

UBS ASSET MANAGEMENT (JERSEY) LTD

Report and Financial Statements

For the year ended 31 December 2016



UBS ASSET MANAGEMENT (JERSEY) LTD

Registered No. 2690195

CORPORATE INFORMATION

DIRECTORS

T. R. C. Hill

H. Narcy

SECRETARY

R. Beechey

UBS Secretaries Limited

AUDITORS

Ernst & Young LLP

25 Churchill Place

Canary Wharf

London

E14 5EY

REGISTERED OFFICE

5 Broadgate

London

EC2M 2QS

UBS ASSET MANAGEMENT (JERSEY) LTD

STRATEGIC REPORT

The Directors present their strategic report of UBS Asset Management (Jersey) Ltd (the "Company") for the year ended 31 December 2016.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary undertaking of UBS Asset Management Holding Ltd. Its principal activity will continue to be the holding of interests in various venture capital partnerships as General Partner.

The Directors assessed the implications of the Capital Requirements Regulation 575/2013 ("CRR") in relation to the Company and its business operating model and as a result of the review an Internal Capital Adequacy Assessment Process (ICAAP) report for UBS Asset Management Holding (No.2) and its subsidiaries (the "Group"), was submitted to the FCA during March 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

Given that the nature of the Company's business is investment management, the risks to which the Company is exposed are principally those of a fiduciary nature and are managed according to UBS Group AG guidelines. The Company operates in line with UBS Group AG group policies, including environmental and ethical standards.

KEY PERFORMANCE INDICATORS

The results of the Group are managed on a Group and business stream basis. Business streams do not correspond directly with individual legal entities, and consequently key performance indicators are not set for individual companies. The parent company of the Group (UBS AG) maintains an oversight of the Company's performance under the UBS Asset Management business and management structures. However, the Directors are satisfied that the Company's business is operating and performing in accordance with and to the standards expected by those business and management structures. The Directors continually and actively monitored the Company's regulatory capital limits during the year. There has been no change in this status since the year end.

FUTURE DEVELOPMENTS

The Directors of the Company are seeking to liquidate the Company during 2017.

By order of the board



T. R. C. Hill
Director
20 September 2017

UBS ASSET MANAGEMENT (JERSEY) LTD

Registered No. 2690195

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of UBS Asset Management (Jersey) Ltd (the "Company") for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

During the year the Company made a loss after taxation of £1,000 (2015 – £100,000). No interim dividend was paid during the year (2015 – £nil). The Directors do not recommend payment of a final dividend (2015 – £nil).

LIQUIDATION

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within this report. The financial position of the Company and its liquidity position are reflected on the balance sheet. The financial statements have been prepared on a liquidation basis reflecting the expected liquidation of the company during 2017.

DIRECTORS

The Directors who served during the year were as follows:

T. R. C. Hill
H. Narcy (Appointed 13 May 2016)
P.J Peacock (Resigned 13 May 2016)

INSURANCE OF DIRECTORS

UBS AG, a UBS Group company, maintains a third party indemnity provision in favour of all of its Directors against liability in respect of proceedings brought by third parties. This is for its Directors in respect of their duties as Directors of the Company.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors at the date of approval of this report and audited financial statements have confirmed that:

- so 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 necessary 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 s418 of the Companies Act (2006).

UBS ASSET MANAGEMENT (JERSEY) LTD

Registered No. 2690195

DIRECTORS' REPORT (CONTINUED)

RE-APPOINTMENT OF AUDITORS

Ernst & Young LLP, Chartered Accountants and Registered Auditor, have indicated their willingness to continue in the office and, as the Company has dispensed with the holding of annual general meetings permitted by the Companies Act (2006), shall continue in office in accordance with Section 487 of the Companies Act (2006) or, if annual general meetings are re-introduced, until the conclusion of the next annual general meeting and in which case a resolution for their re-appointment will be proposed.

By order of the board



T. R. C. Hill
Director
20 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 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;

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.

UBS ASSET MANAGEMENT (JERSEY) LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBS ASSET MANAGEMENT (JERSEY) LTD

We have audited the financial statements of UBS Asset Management (Jersey) Ltd (the "Company") for the year ended 31 December 2016 which comprise the Income Statement, the Balance Sheet, the Statement of Change in Equity and the related notes 1 to 10. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements have been prepared on a liquidation basis in accordance with Note 1 of the financial statements.

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 AUDITOR

As explained more fully in the Statement of Directors' Responsibilities on page 5, 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 and express an opinion on 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 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with the 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).

UBS ASSET MANAGEMENT (JERSEY) LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBS ASSET MANAGEMENT (JERSEY) LTD (CONTINUED)

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT (2006)

In our opinion 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.

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.



Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 September 2017

UBS ASSET MANAGEMENT (JERSEY) LTD

INCOME STATEMENT for the year ended 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
TURNOVER		-	-
Change in unrealised loss on investments	4	(1)	(100)
Administrative expenses		-	-
OPERATING LOSS		<u>(1)</u>	<u>(100)</u>
Bank interest receivable		-	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>-</u>	<u>(100)</u>
Taxation on (loss) / profit on ordinary activities	7	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(1)</u>	<u>(100)</u>

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

The notes on pages 11 to 15 form an integral part of these financial statements.

UBS ASSET MANAGEMENT (JERSEY) LTD

Registered No. 2690195

BALANCE SHEET

at 31 December 2016

	<i>Notes</i>	<i>2016</i> £000	<i>2015</i> £000
CURRENT ASSETS			
Cash at Bank		175	25
Debtors	5	2	2
Investments	4	8	9
		<u>185</u>	<u>36</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	<u>(180)</u>	<u>(180)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5</u>	<u>(144)</u>
CAPITAL AND RESERVES			
Called up share capital	8	150	-
Profit and loss account		<u>(145)</u>	<u>(144)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>5</u>	<u>(144)</u>

Approved and authorised for issue by the Board of Directors on 20 September 2017 and signed on its behalf by:



T. R. C. Hill
Director

The notes on pages 11 to 15 form an integral part of these financial statements.

UBS ASSET MANAGEMENT (JERSEY) LTD

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share Capital	Retained Earnings	Total Equity
	£000	£000	£000
At 1 January 2015	-	(44)	(44)
Loss for the financial year	-	(100)	(100)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	-	(144)	(144)
Loss for the financial year	-	(1)	(1)
Additional Capital	150	-	150
	<hr/>	<hr/>	<hr/>
At 31 December 2016	150	(145)	5

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the liquidation basis in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") for all periods presented.

Under this basis, assets are recorded at their recoverable value, liabilities are recorded at their expected settlement value, and adequate provision has been included for all future costs including liquidation expenses. These expenses are borne by the parent entity.

No adjustments to the accounting treatment of any assets or liabilities were required upon application of this basis.

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 and 18A 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.

Foreign currencies

The company's financial statements are presented in sterling, which is also the company's functional currency. 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. All differences are taken to the profit and loss account.

Turnover

Turnover, stated net of value added tax, and rebates, comprises management fees, performance fees, and other charges earned from providing investment and fund management services to clients and other UBS Group undertakings. Management and performance fees are recognised on an accrual basis, with performance fee rebates being accrued when fees have been earned.

Interest Income

Interest income on cash balances are recognised on an accrual basis.

Investments

Investments in the capital of venture limited partnerships are valued accordingly to the Company's share of the fair value of the underlying net assets less provision using the fair value method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

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.

Cash at Bank

Cash and short term deposits in the balance sheet comprise of cash at banks and short term deposits with an original maturity of three months or less.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2. TRANSACTIONS WITH DIRECTORS AND CONNECTED PERSONS

Directors are entitled to deal in securities with UBS AG group companies in accordance with the UBS Asset Management Group's personal account dealing rules. These provide that the Directors obtain prior permission and must comply with restrictions designed to avoid conflicts of interest or dealing of a speculative nature. There had been no material transactions with Directors and related persons during the year.

3. DIRECTORS AND EMPLOYEES

The Company had no employees during the year (2015 – nil).

The Directors of the Company, none of whom spend a significant amount of time on the Company's business, were remunerated by another company of the UBS Group AG.

UBS ASSET MANAGEMENT (JERSEY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

4. INVESTMENTS

	2016 £000	2015 £000
General Partner's investment in limited venture capital partnerships:		
Cost:		
At 1 January	1,248	1,147
Additions	-	101
At 31 December	<u>1,248</u>	<u>1,248</u>
	2016 £000	2015 £000
Provision:		
At 1 January	1,239	1,139
Additions	1	100
At 31 December	<u>1,240</u>	<u>1,239</u>
Net book value	<u>8</u>	<u>9</u>

The investment in the Phildrew Ventures Fourth Fund has been classified as a current asset at the year ended 31 December 2016 (2015: current asset) as the financial statements are being prepared on a break up basis with realisation of the underlying investments held by Phildrew Ventures Fourth Fund expected during 2017.

The additional provision in the year represents a change in book value on investments in the Phildrew Ventures Fourth Fund.

5. DEBTORS

	2016 £000	2015 £000
Taxation	2	2
	<u>2</u>	<u>2</u>

UBS ASSET MANAGEMENT (JERSEY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

6. CREDITORS: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to UBS Group undertakings	79	79
Accruals and deferred income	101	101
	<u>180</u>	<u>180</u>

The accruals and deferred income recognised at 31 December 2016 represents an amount due to Philven Co-Investment Trust for the repayment of an interest free loan made to the Company which was subsequently utilised for the purchase of an investment in the Phildrew Ventures Fourth Fund.

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2016 £000	2015 £000
a) The charge for taxation comprises:		
Current Year	-	-
Prior Year	-	-
Total current tax charge for the year	<u>-</u>	<u>-</u>

b) Factors affecting tax charge for the year

	2016 £000	2015 £000
Loss on ordinary activities before tax	(1)	(100)
Current tax charge at standard UK corporation tax rate of 20% (2015: 20.25%)	-	(20)
Effects of:		
Net income not recognised for tax purposes	-	20
Prior year adjustments	-	-
Total tax charge for the year	<u>-</u>	<u>-</u>

UBS ASSET MANAGEMENT (JERSEY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

8. CALLED UP SHARE CAPITAL

	2016	2015
	£000	£000
Authorised: 151,000 ordinary shares of £1 each	151	1
Allotted, called up and fully paid: 150,000 ordinary shares of £1 each	150	-

On 22 January 2016 150,000 ordinary shares with aggregate nominal value of £150,000 were issued at £1 each.

9. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is UBS Asset Management Holding Ltd. 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 of UBS Group AG can be obtained from:

Company Secretary
UBS AG London Branch
5 Broadgate
London EC2M 2QS
Or can be downloaded from:

https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2016.html

10. COUNTRY-BY-COUNTRY REPORTING (UNAUDITED)

Article 89 of the Capital Requirements Directive IV (CRD IV) requires credit institutions and investment firms in the EU to disclose annually, specifying, by Member State and by third country in which they have an establishment, the following information for the year ended 31 December 2016: name, nature of activities, geographical location, turnover, number of employees, profit or loss before tax, corporation tax paid and public subsidies received. This information is presented on a consolidated basis for UBS Asset Management Holding (No.2) Ltd and its subsidiaries. The audited disclosure will be made available on the below link before 31 December 2017.

http://www.ubs.com/global/en/about_ubs/investor_relations/eu-crd-iv-disclosures.html