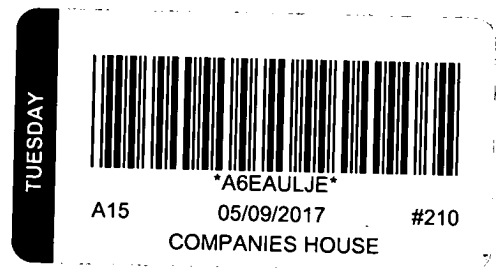


Aon Benfield Limited

Company Registration Number 06652620

Annual Report - 31 December 2016



Aon Benfield Limited

Contents

31 December 2016

Corporate directory	2
Strategic report	3
Directors' report	7
Directors' responsibilities statement	9
Independent auditor's report to the members of Aon Benfield Limited	10
Statement of profit or loss and other comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the financial statements	16
Appendix A	37

Aon Benfield Limited
Corporate directory
31 December 2016

Directors

N J Hardman
P Katsaouni-Dodd
D G Ledger
C M Williams (resigned 18 November 2016)
E M Hamnett (appointed 18 November 2016)
C L Asher (appointed 18 November 2016)

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 Benfield Limited
Strategic report
31 December 2016

The directors present their Strategic report of the Company for the year ended 31 December 2016. Aon Benfield Limited ("the Company") is a limited liability company incorporated in the United Kingdom ("UK") under the UK Companies Act and registered in England and Wales.

The address of the registered office is given on the Corporate directory on page 2.

These financial statements are presented in Pounds Sterling as 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 because it is included in the group financial statements of Aon plc ("the Group"). The group financial statements of Aon plc are available to the public and can be obtained as set out in note 36.

Principal activities

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

Review of operations

The profit after taxation for the Company amounted to £232.8m (2015: £282.5m). This profit was mainly driven from the below items:

	2016 £'000	2015 £'000	Change £'000	Change %
Revenue	286,758	735,589	(448,831)	(61%)
Administrative expenses	(56,790)	(434,905)	378,115	(87%)
Interest payable and similar charges	(22,654)	(26,913)	4,259	(16%)
Other gains and losses	21,770	3,691	18,079	490%

Revenue

The revenue relates to dividends received from subsidiary undertakings during the year.

Administrative expenses

Administration expenses decreased significantly this year by 87%. This is mainly due to a decrease in impairment charge on its investment in subsidiaries to £55.6m (2015: £434.0m).

Interest payable and similar charges As part of the Group's reorganisation on 16 December 2016, the parent company, Aon Delta UK Limited ("ADUKL"), converted its long term payable of £279.4m into 6,709,959 ordinary shares worth £1.00 each, and share premium of £272.7m at £40.64 per share in the Company. Further to this under the same reorganisation the 10,223,637 voting preference shares were re-designated as ordinary shares of £1 each. This resulted in a decrease in interest payable and similar charges of £4.3m.

Other gains and losses

During the year, the Company disposed of some of its investments noted below:

a) Shares held in Aon Commercial Services and Operations Ireland Limited ("ACSOIL") were sold to fellow subsidiary undertaking Aon Global Operations Limited ("AGOL") for a cash consideration of £64.1m (\$78.9m) this being deemed the fair value of the shares post transfer of the treasury business to Aon Treasury Ireland Limited ("ATIL"); this investment had a carrying value of £36.9m resulting in a realised gain of £27.2m;

b) Partnership interest in Aon Global Holdings 1 C.V. ("AGH 1CV") was sold to fellow group undertaking Aon Group (Bermuda) Limited ("AGBL") for a consideration of £4.7m (\$6.2m); this investment had a carrying value of £3.7m and the sale resulted in a realised gain of £1.0m; and

c) Benfield Greig Holdings Limited ("BGHL"), was placed into members voluntary liquidation and subsequently dissolved on 3 April 2017; during the year the carrying value of £6.5m was written down to £nil resulting in a loss of £6.5m on the dissolution of the subsidiary.

Aon Benfield Limited
Strategic report
31 December 2016

The Company's key financial and other performance indicators during the year were as follows:

	2016 £'000	2015 £'000
Shareholder's funds	2,519,467	2,102,354
Net current assets	<u>153,865</u>	<u>(31,349)</u>

Shareholder's funds significantly increased due to increase in net profit during the year, plus transactions described below.

As part of the Group's reorganisation on 16 December 2016, the parent company, ADUKL, converted its long term payable of £279.4m into 6,709,959 ordinary shares worth £1.00 each, and share premium of £272.7m in the Company.

The Company acquired the following investments during the year:

a) In August 2016 the Company acquired from its subsidiary BGHL as part of the latter's preparation for liquidation 50% holding in Benfield Participacoes LTDA (previously called Benfield do Brasil Corretora Limitada) ("BP") the shares being inspected to the Company. Subsequent to this in December 2016, the Company acquired the remaining 50% of the issued share capital of BP for a cash consideration of £0.06m from its parent entity Aon UK Holdings Intermediaries Limited ("AUKHIL");

b) On 2 December 2016, the Company acquired 100% of the issued share capital of a newly established company Aon Treasury Ireland Limited ("ATIL") to which the Company's subsidiary Aon Commercial Services and Operations Ireland Limited ("ACSOIL") had transferred its treasury business assets. The Company paid a cash consideration of £0.03m for the shares in ATIL; and

c) On 22 December 2016, the Company made an additional capital contribution of £4.0m to its subsidiary undertaking, Aon Risk Services (NI) Limited ("ARS NI Limited").

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.

Recoverability of investments in subsidiary undertakings and intercompany balances

The risks facing the Company are the recoverability of its investments in subsidiary undertakings and intercompany balances. These risks are managed both globally and locally by the Group's finance team. The Company carries out regular reviews of the recoverability of its investments in subsidiary undertakings and intercompany balances. The directors are satisfied that the carrying values of investments are recoverable and that obligations under the intercompany balances will be met in full.

External environment risk

The UK's formal initiation of a withdrawal process from the European Union has created significant uncertainty about the future relationship between the UK and the European Union. These developments may have a material adverse effect on global economic conditions and the stability of global financial markets. Lack of clarity about future UK laws and regulations, including financial laws and regulations, tax and free trade agreements, immigration laws and employment laws, could also depress economic activity and have a material adverse effect on our business, financial condition and results of operations.

Financial Risk Management

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 price risk

The Company is not exposed to any significant price risk.

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 Company's principal financial assets are trade debtors and amounts owed by parent, subsidiary and fellow group undertakings. Details of the Company's debtors are disclosed in note 12.

With the exception of the cash pooling arrangements as detailed in note 34, 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 US dollar and Euro. The Company had no material currency exposure as at 31 December 2016.

Exposure to liquidity and cash flow risk

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company meets its day to day working capital requirements through operating cash flows, existing cash resources and ultimately if required by access to the Group cash pooling arrangements. The Company also manages liquidity risk via revolving credit facilities and long term debt. Liquidity is managed centrally by Aon Corporate Treasury on a global basis to ensure there is sufficient available unutilised capacity on its committed borrowing facilities.

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 US \$5.7 billion (2015: US \$6.2 billion) as disclosed in its annual financial statements for the year ended 31 December 2016 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 34 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 principle risks.

Aon Benfield Limited
Strategic report
31 December 2016

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

A handwritten signature in black ink, appearing to read 'A K G Withington', written over a horizontal line.

A K G Withington, For and on behalf of CoSec 2000 Limited
Company Secretary

30 August 2017

Aon Benfield Limited
Directors' report
31 December 2016

The directors present their report, together with the financial statements of the Company for the year ended 31 December 2016.

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.

Charitable and political donations

No charitable or political donations were made during the year.

Dividends

Dividends paid during the financial year were as follows:

	2016 £'000	2015 £'000
An interim dividend of £98.8m (2015: £nil) was declared and paid during the year ended 31 December 2016 to ADUKL, the Company's parent.	98,777	-

The dividend paid comprised accrued dividends due on the Company's voting preference shares of £41.7m and an interim dividend on the ordinary shares of £57.1m.

Principal risks and uncertainties

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

Financial risk management

Information on the Company's financial risk management are disclosed in the Strategic report.

Likely future developments

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

Going Concern

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

The Company has considerable financial resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

On 15 April 2017, the Company entered into a new lease arrangement in Reading, UK. The new lease will replace the current lease, which is due to expire at the end of September 2017.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2016 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 Benfield Limited
Directors' report
31 December 2016

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 2006.

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.



A K G Withington, For and on behalf of CoSec 2000 Limited
Company Secretary

30 August 2017

Aon Benfield Limited
Directors' responsibilities statement
31 December 2016

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 Benfield Limited
Independent auditor's report to the members of Aon Benfield Limited
31 December 2016

We have audited the financial statements of Aon Benfield Limited for the year ended 31 December 2016 which comprise the Statement of profit or loss and other comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 36 and Appendix A. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Aon Benfield Limited

Independent auditor's report to the members of Aon Benfield Limited

31 December 2016

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where 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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Michael Purrington (Senior statutory auditor)

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

London

Date: 31 AUGUST 2017

Aon Benfield Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	3	286,758	735,589
Total revenue		<u>286,758</u>	<u>735,589</u>
Expenses			
Administrative expenses	4	<u>(56,790)</u>	<u>(434,905)</u>
		<u>(56,790)</u>	<u>(434,905)</u>
Operating profit		229,968	300,684
Interest receivable and similar income	8	191	32
Interest payable and similar charges	9	(22,654)	(26,913)
Other gains and losses	10	<u>21,770</u>	<u>3,691</u>
Profit before income tax credit		229,275	277,494
Income tax credit	11	<u>3,570</u>	<u>4,986</u>
Profit after income tax credit for the year attributable to the owners of Aon Benfield Limited	31	232,845	282,480
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
De-recognition of available-for-sale asset		-	(3,925)
Gain/(Loss) on the re-measurement of available-for-sale assets		<u>3,659</u>	<u>(963)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>3,659</u>	<u>(4,888)</u>
Total comprehensive income for the year attributable to the owners of Aon Benfield Limited		<u>236,504</u>	<u>277,592</u>

All the activities of the Company are classed as continuing.

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

Aon Benfield Limited
Statement of financial position
As at 31 December 2016

	Note	2016 £'000	2015 £'000
Assets			
Current assets			
Trade and other receivables	12	10,514	10,973
Income tax receivable	13	3,765	4,060
Cash and cash equivalents	14	170,311	261
		<u>184,590</u>	<u>15,294</u>
Assets held for distribution	15	-	6,476
Total current assets		<u>184,590</u>	<u>21,770</u>
Non-current assets			
Tangible fixed assets	16	28,325	31,050
Investments in subsidiaries	17	2,347,551	2,438,945
Other receivables	18	1,941	1,598
Available-for-sale financial assets	19	10,381	6,722
Deferred tax asset	20	1,183	1,331
Total non-current assets		<u>2,389,381</u>	<u>2,479,646</u>
Total assets		<u>2,573,971</u>	<u>2,501,416</u>
Liabilities			
Current liabilities			
Borrowings	21	-	14,591
Trade and other payables	22	30,647	37,253
Provisions	23	78	1,275
Total current liabilities		<u>30,725</u>	<u>53,119</u>
Non-current liabilities			
Other payables	24	17,958	9,793
Provisions	25	5,821	8,684
Borrowings	26	-	327,466
Total non-current liabilities		<u>23,779</u>	<u>345,943</u>
Total liabilities		<u>54,504</u>	<u>399,062</u>
Net assets		<u>2,519,467</u>	<u>2,102,354</u>
Equity			
Share capital	27	120,306	113,596
Share premium account	28	2,116,643	1,843,967
Capital contribution reserve	29	55,665	55,665
Available-for-sale reserve	30	10,381	6,722
Retained earnings	31	216,472	82,404
Total equity		<u>2,519,467</u>	<u>2,102,354</u>

The Company's registered number is 06652620



C Asher
Director

30 August 2017

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

Aon Benfield Limited
Statement of changes in equity
For the year ended 31 December 2016

	Share capital £'000	Share premium account £'000	Available for sale reserve £'000	Capital Contribution reserve £'000	Preference shares £'000	Preference share premium £'000	Retained profit/ (losses) £'000	Total equity £'000
Balance at 1 January 2015	103,372	1,688,655	11,610	55,665	10,224	155,312	(200,076)	1,824,762
Profit after income tax credit for the year	-	-	-	-	-	-	282,480	282,480
Other comprehensive loss for the year, net of tax	-	-	(4,888)	-	-	-	-	(4,888)
Total comprehensive income/(loss) for the year	-	-	(4,888)	-	-	-	282,480	277,592
Balance at 31 December 2015	103,372	1,688,655	6,722	55,665	10,224	155,312	82,404	2,102,354

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

Aon Benfield Limited
Statement of changes in equity
For the year ended 31 December 2016

	Share capital £'000	Share premium account £'000	Available for sale reserve £'000	Capital contribution reserve £'000	Preference shares £'000	Preference share premium £'000	Retained profit/ (losses) £'000	Total equity £'000
Balance at 1 January 2016	103,372	1,688,655	6,722	55,665	10,224	155,312	82,404	2,102,354
Profit after income tax credit for the year	-	-	-	-	-	-	232,845	232,845
Other comprehensive income for the year, net of tax	-	-	3,659	-	-	-	-	3,659
Total comprehensive income for the year	-	-	3,659	-	-	-	232,845	236,504
<i>Transactions with Shareholders in their capacity as owners:</i>								
Converted Preference shares into ordinary shares	10,224	155,312	-	-	(10,224)	(155,312)	-	-
Converted long term payable into ordinary shares	6,710	272,676	-	-	-	-	-	279,386
Dividends paid (note 32)	-	-	-	-	-	-	(98,777)	(98,777)
Balance at 31 December 2016	<u>120,306</u>	<u>2,116,643</u>	<u>10,381</u>	<u>55,665</u>	<u>-</u>	<u>-</u>	<u>216,472</u>	<u>2,519,467</u>

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

Aon Benfield Limited
Notes to the financial statements
31 December 2016

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.

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.

Amounts in the financial statements have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

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

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available under this standard where applicable to the Company in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, impairment of assets and related party transactions, except for those mentioned below. Where relevant, equivalent disclosures have been given in the Group financial statements. The Group financial statements are available to the public and can be obtained as set out in note 36.

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's financial statements of Aon plc.

The Company has taken advantage of all FRS 101 disclosure exemptions except the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
(i) paragraph 73(e) of IAS 16 Property, Plant and Equipment.

Basis of consolidation

The Company has taken advantage of the exemption from preparation of consolidated financial statements under Section 400 of the Companies Act 2006 as its results are included in the financial statements of Aon plc.

The Group financial statements are available to the public and can be obtained as set out in note 36.

Going concern

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.

Revenue

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

Aon Benfield Limited
Notes to the financial statements
31 December 2016

1. Significant accounting policies (continued)

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.

Interest receivable and similar income

Interest receivable is recognised as interest accrues using the effective interest method.

Interest payable and similar charges

Interest payable is recognised as interest accrues using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability to the net carrying amount of the financial liability.

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

1. Significant accounting policies (continued)

Current and non-current classification

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

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

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

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

Offsetting of financial assets and liabilities

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

Cash and cash equivalents

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

Trade and other receivables

Work in progress represents revenue that has been earned but not yet billed to a client. Fee income not yet billed to clients is included in Other receivables. Other receivables are recognised at amortised cost, less any provision for impairment.

Non-current assets or disposal groups classified as held for distribution

Non-current assets and assets of disposal groups are classified as held for distribution if their carrying amount will be recovered principally through distribution upon liquidation rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for distribution, they must be available for immediate liquidation in their present condition and the liquidation must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for distribution. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

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.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

1. Significant accounting policies (continued)

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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

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.

Investments in subsidiaries

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.

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.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

1. Significant accounting policies (continued)

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 and office equipment	Between three and ten years
Computer equipment	Between four and seven years, beginning from the date of implementation of fully developed systems

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

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.

Impairment of tangible assets

At each reporting period date, the Company reviews the carrying amounts of its tangible assets 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.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

1. Significant accounting policies (continued)

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.

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. 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.

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.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

1. Significant accounting policies (continued)

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

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 other than goodwill and other indefinite life intangible 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.

Fair value measurement of available-for-sale assets

The Company is required for all investments deemed to be categorised as available-for-sale ("AFS") assets to measure these assets at their fair value. Considerable judgement is required to determine the fair value of these assets using a revenue multiple model to determine a value in use to the investments.

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

	2016 £'000	2015 £'000
Dividends received from subsidiary undertakings	<u>286,758</u>	<u>735,589</u>

Aon Benfield Limited
Notes to the financial statements
31 December 2016

4. Administrative expenses

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

	2016 £'000	2015 £'000
Net foreign exchange gains	(1,130)	(56)
Depreciation of tangible fixed assets	4,793	3,500
Losses on disposal of tangible fixed assets	10	3,655
Impairment charge	54,927	433,950
Other administrative expenses	(17,201)	(26,681)
Rental costs under operating leases	15,391	20,537
	<u>56,790</u>	<u>434,905</u>

Please refer to note 17 for details on the impairment charge.

5. Average number of employees

The Company had no employees during the year (2015:nil).

6. Directors' emoluments

	2016 £'000	2015 £'000
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	1,252	1,179
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	954	1,089
Aggregate of company contributions paid in respect of money purchase schemes	105	74
Total	<u>2,311</u>	<u>2,342</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 (2015: £Nil).

	2016	2015
The number of directors who:		
Received shares in respect of qualifying services under a long term incentive scheme	3	3
Exercised options over shares in the parent company	3	3
Are accruing benefits under money purchase schemes	6	2

	2016 £'000	2015 £'000
Remuneration of the highest paid director:		
Emoluments	915	997
Pension contributions	40	42
Total	<u>955</u>	<u>1,039</u>

The highest paid director exercised share options of 4,793 shares at average price \$76.05 in the year and received 3,065 shares at average price \$100.92 under long-term incentive schemes in 2016.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

6. Directors' 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. The comparative amounts have been presented on the same basis as the current year.

7. Auditor's 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:

	2016 £'000	2015 £'000
Audit of the financial statements	11	9

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

8. Interest receivable and similar income

	2016 £'000	2015 £'000
Bank interest receivable	191	32

9. Interest payable and similar charges

	2016 £'000	2015 £'000
Bank interest payable	65	3,071
Interest payable to group undertakings	22,251	23,748
Notional interest charge	338	94
	22,654	26,913

Aon Benfield Limited
Notes to the financial statements
31 December 2016

10. Other gains and losses

	2016 £'000	2015 £'000
Profit/(Loss) on disposal of investments	<u>21,770</u>	<u>3,691</u>

During the year, the Company disposed of some of its investments as noted below:

a) Shares held in Aon Commercial Services and Operations Ireland Limited ("ACSOIL") were sold to fellow subsidiary undertaking Aon Global Operations Limited ("AGOL") for a cash consideration of £64.1m (\$78.9m), this being deemed the fair value of the shares post transfer of the treasury business to Aon Treasury Ireland Limited ("ATIL"), this investment had a carrying value of £36.9m resulting in a realised gain of £27.2m;

b) Partnership interest in Aon Global Holdings 1 C.V. ("AGH 1CV") was sold to fellow group undertaking Aon Group (Bermuda) Limited ("AGBL") for a consideration of £4.7m (\$6.2m); this investment had a carrying value of £3.7m and the sale resulted in a realised gain of £1.0m; and

c) Benfield Greig Holdings Limited ("BGHL"), was placed into members voluntary liquidation and subsequently dissolved on 3 April 2017; during the year the carrying value of £6.5m was written down to £nil resulting in a loss of £6.5m on the dissolution of the subsidiary.

11. Income tax credit

	2016 £'000	2015 £'000
<i>Income tax credit</i>		
Current tax	(3,765)	(4,061)
Deferred tax - origination and reversal of temporary differences	(675)	(971)
Adjustment recognised for prior periods	733	(252)
Impact of change in tax rates	137	160
Foreign tax	<u>-</u>	<u>138</u>
Aggregate income tax credit	<u>(3,570)</u>	<u>(4,986)</u>

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

The tax charge/(credit) assessed on the profit/ (loss) on ordinary activities for the period is lower (2015: lower) than that calculated at the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

Profit before income tax credit	<u>229,275</u>	<u>277,494</u>
Tax at the statutory tax rate of 20% (2015: 20.25%)	45,855	56,193
Adjustment recognised for prior periods	733	(252)
Expenses not deductible for tax	11,396	88,556
Transfer pricing adjustments	14	(77)
Income not subject to tax	(57,352)	(148,957)
Impact of rate changes	137	160
Gain on disposal	(4,353)	(747)
Foreign tax	<u>-</u>	<u>138</u>
Income tax credit	<u>(3,570)</u>	<u>(4,986)</u>

Aon Benfield Limited
Notes to the financial statements
31 December 2016

11. Income tax credit (continued)

	2016 £'000	2015 £'000
<i>Deferred tax in the income statement:</i>		
Decelerated capital allowances	(675)	(1,102)
Transitional adjustment	-	131
	<u>(675)</u>	<u>(971)</u>
Total deferred tax assets not recognised	<u>(675)</u>	<u>(971)</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%.

These changes have been enacted by 31 December 2016, and any deferred tax expected to reverse has been re-measured using the above rates.

12. Current assets - Trade and other receivables

	2016 £'000	2015 £'000
Prepayments and accrued income	1,110	915
Other receivables	503	575
Amounts owed by group undertakings	2,843	41
Amounts owed by subsidiary undertakings	6,058	2,624
Amounts owed by parent undertaking	-	6,818
	<u>10,514</u>	<u>10,973</u>

13. Current assets - Income tax receivable

	2016 £'000	2015 £'000
Group relief receivable	<u>3,765</u>	<u>4,060</u>

14. Current assets - Cash and cash equivalents

	2016 £'000	2015 £'000
Cash and cash equivalents	<u>170,311</u>	<u>261</u>

15. Current assets - Assets held for distribution

	2016 £'000	2015 £'000
Assets held for distribution	<u>-</u>	<u>6,476</u>

Benfield Greig Holdings Limited ("BGHL"), was placed into members voluntary liquidation and subsequently dissolved on 3 April 2017; during the year the carrying value of £6.5m was written down to £nil resulting in a loss of £6.5m on the dissolution of the subsidiary.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

16. Non-current assets - Tangible fixed assets

	2016 £'000	2015 £'000
Leasehold improvements - at cost	30,138	29,407
Less: Accumulated depreciation	<u>(9,549)</u>	<u>(6,877)</u>
	20,589	22,530
Fixtures and fittings - at cost	10,351	10,026
Less: Accumulated depreciation	<u>(2,788)</u>	<u>(1,507)</u>
	7,563	8,519
Computer equipment - at cost	179	6
Less: Accumulated depreciation	<u>(6)</u>	<u>(5)</u>
	173	1
	<u>28,325</u>	<u>31,050</u>

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 & fittings £'000	Computer equipment £'000	Capital in progress £'000	Total £'000
Balance at 1 January 2015	7,758	1,378	-	13,098	22,234
Additions	3,219	588	1	18,875	22,683
Disposals	(3,655)	-	-	-	(3,655)
Recategorisation of assets	17,917	7,425	-	(25,342)	-
Impairment of assets	-	-	-	(715)	(715)
Transfers in/(out) within Group	75	(156)	-	(5,916)	(5,997)
Depreciation expense	<u>(2,783)</u>	<u>(717)</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>
Balance at 31 December 2015	22,531	8,518	1	-	31,050
Additions	1,212	254	172	-	1,638
Disposals	(10)	-	-	-	(10)
Transfers in/(out) within Group	417	23	-	-	440
Depreciation expense	<u>(3,561)</u>	<u>(1,232)</u>	<u>-</u>	<u>-</u>	<u>(4,793)</u>
Balance at 31 December 2016	<u>20,589</u>	<u>7,563</u>	<u>173</u>	<u>-</u>	<u>28,325</u>

17. Non-current assets - Investments in subsidiaries

	2016 £'000	2015 £'000
Investments in subsidiaries	<u>2,347,551</u>	<u>2,438,945</u>

Aon Benfield Limited
Notes to the financial statements
31 December 2016

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

The Company's direct subsidiaries as at 31 December 2016 are as follows:

Name	Address of registered office	Holding	Proportion held %
Aon Benfield Group Limited	Aon House, 30 Woodbourne Avenue, Pembroke, Bermuda	Ordinary shares	100.00%
Aon Benfield Israel Limited 100.00%	4 Berkovitch Street, Museum Building, 18th floor 64238 Tel Aviv, Israel	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 Labuan F.T (R), Malaysia	Ordinary shares	100.00%
Aon Benfield Puerto Rico Inc.	307 Ponce De Leon, Suite 1017, San Juan, 00918 Puerto Rico	Ordinary shares	100.00%
Aon Consulting Limited	Briarcliff House, Kingsmead, Farnborough, Hampshire, GU14 7TE Hampshire, UK	Ordinary shares	100.00%
Aon DC Trustee Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon Delta Bermuda Ltd	Aon House, 30 Woodbourne Avenue, Pembroke, Bermuda	Ordinary shares	100.00%
Aon Hewitt Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon Holdings Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon PMI International Limited	Lorica House, 16a Cornet Street St. Peter Port, Guernsey	Ordinary shares	100.00%
Aon Risk Services (NI) Limited	8th Floor Victoria House, q5-17 Gloucester Street, Belfast, Ireland (Northern)	Ordinary shares and preference shares	100.00%
Aon Securities Limited	Devonshire House, 60 Goswell Road, London, EC1M 7AD, UK	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, EC3V 4AN, UK	Ordinary shares	100.00%

Aon Benfield Limited
Notes to the financial statements
31 December 2016

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

Name	Address of registered office	Holding	Proportion held %
Benfield do Brasil Participacoes Ltda. (dormant)	R Teofilo Otoni 15 Sl 2001 And 10, Bairro Centro, 20090-080 Rio de Janeiro, Brazil	Ordinary shares	100.00%
Benfield Greig Holdings Limited (In liquidation)	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
E. W. Blanch Holdings Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Hewitt Associates Outsourcing Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Minet Inc.	700 de la Gauchetierre West, Suite 800, Montreal, QC H3B 0A5 Quebec, Canada	Ordinary shares and preference shares	100.00%
Rasini Vigano Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%

Please refer to the appendix A for all indirect subsidiary and associate undertakings of the Company as at 31 December 2016.

	2016 £'000	2015 £'000
Opening balance	2,438,945	2,827,329
Additions	4,282	54,043
Disposals	(40,749)	(2,000)
Impairment charge for the year	(54,927)	(433,950)
Reclassification	-	(6,477)
Closing balance	<u>2,347,551</u>	<u>2,438,945</u>

Aon Benfield Limited
Notes to the financial statements
31 December 2016

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

The Company acquired the following investments during the year:

a) In August 2016 the Company acquired from its subsidiary BGHL as part of the latter's preparation for liquidation 50% holding in BP LTDA the shares being inspecied to the Company. Subsequent to this in December 2016, the Company acquired the remaining 50% of the issued share capital of BP for a cash consideration of £0.06m from its parent entity AUKHIL;

b) On 2 December 2016, the Company acquired 100% if the issued share capital of a newly established company ATIL to which the Company's subsidiary ACSOIL had transferred its treasury business assets. The Company paid a cash consideration of £0.03m for the shares in ATIL; and

c) On 22 December 2016, the Company made an additional capital contribution of £4.0m to its subsidiary undertaking, ARS NI Limited.

During the year, the Company disposed some of its investments noted below:

a) Shares held in ACSOIL were sold to fellow subsidiary undertaking AGOL for a cash consideration of £64.1m (\$78.9m) this being deemed the fair value of the shares post transfer of the treasury business to ATIL; this investment had a carrying value of £36.9m resulting in a realised gain of £27.2m;

b) Partnership interest in AGH 1CV was sold to fellow group undertaking AGBL for a consideration of £4.7m (\$6.2m); this investment had a carrying value of £3.7m and the sale resulted in a realised gain of £1.0m; and

c) BGHL, was placed into members voluntary liquidation and subsequently dissolved on 3 April 2017; during the year the carrying value of £6.5m was written down to £nil resulting in a loss of £6.5m on the dissolution of the subsidiary.

In 2016, the Company impaired some of its subsidiary undertakings resulting in an impairment charge of £54.9m (2015: £434.0m), mainly Aon Holdings Limited for £54.7m.

18. Non-current assets - Other receivables

	2016 £'000	2015 £'000
Other receivables	<u>1,941</u>	<u>1,598</u>

Aon Benfield Limited
Notes to the financial statements
31 December 2016

19. Non-current assets - Available-for-sale financial assets

	2016 £'000	2015 £'000
Investment holdings below 20%	<u>10,381</u>	<u>6,722</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	6,722	7,685
(Loss)/ gain on the re-measurement of available-for-sale assets	<u>3,659</u>	<u>(963)</u>
Closing fair value	<u>10,381</u>	<u>6,722</u>

The above balance relates to a 10.6% holding in the ordinary shares of Aon Holdings Japan Limited. The investment is held at its fair value, and fair value movements are recognised in the Statement of other comprehensive income.

20. Non-current assets - Deferred tax asset

	2016 £'000	2015 £'000
<i>Deferred tax asset comprises of:</i>		
Amounts recognised in income statement		
Decelerated capital allowances	<u>1,183</u>	<u>1,331</u>
Deferred tax asset	<u>1,183</u>	<u>1,331</u>

Movements:

Opening balance	1,331	411
Credited to profit or loss (note 11)	675	971
Adjustment recognised in prior periods	(686)	109
Impact of change in tax rates to the statement of profit and loss	<u>(137)</u>	<u>(160)</u>
Closing balance	<u>1,183</u>	<u>1,331</u>

21. Current liabilities - Borrowings

	2016 £'000	2015 £'000
Bank overdraft	<u>-</u>	<u>14,591</u>

22. Current liabilities - Trade and other payables

	2016 £'000	2015 £'000
Accruals	7,310	6,783
Amounts owed to group undertakings	23,311	2,368
Amounts owed to subsidiary undertakings	<u>26</u>	<u>28,102</u>
	<u>30,647</u>	<u>37,253</u>

Aon Benfield Limited
Notes to the financial statements
31 December 2016

23. Current liabilities - Provisions

	2016 £'000	2015 £'000
Restructuring provision	78	669
Dilapidation provision	-	606
	<u>78</u>	<u>1,275</u>

Please refer to the note 25 below for the overall movement of each provision class.

24. Non-current liabilities - Other payables

	2016 £'000	2015 £'000
Accruals	<u>17,958</u>	<u>9,793</u>

25. Non-current liabilities - Provisions

	2016 £'000	2015 £'000
Onerous lease	2,261	6,382
Restructuring provision	-	78
Dilapidation provision	<u>3,560</u>	<u>2,224</u>
	<u>5,821</u>	<u>8,684</u>

Onerous lease

The provision represents the present value of the estimated costs, net of any sub-lease revenue, that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received.

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 have 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 2016 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.

Aon Benfield Limited
Notes to the financial statements
31 December 2016

25. Non-current liabilities - Provisions (continued)

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.

Movements in provisions

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

	Restructuring provision £'000	Dilapidation provision £'000	Onerous Lease provision £'000
2016			
Carrying amount at the start of the year	747	2,830	6,382
Released in the year	(19)	-	-
Utilised in the year	(650)	(90)	(4,121)
Notional interest charge	-	820	-
	<hr/>	<hr/>	<hr/>
Carrying amount at the end of the year	78	3,560	2,261

26. Non-current liabilities - Borrowings

	2016 £'000	2015 £'000
Amounts owed to group undertakings	<hr/> -	<hr/> 327,466

As part of the Group's reorganisation on 16 December 2016, the parent company, ADUKL, converted its long term payable of £279.4m into 6,709,959 ordinary shares worth £1.00 each, and share premium of £272.7m at £40.64 per share in the Company. Further to this under the same reorganisation the 10,223,637 voting preference shares were re-designated as ordinary shares of £1 each.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2016 £'000	2015 £'000
Bank overdraft	<hr/> -	<hr/> 14,591

Aon Benfield Limited
Notes to the financial statements
31 December 2016

27. Equity - Share capital

	2016 Shares	2015 Shares	2016 £'000	2015 £'000
Ordinary shares - fully paid	120,305,930	103,372,334	120,306	103,372
Preference shares - fully paid	-	10,223,637	-	10,224
	<u>120,305,930</u>	<u>113,595,971</u>	<u>120,306</u>	<u>113,596</u>

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

As part of the Group's reorganisation on 16 December 2016, 91% of the Company's shares were acquired by ADUKL, its current parent company. As part of the same reorganisation the Company's voting preference shares were converted into 10,223,637 ordinary shares of £1 each and a further 6,709,959 ordinary £1 shares were issued to ADUKL at a share premium of £40.64 each in consideration for the cancellation of the long term payable account.

28. Equity - Share premium account

	2016 £'000	2015 £'000
Share premium account	<u>2,116,643</u>	<u>1,843,967</u>

As part of the Group's reorganisation, on 16 December 2016, the parent company, ADUKL, converted its long term payable account of £279.4m to 6,709,959 ordinary shares of £1 each for a share premium of £40.64 per share.

29. Equity - Capital contribution reserve

	2016 £'000	2015 £'000
Capital contribution reserve	<u>55,665</u>	<u>55,665</u>

30. Equity - Available-for-sale reserve

	2016 £'000	2015 £'000
Available-for-sale reserve	<u>10,381</u>	<u>6,722</u>

Available-for-sale reserve

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets. Please refer to note 19 for the movement.

31. Equity - Retained earnings

	2016 £'000	2015 £'000
Retained earnings/(retained losses) at the beginning of the financial year	82,404	(200,076)
Profit after income tax credit for the year	232,845	282,480
Dividends paid (note 32)	<u>(98,777)</u>	<u>-</u>
Retained earnings at the end of the financial year	<u>216,472</u>	<u>82,404</u>

Aon Benfield Limited
Notes to the financial statements
31 December 2016

32. Equity - Dividends paid

Dividends paid during the financial year were as follows:

	2016 £'000	2015 £'000
An interim dividend of £98.8m (2015: £nil) was declared and paid during the year ended 31 December 2016 to ADUKL, the Company's parent.	98,777	-

The dividend paid comprised accrued dividends due on the Company's voting preference shares of £41.7m and an interim dividend on the ordinary shares of £57.1m.

33. Operating lease commitments

At 31 December 2016, the Company was committed to make the following payments under non-cancellable operating lease agreements in respect of land and buildings:

	2016 £'000	2015 £'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	19,690	14,992
Between two to five years	70,763	48,089
More than five years	138,461	141,000
	<u>228,914</u>	<u>204,081</u>

34. Guarantees

The Company 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 2016 include cash pool deposits of £170,311,000 and negative balance of £14,591,000 in 2015, 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.

35. Events after the reporting period

On 15 April 2017, the Company entered into a new lease arrangement in Reading, UK. The new lease will replace the current lease, which is due to expire at the end of September 2017.

Apart from the dividend declared as disclosed in note 32, no other matter or circumstance has arisen since 31 December 2016 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 Benfield Limited
Notes to the financial statements
31 December 2016

36. Controlling party

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

On 16 December 2016 the Company's immediate shareholder changed from AUKHIL to ADUKL, as part of a group reorganisation.

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.

Aon Benfield Limited
Appendix A
31 December 2016

The indirect subsidiary and associates undertakings of the Company as at 31 December 2016 are as follows:

Name	Address registered office	Holding	Proportion held %
Aon Adjudication Services Limited	Briarcliff House, Kingsmead, Farnborough, Hampshire, GU14 7TE	Ordinary shares	100.00%
Aon Benfield Brasil Corretora de Resseguros Ltda.	Rua Teófilo Otoni, nº 15, 10º andar, Centro, Rio de Janeiro, RJ, CEP 20090-080	Ordinary shares	100.00%
Aon Benfield Colombia Ltda Corredores de Reaseguros	Avenida Carrera 9 #113-52 Of. 505, Bogotá, Colombia	Ordinary shares	43.50%
Aon Benfield Mexico Intermediario de Reaseguro SA de CV	Blvd. Manuel Avila Camacho No. 1, piso 10, Col. Polanco, C.P. 11560, Mexico D.F.	Ordinary shares	29.32%
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	Ordinary shares	99.99%
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 Group Venezuela, Corretaje de Reaseguro C.A.	Avenida Principal de El Bosque, Edificio Pichincha, piso PH, apartamento PH2, Chacaíto, Caracas, Venezuela	Ordinary shares	100.00%
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 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 Kloud 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%
Benfield Greig Holdings Limited (In liquidation)	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%

Aon Benfield Limited
Appendix A
31 December 2016

Name	Address registered office	Holding	Proportion held %
Bacon & Woodrow Partnerships (Ireland) Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	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%
Bankassure Insurance Services Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Becketts (Trustees) Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
Contingency Insurance Brokers Limited	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary shares	100.00%
Delany Bacon & Woodrow Partnership	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	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 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, UK, 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%
Insurance Broker Aon Kazakhstan LLP	25, Samal-3, Almaty, Kazakhstan	Ordinary shares	100.00%
McLagan (Aon) Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Ronnie Elementary Insurance Agency Ltd	4 Berkovitch Street, Museum Building, 18th floor 64238 Tel Aviv, Israel	Ordinary shares	100.00%
Scorpio Partnership Limited (in liquidation)	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%