

Company Registration Number 2418504

# **UBS INTERNATIONAL UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

For the year ended

**31 DECEMBER 2010**

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# **UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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## **UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

### **DIRECTORS AND OFFICERS**

#### **BOARD OF DIRECTORS**

Wayne Lawson-Turnbull                      Chairman

Anna M I Haemmerli  
Alastair S Holmes  
John Quarmby  
Charles D Ross-Stewart  
Sean E Ryan  
Gregory P Simpson

#### **SECRETARY**

Harriet H L Charles, ACIS

#### **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 INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

### **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**

The Company's only activity is that of receiving interest on its deposits

#### **Principal Risks and Uncertainties**

Risks associated with the business continue to be managed according to UBS AG guidelines. As a 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 either enhance or further develop the activities of the Company

#### **Results and Dividends**

The profit on ordinary activities, before taxation, of the Company for the year amounted to \$1,000 (2009 \$77,000). After taxation, the Company retained a profit of \$1,000 (2009 Profit \$46,000)

On 7 December 2010, the Directors paid an interim dividend in respect of the year of \$5,480,000 (2009 \$Nil) to and amongst the holders of Ordinary shares in the capital of the Company. This resulted in retained profit carried forward of \$12,000 (2009 Profit \$5,491,000)

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

# **UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

## **REPORT OF THE DIRECTORS**

### **Directors**

The names of the current Directors are shown on page 2. During the year there were two departures from, and one appointment to, the Board.

Mr James M M Graham resigned as a Director of the Company on 12 August 2010 and Ms Amy Fainsbert resigned as a Director on 13 September 2010. Mr Wayne Lawson-Turnbull was appointed as a Director of the Company on 26 August 2010.

There have been no departures from, and appointments to, the Board since the year.

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 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 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.

### **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.

## **UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

### **REPORT OF THE DIRECTORS**

#### **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 business

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

There were neither charitable donations nor any contributions for political purposes made by the Company during the year

#### **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 for their re-appointment will be proposed

Approved by the Board of Directors on 16 June 2011 and signed on their behalf by



**Harriet H L Charles, ACIS**

Secretary

1 Finsbury Avenue, London EC2M 2PP

## UBS INTERNATIONAL UK LIMITED

Company Registration Number 2418504

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

We have audited the financial statements of UBS International UK Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 4, 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.

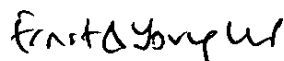
#### Opinion on other matter prescribed by the Companies Act 2006

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.



Maurice McCormick (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
17 June 2011

**UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

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

	Notes	2010 US\$'000	2009 US\$'000
Other income		-	113
Foreign exchange loss		-	(37)
<b>Operating profit</b>		-	76
Interest receivable and similar income	4	1	1
<b>Profit on ordinary activities before taxation</b>		1	77
Taxation	5	-	(31)
<b>Retained profit transferred to reserves</b>		<u>1</u>	<u>46</u>

There were no recognised gains or losses other than the results for the respective years as shown above

All of the activities of the Company are classed as continuing

The notes on pages 9 to 13 form part of these financial statements



**UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

**BALANCE SHEET****AS AT 31 DECEMBER 2010**

	Notes	2010 US\$'000	2009 US\$'000
<b>Current assets</b>			
Debtors	7	122,948	128,427
Cash at bank and in hand	8	56	57
		<u>123,004</u>	<u>128,484</u>
 <b>Creditors: amounts falling due within one year</b>	9	<b>(56)</b>	<b>(57)</b>
 <b>Net current assets</b>		<u>122,948</u>	<u>128,427</u>
 <b>Total assets less current liabilities</b>		<u>122,948</u>	<u>128,427</u>
 <b>Capital and reserves</b>			
Called up share capital	12	1,410	1,410
Share premium account	13	121,526	121,526
Profit and loss account	13	12	5,491
 <b>Equity shareholders' funds</b>		<u>122,948</u>	<u>128,427</u>

These financial statements were approved by the Board of Directors on 16 June 2011 and are signed on their behalf by



**Gregory P Simpson**  
Director

The notes on pages 9 to 13 form part of these financial statements

# **UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation and change in accounting policy**

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 16 June 2011 and the balance sheet was signed on the Board's behalf by Mr Gregory P Simpson

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

##### **Reporting currency**

It is considered that a fairer reflection of the Company's activities is given by presenting the financial statements in US dollars, since the US dollar is the main currency of the Company's primary economic environment

##### **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

##### **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.

Interest is recognised on an accruals basis

##### **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.

##### **Dividends**

Dividends are recognised in the period in which the right to receive is established.

Dividends for the year that are approved after the Balance Sheet date are treated as a non-adjusting post Balance Sheet date event.

# UBS INTERNATIONAL UK LIMITED

Company Registration Number 2418504

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 2. AUDITORS' REMUNERATION

During the year, fees of £3,750 (2009 £4,206) 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. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 US\$'000	2009 US\$'000
Interest from group undertakings	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

#### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

##### (a) Analysis of charge in year

	2010 US\$'000	2009 US\$'000
<i>UK Corporation tax</i>		
Current tax	-	-
Adjustment in respect of prior year	-	31
	<u>-</u>	<u>31</u>
Total current tax	<u>-</u>	<u>31</u>

**UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2010****5. 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

	<b>2010</b> <b>US\$'000</b>	<b>2009</b> <b>US\$'000</b>
Profit on ordinary activities before tax	<u>1</u>	<u>77</u>
Profit on ordinary activities before tax at the standard rate of 28% (2009 28%)	-	22
Effects of		
Notional transfer pricing adjustment	81	83
Group relief claimed without charge	(81)	(105)
Adjustment in respect of prior year	-	31
Total current tax for the year	<u>-</u>	<u>31</u>

**6. DIVIDENDS**

	<b>2010</b> <b>US\$'000</b>	<b>2009</b> <b>US\$'000</b>
Equity dividends on ordinary shares	<u>5,480</u>	<u>-</u>
	<u>5,480</u>	<u>-</u>

**7. DEBTORS**

	<b>2010</b> <b>US\$'000</b>	<b>2009</b> <b>US\$'000</b>
Amounts owed by group undertakings	122,947	128,427
Corporation tax	<u>1</u>	<u>-</u>
	<u>122,948</u>	<u>128,427</u>

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

Included in cash at bank and in hand are cash balances of US\$56,280 (2009 US\$57,224) placed with group undertakings

**UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2010****9. CREDITORS: Amounts falling due within one year**

	2010 US\$'000	2009 US\$'000
Amounts owed to group undertakings	56	-
Corporation tax	<u>-</u>	<u>57</u>
	<u><b>56</b></u>	<u><b>57</b></u>

**10. CONTINGENT LIABILITIES**

Due to the nature of its former business, the Company may become involved in claims, disputes and legal proceedings arising in the ordinary course of business. The Directors will only make provisions for such matters when, in the opinion of management and its professional advisers, it is probable that a payment will be made by the Company and the amount can be reasonably estimated. The Directors have made no such provision in relation to such claims.

**11. 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.

**12. SHARE CAPITAL****Allotted, called up and fully paid:**

	2010 US\$'000	2009 US\$'000
1,410,177 ordinary shares of US\$1 each	<u><b>1,410</b></u>	<u><b>1,410</b></u>

**UBS INTERNATIONAL UK LIMITED**

Company Registration Number 2418504

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2010****13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<i>Share capital US\$'000</i>	<i>Share premium account US\$'000</i>	<i>Profit and loss account US\$'000</i>	<i>Total US\$'000</i>
At 1 January 2009	<b>1,410</b>	<b>121,526</b>	<b>5,445</b>	<b>128,381</b>
Profit for the year	-	-	46	46
At 1 January 2010	1,410	121,526	5,491	128,427
Profit for the year	-	-	1	1
Dividend paid	-	-	(5,480)	(5,480)
<b>At 31 December 2010</b>	<b>1,410</b>	<b>121,526</b>	<b>12</b>	<b>122,948</b>

**14. ULTIMATE PARENT COMPANY**

The Company is a wholly owned subsidiary of PaineWebber UK Holdings, a company registered in England & Wales. The Company is an indirect wholly owned subsidiary of PaineWebber International Inc, a company incorporated in the State of Delaware, U S A

UBS AG, a company incorporated with limited liability in Switzerland, is the ultimate parent holding company and is the parent undertaking of the largest 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