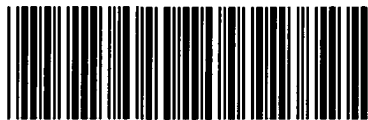


# Aon Solutions UK Limited

Company Number 4396810

Annual Report - 31 December 2022

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# **Aon Solutions UK Limited**

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**Aon Solutions UK Limited**  
**Corporate directory**  
**31 December 2022**

Directors	M K Clare D J Hardern Y Leonard (appointed 24 October 2022) L K McPhee (appointed 22 December 2022) R Ingle (resigned 21 February 2022) L M Vincent (resigned 31 May 2022)
Company secretary	CoSec 2000 Limited
Registered office	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

**Aon Solutions UK Limited**  
**Strategic report**  
**31 December 2022**

The Directors present their Strategic report on Aon Solutions 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.

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

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

These financial statements are separate financial statements. The Company is exempt from 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"). The Group financial statements are available to the public and can be obtained as set out in note 40.

**Principal activities**

The principal activity of the Company is the provision of pension scheme advice, solutions and administration, as well as broader HR consulting. The ultimate parent undertaking and controlling party is Aon plc, a leading global professional services firm providing a broad range of risk, retirement and health solutions. The Company is authorised and regulated by the Financial Conduct Authority ("FCA") although at year end is no longer carrying out regulated activities and has applied for de-authorisation.

**Review of operations**

The Company made a profit after income tax for the financial year of £60,439k (2021: £88,538k). The Company's key financial and other performance indicators during the year were as follows:

	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Revenue from continuing operations	287,979	250,463	37,516	15%
Staff costs	(151,667)	(150,816)	(851)	1%
Administrative expenses	(58,215)	(43,930)	(14,285)	33%
Other gains and losses	80	10,405	(10,325)	(99%)
Profit from discontinued operations	2,832	26,075	(23,243)	(89%)

**Revenue from continuing operations** - The Company's revenue from continuing operations for the year increased by £37,516k (15%) in comparison to 2021 which is due to organic growth, higher billing rates and volume of work performed across multiple lines of business.

**Staff costs** - The Company's staff costs increased by £851k (1%) mainly due to an increase in salaries, benefits and associated payroll taxes (note 4).

**Administrative expenses** - The Company's administrative expenses increased by £14,285k (33%) when compared to prior year with the main contributing factors for this being an increase in operational costs e.g. group intercompany charges during the year.

**Other gains and losses** - In 2022, the Company received £58k dividend from Aon Solutions Turkey Danismanlik AS (2021: £149k). 2021 dividend income includes dividend received from Aon Investments Limited of £10,000k (2022: nil) and Aon Hewitt Management Company Limited of £256k (2022: nil).

**Profit from discontinuing operations** - As part of Aon's compliance with the new Investment Firms Prudential Regime ("IFPR") requirements and commitments Aon has made to the Financial Conduct Authority (FCA), the Company on 1 September 2022, transferred all FCA regulated services as well as some unregulated services i.e. Investment Advisory, Defined Contribution Advisory and Risk Settlement to Aon Investments Limited ("AIL"), the Company's subsidiary. Prior year comparatives reflect a full year of discontinued operations.

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Shareholder's funds	303,021	344,656
Net current assets	87,539	120,396
The average number of employees during the year were:	<u>1,523</u>	<u>1,500</u>

The business transfer on 1 September 2022 in relation to Aon's compliance with IFPR was based on the net book value of the net assets relating to the businesses transferred and the purchase consideration of £50,592k was settled by the issuance of AIL shares.

As a result of IFPR Business Transfer, the Company provided £10,000k capital contribution to AIL settled by issuance of additional AIL shares, to ensure AIL has sufficient capital requirements post 1 September 2022 and to meet IFPR requirements.

An interim dividend of £66,000k (£0.27 per share) (2021: £86,500k, £0.35 per share) was paid during the year ended 31 December 2022 to Aon UK Holdings Limited, the Company's parent.

The Directors are satisfied with the position of the Company at the year end.

### **Principal risks and uncertainties**

The Company has an Enterprise Risk & Compliance Committee ("ERC") that meets regularly to monitor the risks facing the business which report to the Board and provides consolidated oversight and challenge of management's identification, treatment and reporting of the organisation's principal and emerging risks. The risk factors set below reflect 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 of operations could be adversely affected if any of these risks were to occur.

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

### **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. This legal and regulatory oversight could 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 FCA's Senior Management & Certification Regime (SM&CR) and IFPR requires the Company to have robust processes and controls that enable management to track potential issues and mitigate implementation risk. The Company has a robust regulatory compliance regime that regularly assesses the Company's compliance and regulatory requirements and reports results to 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 un-distributable profits and their subsequent reduction). While it is intended to maintain a sufficient level of distributable profits in order to pay dividends on ordinary shares, there is no assurance that the Company will maintain the necessary level of distributable profits to do so.

Since January 2022, as a UK investment firm undertaking activities within the scope of the UK Markets in Financial Instruments Directive ("MIFID"), the Company is subject to the prudential requirements of the IFPR contained in the MIFIDPRU Prudential sourcebook for MIFID investment firms of the FCA Handbook. The Company is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the IFPR.

MiFIDPRU contains specific requirements in relation to own funds, concentration risk, basic liquid asset management, governance and risk management (including remuneration code and the completion of an internal capital adequacy and risk assessment (ICARA) process, through which firms identify the risk of harm in their operations and provide appropriate resources to mitigate harm, whether as a going concern or when winding down) and reporting requirements. These requirements are supplemented by the guidance set out in MIFIDPRU 8 published by the FCA. The disclosure is prepared quarterly on a solo entity (i.e., individual) basis, although the Company is also part of a UK consolidated investment group for the purposes of IFPR. The disclosed information is proportionate to the Company's size and organisation, and to the nature, scope and complexity of its regulated activities.

The Company no longer carries out any regulated activities and an application to deauthorise has been submitted. As such, the requirement to prepare an ICARA doesn't apply.

#### ***Errors and omissions ("E&O") claims exposure risks***

The Company assists its clients with providing various actuarial and administration services and investment consulting. E&O claims against it may allege its potential liability for damages arising from these 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 operating 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. Accruals for these exposures, and related insurance receivables, when applicable, have been provided for 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 market. Periodic competitive tenders of clients' contracts put pressure on the Company to differentiate and deliver distinctive client value and to provide the strategic growth demanded by its shareholders. The nature of much of the Company's work involves assumptions and estimates concerning future events, the actual outcome of which the Company cannot know with certainty in advance. In its investment consulting business, it may be measured based on the Company's track record regarding judgements and advice on investments that are susceptible to influences unknown at the time the advice was given. 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, acquires additional businesses, and takes on new colleagues in new locations, it may face challenges in managing its large, diverse and changing workforce, in controlling its costs, or improving its efficiency.

The Company's profit margin, and therefore its profitability, is largely a function of the rates it is able to charge for its services and the staffing costs for its personnel. Accordingly, if the Company is not able to maintain the rates it charges for its services or appropriately manage the staffing costs of its personnel, it may not be able to sustain its profit margin and its profitability will suffer.

The prices the Company is able to charge for its services are affected by a number of factors, including competitive factors, cost of living adjustment provisions, 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 suitable cost efficiencies, profit margins will suffer. The Company's cost efficiencies may be impacted by factors such as its ability to transition consultants from completed projects to new assignments, its ability to secure new consulting engagements, its ability to forecast demand for consulting services (and, consequently, appropriately manage the size and location of its workforce), colleagues attrition, 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, it may have 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 to be successful, 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. These include the risk of; financial crime, change management, IT systems reliability and security, the threat of cyber-attack, business continuity, disaster recovery and conduct risk.

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 manage any potential financial impact to the Company 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.

Conduct risk is the risk that the Company's decisions and behaviours lead to a detriment or poor outcome for its 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 to do so with integrity. The Aon UK Conduct Agenda outlines the approach to conduct risk and what this means for everyone at all levels of the UK business.

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. Overseen by a separate Aon UK Conduct Committee, the Conduct Committee provides 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.

The Company maintains appropriate controls for services provided by Group Companies.

#### ***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 Group'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 Group 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 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 Company and its 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, and while it has not impacted the financial position of the Company materially up to 31 December 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.



### ***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 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.

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, the Company's 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 the Company's 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 the Company's ability to earn revenue.

Additionally, any development that has the effect of devaluing the 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 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.

### ***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. All 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 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 its 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.

The Company has implemented a number of measures to manage its risks related to system and network security and disruptions, but a security breach or a significant or extended disruption in the functioning of its information technology systems could damage its reputation, 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. Additionally, in order to maintain the level of security, service, and reliability that its clients require, the Company may be required to make significant additional investments in its information technology systems

#### ***People risk***

The Company's success depends on its ability to retain, attract and develop experienced and qualified personnel.

The Company depends upon the members of its senior management team who possess 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 services 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 professional personnel is intense, and the Company is constantly working to attract and retain these professionals. 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 strives to maintain an equitable work environment that unlocks the full potential of all its personnel.

#### ***Pension scheme risks***

To the extent that the pension obligations associated with the Company's pension plans exceed the fair value of the assets supporting those obligations, its financial position and results of operations may be adversely affected. In particular, lower interest rates and investment returns could result in the present value of plan liabilities increasing at a greater rate than the value of plan assets, resulting in a deterioration in the funding position of the pension plans. In addition, the periodic revision of pension assumptions or variances of actual results from the Company's assumptions can materially change the present value of expected future benefits, and therefore the funded status of the plans and resulting net periodic pension expense. As a result, the Company may experience future changes in the funded status of its plans that could require it to make additional cash contributions beyond those that have been estimated and which could adversely affect shareholders' equity, net income, cash flow and liquidity.

The Company's pension plans are significant, and therefore its pension contributions and expense are sensitive to various market and demographic factors. These factors include equity and bond market returns, fair value of pension assets, the assumed interest rates the Company uses to discount its pension liabilities, foreign exchange rates, rates of inflation, mortality assumptions, potential regulatory and legal changes and counterparty exposure from various investments and derivative contracts, including annuities. Variations in any of these factors could cause changes to the Company's financial position and results of operations from year to year. In addition, contributions are generally based on statutory requirements and local funding practices, which may differ from measurements under IFRS. In order to mitigate some of these risk factors, the pension plans are predominately invested in low risk assets whose value broadly changes in the same way as the plans liabilities. In particular, there is a significant degree of interest rate and inflation hedging to protect the funding position against adverse market movements. The Company's largest pension plan holds a buy-in policy in respect of a proportion of its current pensioners. Under this agreement, pension payments are matched by receipts from the insurer, effectively hedging all interest rate, inflation and longevity risk for these individuals. The Company monitors the funding position of the pension plans on a regular basis and continues to work with the Trustees of these plans to ensure any residual risks are effectively managed.

## **Financial risk management**

### ***Objectives and policies***

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

### ***Exposure to foreign currency risk***

The Company is exposed to foreign exchange risk when it earns revenues, pays expenses, or enters into monetary intercompany transfers or other transactions denominated in a currency that differs from its functional currency. The most significant currencies to which the Company is exposed are the US dollar and the Euro and the Polish Zloty. The Company had no material currency exposure as of 31 December 2022.

### ***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, as disclosed in the Statement of financial position and Notes to the financial statements.

The Company's and the Group's policies are aimed at minimising such losses. For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting period. However, when there has been a significant increase in credit risk since the origination or purchase of the assets, the allowance is based on the full LTECL.

The primary area where the Company is exposed to credit risk is amounts due from clients.

The Company's principal financial assets are trade debtors and amounts owed by group undertakings. Details of the Company's debtors are disclosed in the "Trade and other receivables" note 16.

With the exception of the cash pooling arrangement as detailed in note 38, 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 associated with financial liabilities. The Company meets its day to day working capital requirements through operating cash flows, existing cash resources and ultimately if required by access to the Group cash pool. Liquidity is managed centrally by Aon Corporate Treasury on a global basis to ensure there is sufficient available unutilised capacity on its committed borrowing facilities.

## **The Aon Group**

Aon plc is a company incorporated and registered in the Republic of Ireland, listed on the New York Stock Exchange ("NYSE") which had net liabilities of circa US \$0.4 billion (2021: net 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 38 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**

During the year the Directors have had due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 and have accordingly promoted the long-term success of the Company for the benefit of stakeholders as a whole. Details of how the Directors have had regard to those matters, including the consideration of the interests of stakeholders, are set out below.

The Company has an established corporate governance framework to ensure that board decisions are made with the long-term success of the Company in mind and that its key stakeholders remain at the forefront of the decision-making process. Accordingly:

- The Board has established the ERC which is a formal sub-committee of the Board that meets monthly to ensure the effective operation of the Company's risk management framework in the UK to communicate the status of risks and controls to the Board
- The information provided to board meetings is sufficiently detailed to enable Directors to consider the wider impact of decision making; and their section 172 duties and includes quarterly reports on business and financial performance, key risks and opportunities, operational matters, human resources, legal, compliance, audit and regulatory matters
- As part of the wider Aon Group, colleagues working on the Company's activities are subject to group policies and processes which are centered around good conduct and working practice with Conduct risk specifically overseen by a separate Aon UK Conduct Committee which meets regularly to review conduct and the performance of colleagues across the business and to identify where specific action is required. The Aon UK Conduct Committee oversees both corporate and individual conduct and escalates concerns back to senior business leaders, the ERC and / or the Board (as appropriate), it also makes recommendations in respect of conduct-related matters that merit a material remuneration impact.

As part of the Aon Group of Companies the Board also considers conclusions from an extended governance review across the Group which includes advice from legal, finance, treasury and tax as well as other in-house specialists, external counsel and consultants as appropriate. Where matters presented to the Board impact the wider Aon Group, the Board considers feedback from the Group Governance Committee and other governance forums on the matters presented for approval to ensure it understands the interests of the wider group before reaching any decision.

In reaching decisions 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 on Stakeholder engagement is provided in the Directors' Report.

### **Streamlined Energy and Carbon Reporting (SECR)**

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.

The Company is part of 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 Directors' Report of Aon Global Limited at 31 December 2021 and will be published for the year ended 31 December 2022 later in the year.

### **Likely future developments**

The Company maintains its market leading position in its sector, providing a broad range of products. Coupled with the fact that its relationships with clients are generally of a long-term nature, this provides the Directors with confidence that the Company is well positioned to navigate the ongoing pressures of the economic climate. The Company maintains its focus on executing a strategy around:

**Distinctive Client Value:** while each of the Company's clients is unique, they fundamentally expect the same things from Aon: partnership, expertise, innovation, excellence, and results. The Aon Client Promise defines the way Aon works together with its clients, what clients can expect from Aon, and the value Aon will deliver;

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**Strategic report**  
**31 December 2022**

**Operational Excellence:** differentiate Aon from the competition through operational excellence, risk awareness and client service; and

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 material changes in the current activity of the Company in the foreseeable future.

For and on behalf of the Board of Directors

DocuSigned by:

*Yvette Leonard*

713P32B18035454...

Y Leonard

Director

25 April 2023

**Aon Solutions 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 £66,000k (£0.27 per share) (2021: £86,500k, £0.35 per share) was paid during the year ended 31 December 2022 to Aon UK Holdings Limited, the Company's parent.	66,000	86,500

No further dividends were proposed or declared up to the date of this report.

**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 are disclosed in the Strategic report.

**Financial risk management**

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

**Stakeholder engagement**

Information on how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 is disclosed in the Strategic report. The Directors consider the need to foster the Company's business relationships with suppliers, customers and others in all principal decisions taken by the Company. Details on how the Board engages with key stakeholder groups is set out below.

*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 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 senior leaders holding regular meetings with Group-level stakeholders and counterparts.

*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.

*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 regulators on key initiatives. Aon is supportive of regulators' efforts to maintain the UK's best in class regulatory regime.

**Aon Solutions UK Limited**  
**Directors' report**  
**31 December 2022**

*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 person 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.

*Pension trustees* – as the sponsor of several defined benefit pensions schemes in the UK, the Company engages with the trustees of the schemes on a regular basis and maintain open and transparent communication. The Company works collaboratively with the trustees to reduce pension risk whilst maintaining the best outcome for the members of the pension schemes. The Board is updated on relevant pension matters regularly to maintain excellent pensions governance, oversight and monitoring of pension risk. Senior finance leaders regularly attend 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 the Company'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. The Company seeks to work with suppliers who provide the best combination of capability, capacity, quality, and price to meet the Company's needs. Building trusted partnerships starts with integrity. Aon colleagues are bound to Aon's Code of Business Conduct and suppliers to Aon's Supplier Code of 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 ongoing supplier management process ensures that all involved parties' interests are maintained. 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 & Governance Framework which sets out minimum expectations around the selection, on-boarding and management of suppliers and which seeks to ensure consistency in process and protection. The Company 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. The Company expects the same commitment from 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 (available on the Company's website) describes its present and ongoing commitment towards the prevention of modern slavery and human trafficking in Aon'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 environmental, social and governance ("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](http://ir.aon.com)).

Aon measures its impact through an ESG lens, both by how Aon operates its global firm and the market- leading solutions it delivers to meet client's growing needs. The reality is that helping clients address risks now 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 Aon 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.

#### **Colleague 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 uses 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 its 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 firm 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 senior leadership forums. 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.



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**Directors' report**  
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*Rewards and Recognitions*

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 the Company 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 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 a Company that is 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.

**Aon Solutions UK Limited**  
**Directors' report**  
**31 December 2022**

*Social impact*

As part of the Company's commitment to increase the diversity of its workforce and support the communities in which it works, the Group launched the Work Insights Programme in October 2022, providing work experience opportunities for 1,000 students across the UK annually. The programme seeks 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 Aon. 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 to remain at the forefront of innovation in the industry. Colleagues are invited to complete a variety of curricula to meet their development needs and career goals. The Company provides its 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 Aon Solutions UK Limited for the financial period to April 2024 (reflecting a one-year projection from the date of the signing of the 2022 statutory accounts in April 2023).

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives 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 contracts 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 Company is expected to continue to generate positive cash flows for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow Group undertakings.

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

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

**Events after the reporting period date**

No matter or circumstance has arisen since 31 December 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 Solutions 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 Stakeholders engagement section.

**Indemnity of Directors**

The Group has in place qualifying third party indemnity provisions 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.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board of Directors

DocuSigned by:

*Yvette Leonard*

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Y Leonard

Director (Company Registration Number 4396810)

25 April 2023

**Aon Solutions 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 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AON SOLUTIONS UK LIMITED**

### **Opinion**

We have audited the financial statements of Aon Solutions UK Limited for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes<sup>1</sup> to 40, 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.

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 12 months to April 2024.

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

**Aon Solutions UK Limited**  
**Independent auditor's report to the members of Aon Solutions UK Limited**  
**31 December 2022**

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 page 19, 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

**Aon Solutions UK Limited**  
**Independent auditor's report to the members of Aon Solutions UK Limited**  
**31 December 2022**

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 Solutions 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 meetings 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  
Date : 25 April 2023

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

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Revenue from continuing operations</b>	3	287,979	250,463
<b>Expenses</b>			
Staff costs	4	(151,667)	(150,816)
Administrative expenses	6	(58,215)	(43,930)
Impairment of investments		-	(235)
<b>Operating profit</b>		78,097	55,482
Interest receivable and similar income	9	4,664	1,689
Interest payable and similar charges	10	-	(15)
Other gains and losses	11	80	10,405
Restructuring charges	12	-	(993)
<b>Profit before income tax charge from continuing operations</b>		82,841	66,568
Income tax charge	13	(25,234)	(4,105)
<b>Profit after income tax charge from continuing operations</b>		57,607	62,463
<b>Profit after income tax charge from discontinued operations</b>	14	2,832	26,075
<b>Profit after income tax charge for the year</b>	35	60,439	88,538
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial loss on defined benefit plans	22	(124,209)	(3,279)
Actuarial gain on defined benefit plans	22	82,429	9,699
Deferred tax in relation to actuarial gains and losses		10,435	(3,872)
<b>Other comprehensive income for the year, net of tax</b>		(31,345)	2,548
<b>Total comprehensive income for the year</b>		29,094	91,086
<b>Total comprehensive income for the year is attributable to:</b>			
Continuing operations		26,262	65,011
Discontinued operations		2,832	26,075
		29,094	91,086

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



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

	Note	2022 £'000	2021 £'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	170,132	123,543
Trade and other receivables	16	74,809	75,321
Total current assets		<u>244,941</u>	<u>198,864</u>
<b>Non-current assets</b>			
Intangibles	17	107,868	143,755
Tangible fixed assets	18	621	449
Investments in subsidiaries	19	75,142	14,550
Investments in associates	20	3	3
Other receivables	21	73	87
Pension assets	22	50,530	91,103
Total non-current assets		<u>234,237</u>	<u>249,947</u>
<b>Total assets</b>		<u>479,178</u>	<u>448,811</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	124,642	74,671
Deferred revenue - due within one year	24	1,970	1,782
Income tax	25	30,790	1,217
Provisions	26	-	798
Total current liabilities		<u>157,402</u>	<u>78,468</u>
<b>Non-current liabilities</b>			
Deferred revenue - due after one year	27	102	210
Deferred tax liability	28	3,308	11,590
Provisions	29	15,073	13,294
Pension liability	30	272	593
Total non-current liabilities		<u>18,755</u>	<u>25,687</u>
<b>Total liabilities</b>		<u>176,157</u>	<u>104,155</u>
<b>Net assets</b>		<u>303,021</u>	<u>344,656</u>
<b>Equity</b>			
Share capital	32	245,964	245,964
Capital contribution reserve	33	8,471	8,471
Reserves	34	1,809	33,154
Retained profits	35	46,777	57,067
<b>Total equity</b>		<u>303,021</u>	<u>344,656</u>

DocuSigned by:

*Yvette Leonard*

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Y Leonard  
Director

25 April 2023

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

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

	Issued capital £'000	Shared- based payments reserve £'000	Pension reserve £'000	Capital contribution reserve £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2021	245,964	-	30,606	8,471	55,940	340,981
Profit after income tax charge for the year	-	-	-	-	88,538	88,538
Other comprehensive income for the year, net of tax	-	-	2,548	-	-	2,548
Total comprehensive income for the year	-	-	2,548	-	88,538	91,086
<i>Transactions with shareholders in their capacity as owners:</i>						
Share-based payments (note 31)	-	8,638	-	-	-	8,638
Aon plc recharge for the year in respect of share-based payments	-	(11,423)	-	-	-	(11,423)
Tax in relation to share-based payments expense	-	1,874	-	-	-	1,874
Amount in excess of SBP reserve recognised in Retained Profits	-	911	-	-	(911)	-
Dividends paid (note 36)	-	-	-	-	(86,500)	(86,500)
Balance at 31 December 2021	245,964	-	33,154	8,471	57,067	344,656

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

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

	Issued capital £'000	Shared- based payments reserve £'000	Pension reserve £'000	Capital contribution reserve £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2022	245,964	-	33,154	8,471	57,067	344,656
Profit after income tax charge for the year	-	-	-	-	60,439	60,439
Other comprehensive loss for the year, net of tax	-	-	(31,345)	-	-	(31,345)
Total comprehensive income for the year	-	-	(31,345)	-	60,439	29,094
<i>Transactions with shareholders in their capacity as owners:</i>						
Share-based payments (note 31)	-	9,357	-	-	-	9,357
Aon plc recharge for the year in respect of share-based payments	-	(14,131)	-	-	-	(14,131)
Transfers out	-	(116)	-	-	-	(116)
Tax in relation to share-based payments expense	-	161	-	-	-	161
Amount in excess of SBP reserve recognised in Retained Profits	-	4,729	-	-	(4,729)	-
Dividends paid (note 36)	-	-	-	-	(66,000)	(66,000)
Balance at 31 December 2022	245,964	-	1,809	8,471	46,777	303,021

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

## **1. Significant accounting policies**

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

### **Basis of preparation**

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

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

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments. Also, the presentation of certain prior year amounts have 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 Company has used a true and fair view override in respect of the non-amortisation of goodwill (see note 17).

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 on page 16.

The Company generates income through the provision of pension scheme advice, solutions and administration, as well as broader HR consulting. The Aon Group is fully operational and has deployed business continuity protocols to facilitate remote working capabilities. Management considered information of which they were aware about the future, which was at least, but not limited to, 12 months from the date that the balance sheet was all 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 40.

The following exemption was not taken:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (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 (Presentation of Financial Statements) formats for the Statement of financial position and the Statement of profit or loss and other comprehensive income in accordance with Schedule 1 to the Regulations, as amended by Statutory Instrument 2015/980, which permits a company a choice of adapted or statutory formats. The Company chose IAS 1 presentation format to be aligned with the financial statements of Aon plc.

### **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 40.

## **1. Significant accounting policies (continued)**

### **Revenue**

Revenue primarily includes fee income related to the provision of pension scheme advice, solutions and administration, as well as broader HR consulting, presented net of value added tax ("VAT").

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 usually based on either a fixed price or an hourly rate. 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.

### **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 costs 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 include management fees attributable to the provision of services to other Group entities. 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.

### **Foreign currencies**

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

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

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

### **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 are recognised as interest accrues using the effective interest method.

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

## **1. Significant accounting policies (continued)**

### **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, no deferred tax liability is recognised on the initial recognition of goodwill.

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 profit or loss and other comprehensive income, for items that are charged or credited directly in the Statement of profit or loss and 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.

Deferred tax is provided on temporary differences on investments in subsidiaries, 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.

#### **Current and non-current classification**

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

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

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

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

#### **Offsetting of financial assets and liabilities**

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

#### **Cash and cash equivalents**

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

#### **Trade and other receivables**

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

**1. Significant accounting policies (continued)**

The Company's allowance for doubtful accounts with respect to receivables is based on a combination of factors, including the aging of balances, current and forward-looking information including macroeconomic factors, financial health of large customers, significant delinquent payments, and other qualitative and quantitative information, which are used to assess default. The Company measures the allowance for doubtful accounts at the amount equal to the lifetime expected credit loss including assessment of whether risk of collectability on receivables has increased significantly since initial recognition.

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

**Investments in subsidiaries and associates**

Investments in subsidiaries and associates are initially measured at fair value. 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.

Financial assets are derecognised when the rights to receive cash flows 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.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

***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.

## **1. Significant accounting policies (continued)**

### **Other financial liabilities**

Financial liabilities held by the Company are measured at amortised cost. The Company's financial liabilities included within this category under IFRS 9 include balances classified as current and non-current liabilities on the Statement of financial position.

### **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.

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:

Fixture and fittings	Between three and ten years
Computer equipment	Between four and seven years

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

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.

### **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 required. 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 other comprehensive income 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.

### **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 license or four to seven years).



**1. Significant accounting policies (continued)**

**Impairment of tangible and intangible assets**

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

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, a revenue market multiple valuation was used based on the average enterprise value for the 3 years between 2019 actual and 2020 and 2021 forecasted revenues. Based on this method, management determined a range of valuations that was used to calculate value in use.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit or loss and other comprehensive income, 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.

**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.

**Provisions**

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

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

**1. Significant accounting policies (continued)**

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

**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 nearly all of current employees. The balance sheet obligations and annual accounting expense of the Company's pension and other post-retirement benefit plans is 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.

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 on an IAS 19 basis, this surplus has been recognised on the Statement of financial position. These surpluses are included only to the extent that they are 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.

The administration expenses and other costs of operating the defined benefit schemes is borne by Aon UK Limited, a fellow group company and the Company's proportion is recharged to the Company.

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 and other comprehensive income.

**Defined contribution schemes**

The Company also operates a defined contribution scheme. 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.

Contributions to defined contribution schemes of certain employees are recharged to the Company from Aon UK Limited and charged to the Statement of profit or loss and other comprehensive income on an accruals basis.

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.

**1. Significant accounting policies (continued)**

***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, it is treated as if it has 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.

**Issued capital**

Ordinary shares are classified as equity.

**Dividends**

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

## **2. Critical accounting judgements, estimates and assumptions**

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

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

### ***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 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 the profit or loss and equity.

### ***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 22 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.

### ***Goodwill and other intangible assets***

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units 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.

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

***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.

***Income tax***

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**Aon Solutions UK Limited**  
**Notes to the financial statements**  
**31 December 2022**

**3. Revenue**

An analysis of the Company's revenue is as follows:

	2022 £'000	2021 £'000
<b>From continuing operations</b>		
<i>Turnover</i>		
Fees	247,579	215,257
<i>Other revenue</i>		
Management fees	40,400	35,206
Revenue from continuing operations	287,979	250,463

***Revenue Geographical Analysis***

The table below analyses revenue by the location of the contracted legal entity from which the business is derived.

	2022 £'000	2021 £'000
United Kingdom	234,722	205,359
Europe	4,210	4,783
North America	5,381	4,631
Rest of the World	3,266	484
	247,579	215,257

**4. Staff costs**

Salaries include base salary, overtime and performance related payments in respect of all staff including Directors.

	2022 £'000	2021 £'000
Salaries	93,009	91,435
Pension	8,572	8,221
Share-based payments expense	9,235	8,574
Bonuses, incentives and benefits	24,989	27,372
Social Security Cost	15,862	15,214
	151,667	150,816

Certain employees legally employed by the Company provide 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. The costs shown above include the employment cost where recharges are done for the services rendered for AIL. These costs are included net of recharges within administrative expenses in the Statement of profit or loss and other comprehensive income.

Additionally, the Company receives services rendered to it by employees who are legally employed by fellow group undertakings. The remuneration paid to these employees is included within staff costs noted above, as these costs are cross-charged to the Company.

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**5. Average number of employees**

The average number of staff (including Directors) employed by the Company during the year was:

	2022	2021
Operations	1,424	1,425
Administration	99	75
Average number of employees	<u>1,523</u>	<u>1,500</u>

**6. Administrative expenses**

Operating profit is stated after charging items disclosed in the administrative expenses note below:

	2022 £'000	2021 £'000
Group intercompany recharges	17,655	6,641
Premises and equipment	12,203	12,469
Information technology	5,911	4,011
Insurance costs	7,461	8,892
Provision charges	4,072	2,849
Professional fees	1,445	1,144
Marketing and advertising	1,573	1,228
Net foreign exchange (gains)/losses	729	(26)
Depreciation of tangible fixed assets	165	90
Amortisation of intangible assets	214	244
Audit remuneration	210	180
Irrecoverable VAT	(19)	(192)
ECL charge/(credit) on trade receivables	5	10
Other administrative expenses	6,591	6,390
	<u>58,215</u>	<u>43,930</u>

**7. Directors' remuneration**

	2022 £'000	2021 £'000
<b>Directors' remuneration</b>		
Aggregate remuneration in respect of qualifying services	1,146	1,273
Aggregate amounts received or receivable under long-term incentive schemes in respect of qualifying services	1,457	1,669
Aggregate amounts of contributions to pension schemes in respect of qualifying services	47	84
Total	<u>2,650</u>	<u>3,026</u>

The aggregate emoluments in respect of qualifying services paid to Directors or past Directors as compensation for loss of office during the year was £Nil (2021: £Nil).

	2022	2021
<b>The number of Directors who:</b>		
Received shares under long-term incentive schemes in respect of qualifying services	3	4
Accrued benefits under pension schemes in respect of qualifying services	5	4

**7. Directors' remuneration (continued)**

	2022 £'000	2021 £'000
<b>Remuneration of the highest paid Director:</b>		
Emoluments	1,914	1,738
Pension contributions	17	17
	<u>1,931</u>	<u>1,755</u>

The highest paid Director received 1,978 shares at an average price of \$311.12 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.

**8. 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
<i>Audit services</i>		
Audit of the financial statements	<u>207</u>	<u>177</u>
<i>Other services</i>		
Other assurance services	<u>3</u>	<u>3</u>
	<u>210</u>	<u>180</u>

**9. Interest receivable and similar income**

	2022 £'000	2021 £'000
Bank interest receivable	2,987	689
Net finance income on pension schemes	<u>1,677</u>	<u>1,000</u>
	<u>4,664</u>	<u>1,689</u>

**10. Interest payable and similar charges**

	2022 £'000	2021 £'000
Other interest payable	<u>-</u>	<u>15</u>



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**11. Other gains and losses**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Other non-operating income	<u>80</u>	<u>10,405</u>

In 2022, the Company received £58k dividend from Aon Solutions Turkey Danismanlik AS (2021: £149k). 2021 dividend income includes dividend received from Aon Investments Limited of £10,000k (2022: nil) and Aon Hewitt Management Company Limited of £256k (2022: nil).

**12. Restructuring charges**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Restructuring charges	<u>-</u>	<u>993</u>

In August 2021, an Aon global restructuring programme was initiated, which resulted in the recognition of additional restructuring charges of £993k in the year ended 31 December 2021. In 2022, the programme was closed out and no further provision was recognised.

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**13. Income tax charge**

	2022 £'000	2021 £'000
<i>Income tax charge</i>		
Current tax	16,550	1,262
Deferred tax - origination and reversal of temporary differences	1,979	1,543
Adjustment recognised for tax of prior periods	14,122	-
Foreign tax	41	22
Impact of change in tax rates	(51)	1,278
Aggregate income tax charge	<u>32,641</u>	<u>4,105</u>
Income tax charge is attributable to:		
Profit from continuing operations	25,234	4,105
Profit from discontinued operations	<u>7,407</u>	<u>-</u>
Aggregate income tax charge	<u>32,641</u>	<u>4,105</u>

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

The tax charge in the Statement of profit or loss and other comprehensive income 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:

Profit before income tax charge from continuing operations	82,841	66,568
Profit before income tax charge from discontinued operations	<u>10,239</u>	<u>26,075</u>
	<u>93,080</u>	<u>92,643</u>
Tax at the statutory tax rate of 19%	17,685	17,602
Adjustment recognised for tax of prior periods	14,122	-
Expenses not deductible for tax purposes	1,061	1,217
Transfer pricing adjustments	(43)	(124)
Group relief for £nil consideration	-	(14,030)
Foreign tax	33	22
Impact of change in tax rates	(51)	1,278
Income not taxable	(130)	(1,986)
Other	<u>(36)</u>	<u>126</u>
Income tax charge	<u>32,641</u>	<u>4,105</u>

**2022  
£'000**      **2021  
£'000**

*Amounts charged/(credited) directly to equity*

Deferred tax liabilities (note 28)	<u>(9,590)</u>	<u>2,893</u>
Current tax	<u>(1,006)</u>	<u>(895)</u>
Total	<u>(10,596)</u>	<u>1,998</u>

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.

**13. Income tax charge (continued)**

The Company received no group relief in respect of 2022. The group relief of £14,030k 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.

	2022 £'000	2021 £'000
<i>Deferred tax in the Statement of profit or loss and other comprehensive income:</i>		
Decelerated capital allowances	703	899
General provisions	11	(179)
Pension plans and other post-employment benefits	257	182
Utilisation of tax losses	1,042	1,007
Share based payments	(34)	(365)
	<u>1,979</u>	<u>1,544</u>
Total deferred tax movement		

**14. Discontinued operations**

***Description***

On 1 September 2022, as part of Aon's compliance with the new Investment Firms Prudential Regime ("IFPR") requirements and commitments Aon has made to the Financial Conduct Authority (FCA), the Company transferred all FCA regulated work to Aon Investments Limited ("AIL"), the Company's subsidiary. This covered three areas of the UK Wealth business: Investment Advisory, Defined Contribution Advisory and Risk Settlement. The business transfer was based on the net book value of the net assets relating to the businesses transferred and the purchase consideration of £50,592k was settled by the issuance of AIL shares.

As a result of IFPR Business Transfer, the Company provided £10,000k capital contribution to AIL settled by issuance of additional AIL shares, to ensure AIL has sufficient capital requirements post 1 September 2022 and to meet IFPR requirements.

The results from discontinued operations are shown below.

***Financial performance information***

	2022 £'000	2021 £'000
Fees	43,410	75,733
Management fees	(19,785)	(27,654)
Total revenue	<u>23,625</u>	<u>48,079</u>
Group intercompany recharges	<u>(13,386)</u>	<u>(22,004)</u>
Profit before income tax charge	10,239	26,075
Income tax charge	<u>(7,407)</u>	<u>-</u>
Profit after income tax charge from discontinued operations	<u>2,832</u>	<u>26,075</u>

**14. Discontinued operations (continued)**

**Carrying amounts of assets and liabilities disposed**

	As at 31 August 2022 £'000
Trade and other receivables	15,343
Intangibles	35,673
Total assets	<u>51,016</u>
Provisions	83
Other liabilities	341
Total liabilities	<u>424</u>
Net assets	<u>50,592</u>

**Details of the disposal**

	As at 31 August 2022 £'000
Total sale consideration	50,592
Carrying amount of net assets disposed	<u>(50,592)</u>
Gain on disposal before income tax	-
Gain on disposal after income tax	<u>-</u>

**15. Current assets - Cash and cash equivalents**

	2022 £'000	2021 £'000
Cash and cash equivalents	<u>170,132</u>	<u>123,543</u>

**16. Current assets - Trade and other receivables**

	2022 £'000	2021 £'000
Trade receivables	33,381	34,114
Less: Allowance for expected credit losses on trade receivables	<u>(171)</u>	<u>(277)</u>
	33,210	33,837
Prepayments and accrued income	773	1,712
Other receivables	7,693	8,408
Work in progress	18,838	24,650
Deferred project costs	65	47
Amounts owed by fellow Group undertakings	7,838	6,008
Amounts owed by subsidiary undertakings	<u>6,392</u>	<u>659</u>
	<u>74,809</u>	<u>75,321</u>

Other receivables balances at 31 December 2022 include £7,437k (2021: £8,093k) of E&O recoverable.

**16. Current assets - Trade and other receivables (continued)**

The amounts owed by group undertakings are not interest bearing and are due to be received within the next 12 months.

**17. Non-current assets - Intangibles**

	2022 £'000	2021 £'000
Goodwill - at cost	107,623	143,296
Software - at cost	12,693	12,693
Software accumulated amortisation	(12,448)	(12,234)
	245	459
	107,868	143,755

**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	Customer contracts £'000	Software £'000	Total £'000
Balance at 1 January 2021	143,296	-	703	143,999
Amortisation expense	-	-	(244)	(244)
Balance at 31 December 2021	143,296	-	459	143,755
Disposals	(35,673)	-	-	(35,673)
Amortisation expense	-	-	(214)	(214)
Balance at 31 December 2022	107,623	-	245	107,868

On 1 September 2022, as part of IFPR Business Transfer the Company transferred its goodwill of £35,673k to its subsidiary, Aon Investment Limited, as detailed in note 19.

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 date of acquisition and consequently the profit before tax for the year would have been £13,715k lower as a result.

The recoverable amount of a cash generated unit ("CGU") is determined based on value-in-use calculations as described in note 1.

The key assumptions used for value-in-use calculations for each CGU with significant goodwill in comparison to the Company's total are shown below:

Multiple as at	Revenue	Wealth
31 December 2021	Actual	4.3
31 December 2022	Forecasted	4
31 December 2023	Forecasted	3.8

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**18. Non-current assets - Tangible fixed assets**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Fixtures and fittings - at cost	1,725	1,725
Less: Accumulated depreciation	<u>(1,715)</u>	<u>(1,708)</u>
	10	17
Computer equipment - at cost	1,318	1,155
Less: Accumulated depreciation	<u>(707)</u>	<u>(723)</u>
	611	432
	<u>621</u>	<u>449</u>

***Reconciliations***

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

	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
Balance at 1 January 2021	30	95	125
Additions	-	414	414
Depreciation expense	<u>(13)</u>	<u>(77)</u>	<u>(90)</u>
Balance at 31 December 2021	17	432	449
Additions	-	337	337
Depreciation expense	<u>(7)</u>	<u>(158)</u>	<u>(165)</u>
Balance at 31 December 2022	<u>10</u>	<u>611</u>	<u>621</u>

**19. Non-current assets - Investments in subsidiaries**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Investments in subsidiaries	<u>75,142</u>	<u>14,550</u>

**19. Non-current assets - Investments in subsidiaries (continued)**

The direct subsidiary undertakings of the Company as at 31 December 2022 are detailed below:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Holding</b>	<b>Proportion held %</b>
Bacon & Woodrow Partnership Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Aon Solutions Ireland Limited	5th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary shares	100.00%
Aon Investments Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
The Aon MasterTrustee Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%

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.

The indirect subsidiary undertakings investment holdings of the Company as at 31 December 2022 are detailed below:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Holding</b>	<b>Proportion held %</b>
Becketts (Trustee) Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
The Aon Ireland MasterTrustee Limited	5th floor, Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary shares	100.00%
		<b>2022 £'000</b>	<b>2021 £'000</b>
Opening balance		14,550	14,785
Additions of a subsidiary undertaking		50,592	-
Impairment charge for the period		-	(235)
Capital contribution		10,000	-
Net book value		<b>75,142</b>	<b>14,550</b>

**19. Non-current assets - Investments in subsidiaries (continued)**

In 2022, the following direct subsidiaries of the Company were liquidated: NBS Nominees Limited on 12 April 2022 and Aon Hewitt Management Company Limited on 19 April 2022 and indirect subsidiary of the Company, Bacon & Woodrow Partnerships (Ireland) Ltd on 22 June 2022.

On 1 September 2022, as part of Aon's compliance with the new IFPR requirements and commitments Aon has made to the Financial Conduct Authority (FCA), the Company transferred all FCA regulated work to its subsidiary, AIL. This covered three areas of the UK Wealth business: Investment Advisory, Defined Contribution Advisory and Risk Settlement. The business transfer was based on the net book value of the net assets relating to the businesses transferred and the purchase consideration of £50,592k was settled by the issuance of AIL shares.

As a result of IFPR Business Transfer, the Company provided £10,000k capital contribution to AIL settled by issuance of additional AIL shares, to ensure AIL has sufficient capital requirements post 1 September 2022 and to meet IFPR requirements.

**20. Non-current assets - Investments in associates**

	2022 £'000	2021 £'000
Investment in associates	3	3

The direct and indirect associates undertakings of the Company at 31 December 2022 are detailed below:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %
(Direct Holding) Aon Solutions Turkey Danismanlik AS	Feneryolu Mah. Bagdat Cad. No: 155/14, 34724, Kadikoy, Istanbul, Turkey	35.00%
(Indirect Holding) Aon Hewitt Limited	4th floor Dias Pier, Le Caudan Waterfront, Port Louis, Mauritius	33.33%
(Indirect Holding) Aon Solutions Greece S.A.	2 Mesogion St, 115 27 Athens, Greece	35.00%
(Indirect Holding) Aon Solutions (Cyprus) Limited	8 Kennedy Ave, 1087 Nicosia Cyprus, Cyprus	35.00%

All the investments held above are held in ordinary shares.

**21. Non-current assets - Other receivables**

	2022 £'000	2021 £'000
Other receivables	66	65
Deferred project costs	7	22
	73	87

**22. Non-current assets - 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:



**22. Non-current assets - Pension assets (continued)**

- In surplus: The Hewitt Pension Fund section ("HPF") of the Aon Retirement Plan ("ARP")
- In surplus: The Hewitt Associates Pension and Life Assurance Plan section ("HAPLAP") of the ARP
- In deficit: Aon Hewitt section of the Industry Wide Coal Staff Superannuation Scheme ("Coal")
- In deficit: Babcock 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 interest of all relevant beneficiaries and are responsible for the investment policy for the assets and the day-to-day administration of the benefits.

***Profile of the 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. No other post-retirement benefits are provided to these employees.

- The HPF, HAPLAP and Babcock schemes are closed to new entrants and future accrual.
- The Coal section is closed to new entrants and open to future accrual.
- The final salary section of the HPF has pension benefits linked to future salary growth. HPF also has a defined contribution section, details of which are not covered in this note.
- HAPLAP operates primarily on a defined contribution basis but one fund provides guarantees which are defined benefit in nature.

The defined benefit obligation ("DBO") includes benefits for current employees, former employees and current pensioners. Broadly, about 9% of the DBO is attributable to current employees, 63% to deferred pensioners and 28% 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 17 years (2021: 20 years).

***Funding requirements***

The schemes are funded with scheme assets held under trust separate from the Company. The last completed funding valuations for HPF and HAPLAP were carried out with an effective date of 31 March 2019. The last completed valuations for Coal and Babcock were 31 December 2018 and 31 December 2019 respectively.

Following the most recent triennial actuarial valuations, the Company's ordinary contributions were agreed with the trustees of each scheme.

During the year the Company made contributions of £915k across all the schemes sponsored by the Company. As at 31 December 2022, the Company's best estimate of contributions to be made to all the schemes during 2022 is £448k.

Triennial actuarial valuations are currently in progress for the ARP with an effective date of 31 March 2022, and Coal with an effective date of 31 December 2021. 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 latest 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 Defined Benefit Obligation, and the related current service cost, were measured using the projected unit credit method.

**22. Non-current assets - Pension assets (continued)**

**Statement of financial position amounts**

	2022 £'000	2021 £'000
Present value of the defined benefit obligation	(125,263)	(202,123)
Fair value of defined benefit plan assets	175,521	292,633
Net asset in the Statement of financial position	50,258	90,510

	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	(119,049)	(6,214)	(125,263)	(200,132)	(1,991)	(202,123)
Fair value of defined benefit plan asset	169,579	5,942	175,521	291,235	1,398	292,633
	50,530	(272)	50,258	91,103	(593)	90,510

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 assuming the gradual settlement of the plan liabilities over time until all members have left the scheme.

**Categories of plan assets**

The major categories of plan assets are as follows:

	2022 £'000	2021 £'000
Cash and cash equivalents	2,429	2,097
Equity instruments	2,058	3,182
Debt instruments	144,051	247,469
Real estate	359	394
Investment Funds	2,076	2,190
Annuities	20,295	32,056
Other	4,253	5,245
	175,521	292,633

	2022 %	2021 %
Cash and cash equivalents	1.4%	0.7%
Equity instruments	1.2%	1.1%
Debt instruments	82.1%	84.6%
Real estate	0.2%	0.1%
Investment Funds	1.2%	0.7%
Annuities	11.5%	11.0%
Other	2.4%	1.8%

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

## 22. Non-current assets - 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	202,123	209,256
Current service cost	460	443
Interest cost on DBO	3,718	2,492
Benefits paid*	(4,970)	(4,255)
Actuarial gains arising from changes in demographic assumptions	(883)	(391)
Actuarial gains arising from changes in financial assumptions	(81,546)	(8,701)
Actuarial losses	6,361	3,279
Balance at the end of the year	125,263	202,123
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	292,633	292,387
(Loss)/return on plan assets	(117,848)	607
Benefits paid	(5,574)	(4,835)
Employer contributions	915	982
Interest income on plan asset	5,395	3,492
Balance at the end of the year	175,521	292,633

### 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
Current service cost	460	443
Administration cost	604	580
Net interest on the net defined benefit	(1,677)	(1,000)
Total amount recognised in profit or loss	(613)	23
Loss/(return) on plan assets excluding amounts included in Net interest on the net defined benefit	117,848	(607)
Actuarial gains arising from changes in demographic assumptions	(883)	(391)
Actuarial gains arising from changes in financial assumptions	(81,546)	(8,701)
Actuarial losses	6,361	3,279
Total amount recognised in other comprehensive income	41,780	(6,420)

### Notes

- (1) Benefits paid in the asset reconciliation includes administration expenses related to non-asset management expenses (2021 and 2022).
- (2) 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.

### Significant actuarial assumptions

The significant actuarial assumptions used (expressed as weighted averages) were as follows (same across all schemes, unless a scheme-specific assumption is quoted):

**22. Non-current assets - Pension assets (continued)**

- Average DBO discount rate: 4.89% (2021: 1.96%)
- Buy in policy discount rate: 2022 HPF rate is 4.91% (2021 HPF rate is 1.97%)
- 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 Gilt-Prices Only 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).

*Mortality assumptions*

Where available, base tables are based on mortality analysis from the 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 improvements. 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 9% if the discount rate decreased/increased by 0.5% with all other assumptions remaining constant.
- The DBO would increase/decrease by about 6% 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.

***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 12% 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.

## **22. Non-current assets - Pension assets (continued)**

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 £91m 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 £41m in the net balance sheet position to 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 £6m 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.

## **23. Current liabilities - Trade and other payables**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Accruals	19,255	21,246
Amounts owed to fellow Group undertakings	83,159	32,376
Amounts owed to subsidiary undertakings	-	41
Amounts owed to parent undertaking	4,657	1,674
Other taxes and social security payables	17,571	19,334
	<b>124,642</b>	<b>74,671</b>

## **24. Current liabilities - Deferred revenue - due within one year**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Deferred revenue	<b>1,970</b>	<b>1,782</b>

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**25. Current liabilities - Income tax**

	2022 £'000	2021 £'000
Corporation tax payable	30,790	1,217

**26. Current liabilities - Provisions**

	2022 £'000	2021 £'000
Restructuring provision	-	798

***Movements in provisions***

Movements in each class of provision during the current financial year are set out below:

	Restructuring provision £'000
<b>2022</b>	
Carrying amount at the start of the year	798
Released in the year	(75)
Utilised in the year	(723)
Carrying amount at the end of the year	-

In August 2021, an Aon global restructuring programme was initiated, which resulted in the recognition of additional restructuring provisions of £798k in the year ended 31 December 2021. The programme closed in 2022.

**27. Non-current liabilities - Deferred revenue - due after one year**

	2022 £'000	2021 £'000
Deferred revenue	102	210

**28. Non-current liabilities - Deferred tax liability**

	2022 £'000	2021 £'000
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Decelerated capital allowances	(4,138)	(4,959)
General provisions	(55)	(53)
Tax losses carried forward	-	(1,042)
Share based payments	(5,063)	(4,983)
Pension provision	12,564	22,627
Deferred tax liability	<u>3,308</u>	<u>11,590</u>
<i>Movements:</i>		
Opening balance	11,590	5,921
Charged to profit or loss (note 13)	1,979	1,543
Charged/(credited) to equity (note 13)	(9,590)	2,893
Impact of change in tax rates to the Statement of profit or loss and other comprehensive income	(51)	1,278
Impact of foreign exchange	<u>(620)</u>	<u>(45)</u>
Closing balance	<u>3,308</u>	<u>11,590</u>

**29. Non-current liabilities - Provisions**

	2022 £'000	2021 £'000
E&O and other litigation provision	14,851	13,014
Other provisions	<u>222</u>	<u>280</u>
	<u>15,073</u>	<u>13,294</u>

**Errors and omissions provision**

As a normal consequence of the Company's operations, a number of claims alleging errors 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 Errors and Omissions claims meet the IAS 37 definition of contingent liabilities. In accordance with IAS 37, these claims have not been included in the 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. In the interest of not prejudicing the outcome of any single case, the Company has not split the provision between current and non-current as required by IAS 1.

**Other provisions**

Provision has been made for annuities payable to one former partner of Bacon & Woodrow Limited. The provision is calculated by a qualified actuary.

**29. Non-current liabilities - Provisions (continued)**

***Movements in provisions***

Movements in each class of provisions during the current financial year are set out below:

	E&O provisions £'000	Other provisions £'000
<b>2022</b>		
Carrying amount at the start of the year	13,014	280
Additional provisions recognised	4,072	-
Released in the year	-	(58)
Utilised in the year	(2,235)	-
	<hr/>	<hr/>
Carrying amount at the end of the year	14,851	222

**30. Non-current liabilities - Pension liability**

See note 22 for details on pension liability.

**31. Share-based payments**

Aon plc, the Company's ultimate parent company, has established various share-based payment schemes for Directors and employees of the Company.

There are various share-based payment schemes for Directors and employees of the Company. Since 2 April 2012, share based payments are now satisfied through Aon plc shares following the Group reorganisation which resulted in Aon plc replacing Aon Corporation as the listed ultimate parent company. All schemes are equity settled.

**Leadership Performance Plans ("LPPs")**

The Leadership Performance Plan (LPP) is intended to reward senior executives for meeting or exceeding corporate-wide performance goals as measured by Earnings Per Share of the parent company. 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 actual numbers 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.

Weighted average fair value per share at grant date for the 2022 plan was £258.36; 2021 plan: £182.03; 2020 plan: £133.04. The number of LPPs granted for the 2022 plan was 2,126; 2021 plan 2,667; 2020 plan: 2,414. The number of LPPs that would be issued based on current performance levels for the 2022 plan are 2,126; 2021 plan: 5,334; 2020 plan: 4,828.

**Share Options**

Share options are no longer granted. 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 £223.39. The options outstanding 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 at 31 December 2022 was 26,720 (2021: 30,900). The aggregate estimated fair value of these options outstanding was £6,000,000 (2021: 7,000,000).



**31. Share-based payments (continued)**

**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 for the 2021 plan was £190.85, for 2020 plan was £140.24, for the 2019 plan was £138.36; for the 2018 plan was £104.22. At 31 December 2022, the outstanding shares 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 12,807; 2021 plan were 8,906 (2021: 9,971); 2020 plan were 12,116 (2021: 14,101); 2019 plan: 5,125 (2021: 20,668). The aggregate of estimated fair value of these Sharesave options outstanding was £7,916k (2021: £8,217k).

**Restricted Stock Units ("RSUs")**

Stock awards, in the form of RSUs, were 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 at 31 December 2022 was £184.69 (2021: £142.59). The weighted average remaining contractual life of the outstanding RSUs at 31 December 2022 was 0.80 years (2021: 0.86 years). In 2022, the number of RSUs granted was 35,285 (2021: 41,318). The number of RSUs outstanding at 31 December 2022 was 106,374 (2021: 121,116). The aggregate estimated fair value of these outstanding RSUs was £19,647k (2021: £17,270k).

The share-based compensation cost for all schemes during the year to 31 December 2022 was £9,357k (2021: £8,638k).

	2022 £'000	2021 £'000
<b>Share-based compensation cost</b>		
Leadership Performance Plans (LPPs)	777	1,019
Share Options	-	1,173
Aon UK Sharesave scheme	895	722
Restricted Stock Units (RSUs)	7,685	5,724
	<u>9,357</u>	<u>8,638</u>
At 31 December		

**32. Equity - Share capital**

	<b>2022 Shares</b>	<b>2021 Shares</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Ordinary shares of £1.00 each	<u>245,964,017</u>	<u>245,964,017</u>	<u>245,964</u>	<u>245,964</u>

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. The fully paid ordinary shares have par value of £1.00 each and the company does not have a limited amount of authorised capital.

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.

**33. Equity - Capital contribution reserve**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Capital contribution reserve	<u>8,471</u>	<u>8,471</u>

Capital Contribution reserve represents a gift received in the form of a contribution from the Company's parent entity.

**34. Equity - Reserves**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Pension reserve	<u>1,809</u>	<u>33,154</u>

***Pension reserve***

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

**35. Equity - Retained profits**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Retained profits at the beginning of the financial year	57,067	55,940
Profit after income tax charge for the year	60,439	88,538
Dividends paid (note 36)	(66,000)	(86,500)
Amount in excess of SBP reserve recognised in Retained Profits	<u>(4,729)</u>	<u>(911)</u>
Retained profits at the end of the financial year	<u>46,777</u>	<u>57,067</u>

### **36. Equity - Dividends paid**

Dividends paid during the financial year were as follows:

	2022 £'000	2021 £'000
An interim dividend of £66,000k (£0.27 per share) (2021: £86,500k, £0.35 per share) was paid during the year ended 31 December 2022 to Aon UK Holdings Limited, the Company's parent.	<u>66,000</u>	<u>86,500</u>

No further dividends were proposed or declared up to the date of this report.

### **37. Related party transactions**

#### ***Associates***

Interests in associates are set out in note 20.

#### ***Transactions with related parties***

The following transactions occurred with related parties:

	2022 £'000	2021 £'000
Other income:		
Dividends received from associate	58	149

#### ***Receivable from and payable to related parties***

There were no trade receivables from or trade payables to/from related entities not fully controlled by the ultimate controlling entity at the current and previous reporting date.

#### ***Loans to/from related parties***

There were no loans to or from related parties at the current and previous reporting date.

#### ***Terms and conditions***

All transactions were made on normal commercial terms and conditions and at market rates.

### **38. Guarantees**

The Company maintains multi-currency cash pools with third-party banks in which various Aon entities participate. As part of Aon plc's global banking arrangements, individual Aon entities are permitted to overdraw on their individual accounts provided the overall balance does not fall below zero. Under the terms of the cash pool arrangements, participants, such as the Company whose cash at bank balances at 31 December 2022 include cash pool deposits of £167,062k (2021: £120,974k), 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.

On 8 November 2022, the Company increased the letter of credit issued in favour of the trustee of The Aon MasterTrust to £13,000k (2021: £12,300k) and cash was increased to £2,900k (2021: £2,400k).

### **39. 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.

**40. 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 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.