

**Company Registration No: 3799695**

**SOC CORPORATE MEMBER NO.4 LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2010**



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

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**SOC CORPORATE MEMBER NO 4 LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Andrew John Annandale  
Peter Ballard  
Fiona-Jane MacGregor  
Timothy Roger Riddell (resigned 8 November 2010)  
Marcus Warner (appointed 11 March 2011)

**SECRETARY**

Rachel Elizabeth Fletcher

**REGISTERED OFFICE**

1 Princes Street  
London  
EC2R 8BP

**AUDITORS**

Deloitte LLP  
Chartered Accountants  
2 New Street Square  
London  
EC4A 3BZ

Registered in England and Wales

## **SOC CORPORATE MEMBER NO 4 LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2010

### **REGISTERED OFFICE**

On 21 October 2010, the registered office of the Company changed from 3 Princess Way, Redhill, Surrey RH1 1NP

### **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.

The syndicates in which the Company participated in closed as at 31 December 2008. The Company does not intend to underwrite going forward. Therefore as such the accounts have been prepared on a basis other than going concern. This is discussed further in note 1 of the accounts.

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 Group Secretariat, RBS Gogarburn, Edinburgh EH12 1HQ, the Registrar of Companies or through the Group's website at [rbs.com](http://rbs.com).

#### **Financial Risk Management Objectives and Policies**

The company's last underwriting year on Syndicates 2, 1047 and 1173 were for the 2001 year of account closed as at 31 December 2008. The risk of potential claims relating to 2001 and prior participation is considered remote.

#### **Review of the year**

The directors are satisfied with the Company's activities during the year. No dividend was paid during the year (2009: £nil).

The Company's financial performance is presented in the Profit and Loss Account on pages 9 and 10. At the end of the year, the financial position showed a deficit on reserves of (£243,281) 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.

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## **SOC CORPORATE MEMBER NO 4 LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Going concern**

The accounts show a deficit on shareholders' funds of £(243,279). The deficit arises from underwriting obligations to the Syndicates in which the Company participated. Such liabilities are normally financed by letters of credit provided by the investing shareholders, if the Company cannot meet its obligations by other means. All available letters of credit were fully utilised as at 31 December 2004.

Furthermore, the syndicates in which the Company participated closed as at 31 December 2008. The Company does not intend to underwrite going forward. Therefore, as such the accounts have been prepared on a basis other than going concern in accordance with Financial Reporting Standard 18 "Accounting Policies".

#### **DIRECTORS AND SECRETARY**

The present directors and secretary, who have served throughout the year, unless otherwise stated, 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 or 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.

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 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.

## **SOC CORPORATE MEMBER NO 4 LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **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 ) the directors have 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 418 of the Companies Act 2006

#### **DIRECTOR INDEMNITIES**

In terms of section 236 of the Companies Act 2006 (as amended), none of the directors has been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc

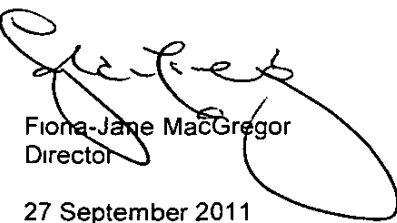
#### **CHARITABLE DONATIONS**

No amounts were given for charitable purposes by the Company during the year ended 31 December 2010 (2009 £nil)

#### **AUDITORS**

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

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



Fiona-Jane MacGregor  
Director

27 September 2011

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## **SOC CORPORATE MEMBER NO 4 LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOC CORPORATE MEMBER NO 4 LIMITED**

We have audited the financial statements of SOC Corporate Member No 4 Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes 1 to 20. 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).

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 auditors**

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.

#### **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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Emphasis of matter – Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements explaining that the financial statements have been prepared on a basis other than going concern.

#### **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.

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**SOC CORPORATE MEMBER NO 4 LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOC CORPORATE MEMBER NO 4 LIMITED (CONTINUED)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Jeremy Casson (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London  
United Kingdom

27 September 2011



**SOC CORPORATE MEMBER NO 4 LIMITED****Profit and Loss Account for the year ended 31 December 2010**

	Notes	2010 £	2009 £
<b>NON-TECHNICAL ACCOUNT</b>			
Investment income	3	2	52
Other income	4	-	266,535
Other charges, including value adjustments		-	15,584
Profit on ordinary activities before tax	5	2	282,171
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after tax		2	282,171
Retained profit for the year		2	282,171

All items derive from discontinued activities

**Statement of Total Recognised Gains and Losses for the year ended 31 December 2009**

	2010 £	2009 £
Profit for the financial year	2	282,171
Total recognised gains/(losses) for the financial year	2	282,171

**SOC CORPORATE MEMBER NO 4 LIMITED**

**Balance Sheet as at 31 December 2010**

<b>ASSETS</b>	<b>Notes</b>	<b>Syndicate £</b>	<b>2010 Other £</b>	<b>Total £</b>	<b>Syndicate £</b>	<b>2009 Other £</b>	<b>Total £</b>
<hr/>							
<b>Debtors due within one year</b>							
Other debtors	8	-	2	2	-	2	2
		-	2	2	-	2	2
<hr/>							
<b>Other Assets</b>							
Cash at bank and in hand		-	79	79	-	78	78
Other		-	2	2	-	2,000	2,000
		-	81	81	-	2,078	2,078
<hr/>							
<b>TOTAL ASSETS</b>		-	83	83	-	2,080	2,080
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# **SOC CORPORATE MEMBER NO.4 LIMITED**

## **Balance Sheet as at 31 December 2010**

<b>EQUITY</b>	<b>Notes</b>	<b>Syndicate £</b>	<b>2010 Other £</b>	<b>Total £</b>	<b>Syndicate £</b>	<b>2009 Other £</b>	<b>Total £</b>
<b>Capital and Reserves</b>							
Called up share capital	9	-	2	2	-	2	2
Profit and loss account	10	-	(243,281)	(243,281)	-	(243,283)	(243,283)
<b>Total Shareholders' Deficit</b>	11	-	(243,279)	(243,279)	-	(243,281)	(243,281)
<b>Creditors Due within one year</b>							
Other creditors including taxation and social security	12	-	243,362	243,362	-	245,361	245,361
		-	243,362	243,362	-	245,361	245,361
<b>TOTAL EQUITY AND LIABILITIES</b>		-	83	83	-	2,080	2,080

The financial statements of SOC Corporate Member No 4 Limited (Registered No 3799695) were approved by the board of directors and authorised for issue on 27 September 2011. They were signed on its behalf by

  
Fiona-Jane MacGregor  
Director

**SOC CORPORATE MEMBER NO 4 LIMITED**

**Cash Flow Statement for the year ended 31 December 2010**

	Notes	2010 £	2009 £
<b>OPERATING ACTIVITIES</b>			
Net cash outflow from ordinary activities	16(a)	(1)	(23)
Return on investments and servicing of finance			
Interest received		<u>2</u>	<u>52</u>
		2	52
<b>Net cash inflow</b>		<u>1</u>	<u>29</u>
<b>CASH FLOWS WERE INVESTED AS FOLLOWS</b>			
Increase in cash holdings	16(b)	<u>1</u>	<u>29</u>

## **SOC CORPORATE MEMBER NO 4 LIMITED**

### **Notes to the financial statements for the year ended 31 December 2010**

#### **1 Basis of preparation**

##### **(a) Current basis**

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

The syndicates in which the Company participated in closed as at 31 December 2008. The Company does not intend to underwrite going forward. Therefore as such the accounts have been prepared on a basis other than going concern.

The financial statements have been prepared in accordance with Statutory Instrument 2008 410 and with the Statement of Recommended Accounting Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (updated in 2006). The Company has chosen to produce its accounts under a different reporting framework than that of its ultimate parent Company, as allowed under the Companies Act 2006.

##### **(b) Going concern**

The accounts have been drawn up on a basis other than that of going concern. This is due to the circumstances disclosed in both the directors report and note 1 (a) of the accounts.

#### **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) Taxation**

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

##### **(d) 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 4 LIMITED

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 3 Investment income

	2010 £	2009 £
Distribution interest	1	52
Interest on Funds at Lloyd's	1	-
	<u>2</u>	<u>52</u>

#### 4 Other income

	2010 £	2009 £
Write back of creditor	<u>-</u>	<u>266,535</u>

#### 5 Profit on ordinary activities before tax

Fees of £5,000 (2009 £5,000) paid to the Company's auditors Deloitte LLP, for statutory audit services are not charged to the Company and are paid by the Company's immediate parent Company and fees for other services amount to £nil in 2010 (2009 £nil)

The Company has no employees and no staff costs are met by the Company

#### 6 Directors' Remuneration

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

# **SOC CORPORATE MEMBER NO 4 LIMITED**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **7 Taxation on profit on ordinary activities**

#### **(a) Analysis of charge in year**

	2010 £	2009 £
Current tax	-	-
United Kingdom corporation tax at 28% (2009 28%)	-	-
Tax on profit on ordinary activities	-	-

#### **(b) Factors affecting tax charge for the year**

	2010 £	2009 £
Profit on ordinary activities before tax	2	282,171
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	1	79,008
Effects of		
Non taxable income and disallowable expenses	-	-
(Utilisation) / creation of tax losses	(1)	(93,250)
Other timing differences	-	14,242
Current tax charge for the year (see (a) above)	-	-

Deferred tax assets amounting to £338,772 (2009 £364,831) including trading losses carried forward and £338,772 (2009 £364,831) 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

### **8 Other debtors – Non-Syndicate**

	2010 £	2009 £
Amounts due within one year		
Amounts receivable from group undertakings	2	2

### **9. Share capital**

	2010		2009	
Authorised	Number	£	Number	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Allotted and called up				
Ordinary shares of £1 each	2	2	2	2

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

## SOC CORPORATE MEMBER NO 4 LIMITED

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 10. Profit and loss account

	2010 £	2010 £
At the beginning of the year	(243,283)	(525,454)
Retained profit for the financial year	<u>2</u>	<u>282,171</u>
At the end of the year	<u>(243,281)</u>	<u>(243,283)</u>

#### 11. Reconciliation of movements in shareholders' deficit

	2010 £	2009 £
Profit for the financial year	2	282,171
Opening shareholders' (deficit)/funds	<u>(243,281)</u>	<u>(525,452)</u>
Closing shareholders' deficit	<u>(243,279)</u>	<u>(243,281)</u>

#### 12. Other creditors – Non-Syndicate

	2010 £	2009 £
Amounts owed to group undertaking	243,275	243,275
Other	<u>87</u>	<u>2,086</u>
	<u>243,362</u>	<u>245,361</u>

#### 13. Contingent liabilities

There are no contingent liabilities

#### 14. Related party disclosure

The Company is exempt under FRS 8 '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

#### 15. Immediate and ultimate parent undertaking

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a Company wholly owned by the UK Government

The Group's ultimate holding Company is The Royal Bank of Scotland Group plc and its immediate parent Company is West Register (Investments) Limited. Both companies are incorporated in Great Britain and registered in Scotland



# **SOC CORPORATE MEMBER NO 4 LIMITED**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **15 Immediate and ultimate parent undertaking (continued)**

As at 31 December 2010, The Royal Bank of Scotland Group plc heads the largest group in which the Group is consolidated and The Royal Bank of Scotland plc heads the smallest group in which the Group is consolidated. Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

### **16 Cash flow statement**

#### **(a) Reconciliation of profit/(loss) from ordinary activities before tax to net cash flow from ordinary activities**

	2010	2009
	£	£
Profit on ordinary activities before tax	2	282,171
Adjustments to convert revenue to a cash basis		
Interest receivable	(2)	(52)
(Increase) / decrease in debtors	1,998	(1,998)
(Decrease) / increase in creditors relating to ordinary activities	(1,999)	(340,948)
Schedule 3 reserve movement	-	60,804
Net cash outflow from ordinary activities	(1)	(23)

#### **(b) Analysis of changes in net debt**

	1 January 2010 £	Cashflow £	Other non- cash changes £	31 December 2010 £
Cash in hand, at bank	78	1	-	79
	78	1	-	79