Scope and application of the requirements

The disclosures in this document are made in respect of Cofunds Limited, a wholly owned subsidiary of Aegon UK plc for year ended 31 December 2020.

The Capital Requirements (country-by-country) Reporting Regulations 2013 ("the regulations") implement Article 89 of the Capital Requirements Directive IV (CRD IV – Directive 2013/36/EU). The regulations impose reporting obligations on institutions in the United Kingdom that are in scope of CRD IV.

Cofunds Limited (the Company) is authorised by the Financial Conduct Authority ('FCA'). The company is within the scope of CRD IV country by country reporting obligations and must comply with the UK Regulations which bring these requirements into force in the UK. This document meets these disclosure requirements.

1. Name, nature of activities and locations of the institution and any subsidiaries and branches
2. Turnover
3. Average number of employees on a full time equivalent basis
4. Profit or loss before tax
5. Corporation tax paid
6. Public subsidies received

Name of entity covered

Cofunds Limited

Basis of preparation

The Capital Requirements Directive Country by Country Reporting disclosure is prepared in line with the Capital Requirements Directive (country-by-country) Reporting Regulations 2013 ("the regulations") and the financial statements of the entity listed above and have been prepared on the going concern basis, under the historic cost convention. This is in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework' and with the Companies Act 2006.

Nature of activities

The Company's principal activity is the provision of a consolidated investment platform.

Location of the institution and any related subsidiaries and branches

The Company is incorporated and domiciled in England and Wales.

Turnover

Turnover for the accounting period ended 31 December 2020 was £85.1m (2019: £96.6m).

Average number of employees on a full time equivalent basis

The company had no employees on a full time equivalent basis during the accounting period ended 31 December 2020 (2019: nil) with all employment contracts held by Aegon UK Corporate Services Limited (a fellow Aegon UK plc group undertaking). All administrative expenses are recharged by Aegon UK Corporate Services Limited.

Profit or Loss before tax

Cofunds Limited made a loss before tax of £8.4m during the year ended 31 December 2020 (2019: loss of £49.1m).

Since January 2020, the coronavirus disease (Covid-19) outbreak is causing disruption to society, impacting the Company, its employees, suppliers and customers. Aegon has invoked its business continuity plans to help ensure the safety of and well-being of its staff, as well as its capacity to support its customers and maintain its business operations, while maintaining our financial and operational resilience.

Financial markets have been severely impacted by significant decreases in interest rates, equity markets and commodity prices, and by credit spreads widening. Governments and central banks are responding to this crisis with aid packages and further quantitative easing. The Company is continuously monitoring the market and economic turbulence that has arisen as a consequence of the Covid-19 outbreak. The most significant risks the Company faces are related to financial markets and the adverse impact the downturn has on the assets under administration and consequently revenue.

Corporation tax paid

Cofunds Limited recorded a tax expense of £1.6m (2019: £3.8m tax expense and made no corporation tax payments for the year ended 31 December 2020 (2019: nil). Losses are carried forward to be offset against future profits and gains, and have no expiry.

Public subsidies received

Cofunds Limited received no public subsidies for the year ended 31 December 2020 (2019: nil).

Independent auditors' report to the Directors of Cofunds Limited

Report on the audit of the country-by-country information

Opinion

In our opinion, Cofunds Limited's country-by-country information for the year ended 31 December 2020 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2020 in the Country-by-Country Report.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to note "Basis of preparation" of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in the above country-by-country information, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibility for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as Capital Requirements (Country-by-Country) Reporting Regulations 2013 (Statutory Instrument 2013 No. 3118). We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenses, and management bias in accounting estimates. Audit procedures performed included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board and the Audit Committee;
- Reviewing correspondence with the FCA;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; entries posted containing unusual account descriptions, entries posted with unusual amounts and entries posted by unexpected users, where any such journal entries were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.
A further description of our responsibilities for the audit of the country-by-country information is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
15th April 2021