

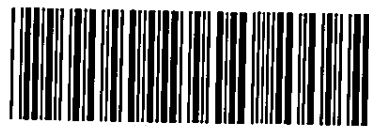
**Company Registration No. 03765747**

**UPS Capital UK Limited**

**Annual Report and Financial Statements**

**31 December 2007**

THURSDAY



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# **UPS Capital UK Limited**

## **Annual report and financial statements 2007**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Director's report</b>	<b>2</b>
<b>Statement of director's responsibilities</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7</b>

# **UPS Capital UK Limited**

## **Annual report and financial statements 2007**

### **Officers and professional advisers**

#### **Director**

UPS Capital Global Trade Finance Corporation

#### **Secretary**

N Ruddy

#### **Registered office**

Paul Davidson Taylor  
Chancery Court  
Queen Street,  
Horsham  
West Sussex  
RH13 5AD

#### **Bankers**

Barclays Bank plc  
1<sup>st</sup> Floor  
54 Lombard Street  
London  
EC3V 9EX

Bank Mendes Gans NV  
Postbus 198  
1000 AD Amsterdam  
Herengracht 619  
Netherlands

#### **Solicitors**

Paul Davidson Taylor  
Chancery Court  
Queen Street,  
Horsham  
West Sussex  
RH13 5AD

Hammonds  
7 Devonshire Square  
Cutlers Gardens  
London  
EC2M 4YH

#### **Independent auditors**

Deloitte & Touche LLP  
Chartered Accountants  
Crawley

# UPS Capital UK Limited

## Director's report

The director presents its annual report and the audited financial statements for the year ended 31 December 2007. This report has been prepared in accordance with the special provisions of s246(4)(a) of the Companies Act 1985 relating to small companies.

### Principal activity

The principal activity of the company is the provision of debt factoring services and franchise loans business.

### Results and dividends

The results for the year are set out in the profit and loss account. The financial position of the company is set out in the balance sheet.

The director does not intend to declare a dividend for the year (2006 - £nil).

### Risk management policies

As permitted under s247A the company has not presented its risk management policies.

### Future prospects

In March 2004, the director took the decision to discontinue the invoice discounting and domestic debt factoring services. In 2005, the director took the decision to discontinue the franchise loans business. This process is ongoing at the date of signing. The director is currently reviewing the options for the future trading of the company.

### Director

The membership of the board from the start of the year to the date of this report is set out on page 1.

### Independent auditors and statement of provision of information to the independent auditors

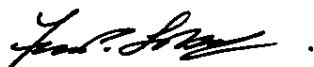
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors of the company's and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Director



UPS Capital Global Trade Finance Corporation  
Director

1- October - 2008

# **UPS Capital UK Limited**

## **Statement of director's responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which 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 1985. 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.

# **Independent Auditors' Report to the members of UPS Capital UK Limited**

We have audited the financial statements of UPS Capital UK Ltd for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet and related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 director and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practices, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Crawley, United Kingdom

*7 October* 2008

# UPS Capital UK Limited

## Profit and loss account

For the year ended 31 December 2007

	Note	£	2007 £	£	2006 £
<b>Turnover</b>	2		52,706		90,593
Less amounts netted against provision for operations to be discontinued made in prior year (note 9)			(54,140)		(87,346)
<b>Total turnover</b>			<u>(1,434)</u>		<u>3,247</u>
Administrative expenses			(251,874)		(455,803)
Less release of provision made in prior years (note 9)			45,178		63,433
<b>Total administrative expenses</b>			<u>(206,696)</u>		<u>(392,370)</u>
<b>Operating loss</b>	4		(208,130)		(389,123)
Bank interest receivable			34,720		30,481
Interest payable and similar charges	5	(12,136)		(39,953)	
Less release of provision made in prior years (note 9)		10,118		39,146	
<b>Total interest payable</b>			<u>(2,018)</u>		<u>(807)</u>
<b>Loss on ordinary activities before and after taxation transferred to reserves</b>	11		<u>(175,428)</u>		<u>(359,449)</u>

All transactions are derived from discontinuing operations

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial year and accordingly, no statement of total recognised gains and losses is shown

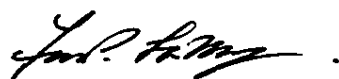
# UPS Capital UK Limited

## Balance sheet 31 December 2007

	Note	£	2007 £	£	2006 £
<b>Current assets</b>					
Debtors	7		375,768		548,861
- due within one year	7	125,568		88,102	
- due after one year	7	250,200		460,759	
Cash at bank and in hand			681,592		716,366
			<u>1,057,360</u>		<u>1,265,227</u>
<b>Creditors: amounts falling due within one year</b>	8		<u>(1,113,107)</u>		<u>(1,144,390)</u>
<b>Net current (liabilities)/assets</b>			<u>(55,747)</u>		<u>120,837</u>
<b>Total assets less current liabilities</b>			<u>(55,747)</u>		<u>120,837</u>
Provisions for liabilities	9		<u>(105,499)</u>		<u>(106,655)</u>
<b>Net (liabilities)/assets</b>			<u>(161,246)</u>		<u>14,182</u>
<b>Capital and reserves</b>					
Called up share capital	10,11		2		2
Profit and loss account	11		<u>(161,248)</u>		<u>14,180</u>
<b>Total shareholders' (deficit)/funds</b>	11		<u>(161,246)</u>		<u>14,182</u>

These financial statements were approved by the Board of Directors on 1- Oct - 2008

Signed on behalf of the Board of Directors



UPS Capital Global Trade Finance Corporation  
Director



# **UPS Capital UK Limited**

## **Notes to the financial statements Year ended 31 December 2007**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and financial preceding year.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising are dealt with in the profit and loss account.

#### **Taxation**

Current taxation is provided at amounts expected to be paid using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Leases**

Operating lease rentals are charged to income in equal annual amounts over the lease term.

#### **Pension costs**

The company participates in a group scheme available to all UK employees. The scheme is called the UPS Pension Investment Plan and is a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to the fund. In the year this amounted to £15,322 (2006 - £15,468).

#### **Cash flow statement**

The company has taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (revised) as the company is a wholly owned subsidiary of a company which prepares consolidated financial statements that are publicly available.

# UPS Capital UK Limited

## Notes to the financial statements Year ended 31 December 2007

### 2 Turnover

Turnover represents amounts derived from the franchise loans business which falls within the company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity.

### 3. Information regarding the director and employees

No director received any emoluments from the company in the current or preceding financial year.

	2007 No.	2006 No.
<b>Average number of persons employed:</b>		
Management and administration	3	3
	<u>£</u>	<u>£</u>
<b>Staff costs during the period:</b>		
Wages and salaries	136,816	181,730
Social security costs	24,688	27,503
Pension costs	15,322	15,468
	<u>176,826</u>	<u>224,701</u>

### 4. Operating loss

	2007 £	2006 £
<b>Operating loss is stated after charging:</b>		
Rentals under operating leases		
Other	34,924	56,177
Auditors' remuneration		
audit fees	10,500	12,000
other services relating to taxation – compliance	6,000	6,000
	<u>51,424</u>	<u>74,177</u>

### 5. Interest payable and similar charges

	2007 £	2006 £
Group company loans	12,136	39,003
Bank interest and fees	-	950
	<u>12,136</u>	<u>39,003</u>

# UPS Capital UK Limited

## Notes to the financial statements Year ended 31 December 2007

### 6. Taxation

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK - 30% (2006 - 30%) The differences are explained below

	2007 %	2006 %
Standard tax rate for year as a percentage of profits	30	30
Effects of Movement in short term timing differences	(30)	(30)
Current tax rate for year as a percentage of profits	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to general provisions and brought forward and current year trading losses as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £160,913 (2006 - £371,787) Prior year losses have been surrendered to group companies for no payment The asset would be recovered if the company made suitable profits in the future

### 7. Debtors

	2007 £	2006 £
Other debtors	347,924	539,279
Prepayments and accrued income	27,844	9,582
	375,768	548,861

Included within other debtors is an amount of £250,200 (2006 - £460,759) which is due after one year

### 8. Creditors' amounts falling due within one year

	2007 £	2006 £
Trade creditors	2,004	26,245
Amounts owed to fellow group undertakings	1,052,481	1,040,920
Other taxes and social security	5,406	4,934
Accruals and deferred income	54,576	72,291
	1,113,107	1,144,390

# UPS Capital UK Limited

## Notes to the financial statements Year ended 31 December 2007

### 9. Provisions for liabilities

	Provision for operations to be discontinued £
Balance at 1 January 2007	(106,655)
Utilised in year	1,156
Balance at 31 December 2007	<u>(105,499)</u>

Provision has been made for the costs of closure of the invoice discounting, domestic debt factoring and franchise loan businesses. This includes the direct costs of the termination plus the anticipated net operating losses of the operations up to the date of closure.

### 10. Called up share capital

	2007 £	2006 £
<b>Authorised</b> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b> 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 11. Combined reconciliation of movements in shareholders' funds and statement of movements on reserves

	Issued share capital £	Profit and loss account £	Total 2007 £	Total 2006 £
Balance at start of year	2	14,180	14,182	373,631
Loss retained for the year	-	(175,428)	(175,428)	(359,449)
Balance at end of year	<u>2</u>	<u>(161,248)</u>	<u>(161,246)</u>	<u>14,182</u>

# UPS Capital UK Limited

## Notes to the financial statements Year ended 31 December 2007

### 12 Operating lease commitments

As at 31 December 2007, the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings	
	2007	2006
	£	£
<b>Leases which expire:</b>		
Within one year	3,106	19,600
Within one to two years	-	2,450
Within two to five years	21,500	-
	<u>24,606</u>	<u>22,050</u>

### 13. Ultimate parent company and controlling party

The immediate parent company is UPS Capital Global Trade Finance Corporation, a company incorporated in the United States of America

The ultimate parent company and controlling entity is United Parcel Service Inc, incorporated in the United States of America. Copies of the financial statements are available to the public from UPS House, Forest Road, Feltham, Middlesex, TW13 7DY

### 14 Related party transactions

Under the exemption permitted by Financial Reporting Standard No 8, 'Related Party Disclosures' transactions and balances with other undertakings within the UPS group have not been disclosed in these financial statements