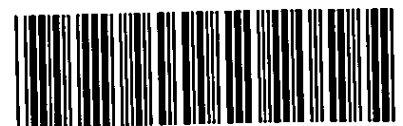


**IBM United Kingdom Pensions Trust Limited**  
**Annual Report**  
**31 December 2010**

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# **IBM United Kingdom Pensions Trust Limited**

## **Annual Report**

**Year Ended 31 December 2010**

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## **IBM United Kingdom Pensions Trust Limited**

### **Company Information**

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#### **The board of directors**

J S Lamb**	Chairman
R H Bridges	Independent Trustee Director
W M Chrystie	Vice President and CFO – IBM United Kingdom and Ireland
J L R Delesgues	IBM Europe Treasurer
J A Ferrar*	Vice President, IBM Human Resources, Workforce Analytics
D J Gamble	Independent Trustee Director
Dr E Mainsah***	Vice President, IBM Assistant Treasurer
D J Livermore**	Member Nominated Director
D Moody**	Member Nominated Director
J McLean*	Vice President and Director IBM Hursley Laboratories
R Tickell*	Member Nominated Director
G J Wilson**	Member Nominated Director

\* Employees of IBM United Kingdom Limited and a member of an IBM pension plan

\*\* Retiree

\*\*\* Member of an IBM UK pension plan

**Company secretary** D M Newman

**Registered office** PO Box 41  
North Harbour  
Portsmouth  
PO6 3AU

**Independent auditors** PricewaterhouseCoopers LLP  
Chartered Accountants & Registered Auditors  
Savannah House  
3 Ocean Way  
Ocean Village  
Southampton  
Hampshire  
SO14 3TJ

# **IBM United Kingdom Pensions Trust Limited**

## **The Directors' Report**

**Year Ended 31 December 2010**

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The directors have pleasure in presenting their report and the annual report of the company for the year ended 31 December 2010

### **PRINCIPAL ACTIVITIES**

The company acts as and carries out the various duties of a corporate trustee for the IBM Pension Plan, IBM IT Solutions Pension Scheme and the IBM Group Life Assurance Plan. The company does not trade in its own right.

### **DIRECTORS**

The directors of the company are listed on page 1

J J Greene Jr, Vice President, Financial Management, retired as a director on 27 January 2011

Dr E Mainsah, Vice President and IBM Assistant Treasurer, was appointed as a director on 27 January 2011

W M Chrystie was also a director of IBM United Kingdom Holdings Limited during the year

According to the register, kept under Section 808 of the Companies Act 2006, no director holding office at 31 December 2010 had any interest in the shares of the company, either at the beginning or end of the year. As permitted by statutory instrument, the register does not include any shareholdings of directors in the ultimate parent undertaking and its overseas subsidiary companies.

### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The immediate parent company has provided letters of indemnity in favour of one or more of the directors of the company, which were in force during the financial year and which were qualifying third party indemnity provisions for the purposes of section 234 of the Companies Act 2006.

### **DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

# **IBM United Kingdom Pensions Trust Limited**

## **The Directors' Report**

**Year Ended 31 December 2010**

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### **DIRECTORS RESPONSIBILITIES** *(continued)*

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed by order of the board



D M Newman  
Company Secretary

Approved by the directors on 12 May 2011

# **IBM United Kingdom Pensions Trust Limited**

## **Independent Auditors' Report to the Shareholders of IBM United Kingdom Pensions Trust Limited**

**Year Ended 31 December 2010**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IBM UNITED KINGDOM PENSIONS TRUST LIMITED**

We have audited the financial statements of IBM United Kingdom Pensions Trust Limited for the year ended 31 December 2010 which comprise the Balance Sheet and the related notes. 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) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

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

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3 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 and express an opinion on 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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 2010 and of its results for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the Companies Act 2006.

**IBM United Kingdom Pensions Trust Limited**

**Independent Auditors' Report to the Shareholders of  
IBM United Kingdom Pensions Trust Limited (continued)**

**Year Ended 31 December 2010**

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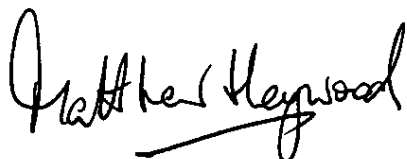
**Opinion on other matter prescribed by the Companies Act 2006**

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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime



Matthew Heywood (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

Dated 13 May 2011

# IBM United Kingdom Pensions Trust Limited


## Balance Sheet

As at 31 December 2010

	Note	2010 £000	2009 £000
<b>FIXED ASSETS</b>			
Investments	5	<u>1</u>	<u>1</u>
<b>CURRENT ASSETS</b>			
Debtors	6	<u>99</u>	<u>99</u>
<b>TOTAL ASSETS</b>		<u>100</u>	<u>100</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	7	<u>100</u>	<u>100</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>100</u>	<u>100</u>

All shareholders' funds are attributable to equity interests

These financial statements were approved by the directors on the 12 May 2011 and are signed on their behalf by



J S Lamb  
Chairman

The notes on pages 7 to 8 form part of these financial statements.



# IBM United Kingdom Pensions Trust Limited

## Notes to the Financial Statements

Year Ended 31 December 2010

### 1. ACCOUNTING POLICIES

These financial statements are prepared on the going concern basis, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### Basis of accounting

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

No profit and loss account is produced as the company did not trade and received no income and incurred no expenditure in the year or in the proceeding year.

There were no recognised gains or losses in the year or in the proceeding year and accordingly no statement of total recognised gains and losses has been presented.

#### Investments

Investments are valued at the lower of cost or market value.

### 2. EMPLOYEES

The average number of employees during the year was one (2009 nil). The employees' remuneration was borne by a fellow subsidiary undertaking, and reimbursed by the Pension Fund.

### 3. DIRECTORS' REMUNERATION

	2010 £000	2009 £000
<b>Directors' total emoluments for services to the company</b>		
Aggregate fees	<u>110</u>	<u>109</u>
<b>Emoluments of the highest paid director</b>		
Fees	<u>40</u>	<u>40</u>

The costs of the above emoluments are met by the IBM Pension Plans. Emoluments payable by other group companies in respect of services to those companies are not required to be notified to this company. Similarly, share options granted in the ultimate holding company by virtue of directors' employment by other group companies are not required to be notified to this company. There were 3 directors (2009: 3) accruing benefits within the IBM Pension Plans as at 31 December 2010.

### 4. AUDITORS' REMUNERATION

Auditors' remuneration was borne by a fellow subsidiary in both 2010 and 2009.

# IBM United Kingdom Pensions Trust Limited

## Notes to the Financial Statements

Year Ended 31 December 2010

### 5. INVESTMENTS

	2010	2009
	£000	£000
Preference shares	<u>1</u>	<u>1</u>

These shares are listed on a recognised stock exchange in Great Britain. The market value of the shares at the balance sheet date was £7,036 (2009 £7,019)

### 6. DEBTORS

	2010	2009
	£000	£000
Amounts owed by fellow subsidiary undertakings	<u>99</u>	<u>99</u>

The amounts owed by fellow subsidiary undertakings are non-interest bearing

### 7. SHARE CAPITAL

#### Authorised share capital:

	2010	2009
	£000	£000
250,000 Ordinary shares of £1 each	<u>250</u>	<u>250</u>

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

	2010		2009	
	No	£000	No	£000
Ordinary shares of £1 each	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

### 8. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is IBM United Kingdom Holdings Limited, which is registered in Great Britain

The company's ultimate parent undertaking and controlling party is International Business Machines Corporation which is incorporated in the United States of America, and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the accounts of this undertaking may be obtained from IBM Corporate Headquarters, New Orchard Road, Armonk, New York, 10504

### 9. RELATED PARTY TRANSACTIONS

Except for the Directors' emoluments shown within note 3, transactions with other companies within the group are not disclosed in accordance with Financial Reporting Standard No 8 "Related Party Disclosures" as the consolidated accounts of International Business Machines Corporation in which the company is included are available at the address shown in note 8