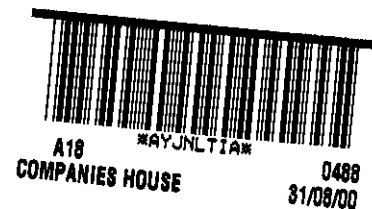


**AON ENTERTAINMENT RISK SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 1999**

**Registered number : 1498405**



## **AON ENTERTAINMENT RISK SERVICES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999**

<b>Directors:</b>	A P G Robey	Chairman
	K J O'Shea	Managing Director
	M W Cockren	Resigned May 1999
	M W Eve	
	R Gilmour	
	D G Havard	
	R W Sampson	
	A M Short	

**Secretary:** A Veale

**Auditors:** Ernst & Young, Rolls House, 7 Rolls Buildings, Fetter Lane,  
London EC4A 1NH

**Bankers:** Lloyds Bank plc., 8-10 Waterloo Place, London SW1Y 4BE

**Registered Office:** Lloyds Chambers, 1 Portsoken Street, London E1 8DF

The directors present their report together with the financial statements for the year ended 31 December 1999.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company continues to be that of insurance brokers. It is not anticipated that there will be any changes in the activities of the Company in 2000.

#### **REVIEW OF BUSINESS**

The year ended 31 December 1999 was a difficult one and despite everyones best efforts income was below expectation. However we are confident that there will be growth in new entertainment related insurance opportunities.

## **AON ENTERTAINMENT RISK SERVICES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999**

#### **PROFIT AND LOSS ACCOUNT**

The loss for the year amounted to £48,000 (in 1998 a profit of £324,000). The directors do not recommend the payment of a final dividend.

#### **DIRECTORS**

The current directors of the company are listed on page 2 and with the exception of Malcolm Cockre they all served as directors throughout the year ended 31 December 1999.

#### **DIRECTORS' INTERESTS**

There are no directors' interests requiring disclosure under the Companies Act 1985.

#### **DIRECTORS AND OFFICERS INSURANCE COVER**

Insurance cover is held by the group to indemnify directors and officers against liability as permitted by section 310 Companies Act 1985.

#### **EMPLOYEES**

It is the policy of the group to give full and fair consideration to suitable applications for employment from disabled persons.

Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions within the company.

The company continues to take into account the needs of its employees when agreeing policies which affect them.

#### **YEAR 2000 DISCLOSURE**

Systems critical to the group's ongoing operations and preparation of financial information (including application systems, operating systems and hardware), as well as other non-financial computing and date dependent systems on which the group relies in its operations, have been reviewed to establish the impact, if any, which the Year 2000 has already had, or might have in the future, on the accuracy of their calculations, processing and reporting. There were plans in place designed to enhance our computer and other systems prior to 31 December 1999 which, when implemented, should have ensured that the impact of the Year 2000 problem would have not created significant errors on accounting records or adversely impacted operations or customer service. We believe that these plans were appropriate and realistic and had our commitment to implementing them effectively.

**AON ENTERTAINMENT RISK SERVICES LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 1999**

**AUDITORS**

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

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

A handwritten signature in cursive script, appearing to read 'A. Veale'.

A Veale  
Secretary

## **AON ENTERTAINMENT RISK SERVICES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 year. 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; 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 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.

## **AON ENTERTAINMENT RISK SERVICES LIMITED**

### **REPORT OF THE AUDITORS**

#### **TO THE MEMBERS OF**

#### **AON ENTERTAINMENT RISK SERVICES LTD**

We have audited the financial statements on pages 7 to 15, which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

#### **Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

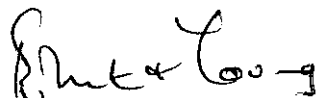
#### **Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
London

Date 28 June 2000

# **AON ENTERTAINMENT RISK SERVICES LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> £'000	<u>1998</u> £'000
<b>INCOME</b>	2	1,986	2,124
<b>EXPENSES</b>	4	2,029	1,641
<b>PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-43	483
Tax on profit on ordinary activities	8	5	159
<b>PROFIT/LOSS ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR</b>		-48	324
<b>DIVIDEND</b>	9	-	-
<b>PROFIT/LOSS TRANSFERRED TO RESERVE</b>	14	-48	324

### **Recognised gains and losses**

There are no recognised gains and losses other than the profit for the financial year.

# AON ENTERTAINMENT RISK SERVICES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1999

	<u>Notes</u>	1999 <u>£'000</u>	1998 <u>£'000</u>
<b>FIXED ASSETS</b>			
Tangible Assets	10	<u>88</u>	<u>134</u>
<b>CURRENT ASSETS</b>			
Debtors	11	1,671	1,849
Cash at bank and in hand		<u>2,786</u>	<u>2,646</u>
		4,457	4,495
Creditors: amounts falling due within one year	12	<u>3,821</u>	<u>3,857</u>
<b>NET CURRENT ASSETS</b>		<u>636</u>	<u>638</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>724</u>	<u>772</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13&14	190	190
Capital contribution	14	172	172
Profit and loss account	14	<u>362</u>	<u>410</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	14	<u>724</u>	<u>772</u>

The financial statements were approved by the Board of Directors on 27th June 2000

Signed on behalf of the Board



Director

M W Eve



# **AON ENTERTAINMENT RISK SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

### **1. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with applicable accounting standards. The significant accounting policies adopted are described below.

#### **(a) ACCOUNTING CONVENTION**

These financial statements have been prepared under the historical cost convention

#### **(b) CASH FLOW STATEMENT**

The company is exempt from preparing a cash flow statement as it is consolidated within the financial statements of Aon Corporation, which has prepared a group cash flow statement in compliance with FRS 1 (revised).

#### **(c) COMMISSION INCOME**

Commission income is recognised the date the debit note is raised.

#### **(d) TANGIBLE ASSETS**

Expenditure on tangible assets is written off over the estimated useful economic life of the asset on a straight line basis at the following rates:

Motor vehicles	5 years
Furniture & equipment:	
Fixtures & fittings	4&7 years
IT hardware	4&5 years
IT software	3 years

#### **(e) DEFERRED TAXATION**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

#### **(f) FOREIGN CURRENCIES**

Foreign currency brokerage is recorded in sterling at the rate of exchange approximating to that at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates ruling at the balance sheet date. Exchange gains and losses on sale of currency are dealt with in the profit and loss account of the company as they arise.

#### **(g) INSURANCE DEBTORS AND CREDITORS**

In the ordinary course of insurance broking business settlement is required to be made with certain market bureaux or insurance intermediaries on the basis of the net balance due to or from the relevant bureau or intermediary rather than the amounts due to or from the individual third parties which it represents.

## **AON ENTERTAINMENT RISK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

#### **1. ACCOUNTING POLICIES (continued)**

Financial Reporting Standard No. 5 (FRS 5, "Reporting the Substance of Transactions") allows off-set, but only where the ability to insist upon a net balance is assured beyond all doubt. However, the extent to which net settlement can be enforced is uncertain in many situations so no advantage of the right to off-set has been taken.

The insurance debtors and creditors in these accounts have been presented in accordance with FRS 5.

##### **(h) INVESTMENT INCOME**

Interest on deposits and fixed interest receipts is recorded on the basis of the amount earned for the year.

##### **(i) LEASES**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases, subject to periodic rent reviews.

##### **(j) PENSIONS**

Aon UK Holdings Limited operates several pension schemes in the United Kingdom, both defined contribution and funded defined benefit in nature, of which the majority of the company's employees are members. The assets of all schemes are held in separate trustee administered funds.

Contributions to funded defined benefit schemes are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives in such a way that the cost is intended to remain a level percentage of current and expected future earnings of the employees covered under the schemes. Variations from the regular pension costs are spread on a systematic basis over the average remaining service lives of current employees in the schemes. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Contributions to defined contribution schemes are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

**AON ENTERTAINMENT RISK SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

**2. INCOME**

	<u>1999</u>	<u>1998</u>
	<u>£'000</u>	<u>£'000</u>
Commission income (see note 3)	1,828	1,960
Interest receivable	158	164
	<u>1,986</u>	<u>2,124</u>

**3. ANALYSIS OF COMMISSION INCOME**

The table below analyses the commission income by the accounting address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business

	<u>1999</u>	<u>1998</u>
	<u>£'000</u>	<u>£'000</u>
United Kingdom	1,741	1,704
Europe	24	81
Other	63	175
	<u>1,828</u>	<u>1,960</u>

**4. EXPENSES**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		<u>£'000</u>	<u>£'000</u>
Staff costs	6	1,203	1,166
Depreciation of tangible fixed assets	10	46	61
Foreign exchange gains		-8	-5
Rental costs under operating leases:			
Land and buildings		100	94
Other operating charges		678	315
Auditors' remuneration - audit services		10	10
		<u>2,029</u>	<u>1,641</u>

# AON ENTERTAINMENT RISK SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

	1999	1998
	£'000	£'000
<b>5. DIRECTORS EMOLUMENTS</b>		
Emoluments	364	378
Compensation for loss of office	-	-
Company contributions paid to money purchase schemes	41	41
	<u>405</u>	<u>419</u>
Members of money purchase pension schemes	4	4
Members of defined benefit pension schemes	1	1
The remuneration of the highest paid director was as follows:-		
Emoluments	96	96
Company contributions paid to money purchase pension schemes	7	7
	<u>103</u>	<u>103</u>
	1999	1998
	£'000	£'000
<b>6. STAFF COSTS</b>		
Wages and Salaries	1,004	983
Social Security costs	86	85
Other pension costs	113	98
	<u>1,203</u>	<u>1166</u>
<b>7. EMPLOYEE NUMBERS</b>		
The average number of persons employed during the year was	<u>33</u>	<u>32</u>
<b>8. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
<b>CORPORATION TAX</b>		
On current year's profit at 31% (1997 - 31.5%)	5	160
Prior year over provision	-	-1
	<u>5</u>	<u>159</u>
<b>9. DIVIDENDS</b>		
Equity dividends on ordinary shares:		
Final Payable	-	-

# AON ENTERTAINMENT RISK SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>1999</u>	<u>1998</u>
	£'000	£'000
<b>10. TANGIBLE FIXED ASSETS</b>		
<b>FURNITURE &amp; EQUIPMENT AND MOTOR VEHICLES</b>		
<b>COST</b>		
Balance 1 January	433	472
Additions	7	56
Disposals	-37	-95
Balance 31 December	<u>403</u>	<u>433</u>
<b>DEPRECIATION</b>		
Balance 1 January	299	318
Disposals	-30	-80
Charge for the year	46	61
Balance 31 December	<u>315</u>	<u>299</u>
<b>NET BOOK VALUE 31 DECEMBER</b>	<u>88</u>	<u>134</u>
<b>11. DEBTORS</b>		
Insurance debtors	1,657	1,815
Prepayments and accrued income	-9	9
Amounts owed by group undertakings:		
- parent company and fellow subsidiaries	23	25
	<u>1,671</u>	<u>1849</u>
<b>12. CREDITORS : amounts falling due within one year</b>		
Insurance creditors	2,832	2,674
Amounts owed to group undertakings		
- parent company and fellow subsidiaries	697	664
Corporation tax	223	232
Other taxes and social security costs	12	16
Other creditors and accruals	57	271
	<u>3,821</u>	<u>3,857</u>

# AON ENTERTAINMENT RISK SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

<u>1999</u>	<u>1998</u>
<u>£'000</u>	<u>£'000</u>

### 13. CALLED UP SHARE CAPITAL

Authorised:

190,000 ordinary shares of £1 each

190	190
-----	-----

Allotted and fully paid:

190,000 ordinary shares of £1 each

190	190
-----	-----

### 14. RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share Capital	Capital Contribution	Profit & Loss Account	Total Shareholder Funds
Balance 1 January 1999	190	172	410	772
Retained loss for the year	-	-	-48	-48
Balance 31 December 1999	190	172	362	724

### 15. OPERATING LEASE COMMITMENTS

At 31 December 1999 the company was committed to make the following payments during the next year in respect of operating leases on land and buildings:

<u>2000</u>	<u>1999</u>
<u>£'000</u>	<u>£'000</u>
90	94

### 16. PENSION COSTS

The method of accounting for pension costs is as set out under accounting policies in note 1(j) on page 9.

Formal actuarial valuations of the main schemes were undertaken in April 1996. Particulars of the actuarial valuations of the schemes are described in the financial statements of Aon UK Holdings Limited.

### 17. RELATED PARTIES

As the company is a wholly owned subsidiary of Aon UK Holdings Limited, a company registered in England and Wales, which prepares consolidated financial statements, the company pursuant to paragraph 17 of FRS 8 "Related Party Disclosures" has not included details of transactions with other companies which are subsidiaries of the Aon Group.

There are no other related party transactions.

## **AON ENTERTAINMENT RISK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

#### **18. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Aon Risk Services Holdings UK Ltd., a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Aon Corporation, a company incorporated in the State of Delaware, United States of America.

The parent undertaking of the largest group, which contains the company, and for which group financial statements are prepared, is Aon Corporation.

The parent undertaking of the smallest such group is Aon UK Holdings Limited, a company registered in England and Wales.

Copies of the group financial statements of Aon Corporation are available from the Securities and Exchange Commission, Division of Corporation Finance, 450 Fifth Street NW, Washington DC., 20549-1004, United States of America.

Copies of the group financial statements of Aon UK Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.