

# **Aon Holdings Limited**

**Company registration number 02265140**

## **Annual Report - 31 December 2016**



**Aon Holdings Limited**  
**Contents**  
**31 December 2016**

Corporate directory	2
Strategic report	3
Directors' report	6
Directors' responsibilities statement	8
Independent auditor's report to the members of Aon Holdings Limited	9
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14

**Aon Holdings Limited**  
**Corporate directory**  
**31 December 2016**

Directors	P L Hanson (resigned 15 April 2016) P A Hogwood P Katsaouni C M Williams (resigned on 8 November 2016) C L Asher (appointed on 8 November 2016)
Company secretary	CoSec 2000 Limited
Registered office	The Aon Centre The Leadenhall Building 122 Leadenhall Street London EC3V 4AN
Principal place of business	The Aon Centre The Leadenhall Building 122 Leadenhall Street London EC3V 4AN
Auditor	Ernst & Young LLP 25 Churchill Place London E14 5EY

**Aon Holdings Limited**  
**Strategic report**  
**31 December 2016**

The directors present their Strategic Report of the Company for the year ended 31 December 2016.

Aon Holdings Limited ("the Company") is a limited liability company incorporated in the United Kingdom ("UK") under the UK Companies Act and registered in England and Wales. The address of the registered office is given on the Corporate directory on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company reports under Financial Reporting Standard ("FRS") 101, and has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ("FRC") that are mandatory for the current reporting period.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under Section 400 of the Companies Act, because it is included in the Group financial statements of Aon plc ("the Group"). The Group financial statements are available to the public and can be obtained as set out in note 21.

**Principal activities**

The principal activity of the Company during the year was that of an intermediate holding company.

**Review of operations**

The Company's key financial and other performance indicators during the year were as follows:

The profit for the Company after providing for income tax amounted to £345,000 (2015: £1,677,000). This profit was mainly driven from the below items

	2016 £'000	2015 £'000	Change £'000	Change %
Revenue	-	500	(500)	(100%)
Administrative expenses	90	(506)	596	(118%)
Interest receivable and similar income	345	1,239	(894)	(72%)
Other gains and losses	-	692	(692)	(100%)

***Revenue***

In 2015, revenue relates to the receipt of dividends.

***Administrative expenses***

In 2016, the administrative expenses decreased due to foreign exchange gains. 2015's balance relates to the impairment of intercompany balances.

***Interest receivable and similar income***

Interest receivable and similar income decreased by £894,000 due to the significant decrease of the cash balances during the year.

***Other gains and losses***

During 2015 the Company recognised a gain on disposal of investment for £692,000.

	2016 £'000	2015 £'000
Shareholder's funds	6,435	61,090
Net current assets	6,435	61,090

On 8 November 2016 the Company paid a dividend of £55,000,000 (2015: £194,338,000) to its parent company Aon Benfield Limited.

### **Principal risks and uncertainties**

The risk factors set forth below reflect material risks associated with the business and contain forward-looking statements as discussed in the Likely future developments section below. Readers should consider them in addition to the other information contained in this report as our business, financial condition or results of operations could be adversely affected if any of these risks were to actually occur.

The following are material risks related to our business specifically and the industries in which we operate generally that could adversely affect our business, financial condition and results of operations and cause our actual results to differ materially from those included in the forward-looking statements in this document and elsewhere.

#### **External environment risk**

The UK's anticipated formal initiation of a withdrawal process from the European Union has created significant uncertainty about the future relationship between the UK and the European Union. These developments may have a material adverse effect on global economic conditions and the stability of global financial markets. Lack of clarity about future UK laws and regulations, including financial laws and regulations, tax and free trade agreements, immigration laws and employment laws, could also depress economic activity and have a material adverse effect on our business, financial condition and results of operations.

#### **Recoverability of intercompany balances**

The risks facing the Company are the recoverability of its intercompany balances. These risks are managed both globally and locally by the Group's finance team. The Company carries out regular reviews of the recoverability of its intercompany balances. The directors are satisfied that obligations under the intercompany balances will be met in full.

### **Financial Risk Management**

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The directors review operations and transactions on an ongoing basis to ensure that any such exposure is managed to minimise any potential risk.

#### ***Exposure to price risk***

The Company is not exposed to any significant price risk.

#### ***Exposure to credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and Notes to the financial statements.

The Company's and Group's policies are aimed at minimising such losses. An allowance for impairment is made where there is an identified loss event which, based on previous experience, provides evidence of a reduction in the recoverability of the cash flows.

The primary areas where the Company is exposed to credit risk are cash and investment holdings.

The Company mitigates its credit risk in respect of funded items by only funding claims and premiums on an exceptional basis and by closely monitoring the debts created.

The Company's principal financial assets are trade debtors and amounts owed by fellow group undertakings. Details of the Company's debtors are disclosed in note 11.

With the exception of the cash pooling arrangements as detailed in note 19, the Company has no significant concentration of credit risk outside of the group.

#### ***Exposure to foreign currency risk***

The Company is exposed to foreign exchange risk when it earns revenues, pays expenses, or enters into monetary intercompany transfers or other transactions denominated in a currency that differs from its functional currency. The most significant currencies to which the Company is exposed are the US dollar and Euro. The Company had no material currency exposure as at 31 December 2016.

***Exposure to liquidity and cash flow risk***

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk for the Company is liquidity/cash flow risk. The directors review operations and transactions on an ongoing basis to ensure that any such exposure is managed to minimize any potential risk arising.

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company meets its day to day working capital requirements through operating cash flow, existing cash resources and ultimately, if required, by access to the Group cash pool. The Group also manages liquidity risk via revolving credit facilities and long term debt. Liquidity is managed centrally by Aon Corporate Treasury on a global basis to ensure there is sufficient available unutilised capacity on its committed borrowing facilities.

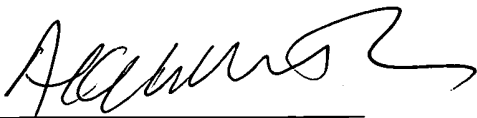
**The Aon group**

The Company is an indirect subsidiary of Aon plc, a company listed on the New York Stock Exchange which had net assets of US \$5.7 billion (2015: US \$6.2 billion) as disclosed in its annual financial statements for the year ended 31 December 2016 and had an S&P rating of A-/Stable. The Company benefits from Aon plc and certain fellow group undertakings for services provided in a wide range of areas including Group credit facilities detailed in note 19 of the financial statements, Group capital injections, and other head office services. The Company continues to benefit from the Group's support and the directors expect this support to continue for the foreseeable future. Availability of this support provides additional mitigation to many of the Company's principle risks.

**Likely future developments**

It is not anticipated that there will be any change in the activity of the Company in the foreseeable future.

For and on behalf of the Board of Directors



A K G Withington, for CoSec 2000 Limited  
Company Secretary

30<sup>th</sup> August 2017

**Aon Holdings Limited**  
**Directors' report**  
**31 December 2016**

The directors present their report, together with the financial statements of the Company for the year ended 31 December 2016.

**Results**

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

**Charitable and political donations**

No charitable or political donations were made during the year.

**Dividends**

Dividends paid during the financial year were as follows:

	2016 £'000	2015 £'000
An interim dividend was declared on 8 November 2016 of £55,000,000 (2015: £194,338,000) and paid to Aon Benfield Limited, the Company's parent.	<u>55,000</u>	<u>194,338</u>

**Principal risks and uncertainties**

Information on principal risks and uncertainties of the Company are disclosed in the Strategic report.

**Financial risk management**

Information on the Company's financial risk management is disclosed in the Strategic report.

**Likely future developments**

Information on likely future developments of the Company are disclosed in the Strategic report.

**Going Concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic report.

The Company has considerable financial resources. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Company is expected to continue to generate positive cash flows for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow Group undertakings.

The directors of the Company are not aware of or have any reason to believe in regard to the Company's ultimate parent entity Aon plc that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Events after the reporting period date**

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Disclosure of information to the auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information required in connection with the auditor's report, of which the auditor is unaware. Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Aon Holdings Limited**  
**Directors' report**  
**31 December 2016**

**Auditor**

Ernst & Young LLP are deemed to be reappointed as the Company's auditor in accordance with section 487 of the Companies Act 2006.

**Indemnity of directors**

The Group has qualifying third party indemnity provisions in place for the benefit of the Company's directors which were in place during the year and remain in force at the date of this report.

**Directors**

The current directors and all directors who served during the year and to the date of this report are shown on page 2.

For and on behalf of the Board of Directors.



A K G Withington, for CoSec 2000 Limited  
Company Secretary

30<sup>th</sup> August 2017



**Aon Holdings Limited**  
**Directors' responsibilities statement**  
**31 December 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK GAAP (United Kingdom Accounting Standards and applicable law). 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 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

**Aon Holdings Limited**  
**Independent auditor's report to the members of Aon Holdings Limited**  
**31 December 2016**

We have audited the financial statements of Aon Holdings Limited for the year ended 31 December 2016 which comprise the Statement of profit or loss and other comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the Annual Report 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.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Aon Holdings Limited**  
**Independent auditor's report to the members of Aon Holdings Limited**  
**31 December 2016**

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Michael Purrington (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 31 AUGUST 2017

**Aon Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2016**

	<b>Note</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Revenue</b>	3	-	500
<b>Expenses</b>			
Administrative expenses	4	90	(506)
<b>Operating profit/(loss)</b>		90	(6)
Interest receivable and similar income	8	345	1,239
Other gains and losses	9	-	692
<b>Profit before income tax charge</b>		435	1,925
Income tax charge	10	(90)	(248)
<b>Profit after income tax charge for the year attributable to the owners of Aon Holdings Limited</b>	17	345	1,677
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Aon Holdings Limited</b>		<u>345</u>	<u>1,677</u>

All the activities of the Company are classed as continuing.

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Aon Holdings Limited**  
**Statement of financial position**  
**As at 31 December 2016**

	<b>Note</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	11	543	465
Cash and cash equivalents	12	<u>6,540</u>	<u>61,184</u>
Total current assets		<u>7,083</u>	<u>61,649</u>
<b>Total assets</b>		<u>7,083</u>	<u>61,649</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	561	310
Income tax payable	15	<u>87</u>	<u>249</u>
Total current liabilities		<u>648</u>	<u>559</u>
<b>Total liabilities</b>		<u>648</u>	<u>559</u>
<b>Net assets</b>		<u>6,435</u>	<u>61,090</u>
<b>Equity</b>			
Share capital	16	-	-
Retained profits	17	<u>6,435</u>	<u>61,090</u>
<b>Total equity</b>		<u>6,435</u>	<u>61,090</u>

The Company's registered number is 02265140.



C Asher  
Director

30<sup>th</sup> August 2017

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Aon Holdings Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2016**

	<b>Share capital £'000</b>	<b>Share premium account £'000</b>	<b>Capital contribution reserve £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2015	1,412	120,739	10,263	121,337	253,751
Profit after income tax charge for the year	-	-	-	1,677	1,677
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,677	1,677
<i>Transactions with shareholders in their capacity as owners:</i>					
Capital reduction	(1,412)	(120,739)	(10,263)	132,414	-
Dividends paid (note 18)	-	-	-	(194,338)	(194,338)
Balance at 31 December 2015	-	-	-	61,090	61,090
	<b>Share capital £'000</b>	<b>Share premium account £'000</b>	<b>Capital contribution reserve £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2016	-	-	-	61,090	61,090
Profit after income tax charge for the year	-	-	-	345	345
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	345	345
<i>Transactions with shareholders in their capacity as owners:</i>					
Dividends paid (note 18)	-	-	-	(55,000)	(55,000)
Balance at 31 December 2016	-	-	-	6,435	6,435

On 8 November 2016 the Company declared an interim dividend of £55,000,000 (2015: £194,338,000) to its immediate parent Aon Benfield Limited.

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

## **1. Significant accounting policies**

The significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### **Basis of preparation**

The Company meets the definition of a qualifying entity under FRS 100 issued by the FRC. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available under this standard where applicable to the Company in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group financial statements. The Group financial statements are available to the public and can be obtained as set out in note 21.

The Company adopted the relevant presentation requirements of IAS 1 (Presentation of Financial Statements) formats for the Statement of financial position and the Statement of profit or loss and other comprehensive income in accordance with Schedule 1 to the Regulations, as amended by Statutory Instrument 2015/980, which permits a company a choice of adapted or statutory formats. The Company chose IAS 1 presentation format to be aligned with the financial statements of Aon plc.

### **Basis of consolidation**

The Company has taken advantage of the exemption from preparation of consolidated financial statements under Section 400 of the Companies Act 2006 as its results are included in the financial statements of Aon plc.

The Group financial statements are available to the public and can be obtained as set out in note 21.

### **Going concern**

The financial statements have been prepared on a going concern basis. The directors have considered the appropriateness of the going concern basis in the Directors' report.

### **Revenue**

Revenue represents dividends received from subsidiary undertakings. Revenue is recognised when the right to receive payment is legally established.

### **Foreign currencies**

The financial statements presentational currency is pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency are recognised at the rates of exchange at the date of the transactions. At each reporting period date, monetary assets and liabilities that are denominated in non-functional currencies are retranslated at the rate ruling at the reporting period date. Non-monetary items remain at the rates of exchange at the date of the transaction.

Exchange gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit or loss.

## **1. Significant accounting policies (continued)**

### **Interest receivable and similar income**

Interest receivable and similar income is recognised as interest accrues using the effective interest method.

### **Taxation**

#### ***Current tax***

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting period date.

#### ***Deferred tax***

Deferred tax is provided on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the liability method. A deferred tax asset or liability arising from the initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction, affects neither the accounting nor taxable profits, is not recognised. In addition, a deferred tax liability is not recognised on the initial recognition of goodwill.

Deferred tax is provided on temporary differences on investments in subsidiaries, associates or joint ventures, except where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting period date.

Deferred tax is charged or credited to the Statement of other comprehensive income, for items that are charged or credited directly in statement of other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

### **Current and non-current classification**

Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **Cash and cash equivalents**

Cash and cash equivalents include cash balances and deposits held on call with financial institutions. Their estimated fair value approximates their carrying values.



## **1. Significant accounting policies (continued)**

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which remain unpaid at the reporting date. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

### **Issued capital**

Ordinary shares are classified as equity.

### **Dividends**

Dividends are recognised when declared and paid during the financial year and no longer at the discretion of the Company.

## **2. Critical accounting judgements, estimates and assumptions**

In the application of the Company's accounting policies, which are described in note 1, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements, estimates and assumptions that pose significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the foreseeable future.

## **3. Revenue**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Dividends received from subsidiary undertakings	-	500

#### **4. Administrative expenses**

Operating profit is stated after charging items disclosed in administrative expenses as noted below:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Net foreign exchange losses/(gains)	(90)	6
Impairment charge	-	500
	<u>(90)</u>	<u>506</u>

#### **5. Average number of employees**

Aon Holdings Limited was the legal employer of an average 200 employees during the year who render services to Aon UK Limited, a fellow group company (2015: 225 employees). The remuneration paid for these employees and the relevant disclosures are included within the financial statements of Aon UK Limited as if these employees were directly employed by Aon UK Limited.

#### **6. Director's emoluments**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Director's remuneration</b>		
Aggregate remuneration in respect of qualifying services	563	553
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	50	43
Aggregate of company contributions paid in respect of money purchase schemes	<u>51</u>	<u>55</u>
Total	<u>664</u>	<u>651</u>

The aggregate emoluments in respect of qualifying services paid to directors or past directors as compensation for loss of office during the year was £Nil (2015: £Nil).

	<b>2016</b>	<b>2015</b>
<b>The number of directors who:</b>		
Received shares in respect of qualifying services under a long term incentive scheme	1	1
Exercised options over shares in the parent company	1	1
Are accruing benefits under money purchase schemes	<u>3</u>	<u>2</u>

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Remuneration of the highest paid director:</b>		
Emoluments	213	211
Pension contributions	<u>32</u>	<u>32</u>
Total	<u>245</u>	<u>243</u>

The highest paid director exercised share options of 700 shares at average price \$78.74 in the year and received 474 shares at average price \$101.53 under long-term incentive schemes in 2016.

**6. Director's emoluments (continued)**

The directors have chosen to present the total emoluments received for services as directors of the Company and services to other companies in the Group. Emoluments are paid by the director's employing company within the Group. The directors do not believe that it is practicable to apportion these amounts between their services as directors of the company and their services to other Group companies. Where appropriate remuneration costs are subsequently recharged under group reallocations to the Company. The comparative amounts have been presented on the same basis as the current year.

**7. Auditor remuneration**

During the financial year the following fees were paid or payable for services provided by Ernst & Young LLP, the auditor of the Company, and its associates:

	2016 £'000	2015 £'000
Audit of the financial statements	<u>6</u>	<u>5</u>

The cost of the auditor's remuneration is borne by another Group company.

**8. Interest receivable and similar income**

	2016 £'000	2015 £'000
Bank interest receivable	<u>345</u>	<u>1,239</u>

**9. Other gains and losses**

	2016 £'000	2015 £'000
Profit/(Loss) on disposal of investments	<u>-</u>	<u>692</u>

During 2015 two escrow payments were received on 30 January 2015 and 31 December 2015 for a total amount of £692,000 in regards to a disposal of an investment in 2013. These amounts received during the prior year were recognised as a gain on disposal in the Statement of profit or loss.

**10. Income tax charge**

	2016 £'000	2015 £'000
<i>Income tax charge</i>		
Current tax	87	248
Adjustment recognised for prior periods	3	-
Aggregate income tax charge	<u>90</u>	<u>248</u>
<i>Numerical reconciliation of income tax charge and tax at the statutory rate</i>		
The tax assessed on the profit on ordinary activities for the period is higher (2015: lower) than that calculated at the standard rate of corporation tax in the UK of 20% (2015: 20.25%).		
Profit before income tax charge	435	1,925
Tax at the statutory tax rate of 20% (2015: 20.25%)	87	390
Adjustment recognised for prior periods	3	-
Transfer pricing adjustments	-	(1)
Profit on disposal not subject to tax	-	(141)
Non-taxable dividends	-	(101)
Impairment charge not deductible for tax	-	101
Income tax charge	<u>90</u>	<u>248</u>

From 1 April 2017 the UK Government introduced further reductions to the headline corporation tax rate to 19%, and legislation was introduced in the Finance Act 2016 to reduce the corporation tax rate further for the year starting 1 April 2020 to 17%.

The Company has an unprovided deferred tax asset of £1,679,000 (2015: £1,778,000) in respect of capital losses.

**11. Current assets - Trade and other receivables**

	2016 £'000	2015 £'000
Prepayments and accrued income	3	15
Amounts owed by group undertakings	540	28
Amounts owed by parent undertaking	-	422
	<u>543</u>	<u>465</u>

**12. Current assets - Cash and cash equivalents**

	2016 £'000	2015 £'000
Cash and cash equivalents	<u>6,540</u>	<u>61,184</u>

**13. Non-current assets - Investments in joint venture**

The Company held the below joint venture as at 31 December 2016 at a net book value of £nil (2015: £nil).

The consolidated financial statements incorporate the assets, liabilities and results of the following joint venture held by the Company in accordance with the accounting policy described in note 1:

<b>Name</b>	<b>Address of registered office</b>	<b>Holding</b>	<b>Proportion held %</b>
Eurotempest	C/o Ucl Business Plc, Network Building, 97 Tottenham Court Road, London, W1T 4TP, UK	Ordinary shares	33.33%

**14. Current liabilities - Trade and other payables**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Amounts owed to group undertakings	<u>561</u>	<u>310</u>

**15. Current liabilities - Income tax payable**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Group relief payable	<u>87</u>	<u>249</u>

**16. Equity - Share capital**

	<b>2016 Shares</b>	<b>2015 Shares</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Ordinary shares - fully paid	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

The share outstanding at the reporting period date is allotted, issued and fully paid. These shares comprise of 1 ordinary share of £1.

**17. Equity - retained profits**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Retained profits at the beginning of the financial year	61,090	253,751
Profit after income tax charge for the year	345	1,677
Dividends paid (note 18)	<u>(55,000)</u>	<u>(194,338)</u>
Retained profits at the end of the financial year	<u>6,435</u>	<u>61,090</u>

**18. Equity - Dividends paid**

Dividends paid during the financial year were as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
An interim dividend was declared on 8 November 2016 of £55,000,000 (2015: £194,338,000) and paid to Aon Benfield Limited, the Company's parent.	<u>55,000</u>	<u>194,338</u>

### **19. Guarantees**

The Company maintains multi-currency cash pools with third-party banks in which various Aon entities participate. As part of Aon plc's global banking arrangements, individual Aon entities are permitted to overdraw on their individual accounts provided the overall balance does not fall below zero. Under the terms of the cash pool arrangements, participants, such as the Company whose cash at bank balances at 31 December 2016 include cash pool deposits of £6,540,000 (2015: £61,184,000), can become liable for any insolvent borrower's debt (limited to the level of the depositor's own credit balances with individual third party banks) via the pledge and set-off clauses in the arrangements. In such circumstances, Aon plc is contractually bound to indemnify the depositor for the amount paid by them to third party banks under the pledge and set-off arrangement.

### **20. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### **21. Controlling party**

At the end of the reporting period date the Company's immediate parent undertaking was Aon Benfield Limited, a company incorporated in the UK and registered in England and Wales.

The ultimate parent undertaking and controlling party is Aon plc, a company incorporated in the United Kingdom and registered in England and Wales.

The parent undertaking of the Group which contains the Company, and for which Group financial statements are prepared, is Aon plc, a company incorporated in the UK and registered in England and Wales.

Copies of the Group financial statements of Aon plc are available from Companies House, Crown Way, Cardiff, CF14 3UZ and also from the Company Secretary, The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN.