

Company Registered No: 03870261

KUC (PUBLIC HOUSES) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

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KUC (PUBLIC HOUSES) LIMITED

03870261

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: P D Eyre
P J M McClay

SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: 1 Princes Street
London
England
EC2R 8PB

INDEPENDENT AUDITOR: Deloitte LLP
Chartered Accountants and Statutory Auditor
Hill House
1 Little New Street
London
EC4A 3TR
United Kingdom

Registered in England and Wales

DIRECTORS' REPORT

The directors of KUC (Public Houses) Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2014.

ACTIVITIES AND BUSINESS REVIEW**Principal Activity**

Historically the principal activity of the Company was investment in and management of commercial property.

The Company did not trade during the year under review nor the prior year and is not expected to in the foreseeable future.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 6.

The profit before taxation for the year was £334 (2013: £nil). The retained profit for the year was £262 (2013: £nil).

At the end of the year total assets were £5,148 (2013: £5,129).

Dividends

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).

GOING CONCERN

The Company is not currently trading and it is the intention of the directors to wind up the Company within the next 12 months. As required by IAS 1 – presentation of Financial Statements, management has prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the 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 2014 to date, there have been no changes to the directors and secretary of the Company.

DIRECTORS' REPORT**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 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:

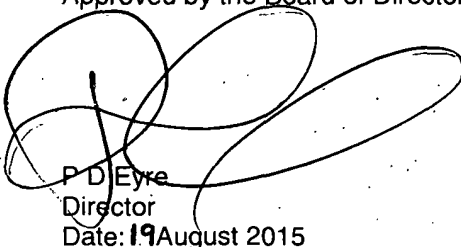
- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of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

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

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:



P D Eyre
Director
Date: 19 August 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KUC (PUBLIC HOUSES) LIMITED

We have audited the financial statements of KUC (Public Houses) 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 8. 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 profit 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 KUC (PUBLIC HOUSES) 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 the Strategic Report or in preparing the Directors' Report.



Russell Davis, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom

19 August 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

Discontinued operations	Notes	2014 £	2013 £
Other income	3	334	-
Profit on ordinary activities before tax		334	-
Tax charge	4	(72)	-
Profit and total comprehensive income for the year		262	-

The Company had no recognised income or expenses in the financial year or preceding financial year other than those dealt with in the Profit and Loss Account.

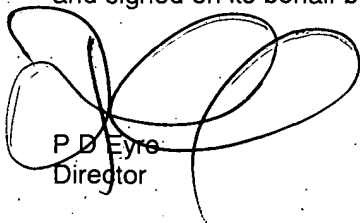
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 31 December 2014

	Notes	2014 £	2013 £
Current assets			
Cash at bank	5	5,148	5,129
Total assets		5,148	5,129
Creditors: amounts falling due within one year			
Current tax liabilities		72	-
Amounts due to group undertakings	6	-	315
Total liabilities		72	315
Equity: capital and reserves			
Called-up share capital	7	2	2
Profit and loss account		5,074	4,812
Total shareholders' funds		5,076	4,814
Total liabilities and shareholders' funds		5,148	5,129

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

The financial statements of the Company were approved by the Board of Directors on 19 August 2015 and signed on its behalf by:



P D Eyre
Director

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

	Share capital £	Profit and loss account £	Total £
At 1 January 2013	2	4,812	4,814
Profit for the year	-	-	-
At 31 December 2013	2	4,812	4,814
Profit for the year	-	262	262
At 31 December 2014	2	5,074	5,076

Total comprehensive income for the year of £262 (2013: £nil) 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**

These financial statements are prepared on a basis other than going concern and have been prepared 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 European Union (together IFRS) and under FRS 101. The Company meets the definition of a qualifying entity under Financial Reporting Standard 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, presentation of a Cash-Flow Statement, capital management, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group 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 8.

The financial statements are prepared on the historical cost basis.

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 England and Wales. The Company's financial statements are presented in accordance with the Companies Act 2006.

The Company ceased to trade in an earlier period. This did not require the Company to re-measure, re-classify or adjust the settlement date of any assets or liabilities. IAS 1 paragraph 25 "Presentation of Financial Statements" describes the preparation of financial statements in such circumstances as being other than on a going concern status. It is the intention of the directors to wind up the Company within the next 12 months.

There are 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) Taxation

Income tax expense or income, comprising current tax, is recorded in the income statement except income tax on items recognised outside profit and 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 as rates enacted or substantively enacted at the balance sheet date.

c) Financial assets

On initial recognition, financial assets are classified into loans and receivables.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as 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 method is a method of calculating the amortised cost of a financial asset (or group of financial assets) and of allocating the interest income over the expected life of the asset. 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 into account fees payable or receivable, that are 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.

d) Cash at bank

Cash at bank comprises non-interest bearing deposits held with banks.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

e) 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 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.

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.

3. Other income

	2014 £	2013 £
Other income	334	-

4. Tax

	2014 £	2013 £
Current tax:		
UK corporation tax charge for the year	72	-
	72	-

The actual tax charge matches the expected tax charge computed by applying the blended UK corporation tax rate of 21.5% (2013 - 23.25%).

5. Cash at bank

	2014 £	2013 £
Cash at bank	5,148	5,129

6. Amounts due to group undertakings

	2014 £	2013 £
The Royal Bank of Scotland plc	-	315

NOTES TO THE FINANCIAL STATEMENTS

7. Share capital

	2014 £	2013 £
Authorised:		
10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called-up and fully paid:		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

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

8. 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.

There have been no transactions between the Company and the UK Government and UK Government controlled bodies during current year or preceding year.

Group undertakings

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