Company Number 985480

Guardian Pensions Management Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2001

DIRECTORS

Peter G Dornan
David A Henderson, FCCA
Roy Patrick, LLB
William J Robertson, BSc, FFA, FPMI
Otto Thoresen, MA, FFA

SECRETARY

Ian G Young, MA, LLB

AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

REGISTERED OFFICE

Ballam Road
Lytham St.Annes
Lancashire
FY8 4JZ

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2001

The Directors have pleasure in submitting the annual report and audited financial statements of the Company for the year ended 31 December 2001.

REVIEW OF ACTIVITIES

There was no change during the year in the principal activity of the Company, which consisted of the transaction of Pension Fund and Corporate Protection business and the provision of Management Services for pension funds. At the start of the year, the Company ceased writing new business other than increments and options under existing policies. The authorisations allowing new business to be written remain in force.

Both the return on investments, including property investments and the year end financial position were satisfactory and the Directors expect that this position will be sustained for the foreseeable future.

RESULTS AND DIVIDEND

Interim dividends of £8,000,000 were declared for the year to 31 December 2001 (2000: £12,400,000). The results for the year are shown in the Profit and Loss account on pages 7 and 8. The Directors do not propose a final dividend payment for the year to 31 December 2001 (2000: £Nil).

REPORT OF THE DIRECTORS - CONTINUED

DIRECTORS AND THEIR INTERESTS

The names of the Directors of the Company at the date of this report are shown on page 1. William J Robertson was appointed to the Board of Directors on 30 January 2001 and Peter G Dornan was appointed to the Board of Directors on 2 August 2001. David A Henderson resigned as Chairman on 30 January 2001. Roy Patrick was appointed as Chairman on 30 January 2001. William Stewart resigned on 31 May 2001. All other Directors served throughout the year.

The Directors participate in the share option scheme operated by AEGON NV, the ultimate parent undertaking, to subscribe for ordinary shares. Options were exercised by 31 December 2000 (for 1994 options). Options were exercisable by 31 December 2001 (for 1995 options), 31 October 2001 (for 1996 options), between 1 November 2000 and 31 October 2002 (for 1997 options), between 24 March 2001 and 23 March 2003 (for 1998 options) and between 6 March 2002 and 5 March 2004 (for 1999 options). On 31 May 2000, approval was given for ordinary shares of AEGON NV with a nominal value of NLG 0.50 (Euro 0.2268) to be split into shares with a nominal value of NLG 0.25 (Euro 0.1134), a ratio of 2:1.

Details of options exercised are as undernoted.

Director	Total options at 1.1.01	Options exercised			Total Options at 31.12.01
		Date	No.	Price Euro	
Peter G Dornan	9,000	-	-	-	9,000
Roy Patrick	40,000	-	-	-	40,000
William J Robertson	-	-	-	-	-
Otto Thoresen	60,000	-	-	-	60,000

The option details of David A Henderson are disclosed in the statutory accounts of AEGON UK plc, the immediate UK parent undertaking.

Options granted in 1994 were acquirable at Euro 4.72. Those granted in 1995 were acquirable at Euro 6.80, those in 1996 were acquirable at Euro 9.79, those in 1997 may be acquired at Euro 17.36, those in 1998 at Euro 29.02 and those granted in 1999 at Euro 46.96 (in each case representing the equivalent price of AEGON NV shares at the date of grant of the option).

The market price of AEGON NV's shares at 31 December 2001 was Euro 30.4. The exchange rate at 31 December 2001 was Euro 1.61 to the £.

No option rights were granted to Directors in 2001, but the Directors will participate in a bonus scheme linked to growth in the value of AEGON NV shares over a prescribed period.

REPORT OF THE DIRECTORS - CONTINUED

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

In order to take advantage of economies of scale, all trade purchases were dealt with through AEGON UK Services Limited, formerly Guardian Employee Services Limited. This Company negotiates credit terms with individual suppliers, which vary according to the trading relationship with the supplier concerned and prevailing market conditions. Payment is then made in accordance with the agreed terms. Its trade creditors at 31 December 2001 represented a credit period of 30 days.

AUDITORS

Under Section 379A of the Companies Act 1985, the Company has elected to dispense with the following obligations:

- to lay accounts and reports before general meeting;
- to hold annual general meetings; and
- to appoint auditors annually.

By order of the board

Ian G Young
Secretary
Ballam Road
Lytham St Annes
Lancashire
FY8 4JZ

9 April 2002

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which 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 those 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF GUARDIAN PENSIONS MANAGEMENT LIMITED

We have audited the Company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Accounts, Company Balance Sheet and related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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.

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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst + Young LLP

Ernst & Young LLP
Registered Auditor
Manchester

11 April 2002

Guardian Pensions Management Limited

PROFIT & LOSS ACCOUNT
for the year ended 31 December 2001

Technical Account - Long Term Business

	Note	2001		2000	
		£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance					
Gross premiums written	1	57,438		55,790	
Outward reinsurance premiums		(13,300)		(8,460)	
			44,138		47,330
Investment income	2		18,171		40,716
Claims incurred, net of reinsurance					
Claims paid - gross amount		(67,776)		(94,184)	
- reinsurers' share		1,723		2,400	
		(66,053)		(91,784)	
Changes in the provision for claims					
- gross amount		87		(21)	
- reinsurers' share		3,116		441	
		3,203		420	
			(62,850)		(91,364)
Change in other technical provisions, net of reinsurance					
Long Term business provision, net of reinsurance					
- gross amount		(18,681)		(9,940)	
- reinsurers' share		6,424		5,037	
		(12,257)		(4,903)	
Other technical provisions, net of reinsurance		108,186		107,357	
			95,929		102,454
Net operating expenses	4		(9,463)		(12,485)
Investment expenses and charges	2		(38,311)		(1,377)
Unrealised losses on investments	2		(45,395)		(67,104)
Other technical charges, net of reinsurance	16		(2,300)		(1,800)
Tax attributable to long term business	5		(352)		222
Balance on the long term business technical account			(433)		16,592

All of the amounts above are in respect of continuing operations.

Guardian Pensions Management Limited

PROFIT & LOSS ACCOUNT - CONTINUED
for the year ended 31 December 2001

Non - Technical Account

	Note	2001		2000	
		£'000	£'000	£'000	£'000
Balance on the long term business technical account		(433)		16,592	
Taxation credit attributable to balance on long term business technical account		-		-	
Shareholders' pre-tax (loss) / profit from long term business			(433)		16,592
Investment income	3	1,257		747	
Unrealised losses on investments	3	(777)		(651)	
Investment expenses and charges	3	(46)		(520)	
			434		(424)
Profit on ordinary activities before tax			1		16,168
Tax on profit on ordinary activities	6		(124)		236
(Loss) / profit for the financial year			(123)		16,404
Dividends			(8,000)		(12,400)
Retained (loss) / profit for the year	11		(8,123)		4,004

All of the amounts above are in respect of continuing operations.

The Company had no recognised gains or losses other than the profit for the period.

Guardian Pensions Management Limited

BALANCE SHEET
as at 31 December 2001

	Note	2001		2000	
		£'000	**£'000**	£'000	£'000
ASSETS					
Investments					
Other financial investments	**14**		**57,741**		50,646
Present value of acquired in force business	**16**		**67,300**		69,600
Assets held to cover linked liabilities	**14**		**461,923**		568,586
Reinsurers' share of technical provisions					
Long term business provision	**12**	**40,425**		34,001	
Technical provisions for linked liabilities	**12**	**11,175**		13,228	
Claims outstanding		**3,683**		567	
			55,283		47,796
Debtors					
Debtors arising out of direct insurance operations - policyholders		**1,631**		1,499	
Debtors arising out of reinsurance operations		**10,522**		6,904	
Other debtors	**15**	**4,512**		8,051	
			16,665		16,454
Other assets					
Cash at bank and in hand			**2,075**		-
Prepayments and accrued income					
Accrued interest and rent		**609**		594	
Deferred acquisition costs		**3,870**		7,094	
			4,479		7,688
Total assets			**665,466**		760,770

Guardian Pensions Management Limited

BALANCE SHEET - CONTINUED
as at 31 December 2001

	Note	2001		2000	
		£'000	£'000	£'000	£'000
LIABILITIES					
Capital and Reserves					
Called up share capital	10		22,714		22,714
Share premium account	11		68,386		68,386
Profit & loss account	11		12,550		20,673
Total equity shareholders' funds			103,650		111,773
Technical provisions					
Long term business provision	12	83,414		64,733	
Claims outstanding		175		262	
			83,589		64,995
Technical provisions for linked liabilities	12		471,652		581,891
Provisions for other risks and charges	17		-		105
Creditors					
Creditors arising out of direct insurance operations		254		556	
Creditors arising out of reinsurance operations		1,991		738	
Other creditors including taxation and social security	18	4,330		712	
			6,575		2,006
Total liabilities			665,466		760,770

The financial statements on pages 7 to 23 were approved by the Directors and signed on 9 April 2002.

Roy Patrick
Chairman

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
for the year ended 31 December 2001

	2001	2000
	£'000	£'000
(Loss)/profit for the financial year	**(123)**	16,404
Dividends	**(8,000)**	(12,400)
Retained (loss)/profit for the year	**(8,123)**	4,004
Equity Shareholders' funds at beginning of year	**111,773**	107,769
Equity Shareholders' funds at end of year	**103,650**	111,773

ACCOUNTING POLICIES

I Companies Act 1985

The financial statements have been prepared in compliance with the special provisions relating to insurance companies of section 255A of, and Schedule 9A to, the Companies Act 1985.

II Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards to the extent that they are appropriate to Insurance Companies, and with the Association of British Insurers' Statement of Recommended Practice on Accounting for Insurance Business ("ABI SORP") dated December 1998. Compliance with SSAP 19 - Accounting For Investment Properties, requires departure from the requirements of the Companies Act 1985. An explanation of the departure is given in the accounting policy note for investments below.

III Long Term business

(a) Premiums
Renewable premiums are accounted for in the period in which the premiums are due. Initial premiums under renewable contracts, single premiums and considerations for annuities are accounted for in the same accounting period as the related policy liabilities are included in the actuary's valuation.

(b) Claims and surrenders
Claims and surrenders are accounted for in the accounting period in which: (i) for death claims the notification of death is received; (ii) for maturity claims the maturity date of the policy occurs; and (iii) for surrenders the surrender value of the policy is paid. Annuities are charged in the technical account of the accounting period in which the annuity becomes due for payment.

(c) Deferred acquisition costs
The costs of acquiring new business and the renewal of existing business which relate to subsequent accounting periods are deferred, to the extent that they are considered to be recoverable out of the future profits of the business concerned. The rate of amortisation of the deferred acquisition cost asset is consistent with a prudent assessment of the expected pattern of receipt of the future revenue margins over the period that the relevant contracts are expected to remain in force.

(d) Long term business profit recognition
The balance on the long-term business technical account is calculated by the use of the "Modified Statutory" method set out in the ABI guidance notes. Profits in excess of the statutory result are not distributable to shareholders.

(e) Investment return
The total investment return, which includes both realised and unrealised investment gains, is taken to the long-term business technical account.

ACCOUNTING POLICIES - CONTINUED

IV Investments

(a) Investment income
Investment income represents interest, rents and dividends receivable for the year including, where appropriate, related imputed tax credits.

Policyholder fund investment income and expenses are dealt with through the long-term business technical account, whilst other investment income and expenses are dealt with through the non-technical account.

(b) Realised and unrealised gains and losses
Realised gains and losses on investments are calculated as the difference between net sales proceeds and the original purchase cost.

For presentational purposes, as required by legislation, net realised gains are included in investment income and net realised losses in investment expenses and charges.

Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price, or if they have been previously valued, their valuation at the last balance sheet date.

The movement in unrealised gains and losses in investments includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current year.

(c) Valuation
Investments are stated at market value for listed securities; open market valuations as appraised by the Group's professionally qualified staff for properties; bid price for unit trusts; redemption values less provisions for mortgages and loans; and Directors' valuations for other investments.

(d) Valuation of land & buildings
Under the Companies Act 1985 land and buildings are required to be depreciated over their expected useful economic life.

In respect of investment properties this requirement conflicts with the generally accepted accounting principle set out in SSAP 19, that no depreciation should be provided in respect of such investments. The Directors consider that to depreciate the investment properties would not give a true and fair view and accordingly the provisions of SSAP 19 have been adopted. Depreciation is only one of the factors reflected in the annual valuation of the properties and the amounts which might otherwise have been shown cannot reasonably be separately identified or quantified.

(e) Purchased Value of acquired in force business (PVIF)
PVIF represents the net present value of the shareholders' interests in the expected after tax future cash flows from an acquisition of a portfolio of long term insurance business. It is amortised over the lifetime of the in force policies acquired. The unwinding of the discount used in calculating this net present value is taken to the profit and loss account.

ACCOUNTING POLICIES - CONTINUED

V Foreign exchange

Transactions denominated in foreign currencies are recorded at the rates ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. Exchange gains and losses arising from life business are taken to the long-term business technical account. Other gains and losses are treated as part of the investment return in the non-technical account.

VI Taxation

Provision is made for deferred taxation on unrealised gains and other timing differences where it is considered that a liability will arise in the foreseeable future.

VII Cash flow statement

No cash flow statement has been prepared under FRS1 (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.

Guardian Pensions Management Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Particulars of business - Long Term

a. Premium Analysis

	Regular Premiums		Single Premiums	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Non participating contracts				
Pension	16,571	5,085	(420)	-
Life	-	8,524	-	-
Linked contracts				
Pension	20,399	19,438	7,091	7,764
Life	363	2	39	42
Direct Premiums	37,333	33,049	6,710	7,806
Comprising:				
Individual Business	2,915	3,257	2,463	1,166
Group Business	34,418	29,792	4,247	6,640
Total Direct Premiums	37,333	33,049	6,710	7,806
Reinsurance Business	13,395	14,935	-	-
Gross Premiums Written	50,728	47,984	6,710	7,806

All business was written in the UK.

b. Gross New Business Premiums

	Regular Premiums		Single Premiums	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Pensions Business				
Non participating contracts	5,464	7,776	-	4,000
Linked contracts	2,471	2,770	5,111	7,021
Gross Premiums Written	7,935	10,546	5,111	11,021
Comprising:				
Individual Business	7	881	1,319	3,898
Group Business	7,928	9,665	3,792	7,123
Total Premium Written	7,935	10,546	5,111	11,021

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. Investment income - Long Term business

	2001 £'000	2000 £'000
Investment income		
Income from property	1,257	1,281
Income from listed investments	14,450	15,715
Income from other investments	2,464	2,394
Realised investment gains	-	21,326
	18,171	40,716
Unrealised losses on investments	(45,395)	(67,104)
Investment management expenses including interest		
Interest on other loans	(293)	-
Investment management expenses	(1,034)	(1,377)
Realised investment losses	(36,984)	-
	(38,311)	(1,377)
Total investment return	(65,535)	(27,765)

3. Investment income – Non Technical Account

	2001 £'000	2000 £'000
Investment Income		
Income from listed investments	810	293
Income from other investments	447	454
	1,257	747
Unrealised losses on investments	(777)	(651)
Investment management expenses including interest		
Investment management expenses	(46)	(520)
	(46)	(520)
Total investment return	434	(424)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. Long Term Business - Net Operating Expenses

	2001 £'000	2000 £'000
Acquisition costs	(1,643)	(5,625)
Movement in deferred acquisition costs	(3,224)	2,036
Administrative expenses	(7,429)	(10,966)
Reinsurance commission	2,833	2,070
	(9,463)	(12,485)

Total commissions payable by the Company during the period amounted to £1.7m (2000: £1.2m).

5. Taxation: Long Term business

The taxation charge in the profit and loss account is detailed below. The charge is based on the results appearing in the profit and loss accounts as follows:-

	2001 £'000	2000 £'000
Corporation Tax at a rate of 30%	(648)	(356)
Corporation Tax - Prior Year Credit	496	581
Overseas taxation - Current Year	(200)	(3)
	(352)	222

6. Taxation: Shareholders' interest

The taxation charge in the profit and loss account is detailed below. The charge is based on the results appearing in the profit and loss account as follows:

	2001 £'000	2000 £'000
Current taxation		
United Kingdom taxation:		
Corporation tax at rate of 30%	(273)	(288)
Prior year credit	44	-
	(229)	(288)
Deferred taxation	105	524
	(124)	236
Unrealised Capital Gains	-	105

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

7. Directors' remuneration

The current Directors are employees of the immediate parent undertaking AEGON UK plc. Details relating to emoluments of David A Henderson will be disclosed in that company's financial statements. Peter G Dornan, Roy Patrick, William J Robertson and Otto Thoresen did not receive any emoluments in respect of their services to the Company (2000: £Nil).

8. Employee costs

There are no employees in the Company (2000: Nil). Staff costs and other operating expenses are borne by AEGON UK Services Limited, formerly Guardian Employee Services Limited, and a management fee is recharged within net operating expenses.

9. Auditors' remuneration

	2001	2000
	£'000	£'000
Remuneration, including expenses, for statutory audit work	34	30

The above figures are inclusive of Value Added Tax. Amounts paid during the year for work other than statutory audit work amounted to £nil (2000: £nil).

10. Share capital

	2001	2000
	£'000	£'000
Authorised: 23,000,000 ordinary shares of £1	23,000	23,000
Issued: 22,713,930 ordinary shares of £1	22,714	22,714

11. Reserves

	Profit and Loss Account £'000	Share Premium Account £'000	Total £'000
Balance at 1 January 2001	20,673	68,386	89,059
Retained loss for the year	(8,123)	-	(8,123)
Balance at 31 December 2001	12,550	68,386	80,936

The amounts available for distribution are restricted by the Financial Services and Markets Act 2000 in respect of long term business and are determined by reference to actuarial investigation. In addition, unrealised gains and losses reported in the non-technical account are not considered to be distributable. Details of the annual actuarial valuation will be provided in due course in the returns to the FSA; until this is finalised, £12,550,000 of the profit and loss account balance is not regarded as realised profits available to pay dividends.

Depending on the results of the actuarial investigation, the profit and loss account balance above is the maximum available for onward distribution.

12. Long Term Business - Policyholder liabilities

	Long term business provision £'000	Technical provision for linked liabilities £'000
Balance at 1 January 2001	30,732	568,663
Movements in technical provisions for the period	12,257	(108,186)
Balance at 31 December 2001	42,989	460,477

The long term business provision is stated net of reinsurance.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. Long Term Business Provision

The long term business provision has been determined with due regard to the actuarial principles laid down in Chapter 5 of the Interim Prudential Sourcebook for Insurers. The liabilities are predominantly unit linked and the relevant provision is based upon the market value of the related assets together with a further provision to cover future net cash outflows using the following principal assumptions (2000 rates in brackets):

Interest Rate	4.25%	(4.00%)
Renewal Expenses (Universal Pension)	£46 p.a.	(£48 p.a)
Renewal Expenses (non Universal Pension)	£23 p.a.	(£38 p.a)

The provision for the non-linked annuity business is determined using the following principal assumptions (2000 rates in brackets):

Interest Rate	4.75%	(4.50%)
Mortality	PMA/PFA92 ult. -1	(PMA/PFA ult. -1)

The provision for the non-linked group risk business is set as a proportion of the annual premium. An additional provision is set for the PHI claims in payment, dependent upon the underwriter's prudent assessment of the likely duration of the claims.

There were variations within the different classes of business; the above gives the assumptions for the principal contracts.

Other provisions were set using appropriate methods.

Material judgement is required in calculation the provisions and is exercised particularly through the choices of assumptions where there is discretion over these.

Deferred Tax

Future anticipated tax cash flows are included in the actuarial calculation and are discounted at the interest rate applicable to the appropriate class of business.

14. Investments

	2001	2000
	£'000	£'000
a. Other financial investments		
British Government Securities	43,397	46,244
Unit trusts – Listed	2,415	2,909
Deposits with credit institutions	11,929	1,493
	57,741	50,646

Investments are stated at current value. The cost price of investments held at 31 December 2001 was £59,772,596 (2000: £50,840,052).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

14. Investments - continued

b. Assets held to cover linked liabilities

	Current value		Historical cost	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Assets held to cover linked liabilities	461,923	568,586	473,743	536,097

15. Other debtors

	2001	2000
	£'000	£'000
Amounts due from group undertakings	350	4,498
Other debtors	912	1,353
Taxation recoverable	3,250	2,200
	4,512	8,051

16. Present Value of Acquired In Force Business

	Total
	£'000
At 1 January 2001	69,600
Amortised in year	(2,300)
At 31 December 2001	67,300

17. Provisions for other risks and charges

	Total
	£'000
At 1 January 2001	105
Credit for the year	(105)
At 31 December 2001	-

All provisions relate to deferred tax.

18. Other creditors

	2001	2000
	£'000	£'000
Amount due to group undertakings	1,938	3
Other creditors	1,565	306
Taxation	827	403
	4,330	712

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

19. Reinsurance and Management agreement

The Company has entered into reinsurance and management agreements with Guardian Assurance plc ("Guardian") the principal terms of which depend on the category of insurance contract and are as follows:

a. Guaranteed Annuity Options on schemes written by the Company prior to 1 January 1999
   1. Guardian may either
      i. Indemnify the Company against any loss arising from the exercise of guaranteed annuity options, or
      ii. Write the guaranteed annuity itself.

b. Corporate Money Purchase Plan contracts issued by the Company
   1. Unit holdings in respect of deferred annuity benefits are fully reinsured to Guardian.

c. Universal Pensions contracts issued by Guardian
   1. Subject to an agreed acceptance limit of the Company, an agreed percentage of the mortality and other insured risks is borne by the Company
   2. An agreed percentage of the commission and other expenses is borne by the Company.

d. Corporate Protection contracts issued by Guardian since 25 June 1997
   1. An agreed percentage of these contracts is reassured to the Company.

e. Corporate Money Purchase Plan and contracts issued by Guardian
   1. Subject to an agreed acceptance limit of the Company, an agreed percentage of the mortality and other insured risks is borne by the Company.
   2. An agreed percentage of the commission and other expenses is borne by the Company.

f. Trustee Investment Plan contracts issued by Guardian
   1. An agreed percentage of the commission and other expenses is borne by the Company.

Guardian receives a reinsurance premium from the Company in respect of the risks carried.

The Company receives a reinsurance premium from Guardian in respect of the risks carried together with a proportion of policyholders' subscriptions in respect of Corporate Protection contracts.

20. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The results of the Company are consolidated in the accounts of AEGON NV, the ultimate parent undertaking, which is incorporated in the Netherlands. Copies of the consolidated accounts of AEGON NV are available to the public and may be obtained from the Company Secretary, AEGON UK plc, AEGON House, Edinburgh Park, Edinburgh, EH12 9XX.

21. Contingent Liabilities

Note 13 gives details of the assumptions used in determining the long term business provision which are designed to allow for prudence. To the extent that experience is worse that the assumptions underlying the long term business provision, there is a contingent liability in repect of this risk.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

22. Related party disclosures

As the Company is a wholly owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available.