

Company Registration Number 1931397

UBS UK HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2010

THURSDAY



A26 *AIJ93WSB* 15
18/08/2011
COMPANIES HOUSE

UBS UK HOLDING LIMITED

Company Registration Number 1931397

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

CONTENTS	PAGES
Directors and Officers	2
Report of the Directors	3 to 7
Independent Auditors' Report to the Members	8
Profit and Loss Account	9
Statement of Total Recognised Gains and Losses	10
Balance Sheet	11
Notes to the Financial Statements	12 to 20

UBS UK HOLDING LIMITED

Company Registration Number 1931397

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Gregory P Simpson (Chairman)

Matthew I Burbedge

Anna M I Haemmerli

John Quarmby

Charles D Ross Stewart

Wayne Lawson-Turnbull

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

Company Registration Number 1931397

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 2010 ('the year') which have been prepared in accordance with the provisions of the Companies Act 2006

Principal Activities and Business Review

During the year under review, the Company continued to carry out investment holding activities, including the provision of funding either in the form of share capital or loans to its subsidiary undertakings, but on a significantly reduced scale as a consequence of a corporate reorganisation in the UK initiated by the Company's ultimate parent company, UBS AG ('the 2010 UK Reorganisation')

The Company continues to undertake a trustee role over an account at UBS AG London Branch held for the purposes of receiving insurance proceeds in connection with former client money balances held by three UK subsidiaries of UBS AG

During the year, the following changes have taken place in the Company's portfolio of directly held investments and subsidiaries as part of the 2010 UK Reorganisation and which significantly reduced the Company's role as an intermediate holding company

- (i) on 4 March 2010 the issued and paid up share capital of **S G Securities U K Limited** (Co No 292689) ('SGSUKL') was, pursuant to Part 17, Chapter 10, of the Companies Act 2006 and a Special Resolution passed on 3 March 2010, reduced by £179,900,000 from £180,000,000 to £100,000. The amount by which the paid up share capital of SGSUKL was reduced (£179,900,000) was received by the Company as a payment pursuant to Section 641(4)(b)(ii) of the Companies Act 2006, and
- (ii) on 9 March 2010 the issued and paid up share capital of **S G Warburg & Company Limited** (Co No 1121735) ('SGW&CL') was, pursuant to Part 17, Chapter 10, of the Companies Act 2006 and a Special Resolution passed on 8 March 2010, reduced by £397,765,507 from £398,015,507 to £250,000. The amount by which the paid up share capital of SGW&CL was reduced (£397,765,507) was received by the Company as a payment pursuant to Section 641(4)(b)(ii) of the Companies Act 2006

On 18 March 2010 the Company sold

- (iii) 100 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **1FA Information (ITC) Ltd** (Co No 2803384) to UBS AG for an aggregate cash consideration of £100 00,
- (iv) 100 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **UBS Reorganisation 2010-02 Ltd** (then known as **2FA Information Ltd**) (Co No 2069505) to UBS AG for an aggregate cash consideration of £100 00,
- (v) 100 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **Apollo Nominees Ltd** (Co No 599501) to UBS AG for an aggregate cash consideration of £100 00,
- (vi) 287,900 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **British Industrial Corporation, Limited** (Company No 154139) to UBS AG for an aggregate cash consideration of £502,340 00,
- (vii) 2 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **Pan Nominees Limited** (Company No 1859332) to UBS AG for an aggregate cash consideration of £2 00,

UBS UK HOLDING LIMITED

Company Registration Number 1931397

REPORT OF THE DIRECTORS

- (viii) 100 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **UBS Pension Trustee Company Limited** (Co No 985462) to UBS AG for an aggregate cash consideration of £100 00,
- (ix) 2 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **UBS Securities Nominees Limited** (Company No 2003089) to UBS AG for an aggregate cash consideration of £2 00,
- (x) 2 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **UBS Services Limited** (Company No 2099086) to UBS AG for an aggregate cash consideration of £2 00,
- (xi) 100 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **UBS Trustee Company Limited** (Co No 1960703) to UBS AG for an aggregate cash consideration of £100 00,
- (xii) 132,000,000 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **UBS UK Properties Limited** (Co No 1501299) to UBS AG for an aggregate initial cash consideration of £105,992,824 00 plus an adjustment, if any, pursuant to, and in accordance with, an Agreement dated 18 March 2010 up to a maximum of £50,073,965 00,
- (xiii) 100 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **UBS Warburg Ltd** (Co No 1881039) to UBS AG for an aggregate cash consideration of £300 00, and
- (xiv) 1,000 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **Warburco Nominees Ltd** (Co No 450080) to UBS AG for an aggregate cash consideration of £1,000 00

In addition, and also as part of the 2010 UK Reorganisation

- (xv) on 19 March 2010, the Company sold all of its interests in all of the £35,000,000 Floating Rate Subordinated Notes due 2033, the £280,000,000 Floating Rate Undated Subordinated Notes and the £35,000,000 Floating Rate Subordinated Notes due 2030, issued by **UBS Limited** (Co No 2035362) held by the Company to UBS Limited for an aggregate cash consideration of £350,489,681 12,
- (xvi) on 29 March 2010, the Company sold 25,244 Ordinary shares of €1 00 each fully paid in the entire issued share capital of **Euroclear plc** (Co No 1060802) to UBS AG for an aggregate cash consideration of €21,815,864 80, and
- (xvii) on 10 May 2010, the Company pursuant to an Agreement dated 15 March 2010 sold 3 Ordinary shares of ILS1 00 each fully paid in, and representing the entire issued share capital of, **UBS Securities Israel Limited** (a company incorporated in the State of Israel with No 51-25108-1) to UBS AG for an aggregate cash consideration of £6,493,020 07p (being the then Sterling equivalent of ILS36,400,000 00)

The Company, having repaid in full all amounts outstanding including principal amounts and accrued interest during March 2010, cancelled the Committed Unsecured Multi-Currency Credit Line of CHF1,300,000,000 from UBS AG on 31 March 2010

UBS UK HOLDING LIMITED

Company Registration Number 1931397

REPORT OF THE DIRECTORS

Also during the year the following four subsidiaries, having previously completed their respective members' voluntary winding up process, were dissolved on the dates shown

UBS Reorganisation 2007-01 plc (Co No 1874486) on 12 August 2010,

UBS Reorganisation 2008-03 Ltd (Co No 3507382) on 25 June 2010,

UBS Reorganisation 2008-04 Ltd (Co No 1546797) on 25 June 2010,

UBS Reorganisation 2009-01 Ltd (Co No 2849044) on 26 July 2010

Since the year, on 9 March 2011, UBS Reorganisation 2009-03 Ltd (Co No 358119) having previously completed its members' voluntary winding up process, was dissolved

The Company retains its investment in UBS Saudi Arabia, acquired on 29 October 2008, and continues to act as an intermediate holding company of UBS Reorganisation 2006-01 Ltd (In Liquidation) (Co No 1928270), SGSUKL and SGW&CL, and its two subsidiaries which have been placed into a members' voluntary winding-up

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

For the purposes of the revised guidance to Directors of UK companies issued in 2009 by the UK Financial Reporting Council on Going Concern and Liquidity Risk, the Directors have, on the basis of their assessment of the Company's financial position and of the enquiries made of the parent UBS AG, reasonably concluded that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, the Directors shall continue to adopt the going concern basis in the preparation of its financial statements

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 417 of the Companies Act 2006. The parent company maintains an oversight of the Company's performance under the UBS Investment Bank business and governance management structures

Future Developments

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

Results and Dividends

The profit on ordinary activities, before taxation, of the Company for the year amounted to £28,717,000 (2009 £3,149,000). After taxation, the Company retained a profit of £27,421,000 (2009 £2,586,000)

UBS UK HOLDING LIMITED

Company Registration Number 1931397

REPORT OF THE DIRECTORS

The Directors paid two interim dividends to, and amongst, the holders of Ordinary shares in the capital of the Company during, and in respect of, the year (2009 £Nil)

- (i) a first interim dividend amounting, in aggregate, to £34,000,000 on 19 March 2010, and
- (ii) a second interim dividend amounting, in aggregate, to £25,000,000 on 8 July 2010

The Directors do not intend to recommend the declaration of a final dividend in respect of the year (2009 £Nil)

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

Directors

The names of the current Directors are shown on page 2. There were no changes in the composition of the Board during the year.

However, since the year, there has been one departure from, and one appointment to, the Board. Mr Sean E Ryan resigned as a Director of the Company on 30 June 2011 and Mr Matthew I Burbedge was appointed as a Director of the Company on 1 July 2011.

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.

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 2006. 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.

UBS UK HOLDING LIMITED

Company Registration Number 1931397

REPORT OF THE DIRECTORS

Disclosure of Information to Auditors

Each of the Directors at the date of Board approval of this Report and the Accounts 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 they ought to have taken 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 418 of the Companies Act 2006

Employees

The Company has no employees of its own (2009 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 (2009 £Nil)

Auditors

Ernst & Young LLP, Chartered Accountants and Registered Auditor, have indicated their willingness to continue in office and, in the event the Company dispenses with the holding of annual general meetings, as permitted by the Companies Act 2006 ('the Act'), shall continue in office in accordance with Section 487 of the Act or, if annual general meetings are continued with, until the conclusion of the next annual general meeting and in which case a resolution of their re-appointment will be proposed

Approved by the Board of Directors on 10 August 2011 and signed on their behalf by



John S Mitchell-Hewson
Secretary
1 Finsbury Avenue,
London EC2M 2PP

UBS UK HOLDING LIMITED

Company Registration Number 1931397

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 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Sater (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 August 2011

UBS UK HOLDING LIMITED

Company Registration Number 1931397

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £000	2009 £000
Income from fixed asset investments	4	515,230	452
Net foreign exchange (loss) / gain		(160)	210
Operating expenses		<u>(500)</u>	<u>(1,350)</u>
Operating profit / (loss)		514,570	(688)
Profit from sale of fixed asset investments	10	26,947	-
Impairment of fixed asset investments		(513,098)	-
Interest receivable and similar income	5	1,739	7,753
Interest payable and similar charges	6	<u>(1,441)</u>	<u>(3,916)</u>
Profit on ordinary activities before taxation		28,717	3,149
Tax charge	7	<u>(1,296)</u>	<u>(563)</u>
Retained profit transferred to reserves		<u>27,421</u>	<u>2,586</u>

All of the activities of the Company are classed as continuing

The notes on pages 12 to 20 form part of these financial statements

UBS UK HOLDING LIMITED

Company Registration Number 1931397

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £'000	2009 £'000
Gain for the financial year attributable to shareholders	27,421	2,586
Revaluation of fixed asset investments	-	422
Total recognised gain for the financial year attributable to shareholders	<u>27,421</u>	<u>3,008</u>

The notes on pages 12 to 20 form part of these financial statements

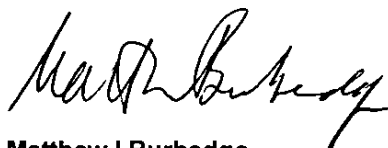
UBS UK HOLDING LIMITED

Company Registration Number 1931397

BALANCE SHEET**AS AT 31 DECEMBER 2010**

	Notes	2010 £000	2009 £000
Fixed assets			
Investments	10	2,496	1,556,643
Current assets			
Debtors	11	5,411	69
Cash at bank and in hand	12	50,874	-
		56,285	69
Creditors' amounts falling due within one year	13	(29,615)	(1,496,960)
Net current assets / (liabilities)		26,670	(1,496,891)
Total assets less current liabilities		29,166	59,752
Provisions for liabilities and charges	14	(17,177)	(16,184)
Net assets		11,989	43,568
Capital and reserves			
Called up share capital	16	5,000	5,000
Revaluation reserve	17	-	(1,327)
Profit and loss account	17	6,989	39,895
Equity shareholders' funds		11,989	43,568

These financial statements were approved by the Board on 10 August 2011 and are signed on their behalf by



Matthew I Burbedge
Director

The notes on pages 12 to 20 form part of these financial statements

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the applicable accounting standards of the United Kingdom Accounting Standards Board and the Companies Act 2006

The Company's financial statements for the year ended 31 December 2010 were approved by the Board of Directors on 10 August 2011 and the balance sheet was signed on the Board's behalf by Matthew I Burbedge

The financial statements are prepared under the historical cost convention, as modified by mark-to-market valuation of derivatives, in accordance with applicable accounting standards

The Company has elected to apply the exemption in FRS 29 'Financial Instruments Disclosure', 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 and distributions which are recognised when the right to receive payment is established

Interest is recorded at the effective interest rate

Group Accounts

The Company is exempt from the requirement to prepare consolidated accounts under Section 401 of the Companies Act 2006

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

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

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

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.

Hedge accounting

At the time a financial instrument is designated as a hedge, the Company formally documents the relationship between the instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods used to assess the effectiveness of the hedging relationship.

Fair value hedges

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognized in the income statement. Those changes in fair value of the hedged item that are attributable to the risks hedged with the instrument are reflected in an adjustment to the carrying value of the hedged item, which is also recognized in the profit and loss account.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

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

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. AUDITORS' REMUNERATION

During the year, fees of £7,500 (2009 £11,109) 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

3 PARTICULARS OF EMPLOYEES AND DIRECTORS

None of the Directors who served during the year received any emoluments for services to the Company (2009 £Nil). The Company had no employees during the year (2009 Nil)

4 INCOME FROM FIXED ASSET INVESTMENTS

	2010 £'000	2009 £'000
Dividend received from investment in Euroclear Plc shares	-	452
Dividend received from investment in subsidiary undertakings	515,230	-
	<u>515,230</u>	<u>452</u>

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2010****5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2010 £'000	2009 £'000
Interest from parent undertaking	225	40
Interest from fellow subsidiary undertakings	1,514	7,713
	<u>1,739</u>	<u>7,753</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Interest payable to parent undertaking	418	2,705
Interest payable to subsidiary undertakings	30	147
Unwinding of discount on provision	993	1,064
	<u>1,441</u>	<u>3,916</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of tax charge in the year**

	2010 £'000	2009 £'000
Current tax		
UK Corporation tax – current tax charge on profit for the year	(656)	(2,484)
Adjustment in respect of previous years	263	1,748
Overseas tax credit / (charge)	(903)	173
Total current tax charge	<u>(1,296)</u>	<u>(563)</u>

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2010****7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)****(b) Factors affecting tax charge for the year**

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	<u>28,717</u>	<u>3,149</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	8,041	882
Effects of		
Group relief surrendered at less than 28% (2009 28%)	1,576	1,737
Non taxable dividend income	(144,264)	-
Notional transfer pricing adjustment – Interest Payable	(296)	(1,691)
Profit from sale of fixed asset investments	(7,545)	-
Impairment of fixed asset investment	143,667	-
Other expenses not recognised for tax purposes	380	1,383
Adjustments in respect of prior years	(263)	(1,748)
Total current tax charge for the year	<u>1,296</u>	<u>563</u>

8. CHANGE IN CLASSIFICATION OF OPERATING EXPENSES

During the current year the company modified the profit & loss account classification for the year 2009 of operating expense for the amount of unwinding of discount to reflect more appropriately the way in which it should be presented. Comparative amounts were reclassified for consistency, which resulted in £1,064 thousand being reclassified from operating expenses to interest payable and similar charges.

9. DIVIDENDS ON EQUITY SHARES

	2010 £000	2009 £000
<i>Equity dividends on Ordinary shares £34m paid on 19 March 2010 and £25m paid on 8 July 2010</i>		
Interim paid (£6.8 per share)	34,000	-
Interim paid (£5 per share)	<u>25,000</u>	<u>-</u>
Total dividends paid	<u>59,000</u>	<u>-</u>

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

10 INVESTMENTS

Fixed Asset investments

Fixed asset investments	<i>Shares in subsidiary undertakings £'000</i>	<i>AFS Financial Assets £'000</i>	<i>Loans and Receivables £'000</i>	<i>Total £'000</i>
Cost				
At 1 January 2010	1,411,864	19,334	350,000	1,781,198
Disposal	(151,375)	(19,332)	(350,000)	(520,707)
Capital received back	(577,665)	-	-	(577,665)
At 31 December 2010	682,824	2	-	682,826
Amounts provided				
As at 1 January 2010	224,555	-	-	224,555
Impairment recognised during the year	513,098	-	-	513,098
Reversal of impairment on disposal	(57,323)	-	-	(57,323)
As at 31 December 2010	680,330	-	-	680,330
Net book value at 31 December 2010	2,494	2	-	2,496
Net book value at 1 January 2010	1,187,309	19,334	350,000	1,556,643

Fixed asset investments	<i>Shares in subsidiary undertakings £</i>	<i>AFS Financial Assets £</i>	<i>Loans and Receivables £</i>	<i>Total £</i>
Sales Consideration	112,989,990	19,487,690	350,000,000	482,477,680
Liquidation Distribution	7,849,609	-	-	7,849,609
Total Income on Disposal (A)	120,839,599	19,487,690	350,000,000	490,327,289
Less Net book value of				
UBS Ltd Bonds	-	-	350,000,000	350,000,000
Euroclear Plc Shares	-	19,328,459	-	19,328,459
UBS Securities Israel Limited	1,616,752	-	-	1,616,752
UBS UK Properties Limited	84,082,606	-	-	84,082,606
British Industrial Corporation, Limited	501,662	-	-	501,662
UBS Reorganisation 2009-01 Ltd (Liquidated)	6,099,103	-	-	6,099,103
UBS Warburg Limited	300	-	-	300
1FA Information (ITC) Limited	100	-	-	100
UBS Services Limited	2	-	-	2
UBS Pension Trustee Company Limited	100	-	-	100
UBS Trustee Company Limited	100	-	-	100
UBS Reorganisation 2010-02 Ltd (In Liquidation)	100	-	-	100

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2010****10 INVESTMENTS (continued)**

	<i>Shares in subsidiary undertakings</i>	<i>AFS Financial Assets</i>	<i>Loans and Receivables</i>	<i>Total</i>
Fixed asset investments				
Apollo Nominees Limited	100	-	-	100
Pan Nominees Limited	2	-	-	2
UBS Reorganisation 2009-03 Ltd (Liquidated)	6	-	-	6
Warburco Nominees Ltd	1,000	-	-	1,000
UBS Securities Nominees Limited	2	-	-	2
UBS Reorganisation 2008-04 Ltd (Liquidated)	1,750,000	-	-	1 750,000
Total Book Value Disposed Off (B)	94,051,935	19,328,459	350,000,000	463,380,394
Profit on Disposal of Fixed Asset Investment (A - B)	26,787,664	159,231	-	26,946,895

Subsidiary undertakings of the Company

	<i>Country of incorporation or registration</i>	<i>Holding</i>	<i>Percentage holding</i>	<i>Principal activity</i>
S G Securities U K Limited	England	Ordinary shares	100	Investment Holding
S G Warburg & Company Limited	England	Ordinary shares	100	Investment Holding
UBS Reorganisation 2006-01 Ltd (In Liquidation)	England	Ordinary shares	100	In Members' Voluntary Winding Up
UBS Reorganisation 2010-01 Ltd (In Liquidation)	England	Ordinary shares	100*	In Members' Voluntary Winding Up
UBS Reorganisation 2011-01 Ltd (In Liquidation)	England	Ordinary shares	100*	In Members' Voluntary Winding Up
UBS Reorganisation 2009-03 Ltd (In Liquidation)	England	Ordinary shares	100	Dissolved, since the year

* denotes interest held indirectly through a subsidiary or subsidiaries

Other Investments

The Company continues to retain its interests in 1,000 shares of SR10 each fully paid in the issued share capital of UBS Saudi Arabia

All the Company's subsidiaries are incorporated in Great Britain

The company uses hedging instruments to minimise foreign exchange risks on investments. Where appropriate, foreign exchange movements on the investment are offset through the profit and loss account against foreign currency movements on the hedging instrument.

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2010****11 DEBTORS**

	2010 £'000	2009 £'000
Amounts due from subsidiary undertakings	5,411	-
Other debtors	-	69
	<u>5,411</u>	<u>69</u>

12. CASH AT BANK AND IN HAND

Included in cash at bank and in hand are cash balances of £50,873,699 (2009 £504) placed with group undertakings

13 CREDITORS: Amounts falling due within one year

	2010 £'000	2009 £'000
Overdraft with parent bank	-	360,758
Corporation tax creditor	24,382	15,796
Amounts owed to parent undertaking	493	1,342
Amounts owed to subsidiary undertakings	<u>4,740</u>	<u>1,119,064</u>
	<u>29,615</u>	<u>1,496,960</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Total £000
At 1 January 2010	16,184
Unwinding of discount	<u>993</u>
At 31 December 2010	<u>17,177</u>

The Company previously entered into a contract for the sale of a subsidiary to a third party. The Company will become liable to make a payment at a date not before 2013, should an event stated in this contract occur. The Company has accordingly made a provision for the discounted value of the expected obligation.

15 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.

UBS UK HOLDING LIMITED

Company Registration Number 1931397

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2010****16. SHARE CAPITAL**

Allotted, called up and fully paid:

	2010 £'000	2009 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Share Capital</i> £'000	<i>Revaluation Reserve</i> £'000	<i>Profit and loss account</i> £'000	<i>Total</i> £'000
At 1 January 2009	5,000	(1,749)	37,309	40,560
Retained profit for the year	-	-	2,586	2,586
Revaluation of fixed asset investments	-	422	-	422
At 1 January 2010	5,000	(1,327)	39,895	43,568
Retained profit for the year	-	-	27,421	27,421
Dividend Paid	-	-	(59,000)	(59,000)
Transfer of revaluation reserve upon sale of fixed asset investment	-	1,327	(1,327)	-
At 31 December 2010	<u>5,000</u>	<u>-</u>	<u>6,989</u>	<u>11,989</u>

18 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