

Company Registration No. 03765747

UPS Capital UK Limited

Annual Report and Financial Statements

31 December 2009

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UPS Capital UK Limited

Annual report and financial statements 2009

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UPS Capital UK Limited

Annual report and financial statements 2009

Officers and professional advisers

Director

UPS Capital Global Trade Finance Corporation

Secretary

N Ruddy

Registered office

5th Floor
St Andrews House
West Street
Woking
Surrey
GU21 6EB

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 the annual report and the audited financial statements for the year ended 31 December 2009

Principal activity

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

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 s418 of the Companies Act 2006

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

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies regime

Approved by the Director



UPS Capital Global Trade Finance Corporation

Director *Frank P. Lemonaca*

24 September 2010

UPS Capital UK Limited

Director's responsibilities statement

The directors are responsible for preparing the Annual 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, and
- 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.

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

We have audited the financial statements of UPS Capital UK Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and related notes 1 to 13. 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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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.

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 2009 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, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime.



Neil Harris
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Crawley, United Kingdom

29 September 2010

UPS Capital UK Limited

Profit and loss account For the year ended 31 December 2009

	Note	£	2009 £	£	2008 £
Turnover	2		9,837		42,639
Less amounts netted against provision for operations to be discontinued (note 9)			(28,473)		(42,038)
Total turnover			<u>(18,636)</u>		<u>601</u>
 Administrative expenses			50,240		(164,662)
Less release of provision made in prior year (note 9)			30,178		30,178
Total administrative expenses			<u>80,418</u>		<u>(134,484)</u>
Operating profit/(loss)	4		61,782		(133,883)
 Bank interest receivable			871		16,808
Interest payable and similar charges	5	(791)		(4,960)	
Less release of provision made in prior year (note 9)		10,117		10,117	
Total interest receivable			<u>9,326</u>		<u>5,157</u>
Profit/(loss) for the financial year	11		<u>71,979</u>		<u>(111,918)</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 2009

	Note	£	2009 £	£	2008 £
Current assets					
Debtors	7		154,314		339,366
- due within one year	7	130,766		172,604	
- due after one year	7	23,548		166,762	
Cash at bank and in hand			188,257		452,652
			<u>342,571</u>		<u>792,018</u>
Creditors: amounts falling due within one year	8		<u>(448,335)</u>		<u>(957,940)</u>
Net current liabilities			<u>(105,764)</u>		<u>(165,922)</u>
Total assets less current liabilities			(105,764)		(165,922)
Provisions for liabilities	9		<u>(95,421)</u>		<u>(107,242)</u>
Net liabilities			<u>(201,185)</u>		<u>(273,164)</u>
Capital and reserves					
Called up share capital	10,11		2		2
Profit and loss account	11		<u>(201,187)</u>		<u>(273,166)</u>
Total shareholders' deficit	11		<u>(201,185)</u>		<u>(273,164)</u>

The financial statements of UPS Capital UK Limited, registered number 03765747, were approved by the Board of Directors on September 24, 2010

Signed on behalf of the Board of Directors



UPS Capital Global Trade Finance Corporation
Director *Frank P. Lamonaca*

24 September 2010

UPS Capital UK Limited

Notes to the financial statements Year ended 31 December 2009

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 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.

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 £865 (2008 - £2,197).

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 2009

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.

	2009 No.	2008 No.
Average number of persons employed:		
Management and administration	2	2
	<u>2</u>	<u>2</u>
	£	£
Staff costs during the period:		
Wages and salaries	17,371	49,161
Social security costs	1,645	5,042
Pension costs	865	2,197
	<u>19,881</u>	<u>56,400</u>

4. Operating profit/(loss)

	2009 £	2008 £
Operating loss is stated after charging:		
Rentals under operating leases		
Other	-	13,861
Auditors' remuneration		
Audit fees	4,500	-
Other services relating to taxation – compliance	-	16,100
	<u>-</u>	<u>16,100</u>

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

5. Interest payable and similar charges

	2009 £	2008 £
Group company loans	-	4,960
	<u>-</u>	<u>4,960</u>

UPS Capital UK Limited

Notes to the financial statements Year ended 31 December 2009

5. Taxation

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK – 28% (2008 - 28%) The differences are explained below

	2009 %	2008 %
Standard tax rate for year as a percentage of profits	28	28
Effects of		
Movement in short term timing differences	(28)	(28)
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 £155,409 (2008 - £117,756) The asset would be recovered if the company made suitable profits in the future

6. Debtors

	2009 £	2008 £
Amounts owed by fellow group undertakings	-	87,251
Other debtors	154,314	250,270
Prepayments and accrued income	-	1,845
	<u>154,314</u>	<u>339,366</u>

Included within other debtors is an amount of £23,548 (2008 - £166,762) which is receivable after more than one year

7. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	-	12,517
Amounts owed to fellow group undertakings	443,165	930,539
Accruals and deferred income	5,170	14,884
	<u>448,335</u>	<u>957,940</u>

UPS Capital UK Limited

Notes to the financial statements Year ended 31 December 2009

9. Provisions for liabilities

	Provision for operations to be discontinued £
Balance at 1 January 2009	(107,242)
Decrease in the year	11,821
Balance at 31 December 2009	(95,421)

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. The decrease in the provision has been booked against where originally charged turnover, administrative expenses and interest payable.

10. Called up share capital

	2009 £	2008 £
Called up, allotted and fully paid		
2 (2008: 2) ordinary shares of £1 each	2	2

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

	Issued share capital £	Profit and loss account £	Total 2009 £	Total 2008 £
Balance at start of year	2	(273,166)	(273,164)	(161,246)
Profit/(loss) retained for the year	-	71,979	71,979	(111,918)
Balance at end of year	2	(201,187)	(201,185)	(273,164)

12. Ultimate parent company and controlling party

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

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

13. 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.