unrestricted funds at 31 December 2022 was a deficit of £6,558,937 (2021: deficit of £2,503,828). Any deficit in the unrestricted funds can be funded by redemptions from the managed portfolio and a transfer between funds at the Trustees' discretion.

The restricted fund represents the W L "Bill" Byrnes Global Scholarship Fund, which was established in 2019 as a restricted fund within the Foundation to honour one of the founders of Fidelity International, Bill Byrnes, by receiving, managing and investing donations received in his memory and using these funds to provide scholarships to talented business students from around the world via specific business schools. The value of the restricted fund at 31 December 2022 was £562,730 (31 December 2021: £570,370).

Each month, the Foundation prepares rolling cash flow forecasts of its financial position looking fifteen months ahead. Cash flow forecasts for the twelve months from the date of approval of the financial statements have also been considered to reflect a 'worst case scenario'. This assumes: zero investment or donation income; that current grant-making budgets are sustained (based on an annual budget calculated as referenced above); and, together with anticipated administration and other expenses and payments of existing grant commitments, all expenditure is funded through transfers from the endowment into the unrestricted funds. Based on these forecasts, the Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern and the financial statements are prepared on this basis.

## THE FIDELITY UK FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### Plans for future periods

The Trustees are committed to continuing to make grants in accordance with the stated objective of the Foundation and to source grant proposals matching the Foundation's grant criteria. The Trustees aim to set a grant budget at a level that will allow the Foundation to meet its objective, while maintaining a sustainable level of assets for future periods.

In the forthcoming period, the Trustees anticipate the overall value of grants awarded to increase. While continuing to make grants in fields as outlined in the grant-making guidelines, the Foundation will also continue to review the strategic frameworks for its programmes as it learns from grants made and adapts to the changing context. In 2023, the Foundation will also focus on developing a strategic framework for a new programme focused on environmental conservation. The Foundation will also continue to develop its approach to impact and learning and will embed a new grants management system to improve the user experience and create efficiencies.

#### Structure, governance and management

The Foundation is a registered charity, number 327899, which is constituted as a charitable trust under a Trust Deed dated 13 July 1988. This Trust Deed authorises Trustees to make decisions regarding the allocation of funds.

Trustees meet three times a year, the Finance & Investment Subcommittee meets twice a year, and the Independent Trustees Subcommittee meets once per year. Various policies and guidelines are in place and are reviewed periodically to ensure sufficient governance arrangements and effective monitoring. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 7 and 17 to the financial statements. From time to time a grant may be awarded to an organisation with which a Trustee is involved in some capacity. Trustees are required to disclose all relevant interests, which are then recorded in a conflicts of interest register, and in accordance with the Foundation's policy withdraw from decisions where any conflict of interest arises.

Any new Trustees are appointed by the settlor, FIL Investment Services (UK) Limited, based on their ability to add value to the Foundation. Newly appointed Trustees are given an induction, during which they are briefed on investments, the grant-making process and the powers and responsibilities of the Trustee board. A brief history of the Trust, copies of board and sub-committee minutes, annual reports and financial statements, and a copy of the governing Trust Deed are made available to the incoming Trustee.

The Trustees of the Foundation have absolute discretion in the application of any income and capital of the Foundation for any purpose recognised as charitable by the law of England and Wales. Decisions regarding the application of funds and investment strategy are made at meetings of the board of Trustees.

Grant proposals are presented to Trustees at board meetings and between meetings via email. Decisions are arrived at on the basis of mutual agreement among Trustees. Some grants payable are subject to certain conditions being met by the recipients as outlined in grant offer packs.

The Trustees have established policies and procedures for delegated authority under which a guide budget is made available for small grants which are proposed by Foundation representatives and subject to approval by either one or two Trustees (dependent on grant size). Small grants, amounting in aggregate to no more than 10% of the small grant guide budget, are able to be made at the discretion of the Foundation's Chief Executive.

The five Trustees that are unaffiliated to FIL Limited (see note below) also have a small budget for allocation to charitable organisations; these donations fall within the overall grant-making strategy of the Foundation and are not normally made to charities in which the 'unaffiliated' Trustee is involved in a formal capacity and in such cases, proposals are considered by the board.

The Foundation has not carried out any fundraising activities during the year. The Foundation received an unsolicited donation of £500 during the year to the W L "Bill" Byrnes Global Scholarship Fund.

Day to day management of the Foundation's operations is carried out by FIL Investment Management Limited ("FIML"), as outlined in an Administrative Services Agreement. FIML has been one of the principal donors to the Foundation. Further details are provided in note 17 to the financial statements.

## THE FIDELITY UK FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### Reference and administrative information

##### Trustees

The Trustees of the Foundation who were in office during the year and up to the date of signing the financial statements were:

A J Bolton  
S R Gandhi  
P D Goldsbrough  
A P Johnson  
E B Johnson  
E C Johnson IV (Chair)  
J W Owen  
M A Rogers  
S E Walden

All of the Trustees are associated with the principal donors to the Foundation, with the exception of the five unaffiliated Trustees: S R Gandhi, P D Goldsbrough, J W Owen, M A Rogers and S E Walden.

Registered Office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP

Administrators: FIL Investment Management Limited, 4 Cannon Street, London EC4M 5AB  
(Foundations Chief Executive: Lenka Setkova)

Investment Advisors: FIL Pensions Management, Beech Gate, Millfield Lane, Lower Kingswood,  
Tadworth, Surrey KT20 6RP

Bankers: Barclays Bank PLC, 73-75 Calverley Road, Tunbridge Wells, Kent TN1 2UZ

Solicitors: Bates, Wells and Braithwaite London LLP, 10 Queen Street Place, London  
EC4R 1BE

Independent Auditors: PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors,  
1 Embankment Place, London WC2N 6RH

Registered Charity Number: 327899

## THE FIDELITY UK FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### Statement of Trustees' responsibilities in relation to the financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources of the Foundation for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Independent Auditors

The Trustees have re-appointed the auditors, PricewaterhouseCoopers LLP, for the year to 31 December 2023.

**Approved by the Trustees on 29 March 2023 and signed on their behalf by:**



**Trustee:** P D Goldsbrough  
**Date:** 29 March 2023

# *Independent auditors' report to the Trustees of The Fidelity UK Foundation*

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, The Fidelity UK Foundation's financial statements ("the financial statements"):

- give a true and fair view of the state of the Foundation's affairs as at 31 December 2022 and of its incoming resources and application of resources, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2022; the statement of financial activities for the year then ended, cash flow statement for the year then ended; and the notes to the financial statements which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Foundation's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Foundation's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Charities Act 2011 requires us also to report certain opinions and matters as described below.

### *Trustees' Report*

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the Trustees for the financial statements*

As explained more fully in the Statement of Trustees' responsibilities in relation to the financial statements, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Foundation and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder including the Charities (Accounts and Reports) Regulations 2008 and the Charities Act 2022, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered these laws and regulations as having a direct impact on the financial statements. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) by the trustees and those responsible for, or involved in, the preparation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities.
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations.
- Challenging assumptions and judgements made by management in significant accounting estimates and judgements.
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Foundation's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

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### Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the Foundation; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 March 2023

THE FIDELITY UK FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
<b>Income and Endowments from:</b>						
Donations	2	3,403,212	500	-	3,403,712	4,015,183
Investments	3	2,826,248	2,212	-	2,828,460	2,627,784
<b>Total</b>		<b>6,229,460</b>	<b>2,712</b>	<b>-</b>	<b>6,232,172</b>	<b>6,642,967</b>
<b>Expenditure on:</b>						
Raising funds (investment management costs)	4	(2,346)	-	-	(2,346)	(1,214)
Charitable activities (including governance costs)	5	(10,939,402)	(20)	(1,352)	(10,940,774)	(12,951,011)
<b>Total</b>		<b>(10,941,748)</b>	<b>(20)</b>	<b>(1,352)</b>	<b>(10,943,120)</b>	<b>(12,952,225)</b>
Net (expense)/income and net movement in funds before (losses)/gains on investments		(4,712,288)	2,692	(1,352)	<b>(4,710,948)</b>	<b>(6,309,258)</b>
Net (losses)/gains on investments and cash	15	-	(10,332)	(1,756,650)	(1,766,982)	55,139,976
Net (expense)/income and net movement in funds		(4,712,288)	(7,640)	(1,758,002)	<b>(6,477,930)</b>	<b>48,830,718</b>
<b>Reconciliation of funds</b>						
Total Funds of the Foundation brought forward at 1 January		(2,503,828)	570,370	338,793,059	336,859,601	288,028,883
Transfer between funds		657,179	-	(657,179)	-	-
<b>Total Funds of the Foundation carried forward at 31 December</b>		<b>(6,558,937)</b>	<b>562,730</b>	<b>336,377,878</b>	<b>330,381,671</b>	<b>336,859,601</b>

A comparative Statement of Financial Activities can be found in note 18 to the financial statements.

THE FIDELITY UK FOUNDATION

**BALANCE SHEET  
AS AT 31 DECEMBER 2022**

	Note	Total Funds 2022 £	Total Funds 2021 £
<b>Fixed assets</b>			
Investments	9	336,492,047	338,712,599
<b>Total fixed assets</b>		<b>336,492,047</b>	<b>338,712,599</b>
<b>Current assets</b>			
Debtors	10	702,617	614,156
Cash at bank	11	4,992,700	7,478,148
<b>Total current assets</b>		<b>5,695,317</b>	<b>8,092,304</b>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	12	(8,847,795)	(7,972,027)
<b>Net current (liabilities)/assets</b>		<b>(3,152,478)</b>	<b>120,277</b>
<b>Total assets less current liabilities</b>		<b>333,339,569</b>	<b>338,832,876</b>
Creditors: amounts falling due after more than one year	12	(2,957,898)	(1,973,275)
<b>Net assets</b>		<b>330,381,671</b>	<b>336,859,601</b>
Endowment Funds		336,377,878	338,793,059
Restricted Income Funds		562,730	570,370
Unrestricted Income Funds		(6,558,937)	(2,503,828)
<b>Total Funds of the Foundation</b>		<b>330,381,671</b>	<b>336,859,601</b>

A comparative Balance Sheet can be found in note 19 to the financial statements

The financial statements on pages 13 to 32 were approved by the Board of Trustees on 29 March 2023 and were signed on its behalf by

Trustee

  
.....

P D Goldsbrough

THE FIDELITY UK FOUNDATION

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Cash flows from operating activities:</b>			
<b>Net cash used in operating activities</b>	14	<b>(5,764,159)</b>	<b>(8,132,122)</b>
<b>Cash flows from investing activities:</b>			
Investment income received		2,686,884	2,605,498
Investment management charges paid		(3,119)	(908)
Management fee rebates		1,359,151	1,568,350
Proceeds from sale of investments*		102,617,684	28,378,481
Proceeds on redesignation of other equities		411	-
Purchase of investments*		(103,389,612)	(25,997,274)
<b>Net cash provided by investing activities</b>		<b><u>3,271,399</u></b>	<b><u>6,554,147</u></b>
Change in cash in the year		(2,492,760)	(1,577,975)
Effect of exchange rate changes on cash		7,312	6,563
<b>Net decrease in cash</b>		<b><u>(2,485,448)</u></b>	<b><u>(1,571,412)</u></b>
Cash at beginning of the year		<u>7,478,148</u>	<u>9,049,560</u>
<b>Cash at the end of the year</b>		<b><u><u>4,992,700</u></u></b>	<b><u><u>7,478,148</u></u></b>

\*All purchases and sales of investments took place within the Endowment Fund and the Restricted Fund.

The Fidelity UK Foundation does not maintain any debt and therefore a reconciliation of net debt has not been included as the cash movements above provide the same information.

## 1 Accounting policies

### (a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recorded at fair value as disclosed in note 9. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (the "Charities SORP"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011.

The Trustees are authorised to apply the capital of the Foundation's endowment to the Foundation's charitable activities. The Foundation's investments are sufficiently liquid so as to permit the redemption of amounts from the investment portfolio to allow the Foundation to make grant payments from unrestricted funds or endowment funds as they fall due. As a result, Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern and the financial statements are prepared on a going concern basis.

Planned redemptions totalling £1,700,000 were made from the investment portfolio during 2022 (2021: £6,200,000), comprising of transfers from the expendable endowment fund to the unrestricted fund with the balance being the portfolio income earned (recorded as unrestricted income in line with Charity Commission guidance), to enable the Foundation to make grant payments as they fall due.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the relevant version of the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Foundation constitutes a public benefit entity as defined by FRS 102.

### Judgements

Judgements are made in relation to the method of allocating support costs between grant-making activities and governance costs on the basis of the amount of time spent by Foundation representatives on each activity (see note 1(f) and note 8), in relation to recognising the full amount of multi-year grants at date of approval and in writing back cancelled grants (see notes 1(d) and notes 12 and 13 for more information).

### Estimates

The most significant estimates and key assumptions that affect items in the financial statements are related to the valuation of unquoted investments (see note 1(h) and note 9 for more information). With respect to the next reporting period, the year ending 31 December 2023, the most significant areas of uncertainty that could affect the carrying value of the assets held by the Foundation are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees' Annual Report for more information). Estimates are also used in the assessment of exposure to market risk (see note 9).

## THE FIDELITY UK FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### 1 Accounting policies (cont.)

##### (b) Funds structure

The Foundation funds are made up of an endowment fund, a restricted fund and an unrestricted fund. The endowment fund is an invested expendable endowment enabling the Foundation to maintain a sustainable long-term grant-making programme. The Trustees have discretion to expend some or all of the capital of the expendable endowment in circumstances which they consider would justify it, having regard to the need to maintain an appropriate balance between the interests of present and future beneficiaries. The restricted fund was established during 2019 in relation to the W L “Bill” Byrnes Global Scholarship Fund (see the reserves policy section of the Trustees’ Report for more detail). The unrestricted fund is available for use at the discretion of the Trustees in furtherance of the general activities of the Foundation.

Transfers from the endowment fund to the unrestricted fund, arising from the Trustees’ decision to apply the accumulated capital of the endowment to the Foundation’s charitable activities, are recognised when investments are sold, and the sales proceeds are redeemed from the Foundation’s investment portfolio.

##### (c) Income recognition

All income is recognised when the Foundation has entitlement to the income, it is probable that the income will be received, and the amount of income can be measured reliably.

Donations represent amounts received by the Foundation or where the Foundation has been notified that a donation has been irrevocably committed to be made to it during the financial year and include any associated tax credits.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation; this is normally upon notification of the interest paid or payable by the bank.

##### (d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note 1 (f) below.

Grants are payments made to third parties in the furtherance of the charitable objectives of the Foundation. Grants are recognised in the financial statements as liabilities after they have been approved by Trustees or by delegation, the recipients have been notified of the award (formally or informally) and it is fully expected that any terms and conditions to be fulfilled by the grantee(s) will be met. In these circumstances there is a valid expectation by the recipients that they will receive the grant. Once recognised in the financial statements, grants are only written back if the related project is cancelled or if there is a material change in the scope of the project meaning that it no longer meets the terms of the grant agreement. If the scope or timing of a project significantly changes but the Trustees still want to fund it, the related grant is written back and disclosed instead as a contingent liability to reflect the uncertainty around the timing of the payment.

Provisions for grants are made when recipients have been notified of the award but there is uncertainty as to the timing of the grant or the amount of grant payable.

##### (e) Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

## THE FIDELITY UK FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

#### 1 Accounting policies (cont.)

(f) Allocation of support costs

Governance costs are a type of support costs and comprise all costs involving the public accountability of the Foundation and its compliance with regulation and good practice. These costs include statutory audit and legal fees together with an apportionment of the support costs considered to be incurred in complying with statutory requirements, such as Trustees' meetings and the preparation of financial statements (see note 7).

Other support costs have been allocated between governance costs and grant-making activities on a 25:75 basis, reflecting an estimation of the time spent by Foundation representatives on the respective activities (as disclosed in note 1 (a)). Those support costs attributed to grant-making activities have subsequently been allocated between programme areas based on the number of grants awarded in each category. See notes 6 and 8 for further details.

(g) Management fees and rebates

Gross investment management fees are charged against investment fund prices with investment valuations being shown net of these charges. The Foundation receives rebates of all of the investment management charges, which are received in cash and immediately reinvested into the managed portfolio. Management fee rebates are presented as realised gains on the managed portfolio and not as donated services.

(h) Fixed asset investments

Investments are a form of basic financial instrument.

Quoted investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Unquoted investments are stated at current value based on expected realisable value at the balance sheet date. The current value of FIL shares and ERS shares has been estimated to be equal to the value communicated by FIL and ERS, based on net asset values ("NAV") per share approved by the directors of FIL and ERS. The unquoted investments in FIL and ERS can only be redeemed at the discretion of FIL and ERS and only at the quarterly NAV. FIL and ERS also have the right to apply restrictions to defer the payment of significant redemption proceeds; however, the Trustees do not foresee a circumstance under which this would be enforced, and the Trustees do not believe that there are any restrictions that would materially affect the fair value of the investment. Based on these investment characteristics, NAV is determined to be the best approximation of fair value. The current values of the holdings in Fidelity UK Real Estate Fund have been based on the NAV of units held and are provided by FIL Investment Services (UK) Limited in its capacity as Authorised Corporate Director of the fund. The current values of the holdings in Fidelity Common Contractual Funds are derived from the sum of the quoted prices of the investments in the underlying funds and are provided by FIL Fund Management (Ireland) Limited in its capacity as Manager of the fund.

The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Foundation does not acquire options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or subsectors. More detailed disclosures relating to investments and risk are included in the Trustees' Report.

(i) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

# THE FIDELITY UK FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

### 1 Accounting policies (cont.)

#### (j) Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- a present obligation following a grant offer where settlement is not considered probable; or
- a present obligation following a grant offer where the amount has not been communicated in the grant offer letter and that amount cannot be estimated reliably.

#### (k) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

#### (l) Taxation

The Foundation is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, if these profits are applied solely for charitable purposes.

### 2 Donations

	<b>2022</b>	2021
	£	£
Corporate donations	3,400,000	4,000,000
Donations to the W L "Bill" Byrnes Global Scholarship Fund	500	500
Other donations	3,212	14,683
	<u>3,403,712</u>	<u>4,015,183</u>

### 3 Investment income

	<b>2022</b>	2021
	£	£
Listed equities	223,757	160,228
Other equities	1,418,641	1,748,994
Mutual funds	1,008,768	592,266
Real Estate funds	118,949	123,274
Cash funds	43,438	673
Mutual and cash funds (restricted fund)	2,212	2,349
Bank interest	12,695	-
	<u>2,828,460</u>	<u>2,627,784</u>

### 4 Raising funds

	<b>2022</b>	2021
	£	£
Investment management costs:		
Custodian fee	<u>2,346</u>	<u>1,214</u>

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

5 Charitable activities

	Unrestricted Funds <b>2022</b> £	Restricted Funds <b>2022</b> £	Endowment Funds <b>2022</b> £	Total Funds <b>2022</b> £
Grant-making activities (note 6)	10,683,434	20	1,352	10,684,806
Governance costs (note 7)	255,968	-	-	255,968
	<u>10,939,402</u>	<u>20</u>	<u>1,352</u>	<u>10,940,774</u>

	Unrestricted Funds <b>2021</b> £	Restricted Funds <b>2021</b> £	Endowment Funds <b>2021</b> £	Total Funds <b>2021</b> £
Grant-making activities (note 6)	12,613,947	129,159	36	12,743,142
Governance costs (note 7)	207,869	-	-	207,869
	<u>12,821,816</u>	<u>129,159</u>	<u>36</u>	<u>12,951,011</u>

6 Grant-making activities

All grants were made to institutions; no grants were made to individuals. Grant support costs have been allocated based on the number of grants awarded in each category.

<b>Grants approved in 2022</b>	Number of grants	Grant value £	Support costs (note 8) £	Total £
Arts, culture and heritage	14	2,630,195	136,850	2,767,045
Health and wellbeing	9	2,406,935	87,974	2,494,909
Disadvantaged children and young people	28	4,770,621	273,698	5,044,319
Other	7	711,500	68,425	779,925
	<u>58</u>	<u>10,519,251</u>	<u>566,947</u>	<u>11,086,198</u>
Grants written back		(231,800)	-	(231,800)
Grants returned		(169,592)	-	(169,592)
Total		<u>10,117,859</u>	<u>566,947</u>	<u>10,684,806</u>

See note 20 for a full list of grants approved in year.

**6 Grant-making activities (cont.)**

<b>Grants approved in 2021</b>	Number of grants	Grant value  £	Support costs (note 8)  £	Total  £
Arts, culture and heritage	14	1,809,417	102,497	1,911,914
Health and wellbeing	14	3,376,489	102,497	3,478,986
Disadvantaged children and young people	41	6,368,138	300,172	6,668,310
Other	2	562,400	14,643	577,043
	<u>71</u>	<u>12,116,444</u>	<u>519,809</u>	<u>12,636,253</u>
Grants from W L “Bill” Byrnes Global Scholarship Fund	1	129,107	-	129,107
	<u>72</u>	<u>12,245,551</u>	<u>519,809</u>	<u>12,765,360</u>
Grants written back		(74,664)	-	(74,664)
Grants cancelled or amended		52,446	-	52,446
<b>Total</b>		<u><u>12,223,333</u></u>	<u><u>519,809</u></u>	<u><u>12,743,142</u></u>

**7 Governance costs**

	<b>2022</b> £	2021 £
Trustee expenses	75	-
Legal fees	37,292	9,532
Audit fees	29,620	25,068
Support costs (note 8)	<u>188,981</u>	<u>173,269</u>
	<u><u>255,968</u></u>	<u><u>207,869</u></u>

The nine Trustees in post during 2022 received no remuneration from the Foundation during the year (2021: the nine Trustees in post received no remuneration from the Foundation). One Trustee was reimbursed for travel and subsistence expenses totalling £75 during the year (2021: No Trustees were reimbursed for travel and subsistence expenses).

Audit fees represent £24,683 (net of VAT) for the audit of the 2022 financial statements (2021: £20,889 (net of VAT) for the audit of the 2021 financial statements). No other services were provided by the auditors.

In accordance with SORP paragraph 6.15, the audit fee is the amount paid directly by the Foundation and the fee level the Foundation is willing to pay in the open market. This is less than the total allocation of audit fees relating to the Foundation’s financial statements by PricewaterhouseCoopers LLP, who are also the auditor of other FIL related entities.

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

8 Support costs

	Allocated to grant-making activities £	Allocated to governance costs £	Total 2022 £
Administration and management costs	566,947	188,981	755,928
	Allocated to grant-making activities £	Allocated to governance costs £	Total 2021 £
Administration and management costs	519,809	173,269	693,078

Support costs have been allocated between grant-making activities and governance costs on a 75:25 basis. This reflects a judgment on the amount of time spent by Foundation representatives on the respective activities. See note 17 for details of how administration and management services are provided.

9 Investments

Movement in Investments during 2022

	Listed Equities £	Mutual Funds £	Mutual Funds (Restricted Fund) £	Real Estate Funds £	FIL Shares £	ERS Shares £	Total £
Market value b/f <b>1 January 2022</b>	9,354,451	195,073,330	668,877	8,161,872	52,989,134	72,464,935	338,712,599
Additions at cost	1,205,377	102,176,988	7,247	-	-	-	103,389,612
Disposal proceeds	(683,172)	(97,544,469)	-	(4,390,043)	-	-	(102,617,684)
Realised gains on disposals	475,816	10,630,677	-	2,044,222	-	-	13,150,715
Unrealised FX gain	-	-	-	-	6,778,770	8,802,136	15,580,906
Unrealised investment (losses)/ gains	(1,276,086)	(23,305,859)	(2,706)	(2,223,298)	2,456,600	(7,372,752)	(31,724,101)
Market value as at <b>31 December 2022</b>	9,076,386	187,030,667	673,418	3,592,753	62,224,504	73,894,319	336,492,047

Movement in Investments during 2021

	Listed Equities £	Mutual Funds £	Mutual Funds (Restricted Fund) £	Real Estate Funds £	FIL Shares £	ERS Shares £	Total £
Market value b/f <b>1 January 2021</b>	7,985,715	180,852,032	-	6,900,708	37,482,704	54,349,154	287,570,313
Additions at cost	-	25,374,333	622,940	-	-	-	25,997,273
Disposal proceeds	-	(28,378,481)	-	-	-	-	(28,378,481)
Realised gains on disposals	-	8,119,472	-	-	-	-	8,119,472
Unrealised FX gain	-	-	-	-	343,267	497,730	840,997
Unrealised investment gains	1,368,736	9,105,974	45,937	1,261,164	15,163,163	17,618,051	44,563,025
Market value as at <b>31 December 2021</b>	9,354,451	195,073,330	668,877	8,161,872	52,989,134	72,464,935	338,712,599

**9 Investments (cont.)****Recognised fair value measurements**

To provide an indication about the reliability of the inputs used in determining fair value, the Foundation has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total <b>2022</b>
	£	£	£	£
Listed Equities	9,076,386	-	-	9,076,386
Mutual Funds	99,592,432	87,438,235	-	187,030,667
Mutual Funds (Restricted Fund)	673,418	-	-	673,418
Real Estate Funds	-	-	3,592,753	3,592,753
FIL Shares	-	-	62,224,504	62,224,504
ERS Shares	-	-	73,894,319	73,894,319
<b>Total</b>	<b>109,342,236</b>	<b>87,438,235</b>	<b>139,711,576</b>	<b>336,492,047</b>

  

	Level 1	Level 2	Level 3	Total <b>2021</b>
	£	£	£	£
Listed Equities	9,354,451	-	-	9,354,451
Mutual Funds	122,653,010	72,420,320	-	195,073,330
Mutual Funds (Restricted Fund)	668,877	-	-	668,877
Real Estate Funds	-	-	8,161,872	8,161,872
FIL Shares	-	-	52,989,134	52,989,134
ERS Shares	-	-	72,464,935	72,464,935
<b>Total</b>	<b>132,676,338</b>	<b>72,420,320</b>	<b>133,615,941</b>	<b>338,712,599</b>

There were no transfers between any of the levels for recurring fair value measurements during the year (2021: £nil). The Foundation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**Exposure to market risk**

The values of the investments are subject to foreign currency risk related to amounts denominated in currencies other than GBP, mainly being the US Dollar. If the US Dollar weakened as compared to GBP by 5%, the investment values would reduce by c. £9m (2021: £8m). The values of the investments are also subject to market risk. If the equity markets experienced a 5% downturn, the investment values would reduce by c. £9m (2021: £9m).

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

10 Debtors

	2022	2021
	£	£
Management fee rebates	278,678	407,394
Management fee rebates (restricted fund)	1,358	1,278
Dividend receivable	277,989	179,850
Other debtors	144,592	25,634
	<u>702,617</u>	<u>614,156</u>

11 Cash at bank

	2022	2021
	£	£
Cash at bank	<u>4,992,700</u>	<u>7,478,148</u>

12 Creditors

	2022	2021
	£	£
Amounts falling due within one year:		
Grants	8,680,945	7,873,261
Accrued administration services	133,736	69,317
Other creditors	33,114	29,449
	<u>8,847,795</u>	<u>7,972,027</u>
Amounts falling due after more than one year:		
Grants	2,957,898	1,973,275
	<u>11,805,693</u>	<u>9,945,302</u>

Movement in grant commitments during the year:

	2022	2021
	£	£
Grant commitments recognised at start of year	9,846,536	9,043,781
New grant commitments charged to SoFA in year (note 6)	10,519,251	12,245,551
Grants cancelled/amended during the year	-	52,446
Grants written back during the year	(231,800)	(74,664)
Grants paid during the year	(8,507,885)	(11,422,803)
FX loss on grants payable	12,741	2,225
Amount of grant commitments recognised at end of year	<u>11,638,843</u>	<u>9,846,536</u>

13 Contingent Liabilities

The Foundation had no contingent liabilities at 31 December 2022 (2021: £74,664 relating to a grant approved in a previous year for which payment was not certain, confirmed as not payable in 2022).

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

14 Reconciliation of net movement in funds to net cash flow from operating activities

	2022	2021
	£	£
Net movement in funds (excluding endowment)	(4,719,928)	(6,261,664)
Less: investment income earned	(2,785,022)	(2,627,132)
Add: investment management costs	2,346	1,214
Less: investment gains on restricted fund	(2,409)	(49,783)
Increase in debtors	(118,959)	(25,634)
Increase in creditors	1,859,813	830,877
Net cash outflow from operating activities	<u>(5,764,159)</u>	<u>(8,132,122)</u>

15 Net gains on investments and cash

	2022	2021
	£	£
Unrealised investment (losses)/gains	(31,723,689)	44,563,025
Realised gain on disposals	13,150,715	8,119,472
Realised gain from rebates	1,230,515	1,612,453
Unrealised FX gains on cash	7,311	6,563
Unrealised FX gains on investments	15,580,906	840,997
Other exchange rate losses	(12,740)	(2,534)
Net (losses)/gains on investments	<u>(1,766,982)</u>	<u>55,139,976</u>

16 Analysis of movement in funds

	Balance 01 January 2022	Income	Expenditure	Net losses on investments	Transfer between funds	Balance 31 December 2022
	£	£	£	£	£	£
Unrestricted funds	(2,503,828)	6,229,460	(10,941,748)	-	657,179	(6,558,937)
Restricted funds	570,370	2,712	(20)	(10,332)	-	562,730
Endowment funds	338,793,059	-	(1,352)	(1,756,650)	(657,179)	336,377,878
Total funds	<u>336,859,601</u>	<u>6,232,172</u>	<u>(10,943,120)</u>	<u>(1,766,982)</u>	<u>-</u>	<u>330,381,671</u>
	Balance 01 January 2021	Income	Expenditure	Net gain on investments	Transfer between funds	Balance 31 December 2021
	£	£	£	£	£	£
Unrestricted funds	(1,665,697)	6,640,118	(12,823,030)	-	5,344,781	(2,503,828)
Restricted funds	649,122	2,849	(129,159)	47,558	-	570,370
Endowment funds	289,045,458	-	(36)	55,092,418	(5,344,781)	338,793,059
Total funds	<u>288,028,883</u>	<u>6,642,967</u>	<u>(12,952,225)</u>	<u>55,139,976</u>	<u>-</u>	<u>336,859,601</u>

See Funds and Reserves Policy section of the Trustees' Report for more details.

**17 Related party transactions**

During 2022, the Foundation received a donation of £3,400,000 from FIL Holdings (UK) Limited (“FHL”) (2021: £4,000,000 from FIL Holdings (UK) Limited (“FHL”). FHL is a subsidiary of FIL. FIL is a company with three directors in common with the Foundation’s Trustees.

The Foundation investments include £199,699,806 of funds held in an investment portfolio managed by FIL Pensions Management (“FPM”) (2021: £212,589,653). FPM is a subsidiary of FIL. Within the investment portfolio, underlying funds valued at £155,373,957 (2021: £192,309,068) are managed by subsidiaries of FIL. The Foundation holds investments managed by subsidiaries of FIL valued at £673,418 (2021: £668,877) in a restricted fund for the W L “Bill” Byrnes Global Scholarship Fund. The total annual management charge of £1,230,183 (2021: £1,612,454) was rebated to the Foundation during the year. Income in 2022 from these investments was £944,816 (2021: £776,571). At 31 December 2022, an amount of £280,036 was receivable from FPM in relation to rebated management charges (2021: £408,672) and an amount of £277,989 was receivable in relation to investment income (2021: £179,850).

Investments also include £62,224,504 of Common Shares in FIL (2021: £52,989,134 of Common shares in FIL). Dividend income in 2022 from these investments was £nil (2021: £nil).

Cash at bank and in hand includes £4,400,656 (2021: £3,211,218) of units in a fund of Fidelity Institutional Liquidity Fund plc, which is managed by FIL Investment Management (Luxembourg) S.A., Ireland Branch, a wholly owned subsidiary of FIL.

The Foundation does not employ any staff directly. Management, overhead and administration expenses of the Foundation are initially borne by FIL Investment Management Limited (“FIML”) and subsequently recharged through an Administration Services Agreement set up with the Foundation. Costs attributed to the Foundation and recharged for the year were £699,429 including VAT (2021: £681,930). FIML is a wholly owned subsidiary of FIL. As at 31 December 2022, an amount of £145,023 was payable to FIML in relation to administration expenses (2021: £79,456).

FIML also provides administration services to Fidelity Bermuda Foundation, Fidelity Asia Pacific Foundation and Fidelity Europe Foundation, separate charitable trusts (formerly one Foundation known as Fidelity International Foundation), which each have five Trustees in common with the Foundation. There have been no transactions between the Foundation and any of the other foundations during the year and there are no balances outstanding between the four entities.

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

18 Statement of Financial Activities for the year ended 31 December 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £
<b>Income and Endowments from:</b>					
Donations	2	4,014,683	500	-	4,015,183
Investments	3	2,625,435	2,349	-	2,627,784
<b>Total</b>		<b>6,640,118</b>	<b>2,849</b>	<b>-</b>	<b>6,642,967</b>
<b>Expenditure on:</b>					
Raising funds (investment management costs)	4	(1,214)	-	-	(1,214)
Charitable activities (including governance costs)	5	(12,821,816)	(129,159)	(36)	(12,951,011)
<b>Total</b>		<b>(12,823,030)</b>	<b>(129,159)</b>	<b>(36)</b>	<b>(12,952,225)</b>
Net expense and net movement in funds before gains on investments		(6,182,912)	(126,310)	(36)	<b>(6,309,258)</b>
Net gains on investments and cash	15	-	47,558	55,092,418	55,139,976
Net (expense)/income and net movement in funds		(6,182,912)	(78,752)	55,092,382	<b>48,830,718</b>
<b>Reconciliation of funds</b>					
Total Funds of the Foundation brought forward at 1 January		(1,665,697)	649,122	289,045,458	288,028,883
Transfer between funds		5,344,781	-	(5,344,781)	-
<b>Total Funds of the Foundation carried forward at 31 December</b>		<b>(2,503,828)</b>	<b>570,370</b>	<b>338,793,059</b>	<b>336,859,601</b>

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

19 Balance Sheets as at 31 December 2022 and 31 December 2021 analysed by fund

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 2022 £
<b>Fixed assets</b>				
Investments	-	673,418	335,818,629	336,492,047
<b>Total fixed assets</b>	<b>-</b>	<b>673,418</b>	<b>335,818,629</b>	<b>336,492,047</b>
<b>Current assets</b>				
Debtors	422,581	1,358	278,678	702,617
Cash at bank and in hand	4,660,222	51,907	280,571	4,992,700
<b>Total current assets</b>	<b>5,082,803</b>	<b>53,265</b>	<b>559,249</b>	<b>5,695,317</b>
<b>Liabilities</b>				
Creditors: amounts falling due within one year	(8,768,144)	(79,651)	-	(8,847,795)
<b>Net current (liabilities)/assets</b>	<b>(3,685,341)</b>	<b>(26,386)</b>	<b>559,249</b>	<b>(3,152,478)</b>
<b>Total assets less current liabilities</b>	<b>(3,685,341)</b>	<b>647,032</b>	<b>336,377,878</b>	<b>333,339,569</b>
Creditors: amounts falling due after more than one year	(2,873,596)	(84,302)	-	(2,957,898)
<b>Net (liabilities)/assets</b>	<b>(6,558,937)</b>	<b>562,730</b>	<b>336,377,878</b>	<b>330,381,671</b>
	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £
<b>Fixed assets</b>				
Investments	-	668,877	338,043,722	338,712,599
<b>Total fixed assets</b>	<b>-</b>	<b>668,877</b>	<b>338,043,722</b>	<b>338,712,599</b>
<b>Current assets</b>				
Debtors	179,850	1,278	433,028	614,156
Cash at bank and in hand	7,031,481	130,358	316,309	7,478,148
<b>Total current assets</b>	<b>7,211,331</b>	<b>131,636</b>	<b>749,337</b>	<b>8,092,304</b>
<b>Liabilities</b>				
Creditors: amounts falling due within one year	(7,895,741)	(76,286)	-	(7,972,027)
<b>Net current (liabilities)/assets</b>	<b>(684,410)</b>	<b>55,350</b>	<b>749,337</b>	<b>120,277</b>
<b>Total assets less current liabilities</b>	<b>(684,410)</b>	<b>724,227</b>	<b>338,793,059</b>	<b>338,832,876</b>
Creditors: amounts falling due after more than one year	(1,819,418)	(153,857)	-	(1,973,275)
<b>Net (liabilities)/assets</b>	<b>(2,503,828)</b>	<b>570,370</b>	<b>338,793,059</b>	<b>336,859,601</b>

**THE FIDELITY UK FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)**

**20 Grants awarded during 2022**

**Enabling disadvantaged children and young people to fulfil their potential**

During the course of the year 28 grants were given to organisations active in the field of enabling disadvantaged children and young people to fulfil their potential, with a total value of £4,770,621 (2021: 41 grants, total value £6,368,138).

<b>Grantee</b>	<b>Description of Grant</b>	<b>Amount of Grant</b>
<b>Place2Be</b>	'Project Insight' - towards data integration and a new document management system	£491,700
<b>The Fostering Network</b>	New Content Management System and website to support growth	£373,947
<b>Career Ready</b>	Development of digital tools to increase reach and offer more career opportunities for young people	£310,079
<b>Speech and Language UK (previously I CAN)</b>	Digital and technology updates to enhance efficiency, reach, impact and fundraising	£300,000
<b>The Tutor Trust</b>	Recruitment of a new Digital Product Manager to scope and deliver: a new website; a new portal for tutors; and an online platform for pupils and parents to enhance user experience and support growth	£298,000
<b>OnSide Youth Zones</b>	Improving impact measurement through enhanced data capture and rollout of Level 2 Youthwork training	£235,377
<b>Become Charity (trading as Become)</b>	Towards new role of Director of Operations to support growth and impact	£221,130
<b>SHiFT Organisation</b>	Appointment of a new Director of Business Development to build capacity and support organisational growth and expansion	£203,500
<b>Football Beyond Borders</b>	Integration of new and updated IT and digital systems	£201,933
<b>Khulisa</b>	New posts of Head of Partnerships and Data Quality Officer to enhance impact and enable growth	£200,000
<b>The Difference Education Ltd</b>	Development of a new CRM system and scaling the Inclusive Leadership Course	£189,840
<b>Redthread Youth Limited</b>	Towards a new CRM system and discovery work for technology development relating to HR, online training and HIVE	£182,518
<b>42nd Street</b>	Completion of technology platform delivering online mental health services by adding three new functions and scoping the market for a potential wider roll-out of the platform.	£177,445
<b>Chance (UK) Ltd</b>	Review and refresh Chance UK's evaluation methodology to enhance impact	£150,000
<b>Fair Education Alliance</b>	Towards new post of Head of Insights and Data	£149,359
<b>Power2</b>	Establishment of a new Business Development function to expand reach and impact through securing commissioned income	£147,300
<b>New Horizon Youth Centre</b>	Towards new post of Clinical Lead to deliver wellbeing programme for young people experiencing homelessness	£143,424
<b>ReachOut</b>	Towards two new administrative roles; Operations Officer and Programme Assistant	£132,176
<b>National Literacy Trust</b>	Towards new post of Digital Campaigns Manager to enhance digital engagement across the organisation's regional literacy hubs	£130,000
<b>Action Tutoring Ltd</b>	Development of the Virtual Programme	£125,429
<b>Villiers Park Educational Trust</b>	Towards four posts (two fixed term contracts and two consultants) to build digital capacity for online coaching	£118,300
<b>School of Hard Knocks</b>	Towards new post of Trusts & Foundations Manager role to support bid writing and fundraising.	£96,000
<b>CLPE - Centre for Literacy in Primary Education</b>	New CRM system	£67,664

## 20 Grants awarded during 2022 (cont.)

## Enabling disadvantaged children and young people to fulfil their potential (cont.)

Grantee	Description of Grant	Amount of Grant
<b>Fight for Peace</b>	Developing an IT strategy and establishment of new filing structures	£53,000
<b>Youth Access</b>	Development of funding and income generation model to support sustainability	£20,000
<b>XLP</b>	Towards discovery work to support impact management	£20,000
<b>The Access Project</b>	Technology developments to support the scale up of a group tutoring programme	£20,000
<b>Empire Fighting Chance</b>	Consultancy support to enhance data analysis	£12,500
<b>Total</b>		<b>£4,770,621</b>

## Arts, culture and heritage

During the course of the year 14 grants were given to organisations active in the field of Arts, Culture and Heritage with a total value of £2,630,195 (2021: 14 grants, total value £1,809,417).

Grantee	Description of Grant	Amount of Grant
<b>Museum of London</b>	Towards digital transformation projects, including a new CRM system, digital activity to support fundraising and membership	£500,000
<b>Sheffield Museums</b>	Towards two staff posts (Community Curator and Exhibition Co-ordinator) to support development of community engagement programmes	£285,298
<b>The Charleston Trust</b>	Recruitment of two marketing roles (Marketing and Audience Insight Manager and Festivals Marketing Manager) and associated activities.	£249,174
<b>Leeds Theatre Trust Limited (trading as Leeds Playhouse)</b>	Towards the PLAY House project to develop a new early years/family offering to enhance reach and sustainability	£180,000
<b>Derby Museums</b>	Towards four new staff posts (Business Administrator, Data Collection and Research Coordinator, and two Programme Coordinators) to expand and enhance learning programmes, data collection and research to engage a wider audience	£170,299
<b>Sistema Scotland</b>	Towards new post of Director Children and Communities and leadership development	£166,475
<b>Greater Manchester Arts Centre Limited (trading as HOME)</b>	Towards refurbishment of three railway arches to support expansion and create a new artist development centre	£150,000
<b>North Music Trust (operating as Sage Gateshead)</b>	Strengthening digital skills and capacity to engage audiences	£150,000
<b>Somerset House Trust</b>	Towards new post of Business Systems Manager to increase organisational capacity to implement operational improvements.	£146,000
<b>Artichoke Trust</b>	Digital Transformation Project: CRM, website, membership platform, donation, ticketing and purchase pathways	£144,825
<b>The Old Vic Theatre Trust</b>	Development of education and community programme, with an emphasis on expanding activity for primary school children	£142,921
<b>Birmingham Museums Trust</b>	Dynamic Collections: Towards a community participation project to improve digital records and access to museum collections	£125,000
<b>Manchester Camerata</b>	Improving finance function and impact monitoring, including new post of Finance and Data Manager	£120,000
<b>Kettle's Yard, University of Cambridge</b>	Towards new post of Enterprise Manager	£100,203
<b>Total</b>		<b>£2,630,195</b>

**20 Grants awarded during 2022 (cont.)**

**Health and wellbeing**

During the course of the year 9 grants were given to organisations active in the field of Health and wellbeing with a total value of £2,406,935 (2021: 14 grants, total value £3,376,489).

<b>Grantee</b>	<b>Description of Grant</b>	<b>Amount of Grant</b>
<b>Mental Health Innovations</b>	Expansion of Data Insights team to support development of data driven insights and services	£576,000
<b>Carers UK</b>	Development of a new Client Relationship Management system to enhance operations and impact	£550,000
<b>Access Your Right To Care (trading as Access Social Care)</b>	Towards new posts of Chief Technology Officer, Head of Data Insights, and Head of Business Development to support growth of chatbot	£300,000
<b>Re-engage (previously Contact the Elderly)</b>	New digital tools to improve volunteer experience and new roles of Marketing Automation Manager & Data Officer	£250,310
<b>The Movement for Non-Mobile Children (trading as Whizz-Kidz)</b>	New CRM system to enable efficiencies, growth and improve data collection	£244,695
<b>Groundswell</b>	Towards posts of Progression and Participation Director and Head of Operations and a new impact measurement database	£215,442
<b>The Maggie Keswick Jencks Cancer Caring Centres Trust (Maggie's)</b>	New Case Management System (CMS) to enable growth and support data management and analysis	£178,788
<b>Tender Education &amp; Arts</b>	Towards new post of Research and Impact Manager to enhance impact measurement and sustainability.	£71,700
<b>Carers Trust</b>	Towards discovery phase for new Virtual Carers Centre	£20,000
<b>Total</b>		<b>£2,406,935</b>

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)

20 Grants awarded during 2022 (cont.)

Other

During the course of the year 3 grants were given to Cross Sector projects with a total value of £641,500 (2021: 1 grant of £240,000) and 4 grants were given to organisations at the request of the unaffiliated Trustees\* with a total value of £70,000 (2021: 8 grants totalling £120,000). No grants were given to any Other projects (2021: 1 grant of £322,400).

Grantee	Description of Grant	Amount of Grant
<b>Cross Sector:</b>		
<b>DataKind UK</b>	Towards new posts of Fundraiser, Head of DataDives and Volunteer Community and Head of DataCorps and SCO Community	£372,500
<b>Centre for the Acceleration of Social Technology (operating as CAST)</b>	Development of an online platform for charities to access and re-use relevant, sector specific technology and digital tools	£265,000
<b>Institute for Voluntary Action Research (IVAR)</b>	Towards development of convenings for charitable trusts and foundations	£4,000
<b>Trustee Grants:</b>		
<b>Fine Cell Work</b>	Towards Design & Commissions Manager role	£20,000
<b>The Federation of London Youth Clubs</b>	Towards costs of membership development team	£20,000
<b>The Friends of St Eadburgha's</b>	Restoration and equipment	£20,000
<b>6th Chiswick Brownies &amp; Guides</b>	Programme costs for Girlguiding group	£10,000
<b>Total</b>		<b>£711,500</b>

\*These grants were previously disclosed under the relevant project sector, rather than being specifically identified as grants that were given to organisations at the request of the unaffiliated Trustees.