

Aon Overseas Holdings Limited

Company registration number 08159690

Annual Report - 31 December 2019

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Aon Overseas Holdings Limited
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Aon Overseas Holdings Limited
Corporate directory
31 December 2019

Directors	P Katsaouni-Dodd G Mugashu (appointed on 22 January 2019) A M Vickers (appointed on 22 January 2019) P A Hogwood (appointed on 22 January 2019 and resigned on 28 June 2019)
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 Overseas Holdings Limited
Strategic report
31 December 2019

The directors present their Strategic report of Aon Overseas Holdings Limited ("the Company") for the year ended 31 December 2019.

The Company is a company limited by shares, incorporated in the United Kingdom ("UK") under the UK Companies Act 2006 ("the 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 United States Dollars ("US Dollars") 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 27.

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 \$33.9m (2018: \$80.7m). The Company's key financial and other performance indicators during the year were as follows

	2019 \$'000	2018 \$'000	Change \$'000	Change %
Revenue	1,012,406	2,060,302	(1,047,896)	(51%)
Administration expenses	(1,015,161)	(2,007,620)	992,459	(49%)
Interest receivable and similar income	48,848	93,506	(44,658)	(48%)
Interest payable and similar charges	(8,527)	(79,278)	70,751	(89%)
Other gains and losses	7,495	30,311	(22,816)	(75%)

Revenue

The revenue balance has decreased by \$1,047.9m due to lower dividends received this year when compared to prior year.

Administrative expenses

Administrative expenses decreased by \$992.5m, when compared to the prior year. The decrease was primarily driven by a lower impairment charge of \$1,006.6m (2018: \$1,992.6m) and a lower foreign exchange loss of \$9.7m (2018: \$19.4m) offset by a lower reversal of expected credit losses of receivables of \$1.2m (2018: \$4.5m). Refer to note 15 for details of the investment impairment.

The interest receivable and similar income

The interest receivable and similar income for the year has decreased to \$48.8m (2018: \$93.5m) due to the repayment of a \$150m loan note receivable from Aon Corporation during the year under review. Please refer to note 16 for more information.

The interest payable and similar charges

The interest payable and similar charges for the year have decreased to \$8.5m (2018: \$79.3m) as non-current borrowings decreased to \$Nil (2018: \$1,169.4m). Please refer to note 19 for the movement in non-current borrowings.

Other gains and losses

Other gains and losses for the period have decreased by \$22.8m, when compared to the prior year. The decrease was due to the following: a) lower hedge ineffectiveness on the cash flow hedges of \$22.6m (2018: \$31.8m), b) lower early loan repayment fee received of \$7.0m (2018: \$58.6m), offset by c) lower loss on a debt extinguishment of \$22.1m (2018: \$60.0m).

	2019 \$'000	2018 \$'000
Shareholder's funds	1,484,339	1,450,480
Net current assets	<u>1,045,773</u>	<u>1,013,908</u>

The Company's shareholder's funds increased by \$33.9m due to profit for the year.

Net current assets have increased by \$31.9m due to an increase in trade and other receivables of \$16.2m, a decrease in trade and other payables of \$16.5m and a decrease in income tax payable of \$9.1m offset by the decrease in cash and cash equivalents of \$9.6m and a decrease in derivative financial instruments of \$0.3m.

On 24 January 2019, the Company settled accrued interest of \$20.1m due to Benton Finance Limited ("BFL") under the terms of an interest bearing loan ("IBL") agreement dated 15 May 2015. On the same date, BFL then assigned and transferred the full benefit of all its rights, title and interest to the Company in relation to \$1,000.0m IBL receivable, owed by the Company to BFL. In return, the Company assumed in full, BFL's liability owed to Benton Finance Ireland Limited ("BFIL"), in respect of an amount equal to \$1,000.0m interest free loan payable to BFIL ("IFL Payable") owed by BFL to BFIL under the terms of a loan agreement dated 15 May 2015.

On the same day, the IFL payable of \$1,000.0m was transferred to the Company by BFIL, resulting in derecognition of the liability and recognition of \$1,000.0m dividend in specie from BFIL.

On 7 June 2019 the Company early repaid the \$196.1m loan issued by a fellow Group undertaking, Randolph Finance Unlimited, resulting in \$22.1m debt extinguishment loss and the capital contribution of \$26.7m was transferred to Retained profits in accordance with para 3.15(e) of ICAEW Technical release 02/17BL.

On 26 July 2019, the Company reduced its entire share premium by the cancellation of \$1,500.1m and transferred the same amount to retained profits, in accordance with the provisions set out in section 642 of the Companies Act, for further details please refer to note 21.

On 6 December 2019 the Company made a capital contribution to Aon Graña Peru Corredores de Seguros S.A. of \$3.0m.

On 20 December 2019, the Company received early repayment of the entire loan principal amount of \$150.0m plus interest accrued of \$5.5m and a prepayment fee received of \$7.0m from Aon Corporation.

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 the Company's business specifically and the industries in which the Group operates generally that could adversely affect the Company's business, financial condition and results of operations and cause 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. The Company periodically evaluates its estimates and assumptions including, but not limited to, those relating to recoverability of assets including investments in subsidiaries, intercompany receivables, 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.

Ability to receive dividends from subsidiaries

The Company is an intermediate holding company and, therefore, a legal entity separate and distinct from its subsidiaries. As a holding company without significant operations of its own, its principal assets are the shares of capital stock of its subsidiaries. The Company's subsidiaries are subject to the regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that they can pay in dividends or other payments to the Company. No assurance can be given that there will not be further changes in law, regulatory actions, or other circumstances that could restrict the ability of subsidiaries to pay dividends or other payments.

Economic and Political risks

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.

On 31 January 2020, the UK left the EU. The EU and the UK entered a transition period which is due to run until 31 December 2020, and during which the UK can continue to trade and conduct business with EU clients on a "business-as-usual" basis. During the 11-month transition period, the EU and the UK will attempt to negotiate a trade deal to take effect on 31 December 2020.

Whilst both parties have officially indicated a desire to include financial services in a free trade agreement, the significant difference in desired outcomes and the political sensitivity of the issue may prevent agreement being reached on financial services. This creates uncertainty for the Group as the eventual outcome of negotiations may affect its business and operations. 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. Furthermore, the Group cannot be certain that regulators in other EU countries will grant it the permissions or licenses it seeks to operate its business once the transition period ends. The Group has and will continue to invest significant time and resources as it navigates the effects of Brexit, and the related uncertainty, on its business and operations. The Group may be required to incur additional expense as it adapts to the political and regulatory environment post 31 December 2020.

Additionally, any development that has the effect of devaluing the Euro or British pound could meaningfully reduce the value of the Group's assets and reduce the usefulness of liquidity alternatives denominated in that currency such as the Group's multi-currency U.S. credit facility. The Group also deposits some of its cash, including cash held in a fiduciary capacity, with certain European financial institutions. While the Group 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.

Non-current assets impairment charges

The company may be required to record future impairment charges relating to other non-current assets.

Non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that may be considered in assessing whether other non-current assets may not be recoverable include a decline in our ultimate parent's share price or market capitalisation, reduced estimates of future cash flows and slower growth rates in our industry. Unforeseen circumstances may be experienced that adversely affect the value of other non-current assets. Future impairment charges relating to other non-current assets could materially impact the financial statements.

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

Financial risk management

Objectives and policies

The Company's activities expose it to a variety of financial risks. The Group'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 foreign currency risk

The Company is exposed to foreign currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than US Dollars. This risk is managed internally by Aon Treasury by actively monitoring the risk of foreign currency exposure.

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 Aon Group's policies are aimed at minimising such losses. For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting period. However, when there has been a significant increase in credit risk since the origination or purchase of the assets, the allowance is based on the full LTECL.

The Company's principal financial assets are amounts owed by fellow Group undertakings. Details of the Company's receivables are disclosed in note 12 and 16.

With the exception of the cash pooling arrangements as detailed in note 25, the Company has no significant concentration of credit risk outside of the group, with exposure spread over a large number of counterparties and customers.

The Aon Group

The Company's ultimate parent company as at 31 December 2019 was Aon plc, a UK company registered in England and Wales, listed on the New York Stock Exchange ("NYSE") which had net assets of circa US \$3.4 billion (2018: US \$4.2 billion) as disclosed in its audited financial statements for the year ended 31 December 2019 and had an S&P rating of A-/Stable. The Company benefits from being part of a large group of companies (the "Group") and from certain Group undertakings that provide services in a wide range of areas including Group credit facilities detailed in note 25 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. Subsequent to year end, as part of a group reorganisation, the ultimate parent company of the Group, transferred from the UK to Ireland and the shares of the new Irish parent company are listed on NYSE.

On 9 March 2020 it was announced that Aon plc will combine with Willis Towers Watson plc. The transaction is expected to close in the first half of 2021, subject to approval of the shareholders of both Aon and Willis Towers Watson, as well as other customary closing conditions, including required regulatory approvals.

Section 172 statement

During the year the directors have had due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 and have accordingly promoted the long-term success of the Company for the benefit of stakeholders as a whole. Details of how the directors have had regard to those matters, including the consideration of the interests of stakeholders, are set out below.

The Company acts as a holding company within the Aon Group of Companies and is part of a group of companies run and governed in the UK with an established corporate governance framework. The framework ensures that board decisions are made with the long-term success of the Company in mind and that its key stakeholders remain at the forefront of the decision-making process. Accordingly:

- directors are encouraged to attend training courses to ensure they are up to date with their section 172 duty;
- the information provided to board meetings is sufficiently detailed to enable directors to consider the wider impact of decision making; and
- as part of the wider Aon Group, employees working on the Company's activities are subject to group policies and processes which are centred around good conduct and working practice.

The Board has identified the key risks facing the business and which are further detailed in the 'Principal Risks' section above. Board decisions are made with these risks in mind.

Aon Overseas Holdings Limited
Strategic report
31 December 2019

In reaching decisions, the Board considers conclusions from an extended governance review across the Group which includes advice from legal, finance, treasury and tax as well as other in-house specialists, external counsel and consultants as appropriate.

As a holding entity our key stakeholders are our parent entities. Where matters presented to the Board impact the wider Aon Group, the Board considers feedback from the Group Governance Committee on the matters presented for approval to ensure that the interests of the wider group are fully understood before reaching any decision.

Through Group Specialist Teams, the Company has an open and cooperative relationship with relevant government departments including HMRC and the Registrar of Companies.

Likely future developments

It is not anticipated that there will be any material change in the activity of the Company in the foreseeable future. Specific details of how management have considered the impact of the outbreak of coronavirus have been included in the Directors' Report and in note 1.

This report is made in accordance with a resolution of directors.

For and on behalf of the Board of Directors

Pamela Munalula

P Munalula, for and on behalf of Cosec 2000 Limited
Company Secretary

22 June 2020

Aon Overseas Holdings Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements of the Company for the year ended 31 December 2019.

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:

	2019 \$'000	2018 \$'000
There were no dividends paid (2018: \$779.8m (\$19,494.03 per share)), declared and paid during the year ended 31 December 2019 to Aon Global Holdings Limited, the Company's parent.	-	779,800

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 are disclosed in the Strategic report.

Likely future developments

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

Going concern

The directors have prepared a going concern assessment for Aon Overseas Holdings Limited for the financial period to June 2021 (reflecting a one-year projection from the date of the signing of the 2019 statutory accounts in June 2020).

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to credit, liquidity and cash flow risk are described in the Strategic report and in note 1.

The directors believe that the Company has adequate financial resources, and is well placed to manage the Company's business risks successfully despite the current uncertain economic outlook.

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

Taking account of the uncertainties arising as a result of the COVID-19 pandemic, further referenced below, the directors of the Company are not aware of or have any reason to believe in regard to the Company's ultimate parent entity Aon plc, that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

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

Aon Overseas Holdings Limited
Directors' report
31 December 2019

Events after the reporting period date

On 11 March 2020, the outbreak of the coronavirus, COVID-19, was declared by the World Health Organisation to be a pandemic. The spread of COVID-19 across the globe is impacting worldwide economic activity and has resulted in restrictions on travel and quarantine policies being put in place by businesses and governments, which may adversely affect the business of the Aon Group. The Aon Group is closely monitoring the situation and its business, liquidity, and capital planning initiatives, to ensure minimal impact to daily operations. The Aon Group is fully operational and has deployed business continuity protocols in impacted regions to facilitate remote working capabilities.

The global stock markets have fallen considerably since the outbreak of COVID-19 that started in January 2020 which has impacted the market capitalisation of the majority of companies globally, including the Aon Group. This has had a corresponding negative impact on the valuation of companies worldwide, including the investments in associates held by the Company. This reduction however is not an adjusting post balance sheet event and therefore the valuations in the balance sheet reflect the valuation as at 31 December 2019. At the time of signing these financial statements, there were no indicators of impairment for the investments in subsidiaries.

On 3 March 2020, the Company issued a loan note with a principal amount of \$340.0m to Aon Delta Bermuda S.L. at an interest rate of 4.125% with the maturity date of 31 December 2023.

On 30 March 2020, the Company issued a further 100 shares to Aon Global Holdings Limited for a cash consideration of \$518.4m.

On the same day the Company issued a loan note with a principal amount of \$1,120.0m to Aon Group International N.V. ("AGI NV"), at an interest rate of 5.00% with the maturity date of 30 March 2023.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order 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 its 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.

Aon Overseas Holdings Limited
Directors' report
31 December 2019

This report is made in accordance with a resolution of directors.

For and on behalf of the Board of directors

Pamela Munalula

P Munalula, for and on behalf of Cosec 2000 Limited
Company Secretary

22 June 2020

Aon Overseas Holdings Limited
Directors' responsibilities statement
31 December 2019

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 Overseas Holdings Limited
Independent auditor's report to the members of Aon Overseas Holdings Limited
31 December 2019

Opinion

We have audited the financial statements of Aon Overseas Holdings Limited for the year ended 31 December 2019 which comprise of 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 27, 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 2019 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.

Emphasis of matter

We draw attention to Note 26 of the financial statements, which describes the economic disruption the company is facing as a result of COVID-19 which may have a material impact on the valuation of the company's net assets. Our opinion is not modified in respect of this matter.

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:

Aon Overseas Holdings Limited

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

31 December 2019

- 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 12, 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.

Ernst & Young LLP

Jonathan Bell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

23 June 2020

Aon Overseas Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

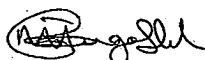
	Note	2019 \$'000	2018 \$'000
Revenue	3	1,012,406	2,060,302
Expenses			
Administrative expenses	4	<u>(1,015,161)</u>	<u>(2,007,620)</u>
Operating (loss)/ profit		(2,755)	52,682
Interest receivable and similar income	8	48,848	93,506
Interest payable and similar charges	9	(8,527)	(79,278)
Other gains and losses	10	<u>7,495</u>	<u>30,311</u>
Profit before income tax charge		45,061	97,221
Income tax charge	11	<u>(11,202)</u>	<u>(16,487)</u>
Profit after income tax charge for the year attributable to the owners of Aon Overseas Holdings Limited	23	33,859	80,734
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Aon Overseas Holdings Limited		<u><u>33,859</u></u>	<u><u>80,734</u></u>

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

Aon Overseas Holdings Limited
Statement of financial position
As at 31 December 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Current assets			
Trade and other receivables	12	111,330	95,174
Cash and cash equivalents	13	937,082	946,677
Derivative financial instruments	14	6	333
Total current assets		<u>1,048,418</u>	<u>1,042,184</u>
Non-current assets			
Investments in subsidiaries	15	20,062	1,023,651
Other receivables	16	416,740	575,191
Deferred tax asset	17	1,764	7,126
Total non-current assets		<u>438,566</u>	<u>1,605,968</u>
Total assets		<u>1,486,984</u>	<u>2,648,152</u>
Liabilities			
Current liabilities			
Trade and other payables	18	185	16,744
Income tax payable		2,460	11,532
Total current liabilities		<u>2,645</u>	<u>28,276</u>
Non-current liabilities			
Borrowings	19	-	1,169,396
Total non-current liabilities		<u>-</u>	<u>1,169,396</u>
Total liabilities		<u>2,645</u>	<u>1,197,672</u>
Net assets		<u>1,484,339</u>	<u>1,450,480</u>
Equity			
Share capital	20	40	40
Share premium account	21	-	1,500,120
Capital contribution reserve	22	-	26,704
Retained profits	23	1,484,299	(76,384)
Total equity		<u>1,484,339</u>	<u>1,450,480</u>

The Company's registered number is 08159690.



G Mugashu
Director

22 June 2020

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

Aon Overseas Holdings Limited
Statement of changes in equity
For the year ended 31 December 2019

	capital \$'000	Share premium \$'000	Capital contribution reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 January 2018	40	1,500,120	421,560	227,826	2,149,546
Profit after income tax charge for the year	-	-	-	80,734	80,734
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	80,734	80,734
<i>Transactions with shareholders' in their capacity as owners:</i>					
Transfer from capital contribution reserve (note 22)	-	-	(394,856)	394,856	-
Dividends paid (note 24)	-	-	-	(779,800)	(779,800)
Balance at 31 December 2018	40	1,500,120	26,704	(76,384)	1,450,480

	capital \$'000	Share premium \$'000	Capital contribution reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 January 2019	40	1,500,120	26,704	(76,384)	1,450,480
Profit after income tax charge for the year	-	-	-	33,859	33,859
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	33,859	33,859
Transfer from share premium reserve (note 21)	-	(1,500,120)	-	1,500,120	-
Transfer from capital contribution reserve (note 22)	-	-	(26,704)	26,704	-
Balance at 31 December 2019	40	-	-	1,484,299	1,484,339

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

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available to it, including: statement of cash flows, new Accounting Standards not yet mandatory, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

Amounts in the financial statements have been rounded off to the nearest thousand US Dollars, or in certain cases, the nearest US Dollar.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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.

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.

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.

In preparing the going concern assessment as described in the Directors' Report, management have considered the impact that the outbreak of COVID-19 has had on the worldwide economic activity and how it might impact the financial position of the Company.

The principal activity of the Company is that of an intermediate holding company. As a holding company, transactions during the year are minimal, largely consisting of the receipt and onward payment of dividends. The Company has minimal liquidity needs and the main assets of the Company are its investments in subsidiaries which are currently continuing to trade effectively. The Aon Group is fully operational and has deployed business continuity protocols to facilitate remote working capabilities.

The global stock markets have fallen considerably since the outbreak of COVID-19 that started in January 2020 which has impacted the market capitalisation of the majority of companies globally, including the Aon Group. This has had a corresponding negative impact on the valuation of companies worldwide, including the investments in subsidiaries held by the Company. As a result, and as part of their going concern assessment, management reassessed the valuation of the Company's investment in subsidiaries in order to assess whether an impairment loss has been triggered subsequent to the year end. The Company conducted the impairment review of its investments in subsidiaries using a combination of cost approach, income approaches and market approaches estimating the range of fair value of the Company's subsidiaries. The fair value of the investments continues to be significantly higher than the amount the investments are held at and therefore there is currently no indication of impairment.

Basis of consolidation

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

1. Significant accounting policies (continued)

Revenue

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

Foreign currencies

The presentational currency is US Dollars, 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.

Interest payable and similar charges

Interest payable and similar charges are 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.

Taxation

Current tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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 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 the 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. 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.

1. Significant accounting policies (continued)

Current and non-current classification

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

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

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

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

Offsetting of financial assets and liabilities

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

Cash and cash equivalents

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

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Other financial assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of profit or loss when the asset is derecognised or impaired.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

1. Significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instrument contracts to mitigate its exposure to foreign exchange rate risk. Derivative financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the investment. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as a hedging instrument and deemed to be highly effective, in which event recognition in the Statement of profit or loss is only upon expiration or realisation. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are classified as current or non-current depending on the expected period of realisation.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a forward-looking 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For financial assets at fair value through profit or loss, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Accounting standards establish a three tier fair value hierarchy that prioritises the inputs used in measuring fair values as follows:

Level 1 — observable inputs such as quoted prices for identical assets in active markets;

Level 2 — inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and

Level 3 — unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Investments in subsidiaries and associates

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. The carrying value of investments in group undertakings is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Associates are entities over which the Company has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

Dividends received or receivable from subsidiaries and associates are recognised as income as and when they are received or receivable, and are recorded in other gains and losses within the Statement of profit or loss.

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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Issued capital

Ordinary shares are classified as equity.

1. Significant accounting policies (continued)

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. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of non-financial assets

The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3. Revenue

	2019	2018
	\$'000	\$'000
Dividends received from subsidiary undertakings	<u>1,012,406</u>	<u>2,060,302</u>

4. Administrative expenses

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

	2019	2018
	\$'000	\$'000
Net foreign exchange (gains)/ losses	9,712	19,421
Impairment charge on investments	1,006,589	1,992,649
Other administrative expenses	23	24
Expected credit losses/ (reversals) on other receivables	<u>(1,163)</u>	<u>(4,474)</u>
	<u>1,015,161</u>	<u>2,007,620</u>

Please refer to note 15 for details on the impairment charge on investments.

5. Average number of employees

The Company had no employees during the year (2018: Nil).

6. Directors' remuneration

	2019 \$'000	2018 \$'000
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	651	647
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	14	195
Aggregate of company contributions paid in respect of money purchase schemes	27	46
Total	692	888

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 (2018: Nil).

	2019	2018
The number of directors who:		
Received shares in respect of qualifying services under a long term incentive scheme	2	1
Accrued benefits under money purchase schemes	4	4

	2019 \$'000	2018 \$'000
Remuneration of the highest paid director:		
Emoluments	293	285
Pension contributions	10	13
Total	303	298

The highest paid director received 277 shares at an average price \$208.29 under long-term incentive schemes in 2019.

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

7. Auditor's 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:

	2019 \$'000	2018 \$'000
Audit of the financial statements	8	8

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

Aon Overseas Holdings Limited
Notes to the financial statements
31 December 2019

8. Interest receivable and similar income

	2019	2018
	\$'000	\$'000
Bank interest receivable	23,259	15,086
Interest receivable from group undertakings	25,589	78,420
	<u>48,848</u>	<u>93,506</u>

9. Interest payable and similar charges

	2019	2018
	\$'000	\$'000
Bank interest payable	-	1
Interest payable to group undertakings	8,527	13,444
Interest payable to subsidiary undertakings	-	65,833
	<u>8,527</u>	<u>79,278</u>

10. Other gains and losses

	2019	2018
	\$'000	\$'000
Hedge ineffectiveness on the cash flow hedges	22,603	31,767
Other non operating income	7,018	58,585
Debt extinguishment loss	(22,126)	(60,041)
	<u>7,495</u>	<u>30,311</u>

Other non operating income relates to the penalty fee received due to prepayment of the loan notes receivables.

11. Income tax charge

	2019	2018
	\$'000	\$'000
<i>Income tax charge</i>		
Current tax	5,827	12,245
Deferred tax - origination and reversal of temporary differences (note 17)	5,826	4,940
Adjustment recognised for tax of prior periods	2	22
Impact of change in tax rates	(464)	(720)
Foreign tax	11	-
	<u>11,202</u>	<u>16,487</u>
Aggregate income tax charge	<u>11,202</u>	<u>16,487</u>

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

The tax charge in the statement of profit or loss for the year is higher (2018: lower) than that calculated at the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

Profit before income tax charge	45,061	97,221
Tax at the statutory tax rate of 19%	8,562	18,472
Adjustment recognised for tax of prior periods	2	22
Expenses not deductible for tax purposes	196,104	391,715
Transfer pricing adjustments	(656)	(1,545)
Income not taxable	(192,357)	(391,457)
Foreign tax	11	-
Impact of change in tax rates	(464)	(720)
Income tax charge	<u>11,202</u>	<u>16,487</u>

The headline rate of UK corporation tax is currently 19%. Finance Act 2016 included a reduction in the UK headline rate to 17% from 1 April 2020. Temporary differences at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

In March 2020, the UK Government passed a resolution to reverse the planned rate reduction and to maintain the current rate of 19%. This resolution does not constitute substantive enactment at the balance sheet date and therefore the temporary differences at the balance sheet date continue to be measured at the enacted rate of 17%.

	2019	2018
	\$'000	\$'000
<i>Deferred tax in the statement of profit or loss:</i>		
Utilisation of tax losses	5,826	4,940
Total deferred tax movement	<u>5,826</u>	<u>4,940</u>

Aon Overseas Holdings Limited
Notes to the financial statements
31 December 2019

12. Current assets - Trade and other receivables

	2019 \$'000	2018 \$'000
Prepayments and accrued income	1,459	773
Amounts owed by fellow Group undertakings	10,742	94,401
Amounts owed by subsidiary undertakings	44	-
Amounts owed by parent of the Group	99,085	-
	<u>111,330</u>	<u>95,174</u>

The amount owed by fellow Group undertakings and subsidiary undertakings are not interest bearing and are due to be received within the next 12 months.

13. Current assets - Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash and cash equivalents	<u>937,082</u>	<u>946,677</u>

14. Current assets - Derivative financial instruments

	2019 \$'000	2018 \$'000
Foreign exchange options	<u>6</u>	<u>333</u>

15. Non-current assets - Investments in subsidiaries

	2019 \$'000	2018 \$'000
Investments in subsidiaries	<u>20,062</u>	<u>1,023,651</u>

The direct subsidiary undertakings of the Company as at 31 December 2019 are detailed below:

Name	Address of registered office	Holding	Proportion held %
Aon Graña Peru Corredores de Seguros SA	Calle Dionisio Derteano 144, oficina 1001, San Isidro Lima, Peru	Ordinary Shares	99.99%
Aon Soluciones, S.A.C.	Calle Dionisio Derteano 144, oficina 1001, San Isidro Lima, Peru	Ordinary Shares	99.99%
Benton Finance Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary Shares	100.00%
PT Aon Hewitt (Indonesia)	Energy Building 25th Floor, SCBS Lot 11A, Jenderal Sudirman Kav 52-53, Jakarta, Indonesia	Ordinary Shares	99.00%
Benton Finance Ireland Limited	Metropolitan Building, James Joyce Street, Dublin 1, 662880, Ireland	Ordinary Shares	100.00%

Aon Overseas Holdings Limited
Notes to the financial statements
31 December 2019

15. Non-current assets - Investments in subsidiaries (continued)

Movements in investments

	2019 \$'000	2018 \$'000
Investment in subsidiaries		
Opening balance	1,023,651	1,512,047
Additions	3,000	1,504,253
Impairment	(1,006,589)	(1,992,649)
Total	20,062	1,023,651

During the year the Company impaired its investments in BFIL by \$1,000.0m, and BFL by \$3.3m due to a decrease in their net assets as a consequence of dividends received from these subsidiaries.

In addition to the above, the Company made a capital contribution to Aon Graña Peru Corredores de Seguros SA of \$3.0m (2018: \$4.2m) during the year and recognized an impairment of \$3.1m.

16. Non-current assets - Other receivables

	2019 \$'000	2018 \$'000
Amounts owed by fellow Group undertakings	418,395	578,008
Less: allowance for expected credit losses	(1,655)	(2,817)
	416,740	575,191

The amount owed by fellow Group undertakings are interest bearing and are due to be received after the next 12 months. These comprise the following loan notes:

- €291.0m issued by a fellow Group undertaking, Aon Holdings France SNC, Inc on 27 June 2014 with an interest rate of 4.25% and a maturity date of 14 May 2021.
- €86.0m issued to a fellow group undertaking, Aon Group Nederland BV with an interest rate of 2.95% and a maturity date of 14 May 2026.

On 20 December 2019, the Company received an early repayment of the entire loan principal amount of \$150.0m plus interest accrued of \$5.5m and a prepayment fee received of \$7.0m from Aon Corporation.

Aon Overseas Holdings Limited
Notes to the financial statements
31 December 2019

17. Non-current assets - Deferred tax asset

	2019	2018
	\$'000	\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Tax losses carried forward	<u>1,764</u>	<u>7,126</u>
Deferred tax asset	<u><u>1,764</u></u>	<u><u>7,126</u></u>
<i>Movements:</i>		
Opening balance	7,126	11,352
Charged to profit or loss (note 11)	(5,826)	(4,940)
Impact of change in tax rates to the statement of profit or loss	464	719
Adjustment recognised for tax of prior periods	<u>-</u>	<u>(5)</u>
Closing balance	<u><u>1,764</u></u>	<u><u>7,126</u></u>

The Company has \$10,077,000 (2018: \$40,745,000) of unused tax losses carried forward at 31 December 2019. The Directors consider that based upon management's estimates, sufficient taxable profits will be generated in future years to recover these assets. These estimates are based on ongoing transactions and forecast performance.

18. Current liabilities - Trade and other payables

	2019	2018
	\$'000	\$'000
Amounts owed to fellow Group undertakings	43	185
Amounts owed to subsidiary undertakings	142	16,129
Amounts owed to parent undertaking	<u>-</u>	<u>430</u>
	<u><u>185</u></u>	<u><u>16,744</u></u>

The amounts owed to fellow Group undertakings, amounts owed to subsidiary undertakings and amounts owed to the parent undertaking are not interest bearing and are due to be received within the next 12 months.

19. Non-current liabilities - Borrowings

	2019 \$'000	2018 \$'000
Amounts owed to group undertakings	-	169,396
Amounts owed to subsidiary undertakings	-	1,000,000
	-	<u>1,169,396</u>

On 24 January 2019, the Company settled accrued interest of \$20.1m due to BFL under the terms of an interest bearing loan ("IBL") agreement dated 15 May 2015. On the same date, BFL then assigned and transferred the full benefit of all its rights, title and interest to the Company in relation to \$1,000.0m IBL receivable, owed by the Company to BFL. In return, the Company assumed in full, BFL's liability owed to BFIL, in respect of an amount equal to \$1,000.0m interest free loan payable to BFIL ("IFL Payable") owed by BFL to BFIL under the terms of a loan agreement dated 15 May 2015.

On the same day, the IFL payable of \$1,000.0m was transferred to the Company by BFIL, resulting in derecognition of the liability and recognition of \$1,000.0m dividend in specie from BFIL.

On 7 June 2019 the Company early repaid the \$196.1m loan issued by a fellow Group undertaking, Randolph Finance Unlimited, resulting in \$22.1m debt extinguishment loss.

20. Equity - Share capital

	2019 Shares	2018 Shares	2019 \$'000	2018 \$'000
Ordinary shares - fully paid	<u>40,002</u>	<u>40,002</u>	<u>40</u>	<u>40</u>

All shares are allotted, issued and fully paid. These shares comprise of 40,001 ordinary shares of \$1 and 1 ordinary share of £1.

21. Equity - Share premium account

	2019 \$'000	2018 \$'000
Share premium account	-	<u>1,500,120</u>

On 26 July 2019, the Company reduced its entire share premium by the cancellation of \$1,500.1m and transferred the same amount to retained profits, in accordance with the provisions set out in section 642 of the Companies Act, for further details please refer to note 23.

22. Equity - Capital contribution reserve

	2019 \$'000	2018 \$'000
Capital contribution reserve	-	<u>26,704</u>

On 7 June 2019 the Company early repaid the \$196.1m loan issued by a fellow Group undertaking, Randolph Finance Unlimited, resulting in \$22.1m debt extinguishment loss and the capital contribution of \$26.7m was transferred to Retained profits in accordance with para 3.15(e) of ICAEW Technical release 02/17BL.

23. Equity - Retained profits

	2019 \$'000	2018 \$'000
Retained profits/(accumulated losses) at the beginning of the financial year	(76,384)	235,118
Adjustment for change in accounting policy	-	(7,292)
Retained profits/(accumulated losses) at the beginning of the financial year - restated	(76,384)	227,826
Profit after income tax charge for the year	33,859	80,734
Dividends paid (note 24)	-	(779,800)
Transfer from share premium reserve (note 21)	1,500,120	-
Transfer from capital contribution reserve (note 22)	26,704	394,856
Retained profits/(accumulated losses) at the end of the financial year	<u>1,484,299</u>	<u>(76,384)</u>

24. Equity - Dividends paid

Dividends paid during the financial year were as follows:

	2019 \$'000	2018 \$'000
There were no dividends paid (2018: \$779.8m (\$19,494.03 per share)), declared and paid during the year ended 31 December 2019 to Aon Global Holdings Limited, the Company's parent.	-	779,800

25. 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 2019 include cash pool deposits of \$937.1m (2018: \$946.7m), 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.

26. Events after the reporting period

On 11 March 2020, the outbreak of the coronavirus, COVID-19, was declared by the World Health Organisation to be a pandemic. The spread of COVID-19 across the globe is impacting worldwide economic activity and has resulted in restrictions on travel and quarantine policies being put in place by businesses and governments, which may adversely affect the business of the Aon Group. The Aon Group is closely monitoring the situation and its business, liquidity, and capital planning initiatives, to ensure minimal impact to daily operations. The Aon Group is fully operational and has deployed business continuity protocols in impacted regions to facilitate remote working capabilities.

The global stock markets have fallen considerably since the outbreak of COVID-19 that started in January 2020 which has impacted the market capitalisation of the majority of companies globally, including the Aon Group. This has had a corresponding negative impact on the valuation of companies worldwide, including the investments in associates held by the Company. This reduction however is not an adjusting post balance sheet event and therefore the valuations in the balance sheet reflect the valuation as at 31 December 2019. At the time of signing these financial statements, there were no indicators of impairment for the investments in subsidiaries.

26. Events after the reporting period (continued)

On 3 March 2020, the Company issued a loan note with a principal amount of \$340.0m to Aon Delta Bermuda S.L at an interest rate of 4.125% with the maturity date of 31 December 2023.

On 30 March 2020, the Company issued a further 100 shares to Aon Global Holdings Limited for a cash consideration of \$518.4m.

On the same day the Company issued a loan note with a principal amount of \$1,120.0m to Aon Group International N.V. ("AGI NV"), at an interest rate of 5.00% with the maturity date of 30 March 2023.

No other matter or circumstance has arisen since 31 December 2019 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.

27. Controlling party

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

The ultimate parent undertaking and controlling party as at 31 December 2019 was Aon plc ("Aon plc – UK"), a company incorporated in the UK and registered in England and Wales. Subsequent to year end, and as part of a Group reorganisation, the ultimate parent company of the Group which contains the Company, and for which Group financial statements are prepared, transferred from the UK to Ireland. Effective as from 1 April 2020, the Irish incorporated entity, Aon plc, became the ultimate parent undertaking of the Group ("Aon plc – Ireland").

Copies of the group financial statements of Aon plc – UK 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.