

Aon UK Holdings Intermediaries Limited

Company Registration Number 04267675

Annual Report - 31 December 2017



Aon UK Holdings Intermediaries Limited
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31 December 2017

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Aon UK Holdings Intermediaries Limited
Corporate directory
31 December 2017

Directors

C L Asher
E M Hamnett
P Katsaouni-Dodd
D G Ledger (resigned on 28 March 2018)

Company secretary

CoSec 2000 Limited

Registered office

The Aon Centre
The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AN

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Aon UK Holdings Intermediaries Limited
Strategic report
31 December 2017

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

The Company is a limited liability company incorporated in the United Kingdom ("UK") under the UK Companies Act 2006 ("the Companies Act") and registered in England and Wales. The address of the registered office is given on the page 2.

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

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

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under Section 400 of the Companies Act, because it is included in the Group financial statements of Aon plc ("the Group"). The Group financial statements are available to the public and can be obtained as set out in note 29.

Principal activity

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

Review of operations

The profit for the Company after providing for income tax amounted to £82.9m (2016: £3,595.9m). This profit was mainly driven from the below items:

	2017 £'000	2016 £'000	Change £'000	Change %
Revenue	91,697	157,845	(66,148)	(42%)
Administrative expenses	(2,379)	(1,447)	(932)	64%
Other gains and losses	(3,739)	3,443,216	(3,446,955)	(100%)

Revenue

The revenue balance has decreased by £66.1m due to lower dividends received this year when compared to the prior year.

Administrative expenses

Administrative expenses increased by £0.9m mainly due to increases in impairment charge of £0.4m, rental costs under operating leases £0.4m and net foreign exchange losses £1.1m offset by a decrease in other administrative expenses of £1.0m.

Other gains and losses

On 17 February 2017, the Company along with other companies in the Aon Group, entered into a binding sale and purchase agreement (the "SPA") to dispose of certain sub-Saharan investments including the Company's subsidiary undertaking, Aon Kenya Insurance Brokers Limited, to a third party. The net loss for the sale was £3.7m.

In 2016, the gain related to a disposal of the Company's subsidiary undertaking, Aon Benfield Limited ("ABL") to Aon Delta UK Limited (ADUKL), also a subsidiary undertaking of the Company.

	2017 £'000	2016 £'000
Shareholder's funds	4,836,122	4,753,238
Net current liabilities	<u>(550,957)</u>	<u>(645,606)</u>

The Company's shareholder's funds increased by £82.9m due to profit for the year.

Net current liabilities decreased by £94.6m mainly due to decreases in trade and other payables of £14.5m and borrowings of £99.6m offset by decreases in trade and other receivables £19.8m.

Principal risks and uncertainties

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

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

Accounting estimates and assumptions

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

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 us. 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.

External environment risk

The UK's withdrawal from the European Union ("Brexit") has created uncertainty about the future relationship between the UK and the European Union as they negotiate the terms of the withdrawal. As the UK and European Union negotiate these terms, there is uncertainty about the agreements they will reach on topics such as financial laws and regulations, tax and free trade agreements, immigration laws, and employment laws. The lack of clarity about Brexit and the future UK laws and regulations creates uncertainty for us as the outcome of these negotiations may affect the Group's business and operations. Additionally, there is also a risk that other countries may decide to leave the European Union. The uncertainty surrounding Brexit not only potentially affects the Group's business in the UK and the European Union, but may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Non-current assets impairment charges

The Company may be required to record other non-current assets impairment charges, which could result in a significant charge to earnings.

Non-current assets are reviewed for impairment when events or changes in circumstances indicate 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. This may trigger an evaluation of the recoverability of the recorded other intangible assets. Future other non-current assets impairment charges could materially impact the financial statements.

Implementation of our corporate strategies

In connection with the implementation of our corporate strategies, the Company faces risks associated with the acquisition or disposition of businesses, the entry into new lines of business, the integration of acquired businesses, and the growth and development of these businesses.

In pursuing our corporate strategy, the Company may acquire other businesses or dispose of or exit businesses it currently owns. The success of this strategy is dependent upon the ability to identify appropriate acquisition and disposition targets, negotiate transactions on favourable terms, complete transactions and, in the case of acquisitions, successfully integrate them into our existing businesses. If a proposed transaction is not consummated, the time and resources spent pursuing it could adversely result in missed opportunities to locate and acquire other businesses. If acquisitions are made, there can be no assurance that we will realise the anticipated benefits of such acquisitions, including, but not limited to, revenue growth, operational efficiencies, or expected synergies. If we dispose of or otherwise exit certain businesses, there can be no assurance that we will not incur certain disposition related charges, or that we will be able to reduce overhead related to the divested assets.

Financial Risk Management

Objectives and policies

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

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

Exposure to credit risk

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

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

The primary areas where the Company is exposed to credit risk are amounts due from clients and insurers in respect of funded claims, funded premiums, brokerage not yet received and cash and investment holdings.

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

The Company's principal financial assets relates to amounts owed by fellow Group undertakings. Details of the Company's debtors are disclosed in note 11.

With the exception of the cash pooling arrangements as detailed in note 27, the Company has no significant concentration of credit risk outside of the Group, with exposure spread over a large number of counterparties and customers.

Exposure to foreign currency risk

The Company is exposed to foreign exchange risk when it earns revenues, pays expenses, or enters into monetary intercompany transfers or other transactions denominated in a currency that differs from its functional currency. The most significant currencies to which the Company is exposed are the United States Dollars and Euros. The Company had no material currency exposure as at 31 December 2017.

Exposure to liquidity and cash flow risk

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


The Aon Group

The Company is an indirect subsidiary of Aon plc, a company listed on the New York Stock Exchange which had net assets of circa. US \$4.6 billion (2016: US \$5.7 billion) as disclosed in its audited financial statements for the year ended 31 December 2017 and had an S&P rating of A-/Stable. The Company benefits from Aon plc and certain fellow Group undertakings for services provided in a wide range of areas including Group credit facilities detailed in note 27 of the financial statements, Group capital injections, and other head office services. The Company continues to benefit from the Group's support and the directors expect this support to continue for the foreseeable future. Availability of this support provides additional mitigation to many of the Company's principal risks.

Likely future developments

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

For and on behalf of the Board of Directors



N J Pervin, For and on behalf of CoSec 2000 Limited
Company Secretary

12 July 2018

Aon UK Holdings Intermediaries Limited
Directors' report
31 December 2017

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

Results

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

Political donations

No political donations were made during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Likely future developments

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

Principal risks and uncertainties

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

Going Concern

The directors have prepared a going concern assessment for the Company for the financial period to July 2019 (reflecting a one-year projection from the date of the signing of the 2017 statutory accounts in July 2018).

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

The Company's net current liability position is mainly due to the directors' commercial decision to fund its investments in fellow group companies through the use of a cash pooling agreement as part of Aon plc's global banking arrangements, more details of which are given in note 27. The directors believe that the Company has adequate financial resources, including access to the cash balances of the Company's subsidiaries 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.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow Group undertakings.

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

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

Events after the reporting period date

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Aon UK Holdings Intermediaries Limited
Directors' report
31 December 2017

Disclosure of information to the auditor

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

Auditor

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

Indemnity of directors

The Group has qualifying third party indemnity provisions in place for the benefit of 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.

For and on behalf of the Board of Directors.



N J Pervin, For and on behalf of CoSec 2000 Limited
Company Secretary

12 July 2018

Aon UK Holdings Intermediaries Limited
Directors' responsibilities statement
31 December 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK GAAP (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Aon UK Holdings Intermediaries Limited
Independent auditor's report to the members of Aon UK Holdings Intermediaries Limited
31 December 2017

Opinion

We have audited the financial statements of Aon UK Holdings Intermediaries Limited for the year ended 31 December 2017 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 29 and Appendix, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

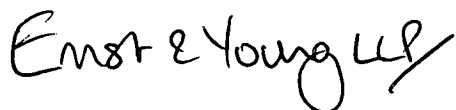
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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.



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

Date: 16 JULY 2018

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

	Note	2017 £'000	2016 £'000
Revenue	3	91,697	157,845
Expenses			
Administrative expenses	4	<u>(2,379)</u>	<u>(1,447)</u>
Operating profit		89,318	156,398
Interest receivable and similar income	7	5	250
Interest payable and similar charges	8	(3,534)	(4,273)
Other gains and losses	9	<u>(3,739)</u>	<u>3,443,216</u>
Profit before income tax benefit		82,050	3,595,591
Income tax benefit	10	<u>834</u>	<u>307</u>
Profit after income tax benefit for the year attributable to the owners of Aon UK Holdings Intermediaries Limited	25	82,884	3,595,898
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 UK Holdings Intermediaries Limited		<u><u>82,884</u></u>	<u><u>3,595,898</u></u>

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

Aon UK Holdings Intermediaries Limited
Statement of financial position
As at 31 December 2017

	Note	2017 £'000	2016 £'000
Assets			
Current assets			
Trade and other receivables	11	2,831	22,589
Income tax receivable	12	-	821
Cash and cash equivalents	13	2	796
Total current assets		<u>2,833</u>	<u>24,206</u>
Non-current assets			
Tangible fixed assets	14	47	476
Investments in subsidiaries	15	5,366,629	5,380,160
Investments in associates	16	19,402	19,402
Deferred tax asset	17	1,076	98
Total non-current assets		<u>5,387,154</u>	<u>5,400,136</u>
Total assets		<u>5,389,987</u>	<u>5,424,342</u>
Liabilities			
Current liabilities			
Trade and other payables	18	80,011	94,534
Borrowings	19	470,580	570,173
Provisions	20	3,199	5,105
Total current liabilities		<u>553,790</u>	<u>669,812</u>
Non-current liabilities			
Provisions	21	75	1,292
Total non-current liabilities		<u>75</u>	<u>1,292</u>
Total liabilities		<u>553,865</u>	<u>671,104</u>
Net assets		<u>4,836,122</u>	<u>4,753,238</u>
Equity			
Share capital	22	648,195	648,195
Share premium account	23	391,968	391,968
Capital contribution reserve	24	615,738	615,738
Retained profits/ (losses)	25	3,180,221	3,097,337
Total equity		<u>4,836,122</u>	<u>4,753,238</u>

The Company's registered number is 04267675.



C Asher
Director

12 July 2018

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

Aon UK Holdings Intermediaries Limited
Statement of changes in equity
For the year ended 31 December 2017

	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Retained profits / (losses) £'000	Total equity £'000
Balance at 1 January 2016	648,195	391,968	211,842	(498,561)	753,444
Profit after income tax benefit for the year	-	-	-	3,595,898	3,595,898
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,595,898	3,595,898
<i>Transactions with shareholders' in their capacity as owners:</i>					
Capital Contribution for the year	-	-	403,896	-	403,896
Balance at 31 December 2016	<u>648,195</u>	<u>391,968</u>	<u>615,738</u>	<u>3,097,337</u>	<u>4,753,238</u>
	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Retained profits / (losses) £'000	Total equity £'000
Balance at 1 January 2017	648,195	391,968	615,738	3,097,337	4,753,238
Profit after income tax benefit for the year	-	-	-	82,884	82,884
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	82,884	82,884
Balance at 31 December 2017	<u>648,195</u>	<u>391,968</u>	<u>615,738</u>	<u>3,180,221</u>	<u>4,836,122</u>

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

1. Significant accounting policies

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

Basis of preparation

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

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

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

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

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.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available under this standard where applicable to the Company except for those mentioned below. Where relevant, equivalent disclosures have been given in the Group financial statements of Aon plc. The Group financial statements of Aon plc are available to the public and can be obtained as set out in note 29.

The following exemption was not taken, the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment.

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

Basis of consolidation

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

Revenue

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

Foreign currencies

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

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

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

1. Significant accounting policies (continued)

Interest receivable and similar income

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

Deferred tax

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

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

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

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

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

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

Current and non-current classification

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

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

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

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

1. Significant accounting policies (continued)

Offsetting of financial instruments

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Other financial assets and liabilities

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. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Other 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.

All other financial liabilities held by the Company are measured at amortised cost. The Company's financial liabilities included within this category under IAS 39 include balances classified as current and non-current liabilities on the Statement of financial position.

Loans and 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 profit or loss when the asset is derecognised or impaired.

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.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

1. Significant accounting policies (continued)

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 as a revenue within the Statement of profit or loss.

Tangible fixed assets

Fixtures and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis so as to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	Over the lower of the unexpired period of the lease or the useful economic life of the asset
Fixtures, fittings	Between three and ten years

The residual values, useful lives and depreciation methods are reviewed and adjusted at each reporting date, if appropriate.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1. Significant accounting policies (continued)

Impairment of tangible assets

At each reporting period date, the Company reviews the carrying amounts of its tangible with a finite life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the tangible asset impairment review, the recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or CGU to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a CGU.

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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Issued capital

Ordinary shares are classified as equity.

2. Critical accounting judgements, estimates and assumptions

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

The judgements, estimates and assumptions that pose significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the foreseeable future are discussed below.

Impairment of non-financial assets other than goodwill and other indefinite life intangible 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.

Provisions

As a normal consequence of the Company's operations, a number of provisions are made which are based on estimates. This includes a provision for the present value of anticipated costs for future restoration of leased premises. The provision includes future costs associated with closure of the premises. The calculation of this provision requires assumptions such as expected future closure dates and cost estimates. The provision recognised for each location is reviewed periodically and updated based on the facts and circumstances available at that time. Changes to the estimated future costs are recognised in the Statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying value of the asset are recognised in profit or loss.

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

	2017	2016
	£'000	£'000
Dividends received from subsidiary undertakings	<u>91,697</u>	<u>157,845</u>

4. Administrative expenses

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

	2017 £'000	2016 £'000
Net foreign exchange losses/(gains)	1,095	30
Depreciation of tangible fixed assets	423	438
(Gains)/Losses on disposal of tangible fixed assets	5	-
Impairment charge	442	-
Other administrative expenses	(639)	371
Rental costs under operating leases	1,053	608
	<u>2,379</u>	<u>1,447</u>

The Company incurs expenses on behalf of other Aon Group companies. The credit on other administrative expenses relates to recharges of these expenses.

5. Director's emoluments

	2017 £'000	2016 £'000
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	974	950
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	468	391
Aggregate of company contributions paid in respect of money purchase schemes	59	88
	<u>1,501</u>	<u>1,429</u>
Total	<u>1,501</u>	<u>1,429</u>

The aggregate emoluments in respect of qualifying services paid to directors or past directors as compensation for loss of office during the year was £Nil (2016: £Nil).

	2017	2016
The number of directors who:		
Received shares in respect of qualifying services under a long term incentive scheme	2	2
Exercised options over shares in the parent company	2	2
Are accruing benefits under money purchase schemes	4	5
	<u>2017</u> <u>£'000</u>	<u>2016</u> <u>£'000</u>
Remuneration of the highest paid director:		
Emoluments	1,108	915
Pension contributions	40	40
	<u>1,148</u>	<u>955</u>
Total	<u>1,148</u>	<u>955</u>

The highest paid director exercised share options of 4,657 shares at an average price \$123.91 in the year and had no shares receivable under long-term incentive schemes in 2017.

5. Director's emoluments (continued)

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

6. Auditor remuneration

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

	2017 £'000	2016 £'000
Audit of the financial statements	<u>12</u>	<u>14</u>

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

7. Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest receivable	5	3
Interest receivable from other group undertakings	<u>-</u>	<u>247</u>
	<u>5</u>	<u>250</u>

8. Interest payable and similar charges

	2017 £'000	2016 £'000
Bank interest payable	3,503	4,229
Notional interest charge	<u>31</u>	<u>44</u>
	<u>3,534</u>	<u>4,273</u>

9. Other gains and losses

	2017 £'000	2016 £'000
Profit/(Loss) on disposal of investments	(3,739)	3,436,268
Other non operating income	<u>-</u>	<u>6,948</u>
	<u>(3,739)</u>	<u>3,443,216</u>

10. Income tax benefit

	2017 £'000	2016 £'000
<i>Income tax benefit</i>		
Current tax	(5)	(743)
Deferred tax - origination and reversal of temporary differences	(852)	(33)
Adjustment recognised for prior periods	(257)	288
Foreign tax	180	172
Impact of change in tax rates	100	9
	<u>(834)</u>	<u>(307)</u>
Aggregate income tax benefit	<u>(834)</u>	<u>(307)</u>

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

The tax credit in the Statement of Profit or Loss for the year is lower (2016: lower) than that calculated at the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below.

Profit before income tax benefit	82,050	3,595,591
Tax at the statutory tax rate of 19.25% (2016: 20%)	15,795	719,118
Adjustment recognised for prior periods	(257)	288
Expenses not deductible for tax	271	242
Transfer pricing adjustments	-	76
Income not subject to tax	(17,643)	(32,959)
Foreign tax	180	172
Impact of change in tax rates	100	9
Loss/(gain) on disposal	720	(687,253)
	<u>(834)</u>	<u>(307)</u>
Income tax benefit	<u>(834)</u>	<u>(307)</u>

2017
£'000

2016
£'000

Deferred tax in the income statement:

Decelerated capital allowances	(33)	(33)
Losses	(818)	-
	<u>(851)</u>	<u>(33)</u>
Total deferred tax movement	<u>(851)</u>	<u>(33)</u>

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

Any deferred tax expected to reverse has been re-measured using the above rates.

11. Current assets - Trade and other receivables

	2017 £'000	2016 £'000
Prepayments and accrued income	921	17
Other receivables	6	17
Amounts owed by fellow Group undertakings	376	22,555
Amounts owed by subsidiary undertakings	1,528	-
	<u>2,831</u>	<u>22,589</u>

12. Current assets - Income tax receivable

	2017 £'000	2016 £'000
Group relief receivable	-	821

13. Current assets - Cash and cash equivalents

	2017 £'000	2016 £'000
Cash and cash equivalents	2	796

14. Non-current assets - Tangible fixed assets

	2017 £'000	2016 £'000
Leasehold improvements - at cost	3,976	4,011
Less: Accumulated depreciation	(3,949)	(3,562)
	27	449
Fixtures and fittings - at cost	71	71
Less: Accumulated depreciation	(51)	(44)
	20	27
	47	476

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below, net of the disposal of fully depreciated assets:

	Leasehold improvements £'000	Fixtures and fittings £'000	Total £'000
Balance at 1 January 2016	836	34	870
Additions	44	-	44
Depreciation expense	(431)	(7)	(438)
Balance at 31 December 2016	449	27	476
Disposals	(6)	-	(6)
Depreciation expense	(416)	(7)	(423)
Balance at 31 December 2017	27	20	47

15. Non-current assets - Investments in subsidiaries

	2017 £'000	2016 £'000
Investments in subsidiaries	5,366,629	5,380,160

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

The Company's direct subsidiary and associate undertakings as at 31 December 2017 are as follows:

Name	Address of registered office	Holding	Proportion held %
Aon (Isle of Man) Limited	Third Floor, St George's Court, Upper Church Street, Douglas, Isle of Man	Ordinary shares	100.00%
Aon 180412 Limited (in liquidation)	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Aon Benfield Colombia Ltda	Avenida Carrera 9 #113-52 Of. 505, Bogotá, Colombia	Ordinary shares	100.00%
Corredores de Reaseguros	Briarcliff House, Kingsmead, Farnborough, Hampshire, GU14 7TE, UK	Ordinary shares	100.00%
Aon Consulting Financial Services Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Aon Delta UK Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Aon Pension Trustees Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Aon Risk Services UK Limited (in liquidation)	Devonshire House, 60 Goswell Road, London, EC1M 7AD, UK	Ordinary shares and Preference shares	100.00%
Aon Trust Corporation Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Asian Reinsurance Underwriters Limited	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary shares	100.00%
Bain Hogg Group Limited (in liquidation)	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
CoSec 2000 Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Hogg Group Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
International Space Brokers Europe Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
International Space Brokers Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Jenner Fenton Slade Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Minet Consultancy Services Ltd	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Minet Group	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%

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

Name	Address of register office	Holding	Proportion held %
Agostini Insurance Brokers Ltd	119 Henry Street, Port-of-Spain, Trinidad, WI, Trinidad and Tobago	Ordinary shares	44.46%
Alexander Clay	103 Waterloo Street, Glasgow, Scotland, Scotland, G2 7BW	Ordinary shares	41.52%
J.S. Johnson & Company Limited	34 Collins Avenue, Nassau, Bahamas	Ordinary shares	40.00%

Please refer to the appendix for a detailed listing of the indirect subsidiary and associate undertakings of the Company as at 31 December 2017.

Reconciliation of net book value at the beginning and end of the current and previous financial year are as follows:

	2017 £'000	2016 £'000
Opening balance	5,380,160	1,373,967
Disposals	(13,026)	(1,322,953)
Impairment charge for the year	(442)	-
Transfer from Investments in associates	-	6,600
Additions	-	5,322,546
Transfer to fellow Group undertaking	(63)	-
Closing balance	<u>5,366,629</u>	<u>5,380,160</u>

On 17 February 2017, the Company along with other companies in the Aon Group, entered into a binding sale and purchase agreement (the "SPA") to dispose of certain sub-Saharan investments including the Company's subsidiary undertaking, Aon Kenya Insurance Brokers Limited, to a third party. The Company received net cash proceeds of £9.3m resulting in a net loss on disposal of £3.7m.

16. Non-current assets - Investments in associates

	2017 £'000	2016 £'000
Investment in associates	<u>19,402</u>	<u>19,402</u>

Please refer to the note above for details of associates.

	2017 £'000	2016 £'000
Cost		
At 1 January	19,402	25,836
Additions	-	166
Transfer to investments in subsidiaries	-	(6,600)
At 31 December	<u>19,402</u>	<u>19,402</u>

17. Non-current assets - Deferred tax asset

	2017 £'000	2016 £'000
<i>Deferred tax asset comprises of:</i>		
Amounts recognised in income statement		
Decelerated capital allowances	128	98
Losses	948	-
	<u>1,076</u>	<u>98</u>
Deferred tax asset	<u>1,076</u>	<u>98</u>
<i>Movements:</i>		
Opening balance	98	107
Credited to profit or loss (note 10)	852	33
Impact of change in tax rates to the statement of profit and loss	(100)	(9)
Adjustment recognised for prior periods	226	(33)
	<u>1,076</u>	<u>98</u>
Closing balance	<u>1,076</u>	<u>98</u>

The Company has £5,572k (2016: £0) of tax losses carried forward at 31 December 2017. From 1 April 2017 the UK Government introduced changes to the loss utilisation rules, with a restriction on annual offset of brought forward losses against profits arising on or after 1 April 2017 to 50%. Greater flexibility has also been introduced with losses arising on or after 1 April 2017 to be offset against profits from other group companies, and other income types.

Based on current profit projections, the directors consider that it is more likely than not that sufficient profit will arise in the foreseeable future against which the asset can reverse.

The Company has an unrecognised deferred tax asset of £34,238k (2016: £16,598k) in respect of capital losses carried forward and £0 (2016: £225k) in relation to a carried forward non-trade loan relationship deficit.

18. Current liabilities - Trade and other payables

	2017 £'000	2016 £'000
Accruals	735	905
Other payables	-	70
Amounts owed to fellow Group undertakings	14,844	91,040
Amounts owed to subsidiary undertakings	64,432	-
Amounts owed to parent undertaking	-	2,519
	<u>80,011</u>	<u>94,534</u>

19. Current liabilities - Borrowings

	2017 £'000	2016 £'000
Bank overdraft	<u>470,580</u>	<u>570,173</u>

20. Current liabilities - Provisions

	2017	2016
	£'000	£'000
Restructuring provision	1,554	5,105
Dilapidation provision	1,645	-
	<u>3,199</u>	<u>5,105</u>

The movement for the overall balance of each class of provision is detailed out in the note below.

21. Non-current liabilities - Provisions

	2017	2016
	£'000	£'000
Restructuring provision	75	604
Dilapidation provision	-	688
	<u>75</u>	<u>1,292</u>

Restructuring provision

The provision represents the estimated costs to sell or terminate a line of business, close or relocate a business location, change the management structure or other fundamental reorganisations that has a material effect on the Company. The provision is recognised once the detailed restructuring plan has been drawn up by management and communicated to the public and those affected by the plans.

The restructuring plan of the UK operations has historically been focused on both the reduction of headcount and properties occupied by the Company. The restructuring plan was intended to integrate and streamline operations across Aon entities and has been closed for future accrual since 31 December 2013; however various accruals remain at 31 December 2017 and will continue to run off until all liabilities have been settled.

Vacant property provisions are calculated net of the estimated income expected to be received once the properties are vacated and sublet, and other costs. The major assumptions and uncertainties include the time period over which the buildings will remain vacant, the sublease terms, rental rates and service charges.

Provision has been made for the residual lease commitments, together with other outgoings, after taking into account existing sub-tenant arrangements. It is not assumed that the properties will be able to be sub-let beyond the periods in the present sub-lease agreements. In determining the provision for the Company's properties, the cash flows have been discounted on a pre-tax basis using appropriate government bond rates.

Dilapidation provisions

The dilapidation provision relates to contractual obligations of the Company on surrender of the property lease to reinstate the premises to the same state and condition as before occupancy including making good all damage caused by the removal.

During the year, dilapidation provisions were transferred to the Company from a fellow Group undertaking, along with the lease agreements.

21. Non-current liabilities - Provisions (continued)

Movements in provisions

Movements in the current and non-current provisions are set out below as per each class of provision during the current financial year:

	Restructuring provision £'000	Dilapidation provision £'000
2017		
Carrying amount at the start of the year	5,709	688
Additional provisions recognised	-	926
Released in the year	(399)	-
Utilised in the year	(3,681)	-
Notional interest charge	-	31
	<u>1,629</u>	<u>1,645</u>
Carrying amount at the end of the year		

22. Equity - Share capital

	2017 Shares	2016 Shares	2017 £'000	2016 £'000
Ordinary shares - fully paid	<u>648,195,380</u>	<u>648,195,380</u>	<u>648,195</u>	<u>648,195</u>

All shares are allotted, issued and fully paid. The Company has only one class of ordinary shares of £1 each.

23. Equity - Share premium account

	2017 £'000	2016 £'000
Share premium account	<u>391,968</u>	<u>391,968</u>

24. Equity - Capital contribution reserve

	2017 £'000	2016 £'000
Capital contribution reserve	<u>615,738</u>	<u>615,738</u>

25. Equity - Retained profits/ (losses)

	2017 £'000	2016 £'000
Retained profits/ (losses) at the beginning of the financial year	3,097,337	(498,561)
Profit after income tax benefit for the year	<u>82,884</u>	<u>3,595,898</u>
Retained profits at the end of the financial year	<u>3,180,221</u>	<u>3,097,337</u>

26. Operating lease commitments

At 31 December 2017, the Company was committed to make the following payments under non-cancellable operating lease agreements in respect of land and buildings:

	2017 £'000	2016 £'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,549	8,350
Between two to five years	-	3,549
	<u>3,549</u>	<u>11,899</u>

27. Guarantees

The Group maintains multi-currency cash pools with third-party banks in which various Aon entities participate. As part of Aon plc's global banking arrangements, individual Aon entities are permitted to overdraw on their individual accounts provided the overall balance does not fall below zero. Under the terms of the cash pool arrangements, participants, such as the Company whose cash at bank balances at 31 December 2017 include negative cash pool deposits of £470.6m (2016: negative balance of £570.1m), 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.

28. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

29. Controlling party

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

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

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

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

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The indirect subsidiary and associates undertakings of the Company as at 31 December 2017 are as follows:

Name	Address of registered office	Holding	Proportion held %
AB Insurances Ltd	119 Henry Street, Port-of-Spain, Trinidad, WI, Trinidad and Tobago	Ordinary shares	44.46%
Acumen Credit Insurances Brokers Limited	Trueman House, Capitol Park Tingley, Leeds, West Yorkshire, LS27 0TS	Ordinary shares	100.00%
Affinity Group Insurance Services Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Agostini Insurance Brokers Grenada Limited	J.E. Bergasse Building, 1st Floor, Vide Boutielle, Saint Lucia	Ordinary shares	21.79%
AIB Services Ltd	119 Henry Street, Port-of-Spain, Trinidad, WI, Trinidad and Tobago	Ordinary shares	44.46%
Allen Insurance Associates, Inc.	200 E. Randolph St., Chicago, IL 60601, USA	Ordinary shares	100.00%
Aon Adjudication Services Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon Benfield do Brasil Corretora de Resseguros Ltda	Rua Sao Bento, 18, sala 1302, Centro, CEP 20090-010, Rio de Janeiro/RJ, Brasil	Ordinary shares	99.99%
Aon Benfield Group Limited	Thistle House, 4 Burnaby Street, Hamilton HM 11, PO Box HM1564, HMFx, Bermuda	Ordinary shares	100.00%
Aon Benfield Israel Limited	4 Berkovitch Street, Museum Building, 18th floor 64238 Tel Aviv, Israel	Ordinary shares	100.00%
Aon Benfield Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon Benfield Malaysia Limited	Level 10, Tower 3, Avenue 7, The Horizon, Bangsar South, No 8 Jalan Kerinchi, Kuala Lumpur 59200, Malaysia	Ordinary shares	100.00%
Aon Benfield Mexico Intermediario De Reseguros SA de CV	Blvd. Manuel Avila Camacho No. 1, piso 10, Col. Polanco, C.P. 11560, Mexico D.F	Ordinary shares	32.26%
Aon Benfield Panama, S.A.	Ave. Samuel Lewis y Callie, 54 Olbarrio Torre Generali, Piso #27, Bella Vista, Panama	Ordinary shares	56.00%
Aon Benfield Peru Corredores de Reaseguros SA	Calle Dionisio Derteano 144, oficina 1001, San Isidro, Peru	Ordinary shares	99.99%
Aon Benfield Puerto Rico Inc.	304 Ponce De Leon, Suite 1017, San Juan, PR 00918, Puerto Rico	Ordinary shares	100.00%
Aon Broking Services SA	Swiss Bank Building, 16th Floor, 53rd Street, urbanizacion Obarrio- World Trade Center, Panama	Ordinary shares	100.00%
Aon Consulting Kazakhstan LLP	25, Samal-3, Almaty, Kazakhstan	Ordinary shares	55.00%
Aon Consulting Limited	Briarcliff House, Kingsmead, Farnborough, Hampshire, UK, GU14 7TE	Ordinary shares	100.00%
Aon DC Trustee Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon Delta Bermuda Ltd.	Aon House, 30 Woodbourne Avenue, Pembroke, Bermuda	Ordinary shares	100.00%
Aon Group Venezuela, Corretaje de Reaseguro C.A.	Avenida Principal de El Bosque, Edificio Pichincha, piso PH, apartamento PH2, Chacaito, Caracas, Venezuela	Ordinary shares	100.00%

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Name	Address of registered office	Holding	Proportion held %
Aon Hewitt (Cyprus) Limited	8 Kennedy Ave, 1087 Nicosia, Cyprus	Ordinary shares	35.00%
Aon Hewitt (Ireland) Limited	5th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary shares	100.00%
Aon Hewitt Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon Hewitt Ltd	4th floor Dias Pier, Le Caudan Waterfront, Port Louis, Mauritius	Ordinary shares	33.00%
Aon Hewitt Management Company Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
Aon Hewitt SA	2 Mesogion St, 115 27 Athens, Greece	Ordinary shares	35.00%
Aon Holdings Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon Insurance Micronesia (Guam) Inc	718 North Marine Corps Drive Suite 306, Guam (Micronesia)	Ordinary shares	97.00%
Aon Kloud Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon PMI International Limited	PO Box 33 Maison Trinity Trinity Square St Peter Port GUERNSEY GY1 4AT	Ordinary shares	100.00%
Aon Re Peru Cirredorres de Reasegueros SA	Calle Dionisio Derteano 144, oficina 1001, San Isidro, Peru	Ordinary shares	100.00%
Aon Risk Services (NI) Limited	8th Floor Victoria House, 15 - 17 Gloucester Street, Belfast, BT1 4LS	Ordinary shares and preference shares	100.00%
Aon Saudi Arabia E.C. (In liquidation)	1st Floor, Unitag House, Government Avenue, Manama, Bahrain, Peru	Ordinary shares	60.00%
Aon Securities Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon Treasury Ireland Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
Aon UK Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Aon UK Trustees Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Bacon & Woodrow Partnerships Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Bacon & Woodrow Partnerships (Ireland) Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
Bankassure Insurance Services Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Becketts (Trustee) Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
Benfield do Brasil Participacoes Ltda	Rua Sao Bento, 18, sala 1302, Centro, CEP 20090-010, Rio de Janeiro/RJ, Brasil	Ordinary shares	100.00%
Bowes & Company, Inc., of New York	200 E. Randolph St., Chicago, IL 60601, USA	Ordinary shares	100.00%
Cardea Health Solutions Limited	119 Henry Street, Trinidad and Tobago	Ordinary shares	44.46%
Contingency Insurance Brokers Limited	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary shares	51.00%
Contractsure Limited	Trueman House, Capitol Boulevard Tingley, Leeds, West Yorkshire, LS27 0TS	Ordinary shares	100.00%

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Name	Address of registered office	Holding	Proportion held %
Credit Insurance Brokers (Reynolds) Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Delany Bacon & Woodrow Partnership	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
Denney, O'Hara (Life & Pensions) Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Doveland Services Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
E. W. Blanch Holdings Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
E. W. Blanch Investments Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Eurotempest Limited	C/o Ucl Business Plc, Network Building, 97 Tottenham Court Road, London, W1T 4TP	Ordinary shares	33.33%
EW Blanch Limited (dormant)	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary shares	100.00%
Farmsure Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Hall Rhodes Holdings Limited	Trueman House, Capitol Park, Leeds, West Yorkshire, LS27 0TS	Ordinary shares	100.00%
Hall Rhodes Limited	Trueman House, Capitol Park, Leeds, West Yorkshire, LS27 0TS	Ordinary shares	100.00%
Henderson Corporate Insurance Brokers Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Henderson Insurance Brokers Limited	Trueman House, Capitol Park Tingley, Leeds, West Yorkshire, LS27 0TS	Ordinary shares	100.00%
Henderson Insurance Partnership Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Henderson Risk Management Limited	Trueman House, Capital Park, Tingley Leeds, West Yorkshire, LS27 0TS	Ordinary shares	100.00%
Hewitt Associates Outsourcing Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Hewitt Risk Management Services Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Hogg Robinson North America, Inc.	200 E. Randolph St., Chicago, IL 60601, USA	Ordinary shares	32.00%
Insuractive Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Insurance Broker Aon Kazakhstan LLP	25, Samal-3, Almaty, Kazakhstan	Ordinary shares	55.00%
J.S. Johnson & Company (Turks & Caicos) Ltd	Graceway Plaza, Leeward Highway, Providenciales, Turks & Caicos	Ordinary shares	100.00%
John Reynolds & Company (Credit Insurance) Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
John Reynolds & Company (Insurances) Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
John Reynolds & Company (Life & Pensions) Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%

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Name	Address of registered office	Holding	Proportion held %
Krumlin Hall Limited	PO Box LS27 0TS, Trueman House Capitol Park, Tingley, Leeds, West Yorkshire, England, LS27 0TS	Ordinary shares	100.00%
McLagan (Aon) Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Minet Inc.	700 de la Gauchetierre West, Suite 800, Montreal, QC H3B 0A5, Canada	Ordinary shares and preference shares	100.00%
NBS Nominees Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Optimum Risk Solutions Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
P.G. Bradley & Co Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Portus Consulting (Leamington) Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Portus Consulting Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Portus Online LLP	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Limited Liability Partnership	100.00%
Rasini Vigano Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Richard Kiddle (Insurance Brokers) Limited	Trueman House Capitol Park, Tingley, Leeds, LS27 0TS	Ordinary shares	100.00%
Ronnie Elementary Insurance Agency Ltd	4 Berkovitch Street, Museum Building, 18th floor 64238 Tel Aviv, Israel	Ordinary shares	100.00%
Sports Insure Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
Suresport Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
The Aon Ireland Mastertrustee Limited	5th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary shares	100.00%
The Aon MasterTrustee Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
The John Reynolds Company Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%
UK Credit Insurance Specialists Limited	Trueman House, Capitol Park, Leeds, LS27 0TS	Ordinary shares	100.00%