

Company Registration No. 03765747

UPS Capital UK Limited

Annual Report and Financial Statements

31 December 2008

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UPS Capital UK Limited

Annual report and financial statements 2008

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UPS Capital UK Limited

Annual report and financial statements 2008

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
1st 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 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 2008. 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

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.

Risk management policies

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

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

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP.

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 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

September 23, 2009

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; 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 2008 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 2008 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 LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Crawley, United Kingdom

5 October 2009

UPS Capital UK Limited

Profit and loss account

For the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	42,639	52,706
Less: amounts netted against provision for operations to be discontinued made in prior year (note 9)		(42,038)	(54,140)
Total turnover		601	(1,434)
Administrative expenses		(164,662)	(251,874)
Less: release of provision made in prior years (note 9)		30,178	45,178
Total administrative expenses		(134,484)	(206,696)
Operating loss	4	(133,883)	(208,130)
Bank interest receivable		16,808	34,720
Interest payable and similar charges	5	(4,960)	(12,136)
Less: release of provision made in prior years (note 9)		10,117	10,118
Total interest receivable/(payable)		5,157	(2,018)
Loss for the financial year	11	(111,918)	(175,428)

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.

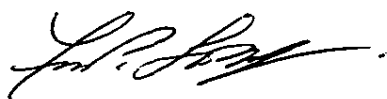
UPS Capital UK Limited

Balance sheet 31 December 2008

	Note	£	2008 £	£	2007 £
Current assets					
Debtors	7		339,366		375,768
- due within one year	7	172,604		125,568	
- due after one year	7	166,762		250,200	
Cash at bank and in hand			452,652		681,592
			<u>792,018</u>		<u>1,057,360</u>
Creditors: amounts falling due within one year	8		<u>(957,940)</u>		<u>(1,113,107)</u>
Net current liabilities			<u>(165,922)</u>		<u>(55,747)</u>
Total assets less current liabilities			<u>(165,922)</u>		<u>(55,747)</u>
Provisions for liabilities	9		<u>(107,242)</u>		<u>(105,499)</u>
Net liabilities			<u>(273,164)</u>		<u>(161,246)</u>
Capital and reserves					
Called up share capital	10,11		2		2
Profit and loss account	11		<u>(273,166)</u>		<u>(161,248)</u>
Total shareholders' deficit	11		<u>(273,164)</u>		<u>(161,246)</u>

These financial statements were approved by the Board of Directors on *Sept 23,* 2009.

Signed on behalf of the Board of Directors



UPS Capital Global Trade Finance Corporation
Director

September 23, 2009

UPS Capital UK Limited

Notes to the financial statements Year ended 31 December 2008

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.

Basis of preparation

The company has been loss making in recent years and continues to depend on the continued financial support of its parent, UPS Capital Global Trade Finance Corporation. The director of the company has received a letter of support from UPS Capital Global Trade Finance Corporation which confirms that UPS Capital Global Trade Finance Corporation will continue to provide the company with the necessary financial support to meet its liabilities as they fall due for a period of not less than twelve months from the date of approval of these financial statements. The director is satisfied that UPS Capital Global Trade Finance Corporation is in a position to fulfil this commitment and accordingly, the director has concluded that it is appropriate to prepare the financial statements of the company on a going concern basis. 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 intention of the director is to wind up the company when the final loan balances have been repaid, which is not within the next 12 months.

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 £2,197 (2007 - £15,322).

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 2008

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

The director did not receive any emoluments from the company in the current or preceding financial year.

	2008 No.	2007 No.
Average number of persons employed:		
Management and administration	2	3
	<hr/>	<hr/>
	£	£
Staff costs during the period:		
Wages and salaries	49,161	136,816
Social security costs	5,042	24,688
Pension costs	2,197	15,322
	<hr/>	<hr/>
	56,400	176,826
	<hr/>	<hr/>

4. Operating loss

	2008 £	2007 £
Operating loss is stated after charging:		
Rentals under operating leases:		
Other	13,861	34,924
Auditors' remuneration		
audit fees	-	10,500
other services relating to taxation – compliance	16,100	6,000
	<hr/>	<hr/>

The audit fee of £4,500 was borne by UPS Capital Limited for the current year audit.

5. Interest payable and similar charges

	2008 £	2007 £
Group company loans	4,960	12,136
	<hr/>	<hr/>
	4,960	12,136
	<hr/>	<hr/>

UPS Capital UK Limited

Notes to the financial statements Year ended 31 December 2008

6. Taxation

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK - 28% (2007 - 30%). The differences are explained below:

	2008 %	2007 %
Standard tax rate for year as a percentage of profits	28	30
Effects of:		
Movement in short term timing differences	(28)	(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 £117,756 (2007 - £160,913). 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

	2008 £	2007 £
Amounts owed by fellow group undertakings	87,251	-
Other debtors	250,270	347,924
Prepayments and accrued income	1,845	27,844
	<u>339,366</u>	<u>375,768</u>

Included within other debtors is an amount of £166,762 (2007 - £250,200) which is receivable after more than one year.

8. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	12,517	2,004
Amounts owed to fellow group undertakings	930,539	1,052,481
Other taxes and social security	-	5,406
Accruals and deferred income	14,884	54,576
	<u>957,940</u>	<u>1,113,107</u>

UPS Capital UK Limited

Notes to the financial statements Year ended 31 December 2008

9. Provisions for liabilities

	Provision for operations to be discontinued £
Balance at 1 January 2008	(105,499)
Increase in the year	(1,743)
Balance at 31 December 2008	<u>(107,242)</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

	2008 £	2007 £
Authorised 1,000 (2007: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid 2 (2007: 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 2008 £	Total 2007 £
Balance at start of year	2	(161,248)	(161,246)	14,182
Loss retained for the year	-	(111,918)	(111,918)	(175,428)
Balance at end of year	<u>2</u>	<u>(273,166)</u>	<u>(273,164)</u>	<u>(161,246)</u>

UPS Capital UK Limited

Notes to the financial statements Year ended 31 December 2008

12. Operating lease commitments

As at 31 December 2008, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	2008	2007
	£	£
Leases which expire:		
Within one year	-	3,106
Within one to two years	-	-
Within two to five years	-	21,500
	<u>-</u>	<u>24,606</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.