

UBS UK HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2017



UBS UK HOLDING LIMITED

Company Registration Number: 01931397

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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UBS UK HOLDING LIMITED

Company Registration Number: 01931397

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Wayne Lawson-Turnbull (Chairman)

Matthew James Cartledge
Craig A Goldband
John Quarmby

SECRETARY

Harriet H L Charles, ACIS

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

5 Broadgate,
London,
United Kingdom,
EC2M 2QS

AUDITORS

Registered Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

UBS UK HOLDING LIMITED

Company Registration Number: 01931397

STRATEGIC REPORT

The Directors present their Strategic Report together with the audited Financial Statements ('Accounts') of UBS UK Holding Limited ("the Company") for the year ended 31 December 2017 ('the year') which have been prepared in accordance with the provisions of the Companies Act 2006.

Principal Activities and Business Review

During the year, 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.

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 Company also continues to retain its investments in 1000 shares of Saudi Riyal 10 each fully paid in the issued share capital of UBS Saudi Arabia and in its remaining two subsidiaries: S.G. Securities U.K. Limited (Co No: 292689) and S.G. Warburg & Company Limited (Co No: 1121735) ('SGW&CL').

Principal Risks and Uncertainties

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

Going Concern

For the purposes of the guidance to Directors of UK companies issued in 2016 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 direct parent UBS AG and its ultimate parent UBS Group 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 Group AG, through its immediate parent 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 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. Approved by the Board of Directors on 5 September 2018 and signed on their behalf by:



Wayne Lawson-Turnbull

Director

5 Broadgate, London, United Kingdom, EC2M 2QS

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 2017 ('the year') which have been prepared in accordance with the provisions of the Companies Act 2006.

Results and Dividends

The profit, before taxation, of the Company for the year amounted to £17,000 (2016: loss £324,000). After taxation, the Company retained a profit of £17,000 (2016: loss £217,000).

An interim dividend of £480,660 has been paid to UBS AG for the year (2016: £590,000).

The Directors do not intend to recommend the declaration of a final dividend in respect of the year (2016: £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.

During the year, Mr. Craig Goldband was appointed as a Director of the Company on 12 January 2017. There have been no changes to the composition of the Board of Directors since the year end.

No service contracts have existed 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 following statement, which should be read in conjunction with the statement on auditors' responsibilities on pages 7 and 8, is made by the Directors to explain their responsibilities in relation to the preparation of the financial statements and Directors' Report.

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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;

REPORT OF THE DIRECTORS (CONTINUED)

- 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 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.

Political Contributions

There were no contributions for political purposes made by the Company during the year (2016: £Nil).

Auditors

Ernst & Young LLP 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 5 September 2018 and signed by order of the board:



Harriet H L Charles

Secretary

5 Broadgate, London, United Kingdom, EC2M 2QS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBS UK HOLDING LIMITED

Opinion

We have audited the financial statements of UBS UK Holding Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11, including a summary of significant accounting policies. 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), including FRS 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Nicholas Dawes (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5th September 2018

UBS UK HOLDING LIMITED

Company Registration Number: 01931397

INCOME STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Operating expenses/Income		-	-
Operating profit/(Loss)		-	-
Interest receivable and similar income	4	17	98
Interest payable and similar charges	5	-	(422)
Profit/(Loss) on ordinary activities before taxation		17	(324)
Tax credit	6	-	107
Retained Profit/(Loss) transferred to reserves		17	(217)

There are no components of other comprehensive income recognised as part of total comprehensive income outside the Income Statement

All of the amounts above are in respect of continuing operations.

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments	8	357	357
Current assets			
Cash at bank and in hand		<u>4,784</u>	<u>25,291</u>
		4,784	25,291
Creditors: amounts falling due within one year	9	(124)	(20,167)
Net current assets		<u>4,660</u>	<u>5,124</u>
Total assets less current liabilities		5,017	5,481
Net assets		<u>5,017</u>	<u>5,481</u>
Capital and reserves			
Called up share capital	10	5,000	5,000
Profit and loss account		17	481
Equity shareholders' funds		<u>5,017</u>	<u>5,481</u>

These financial statements were approved by the Board on 5 September 2018 and are signed on their behalf by



Matthew J Cartledge
Director

UBS UK HOLDING LIMITED

Company Registration Number: 01931397

STATEMENT OF CHANGES IN EQUITY**AS AT 31 DECEMBER 2017**

	Share Capital	Retained Earnings	Total Equity
	£'000	£'000	£'000
At 1 January 2016	5,000	1,288	6,288
Profit/(Loss) for the financial year	-	(217)	(217)
Dividend paid during the year	-	(590)	(590)
At 31 December 2016	5,000	481	5,481
Profit/(Loss) for the financial year	-	17	17
Dividend paid during the year	-	(481)	(481)
At 31 December 2017	5,000	17	5,017

The notes on pages 12 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

Basis of preparation and change in accounting policy

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), and Financial Reporting Standard 101 ("FRS 101") for all periods presented.

The Company has taken advantage of the following exemptions under FRS 101:

- (a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- (c) the requirements of IAS 7 Statement of Cash Flows
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- (e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- (f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Company's financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 5 September 2018 and the balance sheet was signed on the Board's behalf by Matthew J Cartledge.

The company's financial statements are presented in sterling, which is also the company's functional currency.

Investment income

Investment income comprises dividends and distributions which are recognised when the right to receive payment is established.

Group Accounts

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

Debtors

Debtors are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Debtors are measured at fair value upon initial recognition. At each balance sheet date debtors are reviewed to determine whether there is an indication of impairment. If such indication exists, the recoverable amount is estimated.

Creditors

Creditors are obligations to pay for services that have been acquired in the ordinary course of business. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

Interest receivable and interest payable

Interest is recognised on an accruals basis.

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 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.

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

2. AUDITORS' REMUNERATION

During the year, fees of £2,346 (2016: £2,691) 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. STAFF COSTS & DIRECTORS' REMUNERATION

None of the Directors who served during the year received any emoluments for services to the Company (2016: £Nil).

The Company has no employees of its own (2016: Nil). UBS AG 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.

UBS UK HOLDING LIMITED

Company Registration Number: 01931397

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2017****4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017 £'000	2016 £'000
Interest from parent undertaking	17	98
	<u>17</u>	<u>98</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £'000	2016 £'000
Unwinding of discount on provision	-	422
	<u>-</u>	<u>422</u>

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

	2017 £'000	2016 £'000
Current tax:		
UK Corporation tax - current tax credit on loss for the year	-	-
Adjustment in respect of previous years – UK Corporation tax	-	107
Total current tax credit	<u>-</u>	<u>107</u>

UBS UK HOLDING LIMITED

Company Registration Number: 01931397

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2017****6. TAX ON ORDINARY ACTIVITIES (CONTINUED)****(b) Factors affecting tax credit for the year**

The tax credit for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit/(Loss) on ordinary activities before tax	<u>17</u>	<u>(324)</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	3	(65)
<u>Effects of:</u>		
Utilisation of tax losses	(3)	(19)
Other expenses not recognised for tax purposes	-	84
Adjustments in respect of prior years	-	(107)
Total tax credit for the year	<u>-</u>	<u>(107)</u>

(c) Deferred tax

As at 31 December 2017, the company has unrecognised deferred tax asset of approximately £115m (2016: £119m). The deferred tax asset has not been recognised in the view of uncertainty about future profitability which (in the opinion of the directors) makes the recovery of the assets uncertain.

7. DIVIDENDS ON EQUITY SHARES

	2017 £000	2016 £000
Equity dividends on Ordinary shares : £480,660 paid to UBS AG in November 2017 at a rate of £0.096 per share		
Interim Dividend paid	<u>481</u>	<u>590</u>

UBS UK HOLDING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2017****8. INVESTMENTS**

Fixed asset investments	<i>Shares in subsidiary undertakings £'000</i>	<i>AFS Financial Assets £'000</i>	<i>Total £'000</i>
Cost:			
At 1 January 2017	682,824	2	682,826
Additions	-	-	-
At 31 December 2017	682,824	2	682,826
Amounts provided:			
As at 1 January 2017	682,469	-	682,469
Impairment/Disposal	-	-	-
As at 31 December 2017	682,469	-	682,469
Net book value at 31 December 2017	355	2	357
Net book value at 31 December 2016	355	2	357

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 Saudi Arabia

The Company continues to retain its interests in 1,000 shares of Saudi Arabian Riyal 10 each fully paid in the issued share capital of UBS Saudi Arabia.

9. CREDITORS: Amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to parent undertaking	-	20,043
Amounts owed to subsidiary undertakings	102	102
Other creditors	22	22
	124	20,167

UBS UK HOLDING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

10. SHARE CAPITAL

Issued, allotted and fully paid:

	2017 £'000	2016 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

11. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is UBS AG, a company incorporated in Switzerland. The group into which the Company is consolidated and the ultimate parent undertaking and controlling party is UBS Group AG, a company incorporated in Switzerland. This is the largest Group Company preparing consolidated financial statements which include the Company's financial statements.

Copies of the financial statements can be obtained from

https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2017.html