

HOGG GROUP LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2003



COMPANY NO: 688743

HOGG GROUP LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

The directors present their report together with the financial statements for the year ended 31 December 2003.

DIRECTORS

E R C Cruttwell	
J L Hill	
W J Oram	(appointed 28 April 2004)
D N Wall	(resigned 28 April 2004)
N B Bovingdon	(resigned 14 May 2003)

SECRETARY

CoSec 2000 Limited

REGISTERED OFFICE

8 Devonshire Square, London, EC2M 4PL

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS IN 2003

The principal activity of the company is that of acting as an intermediate holding company. The company's subsidiaries previously conducted international and domestic insurance and reinsurance business, but are now dormant.

It is not anticipated that there will be any change in activity of the company in 2004.

See note 12 for details of leasehold property sold after the year end.

RESULTS AND DIVIDENDS

The loss for the year after taxation, amounted to £17,000 (2002: £1,739,000 profit) and has been transferred from reserves. The directors do not recommend the payment of a dividend (2002: £nil).

DIRECTORS

The directors who served during the year and to the date of this report are set out above.

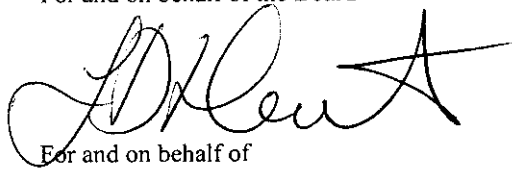
DIRECTORS' INTERESTS

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

AUDITORS

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

For and on behalf of the Board



For and on behalf of
CoSec 2000 Limited
Secretary
Date: 15 June 2005

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HOGG GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOGG GROUP LIMITED

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

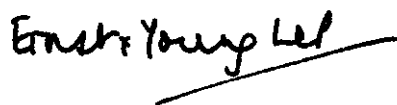
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

Date: 17 June 2005

HOGG GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
Other income		-	25
Write back of investments	5	-	1,123
Write-off of investments	5	-	(279)
Provision for diminution in value of investments	5	-	(226)
Depreciation	4	(17)	(17)
OPERATING (LOSS)/PROFIT	2	<u>(17)</u>	<u>626</u>
Profit on sale of property		-	1,021
(LOSS)/PROFIT BEFORE TAXATION		<u>(17)</u>	<u>1,647</u>
Taxation	3	-	92
(LOSS)/PROFIT AFTER TAXATION		<u>(17)</u>	<u>1,739</u>
TRANSFERRED (FROM)/TO RESERVES		<u>(17)</u>	<u>1,739</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

(Loss)/Profit for the financial year	(17)	1,739
Realisation of revaluation reserve on disposal	-	623
Total gains and losses recognised since the last annual report	<u>(17)</u>	<u>2,362</u>

HOGG GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	<u>2003</u> £000	<u>2002</u> £000
FIXED ASSETS			
Tangible Assets	4	590	607
Investments	5	897	897
		<u>1,487</u>	<u>1,504</u>
CURRENT ASSETS			
Debtors	6	54,540	54,540
Cash at bank and in hand		1	1
		<u>54,541</u>	<u>54,541</u>
Creditors: Amounts falling due within one year	7	(363)	(363)
NET CURRENT ASSETS		<u>54,178</u>	<u>54,178</u>
NET ASSETS		<u>55,665</u>	<u>55,682</u>
CAPITAL AND RESERVES			
Called up ordinary share capital	8	16,896	16,896
Share premium account	9	21,874	21,874
Capital redemption reserve	10	7,451	7,451
Merger reserve	10	3,651	3,651
Revaluation reserve	10	660	660
Profit and loss account	10	5,133	5,150
SHAREHOLDERS' FUNDS (all equity)		<u>55,665</u>	<u>55,682</u>

The financial statements were approved by the Board of Directors on 15 June 2005.

Signed on behalf of the Board

 Director
W J Oram

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

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

Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments.

Group accounts

The company is exempt from the requirement to prepare group accounts as its results are included in the consolidated financial statements of Aon Holdings UK (formerly Aon Holdings UK Limited), a company registered in England & Wales.

Investment and dividend income

Interest on loans, deposits and fixed interest receipts is recorded on a received basis.

Dividends from subsidiary undertakings are recognised on a declared basis.

Tangible assets

Expenditure on tangible assets (other than freehold land, which is not depreciated) is written off over the estimated useful life of the asset on a straight line basis. The following rate of depreciation has been applied:

Long leasehold buildings	2%
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Deferred taxation

In accordance with FRS 19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES (continued)

Cash flow statement

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

Related party transactions

Details of the principal subsidiary undertakings are shown in note 5.

As the company was a wholly owned subsidiary of Aon Holdings UK (formerly Aon Holdings UK Limited) throughout the period it has taken advantage of the disclosure exemptions allowed by FRS 8.

2. OPERATING PROFIT

The auditors' and directors' remuneration for 2003 and 2002 was borne by another group company.

3. TAXATION	<u>2003</u>	<u>2002</u>
	<u>£000</u>	<u>£000</u>
CORPORATION TAX		
On current year's (loss)/profit at 30% (2002: 30%)	-	8
Adjustments in respect of prior years	-	(100)
Current tax credit for the period	<u>-</u>	<u>(92)</u>

There was no effect of FRS19 on the tax charge for the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

3. TAXATION - continued

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The difference is reconciled below: -

	<u>2003</u> <u>£000</u>	<u>2002</u> <u>£000</u>
(Loss)/profit on ordinary activities before tax	(17)	1,647
Current taxation on (loss)/profit on ordinary activities calculated at the UK standard rate of corporation tax	(5)	494
- Expenses not deductible for tax purposes	5	157
- Income not subject to corporation tax	-	(649)
- Depreciation in excess of capital allowances	-	5
- Adjustment in respect of previous periods	-	(100)
- ACT written back	-	1
Current tax credit for the period	-	(92)

Factors that may affect future tax charges

Unrecognised deferred tax on capital losses amount to £835,000 as at the end of the period.

4. TANGIBLE FIXED ASSETS

	Freehold Land £000	Long Leasehold Buildings £000	Total £000
COST OR VALUATION:			
Balance at 1 January and 31 December	11	828	839
DEPRECIATION:			
Balance at 1 January 2003	-	232	232
Charge for the year	-	17	17
Balance at 31 December 2003	-	249	249
NET BOOK VALUE:			
As at 31 December 2003	11	579	590
As at 31 December 2002	11	596	607

No assets are held under finance leases or hire purchase contracts (2002: £nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

5. INVESTMENTS

	Investments in subsidiary undertakings £000	Investments in associate undertakings £000	Total £000
COST:			
Balance at 1 January and 31 December	1,123	-	1,123
PROVISION:			
Balance at 1 January and 31 December	226	-	226
NET BOOK VALUE:			
As at 31 December 2002 and 31 December 2003	897	-	897

The Company holds investments in the ordinary shares of the following principal subsidiary and associate undertakings, which, unless otherwise indicated, are incorporated in Great Britain and registered in England & Wales, acted as insurance brokers and agents for insurance companies, and are 100% owned by the Company. These companies were dormant throughout the period.

Aon 05 Limited (formerly HIB Limited)
Broadgate Holdings Limited
Aon Alexander Howden Limited
Carbon Risk Management Limited (49% owned)

Where the directors are of the opinion that the recoverable amounts of investments is significantly below the carrying value, the carrying value has been written down accordingly.

6. DEBTORS

	<u>2003</u> £000	<u>2002</u> £000
Amounts owed by group undertakings:		
- ultimate parent undertaking.	140	140
- parent company	1,686	1,686
- other group undertakings	52,714	52,714
	<u>54,540</u>	<u>54,540</u>

All debtors are repayable within one year.

7. CREDITORS: Amounts falling due within one year

	<u>2003</u> £000	<u>2002</u> £000
Amounts owed to group undertakings:		
- other group undertakings	102	102
- other group undertakings - Group relief	39	39
Taxation	222	222
	<u>363</u>	<u>363</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

8. SHARE CAPITAL

	<u>2003</u>		<u>2002</u>	
	<u>Number of shares</u> 000s	<u>Amount</u> £000	<u>Number of shares</u> 000s	<u>Amount</u> £000
<u>Authorised</u>				
Ordinary shares of 25p	70,000	17,500	70,000	17,500
Cumulative redeemable preference shares of £1	20,000	20,000	20,000	20,000
		<u>37,500</u>		<u>37,500</u>
<u>Allotted, called up and fully paid</u>				
Ordinary shares of 25p	67,585	16,896	67,585	16,896
		<u>16,896</u>		<u>16,896</u>

9. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<u>Ordinary Share Capital</u> £000	<u>Share Premium</u> £000	<u>Reserves</u> £000	<u>Total Shareholders' Funds</u> £000
Balance 1 January 2002	16,896	21,874	15,173	53,943
Movement in year	-	-	1,739	1,739
Balance 31 December 2002	<u>16,896</u>	<u>21,874</u>	<u>16,912</u>	<u>55,682</u>
Movement in year	-	-	(17)	(17)
Balance 31 December 2003	<u>16,896</u>	<u>21,874</u>	<u>16,895</u>	<u>55,665</u>

10. RECONCILIATION OF RESERVES

	<u>Capital Redemption Reserve</u> £000	<u>Merger Reserve</u> £000	<u>Revaluation Reserve</u> £000	<u>Profit & Loss Account</u> £000	<u>Total Reserves</u> £000
Balance 1 January 2002	7,451	3,651	1,283	2,788	15,173
Profit for the year	-	-	-	1,739	1,739
Released on disposal of property	-	-	(623)	623	-
Balance 31 December 2002	<u>7,451</u>	<u>3,651</u>	<u>660</u>	<u>5,150</u>	<u>16,912</u>
Loss for the year	-	-	-	(17)	(17)
Balance 31 December 2003	<u>7,451</u>	<u>3,651</u>	<u>660</u>	<u>5,133</u>	<u>16,895</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

11. PARENT UNDERTAKINGS AND CONTROLLING PARTY

The immediate parent is Bain Hogg Group Limited, a company registered in England and Wales.

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

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

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

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

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

12. POST BALANCE SHEET EVENT

The company sold its remaining leasehold property in February 2004 for £3,200,000.