

SCOTTISH EQUITABLE IT SERVICES LIMITED

REGISTRATION NUMBER 194814

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003



SCOTTISH EQUITABLE IT SERVICES LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2003

Directors David A Henderson, FCCA
 Roy Patrick, LLB
 Otto Thoresen, MA, FFA

Secretary Ian G Young, MA, LLB

Company Number 194814

Registered Office Scottish Equitable House
 Edinburgh Park
 Edinburgh
 EH12 9SE

Auditors Ernst & Young LLP
 Ten George Street
 Edinburgh
 EH2 2DZ

SCOTTISH EQUITABLE IT SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003**

The Directors report and the audited financial statements for the year ended 31 December 2003.

Principal Activity

The company was dormant until 2002. In 2002 the company was used to facilitate a leasing arrangement between group companies that ceased in 2002. The company did not trade in 2003.

Results And Dividends

The results for the year are set out on page 6.

The Directors recommend that no dividend is paid.

Directors and their Interests

The Directors who held office at the date of this report are shown on page 1. The Directors have declared that they have no interest in the share capital of the company at the beginning or at the end of the year. All Directors served throughout the year.

The Directors of the company may participate in the share option scheme operated by AEGON NV, the ultimate parent undertaking. The options of David A Henderson are disclosed in the statutory accounts of AEGON UK plc. The options of Otto Thoresen and Roy Patrick are disclosed in the statutory accounts of Scottish Equitable plc.

Elective Resolutions

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

This report was approved by the Board on20/2/04..... and signed on its behalf by



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Ian G Young, MA, LLB
Secretary

SCOTTISH EQUITABLE IT SERVICES LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and 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;
- 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 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.

SCOTTISH EQUITABLE IT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOTTISH EQUITABLE IT SERVICES LIMITED FOR THE YEAR ENDED 31 DECEMBER 2003

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 7. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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.

SCOTTISH EQUITABLE IT SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SCOTTISH EQUITABLE IT SERVICES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2003**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

Edinburgh

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..... 2004

SCOTTISH EQUITABLE IT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> <u>£'s</u>	<u>2002</u> <u>£'s</u>
Turnover	2	-	35,905,152
Administrative expenses	3	-	(35,905,152)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	-
		<hr/>	<hr/>
Retained profit for the year		-	-
Retained profit brought forward		-	-
		<hr/>	<hr/>

There are no recognised gains or losses other than the results for the above two financial years.

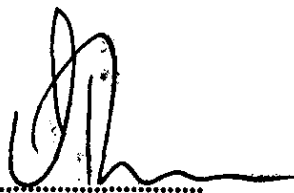
The notes on pages 8 to 9 form an integral part of these financial statements.

SCOTTISH EQUITABLE IT SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> <u>£'s</u>	<u>2002</u> <u>£'s</u>
Current Assets			
Cash at bank and in hand		100	100
Net Assets		<u>100</u>	<u>100</u>
Capital and Reserves			
Called up share capital	4	100	100
Equity Shareholders' Funds		<u>100</u>	<u>100</u>

The financial statements were approved by the Board on20/2/04..... and signed on its behalf by



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Director

The notes on pages 8 to 9 form an integral part of these financial statements.

SCOTTISH EQUITABLE IT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts are prepared on a going concern basis, which assumes that the immediate parent undertaking, Scottish Equitable plc, intends to provide such funds as are necessary for the company to trade for the foreseeable future. The directors of the immediate parent company have confirmed this undertaking.

1.2. Cash flow statement

No cash flow statement has been prepared under Financial Reporting Standard 1 (revised 1996) since the results of the company are consolidated in the financial statements of AEGON NV, the ultimate parent undertaking, which are publicly available.

2. Turnover

Turnover represents the income derived from a leasing agreement between group companies in 2002. The company did not trade in 2003.

3. Administrative expenses

The company employed no staff during the period. No Directors fees are paid by the company.

The UK parent undertaking provides management services to the company.

The company has not been subject to audit fees as this cost has been borne by Scottish Equitable plc.

4. Share capital

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Authorised equity		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

5. Related party transactions

In accordance with the exemption granted under Financial Reporting Standard 8, Related Party Disclosures, the company does not disclose transactions with other group companies and investees of the group qualifying as related parties.

SCOTTISH EQUITABLE IT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

6. UK parent undertaking

The UK parent undertaking in whose accounts the company's results are first consolidated is Scottish Equitable plc which is registered in Scotland.

Copies of Scottish Equitable plc accounts are available from the Company Secretary, Scottish Equitable plc, Edinburgh Park, Edinburgh, EH12 9SE.

7. Ultimate parent undertaking

The ultimate parent company is AEGON NV, which is incorporated in the Netherlands. The group accounts of AEGON NV are available from the Company Secretary, AEGON UK plc, AEGON House, Edinburgh Park, Edinburgh, Scotland, United Kingdom, EH12 9XX.