

**Company Registered No: SC382530**

**WEST REGISTER (HOTELS NUMBER 1) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2013**

**RBS Secretariat  
The Royal Bank of Scotland Group plc  
PO Box 1000  
Gogarburn  
Edinburgh  
EH12 1HQ**

**FRIDAY**



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**26/09/2014**

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**COMPANIES HOUSE**

**REPORTS AND FINANCIAL STATEMENTS 2013**  
of West Register (Hotels Number 1) Limited

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

A J Adams  
H Gordon  
D J Hourican  
I Roberts  
J M Rowney

**SECRETARY:**

RBS Secretarial Services Limited

**REGISTERED OFFICE:**

24/25 St Andrew Square  
Edinburgh  
Scotland  
EH2 1AF

**AUDITOR:**

Deloitte LLP  
London

**Registered in Scotland**

**DIRECTORS' REPORT**

The directors of West Register (Hotels Number 1) Limited (the "Company") present their report and the audited financial statements for the year ended 31 December 2013.

**ACTIVITIES AND BUSINESS REVIEW**

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

**Activity**

The principal activity of the Company continues to be a hotelier and property owner.

The company currently owns three hotels:

- The Bold Hotel, 583 Lord St, Southport PR09 0BE; acquired 16 December 2011.
- The Coniston Hotel, London Rd, Sittingbourne ME10 1NT; acquired 19 April 2011.
- Sheffield Metropolitan Hotel, Blonk St, Sheffield S1 2AU; acquired 1 October 2012.

The strategy of the entity is to actively manage the portfolio over the medium-term with a view to enhancing the capital value. This is achieved by seeking potential tenants with strong covenants to lease the properties. Where a suitable lessee cannot be sourced immediately, the directors will seek to engage with a reputable professional operator.

OneCall Hospitality Limited is the operator for The Bold Hotel; Chardon Management Limited is the operator of the Coniston Hotel; and Bespoke Hotels Limited is the operator for The Sheffield Metropolitan Hotel.

All of the properties are classified as investment property under IAS 40 as the operation of the hotel is incidental to the underlying objective of achieving an investment return.

The entity will review the operational status and corresponding accounting classification on a unit basis as part of the 'Fair Value' process.

The Company is a subsidiary of The Royal Bank of Scotland Group plc ("the Group") 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 Group review these matters on a group basis. Copies can be obtained from RBS Secretariat, RBS Gogarburn, Edinburgh EH12 1HQ, the Registrar of Companies or through the group's website at [www.rbs.com](http://www.rbs.com).

**Review of the year****Business review**

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth; further to an announcement that the Group intends to wind down its West Register activities this guidance may be provided by new shareholders.

**Financial performance**

The Company's financial performance is presented on pages 7 to 9.

Income increased by £1,854,472 (2012: £1,580,473) and expenses increased by £1,567,443 (2012: £2,204,089). After a fair value decrease of £1,379,054 (2012: £1,796,897), the loss for the year was £1,889,753 (2012: £2,555,002).

The directors do not recommend the payment of a dividend (2012: £nil).

At the end of the year, the Balance Sheet showed total assets of £8,339,744 (2012: £10,015,008), including income-generating assets comprising investment property of £7,476,063 (2012: £8,442,152) a decrease of 20%, after adjusting for an investment property fair value decrease of £1,379,054 (2012: £1,796,897).

**DIRECTORS' REPORT (continued)****ACTIVITIES AND BUSINESS REVIEW (continued)*****Principal risks and uncertainties***

The Company seeks to minimise its exposure to financial risks other than equity and credit risk.

Management focuses on both the overall Balance Sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the Group Asset and Liability Management Committee (GALCO).

The Company is funded by facilities from The Royal Bank of Scotland plc. These are denominated in the functional currency and carry no significant financial risk.

The Company's assets mainly comprise investment properties which would expose it to market, credit and residual risk.

The Company is a member of the Global Restructuring Group ("GRG") Division of the Group. As such, the Company benefits from services provided by specialist teams, risk management procedures and controls which are applied consistently across the GRG Division. The disclosures below relate to GRG as a whole.

The GRG Division is exposed to financial risk through its financial assets and financial liabilities (borrowings). The GRG Division's financial risk is concentrated within its property investment portfolio. This portfolio is managed in accordance with the GRG property asset management policy and procedures. These are drawn up in compliance with the objectives and risk appetite parameters set by the Group and are approved by the GRG Executive Committee. The property asset management policy and procedures are operated by the GRG Strategic Property Board, which is made up of Senior Executives within the Group. The most important components of financial risk are market risk, credit risk and liquidity risk.

**Interest rate risk**

Structural interest rate risk arises where assets and liabilities have different repricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities and limiting any re-pricing mismatches.

**Liquidity risk**

Liquidity risk arises where assets and liabilities have different contractual maturities.

The Company has no material liquidity risk as it has access to Group funding.

**Market risk**

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and equity prices together with related parameters such as market volatilities.

The Company has no material market risk as the exposure is within the Group undertakings.

**Going concern**

The directors, having made such enquiries as they considered appropriate, have prepared the financial statements on a going concern basis. They considered the accounts of The Royal Bank of Scotland Group plc for the year ended 31 December 2013, approved on 26 February 2014, which were prepared on a going concern basis.

**DIRECTORS AND SECRETARY**

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

From 1 January 2013 to date, the following changes have taken place:

**DIRECTORS' REPORT (continued)**

<b>Directors</b>	<b>Appointed</b>	<b>Resigned</b>
K Gopinathan D J Hourican	5 September 2014	5 September 2014

**DIRECTORS' 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 a directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and 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 judgements and estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern.

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 to enable them to ensure that the Directors' Report and financial statements comply with the requirements of 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.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**DIRECTORS' INDEMNITIES**

The Royal Bank of Scotland Group plc has indemnified, A J Adams and I Roberts under the qualifying third party terms.

**AUDITOR**

Deloitte LLP has expressed its willingness to continue in office as auditor.

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

  
J M Rowney  
Director

Date: 23 Sep 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST REGISTER (HOTELS NUMBER 1) LIMITED**

We have audited the financial statements of West Register (Hotels Number 1) Limited ('the Company') for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the accounting policies and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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 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 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 annual 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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST REGISTER (HOTELS  
NUMBER 1) LIMITED (continued)**

**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 take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Mark Rhys (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor,  
London, United Kingdom  
Date: 23<sup>rd</sup> Sept 2014



**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2013

		2013	2012
	Notes	£	£
<b>Income from continuing operations</b>			
Turnover	3	3,501,688	1,647,216
Cost of sales		(682,393)	(489,482)
<b>Gross profit</b>		<b>2,819,295</b>	<b>1,157,734</b>
Decrease in fair value of investment property	7	(1,379,054)	(1,796,897)
Administrative expenses	4	(3,382,769)	(2,050,237)
<b>Operating loss</b>		<b>(1,942,528)</b>	<b>(2,689,400)</b>
Interest payable	5	(126,510)	(84,510)
<b>Loss on ordinary activities before tax</b>		<b>(2,069,038)</b>	<b>(2,773,910)</b>
Tax credit	6	179,285	218,908
<b>Loss and total comprehensive loss for the year</b>		<b>(1,889,753)</b>	<b>(2,555,002)</b>

The accompanying notes form an integral part of these financial statements.

**BALANCE SHEET**  
 as at 31 December 2013

	Notes	2013 £	2012 £
<b>Fixed assets</b>			
Investment property	7	7,476,063	8,442,152
Property, plant and equipment	8	265,437	250,240
		<u>7,741,500</u>	<u>8,692,392</u>
<b>Current assets</b>			
Trade and other receivables	9	103,324	135,634
Prepayment, accrued income and other assets	10	150,640	488,966
Inventories		28,896	38,374
Cash at bank		102,590	387,004
Current tax assets		212,794	272,638
		<u>598,244</u>	<u>1,322,616</u>
<b>Total assets</b>		<u>8,339,744</u>	<u>10,015,008</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	11	165,860	477,534
Amounts due to Group undertakings	12	12,391,493	12,075,375
Accruals, deferred income and other liabilities	13	350,632	188,025
		<u>12,907,985</u>	<u>12,740,934</u>
<b>Creditors: amounts falling due after one year</b>			
Deferred tax liability	14	139,007	91,569
		<u>139,007</u>	<u>91,569</u>
<b>Total liabilities</b>		<u>13,046,992</u>	<u>12,832,503</u>
<b>Equity: capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss account		(4,707,249)	(2,817,496)
<b>Total shareholders' deficit</b>		<u>(4,707,248)</u>	<u>(2,817,495)</u>
<b>Total liabilities and shareholders' funds</b>		<u>8,339,744</u>	<u>10,015,008</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 Sep 2014 and signed on its behalf by:

J M Rowney  
Director



**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2013

	Share capital £	Profit and loss account £	Total £
<b>At 1 January 2012</b>	1	(262,494)	(262,493)
Loss for the year		(2,555,002)	(2,555,002)
<b>At 31 December 2012</b>	1	(2,817,496)	(2,817,495)
Loss for the year		(1,889,753)	(1,889,753)
<b>At 31 December 2013</b>	1	(4,707,249)	(4,707,248)

Total comprehensive loss for the year of £1,889,753 (2012: £2,555,002) was wholly attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting policies****a) Preparation and presentation of accounts**

These financial statements are prepared on a going concern basis and have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and standards not yet effective. Where required, equivalent disclosures are given in the Group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 16.

The financial statements are prepared on the historical cost basis except for investment property which is stated at fair value. Historical cost is based on the fair value of the consideration exchanged on initial recognition.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

The Company is incorporated in the UK and registered in Scotland. The Company's accounts are presented in accordance with the Companies Act 2006.

There are a number of IFRSs that were effective from 1 January 2013. They have had no material effect on the Company's financial statements for the year ended 31 December 2013.

**b) Revenue recognition**

Revenue is recognised from hotel operations when the goods and services have been provided. Revenue represents amounts receivable from the provision of hotel services including room hire, bar and restaurant takings and is stated after the deduction of value added tax. Room and inclusive breakfast revenue is recognised at the end of the financial day. Revenue such as bar and restaurant takings are recognised at the point of sale.

**c) Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the profit and loss account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the Balance Sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. 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 they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the Balance Sheet date.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1. Accounting policies (continued)****d) Investment property**

Investment property comprises freehold and leasehold properties that are held to earn rentals or for capital appreciation or both. Investment property is not depreciated but is stated at fair value based on valuations by independent registered values. Fair value is based on current prices for similar properties in the same location and condition. The properties have been classified as investment property under IAS 40 as the operation of the hotel is incidental to the underlying objective of achieving an investment return.

**e) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately.

The depreciable amount is the cost of an asset less its residual value. Land is not depreciated. Depreciation is charged to profit or loss on a straight-line basis so as to write off the depreciable amount of property, plant and equipment (including assets owned and let on operating leases) over their estimated useful lives:

Freehold and long leasehold buildings	50 years
Short leaseholds	Unexpired period of the lease
Property adaptation costs	10 to 15 years
Computer equipment	up to 5 years
Other equipment	4 to 15 years

The residual value and useful life of property, plant and equipment are reviewed at each balance sheet date and updated for any changes to previous estimates.

**f) Impairment of property, plant and equipment**

At each reporting date, the Company assesses whether there is any indication that its property, plant and equipment is impaired. If any indication exists, the Company estimates the recoverable amount of the asset and the impairment loss if any.

**g) Provisions**

The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

**h) Financial assets**

On initial recognition, financial assets are classified into held-to-maturity investments; held-for-trading; designated as at fair value through profit or loss; loans and receivables; or available-for-sale financial assets.

**Loans and receivables**

Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses. The effective interest method is a method of calculating the amortised cost of financial asset or liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes in to account fees payable or receivable, that an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

All financial assets are classified as loans and receivables unless otherwise indicated.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. Accounting policies (continued)

## h) Financial assets (continued)

**Designated as at fair value through profit or loss**

Financial assets may be designated as at fair value through profit or loss only if such designation (a) eliminates or significantly reduces a measurement or recognition inconsistency; or (b) applies to a group of financial assets, financial liabilities or both, that the Company manages and evaluates on a fair value basis; or (c) relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract.

Financial assets that the Company designates on initial recognition as being fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses financial assets that are designated as at fair value through profit or loss are recognised in profit or loss as they arise.

i) **Impairment of financial assets**

The Company assesses at each Balance Sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

j) **Financial liabilities**

On initial recognition financial liabilities are classified into amortised cost and measured using the effective interest method (see accounting policy 1 (h)).

2. **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. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the Company's accounting policies that are considered by the directors to be the 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 – investment properties**

Investment property is stated at fair value on the Balance Sheet based on valuations by independent registered valuers. Any gain or loss arising from a change in fair value is recognised in profit or loss.

3. **Turnover**

	2013 £	2012 £
Food & beverage	1,737,799	1,175,352
Accommodation	1,668,922	439,613
Other revenue	94,967	32,251
	<b>3,501,688</b>	<b>1,647,216</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. Administrative expenses

	2013 £	2012 £
Operating costs	2,589,078	999,556
Fixed charges	258,090	281,709
Utilities	219,452	162,457
Management fees	125,762	142,815
Management recharge	89,500	56,314
Legal and professional fees	43,132	95,313
Security costs	18,878	282,702
Other charges	38,877	29,371
	<u>3,382,769</u>	<u>2,050,237</u>

**Management recharge**

Management charges relate to the Company's share of group resources such as the use of IT platforms, staff and a share of central resources. These are re-charged on an annual basis by The Royal Bank of Scotland plc ("RBS plc").

**Staff costs, number of employees and directors' emoluments**

All staff and directors were employed by RBS plc, the accounts for which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees and pays a management charge for services provided by other Group companies. The directors of the Company do not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work for the Company was £12,000 (2012: £12,000).

## 5. Interest payable

	2013 £	2012 £
Interest payable to Group undertakings	<u>126,510</u>	<u>84,510</u>

## 6. Tax

	2013 £	2012 £
<b>Current taxation:</b>		
UK corporation tax credit for the year	(212,794)	(271,458)
Over provision in respect of prior periods	(13,930)	(38,315)
	<u>(226,724)</u>	<u>(309,773)</u>
<b>Deferred taxation:</b>		
Charge for the year	36,244	57,318
Under provision in respect of prior periods	11,195	33,547
	<u>47,439</u>	<u>90,865</u>
<b>Tax credit for the year</b>	<u>(179,285)</u>	<u>(218,908)</u>

The actual tax credit differs from the expected tax credit computed by applying the blended rate of UK corporation tax of 23.25% (2012: standard tax rate 24.5%) as follows:

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 6. Tax (continued)

	2013 £	2012 £
Expected tax credit	(480,980)	(679,532)
Other non-deductible items	325,894	472,043
Reduction in deferred tax following change in rate of UK corporation tax	(21,463)	(6,651)
Adjustments in respect of prior periods	(2,736)	(4,768)
Actual tax credit for the year	(179,285)	(218,908)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in July 2013 now standing at 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The closing deferred tax assets and liabilities have been calculated at 20% in accordance with the rates enacted at the Balance Sheet date.

## 7. Investment property

	2013 £	2012 £
At 1 January	8,442,152	5,927,626
Additions	-	2,757,293
Change in fair value	(1,379,054)	(1,796,897)
Capital expenditure	412,965	1,554,130
At 31 December	7,476,063	8,442,152

The investment properties have been valued at the 31 December 2013 by a director who holds a recognised professional qualification and has recent post-qualification experience in the location and category of the properties concerned. The directors confirm the value of the properties shown in the accounts approximates to the open market value of the properties. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The Company has pledged all of its investment property to secure general banking facilities granted to the immediate parent. At the Balance Sheet date there was no contractual obligation to sell any of the properties.

The revenue earned by the Company from its investment property amounted to £3,501,688 (2012: £1,647,216). Direct operating expenses arising on the investment property during the year amounted to £682,393 (2012: £489,482).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. Property, plant and equipment

	Property, plant and equipment £
<b>Cost</b>	
At 1 January 2013	291,720
Additions	80,826
At 31 December 2013	372,546
<b>Accumulated depreciation</b>	
At 1 January 2013	(41,480)
Depreciation charge for the year	(65,629)
At 31 December 2013	(107,109)
<b>Net book value</b>	
At 31 December 2012	250,240
At 31 December 2013	265,437

## 9. Trade and other receivables

	Due within one year	
	2013	2012
	£	£
Trade receivables	78,255	48,153
Other receivables	25,069	87,481
	103,324	135,634

The fair value of all receivables approximates to their carrying amount in the Balance Sheet.

## 10. Prepayments, accrued income and other assets

	2013	2012
	£	£
Prepayments	150,640	78,348
Value added tax recoverable	-	410,618
	150,640	488,966

## 11. Trade and other payables

	Due within one year	
	2013	2012
	£	£
Trade payables	110,280	386,698
Other payables	55,580	90,836
	165,860	477,534

## 12. Amounts due to Group undertakings

	2013	2012
	£	£
Bank overdraft from RBS Group plc	12,143,082	11,953,474
Interest on overdraft facility	248,411	121,901
	12,391,493	12,075,375

The fair value of amounts due to Group undertakings approximates to their carrying value in the Balance Sheet.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 13. Accruals, deferred income and other liabilities

	2013 £	2012 £
Accruals	344,366	185,533
Value added tax payable	3,990	-
Deferred income	2,276	2,492
	<u>350,632</u>	<u>188,025</u>

## 14. Deferred tax

The following are the major tax liabilities recognised by the Company, and the movements thereon:

	Accelerated capital allowances £	Provisions £	Total £
At 1 January 2012	704	-	704
Charge/(credit) to income	92,590	(1,725)	90,865
At 31 December 2012	93,294	(1,725)	91,569
Charge to income	45,713	1,725	47,438
At 31 December 2013	<u>139,007</u>	<u>-</u>	<u>139,007</u>

	2013 £	2012 £
Deferred tax liabilities	<u>(139,007)</u>	<u>(91,569)</u>

## 15. Share capital

	2013 £	2012 £
Allotted, called up and fully paid:		
1 Ordinary Share of £1	<u>1</u>	<u>1</u>

The Company has one class of Ordinary Shares which carry no right to fixed income.

## 16. Related parties

## UK Government

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a Company it wholly owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of: taxes including UK corporation tax and value added tax; national insurance contributions; local authority rates; and regulatory fees and levies; together with banking transactions such as loans and deposits undertaken in the normal course of banker-customer relationships.

## Group undertakings

The Company's immediate parent company is West Register Hotels (Holdings) Limited, a company incorporated in the UK. As at 31 December 2013. The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated, a company incorporated in the UK. Copies of the consolidated accounts may be obtained from RBS Secretariat, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Related parties (continued)

**Group undertakings (continued)**

The Company's ultimate holding company, The Royal Bank of Scotland Group plc which is incorporated in the UK, heads the largest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.