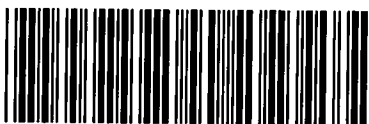


# Aon Holdings Limited

Company registration number 02265140

## Annual Report - 31 December 2017

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**Aon Holdings Limited**  
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**31 December 2017**

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**Aon Holdings Limited**  
**Corporate directory**  
**31 December 2017**

Directors

C L Asher  
P A Hogwood  
P Katsaouni- Dodd

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 2017**

The directors present their Strategic Report of Aon Holdings Limited ("the Company") for the year ended 31 December 2017.

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 loss for the financial year of £0.003m (2016: profit of £0.3m). The Company's key financial and other performance indicators during the year were as follows:

	2017 £'000	2016 £'000	Change £'000	Change %
Administrative expenses	(36)	90	(126)	(140%)
Interest receivable and similar income	33	345	(312)	(90%)

**Administrative expenses**

The Company's administrative expenses decreased by £0.1m (140%) when compared to prior year. The decrease was primarily driven by foreign exchange losses.

**Interest receivable and similar income**

Interest receivable and similar income decreased by £0.3m (90%) due to a significant decrease on cash balances from £6.5m to £1.5m.

	2017 £'000	2016 £'000
Shareholder's funds	1,432	6,435
Net current assets	<u>1,432</u>	<u>6,435</u>

The Company's shareholder's funds decreased by £5.0m due to its loss for the year of £0.003m and an interim dividend paid during 2017 of £5.0m.

Net current assets have decreased by £5.0m mainly due to decreases in cash balances by £5.0m and amounts owed by Group undertakings by £0.5m offset by an increase in amounts owed to its parent undertaking of £0.1m, decreases in amounts owed to Group undertakings by £0.6m and in income tax payable by £0.1m, 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 our financial statements. We periodically evaluate our estimates and assumptions including, but not limited to, those relating to recoverability of assets including investments in associates, intercompany receivables, deferred tax and income taxes. We base our estimates on historical experience and various assumptions that we believe 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 our 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 UK's withdrawal from the European Union ("Brexit") has created uncertainty about the future relationship between the UK and the European Union as they negotiate the terms of the withdrawal. As the UK and European Union negotiate these terms, there is uncertainty about the agreements they will reach on topics such as financial laws and regulations, tax and free trade agreements, immigration laws, and employment laws. The lack of clarity about Brexit and the future UK laws and regulations creates uncertainty for us as the outcome of these negotiations may affect the Group's business and operations. Additionally, there is also a risk that other countries may decide to leave the European Union. The uncertainty surrounding Brexit not only potentially affects the Group's business in the UK and the European Union, but may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn could have a material adverse effect on our business, financial condition and results of operations.

### **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.

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 Company'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, is evidence of a reduction in the recoverability of the cash flows.

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.

***Exposure to foreign currency risk***

The Company is exposed to foreign currency risk in respect of assets and liabilities denominated in currencies other than 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. The directors review operations and transactions 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 \$4.6 billion (2016: US \$5.7 billion) as disclosed in its audited financial statements for the year ended 31 December 2017 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.

**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



N J Pervin, for CoSec 2000 Limited  
Company Secretary

12 July 2018

**Aon Holdings Limited**  
**Directors' report**  
**31 December 2017**

The directors present their report, together with the financial statements of the Company for the year ended 31 December 2017.

**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:

	2017 £'000	2016 £'000
An interim dividend of £5.0m (2016: £55.0m) was declared and paid to Aon Benfield Limited, the Company's parent, during the year ended 31 December 2017	<u>5,000</u>	<u>55,000</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.

**Events after the reporting period date**

No matter or circumstance has arisen since 31 December 2017 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 July 2019 (reflecting a one-year projection from the date of the signing of the 2017 statutory accounts in July 2018).

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 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 2017**

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.



N J Pervin, for CoSec 2000 Limited  
Company Secretary

12 July 2018



**Aon Holdings Limited**  
**Directors' responsibilities statement**  
**31 December 2017**

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**

**Opinion**

We have audited the financial statements of Aon Holdings Limited for the year ended 31 December 2017 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 2017 and of its loss 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.

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

**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 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, 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.

**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 that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

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

Date: 16 JULY 2018

**Aon Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Expenses</b>			
Administrative expenses	3	<u>(36)</u>	<u>90</u>
<b>Operating profit/(loss)</b>		(36)	90
Interest receivable and similar income	7	<u>33</u>	<u>345</u>
<b>(Loss)/Profit before income tax charge</b>		(3)	435
Income tax charge	8	<u>-</u>	<u>(90)</u>
<b>(Loss)/Profit after income tax charge for the year attributable to the owners of Aon Holdings Limited</b>	15	(3)	345
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the owners of Aon Holdings Limited</b>		<u><u>(3)</u></u>	<u><u>345</u></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 2017**

	Note	2017 £'000	2016 £'000
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	9	3	543
Cash and cash equivalents	10	1,517	6,540
Total current assets		<u>1,520</u>	<u>7,083</u>
<b>Total assets</b>		<u>1,520</u>	<u>7,083</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	88	561
Income tax payable	13	-	87
Total current liabilities		<u>88</u>	<u>648</u>
<b>Total liabilities</b>		<u>88</u>	<u>648</u>
<b>Net assets</b>		<u>1,432</u>	<u>6,435</u>
<b>Equity</b>			
Share capital	14	-	-
Retained profits	15	1,432	6,435
<b>Total equity</b>		<u>1,432</u>	<u>6,435</u>

The Company's registered number is 02265140.



C Asher  
Director

12 July 2018

*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 2017**

	<b>Share capital £'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 16)	-	(55,000)	(55,000)
Balance at 31 December 2016	-	6,435	6,435
	<b>Share capital £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
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

*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.

#### **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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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.

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

### ***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 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.

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**

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:

	2017 £'000	2016 £'000
Net foreign exchange losses/(gains)	36	(90)

### 4. Average number of employees

Aon Holdings Limited was the legal employer of an average 187 employees during the year who render services to Aon UK Limited, a fellow group company (2016: 200 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

	2017 £'000	2016 £'000
<b>Director's remuneration</b>		
Aggregate remuneration in respect of qualifying services	345	563
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	13	50
Aggregate of company contributions paid in respect of money purchase schemes	19	51
<b>Total</b>	<b>377</b>	<b>664</b>

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 (2016: £Nil).

	2017	2016
<b>The number of directors who:</b>		
Received shares in respect of qualifying services under a long term incentive scheme	2	1
Exercised options over shares in the parent company	1	1
Are accruing benefits under money purchase schemes	3	3

	2017 £'000	2016 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	167	213
Pension contributions	3	32
<b>Total</b>	<b>170</b>	<b>245</b>

The highest paid director exercised share options of 502 shares at average price \$124.13 in the year and received 393 shares at average price \$123.10 under long-term incentive schemes in 2017.

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:

	2017 £'000	2016 £'000
Audit of the financial statements	<u>5</u>	<u>6</u>

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

## **7. Interest receivable and similar income**

	2017 £'000	2016 £'000
Bank interest receivable	<u>33</u>	<u>345</u>

## **8. Income tax charge**

	2017 £'000	2016 £'000
<i>Income tax charge</i>		
Current tax	-	87
Adjustment recognised for prior periods	<u>-</u>	<u>3</u>
Aggregate income tax charge	<u>-</u>	<u>90</u>

### *Numerical reconciliation of income tax charge and tax at the statutory rate*

The tax assessed on the profit on ordinary activities for the period is higher (2016: higher) than that calculated at the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

(Loss)/Profit before income tax charge	<u>(3)</u>	<u>435</u>
Tax at the statutory tax rate of 19.25% (2016: 20%)	(1)	87
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other	<u>1</u>	<u>-</u>
Adjustment recognised for prior periods	<u>-</u>	<u>87</u>
Income tax charge	<u>-</u>	<u>90</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 £1.7m (2016: £1.7m) in respect of capital losses.

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

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Prepayments and accrued income	3	3
Amounts owed by fellow Group undertakings	-	540
	<u>3</u>	<u>543</u>

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

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Cash and cash equivalents	<u>1,517</u>	<u>6,540</u>

**11. Non-current assets - Investments in associates**

The Company held the below associate as at 31 December 2017 at a net book value of £Nil (2016: £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:

<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%

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

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Amounts owed to fellow Group undertakings	-	561
Amounts owed to parent undertaking	88	-
	<u>88</u>	<u>561</u>

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

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Group relief payable	<u>-</u>	<u>87</u>

#### **14. Equity - Share capital**

	<b>2017 Shares</b>	<b>2016 Shares</b>	<b>2017 £'000</b>	<b>2016 £'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.

#### **15. Equity - Retained profits**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Retained profits at the beginning of the financial year	6,435	61,090
(Loss)/Profit after income tax charge for the year	(3)	345
Dividends paid (note 16)	<u>(5,000)</u>	<u>(55,000)</u>
Retained profits at the end of the financial year	<u>1,432</u>	<u>6,435</u>

#### **16. Equity - Dividends paid**

Dividends paid during the financial year were as follows:

	<b>2017 £'000</b>	<b>2016 £'000</b>
An interim dividend of £5.0m (2016: £55.0m) was declared and paid to Aon Benfield Limited, the Company's parent, during the year ended 31 December 2017	<u>5,000</u>	<u>55,000</u>

#### **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 2017 include cash pool deposits of £1.5m (2016: £6.5m), 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 2017 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.