

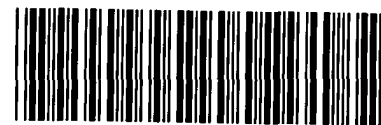
AEGON UK SERVICES LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

COMPANY NUMBER SC200076

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AEGON UK SERVICES LIMITED
COMPANY INFORMATION

Directors

David C Beattie
Clare J Bousfield
Gregory R Cooper
Martin M A Davis
James Ewing
Adrian T Grace
Duncan G Jarrett
James K MacKenzie
Gillian C Scott
Angela C Seymour-Jackson
Mark P Till
Thomas Young

Secretary

James K Mackenzie

Company Number

SC200076

Registered Office

Aegon Lochside Crescent
Edinburgh Park
Edinburgh
EH12 9SE

Auditors

PricewaterhouseCoopers LLP
144 Morrison Street
Atria One
Edinburgh
EH3 8EX

AEGON UK SERVICES LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Principal activity

The principal activity of the Company was the provision of management services to its fellow subsidiaries until September 2013. The Company is incorporated and domiciled in Scotland.

Review of the business and future developments

In September 2013, the Company transferred all employees to Aegon UK Corporate Services Limited and ceased to provide shared services. The company did not have employees under contracts of service during the year to 31 December 2015. The Directors are considering the next steps for the company.

Until September 2013, the company provided shared services including the provision of a wide range of expense processing and management services to the Aegon UK Group, with the objective of assisting the performance of the Aegon UK group companies.

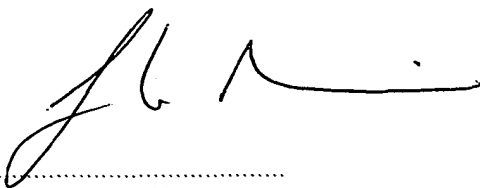
Corporate governance, capital management and financial instruments

The Aegon UK Group, of which the Company is a part, has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across the group that includes a clearly stated corporate organisational structure, appropriate delegated authorities and independent internal audit and risk management functions. Risk management for the Company operates within this governance framework.

The Company's objective in managing its capital is to ensure that there are adequate resources to meet the Company's external liabilities as they fall due, and to allocate capital efficiently to support growth and repatriate excess capital where appropriate. The Company's capital is managed in conjunction with that of other Companies in the Aegon UK plc group. The Company manages its capital by measuring its resources and cash available on a regular basis. The Company's capital position and the movement in this from the prior year are disclosed within the Statement of Changes in Equity. The Company has no externally imposed capital requirements.

The Company is not exposed to significant financial instrument risk. Credit risk is significantly reduced as assets are primarily Cash and short-term deposits, which are placed with high credit-rated banks, and intercompany receivables from other Aegon UK group companies.

This report was approved by the Board on 22 June 2016 and signed by order of the Board by



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James K MacKenzie
Company Secretary
Aegon Lochside Crescent
Edinburgh Park
Edinburgh

AEGON UK SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Structure of these financial statements

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2015 and applied in accordance with the Companies Act 2006.

Results and dividends

The results for the year are set out on page 7. The Company did not pay a dividend during the year (2014: £nil).

Given the nature of the business, the Directors do not consider the inclusion of financial key performance indicators to be necessary in order to understand the performance of the business.

Directors and their interests

The current Directors of the Company are shown on page 1. The following appointments and resignations occurred throughout the year and up to the date of signing the financial statements:

<u>Name of Director</u>	<u>Date of Appointment</u>	<u>Date of Resignation</u>
David R Macmillan	-	01/07/2015
Mark P Till	14/12/2015	-

All other Directors served throughout the year.

Going concern

In assessing whether the Company is a going concern the Directors have taken into account the guidance issued by the Financial Reporting Council in October 2009.

After making enquiries, which include considering the liquidity of the Company's assets, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (being 12 months from the date of this report). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

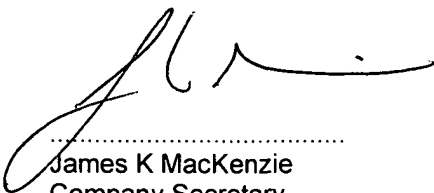
Independent auditors

An elective resolution was passed on 18 December 2002 to (a) dispense with the requirement to lay the Report and Financial statements before the Company in the general meeting, (b) dispense with the holding of an Annual General Meeting for 2002 and subsequent years, and (c) dispense with the obligation to appoint auditors annually.

Disclosure of information to auditors

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and each Director has taken all steps that they ought to have taken as director to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the Board on 22 June 2016 and signed by order of the Board by



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James K MacKenzie
Company Secretary
Aegon Lochside Crescent
Edinburgh Park
Edinburgh

AEGON UK SERVICES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEGON UK SERVICES LIMITED

Report on the financial statements

In our opinion, Aegon UK Services Limited financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), comprise:

Aegon UK Services financial statements comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Income Statement for the year then ended
- the Cash Flow statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union, and applicable law, .

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report by the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities in relation to the Financial Statements set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AEGON UK SERVICES LIMITED**

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Strategic report, Directors' report and Financial Statements 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.



Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

22 June 2016

AEGON UK SERVICES LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Revenue			
Other income	3	<u>626</u>	<u>581</u>
Profit before tax		<u>626</u>	<u>581</u>
Tax (charge) / credit	4	<u>(127)</u>	<u>132</u>
Profit for the year		<u><u>499</u></u>	<u><u>713</u></u>

The profit for the year relates wholly to continuing activities and is attributable to the equity holders of the Company.

Profit for the year is consistent with Total Comprehensive Income, and there were no other items of comprehensive income not already reflected within profit for the year.

AEGON UK SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £'000	2014 £'000
Non-current Assets			
Financial assets	5	<u>32,748</u>	<u>32,121</u>
		32,748	32,121
Current assets			
Trade and other receivables	6	-	1
Tax receivable		-	21
Cash and short term deposits	7	<u>1,126</u>	<u>1,080</u>
		1,126	1,102
Total assets		<u>33,874</u>	<u>33,223</u>
Current liabilities			
Tax payable		<u>152</u>	-
		152	-
Total liabilities		<u>152</u>	<u>-</u>
Net assets		<u>33,722</u>	<u>33,223</u>
Capital and reserves			
Issued share capital	8	-	-
Retained Earnings		<u>33,722</u>	<u>33,223</u>
Total Equity		<u>33,722</u>	<u>33,223</u>

The financial statements were approved by the Board on 22 June 2016 and are signed on its behalf by



Clare J Bousfield

Director

AEGON UK SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Issued Share Capital</u> £'000	<u>Retained Earnings</u> £'000	<u>Total Equity</u> £'000
At 1 January 2015	-	33,223	33,223
Profit for the year	-	499	499
At 31 December 2015	<u>-</u>	<u>33,722</u>	<u>33,722</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>Issued Share Capital</u> £'000	<u>Retained Earnings</u> £'000	<u>Total Equity</u> £'000
At 1 January 2014	-	32,510	32,510
Profit for the year	-	713	713
At 31 December 2014	<u>-</u>	<u>33,223</u>	<u>33,223</u>

The Company did not recognise any income or expense directly in equity (2014: £nil).

AEGON UK SERVICES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Operating Activities			
Profit before tax		626	581
<i>Adjustment to reconcile profit before tax to net cash flow from operating activities</i>			
Accrued income		(626)	(581)
Income tax received		46	-
Net cash flow from operating activities		<u>46</u>	<u>-</u>
Net increase in cash and cash equivalents		46	-
Cash and cash equivalents at 1 January		<u>1,080</u>	<u>1,080</u>
Cash and cash equivalents at 31 December	7	<u><u>1,126</u></u>	<u><u>1,080</u></u>

The cash flow statement is prepared according to the indirect method.

AEGON UK SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. Summary of significant accounting policies

1.1. Basis of preparation

1.1.1. *Introduction*

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2015 and applied in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with the historical cost convention as modified by those financial instruments and financial liabilities that have been measured at fair value.

The principal accounting policies set out below have been consistently applied to all financial reporting periods presented in these financial statements.

These financial statements were authorised for issue in accordance with a resolution of the Directors on 22 June 2016.

1.1.2. *Adoption of new IFRS accounting standards*

New standards and amendments to standards become effective at the date specified by IFRS, but may allow companies to opt for an earlier adoption date. In 2015, the following amendments to existing standards issued by the IASB became mandatory but are not currently relevant or do not significantly impact the financial position or financial statements:

- IAS 19 Employee Benefits - Amendment Employee Contributions;
- Annual improvements 2010-2012 Cycle; and
- Annual improvements 2011-2013 Cycle.

The above new standards, amendments to existing standards and interpretations have been endorsed by the European Union.

1.1.3. *Future adoption of new IFRS accounting standards*

The following amendments to the existing standard and interpretation, published prior to January 1, 2015, which are not yet effective for or early adopted by the Company, will not significantly impact the financial position or financial statements:

- IFRS 9 Financial Instruments*;
- IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation-Exception*;
- IFRS 10 and IAS 28 - Amendment Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*;
- IFRS 11 Joint Arrangements - Amendment Accounting for Acquisition of Interests in Joint Operations*;
- IFRS 14 Regulatory Deferral Accounts*;
- IFRS 15 Revenue from Contracts with Customers*.
- IAS 1 - Amendment Disclosure Initiative*;
- IAS 27 Separate Financial Statements - Amendment Equity method in Separate Financial Statements*;
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization*; and
- Annual improvements 2012-2014 Cycle*.

* Not yet endorsed by the European Union.

AEGON UK SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1.2. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT. Interest income is recognised as it is earned.

1.3. Taxation

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, or paid to or recovered from other group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided where required using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised directly in equity and not in the income statement.

Deferred income tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to the same taxable entity and the same taxation authority.

AEGON UK SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1.4. Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

1.5. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short term deposits as defined above and bank overdrafts.

1.6. Financial Assets

Financial assets are recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased.

Financial assets with fixed or determinable payments that are not quoted on an active market and that the Company does not intend to sell in the near future are accounted for as loans.

Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, any directly attributable incremental transaction costs. Loans are subsequently carried at amortised cost using the effective interest rate method.

A financial asset is derecognised when the contractual rights to the asset's cash flows expire, when the Company has transferred the asset and substantially all the risks and rewards of ownership, or when the Company has transferred the asset without transfer or retaining of substantially all the risks and rewards of ownership, provided the other party can sell or pledge the asset. On derecognition the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement.

In accordance with IFRS 13 *Fair Value Measurement* the Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices of identical or similar assets and liabilities) using valuation techniques for which all significant inputs are based on observable market data; and
- Level III: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) or using valuation techniques for which any significant input is not based on observable market data.

AEGON UK SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. Directors' remuneration and audit fees

a) Directors' remuneration

The Executive Directors who served during 2015 are employees of AEGON UK Corporate Services Limited. The total remuneration of the Executive Directors is disclosed below, all of which was paid by the Aegon UK plc group. The Directors do not believe that it is practicable to apportion this amount between their services as Executive Directors of Aegon UK Services Limited and their services to other Aegon UK group companies.

The amounts of Directors' remuneration were as follows:	2015 £000's	2014 £000's
Fees	-	-
Remuneration including bonuses	<u>5,709.0</u>	<u>5,023.7</u>
	<u>5,709.0</u>	<u>5,023.7</u>

Defined Benefits Scheme:	2015 Number	2014 Number
Number of directors to whom retirement benefits accrued under a defined benefit scheme	<u>2</u>	<u>2</u>

Contributions were made for 7 directors (2014: 8) to defined contribution schemes of £157,929 (2014: £145,599). Compensation for loss of office to directors amounted to £nil (2014: £nil).

7 directors received Aegon NV shares in relation to long term incentive schemes in 2015 (2014: 5).

Directors' remuneration above relates to services to the Company and its subsidiaries.

Highest Paid Director	2015 £000's	2014 £000's
Amounts included above:		
Remuneration including bonuses	1,170.1	1,016.9
Aggregate amounts receivable by Directors in respect of long-term incentive schemes (other than shares and share options)	<u>-</u>	<u>-</u>
	<u>1,170.1</u>	<u>1,016.9</u>

The highest paid Director at 31 December 2015 and 31 December 2014 was not a member of the defined benefit pension scheme. Contributions of nil (2014: nil) were made to a defined contribution scheme in respect of the highest paid Director at 31 December 2015.

The highest paid Director received Aegon N.V. shares in relation to long-term incentive schemes in 2015 and 2014.

The performance related bonuses available to the Executive Directors are awarded on the advice of the Remuneration Committee of the Board having regard to corporate performance during the year under review.

b) Amounts paid to auditors

The audit fees have been borne by Aegon UK plc.

AEGON UK SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. Other income

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Interest income on amounts due from parent undertaking	626	581
	<u>626</u>	<u>581</u>

For terms and conditions relating to amounts due from parent undertaking, refer to note 5.

4. Income tax

(a) Current year tax (charge) / credit

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
<u>UK Current tax</u>		
Income tax (charge)/credit for the year	(127)	(125)
Prior year adjustment	-	257
Total current tax	<u>(127)</u>	<u>132</u>
Total tax (charge) /credit reported in the income statement	<u>(127)</u>	<u>132</u>

The Finance Act 2013 reduced the rate of corporation tax from 21% to 20% with effect from 1 April 2015.

The Finance (No. 2) Act 2015, substantively enacted on the 26 October 2015, included future reductions to the corporation tax rate from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% from 1 April 2020.

(b) Reconciliation of tax (charge) / credit

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Accounting profit before tax	626	581
Income tax on accounting profit calculated using the weighted average applicable statutory rates	(127)	(125)
After deducting the effects of:		
Prior year adjustment	-	257
Total tax (charge) /credit reported in the income statement	<u>(127)</u>	<u>132</u>

The weighted average applicable tax rate is 20.25% (2014: 21.5%).

AEGON UK SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

5. Financial assets

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Non-current financial assets		
Loans to immediate parent undertaking	<u>32,748</u>	<u>32,121</u>
	<u>32,748</u>	<u>32,121</u>

Amounts due from immediate parent undertaking relates to an unsecured loan repayable on 31 December 2021. Interest is charged at six- month LIBOR plus 1.2%.

The loan to the immediate parent undertaking is classified as level III (2014: level III) in the fair value hierarchy. There were no transfers between levels in the year. In regards to Level III holdings the directors do not consider that there were reasonably possible alternative assumptions that would significantly impact net income, total equity or total assets. The carrying amount and fair value are the same.

6. Trade and other receivables

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Amounts owed by fellow Aegon UK plc subsidiary undertakings	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

For terms and conditions relating to related party transactions, refer to Note 9. All receivables are current.

7. Cash and cash equivalents

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Cash at bank	<u>1,126</u>	<u>1,080</u>
	<u>1,126</u>	<u>1,080</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash and cash equivalents are not subject to any restrictions. The cash at bank balance is held in a bank with a credit rating of A (2014: A). The fair value of cash at bank is £1,126k (2014: £1,080k).

8. Capital and reserves

	<u>2015</u> <u>£</u>	<u>2014</u> <u>£</u>
Allotted, called up and fully paid		
2 Ordinary Shares of £1 each (2014: 2 Ordinary Shares of £1 each)	<u>2</u>	<u>2</u>

Information on capital management and risk management is included in the Strategic Report under 'Corporate governance, capital management and financial instruments'.

AEGON UK SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

9. Related party transactions

(a) Immediate parent undertaking

The immediate parent company is Aegon UK plc which is incorporated in England and Wales. Copies of Aegon UK plc financial statements are available from the Company Secretary, Aegon UK plc, Edinburgh Park, Edinburgh, EH12 9SE.

(b) Ultimate parent undertaking

The ultimate parent company is Aegon N.V., which is incorporated in the Netherlands. The group financial statements of Aegon N.V. are available from the Company Secretary, Aegon UK plc, Edinburgh Park, Edinburgh, EH12 9SE.

(c) Year end balances and transactions with related parties

Outstanding receivables with Aegon UK plc group companies are unsecured, interest free and cash settlement is generally expected within 30 days of invoice. Outstanding payables relate to unsecured, interest free intercompany accounts with no specific credit period. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2015 the Company has not made any provision for doubtful debt relating to amounts owed by related parties (2014: £nil).

Year end balances and transactions related to related party transactions are detailed in notes 3,5 and 6.

(d) Compensation of key management personnel (including Directors)

No key management personnel (including Directors) received any compensation in respect of services provided to the Company (2014: £nil).