Aon UK Limited

Registration Number: 0210725

Annual Report - 31 December 2022

Aon UK Limited
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31 December 2022

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Aon UK Limited
Corporate directory
31 December 2022

Directors	A.T. Torry (Non Executive) J.J. Nicholson (Non Executive) N.J. Hardman (resigned 3 May 2023) F. Nelson (appointed 3 May 2023) N.P. Shanaghy M.P. Kimber J.A. Page I. Amiri (Non Executive) R.J.St.A. Moore (appointed 26 September 2022) M.C. Bailey (Non Executive) (appointed 31 January 2023) C.A. Judd (appointed 2 May 2023) R.J. Dudley (resigned 21 February 2022) N.C. Frankland (resigned 26 September 2022) S.J.L. Jeffreys (Non Executive) (resigned 14 February 2023)
Company secretary	T.H. Vero (resigned 14 April 2023) E. Dignam (appointed 14 April 2023)
Registered office	The Aon Centre The Leadenhall Building, 122 Leadenhall Street London EC3V 4AN United Kingdom
Principal place of business	The Aon Centre The Leadenhall Building, 122 Leadenhall Street London EC3V 4AN United Kingdom
Auditor	Ernst & Young LLP 25 Churchill Place London E14 5EY United Kingdom

The Directors present their strategic report on Aon UK Limited ("the Company") for the year ended 31 December 2022.

The Company is a company limited by shares, incorporated in the United Kingdom ("UK") under the UK Companies Act 2006 ("the Companies Act") and registered in England and Wales. The address of the registered office is given in the Corporate Directory.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

The ultimate parent undertaking and controlling party is Aon plc, a leading global professional services firm providing a broad range of risk, health and wealth solutions.

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

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

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under Section 401 of the Companies Act, because it is included in the Group financial statements of Aon plc ("the Group"). Aon plc accounts are prepared in accordance with accounting standards which are equivalent to IFRS, as determined pursuant to Commission Regulation (EC) No. 1569/2007(6) of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council. The Group financial statements are available to the public and can be obtained as set out in note 46.

Principal activities

The Company provides broking services, advice and solutions to clients focused on risk and health through three principal products and services: Commercial Risk Solutions, Reinsurance Solutions and Health Solutions in the UK and internationally.

Review of operations

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

	2022 £'000	2021 £'000	Change £'000	Change %
Revenue	1,094,283	975,463	118,820	12%
Staff Costs	(542,812)	(514,176)	(28,636)	6%
Administrative expenses	(155,381)	(192,844)	37,463	(19%)
Operating profit	396,090	268,443	127,647	48%

The Company's revenue increased by £118.8m (12%) when compared to the prior year. The increase was primarily driven by a combination of organic growth and a positive impact from foreign exchange rates mainly driven by a weakening Pound relative to the US Dollar in comparison to the prior year.

Staff costs increased by £28.6m (6%) when compared to the prior year. This was largely due to an increase in salaries, pensions, social security costs and an increase in share based payments.

Administrative expenses decreased by £37.4m (19%) when compared to the prior year. The movement was primarily driven by decreases in group recharges of £33.5m, information technology of £15.2m and professional fees of £10.8m. This has been partially offset by a net increase in foreign exchange gains of £15.2m and other increases of £6.9m.

	2022 £'000	2021 £'000
Shareholder's funds	1,176,628	1,533,350
Net current assets	580,871	591,171
Average number of employees during the year was:	4,119	3,864

The movement in total shareholder's funds was primarily driven by profit for the year of £321.1m less dividends paid of £298.3m; an overall decrease of £351.8m recognised through the pension reserve and retained profits, primarily as a result of the impact of market volatility on pension assets and defined benefit obligations; and £27.6m of other reductions.

The Directors are satisfied with the position of the Company at the year end and are confident that the Company is well placed to face the challenges of the year ahead.

Principal risks and uncertainties

The Company has a Risk & Compliance Committee ("R&CC") chaired by a Non-Executive Director ("NED") that meets regularly to monitor the risks facing the business. The R&CC reports to the Board and provides consolidated oversight and challenge of management's identification, assessment, mitigation, and reporting of the organisation's principal and emerging risks. The principal risks facing the business are set out below. These are material risks associated with the business and contain forward-looking statements as discussed in the likely future developments section. Readers should consider them in addition to the other information contained in this report as the Company's business, financial condition or results could be adversely affected if any of these risks were to actually crystallise.

Legal and Regulatory risks

The Company's underlying business is subject to extensive legal and regulatory oversight, including the UK Companies Act and the rules and regulations of the FCA and other regulatory bodies such as the Information Commissioner's Office. Failure to comply with legal and regulatory requirements could significantly impact client service as well as reduce the Company's profitability or limit its growth due to financial penalties or ultimately the withdrawal of permissions. The nature of the Company's operations increases the complexity and cost of compliance with laws and regulations adding to the Company's cost of doing business. New regulatory or industry developments could also adversely affect the Company. Non-compliance may also lead to reputational damage.

Managing a complex change agenda to operationalise and embed regulatory changes such as the General Insurance Pricing Practices and Consumer Duty requires the Company to have robust processes and controls that enable management to track potential issues and mitigate implementation risk. The Company operates a regulatory compliance regime led by the Chief Risk Officer that regularly assesses the Company's current and emerging compliance and regulatory issues and requirements and reports results to the R&CC and the Board of Directors.

Under UK law, the Company may only pay dividends and, generally, make share repurchases and redemptions from distributable profits. Distributable profits may be created through the earnings of the Company or other methods (including certain intra-group reorganisations involving the capitalisation of the Company's undistributable profits and their subsequent reduction). While it is intended to maintain sufficient distributable reserves to pay dividends on ordinary shares, there is no guarantee that the Company will be able to do so.

Errors and omissions ("E&O") risks

In the course of its business, the Company assists clients with various matters, including placing insurance and reinsurance coverage and handling related claims and providing consulting services. E&O claims against the Company may allege potential liability for damages arising from these services. In addition, the Company is subject to other types of claims, litigation and proceedings in the ordinary course of business, which along with E&O claims, may seek damages, including punitive damages, in amounts that could, if awarded, have a material adverse impact on the Company's financial position, earnings, and cash flows. Such claims or outcomes could also harm the Company's reputation or divert management resources away from running the business.

The Company's legal, risk and compliance departments support the business in mitigating E&O risk by ensuring that colleagues fully understand the relevant operational controls and policies and are trained in E&O avoidance. The Aon Group has insurance to cover E&O claims and other insurance to provide protection against certain losses that arise in such matters. Provisions for these exposures, and related insurance receivables, when applicable, have been made by the Company to the extent that losses are deemed probable and can be reasonably estimated.

Competition risks
The Company operates in a highly competitive UK and global market. Periodic competitive tenders of clients' contracts, puts pressure on the Company to differentiate and deliver distinctive client value and to provide the strategic growth demanded by its shareholder. The Company continues to drive its client service proposition through the Aon United strategy, delivering the Aon Client Promise and product innovation, all of which are intended to mitigate these risks.

Business risks
The Company's profitability with respect to client engagements is highly dependent upon its ability to control its costs and improve its efficiency. As the Company adapts to changes in the regulatory environment, enters into new client engagements and acquires additional businesses, it may face challenges in managing its large, diverse and changing workforce, in controlling its costs, or improving its efficiency.

The prices the Company is able to charge for its services are impacted by a number of factors, including competitive factors, the extent of ongoing clients' perception of the Company's ability to add value through its services, and general economic conditions. If the Company cannot drive sufficient cost efficiencies, profit margins will reduce. The Company's cost efficiencies may be impacted by factors such as its ability to secure new client engagements, maintain assets under management levels, inflationary pressures, volatility in energy prices and the need to devote time and resources towards training and professional development of its employees as well as ongoing business development.

Developing and implementing innovative strategies, efficient business practices, and new solutions to current and emerging client needs is important to the Company`s business. If the Company is unsuccessful in developing innovative strategies or is not able to make sufficient investment in innovating or is unsuccessful in addressing new non-traditional competition, like capital markets alternatives to the traditional insurance and reinsurance markets, there may be a material impact on the Company`s ability to obtain and complete client engagements.

Operational risks
The Company operates in a complex and highly regulated environment, and it is essential to have effective processes and governance, as well as effective oversight of operations. The Company has put in place procedures and controls to mitigate known operational risks to which it believes it is exposed, including a formal operational resilience programme. These include the risk of financial crime, change management, IT systems reliability and security, the threat of cyber-attack, operational and conduct risk. In addition the use of large scale group services, such as Aon Business Services creates operational efficiencies and standardises the control environment across the Company and wider Aon Group.

The Company relies on third parties, and in some cases subcontractors, to provide services, data, and information such as technology, information security, funds transfers, data processing, administration and support functions that are critical to the operations of its business. As the Company does not fully control the actions of third parties, it is subject to the risk that their decisions, actions, or inactions may adversely impact the Company and replacing these service providers could create significant delay and expense.

A failure by third parties to comply with service level agreements or regulatory or legal requirements, in a high quality and timely manner could result in economic and reputational harm to the Company. In addition, these third parties face their own technology, operating, business, and economic risks, and any significant failures by them, including the improper use or disclosure of the Company's confidential client, employee, or company information, could cause harm to the Company's reputation.

An interruption in or the cessation of service by any service provider as a result of systems failures, capacity constraints, financial difficulties, or for any other reason could disrupt the Company's operations, impact its ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from clients and/or employees, damage to reputation, and harm to its business.

The control environment in place seeks to minimise any potential financial and service impact to the Company and its clients through its use of material outsourcers. By utilising larger, established organisations with strong financial measures and control environments it minimises the financial impact on the Company of any incidents.

The strategic approach of using established material outsourcers ensures that any reputational impact is controlled as far as possible and to a level that is within the Company's Risk Appetite. Contractual arrangements ensure that the Company seeks confirmation and maintains safeguards on matters important to Aon, such as adherence to the Modern Slavery Act and GDPR.

Outsourcing of claims and premium data enrichment, processing and accounting services are undertaken through documented and agreed processes, targeting delivery of an agreed Service Level Agreement ("SLA"). Through the outsourcing contract and testing the Company ensures business continuity and disaster recovery plans are in place and robust. Transition and escrow arrangements are in place on Tier 1 contracts.

Prior to engaging with any material outsourcer, the Company seeks approval from the Board and advises the FCA of the change. In addition, governance arrangements are in place with the Company's Material outsourcers which includes overall accountability of an appropriate Senior Manager. Regulatory training is mandated and monitored for appropriate contracts.

Conduct risk

Conduct risk is the risk that the Company's decisions and behaviours lead to a detriment or poor outcome for customers. It also refers to the risk that the Company fails to maintain high standards of market behaviour and integrity. Conduct risk remains a key area of focus for both the Company and the FCA. The Company depends on its colleagues to work closely with clients and markets and to do so with integrity. The Company has a Board-approved Conduct Agenda which lays out its approach to conduct risk and what this means for everyone at all levels of the business. The Company has a Speak Up policy (including Raising Concerns and Whistleblowing) which promotes an open and honest culture, encouraging and supporting colleagues to speak up about concerns they may have.

The Company is committed to creating an open and transparent working environment, where good conduct, behaviour and performance is rewarded, and senior management responds decisively when the Company's expectations are not met. The Company has an established Conduct Committee to provide a forum for the ongoing monitoring of conduct, both at an individual and at a corporate level. The composition of the Conduct Committee ensures oversight and challenge on conduct matters with regular reporting and updates through to the Board and its committees. The Conduct Committee continued to meet to review conduct related matters during 2022 and further details about its role in the Company's governance framework are set out in the Directors' Report.

COVID-19 Pandemic

The COVID-19 global pandemic and the emergence of COVID-19 variants continues to create public health concerns and potential volatility, uncertainty, and economic disruption in regions where the Company operates.

A number of evolving factors related to the global pandemic and the post-pandemic recovery period may influence the duration, nature and extent of the impact on the Company's business and financial results. Such factors include worldwide macroeconomic conditions, including interest rates, employment rates, consumer confidence and spending, gross domestic product, property values, and changes in client behaviour, and foreign exchange rates in each of the markets in which the Company operates; business closures; changes in laws, regulations (including those changes that may provide for extended premium payment terms), and guidance; court decisions and litigation trends; a decline in business and the ability of counterparties to pay for the Company's services on time or at all; an increased number of E&O claims in those areas impacted by the pandemic, as well as an increase in the incidence or severity of E&O claims against the Group and the Company's market partners.

Any future epidemics or pandemics, may again create significant disruptions or volatility in the credit or financial markets, which could adversely affect the Company's ability to access capital on favourable terms or at all.

The Coronavirus (COVID-19) pandemic is still prevalent in the UK, however it has not impacted the financial position of the Company materially up to 31 December 2022. At the reporting date, the Company does not anticipate significant impact in the immediate future.

Economic and Political risks

The economic and political conditions of the countries and regions in which the Company and the wider Aon Group operates, could have an adverse impact on the Company's business, financial condition, operating results, liquidity, and prospects for growth.

The Group's operations in countries undergoing political change or experiencing economic instability are subject to uncertainty and risks that could materially adversely affect the Group's business. These risks include, particularly in emerging markets, the possibility that the Group would be subject to undeveloped or evolving legal systems, unstable governments and economies, and potential governmental actions affecting the flow of goods, services, and currency, such as the international risks associated with the Group's global operations, including impacts from military conflicts or political instability, such as the ongoing Russian war in Ukraine.

Economic downturns, insolvencies, volatility, or uncertainty in the broader economy or in specific markets (including as a result of endemics or pandemics, climate change, political unrest, actions by central banks, or otherwise), could adversely affect collectability of receivables and/or recovery of investments.

The results of the Company's operations are generally affected by the level of business activity of its clients, which in turn is affected by the economy of the industries and markets these clients serve. Economic downturns, volatility, or uncertainty in the broader economy or in specific markets (including as a result of endemics or pandemics, climate change, political unrest, actions by central banks, or otherwise) may cause reductions in technology and discretionary spending by the Company's clients, which may result in reductions in the growth of new business or reductions in existing business. If the Company's clients become financially less stable, enter bankruptcy, liquidate their operations or consolidate, its revenues and collectability of receivables could be adversely affected.

Insolvencies and consolidations associated with an economic downturn, especially insolvencies in the insurance industry, could adversely affect the Company's brokerage business through the loss of clients by hampering its ability to place insurance and reinsurance business. In addition, decreased underwriting capacity for insurance and reinsurance may create difficulty for the Company's professionals to place business, which may adversely impact its ability to earn revenue.

Additionally, any development that has the effect of devaluing the US Dollar or British Pound could meaningfully reduce the value of the Company's assets and reduce the usefulness of liquidity alternatives denominated in that currency such as the Company's multicurrency U.S. credit facility. The Company also holds cash deposits, including cash held in a fiduciary capacity, with certain European financial institutions. While the Company continuously monitors and manages exposures associated with those deposits, to the extent the uncertainty surrounding economic stability in Europe and the future viability of the Euro suddenly and adversely impacts those financial institutions, some or all of those cash deposits could be at risk.

The occurrence of natural or man-made disasters could result in declines in business and increases in claims that could adversely affect the Company's financial condition and results of operations. A natural or man-made disaster also could disrupt the operations of the counterparties or result in increased prices for the products and services they provide to the Company. In addition, a disaster could adversely affect the value of the Company's assets. Finally, a natural or man-made disaster could increase the incidence or severity of E&O claims. Climate change may increase the likelihood or severity of a natural or man-made disaster.

Risks Related to Technology, Cybersecurity, and Data Protection

The Company relies on the efficient, uninterrupted, and secure operation of complex information technology systems and networks, some of which are within the Company and some of which are outsourced to third parties. Information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including but not limited to cyber-attacks, computer viruses, security breaches and unauthorised access or improper actions by insiders or employees.

The Company is at risk of attack by a growing list of market-wide adversaries through new and increasingly sophisticated methods of attack, including methods that take advantage of remote working. The techniques used to obtain unauthorised access or sabotage systems change frequently, and the Company may potentially be unable to anticipate these techniques and implement adequate preventative measures or detect and respond quickly enough in the event of an incident or attack. The Aon Group regularly experiences social engineering attempts, attacks to its systems and networks and has from time-to-time experienced cybersecurity incidents, such as computer viruses, unauthorised parties gaining access to information technology systems, ransomware incidents, data loss via malicious and non-malicious methods, and similar incidents, which to date have not had a material impact on the Company's business. If the Company is unable to efficiently and effectively maintain and upgrade its system safeguards, it may incur unexpected costs and certain of its systems may become more vulnerable to unauthorised access.

Problems with the information technology systems of vendors, including breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, difficulties in the migration of services or data to third parties or the cloud hosted by third parties, cyber-attacks and security breaches could adversely affect the Company's ability to deliver products and services to customers and otherwise conduct business. Additionally, the Aon Group is a global and acquisitive organisation and therefore may fail to adequately identify weaknesses in certain of its information systems, including those of acquisition targets, which could expose the Group to unexpected liabilities and fines or make its own systems more vulnerable to attack. These types of incidents affecting the Company, or its third-party vendors could result in intellectual property or other confidential information being lost or stolen, including client or employee personal information or Company data.

A security breach or a significant or extended disruption in the functioning of information technology systems could result in reputational damage, cause the Company to lose its clients, adversely impact its operations, sales, and operating results, and require the Company to incur significant expenses and divert resources to address and remediate or otherwise resolve such issues.

The Company has implemented a number of measures to manage its risks related to system and network security and disruptions, including;

- Aon UK Cyber Resilience Strategy and Risk Governance and Monitoring regime, which includes a UK wide Information Protection Governance Committee (IPGC). The IPGC has authority from the Aon UK Operating Committee for executive oversight and management of Information Protection risks, meets on a regular basis and is co-Chaired by the Chief Operating Officers of both the Company and Aon Solutions UK Limited. Where the IPGC determines that material security risks have occurred, or are likely to occur, reports and recommendations for action are escalated to the Aon UK Operating Committee or where appropriate and on agreement with the Company's COO, direct to the Board. Regular reports are also provided to the R&CC.
- Operation of the Aon Corporate Cyber Control framework aligned to the US National Institute of Standards and Technology's (NIST) Cybersecurity Framework (CSF) which contains five domains - Identify, Protect, Detect, Response, Recovery and 23 sub-domains. NIST's CSF is a globally recognised and adopted framework for cyber security.
- As per the bi-annual revenue cycle an independent Cyber Maturity Assessment to benchmark control maturity and effectiveness was completed in 2022 along with a revision of the Company's Cyber Strategy to reflect increased control maturity and focus areas for the next cycle.

People risk
The Company's success depends on the Company's ability to retain, attract and develop experienced and qualified personnel. The Company depends on its senior management team who have extensive knowledge and a deep understanding of its business and strategy, as well as the colleagues who are critical to developing and retaining client relationships. The unexpected loss of any of these senior leaders could have a disruptive effect, adversely impacting the Company's ability to manage the business effectively and execute the business strategy. Competition for experienced professionals is intense, and the Company is constantly working to attract and retain these individuals. If the Company cannot attract and retain its colleagues successfully, its business, operating results and financial condition could be adversely affected.

To mitigate these risks, the Company continues to invest in its workforce and has put in place key management succession and long-term compensation plans designed to retain key staff. The Company is also committed to diversity, equity and inclusion and the ongoing wellbeing of its colleagues and strives to maintain an equitable work environment that unlocks the full potential of all its colleagues as part of the Aon Colleague Experience.

Pension scheme risks
The Company ceased accruing for future benefits in its defined benefit schemes with effect from 31 March 2007 for all current members, with the exception of one section of the Industry Wide Coal Staff Superannuation Scheme. Future obligations exist for servicing past accrued benefits and these obligations could fluctuate significantly due to sensitivity to various market factors. These factors include equity and bond market returns, the interest rates used to discount pension liabilities, rates of inflation, mortality assumptions, potential regulatory and legal changes and counterparty exposure from investments. The present value of the scheme assets and liabilities on an accounting basis is included in note 25.

As disclosed in note 44, the Company has issued a callable guarantee for the full buy-out value of one of its pension schemes. As at 31 December 2022, the pension scheme was more than 100% funded on a solvency basis (2021: deficit of £2.3m). However, if a solvency deficit returned, and the guarantee were to be called, it would require cash funding by the Company.

Financial Risk Management

Objectives and policies
The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures, mainly relating to the receipt of revenue in currencies other than Pounds Sterling. Derivatives are exclusively used for hedging purposes, and not as trading or other speculative instruments.

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

Exposure to foreign currency risk
The Company is exposed to foreign 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, such as USD, EUR and JPY. The Company uses foreign exchange derivatives, typically options, to reduce its overall exposure to the effects of currency fluctuations on cash flows. These exposures are hedged, on average, for less than two years. These derivatives are accounted for as hedges and changes in fair value are recorded each period within the Statement of other comprehensive income.

The Company also uses foreign exchange derivatives, typically forward contracts, to economically hedge the currency exposure of the Company's liquidity profile, including monetary assets or liabilities that are denominated in a non-functional currency of an entity, typically on a rolling 30-day basis. These derivatives are not accounted for as hedges, and changes in fair value are recorded each period in other gains and losses in the Statement of profit or loss.

Details of the Company's derivatives are disclosed in notes 10, 14, 17 & 26.

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 is the carrying amount of recognised financial assets, net of any provisions for impairment and excluding fiduciary cash and insurance receivables, as disclosed in the Statement of financial position and notes to the financial statements.

The Company's policies are aimed at minimising such losses. For debt instruments, the expected credit loss (ECL) is based on the proportion of lifetime expected losses that would result from a default event expected in the next 12 months. However, when there has been a significant increase in credit risk since initial recognition, the allowance is based on the full lifetime ECL.

The Company's principal financial assets are amounts owed by clients related to insurance and reinsurance broking and risk management services. Details of the Company's receivables are disclosed in note 16.

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

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

With the exception of the cash pooling arrangement as detailed in note 44, 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 liquidity and cash flow risk
Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations when they fall due. 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's cash pooling arrangements. Liquidity is managed centrally by the Group's global treasury function to ensure there is sufficient available unutilised capacity on its committed borrowing facilities.

The Aon Group
Aon plc is a Company incorporated and registered in the Republic of Ireland, listed on the New York Stock Exchange ("NYSE") which had net current assets of circa $0.4 billion (2021 net current liabilities of $0.04 billion) and net total liabilities of circa US $0.4 billion (2021: net total assets of US $1.2 billion) as disclosed in its audited financial statements for the year ended 31 December 2022 and had an S&P rating of A-/Stable. The Company benefits from being part of a large group of companies (the "Group") and from certain Group undertakings that provide services in a wide range of areas including Group credit facilities detailed in note 44 of the financial statements, Group capital injections, and other head office services. The Company continues to benefit from the Group's support and the Directors expect this support to continue for the foreseeable future. Availability of this support provides additional mitigation to many of the Company's principal risks.

Section 172 statement
The Company has an established corporate governance framework to facilitate detailed review and challenge prior to Board decisions. The purpose of the framework is to ensure that the Board makes decisions for the long-term success of the Company and its stakeholders, and the Board considers conclusions from the extended governance review process in making its decisions. Throughout 2022 the Board has continued to review and challenge how it engages with its key stakeholders.

For the year ended 31 December 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Companies. The principles provide a framework for the Board to ensure that the Company complies with the requirements of Section 172 of the Companies Act 2006. Details of how the Board applies the Wates Principles are provided in the Corporate Governance section in the Directors' Report.

Streamlined Energy and Carbon Reporting (SECR)
The Aon UK group of companies complies with the Streamlined Energy and Carbon Reporting (SECR) policy which requires that large (as defined in sections 465 and 466 of the Companies Act 2006), unquoted companies report on UK energy use and associated greenhouse gas emissions relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through its annual report.

Aon UK Limited is part of the Aon UK group of companies that meets the criteria of a "large company" under the scheme. For Aon UK group companies, the Directors' decision was to aggregate together the reporting under SECR. The Directors have appointed Aon Global Limited as the responsible undertaking. Detailed energy and carbon disclosures can be found within the Directors' Report of Aon Global Limited as at 31 December 2021 and will be published for the year ended 31 December 2022 later in the year.

Likely future developments
The Company remains a market leader in the provision of broking services, advice and solutions to clients focused on risk and health.

To ensure the successful delivery of the above strategy, the Company has developed strong data and analytical capabilities to ensure it can provide fact-based insight and intelligence to support its clients in their risk management programmes.

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

Farah Nelson

F. Nelson
Director

18 May 2023

Aon UK Limited
Directors' report
31 December 2022

The Directors present their report, together with the financial statements, on the Company for the year ended 31 December 2022.

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

Political donations
No political donations were made during the year.

Dividends
Dividends paid during the financial year were as follows:

	2022 £'000	2021 £'000
An interim dividend of £298.3m (£1.49 per share) was paid during the year ended 31 December 2022 (2021: £284.6m (£1.42 per share)), to Aon UK Holdings Limited, the Company's parent.	298,300	284,600

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

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

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

Corporate Governance
Good corporate governance is fundamental to the way the Company and the Board conduct business. For the year ended 31 December 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies. Details of how the Board has applied those principles are set out below.

Principle 1 – Purpose and Leadership
The Board is accountable for the long-term strategy and sustainable success of the Company and sets the "tone from the top". The Board receives regular updates throughout the year on the execution of the strategy from the Chief Executive Officer and, where relevant, other Executive Directors and provides oversight and effective challenge to ensure the Company has the necessary financial and human resources to deliver the strategy. In fulfilling its duties, the Board is also responsive to regulatory requirements and the wider regulatory environment.

Under Aon's operating model, Aon's purpose is to shape decisions for the better to protect and enrich the lives of people around the world. This is enabled by Aon United, Aon's strategy of working together as one Company under a common set of values across solution lines and geographies to bring the best of Aon to address client needs and drive sustainable growth. The core values at the heart of the Company's and wider Aon Group strategy – being committed, united and passionate – derive from being Aon United. This mindset and these behaviours drive better client outcomes, accelerate the growth of Aon and create more opportunity for colleagues. The Aon United Blueprint charts the Aon United path and is focused around four key pillars:

- Delivering Aon United defines how Aon colleagues work together to deliver value to clients and sets a new standard for client leadership. It is brought to life through the Group's common client value creation model, which scales strategies from across the Group that have helped teams bring the best of Aon to clients.
- Inclusive People Leadership ensures that all colleagues – at every stage of their journey – are equipped and motivated to embrace the Aon United values and behaviours. It creates a culture where Aon colleagues engage one another in a manner that enables all of them to achieve their full professional potential.
- Innovation at Scale applies a common content and capability development methodology and set of global standards in three areas of innovation: within the Group's solution lines (core), across solution lines (core+) and making net-new enterprise-level big bets through Aon New Ventures that expand the Group's addressable market.
- Aon Business Services creates globally scaled operational and technology capabilities and connects them to the Group's clients. It makes Aon easy to work with, delivering differentiated client service, supporting colleagues and enabling rapid solution development and innovation.

The Company seeks to develop solutions and strategies for clients, working with markets and finding ways to be creative while driving simplicity, leveraging scale, removing duplication and automating processes. At the heart of the Company's, and the wider Aon Group's, Aon United strategy is a focus on enhancing colleagues' Aon IQ to ensure more solutions are brought to clients. As part of this initiative, talent is enabled through the development of strategies across the business, including secondments, joint initiatives and building Aon United leaders for the future, with investment in a diverse workforce and the creation of an agile and inclusive environment. Post-pandemic, the Company has adopted Smart Working, a hybrid-working model based on the principle of colleagues working in the place that best allows them to deliver their best work for clients, the business and each other. The aim of Smart Working is to create a healthy, productive, inclusive and sustainable way of working which enables colleagues to deliver the biggest positive impact every day — be it from the office, virtually or a combination of the two.

The Company is focused on two-way internal communications, to ensure colleagues are kept informed of key information and updates but also feel listened to. The communications strategy seeks to reduce noise, create time for strategic planning, client engagement and colleague development and to ensure all colleagues remain fully engaged with corporate initiatives and developments through localising global messaging. Leaders engage with colleagues via a variety of channels, including town halls, video, internal social media, and other internal platforms, including a bi-weekly newsletter and People Manager update. The Company continues to seek colleague feedback through focus groups, live online internal social media discussions and surveys, including the annual global colleague support survey and those focused on more specific topics, for example Smart Working.

Several years ago, the Company launched a cultural and communications initiative in the UK called "The Way We *DO* Business", a programme designed to ensure that colleagues are aware of, and engaged with, their responsibilities, in particular with regards to ethics and values, compliance, and risk management. These principles continue to help ensure the fair treatment of clients as well as colleagues, and remains at the centre of the Company's decision making, and that it delivers the best possible outcome for clients, colleagues, business partners and itself.

Aligning the Company's culture with its purpose and values is critical to its competitive advantage and vital to the creation and protection of long-term value. Fundamental to establishing a healthy culture is the effective management of conduct risk. The Company manages conduct risk through the following five principal areas, collectively known as the Conduct Agenda:

(a) Culture and behaviours: The Company seeks to define and embed a healthy, diverse and inclusive culture, ensuring colleagues are appropriately trained and skilled and it expects them to act in line with Aon's Code of Business Conduct and the FCA's Conduct Rules.
(b) Strategy and business model: is driven by client needs and defines how our colleagues work together to deliver value to clients, driving high standards of client leadership and differentiated service. This includes appropriate oversight and governance in place to ensure its products and services represent fair value, deliver good customer outcomes and do not give rise to customer detriment or cause foreseeable harm in the case of retail customers.
(c) Systems and processes: The Company seeks to ensure that client communications support and enable customers to make informed decisions about their insurance broking needs. This includes ensuring customers are given the information they need, at the right time and in such a way they can easily understand, taking account of individual client characteristics, including any vulnerabilities. In addition, the Company seeks to meet the needs of clients throughout their relationship with Aon, including safeguarding clients' data; managing complaints quickly when they arise and to help clients get their claims paid efficiently.
(d) Managing key risks to the business: The Company has an established Enterprise Risk Management Framework, including the risk appetite statement and identification of the top key risks facing the Company. The AUKL Board Risk Appetite Statement provides a 'top down' structure for articulating its risk appetite. The reporting of the organisation's Top Tier Risks reflect the prescribed risk appetite levels and are included in the regular reporting through the governance structure. There are underpinning individual statements, aligned to the control environment, that articulate the appetite of each individual risk and actively monitored through defined metrics and thresholds.
(e) Governance and accountability: Through a strong governance framework adopted by the Company, the Board seeks to harness the diverse and inclusive environment to support the delivery of their purpose for all sections of society: the Company's products and solutions deliver fair value and meet the needs of the clients we serve throughout their lifecycle; colleagues are clear on what they are accountable for in their day-to-day roles and the organisation actively and regularly considers the performance of its products, services and colleagues. By linking performance management with reward and incentive structures, through the Consequence Management Framework and the Company's training and competence regime, the Board seeks to ensure that the right mechanisms are in place to address both good and poor conduct, behaviour and performance and that colleague actions and conduct underpin the organisational culture within the Company. The Conduct Committee (further referenced in the Principal Risk section in the Strategic Report and below under principle 4) provides ongoing monitoring of conduct both at an individual and corporate level. The composition of the Committee ensures there is oversight and challenge on conduct matters across the business and provides regular reporting and updates to the Board and its committees.

Effective conduct risk management benefits all stakeholders by ensuring that the Company engages with clients in a clear and transparent way and helps to maintain market integrity and fair competition, while helping to drive Aon's ambitious growth strategy.

Principle 2 – Board Composition
The Board comprised during the year to 31 December 2022 an independent Non-Executive Chair and a further three independent Non-Executive Directors together with five executive Directors (the Chief Executive Officer ("CEO"), the Chief Risk Officer, the Chief Operating Officer, the Chief Finance Officer and the CEO of the UK Reinsurance business, with six executive Directors having been in place until 21 February 2022). The size and composition of the Board and its Committees were deemed appropriate given the scale and complexity of the Company.

The separation of the roles of the Chair and the CEO helps to ensure that the balance of responsibilities, accountabilities and decision making across the Company are maintained effectively.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness, and can escalate matters to the CEO of the ultimate parent company, Aon plc. The Board has also appointed a Senior Independent Director who, amongst other duties, provides a sounding board for the Chair and for concerns raised by the other Directors or other stakeholders. The CEO reports to the Board and is responsible, with the support of the executive team, for running the Company's business and the development of business strategies for approval by the Board. In addition, one NED has been given a particular role designation by the Board in terms of placing an additional focus on colleagues and colleague interests and another NED has been designated as the independent contact point for colleagues in respect of any whistleblowing.

All Directors have one vote and decisions are reached by majority following review and comprehensive challenge at Board meetings, with the NEDs adding experience and wider perspective to that process, as well as independent judgement. The Board reviews NED independence periodically taking into consideration any circumstances which might impair independence. In addition, Directors are required to declare conflicts of interest annually and any identified significant conflicts are escalated to the Board.

Board composition is monitored by a Nominations Committee which is tasked with assisting the Board to discharge its responsibilities around ensuring a balanced and appropriately skilled Board, including NED succession planning. In making Director appointment recommendations the Nominations Committee considers a number of matters including the need for balance and diversity of skills, backgrounds, experience and knowledge. In order to ensure Directors have sufficient time to make a valuable contribution, for new NED appointments an indication will be provided of the individual's other significant time commitments. In addition, all Board members are required to advise the Board before taking on material new external appointments.

During the year, a comprehensive search and selection process was undertaken to appoint a new Chair of the Board, given Mr Simon Jeffreys had indicated an intention to step down from the Board in early 2023, having joined the Board in May 2009 and served as Chair since November 2015. This succession process was led by the Senior Independent Director, in close conjunction with the CEO, and was facilitated by a well-recognised external search agency. The phases of the process involved selection of the preferred external search agency from a panel, followed by a series of briefing calls detailing the candidate specification, with the initial research phase and the "long list" drawn up from May to July 2022, and then the first and second round interviews (with detailed feedback documented) held during July and August 2022. Updates on the process were periodically provided to the Nominations Committee and the Board. This led up to the Nominations Committee considering on 30 September 2022 the two final short-listed candidates (including reviewing the candidate overviews plus detailed candidate profiles and a summary of the feedback received during the search and selection process, together with references and a summary of the search and selection process conducted). The Nominations Committee also considered feedback from the Shareholder provided via the CEO. The Nominations Committee considered the background and strengths of the two candidates, in terms of suitability and fit to serve as Chair of the Board, together with the requirements of the role and the need for the Board overall to have a suitable combination and balance of skills, experience, diversity, and knowledge. After consideration, the preferred candidate from the Nominations Committee meeting, Mr Marshall Bailey (OBE, CFA), was recommended to the Board for approval. On 30 September 2022, the Board duly considered the proposed candidate, having regard to the candidate's background and strengths, suitability and fit, the requirements of the role, and the need for the Board to have a suitable combination and balance of skills, experience, diversity and knowledge. After consideration, Mr Bailey was approved by the Board as the incoming Board Chair, subject to a period of handover, and receipt of relevant regulatory approval (which approval process was continuing as at 31 December 2022).

The Board commissions externally facilitated Board effectiveness reviews periodically and in between these it carries out internal evaluations to ensure that the Board and Committees continue to function effectively. An internal evaluation was carried out during 2022 of the Board and its principal committees with follow up action taken during December 2022 / January 2023 with the results presented to the Board in February 2023.

Principle 3 – Director Responsibilities
The Board has established a number of committees to assist with its oversight and which report back to the Board regularly. These include an Audit Committee, a Risk & Compliance Committee, a Nominations Committee and a Remuneration Committee. Each Committee's responsibilities and escalation routes are clearly defined in the relevant Committee terms of reference agreed by the Board and each is chaired by a NED.

The Board meets formally at least six times annually and all Directors are expected to attend meetings of the Board and any Committees on which they serve. In 2022, the Board held six scheduled Board meetings and three ad hoc Board meetings (there were also three meetings of its sub-committee to consider specific matters). Meetings are carefully structured to help the Board and the various Committees discharge their duties. Agendas are reviewed and agreed with the respective chairs and members and attendees receive meeting papers sufficiently in advance of meetings. The management information provided to meetings seeks to ensure that members and attendees are kept abreast of any matters relevant to the role of the Board or Committee and there are systems and controls in place to ensure the integrity of that information.

The Board has established its own terms of reference. These articulate how Board meetings will operate and specify those matters which are reserved solely for Board decision. All Directors can seek independent professional advice in support of their duties at the Company's expense.

Board and Committee meetings are carefully minuted to capture the decisions made, the rationale for them and the challenges raised in Board meetings, including the independent challenge of the NEDs. The NEDs also meet without management present from time to time, including at Senior Independent Director meetings. In addition, on any future NED resignation the departing NED will be asked if they wish to supply a written leaving statement, so any concerns can be expressed formally.

The management and leadership framework implemented in response to the Financial Conduct Authority (FCA) Senior Managers & Certification Regime, to which the Company is subject through its regulated status, further defines the accountabilities of Board members (and senior managers). For example, certain key roles on the Board and Committees (together with other senior manager positions) are designated as Senior Manager Functions and have a Statement of Responsibilities which defines the key accountabilities of the role function for which they are approved by the FCA.

Day-to-day management of the business is delegated to the CEO who is empowered to sub-delegate responsibilities and such delegations are set out within a framework of executive licences. In addition, a series of management committees have been established to assist the CEO, including an Executive Committee under which there is a network of further executive and enterprise risk management committees. This network of Board and management committees seeks to extend good governance throughout the organisation.

Principle 4 – Opportunity and Risk
Managing risk enables the Company to continually deliver on its corporate objectives and strategy. It also assists in seeking to minimise undesired consequences and maximise opportunities.

The Company has an established Enterprise Risk Management (ERM) framework which seeks to proactively identify, assess, manage and monitor risks in a simple yet impactful manner, adding value to the day-to-day management of the Company. This is embedded in the Company's approach to risk management which aims to provide an appropriate governance structure with policies and business processes to manage risks within appetite to ensure quick escalation and remediation of any breaches. The risk management team, under the leadership of the Chief Risk Officer, works closely with the business to provide clear, relevant and up-to-date guidance on a regular basis to enable the business to better serve its clients. During 2022, the Company concluded the implementation of GI Pricing Practices requirements and established a project team for the delivery of Consumer Duty Regulations. This included obtaining Board approval of plans and allocating the role of Consumer Duty Champion to a NED.

The Board has an agreed Risk Appetite statement which provides a 'top down' structure for articulating the Company's risk appetite which is described through four types of detrimental impact to the organisation: Financial, Reputational, Clients & Markets and Regulatory. The Risk Appetite statement provides the framework against which the Board assesses the Company's Top Tier Risks and allows for the assessment of any operational risk impacts within each of the four categories. The Risk Appetite Statement is applied across the different business solution lines where it is specifically tailored to each business and reflected in the reporting through the business line governance meetings.

In addition to reporting against an identified set of Top Tier Board Risks, part of the ongoing risk management activity is focused on Emerging Risks with regular updates reported through the Risk & Compliance Committee and the Executive Committee.

As part of the requirement to meet the FCA's Threshold Condition (COND) rules, specifically COND2.4, risk assessments are routinely conducted around 'extreme scenarios'. COND2.4 requires the Company to ensure it holds appropriate financial and non-financial resources by which to manage risk, which the Company continues to comfortably exceed. The financial and non-financial impacts of extreme scenarios are considered when assessing the capital holding requirements for the business. The Board approved an updated assessment in 2022. Following response from the FCA as part of its wider GI Broker multi-firm review feedback, the Company will be undertaking further analysis of its COND2.4 requirements during 2023.

Risk oversight is managed by a number of different processes. In addition to the oversight effected at Board and Committee meetings, procedures and internal controls are in place to create a framework to control the risks the business faces. It is crucial that everyone takes responsibility for managing risk and, because of that, attitude to risk forms part of colleagues' performance assessment and part of the Company's recruitment process.

The Audit Committee and the Risk & Compliance Committee assist the Board with its oversight responsibilities for internal controls and for risk identification and mitigation. Both Committees are chaired by a NED and receive regular reports from relevant areas of the business including deep dive reports into areas where further oversight is required.

The role of the Audit Committee, which meets at least quarterly, is to assist the Board with assurance around financial reporting, capital structure, the financial control environment including with global SOx requirements, financial risks, internal audit coverage and external audit effectiveness.

The role of the Risk & Compliance Committee, which meets at least seven times a year, is to assist the Board with ensuring oversight of managements' actions which are aimed at ensuring that all risks including emerging risks are identified, classified, assessed and mitigated to within the risk appetite set by the Board, together with ensuring that:

- the Company complies with relevant legal and regulatory requirements;
- the Company's residual risk is within risk appetite;
- the Company's risk and control environment is monitored for all categories of risk;
- the Company's risk and control improvement actions are reviewed and implemented;
- the Board is advised of emerging risks and any future actions required to manage them along with key findings of compliance reviews; and
- a positive risk culture within the Company is maintained and monitored.

The Risk & Compliance Committee has also constituted a Financial Crime Risk Committee (FCRC). The FCRC's focus is to assist the Risk & Compliance Committee in the performance of its duties in regard to oversight of Financial Crime including specifically Obtaining and Retaining Third Parties controls, risks and issues within the Company. This includes overseeing the risks, controls and issues in the following areas of financial crime:

- Fraud (excluding cyber related fraud);
- Bribery and Corruption;
- Money Laundering and Terrorist Financing;
- Market Abuse;
- Trade Restrictions; and
- Facilitating Tax Evasion.

Product risk is overseen by a Product Committee which meets regularly to oversee, review and approve new and existing propositions (comprising products, initiatives and services) as defined in accordance with the Company's Product Oversight and Governance policy. This Committee reports to the Aon UK Operating Committee.

Conduct risk is overseen by the Conduct Committee which meets regularly to review conduct of colleagues across the business and to identify where specific action is required. It oversees both corporate and individual conduct and escalates concerns back to senior business leaders, and where relevant, the Risk & Compliance Committee and other governance forums. It also makes recommendations to the Board's Remuneration Committee in respect of conduct-related matters that merit a material remuneration impact.

Through the Internal Audit risk assessment process potential audit projects are identified and executed over a multi-year period. A complementary assurance planning process is also undertaken by Risk and Compliance to supplement this work. Output from these reviews is fed back to both management and the Board. Internal Audit has also established a risk culture assessment framework to enhance its audit process across the organisation and to provide a mechanism to assess and monitor the organisation's risk culture over time. This framework was utilised on Aon UK Limited Internal Audit assurance reviews during 2022, with the feedback from these assessments included in the applicable Internal Audit reports to management with summary reporting also provided periodically to the Audit Committee.

The risk management process extends beyond financial and business risk to the wider range of operational risks. The Strategic Report section of the Annual Report contains further detailed information regarding the principal risks and uncertainties facing the Company and its business.

Principle 5 – Remuneration
The Board promotes good governance around remuneration matters aligned to the sustainable long-term success of the Company. The structure of the Company within the Aon Group of companies means that the primary responsibility for setting remuneration policy is at the ultimate parent company level (Aon plc-Ireland).

Good governance around remuneration is promoted in a wide range of ways, including as follows:

- Remuneration reviews for Directors and senior managers seek to ensure that their remuneration is aligned with business performance, behaviours and the achievement of Company purpose, values and strategy; and
- Individual and corporate conduct is reviewed at the Conduct Committee. Frameworks have been adopted to recognise both poor and good conduct and recommendations from the Conduct Committee on consequence management for individuals are then considered by management and reviewed through appropriate governance forums.

Colleagues, including senior management, are remunerated in a variety of ways including annual salaries, pension benefits, healthcare benefits, performance-linked incentives, and share-based compensation.

The Remuneration Committee supports the Board in its oversight of remuneration matters and is comprised solely of NEDs. Its remit is to maintain oversight of the structuring of Executive Director and senior executive remuneration, together with maintaining oversight of conduct-related impacts on remuneration imposed by the Conduct Committee.

There is a clear linkage, under the Company's Consequence Management Framework, between the Conduct and Remuneration Committees. A summary of the consequence management recommendations agreed at the Conduct Committee is provided to the Remuneration Committee providing details on proposed conduct-related remuneration impacts. The Remuneration Committee reviews and, where relevant, challenges the recommendations, for example if the Committee concludes that an appropriate outcome was not reached in respect of the remuneration impact following a conduct issue. This Consequence Management Framework was in place for the Q1 2022 annual remuneration round.

Principle 6 – Stakeholders
The Board seeks to align the Company's strategic direction with its overall purpose and its stakeholders' views are a key component of the Board's decision making. Stakeholder matters are regularly reported to the Board through the CEO Report (for example in respect of Clients, Colleagues, Community, Inclusion & Diversity). In addition, the Directors escalate stakeholder matters directly to the Board where appropriate. Further commentary in regard to the Company's key stakeholders is as follows:

Shareholder and the Aon Group: As a wholly-owned entity within the Aon Group of Companies, Board members regularly engage with Group leaders to ensure that the wider group aspirations for the business are fully understood and built into the Company's strategy and approach, embodying Aon United principles. This engagement covers a range of forms and formats, with the Chair and the CEO in particular holding meetings with Group-level stakeholders and counterparts. The Committee Chairs also liaise with Group representatives and counterparts from time to time.

Clients and Markets: The Company seeks to ensure that it conducts business in a manner which engages with clients in a clear, fair, and transparent way while maintaining market integrity and fair competition. Focus is on achieving good client outcomes and managing operational resilience to a standard that aims to limit detrimental impact to clients. The Company's strategy is executed around core values which are focused on delivering excellence across the client base with the Client Value Creation Model defining the way colleagues work together with the Company's clients, what they can expect from Aon and the value Aon delivers. Aon offers industry-leading experience and provides comprehensive and tailored solutions to its clients, resulting in a distinctive service that delivers superior client value. The Company is also an active member of the London & International Insurance Brokers' Association and the British Insurance Brokers' Association which represent the interests of insurance brokers and British business to both governments and regulators and help to ensure effective and proportionate regulatory frameworks.

Regulators: As a financial services business, the Company operates in a highly regulated environment and does so in a way which observes local law and regulation. The Company has an open, positive and transparent working relationship with the FCA, Aon's primary regulator, which involves regular meetings with the FCA Supervisory team and proactively engages with all regulators on key initiatives. Aon is supportive of regulators' efforts to maintain the UK's best-in-class regulatory regime.

Colleagues: Across the Group, Aon is united in its passion to create a culture of opportunity for colleagues —driven by collaboration and innovation — and where no individual or part of Aon is stronger than the whole. Feedback from colleagues is encouraged through a number of different processes and forums, including focus groups and surveys. Colleague satisfaction is measured through an annual colleague support survey with results being reviewed and areas for improvement identified and actions tracked throughout the year. Themes from the surveys are shared with the Board. Colleagues' interests are also addressed in the standing CEO report to the Board and are regularly considered in the discussions held at Board meetings. In addition, the Board has appointed a designated colleague-focused NED to ensure particular focus on colleague engagement. For more on how Aon engages with colleagues see the 'Colleague Engagement' section below.

Pension trustees: As the sponsor of several defined benefit pension schemes in the UK, the Company engages with the trustees of the schemes on a regular basis and seeks to maintain open and transparent communications. The Company works collaboratively with the trustees to reduce pension risk while maintaining the best outcomes for the members of the pension schemes. The Board is updated on relevant pension matters regularly and the pension governance framework seeks to ensure appropriate oversight and monitoring of pension risk. The CFO regularly attends trustee meetings to keep the trustees updated on the financial performance of both the Company and the wider Aon Group.

Suppliers: Establishing trusted relationships with suppliers is critical to Aon's ability to deliver on the needs of clients, colleagues, and communities. The products and services suppliers provide enable the Company to effectively meet those requirements. Aon seeks to work with suppliers who provide the best combination of capability, capacity, quality, and price to meet the needs of the business. Building trusted partnerships starts with integrity. Aon colleagues and suppliers alike are bound to Aon's Code of Business Conduct. The Company publishes a Payment Practice Report in accordance with statutory requirements which sets out payment statistics on the average time taken to pay invoices and standard payment terms.

The rigour applied to supplier selection and the ongoing supplier management process ensures that all involved parties' interests are taken into account. Aon is committed to developing partnerships with a diverse range of suppliers who value relationships and strive to do their best each day. The Company has a Supplier Risk and Governance Framework which sets out minimum expectations around the selection, onboarding and management of suppliers and which seeks to ensure consistency in process and protection. Aon remains committed to maintaining a culture of integrity, transparency and accountability and seeks to ensure compliance with all applicable laws in relation to its business and supply chain. Aon expects the same commitment from its suppliers, agents and joint ventures in relation to their businesses and supply chains. The Company's statement pursuant to section 54 of the Modern Slavery Act 2015, which is available on the Company's website, describes Aon's ongoing commitment towards the prevention of modern slavery and human trafficking in the Group's supply chains and business.

Environmental, Social and Governance Reporting (ESG): The Aon Group continues to look for opportunities to refine and enhance its global and regional ESG disclosures. The Aon Impact website (https://www.aon.com/about-us/impact), updated by the Aon plc Office of ESG, serves as the centralised resource for current Aon ESG information. Annual ESG Impact Reports and other disclosure documents are available on the Aon Impact website. Additional information about Aon's ESG strategy and approach can be found in the regulatory filings, such as the 10K and Proxy statement, which are available through the Aon Investor Relations website (ir.aon.com).

Aon measures its impact through an ESG lens, both by how Aon operates globally and the market-leading solutions it delivers to meet clients' growing needs. The reality is that helping clients address risks associated with ESG issues has long been a central focus of Aon's core business. From helping clients assess the ongoing impacts of climate to delivering solutions that improve employee physical, financial and overall wellbeing, Aon enables its clients to meaningfully address their ESG risks in a way that protects and grows their business, and benefits society.

The Group's Aon United strategy also drives better solutions and better outcomes for clients and Aon. Aon United is designed to identify and deliver the best solutions from across the Group to clients — and Aon's comprehensive strategic advice, industry knowledge and targeted solutions can help solve clients' biggest challenges — including those related to their ESG risks. Assessments and diagnostics, including solutions like Aon's Digital Business Insights Platform and ESG diagnostics for due diligence, allow Aon to quantify and prioritise the most relevant risks for each client.

In 2022, Aon continued to drive progress on ESG strategy, as it moves forward with its core commitments and advanced new initiatives to support long-term goals:

- Environmental - Aon is committed to achieving net-zero carbon emissions by 2030, and continues to reduce its total footprint through key drivers of travel, commute, real estate, investments and supply chain. Many of these reductions are made possible by Aon Business Services and a flexible Smart Working strategy. These efficiencies not only reduce the Group's carbon footprint but also improves employee wellbeing and client service.
- Social – Colleagues are at the heart of everything the Company does, and the Group's Aon United strategy is designed to attract, retain, develop, reward, and support its people. Inclusion and diversity ("I&D") remain an essential part of Aon's culture, and the Company continues to take steps to embed I&D principles and practices throughout its organisation. The Company holds itself accountable to this commitment with an increased transparency on its human-capital management strategy and outcomes, and the inclusion of I&D goals within its executive compensation structure. The Company aims to reflect its values and social commitments in its work with clients, business practices, community involvement and philanthropic efforts.
- Governance - The Group remains committed to the highest ethical and compliance standards and designs its governance structures to inform business decisions and improve the way it serves clients efficiently and effectively. This year, the Group conducted a global firmwide ESG risk assessment, in alignment with its overall enterprise risk management process. In addition, the Aon plc Board of Directors reviewed ESG risks (including climate-related risks), as part of their oversight of risk management.

Information on Aon's ESG commitments, disclosures, and approach can be found at:

https://www.aon.com/about-us/impact

For Aon plc disclosure information, please see:

https://ir.aon.com

Streamlined Energy and Carbon Reporting (SECR)
Information on how the Company complies with SECR is disclosed in the Strategic report.

Culture
Aon's culture is driven by its values – committed as one Company to its purpose, united through trust as one inclusive, diverse team, and passionate about making colleagues and clients successful. Colleagues are the cornerstone of Aon's success. Collaboration and innovation drive Aon's culture, bringing the best of Aon to clients in a holistic and seamless manner. The Aon United strategy defines how colleagues work together to deliver value to clients so that they are better informed, better advised and make better decisions. Aon United is brought to life through the Aon Story which articulates Aon's purpose & proposition, what Aon delivers for clients, colleagues and stakeholders, the Aon blueprint, operating model and Aon's values.

Colleague Engagement and Retention
Ensuring colleagues feel relevant, connected and valued is at the heart of Aon's colleague experience; feedback helps us reach that goal. The Group use a variety of channels to facilitate open, on-going, and direct communication with colleagues. These channels include open forums, town halls with executives, surveys, and engagement through Aon's Business Resource Groups ("BRG's"). 'BRG's are colleague voluntary groups that provide input, take action, and help identify opportunities for Aon to further its inclusion and diversity agenda. There are eight BRGs in place in the UK, the most recently formed being Social Mobility.

Aon's global approach to colleague engagement surveys is a comprehensive annual colleague engagement survey and more frequent, shorter 'pulse' surveys on specific topics throughout the year. The annual survey enables the understanding of how colleagues engage with their teams, the Company and clients. As well as an overall engagement score, the 2022 survey asked questions around: manager support, inclusion and diversity, wellbeing, senior leader effectiveness, future focus, agility and talent. Action planning in the UK takes place via the Executive Committee where the Company has established four specific work-streams. Opportunity goals have been identified in the areas of Organisational Design and Organisational Development, whilst strength goals will involve doubling down on the Company's work on Inclusion, Diversity & Belonging and Wellbeing.

The purposeful definition of the Colleague Experience in the Aon Story has refocussed teams in supporting colleagues to achieve their full professional potential.

Rewards and Recognition

In addition to focusing on Aon's purpose and culture, the Company is proud to offer its colleagues a total rewards programme that combines competitive pay, incentive payments, and benefits. The Company's compensation programmes, including salary, recognition, cash, and equity incentives, connect to its performance management and talent management processes. These programmes serve to reward colleagues for their impact both in what they accomplish for clients, colleagues, and shareholders and how they achieve those results. The Group maintains a global commitment to colleagues' well-being and puts in place processes and tools to support colleagues in their physical, emotional, financial, and social wellbeing. The Company's comprehensive benefit programme is competitive in the external marketplace and is aligned with Aon's values and culture.

The Company's compensation philosophy aligns with the Group's Aon United strategy and delivering long-term shareholder value creation. The Company's executive incentives are based on driving results, delivery of strategic initiatives, and leadership.

Recognising and celebrating colleagues is one way it helps them feel more valued by the Company. The Living our Values Awards, introduced in 2022, recognises outstanding colleagues who shape decisions for the better by living Aon United Vales of being committed, united and passionate every day. Regional award recipients are granted awards on a quarterly basis and each year an Aon United selection committee selects the top 100 global award recipients to be honoured at a prestigious event.

Also launched in 2022 was Aon's anniversary programme which celebrates a colleague's career journey at Aon, with milestone recognitions celebrated every five years to recognise the contribution individuals are making to the Company.

Inclusion & Diversity ("I&D") at Aon

The Company believes that diverse, inclusive teams produce better insight, better solutions, and better outcomes for clients and this contributes to Aon's long-term success.

The Company is committed to being representative of the communities in which it operates. It achieves this by aligning I&D actions to the following pillars: Recruitment, Education, Promotion, and Representation. The Company strongly believes that only when colleagues can be their authentic selves and feel a sense of belonging in the Company will they achieve their full professional potential.

The Company's commitment to I&D starts from the top with Aon Group's Board of Directors. The Group's Global Inclusive Leadership Council is sponsored by the Group's Chief Executive Officer and Chief People Officer. The Group's Regional Inclusive Leadership Councils and the Group's Executive Leadership Teams drive actions to increase the diversity of teams, and colleague-led Business Resource Groups support execution and provide additional opportunities for colleagues to lead Aon in having an inclusive environment.

As of 31 December 2022, Aon's global workforce was 54% women and 46% men, and the Aon Executive Committee which leads the Group was 48% women and 52% men. At the manager level, 28% of senior leaders and 43% of managers with one or more direct report are women. New colleague hires for the year were 51% women and 49% men.

Global and Regional targets are set for representation at senior leadership for both gender and ethnicity, supported by specific action plans. Aon welcomes all applications for employment, regardless of gender, ethnicity, religion, age, sexual orientation, gender identity, pregnancy, maternity or disability status.

Social impact

As part of Aon's commitment to increase the diversity of its workforce and support the communities in which it works, the Company launched the Work Insights Programme in October 2022, providing work experience opportunities for 1,000 students across the UK annually. The programme will seek to enhance social mobility and career opportunities for college students from lower socio-economic backgrounds. Each year, the programme will provide one-week work experience to 300 students on a virtual basis and 700 students on a hybrid basis. The programme comprises interactive learning sessions, speakers, panels, group projects, skills sessions, and networking.

Aon is a UK apprenticeship levy payer with a mature utilisation strategy which reinvests in the professional development of over 10% of the UK population annually. In addition to funding professional development for colleagues, the Company has been able to take further steps to extend the positive impact of funded apprenticeship programmes outside of the firm. Commencing in 2022, a commitment was made to donate £1.0m of levy funds to Small and Medium Sized Enterprises and charity partners who were not able to fund the development of their own employees. £0.5m was successfully allocated in 2022 and the remainder will be gifted in 2023 supporting apprentices in industry sectors as diverse as firefighting, conservation and health and social care.

Colleague Development

Aon invests significant resources in personal and professional development programmes for colleagues, to help it remain at the forefront of innovation in its industry. Colleagues are invited to complete a variety of curricula to meet their development needs and career goals. The Company provides colleagues with what they need to learn, grow, and become the leaders the Company's clients need. From self-guided learning courses to advanced leadership programmes, the curriculum is aligned to the Aon United Blueprint and Inclusive People Leader strategy. Aon's investment in technology and use of virtual based learning and development programmes allows the Company to deliver targeted offerings designed to advance all colleagues' development.

Going concern

The Directors have prepared a going concern assessment for the Company for the financial period to 30 June 2024 (reflecting a thirteen month period from the date of the signing of the 2022 statutory accounts in May 2023).

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

The Company has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. 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 Board expects the Company will continue to generate positive cash flows for the foreseeable future as it remains a market leader in the provision of broking services, advice and solutions to clients focused on risk and health. The Company also participates in the Group's centralised treasury arrangements and therefore its liquidity benefits from banking arrangements with its parent and fellow Group undertakings.

The Directors of the Company are not aware of nor 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, the Board continues to adopt the going concern basis in preparing the annual report and financial statements.

Events after the reporting period date

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Disclosure of information to the auditors

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.

Aon UK Limited
Directors' report
31 December 2022

Auditor
Ernst & Young LLP are deemed to be reappointed as the Company's auditor in accordance with section 487 of the Companies Act 2006.

Business relationships
The information, how the Company fosters its relationships with its stakeholders, including clients and suppliers, is disclosed in the Corporate Governance section.

Indemnity of Directors
The Group has qualifying third party indemnity provisions in place for the benefit of the Company's 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

Farah Nelson

F. Nelson
Director

18 May 2023

Aon UK Limited
Directors' responsibilities statement
31 December 2022

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 United Kingdom Generally Accepted Accounting Practice ("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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm they have complied with all the above requirements in preparing 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.

Opinion

We have audited the financial statements of AON UK LIMITED for the year ended 31 December 2022 which comprise Statement of Profit and Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 46, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included an assessment and challenge of the reasonableness of the Company's going concern assessment. We have:

- confirmed our understanding of management's going concern assessment process and obtained management's assessment which covers 13 months ending 30 June 2024;
- assessed the accuracy of management's analysis by testing the inputs and the clerical accuracy of the models used.
- challenged the key assumptions used in management's forecast based on our understanding of the Company; and
- assessed the appropriateness of the going concern disclosures by comparing the consistency with management's assessment and for compliance with the relevant reporting requirements.

Our assessment also included performing independent reverse stress-testing and assessing management's sensitivity, including consideration of both liquidity and solvency positions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 14 months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Financial Conduct Authority ('FCA').
- We understood how Aon UK Limited is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the Company and UK regulatory bodies, reviewed minutes of the Board and Audit Committees and gained an understanding of the Company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of stakeholders.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved
  - Considering the effectiveness of management's controls designed to address the risk of fraud.
  - Testing of journal entries and other adjustments in the preparation of the financial statements.
  - Assessing accounting estimates for evidence of management bias.
  - Evaluating the business rationale for significant and/or unusual transactions.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jonathan Bell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 May 2023

Aon UK Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	1,094,283	975,463
Expenses			
Staff costs	4	(542,812)	(514,176)
Administrative expenses	6	(155,381)	(192,844)
Operating profit		396,090	268,443
Interest receivable and similar income	8	24,644	11,663
Interest payable and similar charges	9	(1,714)	(50)
Other gains and losses	10	36,472	9,560
Restructuring charges	11	938	(3,810)
Impairment of investments	18	(23,561)	-
Profit before income tax charge		432,869	285,806
Income tax charge	12	(111,761)	(50,741)
Profit after income tax charge for the year	42	321,108	235,065
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain/(Loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	20	78	(4)
Actuarial gains on defined benefit plans	25	1,178,642	235,101
Actuarial loss on defined benefit plans	25	(1,647,742)	(177,219)
Deferred tax in relation to actuarial gains and losses		117,275	(34,319)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss		1,575	(5,083)
Net change in the fair value of cash flow hedges taken to equity		(11,756)	376
Deferred tax in relation to cash flow hedges		1,825	894
Other comprehensive income for the year, net of tax		(360,103)	19,746
Total comprehensive income for the year		(38,995)	254,811

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

Aon UK Limited
Statement of financial position
As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Current assets			
Cash and cash equivalents	13	1,837,518	1,702,798
Derivative financial instruments - current assets	14	2,886	13,545
Insurance receivables	15	2,063,165	1,612,800
Trade and other receivables	16	580,281	415,855
Total current assets		4,483,850	3,744,998
Non-current assets			
Derivative financial instruments - non-current assets	17	7,392	6,097
Investments in subsidiaries	18	78,768	102,329
Investments in associates	19	23	23
Financial assets at fair value through other comprehensive income	20	1,045	967
Other receivables	21	2,555	2,533
Tangible fixed assets	22	5,299	5,141
Intangibles	23	131,499	132,958
Right of use assets	24	787	1,447
Pension assets	25	459,256	914,540
Total non-current assets		686,624	1,166,035
Total assets		5,170,474	4,911,033
Liabilities			
Current liabilities			
Insurance payables	27	3,515,894	2,816,152
Trade and other payables	28	295,835	305,535
Income tax payable	29	79,925	12,048
Deferred revenue	30	4,340	3,370
Lease liabilities	31	233	804
Provisions - current liabilities	32	6,752	15,918
Total current liabilities		3,902,979	3,153,827
Non-current liabilities			
Deferred revenue	33	130	273
Provisions - non current liabilities	34	9,886	13,874
Pension liability	25	18,943	15,397
Deferred tax liability	36	61,399	193,652
Lease liabilities	37	509	660
Total non-current liabilities		90,867	223,856
Total liabilities		3,993,846	3,377,683
Net assets		1,176,628	1,533,350
Equity			
Share capital	39	200,000	200,000
Capital contribution reserve	40	85,474	85,474
Reserves	41	2,248	310,463
Retained profits	42	888,906	937,413
Total equity		1,176,628	1,533,350

The Company's registered number is 0210725.

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

Aon UK Limited
Statement of financial position
As at 31 December 2022

Farah Nelson

F. Nelson
Director

18 May 2023

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

Aon UK Limited
Statement of changes in equity
For the year ended 31 December 2022

	Share capital £'000	Shared based payments reserve £'000	Capital Contribution reserve £'000	Pension reserves £'000	Hedging & FV through other comprehensive income reserve £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2021	200,000	-	85,474	267,956	14,343	986,948	1,554,721
Profit after income tax charge for the year	-	-	-	-	-	235,065	235,065
Other comprehensive income for the year, net of tax	-	-	-	23,563	(3,817)	-	19,746
Total comprehensive income for the year	-	-	-	23,563	(3,817)	235,065	254,811
Transactions with shareholders in their capacity as owners:							
SBP amortisation (note 38)	-	44,341	-	-	-	-	44,341
Aon plc recharge for the year in respect of SBP	-	(43,352)	-	-	-	-	(43,352)
Tax in relation to SBP expense	-	7,429	-	-	-	-	7,429
Dividends paid (note 43)	-	-	-	-	-	(284,600)	(284,600)
Balance at 31 December 2021	200,000	8,418	85,474	291,519	10,526	937,413	1,533,350

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

Aon UK Limited
Statement of changes in equity
For the year ended 31 December 2022

	Share capital £'000	Shared based payments reserve £'000	Capital Contribution reserve £'000	Pension reserves £'000	Hedging & FV through other comprehensive income reserve £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2022	200,000	8,418	85,474	291,519	10,526	937,413	1,533,350
Profit after income tax charge for the year	-	-	-	-	-	321,108	321,108
Other comprehensive loss for the year, net of tax	-	-	-	(351,825)	(8,278)	-	(360,103)
Total comprehensive income for the year	-	-	-	(351,825)	(8,278)	321,108	(38,995)
Transactions with shareholders in their capacity as owners:							
SBP amortisation (note 38)	-	46,106	-	-	-	-	46,106
Aon plc recharge for the year in respect of SBP	-	(66,926)	-	-	-	-	(66,926)
Tax in relation to SBP expense	-	1,546	-	-	-	-	1,546
Amount in excess of SBP reserve recognised in Retained profits	-	10,856	-	-	-	(10,856)	-
Tax in relation to pension reserve	-	-	-	(153)	-	-	(153)
Amount in excess of Pension reserves recognised in Retained profits	-	-	-	60,459	-	(60,459)	-
Dividends paid (note 43)	-	-	-	-	-	(298,300)	(298,300)
Balance at 31 December 2022	200,000	-	85,474	-	2,248	888,906	1,176,628

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

1. Significant accounting policies

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

Basis of preparation

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

The Company has used a true and fair view override in respect of the non-amortisation of goodwill (see note 23).

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

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, financial assets and liabilities at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments. The presentation of certain prior year amounts has been amended to match current year presentation.

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

The financial statements have been prepared on a going concern basis. The Directors have considered the appropriateness of the going concern basis in the Directors' report.

The Company generates income through the provision of insurance broking services, specialising in all classes of insurance and reinsurance broking and risk management services. Much of the Company's income is highly recurring and non-discretionary, where the services are typically a regulatory requirement, or necessary costs to manage the risks associated with conducting business. The Aon Group is fully operational and has deployed business continuity protocols to facilitate remote working capabilities. Management took into account all information of which they were aware about the future, which was at least, but not limited to, 13 months from the date that the balance sheet was signed. Based on the information available, management do not believe that there are material uncertainties present that would cast significant doubt about the Company's ability to continue as a going concern. The Directors therefore consider it appropriate to continue to prepare the accounts on a going concern basis.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available under this standard where applicable to the Company, except for those mentioned below. Where relevant, equivalent disclosures have been given in the Group financial statements. The Group financial statements are available to the public and can be obtained as set out in note 46.

The following exemptions were not taken:

- 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;
  (ii) paragraph 118(e) of IAS 38 Intangible Assets.

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

1. Significant accounting policies (continued)

Basis of consolidation
The Company has taken advantage of the exemption from preparation of consolidated financial statements under Section 401 of the Companies Act, because it is included in the Group financial statements of Aon plc ("the Group"), which are available to the public and can be obtained as set out in note 46.

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

Revenue recognition
Revenues primarily include insurance commissions and fees for services rendered and investment income on funds held on behalf of clients.

The Company recognises revenue when control of the promised services are transferred to the customer in the amount that best reflects the consideration to which the Company expects to be entitled in exchange for those services. For arrangements where control is transferred over time, an input or output method is applied that represents a faithful depiction of the progress towards completion of the performance obligation. For arrangements that include multiple performance obligations, the Company allocates consideration based on their relative fair values.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Customer acquisition costs
Costs incurred by the Company in obtaining a contract are capitalised and amortised on a systematic basis that is consistent with the transfer of control of the services to which the asset relates, considering anticipated renewals when applicable. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss.

Costs to fulfil a contract
Certain costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. These are typically pre-placement brokerage costs and are amortised on a systematic basis consistent with the transfer of control of the services to which the asset relates, which is generally less than one year.

Other revenue
Other revenue relates to transactions that are incidental to the main revenue-generating activities and includes management fees attributable to the provision of services to other Group entities and investment income earned on fiduciary balances. Management fees attributable to the provision of services to other Group entities are typically recognised over time in a manner that represents a faithful depiction of the progress towards completion of the performance obligation. Investment income earned on fiduciary balances is recognised on an accruals basis.

Foreign currencies
The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Company operates (its functional and presentation 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 foreign currencies are retranslated at the rate ruling at the reporting period date. Non-

1. Significant accounting policies (continued)

monetary items remain at the rates of exchange at the date of the transaction.

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

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

Interest payable and similar charges
Interest payable and similar charges 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.

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 the Statement of other comprehensive income.

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

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 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.

1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the 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 instruments

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

Cash and cash equivalents

Cash and cash equivalents include cash balances and all highly liquid investments with initial maturities of three months or less. Short-term investments consist of money market funds. The estimated fair value of cash and cash equivalents and short-term investments approximates their carrying values.

Trade and other receivables

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

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

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.

Insurance receivables and payables

The Company acts as an insurance broker and is generally not liable for premiums due to underwriters or claims payable to clients.

Uncollected premiums from insureds and uncollected claims on refunds from insurers are recorded as insurance receivables on the Company's Statement of financial position. In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. Such advances are made from fiduciary funds and are reflected in the Company's Statement of financial position as insurance receivables.

The obligations to remit these funds to insurers or insureds are recorded as insurance payables on the Company's Statement of financial position. The period for which the Company holds such funds is dependent upon the date funds are remitted to the Company and the date the Company is required to forward such payments to creditors.

The Company holds cash balances relating to insurance broking third parties on trust which cannot be called upon on insolvency of the Company. However, any interest generated on these cash balances is recognised and reflected as interest receivable and similar income as the Company has the right to such interest in accordance with the terms of business agreed with clients.

Third party insurance receivables are stated net of provisions for doubtful debts, which are recognised on the basis of regular reviews made by management. Provisions are established on the basis of the age of the amounts overdue and when specific receivables are identified as being unable to pay.

1. Significant accounting policies (continued)

Derivative financial instruments
The Company enters into a variety of derivative financial instrument contracts to mitigate its exposure to foreign exchange rate risk. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. Derivative financial assets and liabilities are recognised on the Company's Statement of financial position when the Company becomes a party to the contractual provisions of the investment. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges
Cash flow hedges are used to cover the Company's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are initially measured at cost. Transaction costs are included as part of the initial measurement. Investments in subsidiaries and associates are subsequently accounted for at cost less, where appropriate, provisions for impairment.

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.

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

Investments and Other financial assets
Investments and other financial assets, other than investments in associates, 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. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

1. Significant accounting policies (continued)

Loans and receivables
Loans and other 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.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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

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

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

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:

Freehold and long leasehold buildings	Over fifty years
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 hardware	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 at each reporting date, if appropriate.

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use ("ROU") asset is recognised at the commencement date of a lease. The ROU asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

ROU assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. ROU assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a ROU asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss on a straight-line basis over the lease term and variable lease payments in the period in which the expense was incurred.

Intangible assets

Intangible assets include customer related and contract based assets representing primarily client relationships and non-compete covenants, tradenames, marketing and technology related, and software assets. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Interim impairment testing may be performed when events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable.

Goodwill

Goodwill arises on the acquisition of a business and represents the excess of fair value of the consideration paid for a book of business over the aggregate fair value of the identifiable assets and liabilities acquired. Goodwill is considered to have an indefinite life and is therefore not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to the Statement of profit or loss and are not subsequently reversed.

The Company has used a true and fair view override in respect of the non-amortisation of goodwill as permitted by paragraph 10(2) of Schedule 1 of the Regulations to overcome the prohibition in paragraph 22 of Schedule 1 of the Regulations.

1. Significant accounting policies (continued)

Customer contracts
Customer contracts acquired in a business combination are amortised on a systematic basis over the period of their expected benefit, being their finite life ranging from five to twelve years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit (lesser of the life of an associated licence or four to seven years).

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

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

Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which remain unpaid at the reporting date. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Value-added tax ("VAT") and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

1. Significant accounting policies (continued)

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, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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

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

Employee benefits

Pension obligations

The Company operates a number of pension schemes in the UK which are either defined benefit or defined contribution in nature. The assets of these schemes are held separately from those of the Company.

Defined benefit schemes

The Company has ceased the future accrual of benefits relating to salary and service in its schemes for the majority of current employees. The balance sheet obligations and annual accounting expense of the Company's pension and other post-retirement benefit plans are based on calculations that include various actuarial assumptions, including discount rates, inflation rates, mortality rates, compensation increases and turnover rates. The Company reviews these actuarial assumptions on an annual basis and modifies these assumptions based on current rates and trends.

The Company is the sponsoring employer of a number of defined benefit pension schemes, namely the Aon Minet Scheme, the Jenner Fenton Slade 1980 Pension Scheme, the Aon Retirement Plan, the Industry Wide Coal Staff Superannuation Scheme ("IWCSS") and other smaller schemes. The schemes, with the exception of IWCSS, were closed to future accruals on 31 March 2007. The assets of all schemes are held separately from those of the Company.

A liability or asset in respect of the defined benefit schemes is recognised in the Statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from the accrual of benefits to the reporting date, calculated annually by actuaries using the projected unit credit method.

Where the Company's pension schemes are in surplus under IAS 19, this surplus has been recognised on the Statement of financial position. The surplus is included only to the extent that this is recoverable through reduced contributions in the future or through refunds from the plans taking into consideration any minimum funding requirements that apply to the applicable plans.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, in the period in which they occur, in other comprehensive income. Past service costs are recognised immediately in the Statement of profit or loss.

1. Significant accounting policies (continued)

Defined contribution schemes

The Company also operates defined contribution schemes. Contributions to defined contribution schemes are charged in the Statement of profit or loss and other comprehensive income on an accruals basis. Pension costs are recharged to the other UK group companies where applicable.

Other contributions to defined contribution schemes are charged to the Statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the scheme. The costs include administration and advice fees for every employee working for the Company.

Share-based payments
Directors and certain senior employees of the Company receive an element of remuneration in the form of share based payments, whereby the participants effectively render their services in consideration for shares and/or options over shares in Aon plc, the Company's ultimate parent company.

Share-based payments to employees include grants of restricted shares and restricted share units ("RSUs"), the Leadership Performance Plan ("LPP") as well as employee share purchases related to the Save As You Earn ("SAYE") plan. Share-based compensation expense is measured based on estimated grant date fair value and recognised together with a corresponding increase in Retained earnings in equity over the requisite service period for awards that are ultimately expected to vest. Forfeitures are estimated at the time of grant based on actual experience to date and estimates are revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Such transactions are accounted for as equity-settled share based payment arrangements. Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date.

Fair value is independently determined using the Binomial pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The fair value of equity-settled transactions determined at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, at a minimum an expense is recognised as if the modification had not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, they are treated as if they have vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Save as you earn ("SAYE") share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

On exercise or release of SAYE share options/awards the Company is obliged to pay Aon plc the difference between the grant price and share price at the date of vesting for the Aon plc shares issued to the participants.

1. Significant accounting policies (continued)

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

New or amended Accounting Standards and Interpretations adopted by the Company
The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the FRC that are mandatory for the current reporting period. The Company is not aware of any future changes to the accounting standards that may have a material impact.

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 - refer to the respective notes for balance details.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets
The Company determines the estimated useful lives and related depreciation and amortisation charges for its tangible assets and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

2. Critical accounting judgements, estimates and assumptions (continued)

Pensions
The balance sheet obligation and annual accounting expense associated with the Company's defined benefit pension schemes are determined each year by actuarial valuations. This involves making assumptions about discount rates, mortality rates, and future pension increases. Due to the complexity of these valuations, the underlying assumptions and long-term nature of these plans, such estimates are subject to significant uncertainty.

In determining the underlying assumptions for these valuations, management considers the following:

Discount rate – the yields available on sterling AA corporate bonds, adjusted to remove bonds issued by universities and assuming the yield curve is flat at longer durations;

Mortality rates – the latest available scheme experience analysis to set the base table and latest available projection factors in respect of future rates of improvement;

Future inflation – the Bank of England's break-even inflation curve with appropriate adjustments to allow for market related distortions or trends; and

Pension increases – where these are linked to inflation, the assumption is calculated based on the relevant RPI or CPI inflation assumption and best estimate volatility assumptions.

Further details in respect of these key assumptions can be found in note 25 to these accounts.

Provisions
As a normal consequence of the Company's operations, a number of provisions are made which are based on estimates. One of these provisions relates to claims affecting professional negligence which have been made against the Company. The provision for E&O claims is based on the current best estimate of the total amount of those claims which are considered more likely than not to crystallise, in accordance with extensive advice provided by the Company's legal team.

A provision has also been made for the present value of anticipated costs for the future restoration of leased premises. The provision includes future costs associated with closure of the premises. The calculation of this provision requires assumptions such as expected future closure dates and cost estimates. The provision recognised for each location is reviewed periodically and updated based on the facts and circumstances available at that time. Changes to the estimated future costs are recognised in the Statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying value of the asset are recognised in profit or loss.

Goodwill and other indefinite life intangible assets
The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated revenue multiples as described in the accounting policy in note 1 and in note 23.

Income tax
The Company is subject to income taxes in the jurisdictions in which it operates. If tax matters are uncertain and it is considered probable that there will be a future outflow of funds to a tax authority, an adjustment is made to the tax balance. This adjustment is measured based on the best estimate of the amount expected to become payable and is based on the Company's current understanding of the tax law.

2. Critical accounting judgements, estimates and assumptions (continued)

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.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Derivative financial instruments
Forward foreign exchange contracts, designated as cash flow hedges, are measured at fair value. Reliance is placed on future cash flows and judgement is made on a regular basis, through prospective and retrospective testing, including at the reporting date, that the hedges are still highly effective.

Warranty provision
In determining the level of provision required for warranties the Company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

3. Revenue

	2022 £'000	2021 £'000
Brokerage	1,040,223	937,020
Fees	32,678	34,257
Dividends received from subsidiary undertakings	-	42
	1,072,901	971,319
Other revenue		
Management fees	3,319	3,248
Other income	18,063	896
	21,382	4,144
Revenue	1,094,283	975,463

The table below analyses revenue by the location of the client from whom the business is derived.

3. Revenue (continued)

	2022 £'000	2021 £'000
UK	574,339	539,040
Europe	29,925	26,166
North America	312,006	232,372
Asia Pacific	156,631	173,741
	1,072,901	971,319

4. Staff costs

Salaries include base salary and overtime in respect of all staff including Directors.

	2022 £'000	2021 £'000
Salaries	307,517	283,591
Pension	38,934	33,430
Share-based payments expense	45,479	44,341
Bonuses, incentives and benefits	82,883	93,246
Social Security Cost	67,999	59,568
	542,812	514,176

During the year, certain employees legally employed by the Company provided services to fellow group undertakings. The related staff costs of these employees have been excluded from the costs shown above as they are cross-charged to the respective fellow group undertakings.

As at the balance sheet date the Company remains the legal employer of McLagan (Aon) Limited ("McLagan") employees who do not provide services to the Company. The related staff costs have been excluded from the Company's costs and duly recharged to McLagan. The amount totalled £18.9m in the year (2021: £15.3m).

Aon Holdings Limited, a fellow Group company, is the legal employer for certain employees who render services to the Company. The remuneration paid to these employees is included within staff costs as if they were directly employed by the Company.

	2022	2021
The average number of staff (including Directors) employed by the Company during the year:		
Operations	3,689	3,441
Admin	430	423
	4,119	3,864

5. Directors' remuneration

	2022 £'000	2021 £'000
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	4,642	5,049
Aggregate amounts received or receivable under long-term incentive schemes in respect of qualifying services	5,087	4,069
Aggregate amounts of contributions to pension schemes in respect of qualifying services	110	126
	9,839	9,244

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 (2021: £Nil).

	2022 £'000	2021 £'000
Remuneration of the highest paid director:		
Emoluments	4,347	2,895
Pension contributions	21	21
	4,368	2,916

	2022	2021
The number of Directors who:		
Received shares under long-term incentive schemes in respect of qualifying services	6	6
Are accruing benefits under pension schemes in respect of qualifying services	7	6

The highest paid Director received 2,410 shares at an average price of $300.14 under long-term incentive schemes in 2022.

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

6. Administrative expenses

Operating profit is stated after charging/(crediting) administrative expenses as noted below:

Aon UK Limited
Notes to the financial statements
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6. Administrative expenses (continued)

	2022 £'000	2021 £'000
Information technology	99,578	84,328
Premises and equipment	31,404	28,909
Professional fees	17,131	27,989
Amortisation of intangible assets	7,320	8,184
Marketing and advertising	5,286	3,864
Insurance costs	5,152	3,628
Depreciation of tangible fixed assets	2,991	2,818
Audit remuneration	975	1,006
Amortisation of ROU assets	660	649
Gains on disposal of tangible fixed assets	-	(2)
ECL (credit)/charge on trade receivables	(270)	318
(Recoveries)/group intercompany recharges	(15,805)	17,576
Net foreign exchange gains	(18,628)	(3,311)
Other administrative expenses	19,587	16,888
	155,381	192,844

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:

	2022 £'000	2021 £'000
Audit services		
Audit of the financial statements	769	789
Other services		
Audit related assurance services	50	63
Fees in respect of the audit of the Company's pension scheme	156	154
	206	217
	975	1,006

8. Interest receivable and similar income

	2022 £'000	2021 £'000
Bank interest receivable	7,983	1,643
Net finance income on pension schemes	16,661	10,020
	24,644	11,663

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9. Interest payable and similar charges

	2022 £'000	2021 £'000
Other interest payable	1,995	7
Interest and finance charges payable on lease liabilities	21	43
Bank interest payable	2	3
Notional interest credit	(304)	(3)
	1,714	50

10. Other gains and losses

	2022 £'000	2021 £'000
Loss on disposal of investments	-	(200)
Return on investments	11,960	6,090
Return on investments - dividend in specie	38,433	-
Hedge effectiveness on the cash flow hedges	(13,921)	3,578
Other non-operating income	-	92
	36,472	9,560

Included within Return on investments is a dividend in specie of £38.4m received by the Company prior to placing certain subsidiary undertakings into liquidation.

The amounts of derivative gains/losses recognised in the Statement of profit or loss are as follows:

	2022 £'000	2021 £'000
Realised loss on foreign exchange forwards	13,643	467
Hedge ineffectiveness on the cash flow hedges	1,575	5,083
Realised gain on foreign exchange options	(1,297)	(1,972)
	13,921	3,578

11. Restructuring charges

	2022 £'000	2021 £'000
Restructuring charges	(938)	3,810

In August 2021 an Aon global restructuring programme was initiated, which resulted in the recognition of a restructuring provision of £4.1m, of which in 2022 £1.4m was utilised and £0.9m released, resulting in a year end provision of £0.6m. The programme was closed in January 2023 and no further provision is expected.

12. Income tax charge

	2022 £'000	2021 £'000
Income tax charge		
Current tax	82,869	16,925
Deferred tax - origination and reversal of temporary differences	1,050	10,325
Adjustment recognised for tax of prior periods	31,557	(3,599)
Foreign tax	195	309
Impact of change in tax rates	(3,910)	26,781
Aggregate income tax charge	111,761	50,741

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

The tax charge in the Statement of profit or loss for the year is higher (2021: lower) than that calculated at the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	2022 £'000	2021 £'000
Profit before income tax charge	432,869	285,806
Tax at the statutory tax rate of 19%	82,245	54,303
Adjustment recognised for tax of prior periods	31,557	(3,599)
Expenses not deductible for tax purposes	8,958	5,484
Transfer pricing adjustments	80	139
Group relief for £nil consideration	-	(33,567)
Foreign tax	158	309
Impact of change in tax rates	(3,910)	26,781
Income not taxable	(11,017)	(1,223)
Other	3,690	2,114
Income tax charge	111,761	50,741

	2022 £'000	2021 £'000
Amounts charged/(credited) directly to equity		
Deferred tax liabilities (note 36)	(114,863)	28,151
Current tax	(5,629)	(2,163)
Total	(120,492)	25,988

The headline rate of UK corporation tax for the 2022 financial year was 19%. Temporary differences at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

The Company received no group relief in respect of 2022. The group relief of £33.6m anticipated to be received in relation to 2021 for £nil consideration, was not claimed in the company's tax return and is therefore disclosed as an adjustment recognised for tax of prior periods.

In the Spring Budget 2021, the UK Government announced that it had the intention to increase the corporation tax rate to 25% from 1 April 2023. The proposal to increase the corporation tax rate was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021. The effects of the corporate tax rate change are reflected in these financial statements.

12. Income tax charge (continued)

	2022 £'000	2021 £'000
Deferred tax in the income statement:		
Decelerated capital allowances	1,394	1,813
General provisions	169	(5)
Pension plans and other post-employment benefits	1,516	1,610
Intangibles	(971)	(1,132)
Utilisation of tax losses	-	11,522
Share based payments	(1,058)	(2,358)
Other	-	(1,125)
Total deferred tax movement	1,050	10,325

13. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents	384,789	499,449
Fiduciary cash balances held on behalf of insurance broking third parties	1,452,729	1,203,349
	1,837,518	1,702,798

14. Derivative financial instruments - current assets

	2022 £'000	2021 £'000
Foreign exchange options - cash flow hedges	2,866	13,019
Forward foreign exchange contracts	20	487
Current assets - derivative financial instruments	-	39
	2,886	13,545

15. Insurance receivables

	2022 £'000	2021 £'000
Amounts owed by group undertakings	1,073,036	876,165
Third party insurance receivables	990,129	736,635
	2,063,165	1,612,800

Insurance receivables relate to fiduciary funds; primarily insurance premium and claims due to be collected from third parties.

16. Trade and other receivables

Amounts falling due within one year:

16. Trade and other receivables (continued)

	2022 £'000	2021 £'000
Trade receivables	215,717	202,548
Less: Allowance for expected credit losses on trade receivables	(11,737)	(13,133)
	203,980	189,415
Cost to fulfil contracts with customers	51,739	47,962
Other taxes and social security payables	-	(349)
	51,739	47,613
Amounts owed by fellow Group undertakings	303,055	161,564
Amounts owed by subsidiary undertakings	1,390	2,248
Amounts owed by parent undertaking	2,964	2,329
Prepayments and accrued income	6,545	5,141
Work in progress	5,622	3,625
Other receivables	4,617	3,551
Other taxes and social security receivables	369	369
	580,281	415,855

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

17. Derivative financial instruments - non-current assets

The fair values of the derivatives that are designated and effective as hedging instruments held at the reporting period date, determined by reference to their market values, were as follows:

	2022 £'000	2021 £'000
Non-current assets: Foreign currency derivatives	7,392	6,097

18. Investments in subsidiaries

	2022 £'000	2021 £'000
Investments in subsidiaries	78,768	102,329

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

	2022 £'000	2021 £'000
Opening carrying amount	102,329	102,067
Additions	-	262
Impairment of assets	(23,561)	-
Closing carrying amount	78,768	102,329

During the year, the Company impaired its investment in Henderson Insurance Brokers Limited by £21,540k to £Nil, following a decrease in the subsidiary's net assets, due to the ongoing liquidation of Acumen Credit Insurance Brokers Limited ("ACIBL") and Contractsure Limited ("CSL").

The Company also impaired its investments in ACIBL by £1,436k to £Nil, and in CSL by £553k to £Nil, due to the entities being in liquidation.

The Company also impaired its investment in Aon Benfield Panama S.A. by £32k to £Nil, following a decrease

18. Investments in subsidiaries (continued)

in the subsidiary's net assets, due to cash of £38k received on 7 November 2022 from this subsidiary, as part of its liquidation process.

After the year end, on the 4th January 2023, the Company distributed it's shares in Insurance Broker Aon Kazakhstan LLC to Aon UK Holding Limited.

Details of the Company's direct subsidiaries at 31 December 2022 are as follows:

Name	Principal place of business and address	Holding	Proportion held %
McLagan (Aon) Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, United Kingdom	Ordinary shares	100%
Aon Risk Services (NI) Limited	1st Floor 65 - 67 Chichester Street, Belfast, Northern Ireland, BT1 4JD	Ordinary shares	100%
Aon UK Trustees Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, United Kingdom	Ordinary shares	100%
Henderson Risk Management Limited (in liquidation)	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, United Kingdom	Ordinary shares	100%
Henderson Insurance Brokers Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, United Kingdom	Ordinary shares	100%
Aon Benfield Brasil Corretora de Reaseguros Ltda	Rua Teófilo Otoni, nº 15, 10º andar, Centro, Rio de Janeiro, RJ, CEP 20090-080, Brazil	Ordinary shares	100%
Aon Group Venezuela Corretaiede Reaseguros, C.A.	Avenida Principal de El Bosque, Edificio Pichincha, piso PH, apartamento PH2, Chacaíto, Caracas, Venezuela	Ordinary shares	100%
Aon Broking Services S.A.	Swiss Bank Building, 16th Floor, 53rd Street, urbanizacion Obarrio- World Trade Center, Ciudad de Panama, Panama	Ordinary shares	100%
Aon Benfield Panama S.A. (in liquidation)	Ave. Samuel Lewis y Callie, 54 Olbarrio Torre Generali, Piso #27, Bella Vista, Panama	Ordinary shares	62%
Aon Consulting Kazakhstan LLP	25, Samal-3, Almaty, Kazakhstan	Ordinary shares	55%
Aon Benfield Peru Corredores de Reaseguros S.A.	Calle Andres Reyes 437 Piso 7,San Isidro L27,Lima, Peru	Ordinary shares	100%
Aon Consulting Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, United Kingdom	Ordinary shares	100%
Acumen Credit Insurance Brokers Limited (in liquidation)	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, United Kingdom	Ordinary shares	100%
Contractsure Limited (in liquidation)	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, United Kingdom	Ordinary shares	100%

The Directors are of the opinion that were the Company's investments in subsidiary undertakings to be realised, they would raise an amount equal to or in excess of their book values.

19. Investments in associates

	2022 £'000	2021 £'000
Investment in associates	23	23

Investments in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Company are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Aon Reinsurance Colombia Ltda Corredores de Reaseguros	Avenida Carrera 9 #113-52 Of. 505, Bogotá, Colombia	43.5%	43.5%
Aon Benfield Intermediario de Reaseguro, S.A. de C.V. (Mexico)	Rio Lerma 232 Piso 28 Suite B, 29 y 30 Suite A, Col. Cuauhtemoc, Del. Cuauhtemoc, C.P. 06500, Mexico City	20.8%	20.8%

The Directors are of the opinion that were the Company's investments in associate undertakings to be realised, they would raise an amount equal to or in excess of their book values.

20. Financial assets at fair value through other comprehensive income

	2022 £'000	2021 £'000
Investment holdings below 20%	1,045	967

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

	2022 £'000	2021 £'000
Opening fair value	967	971
Revaluation	78	(4)
Closing fair value	1,045	967

The financial asset relates to a 1.86% ownership of Società Italiana di Assicurazioni e Riassicurazioni, a privately owned Italian Marine underwriter. Changes in the fair value are recognised through the Statement of other comprehensive income.

21. Other receivables

Receivables due after one year:

	2022 £'000	2021 £'000
Other receivables	2,555	2,533

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22. Tangible fixed assets

	2022 £'000	2021 £'000
Leasehold improvements - at cost	1,630	3,524
Less: Accumulated depreciation	(1,427)	(3,269)
	203	255
Fixtures and fittings - at cost	9,157	9,704
Less: Accumulated depreciation	(8,469)	(8,699)
	688	1,005
Motor vehicles - at cost	333	333
Less: Accumulated depreciation	(333)	(333)
	-	-
Computer equipment - at cost	21,350	20,082
Less: Accumulated depreciation	(16,942)	(16,201)
	4,408	3,881
	5,299	5,141

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 any fully depreciated assets:

	Leasehold improvements £'000	Fixtures & fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Balance at 1 January 2021	309	947	-	4,293	5,549
Additions	-	840	-	1,979	2,819
Disposals	-	(356)	-	(53)	(409)
Depreciation expense	(54)	(426)	-	(2,338)	(2,818)
Balance at 31 December 2021	255	1,005	-	3,881	5,141
Additions	-	172	-	2,986	3,158
Disposals	(3)	(3)	-	(3)	(9)
Depreciation expense	(49)	(486)	-	(2,456)	(2,991)
Balance at 31 December 2022	203	688	-	4,408	5,299

23. Intangibles

	2022 £'000	2021 £'000
Goodwill - at cost	97,356	97,356
Customer contracts - at cost	73,163	72,332
Customer contract list accumulated amortisation	(46,475)	(39,079)
	26,688	33,253
Software - at cost	34,330	28,821
Software accumulated amortisation	(28,533)	(27,799)
	5,797	1,022
Capital work in progress - at cost	1,658	1,327
	131,499	132,958

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill £'000	Software £'000	Customer Contracts £'000	Capital Work In Progress £'000	Total £'000
Balance at 1 January 2021	97,356	2,560	39,899	337	140,152
Additions	-	-	-	990	990
Amortisation expense	-	(1,558)	(6,626)	-	(8,184)
Balance at 31 December 2021	97,356	1,002	33,273	1,327	132,958
Additions	-	3,649	-	2,212	5,861
Recategorisation	-	1,881	-	(1,881)	-
Amortisation expense	-	(735)	(6,585)	-	(7,320)
Balance at 31 December 2022	97,356	5,797	26,688	1,658	131,499

Goodwill is not amortised but is tested annually for impairment as required by IFRS 3. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. Had the Company amortised goodwill, a period of 10 years would have been chosen as the useful life from the date of acquisition and consequently the profit before tax for the year would have been £0.7m lower as a result.

During 2022, the Company conducted an impairment review of all material goodwill. No impairments were identified.

The recoverable amount of a CGU is determined based on value-in-use calculations as described in note 1.

Goodwill is attributable to the Commercial Risk & Reinsurance operating segment.

The key assumptions used for value-in-use calculations for the Commercial Risk and Reinsurance Solutions CGUs are shown below:

23. Intangibles (continued)

Multiple as at	Revenue	Commercial Risk	Reinsurance
31 December 2021	Actual	5.40	6.20
31 December 2022	Forecasted	5.20	5.25
31 December 2023	Forecasted	5.00	5.00

24. Right of use assets

	2022 £'000	**2021 £'000**
Buildings - right-of-use	3,576	3,576
Less: Accumulated depreciation	(2,971)	(2,311)
	605	1,265
Right of use - Non-real estate	182	182
	787	1,447

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Right of use - Property £'000	Right of use - Non-real estate £'000	Total £'000
Balance at 1 January 2021	2,065	182	2,247
Disposals through lease termination	(151)	-	(151)
Amortisation expense	(649)	-	(649)
Balance at 31 December 2021	1,265	182	1,447
Amortisation expense	(660)	-	(660)
Balance at 31 December 2022	605	182	787

25. Pension assets

Pension schemes
The Company operates a number of pension schemes in the UK. The following schemes have defined benefit sections that are in surplus or deficit at 31 December 2022:

- In surplus: Aon Retirement Plan ("ARP") – A&A, Aon UK and Aon Bain Hogg sections
- In surplus: Aon Minet Pension Scheme ("Aon Minet")
- In surplus: Sections of the Industry Wide Coal Staff Superannuation Scheme ("Coal")
- In deficit: Jenner Fenton Slade 1980 Pensions Scheme ("JFS")
- In deficit: Burlington Pension Scheme
- In deficit: Aon McMillen Limited Retirement Benefits Scheme

The schemes are administered by a separate board of trustees, which are legally separate from the Company. The trustees are required by law to act in the interests of all relevant beneficiaries and are responsible for the investment policy for the assets and the day-to-day administration of the benefits.

25. Pension assets (continued)

Unfunded pension arrangements and Post-retirement medical benefits

In addition to the pension schemes there are some individual unfunded pension arrangements and Post-retirement medical benefits ("PRMB"). These benefits are provided to a small number of ex-employees.

The collective obligation in respect of unfunded pension arrangements at 31 December 2022 was £9.7m (2021: £12.9m)

The PRMB obligation at 31 December 2022 was £0.6m (2021: £0.8m) following benefit payments of £0.1m (2021: £0.1m), interest expense of £0.02m (2021: £0.01m) and actuarial gains of £0.2m (2021: losses of £0.002m).

These obligations are included in this note.

Profile of the pension schemes

The schemes provide pension benefits to scheme members. Benefits are also payable on death and following other events such as withdrawing from active service. The schemes are closed to new entrants and future accrual.

The Defined Benefit Obligation ("DBO") includes benefits for current employees, former employees and current pensioners. Broadly, about 41% of the DBO is attributable to deferred employees and 59% to current pensioners. The Trustees insure certain benefits payable on death before retirement.

The Company estimates the duration of schemes' liabilities on average is approximately 14 years (2021: 16 years).

Funding requirements

Where schemes are funded, the scheme assets are held under trust separate from the Company. The last completed funding valuations for the ARP and Aon Minet were carried out with an effective date of 31 March 2019. The last completed valuations for Coal and JFS were 31 December 2021 and 31 March 2021 respectively.

Following the most recent triennial actuarial valuations, the Company's contributions were agreed with the trustees of each scheme. During the year the Company made contributions of £4.7m (2021: £7.1m) across the schemes. As at 31 December 2022, the Company's best estimate of contributions to be made during 2023 is £3.4m.

Triennial actuarial valuations are currently in progress for the ARP and Aon Minet with an effective date of 31 March 2022. As part of the valuations the trustees of each scheme will agree a new schedule of contributions with Company.

Reporting at 31 December 2022

The results of the last completed funding valuations of the schemes, or the initial results of the schemes with funding valuations sufficiently progressed by the balance sheet date, have been adjusted to the new balance sheet date, taking account of experience over the period and changes in market conditions, and differences in the financial and demographic assumptions. The present value of the DBO was measured using the projected unit credit method.

25. Pension assets (continued)

Statement of financial position amounts

	2022 £'000	2021 £'000
Present value of Defined Benefit Obligation	(2,322,762)	(3,483,775)
Fair value of Defined Benefit Plan Assets	2,763,075	4,382,918
Net assets in the Statement of financial position	440,313	899,143

	2022 Pension Asset £'000	2022 Pension Liability £'000	2022 Total £'000	2021 Pension Asset £'000	2021 Pension Liability £'000	2021 Total £'000
Present value of the Defined Benefit Obligation	(2,224,311)	(98,451)	(2,322,762)	(3,444,692)	(39,083)	(3,483,775)
Fair value of Defined Benefit Plan Asset	2,683,567	79,508	2,763,075	4,359,232	23,686	4,382,918
	459,256	(18,943)	440,313	914,540	(15,397)	899,143

Where the Company's pension schemes are in surplus on the IAS 19 basis, this surplus has been recognised on the Statement of financial position on the basis that the Company has an unconditional right to a refund.

Categories of plan assets
The major categories of plan assets are as follows:

	2022 £'000	**2021 £'000**
Cash and cash equivalents	328,929	78,931
Equity instruments	4,759	164,661
Debt instruments	1,467,397	3,321,311
Property	79,517	21,025
Derivatives	(454,243)	(1,226,820)
Investment funds	169,048	154,850
Annuities	1,143,567	1,690,566
Other	24,101	178,394
	2,763,075	4,382,918

	2022 %	**2021 %**
Cash and cash equivalents	11.9%	1.8%
Equity instruments	0.2%	3.8%
Debt instruments	53.1%	75.7%
Property	2.9%	0.5%
Derivatives	(16.4%)	(27.9%)
Investment funds	6.1%	3.5%
Annuities	41.4%	38.6%
Other	0.8%	4.0%

The trustees of each scheme are responsible for setting an investment strategy appropriate to that scheme after consulting with the Company.

25. Pension assets (continued)

Reconciliations

	2022 £'000	2021 £'000
Reconciliation of the present value of the fully funded defined benefit obligation:		
Balance at the beginning of the year	3,483,775	3,790,129
Interest cost	63,863	44,959
Benefits paid	(153,055)	(144,243)
Actuarial gains from changes in demographic assumptions	(40,471)	(5,970)
Actuarial gains from changes in financial assumptions	(1,138,171)	(229,131)
Actuarial losses arising from experience over the year	106,821	28,031
Balance at the end of the year	2,322,762	3,483,775
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	4,382,918	4,622,913
Loss on plan assets	(1,540,921)	(149,188)
Benefits paid	(164,184)	(152,891)
Employer contributions	4,738	7,104
Interest income	80,524	54,980
Balance at the end of the year	2,763,075	4,382,918

Amounts recognised in the Statement of profit or loss and other comprehensive income
The amounts recognised in the Statement of profit or loss and other comprehensive income are as follows:

	2022 £'000	2021 £'000
Administration cost	11,129	8,648
Interest income	(16,661)	(10,021)
Total amount recognised in profit or loss	(5,532)	(1,373)
Loss on plan assets	1,540,921	149,188
Actuarial gains from changes in demographic assumptions	(40,471)	(5,970)
Actuarial gains from changes in financial assumptions	(1,138,171)	(229,131)
Actuarial losses arising from experience over the year	106,821	28,031
Total amount recognised in other comprehensive income	469,100	(57,882)

Notes:

- Benefits paid in the asset reconciliation includes administration expenses related to non-asset management expenses (2021 and 2022).
- The Company continues to assume that, if GMPs are 'converted' during implementation, this would be done on an IAS 19 cost-neutral basis.
- Over 2022, the Company and the trustees agreed that GMP benefits should be equalised via GMP conversion. Work is ongoing to implement this decision and the Company's current best estimate of the liability impact of GMP conversion is nil.
- During 2022, there was a transfer of c£1.5m of assets and c£2m of liabilities from the Burlington Pension Scheme into the Aon Bain Hogg section of the Aon Retirement Plan ("ARP"). As these transfers were all within entities sponsored by Aon UK Limited, the net impact on the balance sheet is nil.

25. Pension assets (continued)

Significant actuarial assumptions

The significant actuarial assumptions used (expressed as weighted averages) were as follows:

- Average DBO discount rate: 4.89% (2021: 1.96%);
- Buy in policy discount rate (varies by scheme): 4.91% to 4.92% (2021: 1.78% to 1.93%);
- Average discount rate used in 2022 net interest cost: 1.85% (2021: 1.20%);
- RPI inflation: 3.09% (2021: 3.12%);
- CPI inflation: 2.44% (2021: 2.52%);
- Mortality: See below.

The Company has considered the full yield curves when deriving the financial assumptions.

In determining the appropriate discount rate, the Company considers the annualised yields on the Aon GBP Single Agency AA (corporates) Curve adjusted so that:

- any bonds issued by universities are excluded from this universe; and
- the extrapolation at longer terms is flat.

Aon's assumption for the Inflation Risk Premium is currently 0.45% p.a. The IRP is applied to market breakeven RPI. The market break-even RPI assumption is derived using the Aon GPO curve (updated from the BoE curve last year). Correspondingly, the CPI inflation assumption has been determined based on best-estimate views of the RPI to CPI gap (single equivalent 0.65% p.a. used).

Pension increases are set with reference to these future inflation assumptions.

Some pension increases are fixed, and some are linked to inflation. The most common inflation-linked increase is RPI subject to a maximum increase of 5% in any one year. Where such a cap applies, the assumption is calculated based on the relevant RPI or CPI inflation assumption and best estimate volatility assumptions.

Mortality assumptions

Where available, base tables are based on mortality analysis from Aon's Demographic Horizons™ model, adjusting the S3PXA Light tables to take into account this best estimate analysis. Where this is not available, an assumption of 100% of the S3PXA table has been used. For all schemes, base table scaling factors have been adjusted to allow the Company's view on the long-term negative impact of COVID-19 on future life expectancy.

Allowance has been made for future improvements in line with CMI 2021 projections (core parameters), with a 1.00% p.a. long term rate of improvement. At 31 December 2021, future improvements were based on CMI 2020 projections (core parameters) and a long-term improvement rate of 1.00% p.a.

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

- The DBO would increase/decrease by about 7-8% if the discount rate decreased/increased by 0.5% with all other assumptions remaining constant.
- The DBO would increase/decrease by about 3-4% if the rate of inflation increased/decreased by 0.5% with all other assumptions remaining constant.
- The DBO would increase by about 4% if beneficiaries live one more year from retirement.

The sensitivities should be used with caution, for example, in all cases it is assumed that all other assumptions remain constant and in practice the scheme assets will also change in value.

25. Pension assets (continued)

Balance sheet risk exposure

Investment market risk

- The development of the balance sheet depends on the relative developments of assets and liabilities.
- The trustees of each scheme are responsible for setting an investment strategy appropriate to that scheme after consulting the Company. At 31 December 2022, around 41% of the schemes assets were invested in buy-in policies. As required by the accounting standard, a consistent value is placed on the balance sheet on both the asset and liability side, removing any balance sheet volatility in respect of these obligations.
- The remaining assets are invested in a broad range of classes and assessed at fair market value at each balance sheet date. By comparison, the schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields (e.g. a decrease in yields will increase the value of the schemes' liabilities). If the asset return over the period is less than the discount rate, this will lead to a worsening of the balance sheet position.
- Whilst the schemes hold some assets that are expected to hedge corporate bond yield movements, the investment strategies do not explicitly hedge movements in corporate bond yields and hence the balance sheet remains exposed to volatility and risk.

The Company notes there was a considerable amount of market volatility over 2022, in particular, following the mini-budget proposals in September 2022. The schemes' were, in aggregate, in a surplus position of £899m as at 31 December 2021. Over the year, assets have fallen to a greater extent than liabilities as a result of an increase of c3% in underlying yields. This is the key driver for the reduction of around £459m in the net balance sheet position at 31 December 2022.

Inflation risk

A significant proportion of the schemes' benefit obligations are linked to inflation, and higher inflation assumptions and/or actual inflation indexation will lead to higher liabilities.

The Company notes that the UK is currently experiencing a period of high inflation, relative to recent years. Some benefit increases (e.g. pension increases in payment), are subject to caps and collars meaning that inflation risk is somewhat limited. However, pension increases in deferment for the majority of the schemes' members will have been uncapped in 2022. In aggregate, this inflation exposure has generated around £100m of actuarial loss on experience over 2022.

Longevity risk

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The Company has changed its outlook for long-term mortality outcomes following the COVID-19 pandemic from 'neutral' to 'negative'. This is based on:

- The possible mortality impact of COVID-19 becoming endemic;
- Data on waning vaccine effectiveness (noting that waning may be mitigated, at least in part, by future booster programmes);
- The potential impact of new variants; and
- Knock-on impacts on COVID-19 on the healthcare system.

The Company will keep these factors under review and reset its longevity assumptions as appropriate at each reporting period. Longevity risk is mitigated to some extent by the existing buy-in policies held by the largest schemes.

26. Derivative financial instruments - current liabilities

All current derivative liabilities were accounted for as hedges.

27. Insurance payables

	2022 £'000	2021 £'000
Third party insurance payables	3,480,170	2,678,264
Amounts owed to group undertakings	35,724	137,888
	3,515,894	2,816,152

Insurance payables relate to fiduciary balances, primarily insurance premium and claims due to be settled on to third parties.

28. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	57,661	46,673
Accruals	91,404	94,960
Other payables	1,995	-
Amounts owed to fellow Group undertakings	35,556	20,098
Amounts owed to subsidiary undertakings	73,067	113,718
Other taxes and social security payables	35,779	29,765
Other payables - lease clearing	373	321
	295,835	305,535

29. Income tax payable

	2022 £'000	2021 £'000
Corporation tax payable	79,925	12,048

	2022 £'000	2021 £'000
Corporation tax payable	79,925	9,952
Group relief payable	-	2,096
	79,925	12,048

30. Deferred revenue

	2022 £'000	2021 £'000
Deferred revenue	4,340	3,370

31. Lease liabilities

	2022 £'000	2021 £'000
Lease liability – Non-real estate	83	83
Lease liability	150	721
	233	804

32. Provisions - current liabilities

The table below shows the current liabilities expected to be settled within one year.

	2022 £'000	2021 £'000
E&O and other litigation provision	2,612	3,385
Restructuring provision	647	2,941
Post placement provision	2,384	3,756
Dilapidation provision	473	-
Group income protection provision	456	487
Other provisions	180	5,349
	6,752	15,918

Please refer to note 34 below for the descriptions and reconciliation of the movements in each class of provision during the current financial year.

33. Deferred revenue

	2022 £'000	2021 £'000
Deferred revenue	130	273

34. Provisions - non current liabilities

The table below shows the non-current liabilities that are expected to be settled after one year.

	2022 £'000	2021 £'000
Post placement provision	6,067	9,140
Dilapidation provision	129	406
Group income protection provision	2,613	3,284
Other provisions	1,077	1,044
	9,886	13,874

34. Provisions - non current liabilities (continued)

E&O provision and other litigation
As a normal consequence of the Company's operations, a number of claims alleging professional negligence have been made against the Company. Provision has been made in these financial statements based on the Directors' current best estimate of the total amount of those claims which are considered more likely than not to crystallise.

IAS 37 requires the Company to record provisions that are probable gross of any related recovery, any such recovery being included within debtors and only when the recovery is deemed virtually certain.

Certain other E&O claims meet the IAS 37 definition of contingent liabilities. In accordance with IAS 37, these claims have not been included in the Statement of financial position as the Directors do not believe that it is practicable to estimate the quantum of the potential outcome of these claims. The Directors believe that there are valid defences to all claims that have been made with respect to these activities and the Company is vigorously defending all pending actions. The Directors do not expect the outcome of these claims, either individually or in aggregate, to have a material effect upon the Company's operations or financial position.

As allowed by IAS 37, further disclosure has not been given as it may seriously prejudice the outcome of any legal proceedings.

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.

In August 2021 an Aon global restructuring programme was initiated, which resulted in the recognition of a restructuring provision of £4.1m, of which in 2022 £1.4m was utilised and £0.9m released, resulting in a year end provision of £0.6m. The programme was closed in January 2023 and no further provision is expected.

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.

Post placement provision
Within the insurance intermediary market, it is general practice to assess the various post-placement activities that are included in the contract for the placement service. Post placement expenses are incurred in connection with the negotiation and settlement of claims. They include all internal and external expenses incurred in the handling of claims. Internal expenses include all direct expenses of the claims department and any part of the general administration expenses attributable to the claims function.

The Company has elected to consider claims handling as a cost provision due to these activities being insignificant when compared to revenue.

The major assumptions and uncertainties include the actuarial profile of the claims tail and projected efficiency improvements.

IAS 37 requires provisions to be discounted to present value when the time value of money is material. Expected costs are discounted using UK government debt rates.

34. Provisions - non current liabilities (continued)

Dilapidation provision
The provision represents the present value of the estimated costs to make good the premises leased by the Company at the end of the respective lease terms. 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.

Group income protection provision
The Company has a provision of £3.1m relating to group income protection ("GIP") (2021: £3.8m). GIP provides employees with a continuation of part of their regular income in the event of them being unable to work due to illness or injury. The accrual represents an actuarial estimate of the Company's future liability for any employees on long term illness leave who are not covered by the GIP insurance policy for historic reasons.

Other provisions
The provision represents a general litigation reserve.

Movements in provisions
The following categories compile the Company's current and non-current provisions disclosed on the Statement of financial position:

2022	GIP provision £'000	Errors & omissions provision £'000	Post placement provision £'000	Restructuring provision £'000	Other provisions £'000
Carrying amount at the start of the year	3,770	3,385	12,897	2,941	6,799
Additional provisions recognised	3,055	566	861	-	492
Released in the year	-	(224)	(1,578)	(938)	(5,346)
Utilised in the year	(3,756)	(1,115)	(3,729)	(1,356)	(86)
Carrying amount at the end of the year	3,069	2,612	8,451	647	1,859

35. Pension liability

See note 25 for details on pension liability.

36. Deferred tax liability

	2022 £'000	2021 £'000
Deferred tax liability comprises of:		
Decelerated capital allowances	(10,717)	(12,501)
General provisions	(1,123)	(783)
Intangibles	4,809	5,936
Tax losses carried forward	(14,202)	-
Share based payments	(28,022)	(26,186)
Derivative financial instruments	576	2,400
Pension provision	110,078	224,786
Deferred tax liability	61,399	193,652
Movements:		
Opening balance	193,652	132,216
Charged to profit or loss (note 12)	1,050	10,325
Charged/(credited) to equity (note 12)	(114,863)	28,151
Impact of change in tax rate in Statement of profit and loss	(3,910)	26,781
Adjustment recognised for prior periods	(11,657)	(3,515)
Impact of foreign exchange	(2,873)	(306)
Closing balance	61,399	193,652

The Company has unused tax losses carried forward of £60.4m at 31 December 2022 (2021: £nil).

The Company has £213.9m (2021: £214m) of unused capital losses at 31 December 2022 for which no deferred tax asset has been recognised.

37. Lease liabilities

	2022 £'000	2021 £'000
Lease liability - Non-real estate	99	99
Lease liability	410	561
	509	660

38. Share-based payments

There are various share-based payment awards for Directors and employees of the Company. Share-based payments are satisfied through Aon plc shares. All schemes are equity-settled.

Leadership performance plans ("LPPs")

LPPs are intended to reward senior executives for meeting or exceeding corporate-wide performance goals. Vesting is contingent upon meeting various individual, divisional or company-wide performance goals, including revenue generation or growth in revenue, pre-tax income or earnings per share over a three year period. The performance conditions are not considered in the determination of the grant date fair value for these awards; it is based upon the market price of an Aon plc ordinary share at grant date.

The share-based compensation expense is recognised over the performance period based on management's estimate of the number of units expected to vest. It is adjusted to reflect the actual number of shares issued at the end of the programme. The actual issue of shares may range from 0-200% of the target LPPs granted, based on the terms and level of achievement of these terms.

38. Share-based payments (continued)

Weighted average fair value per share at grant date for the 2022 plan was £258.36; 2021 plan was £182.03; 2020 plan was £133.04. The number of LPPs granted for the 2022 plan was 27,884; 2021 plan was 47,127; 2020 plan was 51,573. The number of LPPs that would be issued based on current performance levels for the 2022 plan are 27,884; the 2021 plan are 94,254; 2020 plan: 103,146.

Share options

The options to purchase shares were granted at 100% of market value on the date of grant. Generally, the award was given to those employees who were a full-time or part-time employee in a country receiving stock options and meet any other eligibility criteria listed for their country. Employees are allowed to vest options within 7 years or until the termination date.

The weighted average share price for share options exercised during 2022 was £217.21, for the 2021 plan was £226.39. The options outstanding as at 31 December 2022 had exercise prices ranging from £216.51 to £217.21 (2021: £223.49 to £226.39), and a weighted average remaining contractual life of 5.73 years (2021: 6,73 years). The number of options outstanding as at 31 December 2022 was 73,480 (2021:82,850). The aggregate estimated fair value of these options outstanding was £16,000,000 (2021: 18,500,000).

Sharesave scheme

The Aon UK Sharesave scheme was made available annually to all employees in the United Kingdom from 2013 through 2022. Under the scheme, a specified amount is deducted from the participating employee's monthly salary for deposit into a savings account for a three year term. Participants are granted options at the beginning of the saving period to purchase the ultimate parent company shares at a price equal to 90% of the market value at the beginning of the saving period by utilising the accumulated amounts in their account. Vesting is contingent on continued employment.

The sharesave option grant price for the 2022 Plan was £219.86; 2021 Plan was £190.85; 2020 plan was £140.24; 2019 plan was £138.36; 2018 plan was £104.22. As at 31 December 2022, the outstanding Sharesave options had a weighted average remaining contractual life of 1.92 years (2021: 1.92 years). As at 31 December 2022, Sharesave options outstanding for the 2022 Plan were 34,919; 2021 Plan were 27,278 (2021: 30,931); 2020 Plan were 36,047 (2021: 41,007); 2019 Plan were 13,002 (2021: 48,148) 2018 Plan were 88 (2021; 12,973). The aggregate of estimated fair value of these Sharesave options outstanding was £22.6m (2021: £22.7m).

Restricted stock units ("RSUs")

Share awards, in the form of RSUs, are granted to certain directors and key employees of the Company. Prior to 2006, all RSUs granted to employees were service-based. Since 2006, certain performance-based RSUs were granted to senior executives and key employees, whose vesting is contingent upon meeting various individual, divisional or company-wide performance goals, including revenue generation or growth in revenue, pre-tax income or earnings per share over a one to five year period.

The weighted average share price for RSUs outstanding as at 31 December 2022 was £220.96 (2021: £146.59). The weighted average remaining contractual life of the outstanding RSUs as at 31 December 2022 was 1.85 years (2021: 1.36 years). In 2022, the number of RSUs granted was 136,132 (2021: 179,573). The number of RSUs outstanding as at 31 December 2022 was 383,908 (2021: 445,544). The aggregate estimated fair value of these outstanding RSUs was £84.8m (2021: £65.3m).

The share-based compensation cost for all schemes during the year to 31 December 2022 was £46.1m (2021: £44.3m).

38. Share-based payments (continued)

	2022 £'000	2021 £'000
Leadership performance plans	12,230	16,817
Share options	-	3,129
Aon UK Sharesave scheme	2,521	2,140
Restricted stock units	31,356	22,255
	46,107	44,341

39. Share capital

	2022 Shares	2021 Shares	2022 £'000	2021 £'000
Ordinary shares - fully paid	200,000,000	200,000,000	200,000	200,000

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

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

40. Capital contribution reserve

	2022 £'000	2021 £'000
Capital contribution reserve	85,474	85,474

Capital Contribution Reserve is a non-returnable gift received in circumstances where no consideration is given by the company from the parent company, in the form of cash or any other type of asset/group of assets.

41. Reserves

	2022 £'000	2021 £'000
Hedging reserve	1,861	10,218
Fair value through other comprehensive income reserve	387	308
Share-based payments reserve	-	8,418
Pension reserve	-	291,519
	2,248	310,463

Fair value through other comprehensive income reserve
Fair value through other comprehensive reserve is used to recognise the movements in the fair value of financial assets at fair value through other comprehensive income. The reserve is non-recyclable for fair value results recognised for equity financial assets.

41. Reserves (continued)

Hedging reserve
The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy.

Pension reserve
The reserve is used to recognise the actuarial gains and losses on the retirement benefit obligation that are recognised outside of profit or loss.

42. Retained profits

	2022 £'000	2021 £'000
Retained profits at the beginning of the financial year	937,413	986,948
Profit after income tax charge for the year	321,108	235,065
Amount in excess of Share based payments reserve recognised in Retained profits	(10,856)	-
Amount in excess of Pension reserve recognised in Retained profits	(60,459)	-
Dividends paid (note 43)	(298,300)	(284,600)
Retained profits at the end of the financial year	888,906	937,413

43. Dividends paid

Dividends paid during the financial year were as follows:

	2022 £'000	2021 £'000
An interim dividend of £298.3m (£1.49 per share) was paid during the year ended 31 December 2022 (2021: £284.6m (£1.42 per share)), to Aon UK Holdings Limited, the Company's parent.	298,300	284,600

44. Guarantees

During the year, the Company and some Group subsidiaries (the "Original Borrowers") were party to a $1bn U.S. multi-currency revolving loan credit facility to fund operations. The facility expires in September 2026 (the 2026 Facility). The rate on borrowing from this facility varies based upon the prevalent market rate of several benchmarks plus a margin ranging from 0 to 100 basis points. There are no borrowings under this facility as at 31 December 2022.

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 cash pool 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 2022 include cash pool deposits of £311.4m (2021: £402.3m), 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.

44. Guarantees (continued)

The Company has a callable guarantee for the full buy-out value of one of its pension schemes. As at 31 December 2022, the pension scheme was more than 100% funded on a solvency basis (2021: deficit of £2.3m). This guarantee has been in place since 2002. The Company has continued to pay funding contributions where required as part of the scheme's triennial valuations. The actuarial value of the schemes liabilities, net of deferred tax, is included in the pension liability.

45. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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.

46. Controlling party

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

The ultimate parent undertaking and controlling party as at 31 December 2022 was Aon plc, a company incorporated and registered in the Republic of Ireland.

Copies of the Group financial statements of Aon plc are available from the Company's registered office at: Metropolitan Building, James Joyce Street, Dublin 1, D01 K0Y8, Ireland.