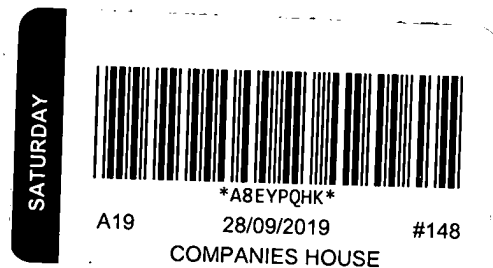


Aon Holdings Limited

Company registration number 02265140

Annual Report - 31 December 2018



Aon Holdings Limited
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Aon Holdings Limited
Corporate directory
31 December 2018

Directors

E M Hamnett (appointed 24 Jan 2019)
P A Hogwood (resigned on 28 June 2019)
P Katsaouni - Dodd
C L Asher (resigned 28 Sep 2018)

Company secretary

CoSec 2000 Limited

Registered office

The Aon Centre
The Leadenhall Building
122 Leadenhall Street
London, EC3V 4AN
United Kingdom

Principal place of business

The Aon Centre
The Leadenhall Building
122 Leadenhall Street
London, EC3V 4AN
United Kingdom

Auditor

Ernst & Young LLP
25 Churchill Place
London, E14 5EY
United Kingdom

Aon Holdings Limited
Strategic report
31 December 2018

The directors present their Strategic Report of Aon Holdings Limited ("the Company") for the year ended 31 December 2018.

The Company is a limited liability company incorporated in the United Kingdom ("UK") under the UK Companies Act 2006 ("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 ("Pounds") 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 consolidated 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 19.

Principal activities

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

Review of operations

The Company made a profit for the financial year of £9k (2017: loss of £3k). The Company's key financial and other performance indicators during the year were as follows:

	2018 £'000	2017 £'000	Change £'000	Change %
Administrative expenses	(1)	(36)	35	(97%)
Interest receivable and similar income	12	33	(21)	(64%)

Administrative expenses

The Company's administrative expenses decreased by £35k (97%) when compared to prior year. The decrease was primarily driven by foreign exchange losses (£36k in 2017 and £Nil in 2018).

Interest receivable and similar income

BMG Interest receivable and similar income decreased by £21k (64%) mainly due to the decrease in average BMG cash balances in 2018 compared to 2017. The Company paid out dividends towards the end of 2017 of £5.0m.

	2018 £'000	2017 £'000
Shareholder's funds	1,441	1,432
Net current assets	<u>1,441</u>	<u>1,432</u>

The Company's shareholder's funds increased by £9k due to its profit for the year.

Net current assets have increased by £9k mainly due to decreased amounts owed to the parent undertaking (£88k) and an increase in income tax payable (£2k), offset by a decrease in cash balances by £75k, when compared to prior year.

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.

Accounting estimates and assumptions

The Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of its financial statements. The Company periodically evaluates its estimates and assumptions including, but not limited to, those relating to recoverability of assets including investments in associates and income taxes. The Company bases its estimates on historical experience and various assumptions that it believes to be reasonable based on specific circumstances. These assumptions and estimates involve the exercise of judgement and discretion, which may evolve over time in light of operational experience, regulatory direction, developments in accounting principles, and other factors. Actual results could differ from these estimates, or changes in assumptions, estimates, policies, or developments in the business may change The Company's initial estimates, which could materially affect the Statements of profit and loss and other comprehensive income, Statement of financial position, and Statement of changes in equity.

External environment risk

The economic and political conditions of the countries and regions in which the Company operates, including the UK's expected withdrawal from the European Union ("EU"), could have an adverse impact on the Company's business, financial condition, operating results, liquidity, and prospects for growth.

The Group's operations in countries undergoing political change or experiencing economic instability are subject to uncertainty and risks that could materially adversely affect the Group's business. These risks include, particularly in emerging markets, the possibility the Group would be subject to undeveloped or evolving legal systems, unstable governments and economies, and potential governmental actions affecting the flow of goods, services, and currency.

The UK's expected withdrawal from the EU, ("Brexit"), has created uncertainty about the future relationship between the UK and the EU. As the UK and EU continue to negotiate the terms of the UK's withdrawal, there remains inevitable uncertainty on topics such as financial laws and regulations, tax and free trade agreements, immigration laws, and employment laws. The Company's publicly traded parent is incorporated in the UK and has significant operations and a substantial workforce therein and therefore enjoy certain benefits based on the UK's membership of the EU. The lack of clarity about Brexit and, whether, in the future UK laws and regulations are recognised in the EU, creates uncertainty for the Group as the eventual outcome of negotiations may affect its business and operations.

The Group may be required to incur additional expense as it adapt to the political and regulatory environment post-Brexit. This may include legal entity structure changes, adjusting the way it engages with some of its EU and UK clients, or choosing to re-locate some of its staff. The Group is currently examining the various impacts to its business and operating models in an effort to develop solutions to address any of the potential outcomes of the negotiations, so its organisation can continue to provide its clients with the services and expertise they require. It also cannot be certain that regulators in other EU countries will grant it the permissions or licenses it seek to operate its business. The Group has and will continue to invest significant time and resources as it navigates the effects of Brexit, and the uncertainty related thereto, on its business and operations. A less orderly Brexit has the potential to adversely affect global economic conditions and the stability of global financial markets, which in turn could have a material adverse effect on the Company's business, financial condition, and results of operations.

Additionally, any development that has the effect of devaluing the British Pound could meaningfully reduce the value of the Company's assets and reducing the usefulness of liquidity alternatives denominated in that currency such as its multi-currency U.S. credit facility. While the Company continuously monitors and manages exposures associated with those deposits, to the extent the uncertainty surrounding economic stability in Europe and the future viability of the Euro suddenly and adversely impacts those financial institutions, some or all of those cash deposits could be at risk.

Financial risk management

Objectives and policies

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

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 are currency risk, credit risk and liquidity/cash flow risk. The directors review operations and transactions on an ongoing basis to ensure that any such exposure is managed to minimise any potential risk arising.

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.

For trade receivables, the Company applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's allowance for doubtful accounts with respect to receivables is based on a combination of factors, including the ageing of balances, current and forward-looking information including macroeconomic factors, financial health of large customers, significant delinquent payments, and other qualitative and quantitative information, which are used to assess default.

The Company measures the allowance for doubtful accounts at the amount equal to the lifetime ECL including assessment of whether the risk of collectability on receivables has increased significantly since initial recognition.

The primary area where the Company is exposed to credit risk are amounts due from external counterparties.

The Company's principal financial assets are amounts owed by fellow Group undertakings and subsidiaries. Details of the Company's receivables are disclosed in note 9.

With the exception of the cash pooling arrangements as detailed in note 17, the Company has no significant concentration of credit risk outside of the Group, with exposure spread over a large number of counter-parties and customers.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk in respect of assets and liabilities denominated in currencies other than British Pounds. This risk is managed internally by Aon Finance by actively monitoring the risk of foreign currency exposure.

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. Operations and transactions are reviewed on an ongoing basis to ensure that any such exposure is managed to minimize any potential risk arising.

The Aon group

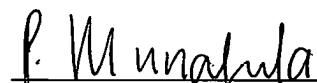
The Company is an indirect subsidiary of Aon plc, a company listed on the New York Stock Exchange which had net assets of circa. US \$4.2 billion (2017: US \$4.6 billion) as disclosed in its audited financial statements for the year ended 31 December 2018 and had an S&P rating of A-/Stable. The Company 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 17 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 principal risks.

Aon Holdings Limited
Strategic report
31 December 2018

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



P Munalula, for CoSec 2000 Limited
Company Secretary

~~25~~ September 2019

Aon Holdings Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements of the Company for the year ended 31 December 2018.

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.

Political donations

No political donations were made during the year.

Dividends

Dividends paid during the financial year were as follows:

	2018 £'000	2017 £'000
No dividend was paid to Aon Benfield Limited, the Company's parent, during the year ended 31 December 2018 (2017: £5,000k, £5,000 per share).	-	5,000

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.

Events after the reporting period date

No matter or circumstance has arisen since 31 December 2018 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.

Going Concern

The directors have prepared a going concern assessment for Aon Holdings Limited for the financial period to September 2020 (reflecting a one-year projection from the date of the signing of the 2018 statutory accounts in September 2019).

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. Consequently, the directors believe that the Group is well placed to manage the Company's business risks successfully despite the current uncertain economic outlook.

The Company participates in the Group's centralised treasury arrangements and therefore its liquidity benefits from 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.

Aon Holdings Limited
Directors' report
31 December 2018

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 financial statements.

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.

Auditor

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

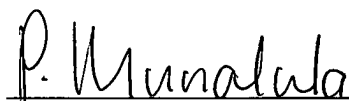
Indemnity of directors

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.



P Munalula, for CoSec 2000 Limited
Company Secretary

25 September 2019

Aon Holdings Limited
Directors' responsibilities statement
31 December 2018

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.

Opinion

We have audited the financial statements of Aon Holdings Limited for the year ended 31 December 2018 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Aon Holdings Limited
Independent auditor's report to the members of Aon Holdings Limited
31 December 2018

Use of our report

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.

A handwritten signature in black ink, appearing to read "Jonathan Bell", with a horizontal line drawn underneath it.

Jonathan Bell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 26 September 2019

Aon Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Expenses			
Administrative expenses	3	(1)	(36)
Operating loss		(1)	(36)
Interest receivable and similar income	7	12	33
(Loss)/Profit before income tax charge		11	(3)
Income tax charge	8	(2)	-
(Loss)/Profit after income tax charge for the year attributable to the owners of Aon Holdings Limited	15	9	(3)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Aon Holdings Limited		<u>9</u>	<u>(3)</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 2018

	Note	2018 £'000	2017 £'000
Assets			
Current assets			
Trade and other receivables	9	1	3
Cash and cash equivalents	10	1,442	1,517
Total current assets		<u>1,443</u>	<u>1,520</u>
Total assets		<u>1,443</u>	<u>1,520</u>
Liabilities			
Current liabilities			
Trade and other payables	12	-	88
Income tax payable	13	2	-
Total current liabilities		<u>2</u>	<u>88</u>
Total liabilities		<u>2</u>	<u>88</u>
Net assets		<u>1,441</u>	<u>1,432</u>
Equity			
Share capital	14	-	-
Retained profits	15	1,441	1,432
Total equity		<u>1,441</u>	<u>1,432</u>

The Company's registered number is 02265140.



E M Hamnett
Director

25 September 2019

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 2018

	Share capital £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2017	-	6,435	6,435
Loss after income tax charge for the year	-	(3)	(3)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(3)	(3)
<i>Transactions with shareholders in their capacity as owners:</i>			
Dividends paid (note 16)	-	(5,000)	(5,000)
Balance at 31 December 2017	-	1,432	1,432
	Share capital £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2018	-	1,432	1,432
Profit after income tax charge for the year	-	9	9
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	9	9
Balance at 31 December 2018	-	1,441	1,441

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.

Amounts in the financial statements have been rounded off to the nearest thousand Pounds, or in certain cases, the nearest Pound.

The financial statements have been prepared under the historical cost convention.

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.

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. 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 19.

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 Group financial statements.

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.

Foreign currencies

The 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 (foreign currencies) 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 foreign 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.

Interest receivable and similar income

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

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability to the net carrying amount of the financial liability.

1. Significant accounting policies (continued)

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.

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.

Cash and cash equivalents

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

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.

The Company's allowance for doubtful accounts with respect to receivables is based on a combination of factors, including the aging of balances, current and forward-looking information including macroeconomic factors, financial health of large customers, significant delinquent payments, and other qualitative and quantitative information, which are used to assess default. The Company measures the allowance for doubtful accounts at the amount equal to the lifetime expected credit loss including assessment of whether risk of collectability on receivables has increased significantly since initial recognition.

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.

New or amended Accounting Standards and Interpretations adopted

The following Accounting Standards and Interpretations are most relevant to the Company:

1. Significant accounting policies (continued)

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

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. Administrative expenses

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

	2018	2017
	£'000	£'000
Net foreign exchange losses/(gains)	-	36
Other administrative expenses	1	-
	<u>1</u>	<u>36</u>

4. Average number of employees

Aon Holdings Limited was the legal employer of an average 168 employees during the year who render services to Aon UK Limited, a fellow group company (2017: 187 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.

5. Director's emoluments

	2018 £'000	2017 £'000
Director's remuneration		
Aggregate remuneration in respect of qualifying services	438	345
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	27	13
Aggregate of company contributions paid in respect of money purchase schemes	25	19
Total	490	377

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 (2017: £Nil).

	2018	2017
The number of directors who:		
Received shares in respect of qualifying services under a long term incentive scheme	1	2
Are accruing benefits under money purchase schemes	3	3
	2018 £'000	2017 £'000

Remuneration of the highest paid director:

Emoluments	189	167
Pension contributions	8	3
Total	197	170

The highest paid director received 352 shares at an average price \$145.36 under long-term incentive schemes in 2018.

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.

6. Auditor remuneration

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

	2018 £'000	2017 £'000
Audit of the financial statements	5	5

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

7. Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest receivable	12	33

8. Income tax charge

	2018 £'000	2017 £'000
<i>Numerical reconciliation of income tax charge and tax at the statutory rate</i>		
The tax charge in the Statement of Profit or Loss for the year is lower (2017: higher) than that calculated at the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:		
(Loss)/Profit before income tax charge	11	(3)
Tax at the statutory tax rate of 19% (2017: 19.25%)	2	(1)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other	-	1
Income tax charge	2	-

The headline rate of UK corporation tax is currently 19%. As at [31 December 2018], the UK government had enacted further reductions to the headline corporation tax rate to 17%. This rate is applicable from 1 April 2020.

Any temporary differences expected to reverse have been re-measured using the above rates.

9. Current assets - Trade and other receivables

	2018 £'000	2017 £'000
Prepayments and accrued income	1	3

10. Current assets - Cash and cash equivalents

	2018 £'000	2017 £'000
Cash and cash equivalents	1,442	1,517

11. Non-current assets - Investments in associates

The Company held the below associate as at 31 December 2018 at a net book value of £Nil (2017: £Nil).

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

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

12. Current liabilities - Trade and other payables

	2018 £'000	2017 £'000
Amounts owed to parent undertaking	-	88

13. Current liabilities - Income tax payable

	2018 £'000	2017 £'000
Group relief payable	2	-

14. Equity - Share capital

	2018 Shares	2017 Shares	2018 £'000	2017 £'000
Ordinary shares - fully paid	1	1	-	-

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

15. Equity - Retained profits

	2018 £'000	2017 £'000
Retained profits at the beginning of the financial year	1,432	6,435
(Loss)/Profit after income tax charge for the year	9	(3)
Dividends paid (note 16)	-	(5,000)
Retained profits at the end of the financial year	1,441	1,432

16. Equity - Dividends paid

Dividends paid during the financial year were as follows:

	2018 £'000	2017 £'000
No dividend was paid to Aon Benfield Limited, the Company's parent, during the year ended 31 December 2018 (2017: £5,000k, £5,000 per share).	-	5,000

17. Guarantees

The Group maintains multi-currency cash pools with third-party banks in which various Aon entities participate. As part of the Group'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 2018 include cash pool deposits of £1.4m (2017: £1.5m), 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.

18. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 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.

19. 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.