Company Registered No: SC382530

WEST REGISTER (HOTELS NUMBER 1) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

WEST REGISTER (HOTELS NUMBER 1) LIMITED **SC382530**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	H C Gordon D J Hourican J M Rowney
COMPANY SECRETARY:	RBS Secretarial Services Limited
REGISTERED OFFICE:	24/25 St. Andrew Square Edinburgh Scotland EH2 1AF
INDEPENDENT AUDITOR:	Deloitte LLP Chartered Accountants and Statutory Auditor Hill House 1 Little New Street London United Kingdom EC4A 3TR

Registered in Scotland

DIRECTORS' REPORT

The directors of West Register (Hotels Number 1) Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2014.

ACTIVITIES AND BUSINESS REVIEW

The Directors' Report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies' exemption and therefore does not include a strategic report.

Principal 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 PR9 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 hotels 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 by unit basis as part of the 'Fair Value' process.

The Company was established to form part of a defaulted loan workout process within The Royal Bank of Scotland Group plc (RBS). As part of that process, the Company may acquire properties representing the underlying security for distressed and defaulted loans made by RBS group companies to third party customers.

The Company's objective is to maximise the overall recovery for the shareholder (RBS) through the active management and eventual realisation of assets purchased. The Company acts as a bidder of last resort or a fall-back option where the open market will not yield a better offer.

The Company's financial results reflect the fair value of assets at acquisition and subsequent fair value market movements, impact of works carried out by the Company to improve properties such as capital expenditure, planning changes, improving occupancy and subsequent disposal proceeds. No account is taken of any impairment on the original loan made by the relevant RBS group company.

In the majority of cases, any gains made by the Company on an asset will be below the impairment taken by the relevant RBS group company in respect of the relevant original loan. The performance of the Company should be considered in the wider context of RBS's overall results.

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 Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or at www.rbs.com.

DIRECTORS' REPORT

Business review
The Company made a loss during the year. The Company is currently focused on the disposal of assets and will be guided by its shareholder in reviewing alternative business opportunities. Post balance sheet events are described in note 17 to the financial statements.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 8. The loss before taxation for the year was £1,784,625 (2013: £2,069,038). The retained loss for the year was £1,725,778 (2013: £1,889,753).

At the end of the year total assets were £7,290,922 (2013: £8,339,744).

The directors do not recommend the payment of a dividend (2013: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks.

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 RBS Asset and Liability Management Committee (RBS ALCO).

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

The Company's assets mainly comprise investment properties and the principal risks associated with the Company's businesses are as follows:

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.

Detail of the Company's exposure to interest rate risk is detailed below.

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. Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. The Company manages its liquidity risk by having access to group funding.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Credit risk
The objective of credit risk management is to enable the Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

The key principles of the RBS Credit Risk Management Framework are set out below:

- approval of all credit exposure is granted prior to any advance or extension of credit;
- an appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return;
- credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination; and
- all credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

Operational risk
Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with The Royal Bank of Scotland Group plc framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The group also maintains contingency facilities to support operations in the event of disasters.

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 financial statements of The Royal Bank of Scotland Group plc for the half year ended 30 June 2015, approved on 30 July 2015, which were prepared on a going concern basis.

DIRECTORS AND COMPANY SECRETARY

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

From 1 January 2014 to date the following changes have taken place:

	Appointed	Resigned
Directors		
K Gopinathan	-	05 September 2014
D J Hourican	05 September 2014	-
A J Adams	-	11 March 2015
I Roberts	-	31 March 2015

DIRECTORS' REPORT

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 (FRS 101), 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 FRS 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

RBS has indemnified D J Hourican under the qualifying third party terms.

INDEPENDENT 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: 22 September 2015

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 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. 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 2014 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

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.

Caroline Britton

Caroline Britton, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom
22 September 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

Continuing operations	Note	2014 £	2013 £
Turnover	3	**4,212,085**	3,501,688
Cost of sales		**(724,223)**	(682,393)
Gross profit		**3,487,862**	2,819,295
Decrease in fair value of investment property	7	**(1,489,933)**	(1,379,054)
Administrative expenses	4	**(3,651,197)**	(3,382,769)
Operating loss		**(1,653,268)**	(1,942,528)
Interest payable	5	**(131,357)**	(126,510)
Loss on ordinary activities before tax		**(1,784,625)**	(2,069,038)
Tax credit	6	**58,847**	179,285
Loss and total comprehensive loss for the year		**(1,725,778)**	(1,889,753)

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

BALANCE SHEET
as at 31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Investment property	7	**6,104,855**	7,476,063
Property, plant and equipment	8	**300,271**	265,437
		6,405,126	7,741,500
Current assets			
Trade and other receivables	9	**180,603**	103,324
Prepayments, accrued income and other assets	10	**139,672**	150,640
Inventories		**27,796**	28,896
Cash at bank		**440,936**	102,590
Current tax asset		**96,789**	212,794
		885,796	598,244
Total assets		**7,290,922**	8,339,744
Creditors: amounts falling due within one year			
Trade and other payables	11	**345,043**	165,860
Amounts due to Group undertakings	12	**12,795,236**	12,391,493
Accruals, deferred income and other liabilities	13	**404,770**	350,632
		13,545,049	12,907,985
Creditors: amounts falling due after more than one year			
Deferred tax liabilities	14	**178,899**	139,007
Total liabilities		**13,723,948**	13,046,992
Equity: capital and reserves			
Called-up share capital	15	**1**	1
Profit and loss account		**(6,433,027)**	(4,707,249)
Total shareholders' deficit		**(6,433,026)**	(4,707,248)
Total liabilities and shareholders' deficit		**7,290,922**	8,339,744

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

The financial statements of the Company were approved by the Board of Directors and authorised for issue on 22 September 2015 and signed on its behalf by:

J M Rowney
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2013	1	(2,817,496)	(2,817,495)
Loss for the year		(1,889,753)	(1,889,753)
At 31 December 2013	1	(4,707,249)	(4,707,248)
Loss for the year		**(1,725,778)**	**(1,725,778)**
At 31 December 2014	**1**	**(6,433,027)**	**(6,433,026)**

Total comprehensive loss for the year of £1,725,778 (2013: £1,889,753) was wholly attributable to the equity holders 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 financial statements*
The financial statements are prepared on a going concern basis and in accordance with the recognition and measurement principal of 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 as adopted by the EU (together IFRS) and under FRS 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100: Application of Financial Reporting Requirements 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, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the financial statements of The Royal Bank of Scotland Group plc, these financial statements 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 that the investment property is stated at its 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 financial statements are presented in accordance with the Companies Act 2006.

Adoption of new and revised accounting standards
There are a number of changes to IFRS that were effective from 1 January 2014. They have had no material effect on the Company's financial statements for the year ended 31 December 2014.

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 restaurants taking 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

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 a director who holds a recognised professional qualification and has recent post-qualification experience in location and category of the properties concerned. 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 loans and receivables or designated as at fair value through profit or loss.

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 is 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.

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 on financial assets that are designated as at fair value 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 measured using the effective interest method (see accounting policy 1(h)).

k) Inventories
Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on first-in-first-out basis. Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make sale.

l) Derecognition
A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

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 a director. Any gain or loss arising from a change in fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. Turnover

	2014 £	2013 £
Food & beverage	**1,921,290**	1,737,799
Accommodation	**2,163,951**	1,668,922
Other revenue	**126,844**	94,967
	4,212,085	3,501,688

4. Administrative expenses

	2014 £	2013 £
Operating costs	**2,679,508**	2,589,078
Fixed charges	**277,618**	258,090
Utilities	**238,700**	219,452
Management fees	**130,023**	125,762
Management charge	**118,257**	89,500
Legal and professional fees	**43,099**	43,132
Security costs	**1,638**	18,878
Other charges	**162,354**	38,877
	3,651,197	3,382,769

Management charge
Management charge relates 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, a fellow group undertaking.

Staff costs, number of employees and directors' emoluments
All staff and directors were employed by RBS companies and the financial statements of The Royal Bank of Scotland Group plc 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 RBS 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 (2013: £12,000).

5. Interest payable

	2014 £	2013 £
Interest payable to Group undertakings	**131,357**	126,510

6. Tax

	2014 £	2013 £
Current tax:		
UK corporation tax credit for the year	**(97,399)**	(212,794)
Over provision in respect of prior periods	**(1,340)**	(13,930)
	(98,739)	(226,724)
Deferred tax:		
Charge for the year	**41,569**	36,244
(Over)/under provision in respect of prior periods	**(1,677)**	11,195
	39,892	47,439
Tax credit for the year	**(58,847)**	(179,285)

NOTES TO THE FINANCIAL STATEMENTS

6. Tax (continued)

The actual tax credit differs from the expected tax credit computed by applying the blended UK corporation tax rate of 21.5% (2013: 23.25%) as follows:

	2014	2013
	£	£
Expected tax credit	**(383,573)**	(480,980)
Other non-deductible items	**327,743**	325,894
Reduction in deferred tax following change in rate of UK corporation tax	**-**	(21,463)
Adjustments in respect of prior periods	**(3,017)**	(2,736)
Actual tax credit for the year	**(58,847)**	(179,285)

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.

In the Budget on 8 July 2015, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to these reduced rates. These rate changes are to be included in the Finance Bill 2015 but this has not yet been substantively enacted.

7. Investment property

	2014	2013
	£	£
At 1 January	**7,476,063**	8,442,152
Change in fair value	**(1,489,933)**	(1,379,054)
Capital expenditure	**118,725**	412,965
At 31 December	**6,104,855**	**7,476,063**

The investment properties have been valued at the 31 December 2014 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 financial statements 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 £4,212,085 (2013: £3,501,668). Direct operating expenses arising on the investment property during the year amounted to £724,223 (2013: £682,393).

NOTES TO THE FINANCIAL STATEMENTS

8. Property, plant and equipment

2014	Property £
Cost	
At 1 January 2014	**372,546**
Additions	**118,888**
At 31 December 2014	**491,434**
Accumulated depreciation	
At 1 January 2014	**(107,109)**
Charge for the year	**(84,054)**
At 31 December 2014	**(191,163)**
Net book value	
At 31 December 2014	**300,271**
At 31 December 2013	265,437

9. Trade and other receivables

	2014 £	2013 £
Trade receivables	**146,781**	78,255
Other receivables	**33,822**	25,069
	180,603	103,324

10. Prepayments, accrued income and other assets

	2014 £	2013 £
Prepayments	**139,672**	150,640

11. Trade and other payables

	2014 £	2013 £
Trade Payables	**291,453**	110,280
Other payables	**53,590**	55,580
	345,043	165,860

12. Amounts due to Group undertakings

	2014 £	2013 £
Bank overdraft from RBS Group plc	**12,415,468**	12,143,082
Interest on overdraft facility	**379,768**	248,411
	12,795,236	12,391,493

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

13. Accruals, deferred income and other liabilities

	2014 £	2013 £
Accruals	**372,196**	344,366
Value added tax payable	**30,318**	3,990
Deferred income	**2,256**	2,276
	404,770	350,632

NOTES TO THE FINANCIAL STATEMENTS

14. Deferred tax

The following are the major tax assets/liabilities recognised by the Company, and the movements thereon.

	Accelerated capital allowances £	Provisions £	Total £
At 1 January 2013	93,294	(1,725)	91,569
Charge to income	45,713	1,725	47,438
At 31 December 2013	**139,007**	**-**	**139,007**
Charge/(credit) to income	**43,014**	**(3,122)**	**39,892**
At 31 December 2014	**182,021**	**(3,122)**	**178,899**

15. Share capital

	2014 £	2013 £
Allotted, called-up and fully paid:		
1 Ordinary Share of £1	1	1

The Company has one class of Ordinary Share 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 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 and registered in Scotland.

As at 31 December 2014, The Royal Bank of Scotland plc, a company incorporated in the UK, heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, RBS Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK. As at 31 December 2014, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, RBS Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

17. Post balance sheet events

There has been a significant event between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements. The Company disposed off Best Western Coniston Hotel in 2015, generating a profit on disposal of £640,199 (on a book value of £3,191,301).