

Company Registration Number 1931397

## **UBS UK HOLDING LIMITED**

### **REPORT AND FINANCIAL STATEMENTS**

For the year ended  
**31 DECEMBER 2009**

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# **UBS UK HOLDING LIMITED**

Company Registration Number 1931397

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

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## **UBS UK HOLDING LIMITED**

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### **DIRECTORS AND OFFICERS**

#### **BOARD OF DIRECTORS**

Sean E Ryan (Chairman)

Anna M I Haemmerli

John Quarmby

Gregory P Simpson

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

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### 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 2009 ('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 and act as an intermediate holding company in the UK for a group of subsidiaries within the UBS AG Group. In the performance of those activities, the Company provided a source of funding either in the form of share capital or loans to its subsidiary undertakings.

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.

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

- (i) on 18 August 2009, the Company acquired 15,100,000 Ordinary shares of £1.00 each fully paid in, and representing the entire issued share capital of, **UBS Reorganisation 2009-01 Ltd**, formerly known as S G Warburg & Co (AFS) Ltd, (Co No 2849044) from S G Securities UK Limited (Co No 292689) ('SGSUKL') for an aggregate cash consideration of £6,099,103.00p,
- (ii) on 1 December 2009, the Company acquired 100 Ordinary shares of £1.00 each fully paid in, and representing the entire issued share capital of, **2FA Information Ltd** (Co No 2069505) from SGSUKL for an aggregate cash consideration of £100.00p,
- (iii) on 1 December 2009, the Company acquired 1000 Ordinary shares of £1.00 each fully paid in, and representing the entire issued share capital of, **Warburco Nominees Ltd** (Co No 450080) from SGSUKL for an aggregate cash consideration of £1,000.00p,
- (iv) on 1 December 2009, the Company acquired 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) from S G Warburg Holdings Ltd (Company No 759374) ('SGWHL') for an aggregate cash consideration of £100.00p,
- (v) on 1 December 2009, the Company acquired 100 Ordinary shares of £1.00 each fully paid in, and representing the entire issued share capital of, **Apollo Nominees Ltd** (Co No 599501) from SGWHL for an aggregate cash consideration of £100.00p,
- (vi) on 1 December 2009, the Company acquired 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) from SGWHL for an aggregate cash consideration of £501,662.00p,
- (vii) on 1 December 2009, the Company acquired 2 Ordinary shares of £1.00 each fully paid in, and representing the entire issued share capital of, **Pan Nominees Limited** (Company No 1859332) from SGWHL for an aggregate cash consideration of £2.00p,
- (viii) on 1 December 2009, the Company acquired 6 Ordinary shares of £1.00 each fully paid in, and representing the entire issued share capital of, **UBS Reorganisation 2009-03 Ltd**, formerly known as S G Nominees Korea Limited, (Company No 358119) from SGWHL for an aggregate cash consideration of £6.00p, and

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### REPORT OF THE DIRECTORS

- (ix) on 1 December 2009, the Company acquired 180,000,000 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **SGSUKL** from SGWHL for an aggregate cash consideration of £233,334,814 00p

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

**UBS Reorganisation 2006-07 Ltd** (Co No 3588034) on 5 June 2009,

**UBS Reorganisation 2007-03 Ltd** (Co No 2110931) on 5 June 2009,

**UBS Reorganisation 2007-04 Ltd** (Co No 1546796) on 5 June 2009,

**UBS Reorganisation 2007-05 Ltd** (Co No 1801463) on 5 June 2009,

**UBS Reorganisation 2007-06 Ltd** (Co No 117573) on 5 June 2009,

**UBS Reorganisation 2007-02 Ltd** (registered in Scotland, Co No SC203641) on 10 June 2009

Since the year, the following changes have taken place in the Company's portfolio of directly held investments and subsidiaries as part of a corporate reorganisation in the UK initiated by the ultimate parent company and which has significantly reduced the Company's role as an intermediate holding company

- (i) on 4 March 2010 the issued and paid up share capital of **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 00p,
- (iv) 100 Ordinary shares of £1 00 each fully paid in, and representing the entire issued share capital of, **2FA Information Ltd** (Co No 2069505) to UBS AG for an aggregate cash consideration of £100 00p,
- (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 00p,
- (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 00p,

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### REPORT OF THE DIRECTORS

- (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 00p,
- (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 00p,
- (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 00p,
- (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 00p,
- (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 00p,
- (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 00p 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 00p,
- (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 00p, 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 00p

In addition, and also as part of that UK corporate 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 12p,
- (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

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### **REPORT OF THE DIRECTORS**

Also since 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

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), UBS Reorganisation 2009-03 Ltd (In Liquidation) (Co No 358119) and SGW&CL, and its two subsidiaries

#### **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.

After due consideration, the Directors have a reasonable expectation that the Company has adequate resource to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Accounts.

#### **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, before taxation and dividend, of the Company for the year amounted to £3,149,000 (2008 £98,874,000). After taxation and dividend, the Company retained a profit for the year of £2,586,000 (2008 £2,439,000). The state of affairs of the Company as at the year-end are otherwise as detailed in the accompanying Balance Sheet.

The Directors do not intend to recommend the declaration of a final dividend in respect of the year (2008 £100,000,000).

Since the year, on 19 March 2010, the Directors paid an interim dividend for the year ending 31 December 2010 which amounted in aggregate to £34,000,000.

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On 8 July 2010, the Directors paid a second interim dividend for the year ending 31 December 2010 which amounted in aggregate to £25,000,000

#### **Directors**

The names of the current Directors are shown on page 2. During the year there were two departures from, and two appointments to, the Board. Mr Claudius Sutter resigned as a Director of the Company on 21 July 2009 and Mr Wayne Lawson-Turnbull was appointed a Director of the Company on 22 July 2009. Mr Andrew D Williams resigned as a Director of the Company on 5 November 2009 and Mr Charles D Ross-Stewart was appointed a Director of the Company on 6 November 2009.

Since the year, there have been no departures from, nor appointments to, the Board.

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.

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

Each of the Directors at the date of approval of this Report and 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.



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### **REPORT OF THE DIRECTORS**

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 (2008 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

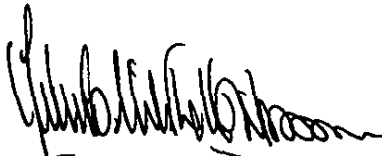
#### **Charitable Donations and Political Contributions**

There were no charitable donations nor any contributions for political purposes made by the Company during the year (2008 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 485 of the Companies Act 2006

Approved by the Board of Directors on 28 September 2010 and signed on their behalf by



**John S Mitchell-Hewson**

Secretary

1 Finsbury Avenue,  
London EC2M 2PP

## UBS UK HOLDING LIMITED

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### 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 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 7, 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.

#### 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 2009 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.

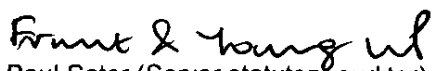
#### Opinion on other matter prescribed by the Companies Act 2006

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

28 September 2010

**UBS UK HOLDING LIMITED**

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**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
Income from fixed asset investments		<b>452</b>	78,558
Net foreign exchange gain		<b>210</b>	331
Operating expenses		<b>(2,414)</b>	(16,071)
<b>Operating (loss) / profit</b>		<b>(1,752)</b>	62,818
Profit from sale of fixed asset investments		-	27,206
Impairment of fixed asset investments	7	-	(312)
Interest receivable and similar income	4	<b>7,753</b>	24,034
Interest payable and similar charges	5	<b>(2,852)</b>	(14,872)
<b>Profit on ordinary activities before taxation</b>		<b>3,149</b>	98,874
Tax (charge) / credit	6	<b>(563)</b>	3,565
<b>Profit on ordinary activities after taxation</b>		<b>2,586</b>	102,439
Dividends		-	(100,000)
<b>Retained profit transferred to reserves</b>		<b>2,586</b>	<b>2,439</b>

All of the activities of the Company are classed as continuing

The notes on pages 13 to 21 form part of these financial statements

**UBS UK HOLDING LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Gain for the financial year attributable to shareholders		<b>2,586</b>	2,439
Revaluation of fixed asset investments	7	<b>422</b>	(1,749)
Total recognised gain for the financial year attributable to shareholders		<u><b>3,008</b></u>	<u>690</u>

The notes on pages 13 to 21 form part of these financial statements

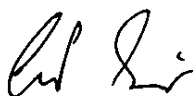
**UBS UK HOLDING LIMITED**

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**BALANCE SHEET****AS AT 31 DECEMBER 2009**

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Investments	7	1,556,643	1,317,836
<b>Current assets</b>			
Debtors	8	69	207,057
Cash at bank and in hand	9	-	1
		<u>69</u>	<u>207,058</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(1,496,960)</b>	<b>(1,469,215)</b>
<b>Net current liabilities</b>		<b><u>(1,496,891)</u></b>	<b><u>(1,262,157)</u></b>
<b>Provisions for liabilities and charges</b>	11	<b>(16,184)</b>	<b>(15,119)</b>
<b>Total assets less current liabilities</b>		<b><u>43,568</u></b>	<b><u>40,560</u></b>
<b>Capital and reserves</b>			
Called up share capital	13	5,000	5,000
Revaluation reserve	14	(1,327)	(1,749)
Profit and loss account	14	39,895	37,309
<b>Equity shareholders' funds</b>		<b><u>43,568</u></b>	<b><u>40,560</u></b>

These financial statements were approved by the Board on 28 September 2010 and are signed on their behalf by



**Gregory P Simpson**  
Director

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **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 2009 were approved by the Board of Directors on 28 September 2010 and the balance sheet was signed on the Board's behalf by Gregory P Simpson

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 S 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 2009**

#### **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

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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 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 £11,109 (2008 £9,300) 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 (2008 nil). The Company had no employees during the year (2008 nil)

#### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Interest from parent undertaking	40	14
Interest from fellow subsidiary undertakings	7,713	24,020
	<u>7,753</u>	<u>24,034</u>



**UBS UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £'000	2008 £'000
Interest payable to parent undertaking	2,705	14,303
Interest payable to subsidiary undertakings	147	569
	<u>2,852</u>	<u>14,872</u>

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

	2009 £'000	2008 £'000
Current tax		
UK Corporation tax – current tax credit / (charge) on profit / (loss) for the year	(2,484)	4,220
Adjustment in respect of previous years	1,748	-
Overseas tax credit / (charge)	173	(655)
Total current tax credit / (charge)	<u>(563)</u>	<u>3,565</u>

**(b) Factors affecting tax (credit) / charge for the year.**

The current tax (credit) / charge for the year differs from the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	<u>3,149</u>	<u>98,874</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	882	28,179
Effects of		
Group relief surrendered at less than 28% (2008 28.5%)	1,737	7,258
Non taxable dividend income	-	(22,064)
Notional transfer pricing adjustment – Interest Payable	(1,691)	(12,119)
Profit from sale of fixed asset investments	-	(7,754)
Impairment of fixed asset investment	-	89
Other expenses not recognised for tax purposes	1,383	2,846
Adjustments in respect of prior years	(1,748)	-
Total current tax (credit) / charge for the year	<u>563</u>	<u>(3,565)</u>

**UBS UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009****7. INVESTMENTS*****Fixed Asset investments the Company***

<b>Fixed asset investments</b>	<i>Shares in subsidiary undertakings</i> £'000	<i>AFS Financial Assets</i> £'000	<i>Loans and Receivables</i> £'000	<i>Total</i> £'000
Net book value 1 January 2009	<b>947,372</b>	<b>20,464</b>	<b>350,000</b>	<b>1,317,836</b>
Addition	239,937	-	-	239,937
Revaluation	-	422	-	422
Exchange movement	-	(1,552)	-	(1,552)
<b>At 31 December 2009</b>	<b>1,187,309</b>	<b>19,334</b>	<b>350,000</b>	<b>1,556,643</b>

<b>Fixed asset investments</b>	<i>Shares in subsidiary undertakings</i> £'000	<i>AFS Financial Assets</i> £'000	<i>Loans and Receivables</i> £'000	<i>Total</i> £'000
Net book value 1 January 2008	<b>915,634</b>	<b>47,660</b>	<b>391,295</b>	<b>1,354,589</b>
Accretion	-	-	353	353
Addition	32,000	2	-	32,002
Impairment	(312)	-	-	(312)
Revaluation	-	(1,749)	-	(1,749)
Disposal	-	(30,429)	(41,025)	(71,454)
Exchange movement	50	4,980	(623)	4,407
<b>At 31 December 2008</b>	<b>947,372</b>	<b>20,464</b>	<b>350,000</b>	<b>1,317,836</b>

Refer to Directors Report for details of Fixed Asset investment additions

## UBS UK HOLDING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2009

##### 7. INVESTMENTS (continued)

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

Name of Subsidiary	Nature of Business	Percentage Holding
1FA Information (ITC) Ltd	Nominee Services	100
2FA Information Ltd	Nominee Services	100
Apollo Nominees Ltd	Nominee Services	100
British Industrial Corporation, Limited	Investment Holding	100
Pan Nominees Limited	Nominee Services	100
S G Securities U K Limited	Investment Holding	100
S G Warburg & Company Limited	Investment Holding	100
S G Warburg Holdings Ltd	Investment Holding	100*
S G Warburg Overseas Ltd	Nominee Services	100*
UBS Pension Trustee Company Limited	Pension Fund Trustee	100
UBS Reorganisation 2006-01 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2007-01 plc (In Liquidation)	in Members' Voluntary Winding Up	99.999*
UBS Reorganisation 2008-03 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100*
UBS Reorganisation 2008-04 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2009-01 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2009-03 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Securities Israel Limited	Stock Broking	100
UBS Securities International Limited	Securities Financing Transactions	100*
UBS Securities Nominees Limited	Nominee Services	100
UBS Services Limited	Non-Trading	100
UBS Trustee Company Limited	Corporate Trustee	100
UBS UK Properties Limited	Property Holding and Management	100
UBS Warburg Limited	Non-Trading	100
Warburco Nominees Ltd	Nominee Services	100

\* 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

With the exception of UBS Securities Israel Limited which is incorporated in the State of Israel, 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**

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009****8. DEBTORS**

	2009 £'000	2008 £'000
Amounts due from subsidiary undertakings	-	206,954
Other debtors	<u>69</u>	<u>103</u>
	<u>69</u>	<u>207,057</u>

**9. CASH AT BANK AND IN HAND**

Included in cash at bank and in hand are cash balances of £504 (2008 £676) placed with group undertakings

**10 CREDITORS: Amounts falling due within one year**

	2009 £'000	2008 £'000
Overdraft with parent bank	360,758	367,157
Corporation tax creditor	15,796	16,955
Amounts owed to parent undertaking	1,342	1,293
Amounts owed to subsidiary undertakings	<u>1,119,064</u>	<u>1,083,810</u>
	<u>1,496,960</u>	<u>1,469,215</u>

**11. PROVISIONS FOR LIABILITIES AND CHARGES**

	Total £000
At 1 January 2009	15,119
Unwinding of discount	<u>1,065</u>
<b>At 31 December 2009</b>	<b><u>16,184</u></b>

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.

**UBS UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009****12 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

**13. SHARE CAPITAL****Authorised share capital:**

	2009 £'000	2008 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

**Allotted, called up and fully paid.**

	2009 £'000	2008 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

**14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<i>Share Capital £'000</i>	<i>Revaluation Reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 2008 as restated	5,000	-	34,870	39,870
Retained profit for the year	-	-	102,439	102,439
Dividend paid	-	-	(100,000)	(100,000)
Revaluation of fixed asset investments	-	(1,749)	-	(1,749)
	<u>5,000</u>	<u>(1,749)</u>	<u>37,309</u>	<u>40,560</u>
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
	<u>5,000</u>	<u>(1,327)</u>	<u>39,895</u>	<u>43,568</u>
<b>At 31 December 2009</b>	<b><u>5,000</u></b>	<b><u>(1,327)</u></b>	<b><u>39,895</u></b>	<b><u>43,568</u></b>

## **UBS UK HOLDING LIMITED**

Company Registration Number 1931397

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2009**

##### **15 POST BALANCE SHEET EVENTS**

Since the year, changes have taken place in the Company's portfolio of directly held investments and subsidiaries as part of a corporate reorganisation in the UK initiated by the ultimate parent company and which has significantly reduced the Company's role as an intermediate holding company

Please refer to Report of Directors for details of events

##### **16 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