

# UBS UK HOLDING LIMITED

## REPORT AND FINANCIAL STATEMENTS

For the year ended

**31 DECEMBER 2006**

Company Registration Number 1931397

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# **UBS UK HOLDING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

<b>CONTENTS</b>	<b>PAGES</b>
Directors and Officers	2
Directors' Report	3 to 6
Independent Auditors' Report to the Members	7 and 8
Profit and Loss Account	9
Statement of Total Recognised Gains and Losses	10
Balance Sheet	11
Notes to the Financial Statements	12 to 19

# **UBS UK HOLDING LIMITED**

## **DIRECTORS AND OFFICERS**

### **BOARD OF DIRECTORS**

Sean E Ryan (Chairman)

Richard C Blundell  
Sally A James  
Urs R Pluss  
Gregory P Simpson  
Claudius Sutter  
Andrew D Williams

### **SECRETARY**

John S Mitchell-Hewson, FCIS

### **REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS**

1 Finsbury Avenue  
LONDON EC2M 2PP

### **AUDITORS**

Ernst & Young LLP  
Registered Auditor  
1 More London Place  
LONDON SE1 2AF

# UBS UK HOLDING LIMITED

## REPORT OF THE DIRECTORS

The Directors present their Report together with the audited financial statements ('Accounts') of the Company for the year ended 31 December 2006 ('the year') which have been prepared in accordance with the provisions of the Companies Act 1985

### Principal Activities and Business Review

The Company carries out investment holding activities and acts as a UK holding company for a group of subsidiaries within the UBS AG Group. In the performance of its activities, the Company provides a source of funding either in the form of share capital or loans to its subsidiary undertakings. The Company continues to operate a programme of rationalising superfluous subsidiaries.

The following changes, additional investments and divestments in the Company's directly held investments and subsidiaries portfolio took place during the year, namely

- (1) on 8 February 2006, the Company purchased the entire issued share capital of **S G Warburg & Co International B V**, a company incorporated with limited liability in The Netherlands, from UBS Reorganisation 2006-04 Ltd (formerly, UBS Overseas (U K) Limited) for an aggregate consideration of £163,084,667. S G Warburg & Co International B V was subsequently wound up by the equivalent of a members' voluntary liquidation and dissolved on 19 September 2006,
- (2) on 5 June 2006, the Company sold its interests in 1,000 'H' shares of 1p and 99,000 'I' shares of 1p each in, and collectively representing 6.25 per cent of, the issued share capital of **EBS Group Limited** to ICAP plc for an aggregate consideration equivalent to £29,436,924 which comprised the issue and allotment to the Company of 3,040,467 new Ordinary shares of 10p each, fully paid, in ICAP plc and US\$26,679,918 in cash,
- (3) on 6 June 2006, the Company sold its interest in the 3,040,467 Ordinary shares of 10p each in **ICAP plc** to UBS AG London Branch for an aggregate cash consideration of £15,141,526,
- (4) on 24 August 2006, the Company purchased 86,537,460 Ordinary shares of S\$1 each, fully paid, in the issued share capital of **UBS Securities Pte Ltd**, a company incorporated with limited liability in Singapore, from UBS Securities Limited, a fellow subsidiary undertaking of UBS AG, for an aggregate consideration of S\$134,998,438,
- (5) on 28 September 2006, the Company purchased 41 loan notes with a denomination of KRW2,000,000,000 issued by **UBS Securities Pte Ltd Seoul Branch** from UBS Securities Limited for an aggregate consideration of KRW 71,149,781,484,
- (6) on 25 October 2006, the Company purchased the respective entire issued share capitals of the following four subsidiaries from **UBS Reorganisation 2006-01 Ltd** (formerly, UBS UK Limited) (Co No 1928270)

**Hunchbuy Limited** (Co No 2110931) for an aggregate consideration of £1,821,

**UBS Project Finance (1986) Limited** (Co No 1546796) for an aggregate consideration of £1,193,

**UBS Securities Nominees Limited** (Co No 2003089) for an aggregate consideration of £2,

**UBS Services Limited** (Co No 2099086) for an aggregate consideration of £2,

and also purchased the entire issued share capital of **UBS Reorganisation 2006-01 Ltd** from S G Warburg & Company Limited for an aggregate consideration of £508,052,732,

# **UBS UK HOLDING LIMITED**

## **REPORT OF THE DIRECTORS**

- (7) on 14 December 2006, the Company purchased the respective entire issued shares capitals of the following three subsidiaries from **UBS Reorganisation 2006-06 Ltd** (formerly, S G Warburg Group Management Ltd ) (Co No 1864154)

**UBS Pension Trustee Company Limited** (Co No 985462) for an aggregate consideration of £100,

**UBS Trustee Company Limited** (Co No 1960703) for an aggregate consideration of £100,

**UBS Warburg Ltd** (Co No 1881039) for an aggregate consideration of £300,

- (8) on 14 December 2006, the Company purchased the entire issued share capital of **UBS Reorganisation 2006-06 Ltd** from S G Warburg & Company Limited for an aggregate consideration of £5,018,580,

- (9) on 20 December 2006, the Company sold 30,000,000 Ordinary shares of S\$1 00 each, fully paid, in **UBS Securities Pte Ltd** to UBS AG Jersey Branch for an aggregate consideration of S\$56,700,000

During the year the following seven subsidiaries completed their respective members' voluntary winding up and were dissolved since the year on the dates shown

**UBS Reorganisation 2005-04 Ltd** (Co No 1900523) on 9 April 2007,

**UBS Reorganisation 2005-05 Ltd** (Co No 1543369) on 9 April 2007,

**UBS Reorganisation 2005-07 Ltd** (Co No 2266506) on 9 April 2007,

**UBS Reorganisation 2005-08** (Co No 4051791) on 8 April 2007,

**UBS Reorganisation 2005-09** (Co No 4051809) on 8 April 2007,

**UBS Reorganisation 2005-10 Ltd** (Co No 4132391) on 10 April 2007,

**UBS Reorganisation 2005-11 Ltd** (Co No 2521695) on 8 April 2007

Since the year, on 8 February 2007, the Company purchased 25,244 Ordinary shares of €1 00 each, fully paid, in Euroclear plc from UBS Securities Limited for an aggregate consideration of €23,185,401

In addition, on 3 May 2007, the Company surrendered its interest in the last of its leasehold interests. The Company now no longer holds any direct interests in property

### **Principal Risks and Uncertainties**

Risks associated with the business continue to be managed according to UBS AG guidelines. As a direct wholly-owned subsidiary of UBS AG the Company operates in line with UBS AG Group policies, including environmental and ethical standards

### **Key Performance Indicators**

Given the limited scope and nature of the business, and that the Company is a wholly-owned subsidiary of UBS AG, the Directors are of the opinion that key performance indicators or other forms of performance measurement are not necessary in providing an understanding of the development, performance or position of the Company and its business for the purposes of Section 234ZZB of the Companies Act 1985. The parent company maintains an oversight of the Company's performance under the UBS Investment Bank business and governance management structures

# **UBS UK HOLDING LIMITED**

## **REPORT OF THE DIRECTORS**

### **Future Developments**

The Directors have no plans or intentions, at this time, to develop further the activities of the Company

### **Results and Dividends**

The Company incurred a loss, before taxation, for the year amounting to £8,506,000 (2005 profit £47,724,000) After taxation, the Company retained a loss of £7,196,000 (2005 profit £60,049,000) which when added to the accumulated losses brought forward of £905,498,000 (2005 losses £965,547,000) resulted in retained losses carried forward of £912,694,000 (2005 losses £905,498,000)

The state of affairs of the Company as at the year-end are otherwise as detailed in the accompanying Balance Sheet

Due to the Company's accumulated retained losses, the Directors have not paid, and do not propose to pay, any interim dividends nor can they recommend the declaration of a final dividend in respect of the year (2005 £nil)

### **Directors**

The names of the current Directors are shown on page 2 During the year there were two appointments to, and one departure from, the Board Mr Andrew D Williams was appointed as a Director of the Company on 26 April 2006 Mr Claudius Sutter was appointed a Director of the Company on 27 November 2006 Mr Richard W J Hardie resigned as a Director of the Company on 26 November 2006

Since the year, there has been one departure from the Board Mr Richard A Casselle resigned as a Director of the Company on 23 March 2007

No service contracts have subsisted between the Company and any of its Directors during the year and no such contracts have come into being since the year

### **Directors' Responsibilities**

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each accounting reference period Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing those financial statements, the Directors are required to

- select suitable and appropriate accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

# **UBS UK HOLDING LIMITED**

## **REPORT OF THE DIRECTORS**

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of Information to Auditors**

At the date of Board approval of this Report and Financial Statements for the year ended 31 December 2006, each of the Directors has confirmed that

- as far as he/she is aware, there was no relevant audit information of which the auditors were unaware, and,
- he/she has taken all the steps necessary as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors have been made aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

### **Employees**

The Company has no employees of its own (2005 nil). UBS AG group has made, and continues to make, available a number of its employees to be engaged either on a full-time or part-time basis in the performance of certain functions or operations in connection with the Company's continuing business.

### **Charitable Donations and Political Contributions**

There were no charitable donations nor any contributions for political purposes made by the Company during the year (2005 nil).

### **Auditors**

Ernst & Young LLP, Registered Auditor, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting in accordance with the provisions of Section 385 of the Companies Act 1985.

Approved by the Board of Directors on 23 October 2007 and signed on their behalf by



**John S Mitchell-Hawson**  
Secretary

1 Finsbury Avenue, London EC2M 2PP

## **UBS UK HOLDING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBS UK HOLDING LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

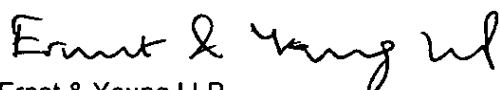
# UBS UK HOLDING LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBS UK HOLDING LIMITED

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Ernst & Young LLP  
Registered auditor  
London  
25 October 2007

# UBS UK HOLDING LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £000	2005 £000
Income from fixed asset investments		144,671	119,738
Net foreign exchange (loss) / gain		(18)	121
Operating expenses		<u>(1,291)</u>	<u>(1,282)</u>
<b>Operating profit</b>	3	<b>143,362</b>	118,577
Profit from sale of fixed asset investments	5	27,722	-
Impairment of fixed asset investment	6	(122,620)	-
Interest receivable and similar income	7	21,670	11,086
Interest payable and similar charges	8	<u>(78,640)</u>	<u>(81,939)</u>
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(8,506)</b>	47,724
Tax credit	9	<u>1,310</u>	<u>12,325</u>
<b>(Loss) / profit on ordinary activities after taxation</b>		<b>(7,196)</b>	60,049
<b>Retained (loss) / profit transferred to reserves</b>		<b><u>(7,196)</u></b>	<b><u>60,049</u></b>

All of the activities of the Company are classed as continuing

The notes on pages 12 to 19 form part of these financial statements

**UBS UK HOLDING LIMITED****FOR THE YEAR ENDED 31 DECEMBER 2006****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>2006 £'000</b>	<b>2005 £'000</b>
(Loss) profit for the financial year attributable to shareholders	<b>(7,196)</b>	60,049
Total recognised gains and losses relating to the year	<u><b>(7,196)</b></u>	<u>60,049</u>
Prior year adjustment (as explained in note 2)	<u><b>151,920</b></u>	
Total gains and losses since last financial statements	<u><b>144,724</b></u>	

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<i>Share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Other reserves £'000</i>	<i>Total £'000</i>
At 1 January 2005 as previously stated	5,000	(1,117,467)	987,020	(125,447)
Prior period adjustment (as explained in note 2)	-	151,920	-	151,920
At 1 January 2005 as restated	<u>5,000</u>	<u>(965,547)</u>	<u>987,020</u>	<u>26,473</u>
Retained profit for the year	<u>-</u>	<u>60,049</u>	<u>-</u>	<u>60,049</u>
At 1 January 2006 as restated	5,000	(905,498)	987,020	86,522
Retained loss for the year	<u>-</u>	<u>(7,196)</u>	<u>-</u>	<u>(7,196)</u>
<b>At 31 December 2006</b>	<u><b>5,000</b></u>	<u><b>(912,694)</b></u>	<u><b>987,020</b></u>	<u><b>79,326</b></u>

The notes on pages 12 to 19 form part of these financial statements

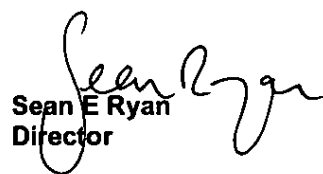
# UBS UK HOLDING LIMITED

## BALANCE SHEET

YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £000	2005 £000
<b>Fixed assets</b>			
Investments	10	2,308,061	1,730,932
<b>Current assets</b>			
Debtors	11	1,484,922	1,866,815
Cash at bank and in hand	12	780	3,131
		<u>1,485,702</u>	<u>1,869,946</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,714,437)</u>	<u>(3,514,356)</u>
<b>Net current liabilities</b>		<u>(2,228,735)</u>	<u>(1,644,410)</u>
<b>Total assets less current liabilities</b>		<u>79,326</u>	<u>86,522</u>
<b>Capital and reserves</b>			
Called up share capital	15	5,000	5,000
Profit and loss account		(912,694)	(905,498)
Other reserves		987,020	987,020
<b>Equity shareholders' funds</b>		<u>79,326</u>	<u>86,522</u>

These financial statements were approved by the Board on 23 October 2007 and are signed on their behalf by

  
Sean E Ryan  
Director

The notes on pages 12 to 19 form part of these financial statements

# **UBS UK HOLDING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2006**

#### **1 ACCOUNTING POLICIES**

##### **Basis of preparation**

The Company's financial statements for the year ended 31 December 2006 were approved by the Board of Directors on 23 October 2007 and the balance sheet was signed on the Board's behalf by Sean E Ryan

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

##### **Changes in accounting policies and comparability**

During the year, the Company adopted Financial Reporting Standard (FRS) 26 'Financial Instruments Measurement'. The adoption of this accounting standard has impacted only the current year's financial statements, with no adjustment necessary to prior year comparatives

The Company has elected to utilise the exemption in FRS 25 'Financial Instruments Disclosure and Presentation' not to apply sections 51 to 95, as the Company is a wholly-owned subsidiary within a group which has publicly available financial statements including disclosures that comply with this standard

##### **Cash flow statement**

The Company, a wholly owned subsidiary undertaking, has elected to utilise the exemption available in Financial Reporting Standard ('FRS') 1, 'Cash Flow Statements (revised 1996)', and not produce a cash flow statement

##### **Investment income**

Investment income comprises dividends which are recognised when received

Interest is recognised on an accruals basis

##### **Repurchase and reverse repurchase agreements**

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralised financing transactions and are stated at the amounts at which the securities will subsequently be resold or repurchased

##### **Group Accounts**

As a wholly-owned subsidiary of UBS AG, the Company has taken advantage of the exemption from preparing consolidated accounts in S 228A of the Companies Act 1985

##### **Fixed asset investments**

Investments in subsidiaries are included at historical cost, less a provision if, in the opinion of the directors, there has been a permanent diminution in value

Other fixed asset investments include

- Equity instruments are accounted for as available for sale (AFS) financial assets and carried at fair value. Where there is not a quoted market price in an active market and whose fair value cannot be reliably measured these instruments are held at cost, and

# **UBS UK HOLDING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2006**

- Investments accounted for as loans and receivables are carried at amortised cost with income taken to the profit and loss account

The historical cost of fixed asset investments denominated in currencies other than sterling are determined with reference to the exchange rate prevailing at the year end

#### **Derivative instruments**

All derivative instruments of the Company are carried at fair value on the balance sheet and are reported as positive or negative replacement values

#### **Determination of fair value**

Fair values are obtained from quoted market prices, dealer price quotations, and discounted cash flow models, which incorporate current market and contractual prices for the underlying instrument, time to expiry, yield curves and volatility of the underlying

#### **Trade date accounting**

The Company uses trade date accounting when recording trading portfolio transactions. It recognises from the date the transaction is entered into (trade date) and unrealised profits and losses arising from revaluing that contract to fair value in the income statement

#### **Balances with UBS AG**

The Company has a banking relationship with UBS AG, the ultimate parent undertaking. Transactions include, inter alia, current accounts and deposits. In these financial statements, such balances are treated as bank accounts and not as amounts owed to and by group undertakings

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those for which they are included in the financial statements at the rates of tax anticipated to apply when these differences crystallise

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

# UBS UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### 2. PRIOR YEAR ADJUSTMENT

In preparing the 2006 financial statements, a restatement to amounts due from subsidiaries was made. Amounts due from subsidiaries that had previously been provided against were deemed recoverable and this has resulted in the provision being written back. Since this adjustment relates to conditions that existed in prior periods, the amendment has been made to the 2005 opening balances

	2005 £'000	Adjustment £'000	2005 Restated £'000
Amounts due from subsidiary undertakings	1,703,527	151,920	1,855,447
Profit and loss account	(1,057,418)	151,920	(905,498)

#### 3. AUDITORS' REMUNERATION

During the year, fees of £6,974 (2005 £6,974) in connection with the audit of the Company's annual accounts were paid by UBS AG on the Company's behalf. In accordance with their normal practice no recharge will be made to the Company.

#### 4. PARTICULARS OF EMPLOYEES AND DIRECTORS

None of the Directors who served during the year received any emoluments for services to the Company (2005 nil). The Company had no employees during the year (2005 nil).

#### 5. PROFIT ON DISPOSAL OF FINANCIAL INVESTMENTS

During the year, the Company purchased 86,537,460 shares of fellow subsidiary UBS Securities Pte Ltd for S\$134,998,438 and subsequently disposed of 30,000,000 of these shares prior to the year end, realising a total profit on disposal of S\$9,900,000, equivalent to £3,264,507.

The Company also disposed of its investment in EBS Group Limited, resulting in a profit on disposal of £24,458,805.

#### 6. IMPAIRMENT OF SUBSIDIARY

During the year, the Company purchased a direct investment in S G Warburg & Co International BV for £163,084,666. The subsidiary then paid a dividend of £122,575,023 and was subsequently written down by the Company to its net asset value of £40,464,252. The subsidiary was subsequently dissolved on 19 September 2006.

# UBS UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £'000	2005 £'000
Interest from parent undertaking	67	176
Interest from fellow subsidiary undertakings	<u>21,603</u>	<u>10,910</u>
	<u>21,670</u>	<u>11,086</u>

#### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
Interest payable to parent undertaking	13,099	5,131
Interest payable to subsidiary undertakings	<u>65,541</u>	<u>76,808</u>
	<u>78,640</u>	<u>81,939</u>

#### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

##### Taxation

	2006 £'000	2005 £'000
Current tax		
UK Corporation tax - current	1,310	10,748
Adjustment in respect of previous periods	-	1,577
Total current tax	<u>1,310</u>	<u>12,325</u>

# UBS UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

##### Factors affecting tax charge for the period

The current tax charge for the period assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	2006 £'000	2005 £'000
(Loss) / profit on ordinary activities before tax	<u>(8,506)</u>	<u>47,724</u>
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	(2,552)	14,317
Effects of		
Group relief surrendered at less / (more) than 30%	14,572	(4,813)
Non taxable dividend income	(43,401)	(35,921)
Notional transfer pricing adjustment	1,238	15,669
Impairment of fixed asset investment	36,786	-
Other income / expenses not recognised for tax purposes	(7,953)	-
Current tax credit for the period	<u>(1,310)</u>	<u>(10,748)</u>

#### 10 INVESTMENTS

Fixed asset investments	Shares in subsidiary undertakings £'000	AFS Financial Assets £'000	Loans and Receivables £'000	Total £'000
Net book value 1 January 2006	1,375,954	4,978	350,000	1,730,932
Additions	676,160	45,861	39,826	761,847
Impairments	(122,620)	-	-	(122,620)
Disposals	-	(20,411)	-	(20,411)
Liquidations	(40,465)	-	-	(40,465)
Accretion	-	-	572	572
Exchange movements	(64)	(1,050)	(680)	(1,794)
At 31 December 2006	<u>1,888,965</u>	<u>29,378</u>	<u>389,718</u>	<u>2,308,061</u>

# UBS UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 10. INVESTMENTS (continued)

##### *Subsidiary undertakings of the Company*

The principal subsidiary undertakings of the Company at 31 December 2006 were

Company name	Nature of business	Percentage holding
UBS Reorganisation 2006-07 Ltd (formerly, UBS Assets (UK) Limited)	Investment holding	100
UBS Reorganisation 2005-11 Ltd (in Members' Voluntary Liquidation)	None	100
UBS UK Properties Limited	Property holding and management	100
S G Warburg & Company Limited	Investment holding	100
S G Warburg Holdings Ltd	Investment holding	100
S G Warburg Overseas Ltd	Nominee company	100
UBS Reorganisation 2006-04 Ltd (formerly, UBS Overseas (U K ) Limited)	Investment holding	100
UBS Securities International Limited	Securities and derivatives trading	100
UBS Reorganisation 2006-01 Limited (In Liquidation) (formerly, UBS UK Limited)	None	100
S G Warburg Group plc (and subsidiaries)	Investment and financing	99.9

All principal subsidiaries are incorporated in England

In accordance with Section 231(5) of the Companies Act 1985, the information disclosed above is provided solely in relation to principal subsidiary undertakings. Full information on all subsidiaries is included in the Annual Return.

#### 11. DEBTORS

	2006 £'000	2005 £'000 <i>Restated</i>
Amounts due from parent undertaking	-	60
Amounts due from fellow subsidiary undertakings	-	183
Amounts due from subsidiary undertakings	1,472,397	1,855,447
Amounts receivable in respect of group relief	12,235	10,925
Other debtors	196	200
Positive replacement values	94	-
	<b>1,484,922</b>	<b>1,866,815</b>

#### 12. CASH AT BANK AND IN HAND

Included in cash at bank and in hand are cash balances of £779,735 (2005: £3,131,461) placed with group undertakings.

# UBS UK HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 13. CREDITORS: Amounts falling due within one year

	2006 £'000	2005 £'000
Overdraft with parent bank	337,658	-
Amounts owed to parent undertaking	2,521	256,811
Amounts owed to fellow subsidiary undertakings	4	2,357
Amounts owed to subsidiary undertakings	3,374,193	3,255,127
Other creditors	61	61
	<u>3,714,437</u>	<u>3,514,356</u>

#### 14 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption given to subsidiaries in FRS 8, 'Related Party Disclosures', from disclosing related party transactions with other group companies

#### 15 SHARE CAPITAL

##### Authorised share capital.

	2006 £'000	2005 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

##### Allotted, called up and fully paid

	2006 £'000	2005 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

#### 16 REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

The Company has entered into uncollateralised reverse repurchase and securities borrowing arrangements, where it obtains securities on terms which permit it to repledge or resell the securities to others. Amounts on such terms at 31 December 2006 and 31 December 2005 were as follows

	2006 £000	2005 £000
Securities received under reverse repurchase and/or securities borrowing arrangements which can be repledged or resold	358,724	256,789
Thereof repledged/transferred to others in connection with financing activities	358,724	256,789

# **UBS UK HOLDING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2006**

#### **17. ULTIMATE PARENT COMPANY**

UBS AG, a company incorporated with limited liability in Switzerland, is the immediate and ultimate parent undertaking and the parent undertaking of the largest and smallest group for which group financial statements are prepared

Copies of the group financial statements can be obtained from UBS AG, 1 Finsbury Avenue, London, EC2M 2PP

#### **18. POST BALANCE SHEET EVENTS**

Since the year, on 8 February 2007, the Company purchased 25,244 Ordinary shares of €1.00 each, fully paid, in Euroclear plc from UBS Securities Limited for an aggregate consideration of €23,185,401

In addition, on 3 May 2007, the Company surrendered its interests in the last of its leasehold interests. The Company now no longer holds any direct interests in property