

**Company Registered No: SC141822**

**WEST REGISTER (LAND) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

COMPANIES HOUSE  
26 JUL 2017  
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**WEST REGISTER (LAND) LIMITED**

**SC141822**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:** M Brandwood  
J M Rowney

**COMPANY SECRETARY:** RBS Secretarial Services Limited

**REGISTERED OFFICE:** 24/25 St Andrew Square  
Edinburgh  
Scotland  
EH2 1AF

**INDEPENDENT AUDITOR:** Ernst & Young LLP  
Chartered Accountants and Statutory Auditor  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

**Registered in Scotland**

**DIRECTORS' REPORT**

The directors of West Register (Land) Limited ("the Company") present their report together with the audited financial statements for the year ended 31 December 2016.

**ACTIVITIES AND BUSINESS REVIEW**

The Directors' Report has been prepared in accordance with the 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 was previously property development. The Company disposed of all remaining development properties during 2015.

One of the disposed properties contained an overage clause which entitles the Company to a share of any uplift in market value above sale price. The overage clause matures in 2017.

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 could acquire properties representing the underlying security for distressed and defaulted loans made by RBS group companies to third party customers.

The Company's objective was to maximise the overall recovery for the shareholder (RBS) through the active management and eventual realisation of assets purchased. The Company acted as a bidder of last resort or a fall-back option where the open market would 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.

**Business review**

The directors are satisfied with the Company's performance in the year. As detailed in the going concern paragraph on page 3, the directors have made a decision to wind up the Company once the overage clause mentioned above has matured.

**FINANCIAL PERFORMANCE**

The Company's financial performance is presented on page 7.

The profit before taxation for the year was £6,545 (2015: loss of £145,558). The retained profit for the year was £5,224 (2015: loss of £116,087).

At the end of the year total assets were £729,912 (2015: £1,022,784).

**Dividends**

The directors do not recommend the payment of a dividend (2015: £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).

**DIRECTORS' REPORT****PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

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 cash at bank 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.

**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.

**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 taken into account their intention to place the Company in liquidation within the next 12 months, have prepared the financial statements on a basis other than that of a going concern. The directors do not consider that this basis of preparation affects the valuation of the assets or liabilities of the Company; any cost of the liquidation will be borne by the RBS group.

**DIRECTORS' REPORT****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 2016 to date the following changes have taken place:

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
M Brandwood	5 January 2016	
D J Hourican		7 September 2016

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws 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 (FRS) 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 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
- directors have 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' REPORT**

**AUDITOR**

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as its auditor for the year ending 31 December 2016.

A resolution to appoint Ernst & Young LLP as the Company's auditor was passed on 13 September 2016 at the meeting of the Board of Directors. Ernst & Young have expressed their willingness to continue in office as auditor.

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



M Brandwood

Director

Date: 5 July 2017

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

We have audited the financial statements of West Register (Land) Limited ("the Company") for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. These financial statements have been prepared on a basis other than going concern as disclosed in Note 1 to the financial statements.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including 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.

The directors' report has been prepared in accordance with applicable legal requirements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST REGISTER (LAND) LIMITED

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the directors' report.

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.

*Ernst & Young LLP*

**Helen Joseph (Senior statutory auditor)**

for and on behalf of Ernst & Young LLP

Statutory Auditor

London

*18 July* 2017

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2016

<b>Discontinued operations</b>	<b>Notes</b>	<b>2016</b> £	<b>2015</b> £
Other operating income	3	224,319	61,513
Loss on sale of development property	4	-	(70,528)
Administrative expenses	5	(217,668)	(132,025)
<b>Operating profit/(loss)</b>		<b>6,651</b>	<b>(141,040)</b>
Interest payable	6	(106)	(4,518)
<b>Profit/(loss) on ordinary activities before tax</b>		<b>6,545</b>	<b>(145,558)</b>
Tax (charge)/credit	7	(1,321)	29,471
<b>Profit/(loss) and total comprehensive income/(loss) for the financial year</b>		<b>5,224</b>	<b>(116,087)</b>

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

**BALANCE SHEET**  
as at 31 December 2016

	Notes	2016 £	2015 £
<b>Current assets</b>			
Prepayments, accrued income and other assets	8	3,998	62,577
Cash at bank		725,914	930,736
Current tax asset		-	29,471
<b>Total assets</b>		<b>729,912</b>	<b>1,022,784</b>
<b>Creditors: amounts falling due within one year</b>			
Overdrafts		-	53,529
Amounts due to group undertakings	9	1,359	241,064
Current tax liabilities		1,321	-
Accruals, deferred income and other liabilities	10	8,332	14,515
<b>Total liabilities</b>		<b>11,012</b>	<b>309,108</b>
<b>Equity: capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account		718,898	713,674
<b>Total shareholders' funds</b>		<b>718,900</b>	<b>713,676</b>
<b>Total liabilities and shareholders' funds</b>		<b>729,912</b>	<b>1,022,784</b>

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

The financial statements were approved by the Board of Directors on 5 July 2017 and signed on its behalf by:



M Brandwood  
Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2016

	Share capital £	Profit and loss account £	Total £
<b>At 1 January 2015</b>	2	829,761	829,763
Loss for the year	-	(116,087)	(116,087)
<b>At 31 December 2015</b>	2	713,674	713,676
Profit for the year	-	5,224	5,224
<b>At 31 December 2016</b>	<b>2</b>	<b>718,898</b>	<b>718,900</b>

Total comprehensive income for the year of £5,224 (2015: loss of £116,087) 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 financial statements**

These financial statements are prepared:

- on a basis other than that of going concern; the directors do not consider this basis of preparation has affected the recognition and measurement of the assets or liabilities of the Company as described in the accounting policies below.
- under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework in accordance with the recognition and measurement principles 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
- on the historical cost basis which approximates, without material differences, the recoverable value for assets and settlement value for liabilities.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

The Company is incorporated in the UK and registered in Scotland and the financial statements are presented:

- in accordance with the Companies Act 2006;
- in Sterling which is the functional currency of the Company; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
  - cash-flow statement;
  - standards not yet effective; and
  - related party transactions;

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 12.

The few changes to IFRS that were effective from 1 January 2016 have had no material effect on the Company's Financial Statements for the year ended 31 December 2016.

**b) Revenue recognition**

Revenue represents the total value of construction works on developments sold during the year. Construction work in progress, classified as current assets, represents construction and development work stated at the lower of cost or net realisable value. Cost represents direct materials, labour, production and capitalised interest incurred during the period of development. Interest payable directly attributable to the construction or production of a qualifying asset is capitalised as part of the cost of the asset. The capitalised interest is calculated using the weighted average method. Profit on each development is taken to the Profit and Loss Account on completion and sale of that development to the parent or other group company, and the transfer of all related risks and rewards of ownership.

Rental income from operating leases is recognised in the Profit and Loss Account on a straight-line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use.

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Any gain or loss arising from a change in fair value is recognised in the Profit and Loss Account.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies (continued)

## c) Taxation (continued)

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.

## d) 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.

## e) Financial liabilities

On initial recognition financial liabilities are classified into held-for-trading; designated as at fair value through profit or loss; or amortised cost.

Other than derivatives, which are recognised and measured at fair value, all financial liabilities are measured at amortised cost using the effective interest method.

## 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, International Accounting Standard ("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.

## 3. Other Income

	2016	2015
	£	£
Profit share from Priority Sites Limited	221,959	-
Other income	2,360	61,513
	<u>224,319</u>	<u>61,513</u>

The amount of £221,959 relates to overage payment that was due to West Register (Land) Limited from Priority Sites Limited following the sale of one of their properties, Selby Business Park.

## 4. Loss on sale of development property

	2016	2015
	£	£
Loss on sale of development property	-	70,528

## NOTES TO THE FINANCIAL STATEMENTS

## 5. Administrative expenses

	2016 £	2015 £
Legal and professional fees	186,097	90,154
Management charge	13,494	28,601
Audit fees	6,143	4,935
Bank charges	160	605
Other operating charges	11,774	7,730
	<u>217,668</u>	<u>132,025</u>

Other than the audit fees disclosed above, no additional remuneration was payable to the auditors for any other services.

**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 The Royal Bank of Scotland plc, the financial statements 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 Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company (2015: £nil).

## 6. Interest payable

	2016 £	2015 £
Interest payable to group undertakings	<u>106</u>	<u>4,518</u>

## 7. Tax

	2016 £	2015 £
<b>Current tax:</b>		
UK corporation tax charge/(credit) for the year	<u>1,321</u>	<u>(29,471)</u>

The actual tax charge/(credit) differs from the expected tax charge/(credit) computed by applying the standard rate of UK corporation tax of 20% (2015: blended tax rate 20.25%) as follows:

	2016 £	2015 £
Profit/(loss) before tax for the year	6,545	(145,558)
Expected tax charge/(credit)	1,309	(29,471)
Non deductible items	12	-
Actual tax charge/(credit) for the year	<u>1,321</u>	<u>(29,471)</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 8. Prepayments, accrued income and other assets

	2016	2015
	£	£
Value added tax	3,998	4,886
Other assets	-	57,691
	<u>3,998</u>	<u>62,577</u>

## 9. Amounts due to group undertakings

	2016	2015
	£	£
The Royal Bank of Scotland plc	<u>1,359</u>	241,064
Amounts falling due within one year	1,359	241,064
Amounts falling due after more than one year	-	-
	<u>1,359</u>	<u>241,064</u>

## 10. Accruals, deferred income and other liabilities

	2016	2015
	£	£
Accruals	8,332	8,585
Other liabilities	-	5,930
	<u>8,332</u>	<u>14,515</u>

## 11. Share capital

	2016	2015
	£	£
<b>Equity shares</b>		
<b>Authorised:</b>		
1000 Ordinary shares Ordinary Shares of £1	<u>1,000</u>	1,000
<b>Allotted, called up and fully paid:</b>		
2 Ordinary shares Ordinary Shares of £1	<u>2</u>	2

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

## 12. 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.



NOTES TO THE FINANCIAL STATEMENTS

**12. Related parties (continued)**

**Group undertakings**

The Company's immediate parent company is The Royal Bank of Scotland plc, a company incorporated in the UK. As at 31 December 2016, The Royal Bank of Scotland plc, heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Regulatory Affairs, RBS, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

The Company's ultimate holding company is 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 financial statements may be obtained from Corporate Governance and Regulatory Affairs, RBS, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.