

CUTLERS INVESTMENTS
FINANCIAL STATEMENTS
31 DECEMBER 2007



CUTLERS INVESTMENTS
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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CUTLERS INVESTMENTS

COMPANY INFORMATION

Directors	E R C Cruttwell M Rose
Company secretary	CoSec 2000 Limited
Registered office	8 Devonshire Square London EC2M 4PL
Auditor	Ernst & Young LLP Registered Auditor London

CUTLERS INVESTMENTS
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2007

The directors present their report together with the financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of making and management of investments. The company limits its investments to short-term sterling deposits and does not make use of derivative instruments. It is not anticipated that there will be any change in activity of the company in 2008.

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year and up to the date of this report are listed on page 1.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 period. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 that 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 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.

CUTLERS INVESTMENTS

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

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
Company Secretary

Date 20 May 2008

CUTLERS INVESTMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUTLERS INVESTMENTS

YEAR ENDED 31 DECEMBER 2007

We have audited the financial statements ("the financial statements") of Cutlers Investments for the year ended 31 December 2007 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 under 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 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

CUTLERS INVESTMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUTLERS INVESTMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2007

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

Date

20th May 2008

CUTLERS INVESTMENTS
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
INCOME	2	7,017	5,500
Administrative expenses		—	(29)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>7,017</u>	<u>5,471</u>
Tax on ordinary activities	5	30,888	(1,061)
PROFIT FOR THE FINANCIAL YEAR		<u>37,905</u>	<u>4,410</u>

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £37,905 attributable to the shareholders for the year ended 31 December 2007 (2006 profit of £4,410)

The notes on pages 8 to 15 form part of these financial statements

CUTLERS INVESTMENTS

BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Debtors due within one year	6	32,653	530
Debtors due after one year	6	2,969,474	2,969,474
Investments	7	128,961	122,022
Cash at bank		31,043	31,043
		<u>3,162,131</u>	<u>3,123,069</u>
CREDITORS: Amounts falling due within one year	8	<u>(45,834)</u>	<u>(44,677)</u>
NET CURRENT ASSETS		<u>3,116,297</u>	<u>3,078,392</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,116,297</u>	<u>3,078,392</u>
CREDITORS: Amounts falling due after more than one year	9	<u>(2,996,346)</u>	<u>(2,996,346)</u>
		<u>119,951</u>	<u>82,046</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	4,200	4,200
Profit and loss account	11	115,751	77,846
SHAREHOLDERS' FUNDS	11	<u>119,951</u>	<u>82,046</u>

£2,996,346 in respect of Ordinary A, B and C shares has been presented as a liability in accordance with Financial Reporting Standard 25 (Disclosure of Financial Instruments) and the Companies Act 1985 Schedule 4. The total called up share capital and share premium account is £4,746 and £2,995,800 respectively.

These financial statements were approved by the board of directors on
signed on their behalf by

20 May 2008 and are



E R C Cruttwell
Director

The notes on pages 8 to 15 form part of these financial statements

CUTLERS INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The significant accounting policies adopted are described below

Cash flow statement

The company is exempt from preparing a cash flow statement as it is consolidated within the financial statements of Aon Corporation whose accounts are publicly available

Related party transactions

As the company is a subsidiary of Aon Corporation whose consolidated financial statements are publicly available, it has taken advantage of the disclosure exemptions allowed by FRS8

Income

Income represents interest on deposits and fixed interest investments recorded on an accruals basis

Current asset investments

Current investments are stated at lower of cost and net realisable value

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

Treasury policy

The company limits its investments to short-term sterling deposits and does not make use of derivative instruments

CUTLERS INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES (*continued*)

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable, and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The company's Ordinary A, B and C shares have been accounted for as such a hybrid instrument.

2. INCOME

	2007 £	2006 £
Investment return on Money Market Funds	<u>7,017</u>	<u>5,500</u>

CUTLERS INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

3. OPERATING PROFIT

Operating profit is stated after charging

	2007	2006
	£	£
Directors' emoluments	—	—
Auditor's remuneration		
- as auditor	—	—
	<u>—</u>	<u>—</u>

Auditor's remuneration for statutory audit has been borne by another group company. The costs incurred by the other company are analysed as follows

	2007	2006
	£	£
Audit of the financial statements	8,000	8,000
Other fees incurred in the current year, relating to prior years	<u>10,000</u>	<u>—</u>

The directors received no remuneration from the company during the year (2006 Nil)

4. PARTICULARS OF EMPLOYEES

The company had no employees (2006 Nil)

5. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007	2006
	£	£
Current tax		
UK Corporation tax charge for the year at 30% (2006 30%)	1,156	1,061
(Over)/under provision in prior year	<u>(32,044)</u>	<u>—</u>
Total current tax	<u>(30,888)</u>	<u>1,061</u>

CUTLERS INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

5. TAXATION ON ORDINARY ACTIVITIES (*continued*)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 30%)

The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>7,017</u>	<u>5,471</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	2,105	1,641
Transfer pricing	(949)	(580)
Adjustment to tax in respect of prior periods	<u>(32,044)</u>	<u>-</u>
Total current tax (note 5(a))	<u>(30,888)</u>	<u>1,061</u>

6. DEBTORS

	2007 £	2006 £
Group relief receivable	32,044	-
Called up share capital not paid (note 9)	2,969,474	2,969,474
Prepayments and accrued income	609	530
	<u>3,002,127</u>	<u>2,970,004</u>

The debtors above include the following amounts falling due after more than one year

	2007 £	2006 £
Called up share capital not paid	<u>2,969,474</u>	<u>2,969,474</u>

7. INVESTMENTS

	2007 £	2006 £
Money market funds	<u>128,961</u>	<u>122,022</u>

8. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertakings	44,677	32,044
Group relief payable	1,157	2,633
Accruals and deferred income	-	10,000
	<u>45,834</u>	<u>44,677</u>

CUTLERS INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

9. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Shares classed as financial liabilities	<u>2,996,346</u>	<u>2,996,346</u>

Allotted and called up fixed dividend ordinary shares:

	2007 £	2006 £
10,011 Ordinary A shares of £0 01 each	100	100
14,860 Ordinary B shares of £0 01 each	149	149
14,860 Ordinary C shares of £0 02 each	297	297
Nominal value	<u>546</u>	<u>546</u>
14,860 Ordinary B shares premium £100 00 each	1,486,000	1,486,000
14,860 Ordinary C shares premium £100 00 each	1,486,000	1,486,000
Share premium	<u>2,972,000</u>	<u>2,972,000</u>
140,000 Ordinary B shares premium £0 09 each	12,600	12,600
140,000 Ordinary C shares premium £0 08 each	11,200	11,200
	<u>23,800</u>	<u>23,800</u>
Total value of fixed dividend ordinary shares	<u>2,996,346</u>	<u>2,996 346</u>

Unpaid share premium on fixed dividend ordinary shares:

	2007 £	2006 £
14,860 Ordinary B shares premium £99 91 each	1,484,663	1,484,663
14,860 Ordinary C shares premium £99 92 each	1,484,811	1,484,811
	<u>2,969,474</u>	<u>2,969,474</u>

14,860 B Ordinary shares of £0 01 each were issued at a premium of £100 00 per share. The consideration payable was £100 01 per share of which £0 10 per share (being nominal value of £0 01 per share plus premium £0 09 per share) was paid in cash on execution of the Subscription Agreement and the remaining £99 91 is payable on 31 March 2011 or earlier following a written demand by the company.

14,860 C Ordinary shares of £0 02 each were issued at a premium of £100 00 per share. The consideration payable was £100 02 per share of which £0 10 per share (being nominal value of £0 02 per share plus premium £0 08 per share) was paid in cash on execution of the Subscription Agreement and the remaining £99 92 is payable on 31 March 2011 or earlier following a written demand by the company.

140,000 B and 140,000 C shares each were issued at a premium of £0 09 and £0 08 respectively. The related associated premium on these shares has been treated as a liability.

CUTLERS INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

9. CREDITORS: Amounts falling due after more than one year *(continued)*

On the issue or allotment of shares for a premium, the Board may determine that the amount of the premium relating to an individual share shall be attached to that individual share (known as the Associated Premium) The whole or a part of the Associated Premium attaching to the B and C Ordinary shares shall be immediately transferred to the A shares (pro rata according to the number of A Ordinary shares in issue) if certain conditions arise prior to 31 March 2011

The A Ordinary shares carry an entitlement to a fixed dividend payable on 31 March 2011 The B and C Ordinary shares carry an entitlement to a fixed dividend payable on 1 June 2011 The payment of the dividend is contingent upon the occurrence of events as defined in the company's Articles of Association In all cases, the amount of the dividend shall be equivalent to the amount, if any, of Associated Premium attaching to the shares at that date

10. SHARE CAPITAL

Authorised share capital:

	2007	2006
	£	£
15,000 Ordinary A shares of £0 01 each	150	150
250,000 Ordinary B shares of £0 01 each	2,500	2,500
250,000 Ordinary C shares of £0 02 each	5,000	5,000
	<u>7,650</u>	<u>7,650</u>

Allotted and called up:

	2007	2006
	£	£
10,011 Ordinary A shares of £0 01 each	-	-
140,000 Ordinary B shares of £0 01 each	1,400	1,400
140,000 Ordinary C shares of £0 02 each	2,800	2,800
	<u>4,200</u>	<u>4,200</u>

The company reorganised its authorised and issued share capital by passing special resolutions on 7 September 2005 as follows

- The company reduced its authorised share capital from £5,150 to £150 divided into 15,000 A Ordinary shares of £0 01 each The reduction was achieved by the cancellation and extinguishment of all 500,000 B Ordinary shares of £0 01 each of which 93,727 were in issue as fully paid

- The company repurchased its existing fully paid 93,727 B Ordinary shares at par value for £937

- The company increased its authorised share capital from £150 to £7,650 by the creation of 250,000 B Ordinary shares of £0 01 each and 250,000 C Ordinary shares of £0 02 each

- 140,000 B Ordinary shares of £0 01 each were issued at a premium of 9p per share The consideration payable of £0 10 per share was paid in cash on execution of the Subscription Agreement

CUTLERS INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

10 SHARE CAPITAL *(continued)*

- 14,860 B Ordinary shares of £0 01 each were issued at a premium of £100 00 per share. The consideration payable was £100 01 per share of which £0 10 per share (being nominal value of £0 01 per share plus premium £0 09 per share) was paid in cash on execution of the Subscription Agreement and the remaining £99 91 is payable on 31 March 2011 or earlier following a written demand by the company.

- 140,000 C Ordinary shares of £0 02 each were issued at a premium of 8p per share. The consideration payable of £0 10 per share was paid in cash on execution of the Subscription Agreement.

- 14,860 C Ordinary shares of £0 02 each were issued at a premium of £100 00 per share. The consideration payable was £100 02 per share of which £0 10 per share (being nominal value of £0 02 per share plus premium £0 08 per share) was paid in cash on execution of the Subscription Agreement and the remaining £99 92 is payable on 31 March 2011 or earlier following a written demand by the company.

A Ordinary shares carry weighted voting rights of 100 votes per share. B and C Ordinary shares carry one vote per share. The holder of a majority of the issued A Ordinary shares shall have the right to appoint two of the three directors to the Board. The holders of the majority of the B and C Ordinary shares may appoint the other director.

On the issue or allotment of shares for a premium, the Board may determine that the amount of the premium relating to an individual share shall be attached to that individual share (known as the Associated Premium). The whole or a part of the Associated Premium attaching to the B and C Ordinary shares shall be immediately transferred to the A shares (pro rata according to the number of A Ordinary shares in issue) if certain conditions arise prior to 31 March 2011.

A fixed dividend is payable on the A Ordinary shares on 31 March 2011 and a fixed dividend is payable on the B and C Ordinary shares on 1 June 2011. In all cases the amount of the dividend shall be any Associated Premium attaching to the share.

In addition to the fixed dividends, dividends may be declared and paid on each of the different classes of shares in such amounts as the Board in its discretion sees fit. A dividend may be paid on a share irrespective of the amounts paid up on the share and irrespective of the date on which the share was issued and allotted.

On the winding up or liquidation of the company, the surplus assets of the company remaining after the payment of its liabilities shall, so far as the assets permit, be applied in the following order:

(a) where the winding up or liquidation occurs prior to 31 March 2011, the following order of priority applies:

- first to the holders of the B shares and C shares an amount equal to the nominal value of their shares, and

- secondly, any remaining assets of the company shall be paid to the holders of the A shares on a pro-rata basis according to the number of A shares held by them.

CUTLERS INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

10. SHARE CAPITAL *(continued)*

(b) where a winding up or liquidation occurs on or after 31 March 2011, the following order of priority applies

- first to the holders of the A shares, B shares and the C shares an amount equal to the Associated Premium attached to their shares,
- secondly to the holders of the B shares and C shares an amount equal to the nominal value of their shares (prorated if necessary), and
- finally, any remaining assets of the company shall be paid to the holders of the A shares on a pro-rata basis according to the number of A shares held by them

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
Balance as at 1 January 2006	4,200	73,436	77,636
Profit for the year	—	4,410	4,410
Balance as at 31 December 2006	4,200	77,846	82,046
Profit for the year	—	37,905	37,905
Balance as at 31 December 2007	<u>4,200</u>	<u>115,751</u>	<u>119,951</u>

12. PARENT UNDERTAKINGS AND CONTROLLING PARTY

The immediate parent undertaking is Aon 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 smallest and largest group, which contains the company, and for which group financial statements are prepared, is Aon Corporation

Copies of the group financial statements of Aon Corporation are available from the Securities and Exchange Commission, Division of Corporation Finance, 100 F Street, N E , Washington, DC 20549, United States of America