

**Company Registration No: SC143950**

**WEST REGISTER (INVESTMENTS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2007**

**Group Secretariat  
The Royal Bank of Scotland Group plc  
Gogarburn  
P.O. Box 1000  
Edinburgh EH12 1HQ**



## **WEST REGISTER (INVESTMENTS) LIMITED**

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# **WEST REGISTER (INVESTMENTS) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS:**

**Philip Andrew Carraro  
Thomas Peter Kennedy  
Andrew James Morris  
Fiona-Jane MacGregor  
Derek Stephen Sach**

### **SECRETARY:**

**R. Fletcher**

### **REGISTERED OFFICE:**

**24/25 St Andrew Square  
Edinburgh  
EH2 1AF**

### **AUDITORS:**

**Deloitte & Touche LLP  
London**

**Registered in Scotland.**

## **WEST REGISTER (INVESTMENTS) LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2007

### **ACTIVITIES AND BUSINESS REVIEW**

#### **Activity**

The principal activity of the Company is an equity investment company

The Company is a subsidiary of The Royal Bank of Scotland Group plc which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from Group Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the Group's web site at rbs.com

#### **Review of the year**

The directors are satisfied with the development of the Company's activities during the year. The Company will be guided by its ultimate parent company in seeking further opportunities for growth. A dividend of £26,500,000 (2006 £23,000,000) was paid in 2007.

The Company's financial performance is presented in the Income Statement on Page 7. At the end of the year, the financial position showed total assets of £30,392,787 (2006 £30,944,013 and equity of £10,358,507 (2006 16,271,561)).

### **DIRECTORS AND SECRETARY**

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 January 2007 to date the following changes have taken place

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
Jonathan Mark Penfold		21/02/2007
<b>Secretary</b>		
Mark Craig		15/08/2008
Rachel Fletcher	15/08/2008	

## **WEST REGISTER (INVESTMENTS) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS' RESPONSIBILITIES**

The directors are required by the Companies Acts 1985 and 2006 to prepare a directors' report and financial statements for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards as adopted by the European Union. They are responsible for preparing financial statements that present fairly the financial position, financial performance, and cash flows of the Company. In preparing these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,  
make judgements and estimates that are reasonable and prudent,  
state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 directors' report and financial statements comply with the requirements of the Companies Acts 1985 and 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 approval of this report confirms that

- a) so far as he/she is aware there is no relevant audit information of which the Company's auditors are unaware, and
- b) the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and shall be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985

#### **DIRECTORS' INDEMNITIES**

In terms of section 236 of the Companies Act 2006, Mr P A Carraro and Mr D S Sach have been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc

## **WEST REGISTER (INVESTMENTS) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

The Company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below

RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is RBSG's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

#### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors

Approved by the Board of Directors  
and signed on behalf of the Board

Director  
Date



10 September 2008

## **Independent auditors' report to the members of West Register (Investments) Limited**

We have audited the financial statements of West Register (Investments) Limited ('the company') for the year ended 31 December 2007 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related Notes 1 to 17. 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 directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' 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 directors' report for the above year and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the directors' report.

## **Independent auditors' report to the members of West Register (Investments) Limited (continued)**

### **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 circumstances of the company, 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 IFRSs as adopted by the European Union of the state of the company's affairs as at 31 December 2007 and of its profit 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 directors' report is consistent with the financial statements.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
Date 11 September 2008



# WEST REGISTER (INVESTMENTS) LIMITED

## INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 £	2006 £
<b>Continuing operations</b>			
Revenue	4	36,193,655	29,736,529
Administrative expenses	5	(840,657)	(722,064)
<b>Operating profit</b>		<u>35,352,998</u>	<u>29,014,465</u>
Amount written down investments			(85,046)
Interest receivable and similar income	7	1,085,127	443,712
<b>Profit before tax</b>		<u>36,438,125</u>	<u>29,373,131</u>
Tax	8	(7,867,758)	(6,110,173)
<b>Profit for the year</b>		<u><u>28,570,367</u></u>	<u><u>23,262,958</u></u>

# WEST REGISTER (INVESTMENTS) LIMITED

## BALANCE SHEET

As at 31 December 2007

	Notes	2007 £	2006 £
<b>ASSETS</b>			
<b>Non current Assets</b>			
Available-for sale investments	10	10,857,165	20,335,786
		<u>10,857,165</u>	<u>20,335,786</u>
<b>Current Assets</b>			
Trade and other receivables	11	19,154,042	4,440,610
Cash and cash equivalents	14	381,580	6,167,617
		<u>19,535,622</u>	<u>10,608,227</u>
<b>Total assets</b>		<u><u>30,392,787</u></u>	<u><u>30,944,013</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current tax liability		7,867,758	5,967,673
		<u>7,867,758</u>	<u>5,967,673</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities	12	1,636,217	3,989,201
Amount owed to group undertakings	14	10,530,305	4,715,578
		<u>12,166,522</u>	<u>8,704,779</u>
<b>Total liabilities</b>		<u><u>20,034,280</u></u>	<u><u>14,672,452</u></u>
<b>NET ASSETS</b>		<u><u>10,358,507</u></u>	<u><u>16,271,561</u></u>
<b>EQUITY</b>			
Share capital	13	2	2
AFS reserve		3,978,197	11,961,617
Retained earnings		6,380,308	4,309,942
<b>Total equity</b>		<u><u>10,358,507</u></u>	<u><u>16,271,561</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>30,392,787</u></u>	<u><u>30,944,013</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors



10 September 2008

Director

# WEST REGISTER (INVESTMENTS) LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Share Capital £	AFS Reserve £	Retained Earnings £	Total £
<b>Balance at 1 January 2006</b>	2	4,882,152	4,046,984	8,929,137
Profit for the year			23,262,958	23,262,958
Increase in fair value of available for sale investments		11,106,605		11,106,605
Transferred to Profit and Loss on Sale of Available for Sale Investments		(2,130,290)		(2,130,290)
Deferred tax liability arising on revaluation of available-for sale investments		(1,896,850)		(1,896,850)
Implementation of IFRS				
Dividends			(23,000,000)	(23,000,000)
<b>Balance at 1 January 2007</b>	2	11,961,617	4,309,942	16,271,561
Profit for the year			28,570,367	28,570,367
Decrease in fair value of available for sale investments		(572,202)		(572,202)
Transferred to Profit and Loss on Sale of Available for Sale Investments		(9,764,202)		(9,764,202)
Deferred tax liability arising on revaluation of available-for sale investments		2,352,984		2,352,984
Dividends			(26,500,000)	(26,500,000)
<b>Balance at 31 December 2007</b>	2	3,978,197	6,380,308	10,358,507

# WEST REGISTER (INVESTMENTS) LIMITED

## CASH FLOW STATEMENT

For the year ended 31 December 2007

	2007 £	2006 £
<b>Operating activities</b>		
Operating profit from continuing operations	35,352,998	29,014,465
Adjustments for		
Dividends received from investments	(573,858)	(691,943)
Profit on disposal of investments	(35,570,204)	(28,997,926)
Investment write down		85,046
<b>Operating cash flows before movement in working capital</b>	<u>(791,065)</u>	<u>(590,358)</u>
Increase in receivables	(14,713,433)	(2,833,587)
Decrease in payables		(264)
<b>Cash used in operations</b>	<u>(15,504,497)</u>	<u>(3,424,209)</u>
Management fees paid	(715,578)	(855,970)
Income taxes paid	(5,967,673)	(20,686,905)
<b>Net cash used in operating activities</b>	<u>(22,187,748)</u>	<u>(24,967,084)</u>
<b>Investing activities</b>		
Dividends received from investments	573,858	691,943
Interest received	1,085,127	443,712
Cash proceeds on disposal of available for sale investments	36,392,395	29,163,541
Acquisition of available-for sale investments	(1,679,973)	(4,229,631)
<b>Cash flows from investing activities</b>	<u>36,371,406</u>	<u>26,069,565</u>
<b>Financing activities</b>		
Dividends paid	(26,500,000)	(23,000,000)
Increase in borrowings	6,530,305	4,715,578
<b>Net cash used in financing activities</b>	<u>(19,969,695)</u>	<u>(18,284,422)</u>
Net decrease in cash and cash equivalents	(5,786,037)	(17,181,941)
Cash and cash equivalents at the beginning of the year	6,167,617	23,349,558
<b>Cash and cash equivalents at the end of the year</b>	<u>381,580</u>	<u>6,167,617</u>

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

### 1 GENERAL

West Register (Investments) Limited is a company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

The accounts are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together IFRS) as adopted by the European Union (EU). The EU has not adopted the complete text of IAS 39 'Financial Instruments: Recognition and Measurement', it has relaxed some of the standard's hedging requirements. The Company has not taken advantage of this relaxation and has adopted IAS 39 as issued by the IASB.

The Company has adopted IFRS 7 'Financial Instruments: Disclosures' and the related amendments to IAS1 for the accounting period beginning 1 January 2007. This has had no effect on the results, cash flows or financial position of the Company. However, there are changes to the notes to the accounts and comparative information is presented accordingly.

#### Adoption of new accounting standards

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IAS 23 (revised) 'Borrowing Costs'

IFRS 8 'Operating Segments'

IFRIC11 IFRS 2 – 'Group and Treasury Share transactions'

IFRIC 12 'Service concessions arrangements'

IFRIC 13 'Customer Loyalty Programmes'

IFRIC 14 IAS 19 – 'The Limit on a Defined Benefit Assets: Minimum Funding Requirements and their Interactions'

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the Company.

### 2 ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention, in compliance with the Companies Act 1985, except that investments are stated at their fair value.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received from investments sold and dividend income earned in the normal course of business, less the cost of the investment sold.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Sales of investments are recognised when title has passed to the purchaser.

**NOTES TO THE ACCOUNTS**

For the year ended 31 December 2007

**Investments**

Investments are classified as available for sale and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available for sale are not subsequently reversed through income statement.

**Trade and other receivables**

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**Trade and other payables**

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

**Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statements, cash and cash equivalents comprise cash with banks on current and deposit accounts.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, except in relation to differences arising from the initial recognition of goodwill.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Critical accounting policies and key sources of estimation uncertainty**

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. The judgements and assumptions involved in the Company's accounting policies that are considered by the Board to be most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair values are determined by reference to observable market prices where available and reliable. Where representative market prices for an instrument are not available or are unreliable because of poor liquidity, the fair value is derived from prices for its components using appropriate pricing or valuation models that are based on independently sourced market parameters, including interest rate yield curves and currency rates.

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

## 3 FINANCIAL INSTRUMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES

The Company has financial risk exposures. This section summarises these risks and the way the Company manages these.

**Financial Risk**

The Company is a member of the Global Banking Markets Division of The Royal Bank of Scotland Group plc. As such, the Company benefits from services provided by specialist teams, risk management procedures and controls which are applied consistently across the Division. The disclosures below relate to the Global Banking Markets Division (GBM) as a whole.

The Division is exposed to financial risk through its financial assets and financial liabilities (borrowings). The Division's financial risk is concentrated within its investment portfolio. This portfolio is managed in accordance with the GBM's Investment Policy and Investment Guidelines. These are drawn up in compliance with the objectives and risk appetite parameters set by The Royal Bank of Scotland Group plc and are approved by the GBM Board. The Investment Policy is operated by the Equity Investment Committee and the Credit Committee, which is made up of Senior Executives within GBM. The Group Asset and Liability Management Committee (GALCO) also monitor investments. The most important components of financial risk are market risk, credit risk and liquidity risk.

**Market risk**

Market risk encompasses any adverse movement in the value of financial instruments as a consequence of market movements such as interest rates, credit spreads, foreign exchange rates and equity prices.

**Interest Rate Risk**

The Company is exposed to interest rate risk as a result of the assets and liabilities contained within the Company's balance sheet. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures this risk.

The Company manages interest rate risk by monitoring consistency in the interest rate profile of its assets and liabilities. The following tables indicate financial liabilities that are exposed to interest rate risk together with the corresponding range of applicable interest rates.

At 31 December 2007

Maturity date or contractual repricing date

	Total all within one year £
<b>Exposed to cash flow interest rate risk</b>	
<b>2007</b>	
Banking members of the group (note 14)	381,580
Amount owed by Group Undertaking (note 14)	19,154,042
	<u>19,535,622</u>
<b>2006</b>	
Banking members of the group (note 14)	6,167,617
Amount owed by Group Undertaking (note 14)	4,440,610
	<u>10,608,226</u>
<u>Interest rate</u>	
	Within one year % Interest rate range
Loans to and from related parties	5.55% - 6.2%
Trade and other payables	0%

**Market Risk - Sensitivity analysis**

The sensitivity analysis below has been determined based on the Company's assets and liabilities present in the balance sheet as at the balance sheet date and by reference to a movement in market interest rates reasonably possible in the Company's next financial reporting period.

If interest rates for the current year had been 50 basis points lower and this movement applied to the assets and liabilities as at the balance sheet date, the pre-tax profit for the year ended 31 December 2007 would have been £90,345 lower (2006: £19,984 lower). This would have mainly resulted from lower interest income on variable rate assets and lower financing costs in respect of its Loans.

The inverse is equally true for the current year if interest rates had been 50 basis points higher.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

## FINANCIAL INSTRUMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES (continued)

## Credit Risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company

The Royal Bank of Scotland Group plc risk management division sets standards for maintaining and developing credit risk management throughout The Royal Bank of Scotland Group plc. This is achieved via a combination of governance structures, credit risk policies, control processes and infrastructure collectively known as the Group's Credit Risk Management Framework (CRMF).

GBM sets out the prior approval process for credit exposures, such as Credit Committee review, and provides for appropriate analysis and reporting of these exposures at both the Division and The Royal Bank of Scotland Group plc level. Where appropriate, larger credit exposures are aggregated with other credit exposures, elsewhere in the Group for credit approval and monitoring purposes.

The following table analyses the credit exposure of the Company by type of asset  
At 31 December 2007

	Not rated £
<b>2007</b>	
Cash at bank and in hand (note 14)	381,580
Other loans and receivables (note 11)	19,154,042
<b>Total assets bearing credit risk</b>	<b>19,535,622</b>
<b>2006</b>	
Cash at bank and in hand (note 14)	6,167,617
Other loans and receivables (note 11)	4,440,610
<b>Total assets bearing credit risk</b>	<b>10,608,227</b>

There are no financial assets which are past due or impaired at balance sheet date.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The credit on group undertakings is not past due.

The Company's credit risk is primarily attributable to its trade receivables, although this is also considered limited as counterparties are carefully chosen and solvent within 90 days from date of the invoice.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

## Liquidity Risk

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch. Liquidity risk is mitigated by the routine monitoring of key management information.

The table below details the expected maturity of the Company's material liabilities as at the balance sheet date. The table has been drawn up based on the undiscounted net cash outflows.

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<b>2007</b>				
Bank overdrafts and loans		685,485	9,844,820	
<b>2006</b>				
Bank overdrafts and loans		715,578	4,000,000	



**WEST REGISTER (INVESTMENTS) LIMITED**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 December 2007**

<b>4 REVENUE</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Gain on investments unquoted	22,335,215	26,197,549
Gain on investments quoted	13,234,990	2,800,378
Dividend income	573,858	691,943
Other investment income	36,593	32,658
Commitment fees	13,000	14,000
	<u>36,193,655</u>	<u>29,736,529</u>

<b>5 ADMINISTRATIVE EXPENSES</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Legal and professional fees	52,733	6,486
Other operating expenses	102,439	
Management fees	685,485	715,578
	<u>840,657</u>	<u>722,064</u>

**6 OPERATING PROFIT**

The auditors' remuneration of £10,000 (2006 £10,000) is borne by an intermediate company, The Royal Bank of Scotland plc for both the current and prior years

The directors received no emoluments from the Company during the current year (2006 £nil)

The Company has no employees (2006 none)

<b>7 INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Interest receivable relates to transactions with the parent entity	<u>1,085,127</u>	<u>443,712</u>

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

8 TAX	2007 £	2006 £
Current taxation		
Tax expense for the year	7,873,685	5,994,784
Adjustments in respect of prior periods	(5,927)	115,389
Current tax expense for the year	<u>7,867,758</u>	<u>6,110,173</u>
Tax expense	<u>7,867,758</u>	<u>6,110,173</u>

The actual tax charge differs from the expected tax charge computed by applying the standard UK corporation tax rate of 30% (2006 30%) as follows

	2007 £	2006 £
UK Corporation tax rate at 30%	10,931,438	8,811,939
UK dividend income		
Deferred income		18,886
Non deductible items	(3,057,753)	32,111
Non taxable items		(2,868,152)
Chargeable gains		
Adjustments in respect of prior periods	(5,927)	115,389
Actual tax charge	<u>7,867,758</u>	<u>6,110,173</u>

In addition to the income tax expense charged to profit and loss, a deferred tax (credit)/charge of (£2,352,984) (2006 £1,896,850) has been recognised in equity in the year. See note 12

9 DIVIDENDS	2007 £	2006 £
Amounts recognised as distributions to equity holders in the period		
Interim dividend for the year ended 31 December 2007 of £13,250,000 (2006 £11,500,000) per share	26,500,000	23,000,000
	<u>26,500,000</u>	<u>23,000,000</u>

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

10 AVAILABLE FOR-SALE INVESTMENTS	Quoted £	Unquoted £	Total £
Available-for sale investments			
<i>Fair value</i>			
At 1 January 2006	7,295,907	169,638	7,465,545
Fair value adjustment	8,976,315	(85,046)	8,891,269
Additions		4,229,631	4,229,631
Disposals		(250,659)	(250,659)
At 1 January 2007	16,272,222	4,063,564	20,335,786
Fair value adjustment	(10,336,404)		(10,336,404)
Additions	253,949	1,426,024	1,679,973
Disposals	(253,949)	(568,241)	(822,190)
At 31 December 2007	<u>5,935,819</u>	<u>4,921,347</u>	<u>10,857,165</u>

The investments included above represent investments in equity securities that offer the Company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the quoted securities are based on quoted market prices. All unquoted equity investments are currently carried at cost, as fair value cannot be reliably measured due to the fact that there is no active market. The Company intends to dispose of the unquoted investments when an interested counterparty can be identified and an appropriate price agreed.

11 TRADE AND OTHER RECEIVABLES	2007 £	2006 £
BID deposits	19,154,042	4,440,610
	<u>19,154,042</u>	<u>4,440,610</u>

The fair value of all receivables approximate to their carrying amount in the balance sheet. BID deposits comprises money held with RBS Money Markets at a fixed rate of interest.

**WEST REGISTER (INVESTMENTS) LIMITED**

**NOTES TO THE ACCOUNTS**

**For the year ended 31 December 2007**

**12 DEFERRED TAX**

Provision for deferred taxation has been made as follows

	Revaluation of available- for-sale investments £	Total £
At 1 January 2006	2,092,351	2,092,351
Charge to equity	1,896,850	1,896,850
At 1 January 2007	3,989,201	3,989,201
Credit to equity	(2,352,984)	(2,352,984)
As 31 December 2007	<u>1,636,217</u>	<u>1,636,217</u>

The following is the analysis of the deferred tax balances for financial reporting purposes

	2007 £	2006 £
Deferred tax liabilities	1,636,217	3,989,201
Net deferred tax liabilities	<u>1,636,217</u>	<u>3,989,201</u>

**13 SHARE CAPITAL**

	2007 £	2006 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid</b>		
2 ordinary shares of £1 each		
At the beginning of the year	2	2
At the end of the year	<u>2</u>	<u>2</u>

Each ordinary share carries one voting right.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

## 14 RELATED PARTY TRANSACTIONS

Related parties comprise group companies, companies with common directorships and directors of the Company. Details of transactions with related parties during the year are as follows:

	Opening Balance £	Receipts/ (Payments) £	Income/ (Expenses) £	Closing Balance £
<b>2007</b>				
<b>Accounts with</b>				
Banking members of the group	6,167,617	(5,786,037)		381,580
Amount owed to parent entity	(4,715,578)	(5,814,727)		(10,530,305)
Amount owed by group undertaking	4,440,610	14,713,432		19,154,042
<b>Income statement transactions during the year</b>				
Interest received on bank deposits		1,085,127	1,085,127	
Management fees		(1,401,063)	(685,485)	
<b>Total</b>	<b>5,892,648</b>	<b>2,796,732</b>	<b>399,642</b>	<b>9,005,317</b>
<b>2006</b>				
<b>Accounts with</b>				
Banking members of the group	23,349,558	(17,181,941)		6,167,617
Amount owed to parent entity		(4,715,578)		(4,715,578)
Amount owed by group undertaking		4,440,610		4,440,610
<b>Income statement transactions during the year</b>				
Interest received on bank deposits		443,712	443,712	
Management fees		(1,571,631)	(715,578)	
<b>Total</b>	<b>23,349,558</b>	<b>(18,584,828)</b>	<b>(271,866)</b>	<b>5,892,648</b>

## 15 FINANCIAL INSTRUMENTS

Yield/mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield/mark-up rate risk arises from mis-matches of financial assets and financial liabilities that mature or re-price in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The company is exposed to interest risk in respect of the following:

	Interest bearing		Non interest bearing	
	Maturity up to one year £	Maturity after one year £	Maturity up to one year £	Maturity after one year £
<b>2007</b>				
<b>Financial Assets</b>				
Amount owed to Group Undertaking			(10,530,305)	
Trade and other receivables	19,154,042			
Cash and cash equivalents	381,580			
	Interest bearing		Non interest bearing	
	Maturity up to one year £	Maturity after one year £	Maturity up to one year £	Maturity after one year £
<b>2006</b>				
<b>Financial Assets</b>				
Amount owed to Group Undertaking			(4,715,578)	
Trade and other receivables	4,440,610			
Cash and cash equivalents	6,167,617			

The interest bearing cash and cash equivalent has an effective interest rate of 2.5% per annum (2006 2.5% per annum). Trade and other receivables (BID Deposit) has an effective interest rate ranging from 5.55%-6.2%.

## **WEST REGISTER (INVESTMENTS) LIMITED**

### **NOTES TO THE ACCOUNTS**

**For the year ended 31 December 2007**

#### **16 ULTIMATE PARENT COMPANY**

The Company's ultimate holding company, ultimate controlling party and the parent of the largest group into which the Company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The smallest subgroup into which the Company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

#### **17 EVENTS AFTER THE BALANCE SHEET DATE**

There have been no significant events between the year end and the date of approval of the accounts which would require a change or additional disclosure in the accounts.