

Company Registration No: 3405762

SOC CORPORATE MEMBER NO. 1 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2006

**Group Secretariat
The Royal Bank of Scotland Group plc
Business House F
Second Floor
PO Box 1000
Gogarburn Edinburgh EH12, 1HQ**



SOC CORPORATE MEMBER NO.1 LIMITED

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SOC CORPORATE MEMBER NO.1 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Andrew John Annandale
Peter Ballard
Fiona-Jane MacGregor
Timothy Roger Riddell

SECRETARY

Mark Craig

REGISTERED OFFICE

3 Princess Way
Redhill
Surrey
RH1 1NP

AUDITORS

Deloitte & Touche LLP

Registered in England

SOC CORPORATE MEMBER NO 1 LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2006

ACTIVITIES AND BUSINESS REVIEW

Activity

The Company's primary purpose was to carry on business of underwriting as a Corporate Member at Lloyd's. The Company's final year of underwriting was the 2001 year of account. The Company does not intend to underwrite going forward.

Review of the year

The directors are satisfied with Company's activities during the year. No dividend was paid during the year (2005 Nil).

The company's financial performance is presented in the Profit and Loss Account on page 8. At the end of the year, the financial position showed a shareholders deficit of £12,702,976 and equity of £2.

The company is funded by facilities from The Royal Bank of Scotland plc. It seeks to minimise its exposure to external risks other than credit risk.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year are listed on page 3.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing the financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SOC CORPORATE MEMBER NO. 1 LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

DIRECTOR INDEMNITIES

In terms of section 309C of the Companies Act 1985 (as amended), none of the directors have been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

DIRECTORS INTERESTS

No director had an interest in the shares of the company.

CHARITABLE DONATIONS

No amounts were given for charitable purposes by the company during the year ended 31 December 2006 (2005 Nil).

ELECTIVE RESOLUTIONS

The company has elected to dispense with the requirements to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually.

AUDITORS

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

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



Mark Craig
Secretary

27 July 2007

SOC CORPORATE MEMBER NO. 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOC CORPORATE MEMBER NO.1 LIMITED

We have audited the financial statements of SOC Corporate Member No 1 Limited for the year ended 31 December 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

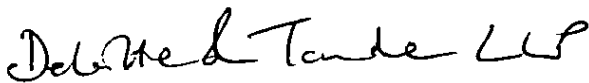
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

SOC CORPORATE MEMBER NO. 1 LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOC CORPORATE MEMBER NO.1 LIMITED
(continued)**

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern and the reliance by the Company upon future New Central Fund undertakings being granted by the Council of Lloyd's. Such support will be necessary to enable the Company to meet any future cash calls arising from its insurance business at Lloyd's. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

31 July 2007

SOC CORPORATE MEMBER NO.1 LIMITED

Profit and Loss Account for the year ended 31 December 2006

	Notes	2006 £	2005 £
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned premiums, net of reinsurance			
Net premiums written			
Gross premiums written	3	81,639	182,762
Outward reinsurance premiums		(64,544)	(82,053)
		<u>17,095</u>	<u>100,709</u>
Change in provision for unearned premium			
Gross Amount		19,030	12,507
Reinsurers' share		5,089	(34,535)
		<u>24,119</u>	<u>(22,028)</u>
Earned premiums net of reinsurance		<u>41,214</u>	<u>78,681</u>
Allocated investment return transferred from the non-technical account		830,774	653,961
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(4,970,559)	(7,736,706)
Reinsurers' share		1,788,743	2,040,758
		<u>(3,181,816)</u>	<u>(5,695,948)</u>
Change in the provision for claims			
Gross amount		4,250,348	7,351,014
Reinsurers' share		(2,129,922)	(2,120,697)
Decrease in provision for open year losses		472,137	-
		<u>2,592,563</u>	<u>5,230,317</u>
Claims incurred, net of reinsurance		<u>(589,253)</u>	<u>(465,631)</u>
Net operating expenses	3, 4	(254,883)	(576,090)
Investment expenses and charges		<u>(19,850)</u>	<u>(15,352)</u>
Balance transferred to the non-technical account		<u>8,002</u>	<u>(324,431)</u>

SOC CORPORATE MEMBER NO.1 LIMITED**Profit and Loss Account for the year ended 31 December 2006**

	Notes	2006 £	2005 £
NON-TECHNICAL ACCOUNT			
Balance on the general business technical account		8,002	(324,431)
Investment income	5	800,914	777,940
Unrealised gains/(losses) on investments		30,593	(123,874)
Allocated investment return transferred to the general business technical account		(830,774)	(653,961)
Other charges, including value adjustments		<u>(21,845)</u>	<u>(116,779)</u>
Loss on ordinary activities before tax	6	(13,110)	(441,105)
Tax credit on loss on ordinary activities	8	<u>-</u>	<u>71,280</u>
Loss on ordinary activities after tax		<u>(13,110)</u>	<u>(369,825)</u>
Retained loss for the year		<u>(13,110)</u>	<u>(369,825)</u>

All items derive from discontinued activities

Statement of Total Recognised Gains and Losses for the year ended 31 December 2006

	2006 £	2005 £
Loss for the financial year	(13,110)	(369,825)
Currency translation differences	46,204	-
Total recognised losses for the financial year	<u>(33,094)</u>	<u>(369,825)</u>

SOC CORPORATE MEMBER NO.1 LIMITED
Balance Sheet as at 31 December 2006

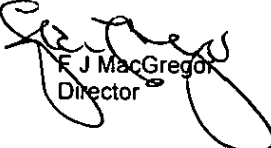
			2006			2005	
ASSETS	Notes	Syndicate £	Other £	Total £	Syndicate £	Other £	Total £
Investments							
Financial investments	9	13,332,038	-	13,332,038	16,544,316	-	16,544,316
Deposits with ceding undertakings		4,845	-	4,845	3,171	-	3,171
		<u>13,336,883</u>	<u>-</u>	<u>13,336,883</u>	<u>16,547,487</u>	<u>-</u>	<u>16,547,487</u>
Reinsurers' Share of Technical Provisions							
Claims outstanding		10,013,510	-	10,013,510	13,464,064	-	13,464,064
Unearned premiums		11,821	-	11,821	6,143	-	6,143
		<u>10,025,331</u>	<u>-</u>	<u>10,025,331</u>	<u>13,470,207</u>	<u>-</u>	<u>13,470,207</u>
Debtors due within one year							
Debtors arising out of direct insurance operations	10	755,858	-	755,858	319,724	-	319,724
Debtors arising out of reinsurance operations		1,630,285	-	1,630,285	3,335,220	-	3,335,220
Other debtors		2,377,794	2,505,105	4,882,899	1,578,305	2,608,902	4,187,207
		<u>4,763,937</u>	<u>2,505,105</u>	<u>7,269,042</u>	<u>5,233,249</u>	<u>2,608,002</u>	<u>7,842,151</u>
Debtors due after one year							
Debtors arising out of direct insurance operations	10	-	-	-	32,377	-	32,377
Direct arising out of reinsurance operations		-	-	-	107,631	-	107,631
Other debtors	11	33,088	-	33,088	14,280	-	14,280
		<u>33,088</u>	<u>-</u>	<u>33,088</u>	<u>154,288</u>	<u>-</u>	<u>154,288</u>
Other Assets							
Cash at bank and in hand		2,304,016	11	2,304,027	2,750,714	10	2,750,724
Other		1,153,154	-	1,153,154	2,104,238	-	2,104,238
		<u>3,457,170</u>	<u>11</u>	<u>3,457,181</u>	<u>4,854,952</u>	<u>10</u>	<u>4,854,962</u>
Prepayments and Accrued Income							
Accrued interest		53,690	-	53,690	53,762	-	53,762
Deferred acquisition costs		6,264	-	6,264	10,983	-	10,983
Other prepayments and accrued income		5,387	-	5,387	7,967	-	7,967
		<u>65,341</u>	<u>-</u>	<u>65,341</u>	<u>72,712</u>	<u>-</u>	<u>72,712</u>
TOTAL ASSETS							
		<u>31,681,750</u>	<u>2,505,116</u>	<u>34,186,866</u>	<u>40,332,895</u>	<u>2,608,913</u>	<u>42,941,808</u>

SOC CORPORATE MEMBER NO.1 LIMITED

Balance Sheet as at 31 December 2006

		2006			2005		
	Notes	Syndicate £	Other £	Total £	Syndicate £	Other £	Total £
LIABILITIES							
Capital and Reserves							
Called up share capital	12	-	2	2	-	2	2
Profit and loss account	13	(1,973,141)	(10,729,835)	(12,702,976)	(2,644,993)	(10,044,873)	(12,689,866)
Total Shareholders' Deficit	14	(1,973,141)	(10,729,833)	(12,702,974)	(2,644,993)	(10,044,871)	(12,689,864)
Technical Provisions							
Claims outstanding		31,252,065	-	31,252,065	39,435,029	-	39,435,029
Unearned premiums		40,417	-	40,417	63,044	-	63,044
Provision for open year losses	18	-	2,123,855	2,123,855	-	2,595,992	2,595,992
		<u>31,292,482</u>	<u>2,123,855</u>	<u>33,416,337</u>	<u>39,498,073</u>	<u>2,595,992</u>	<u>42,094,065</u>
Deposits Received from Reinsurers		<u>101,506</u>	<u>-</u>	<u>101,506</u>	<u>145,835</u>	<u>-</u>	<u>145,835</u>
Creditors due within one year							
Creditors arising out of direct insurance operations	15	263,149	-	263,149	299,352	-	299,352
Creditors arising out of reinsurance operations		1,121,313	-	1,121,313	1,249,245	-	1,249,245
Other creditors	16	824,938	11,087,694	11,912,632	1,647,652	10,039,642	11,687,294
		<u>2,209,400</u>	<u>11,087,694</u>	<u>13,297,094</u>	<u>3,196,249</u>	<u>10,039,642</u>	<u>13,235,891</u>
Creditors due after one year							
Creditors arising out of direct insurance operations	15	-	-	-	13,166	-	13,166
Creditors arising out of reinsurance operations		-	-	-	55,656	-	55,656
		<u>-</u>	<u>-</u>	<u>-</u>	<u>68,822</u>	<u>-</u>	<u>68,822</u>
Accruals and Deferred Income		<u>51,503</u>	<u>23,400</u>	<u>74,903</u>	<u>68,909</u>	<u>18,150</u>	<u>87,059</u>
TOTAL LIABILITIES		31,681,750	2,505,116	34,186,866	40,332,895	2,608,913	42,941,808

The financial statements on pages 8 to 23 were approved by the Board of directors on 27 July 2007 and signed on its behalf by


F J MacGregor
Director

SOC CORPORATE MEMBER NO.1 LIMITED

Notes to the financial statements for the year ended 31 December 2006

1. Basis of preparation

(a) Current basis

The company is a wholly owned subsidiary undertaking of another registered in England and Wales

The financial statements have been prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985 ("the Act") and in accordance with applicable Accounting Standards. The company has chosen to produce its accounts under a different reporting framework than that of its ultimate parent company, as allowed under s227C of the Companies Act 1985

(b) Recognition of insurance transactions

Preparing financial statements in accordance with Section 255 of and Schedule 9A to the Act requires the company to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates ("the Syndicates")

For each such syndicate, the company's proportion of the underwriting transactions, investment return and operating expenses will be reflected within the company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities will be reflected in its balance sheet (under the column heading "syndicate"). The "syndicate" assets are held subject to trust deeds for the benefit of the company's insurance creditors. The proportion referred to above is calculated by reference to the company's participation as a percentage of the Syndicate's total capacity.

The company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the company. The only exception to this rule is the level of provision for outstanding claims. These provisions have been determined by the directors of the company (see 2(f) below).

(c) Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns are subjected to audit by the Syndicate auditors and are based on the audited Syndicate returns to Lloyd's and the audited annual reports to Syndicate members. This base data will be adjusted as necessary so that the Returns reflect the differences in preparation between Syndicate annual reports and financial statements in accordance with Schedule 9A.

The format of the Returns has been established by Lloyd's and Lloyd's are also responsible for collating the data at a Syndicate level and analysing it into corporate member level results.

The syndicate data used for the technical account and the column described as "Syndicate" on the balance sheet is Schedule 9A data obtained directly from Lloyd's. The timing of Syndicate reporting to Lloyd's is such that the data is prepared at the end of each calendar year.

SOC CORPORATE MEMBER NO 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

1. Basis of preparation (continued)

(d) Going concern

The accounts have been drawn up on the going concern basis despite shareholders' funds being in deficit. The deficit arises from underwriting obligations to the Syndicates in which the company participates. Such liabilities are normally financed by letters of credit provided by the investing shareholders, if a company cannot meet its obligations by other means. All available letters of credit were fully utilised as at 31 December 2004. In preparing the financial statements on a going concern basis, the directors are relying upon continuing support from the Council of Lloyd's in the form of further New Central Fund undertakings to enable the company to meet any future cash calls arising from its insurance business at Lloyd's. The directors have no reason to believe that Council of Lloyd's will not continue to support the company.

2. Accounting policies

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial investments. The principal accounting policies, all of which have been consistently applied throughout the current and preceding financial years, are set out below.

(b) Basis of accounting for underwriting results

The underwriting results are determined on an annual accounting basis.

(c) Premiums

Premiums written comprise the total premiums receivable for the whole year of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax.

Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of establishing earnings patterns or time apportionment as appropriate.

Gross premiums written may include "reinsurance to close" receivable.

Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the company participates.

No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter-syndicate reinsurance.

Outward reinsurance premiums may include "reinsurance to close" payable.

SOC CORPORATE MEMBER NO. 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

2 Accounting policies (continued)

(d) Acquisition Costs

Acquisition costs comprise brokerage incurred on insurance contracts written during the financial year. They are spread over an equivalent year to that which the premiums on the underlying business are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premium at the balance sheet date.

(e) Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

(f) Provision for claims

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December.

The provision is based on the Returns and reports from the Managing Agents and the company's licensed adviser. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

(g) Investments

Listed and other traded investments are stated at bid price values. Other investments are stated at directors' valuations. Unrealised gains and losses are recognised in the profit and loss account.

(h) Investment income

Investment income comprises interest receivable and dividends received plus realised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluation.

Where investments represent the company's share of Syndicate investments, they are treated as sold and repurchased at each year end in recognition of the annual venture nature of participation on a syndicate. The cost of these investments is therefore their market value at each 31 December. The realised gains reported by Syndicates are net of any realised losses.

All investment income, net of realised losses, arising on Syndicate participations is allocated to the technical account. Other investment income is attributable to the non-technical account.

SOC CORPORATE MEMBER NO. 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

2 Accounting policies (continued)

(i) Investment expenses and charges

Investment expenses and charges comprise investment management expenses and losses on the realisation of investments. Realised losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluation. The realised losses reported by Syndicates are net of any realised gains.

(j) Net operating expenses

Operating expenses are recognised when incurred. They will include the company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

(k) Other charges

Expenses not attributable to underwriting or investment management are recognised when incurred.

(l) Foreign currencies

Transactions in foreign currencies other than Sterling are translated at the rates of exchange ruling at the date the transaction is processed. Assets and liabilities in currencies other than Sterling are translated at the rates of exchange ruling at the end of the financial year.

(m) Taxation

The company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared.

The Inland Revenue determines the taxable results of Syndicates on the basis of computations submitted by the Managing Agent. Any adjustments that may be necessary to the tax provisions established by the company as a result of Inland Revenue agreement of individual Syndicate taxable results will be reflected in the financial statements of subsequent years.

Other profits are assessable to corporation tax in the same year as they are recognised for accounting purposes, after adjustment in accordance with tax legislation.

(n) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

SOC CORPORATE MEMBER NO. 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

3. Segmental Information

The segmental information is taken direct from the Schedule 9A data provided by Lloyd's and accordingly this is presented on a calendar year basis (see note 1(c) for further details)

Year ended 31 December 2006	Gross premiums written £	Gross premiums earned £	Gross claims incurred £	Gross operating expenses £	Reinsurance balance £	Total £
Direct business						
Accident and health	(3,840)	(3,840)	(13,438)	11,438	85,579	79,739
Motor – third party liability	(776)	(776)	(3,949)	366	2,101	(2,258)
Motor – other classes	1,926	1,926	14,727	(4,830)	(1,970)	9,853
Marine, aviation and transport	(6,130)	(6,772)	9,320	1,098	(17,641)	(13,995)
Fire and other damage to property	(877)	(1,966)	61,722	4,367	(58,074)	6,049
Third party liability	6,776	29,646	(7,989)	(179,757)	(406,329)	(564,429)
Credit and suretyship	7,604	19,409	(33,765)	11,070	157,944	154,658
Legal expenses	1,898	1,898	(1,395)	(636)	1,622	1,489
Other	131	131	301	(56)	(290)	86
Total direct	6,712	39,656	25,534	(156,940)	(237,058)	(328,808)
Reinsurance business						
Reinsurance acceptances	74,927	61,013	(273,608)	(97,943)	(163,576)	(474,114)
Total reinsurance	74,927	61,013	(273,608)	(97,943)	(163,576)	(474,114)
Total	81,639	100,669	(248,074)	(254,883)	(400,634)	(802,922)
Year ended 31 December 2005	Gross premiums written £	Gross premiums earned £	Gross claims incurred £	Gross operating expenses £	Reinsurance balance £	Total £
Direct business						
Accident and health	(16,895)	(15,239)	(108,665)	(10,794)	21,603	(113,095)
Motor – third party liability	(177)	(177)	154	(740)	(5,392)	(6,155)
Motor – other classes	(706)	(706)	(11,035)	5,633	13,858	7,750
Marine, aviation and transport	34,012	35,987	(30,588)	(73,404)	3,379	(64,626)
Fire and other damage to property	32,654	31,616	52,831	(48,529)	19,412	55,330
Third party liability	10,096	10,550	47,616	(61,032)	(297,920)	(300,786)
Credit and suretyship	36,095	38,683	(40,422)	(85,297)	106,013	18,977
Legal expenses	4,477	4,799	(9,363)	(15,658)	3,298	(16,924)
Assistance	-	-	-	-	28	28
Other	112	69	(2,624)	(516)	(27)	(3,098)
Total direct	99,668	105,582	(102,096)	(290,337)	(135,748)	(422,599)
Reinsurance business						
Reinsurance acceptances	83,094	89,687	(283,596)	(285,753)	(60,779)	(540,441)
Total reinsurance	83,094	89,687	(283,596)	(285,753)	(60,779)	(540,441)
Total	182,762	195,269	(385,692)	(576,090)	(196,527)	(963,040)

SOC CORPORATE MEMBER NO. 1 LIMITED**Notes to the financial statements for the year ended 31 December 2006 (continued)****3. Segmental information (continued)**

All insurance business is underwritten in the UK in the Lloyd's insurance market, which has been treated as one geographical segment for the purpose of SSAP25 'Segmental Reporting'

4. Net operating expenses

	2006 £	2005 £
Syndicate operating expenses	296,121	339,596
Exchange adjustment	(48,830)	120,314
Commission / brokerage	7,592	116,180
	<u>254,883</u>	<u>576,090</u>

5 Investment income

	2006 £	2005 £
Syndicate		
Investment income	772,608	839,958
Profit/(losses) on realisation of investments	27,573	(62,123)
	<u>800,181</u>	<u>777,835</u>
Non – Syndicate		
Deposit Interest	<u>733</u>	<u>105</u>
	<u>800,914</u>	<u>777,940</u>

6. Loss on ordinary activities before tax

The loss on ordinary activities before tax is stated after charging

	2006 £	2005 £
Auditors' remuneration		
- audit services	3,500	3,500
- non-audit services	1,750	1,750
Interest payable	-	111,231

SOC CORPORATE MEMBER NO 1 LIMITED**Notes to the financial statements for the year ended 31 December 2006 (continued)****7. Directors' remuneration**

Messrs Annandale, Ballard, Ms MacGregor and Riddell do not receive any remuneration for their services to the company in the current or prior year

8 Taxation**(a) Analysis of credit in year**

	2006 £	2005 £
Current tax		
United Kingdom corporation tax at 30%	-	-
Adjustments in respect of prior years	-	(71,280)
Tax credit on loss on ordinary activities	-	(71,280)

(b) Factors affecting tax charge for the year

	2006 £	2005 £
Loss on ordinary activities before tax	(13,110)	(441,105)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	(3,933)	(132,332)
Effects of		
Non taxable income and disallowable expenses	(80,888)	(557,092)
Creation of tax losses	87,222	558,743
Other timing differences	(2,401)	130,681
Current tax credit for the year (see (a) above)	-	(71,280)

Deferred tax assets amounting to £20,521,061 (2005 £6,110,031) for trading losses carried forward and £(8,002) (2005 £130,681) for other timing differences have not been recognised because in the opinion of the directors there will be insufficient taxable profits arising in the foreseeable future

SOC CORPORATE MEMBER NO. 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

9. Financial investments - Syndicate

	Cost 2006 £	Current Value 2006 £	Cost 2005 £	Current Value 2005 £
Shares and other variable yield securities	3,472,540	3,491,234	123,846	123,918
Debt securities and other fixed income securities	7,854,644	7,863,369	15,268,747	15,214,549
Participation in investment pools	297,488	294,944	-	-
Loans guaranteed by mortgage	46,175	46,190	254,371	249,334
Other loans	809	811	-	-
Deposits with credit institutions	1,468,477	1,468,477	956,364	956,515
Overseas deposits	167,011	167,013	-	-
	<u>13,307,144</u>	<u>13,332,038</u>	<u>16,603,328</u>	<u>16,544,316</u>

10. Debtors arising from direct insurance operations

	2006 £	2005 £
Amounts due within one year		
Amounts receivable from policyholders	28,296	32,034
Amounts receivable from intermediaries	<u>727,562</u>	<u>287,690</u>
	<u>755,858</u>	<u>319,724</u>
Amounts due after within one year		
Amounts receivable from intermediaries	<u>-</u>	<u>32,377</u>

11. Other debtors – Non-Syndicate

	2006 £	2005 £
Amounts due within one year		
Amounts receivable from group undertakings	2,505,105	2,505,105
Unpaid Convertible Unsecured Loan Stock	<u>-</u>	<u>103,797</u>
	<u>2,505,105</u>	<u>2,608,902</u>

SOC CORPORATE MEMBER NO 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

12 Share capital

Authorised	2006		2005	
	Number	£	Number	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Ordinary shareholders have the right to receive dividends and assets upon the winding up of the company

13 Profit and loss account

	2006 £	2005 £
At the start of the year	(12,689,866)	(12,320,041)
Retained loss for the year	(13,110)	(369,825)
At the end of the year	<u>(12,702,976)</u>	<u>(12,689,866)</u>

14. Reconciliation of movements in shareholders' deficit

	2006 £	2005 £
Loss for the financial year	(13,110)	(369,825)
Opening shareholders' deficit	(12,689,864)	(12,320,039)
Closing shareholders' deficit	<u>(12,702,974)</u>	<u>(12,689,864)</u>

SOC CORPORATE MEMBER NO. 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

15 Creditors arising out of direct insurance operations

	2006 £	2005 £
Amounts due within one year		
Amounts owed to policyholders	32,938	37,280
Amounts owed to intermediaries	<u>230,208</u>	<u>262,072</u>
	<u>263,146</u>	<u>299,352</u>
Amounts due after one year		
Amounts owed to intermediaries	<u>-</u>	<u>13,166</u>

16. Other creditors – Non-Syndicate

	2006 £	2005 £
Amounts payable in relation to prior year underwriting	9,571,903	7,665,652
Bank Overdraft	<u>1,515,791</u>	<u>2,373,990</u>
	<u>11,087,694</u>	<u>10,039,642</u>

17. Funds at Lloyd's

In order to support the run off years of account, there are funds at Lloyd's as follows

	2006 £	2005 £
Non-Syndicate		
Cash	<u>11</u>	<u>10</u>

18. Provision for open year losses

	At 1 Jan 2006 £	Profit and loss account transfers £	Utilisation and other movements £	At 31 Dec 2006 £
1998 Underwriting Year	48,683	(4,721)	-	43,962
1999 Underwriting Year	640,034	(66,099)	-	573,935
2000 Underwriting Year	998,740	(174,691)	-	824,049
2001 Underwriting Year	<u>908,535</u>	<u>(226,626)</u>	<u>-</u>	<u>681,909</u>
Total	<u>2,595,992</u>	<u>(472,137)</u>	<u>-</u>	<u>2,123,855</u>

SOC CORPORATE MEMBER NO 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

19 Contingent liabilities

Other than those outlined in note 17, there are no other contingent liabilities

20. Related party disclosure

The company is exempt under FRS8 'Related Party Disclosures' from disclosing transactions and balances with other subsidiaries or investees of The Royal Bank of Scotland Group plc as the company's results are included in the consolidated financial statements of The Royal Bank of Scotland Group plc

21 Syndicate participations

The capacity for the 2001, 2000, 1999 and 1998 underwriting years on the remaining open Syndicates was placed as follows

2001 Underwriting		SOCM 1 Syndicate Capacity	Total Syndicate Capacity
Syndicate Managing Agent			
		£	£
0002	Kingsmead Underwriting Agency Ltd	1,316,358	89,017,000
0535	Capita Syndicate Management Ltd	595,815	85,494,000
0588	XL London Market Ltd	1,225,082	61,546,000
0861	XL London Market Ltd	3,174,560	122,396,000
1047	Argenta Syndicate Management Ltd	3,265,795	34,960,000
1173	Argenta Syndicate Management Ltd	3,777,187	59,213,000
		<u>13,354,797</u>	<u>452,626,000</u>

2000 Underwriting		SOCM 1 Syndicate Capacity	Total Syndicate Capacity
Syndicate Managing Agent			
		£	£
0205	Jago Managing Agency Ltd	2,601,241	121,020,000
0227	St Paul Syndicate Management Ltd	444,633	54,998,000
0340	St Paul Syndicate Management Ltd	309,241	79,868,000
0435	Faraday Underwriting Ltd	2,311,663	257,428,000
0535	Capita Syndicate Management Ltd	1,588,076	75,100,000
0566	Limited Underwriting Ltd	1,945,249	147,773,000
1047	Argenta Syndicate Management Ltd	1,398,255	32,316,000
1173	Argenta Syndicate Management Ltd	4,000,000	71,234,000
		<u>14,598,358</u>	<u>839,737,000</u>

SOC CORPORATE MEMBER NO. 1 LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

21. Syndicate participations (continued)

1999 Underwriting		SOCM 1 Syndicate Capacity	Total Syndicate Capacity
Syndicate Managing Agent			
		£	£
0205	Jago Managing Agency Ltd	2,601,241	120,276,000
0535	Capita Syndicate Management Ltd	1,323,397	50,019,000
0991	A E Grant (Underwriting Agencies) Ltd	735,901	74,906,000
1173	Argenta Syndicate Management Ltd	3,456,031	88,307,000
1308	Duncanson & Holt Syndicate Management Ltd	100,000	90,000,000
		<u>8,216,570</u>	<u>423,508,000</u>
1998 Underwriting		SOCM 1 Syndicate Capacity	Total Syndicate Capacity
Syndicate Managing Agent			
		£	£
0991	A E Grant (Underwriting Agencies) Ltd	495,667	59,876,000
1204	Capita Syndicate Management Ltd	281,641	21,059,000
		<u>777,308</u>	<u>80,935,000</u>

22 Immediate and ultimate parent undertaking

The company's immediate parent company is West Register (Investments) Limited

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