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Aon Investments Limited (formerly Hewitt Risk Management Services Limited)

Company number: 5913159

Annual Report - 31 December 2020

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Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Contents
31 December 2020

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Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Corporate directory
31 December 2020

Directors	D B Duval K Jones T Q Giles C P Giles (appointed on 21 October 2020) S T Cummings L M Vincent (resigned on 21 October 2020)
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 Investments Limited (formerly Hewitt Risk Management Services Limited)
Strategic report
31 December 2020

The directors present their Strategic report on Aon Investments Limited (the "Company") for the year ended 31 December 2020.

On 11 June 2020, the Company changed its name to Aon Investments Limited (formerly Hewitt Risk Management Services Limited).

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 the preparation of consolidated financial statements under Section 401 of the Companies Act, because it is included in the Group financial statements of Aon plc ("the Group"). Aon plc accounts are prepared in accordance with accounting standards which are equivalent to IFRS, as determined pursuant to Commission Regulation (EC) No. 1569/2007(6) of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council. The Group financial statements are available to the public and can be obtained as set out in Note 20.

Principal activities

The principal activity of the Company is to provide regulated investment services. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Review of operations

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

	2020 £'000	2019 £'000	Change £'000	Change %
Operating revenue	37,450	40,213	(2,763)	(7%)
Administrative expenses	(25,984)	(25,845)	(139)	1%
Operating profit	11,466	14,368	(2,902)	(20%)

The profit of the Company after providing for income tax amounted to £11,643k (2019: £11,952k).

Reported revenue for the financial year is £37,450k representing a 7% decrease over the prior year (2019: £40,213k). The decrease in revenue was driven by lower performance fees offset by additional client wins and market performance.

Administrative expenses increased by 1% to £25,984k (2019: £25,845k) when compared to the prior year. This is mainly attributed to FX.

	2020 £'000	2019 £'000
Shareholder's funds	27,835	26,192
Net current assets	27,829	26,183

An interim dividend of £10,000k was paid during the year to Aon Solutions UK Limited (formerly Aon Hewitt Limited), the Company's parent.

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Strategic report
31 December 2020

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

Principal risks and uncertainties

The risk factors set forth below reflect material risks associated with the business and contain forward-looking statements as discussed in the 'likely future developments section. 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 actually 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 regulatory changes such as the FCA's Senior Management & Certification Regime ("SM&CR"), General Data Protection Regulation ("GDPR") and Operational Resilience requires the Company to have robust processes and controls that enable management to track potential issues and mitigate implementation risk. The Company has adopted a regulatory compliance regime led by the Chief Risk Officer that regularly assesses the Company's compliance and regulatory requirements and reports results to the R&CC and the Board of Directors.

Competition risk

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

Business risks

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

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

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 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, client monies, data processing, administration and support functions that are critical to the operations of its business. As the Company does not fully control the actions of third parties, it is subject to the risk that their decisions, actions, or inactions may adversely impact the Company and replacing these service providers could create significant delay and expense. A failure by third parties to comply with service level agreements or regulatory or legal requirements, in a high quality and timely manner could result in economic and reputational harm to the Company. In addition, these third parties face their own technology, operating, business, and economic risks, and any significant failures by them, including the improper use or disclosure of the Company's confidential client, employee, or company information, could cause harm to the Company's reputation.

An interruption in or the cessation of service by any service provider as a result of systems failures, capacity constraints, financial difficulties, or for any other reason could disrupt the Company's operations, impact its ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from clients and/or employees, damage to reputation, and harm to its business. The control environment in place seeks to minimise any potential financial 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 customers. It also refers to the risk that the Company fails to maintain high standards of market behaviour and integrity. Conduct risk remains a key area of focus for both the Company and the FCA. The Company depends on its colleagues to work closely with clients and markets and to do so with integrity. The Company has a Board-approved Conduct Agenda which lays out its approach to conduct risk and what this means for everyone at all levels of the business.

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

Coronavirus

The novel Coronavirus global pandemic has created significant public health concerns and significant volatility, uncertainty, and economic disruption in every region where the Company or the Aon Group operates.

A number of evolving factors related to the continued global pandemic and the post-pandemic recovery period may influence the duration, nature and extent of the impact on the Company's business and financial results. Such factors include worldwide macroeconomic conditions, including interest rates, employment rates, consumer confidence and spending, gross domestic product, property values, changes in client behaviour and business closures. Furthermore, the Company may also be impacted by changes in laws and regulations (including those changes that may provide for extended premium payment terms), changes in litigation trends and an increased number of E&O claims, as well as an increase in the incidence or severity of E&O claims against the Company and its market partners.

At a microeconomic level, the Company's profitability and cashflows might be impacted by a decline in business or the ability of counterparties to pay for services on time or at all. Ongoing travel restrictions, lockdowns, quarantines, social distancing and alternative work arrangements may impact the Company's ability to sell and provide its services, the health and wellbeing of its employees as well as potential effects on the Company's internal controls and risk mitigation processes including those over financial reporting, as a result of changes in working environments for the Company's employees and business partners.

Furthermore, resurgences of spread, identification of new, more contagious variants of the virus, resulting in further lockdowns, government restrictions or recommendations and uncertainties in vaccine manufacturing, accessibility and adoption may further increase the impact of the factors noted above.

In addition, the continuing Coronavirus pandemic may again create significant disruptions in the credit or financial markets, or impact Aon credit ratings, which could adversely affect the Company's ability to access capital on favourable terms or at all.

Finally, the impact of the Coronavirus pandemic may heighten other risks discussed in this Annual Report which could adversely affect the Company's business, financial condition, results of operations and cash flows.

Despite this challenging backdrop, the Company and the overall Aon group has continued to demonstrate operational and financial resilience over the course of 2020 as demonstrated by their results for the year. Close monitoring of the Company's financial performance and working capital position to maintain profitability and cashflow at sustainable levels has also contributed to the current year result.

Economic and Political risks

The economic and political conditions of the countries and regions in which the Company and the wider Aon Group operates, including the UK's withdrawal from the European Union (EU), could have an adverse impact on the Company's business, financial condition, operating results, liquidity, and prospects for growth.

The UK formally withdrew from the EU, commonly referred to as Brexit, and ratified a trade cooperation agreement governing its future relationship with the EU. The agreement, which is being applied provisionally from 1 January 2021 until it is ratified by the European Parliament and the Council of the EU, addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. The agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the UK and the EU as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains. The Company has significant operations and utilises substantial workforce based in the UK, and enjoys certain benefits based on the UK's membership in the EU. The funds our clients invest in have been domiciled in Ireland for a number of years. The regulatory environment in Ireland remains attractive to both our current and potential investors and our operating structure. We continue to keep this under review particularly as the UK's relationship with the EU changes.

Additionally, any development that has the effect of devaluing the Euro or British pound could meaningfully reduce the value of the Company's assets and reduce the usefulness of liquidity alternatives denominated in that currency.

People risk
The Company's success depends on our 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 of its personnel.

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

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

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

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

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

Errors and omissions ("E&O") claims exposure risks
In the course of its business, the Company provides investment management services to its clients. 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.

Risks Related to Aon - Willis Towers Watson ("WTW") combination ("the Combination")
On 9 March 2020, Aon and WTW, entered into a Business Combination Agreement with respect to a combination of the parties. At the effective date of the Combination, WTW shareholders will be entitled to receive 1.08 newly issued Class A ordinary shares of Aon plc in exchange for each ordinary share of WTW held by such holders. The Combination is subject to Irish Takeover Rules. The Business Combination Agreement contains certain operating covenants relating to the conduct of business of both parties in the interim period until the transaction is completed. These covenants require both parties to operate their respective businesses in all material respects in the ordinary course of business consistent with past practice. In addition, these covenants restrict each party from engaging in certain actions unless a party obtains the prior written consent of the other party. These actions relate to, among other things, authorizing or paying dividends above a specified rate; issuing or authorizing for issuance additional securities; salary, benefits or other compensation and employment-related matters; capital management, debt and liquidity matters; engaging in mergers, acquisitions and dispositions; entering into or materially modifying material agreements; entering into material litigation-related settlements; and making other corporate, tax and accounting changes. The parties' respective shareholders approved the Combination on 26 August 2020.

The Combination is subject to customary closing conditions, including conditions related to regulatory approvals, and may not be completed on a timely basis, or at all, or may be completed on a basis that has a material impact on the value of the combined company. Failure to close the Combination could negatively impact future business and financial results of the wider Aon Group and the Company.

While the Combination is pending, the Company is subject to business uncertainties related to its relationships with employees, clients and suppliers, which could adversely affect its business and operations. These uncertainties could also adversely affect the combined company following the Combination.

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 risks
The Company is exposed to foreign exchange risk when it earns revenues, pays expenses, or enters into monetary intercompany transfers or other transactions denominated in a currency that differs from its functional currency. The most significant currencies to which the Company is exposed are the US Dollar and Euro. The Company had no material currency exposure as at 31 December 2020.

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

The Company's principal financial assets are trade receivables and amounts owed by group undertakings. Details of the Company's receivables are disclosed in Note 10.

With the exception of the cash pooling arrangement as detailed in Note 18, the Company has no significant concentration of credit risk outside of the Group, with exposure spread over a large number of counterparties and customers.

Exposure to liquidity and cash flow risk
Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations when they fall due. The Company meets its day to day working capital requirements through operating cash flows, existing cash resources and ultimately if required by access to the Group's cash pooling arrangements. Liquidity is managed centrally by the Group's global treasury function to ensure there is sufficient available unutilised capacity on its committed borrowing facilities.

The Aon Group

On 1 April 2020, a reorganisation of the corporate structure of the group of companies controlled by Aon plc as holding company of the Aon group was completed, pursuant to which the former parent entity, then called Aon plc delisted and became a wholly owned subsidiary under a new name, Aon Global Limited. At that point a new group ultimate holding company was established in Ireland under the name of Aon plc. This latter Aon plc was the Company's ultimate parent entity as at 31 December 2020.

The new Aon plc is a company incorporated and registered in the Republic of Ireland, listed on the New York Stock Exchange ("NYSE") which had net assets of circa US $3.6 billion (2019: the previous Aon Plc had US $3.4 billion) as disclosed in its audited financial statements for the year ended 31 December 2020 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 45 of the financial statements, Group capital injections, and other head office services. The Company continues to benefit from the Group's support and the Directors expect this support to continue for the foreseeable future. Availability of this support provides additional mitigation to many of the Company's principal risks.

Section 172 statement

The Company has an established corporate governance framework to facilitate detailed review and challenge prior to Board decisions. The purpose of the framework is to ensure that the Board makes decisions for the long-term success of the Company and its stakeholders and the Board considers conclusions from the extended governance review process in determining its decisions. Throughout the course of 2020 the Board has continued to review and challenge how it engages with its key stakeholders.

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

- Directors attend training courses to ensure they are up to date with their section 172 duty;
- the information provided to board meetings is sufficiently detailed to enable Directors to consider the wider impact of decision making; and
- as part of the wider Aon Group, colleagues working on the Company's activities are subject to group policies and processes which are centred around good conduct and working practice.

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 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 our stakeholders' views are a key component of the Board's decision making. Stakeholder matters are regularly reported to the Board. Stakeholder engagement is key to way we run our business, and details on how we engage with our key stakeholders is provided in the Directors' Report.

Streamlined Energy and Carbon Reporting (SECR)

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when "The Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018" came into force. The legislation requires that large, unquoted companies report on UK energy use and associated greenhouse gas emissions relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through its annual report.

Aon Investments Limited 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 may be found within Directors' report of Aon Global Limited.

Likely future developments

The current economic environment still represents a significant challenge to the entire business community but given that the Company's relationships with clients are generally of a long-term nature, the directors are confident 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 the following:

Distinctive Client Value: While each client is unique, they fundamentally expect the same things from Aon: partnership, expertise, innovation, excellence, and results. The Aon Client Promise defines the way its colleagues work together with clients, what clients can expect from Aon, and the value delivered;

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

Unmatched Talent: by having the best talent that builds intellectual capital and drives both thought leadership and execution.

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.

There are currently no plans to change the activities of the Company. Specific details of how management have considered the impact of the outbreak of Coronavirus have been included in the Directors' Report and in Note 1.

For and on behalf of the Board of Directors

DocuSigned by:
Tim Giles
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T Q Giles
Director

22 April 2021

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Directors' report
31 December 2020

The Directors present their report, together with the financial statements, on the Company for the year ended 31 December 2020.

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:

	2020 £'000	2019 £'000
An interim dividend of £10,000k (£2.22 per share) was paid during the year ended 31 December 2020 (2019: £20,000k (£4.44 per share)) to Aon Solutions UK Limited, the Company's parent.	10,000	20,000

Likely future developments

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

Streamlined Energy and Carbon Reporting (SECR)

Information on how the Company complies with SECR is disclosed in the Strategic report.

Principal risks and uncertainties

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

Financial risk management

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

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 - 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. Our strategy embodies the Aon United principles which seek to strengthen and unite the firm by creating meaningful opportunities for colleagues and delivering superior value to clients whilst ensuring a positive impact on local communities and ultimately driving growth for the firm. Our corporate strategy is executed around a number of core values which are focused on delivering excellence across our client base. The Aon Client Promise defines the way we work together with our clients, what they can expect from us and the value we deliver. We seek to ensure that the interests of clients remain at the core of our decision making.

Regulators – the Company operates in a highly regulated environment and seeks to do so in a way that observes local law and regulation. The Company has an open and transparent working relationship with the FCA which involves regular meetings with our Supervisory team. In addition, the Company proactively engages with regulators on key initiatives and seeks to ensure these are embedded within our business; these matters are discussed and addressed at Board meetings.

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Directors' report
31 December 2020

Colleagues - whilst the Company is not an employing entity, colleagues who work on the Company's business activities are employed by Aon Solutions UK Limited, the Company's parent entity and as part of Aon's employee communication strategy feedback from colleagues is encouraged through a number of different processes and forums. Colleague satisfaction is measured through an annual engagement survey, the results of which are reviewed by the main employing entity Board and across the business and colleagues' interests are also considered regularly at governance meetings across the Group. For more on how Aon Board engages with colleagues, see the 'Colleague Engagement' section below.

Suppliers: Establishing trusted relationships with suppliers is critical to Aon's ability to deliver on the needs of clients, colleagues, and communities. The products and services suppliers provide enable the Company to effectively meet those requirements. Aon seeks to work with suppliers who provide the best combination of capability, capacity, quality, and price to meet the needs of the business. Building trusted partnerships starts with integrity. Aon colleagues and suppliers alike are bound to Aon's Code of Business Conduct.

The rigour applied to supplier selection and the 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. Aon remains committed to maintaining a culture of integrity, transparency and accountability and seeks to ensure compliance with all applicable laws in relation to its business and supply chain. Aon expects the same commitment from its suppliers, agents and joint ventures in relation to their businesses and supply chains. The Company's statement pursuant to section 54 of the Modern Slavery Act 2015, which is available on the Company's website, describes Aon's ongoing commitment towards the prevention of modern slavery and human trafficking in the firm's supply chains and business.

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Directors' report
31 December 2020

Social Impact and ESG: Aon is committed to implementing environmental, social and governance best practices internally to promote corporate resiliency and sustainability and to prepare for the ongoing challenge it faces in relation to emerging and long-tail risks.

Moreover, Aon is committed to helping its clients do the same. By helping clients identify and mitigate key environmental, social and governance risks, Aon is working to become a powerful force for positive change helping to ensure a more sustainable future.

As Aon works to further enhance its own resiliency in the wake of unprecedented short and long term challenges, such as climate change and cybersecurity, it is actively working with its clients, governments and other key stakeholders to help them navigate today's challenges and together tackle some of the greatest issues facing society.

Aon empowers results for colleagues, clients and communities. Its role as a corporate citizen is to give back to the communities in which Aon colleagues live and work. In the UK, the focus is on three areas – the community, inclusion & diversity and the environment:

• Environmental - The Company is part of the Aon Group of Companies which recognises the importance of its environmental responsibilities and is committed to reducing its impact on the environment. Since 2009, Aon has had a sustainability strategy which is supported by both operational and product strategies including an energy management strategy and membership in the ClimateWise initiative for the insurance industry. The Group generally monitors its impact on the environment and a detailed annual statement is included in the consolidated Aon plc Group Financial Statements.

• Social – Aon leaders seek to drive a respectful and inclusive culture where everyone feels valued and able to be themselves at work. For more on this see the 'Inclusion & Diversity at Aon' section below. Aon's community programme encourages colleagues to become involved in supporting local communities in a variety of ways including mentoring and volunteering. The Aon UK Charitable Foundation is the principal vehicle for Aon's charitable donations. From 2020, the Aon UK Charitable Foundation supports two national charity partners nominated and voted for by colleagues. Some of the regional offices have also chosen a small local charity partner close to their offices for colleagues and the Aon UK Charitable Foundation to support. This has resulted in 18 small charities across the UK being supported. Aon colleagues also find ways to support local communities through individual volunteering and by participating in the annual Aon United Day for Communities.

• Governance - As a firm that helps clients manage risk, it is vital that Aon manages and mitigates its own business risks through strong corporate governance. Aon is dedicated to upholding the highest standards of integrity—both within the firm and by those it works with. With the Aon Code of Business Conduct, the Aon Board of Directors makes it clear to every colleague the high expectations and requirements for how to conduct business, and also provides resources to colleagues so they are prepared to do the right thing in even the most challenging situations.

Further details on the Corporate Responsibility initiative at Aon can be found at www.aon.com/unitedkingdom/about-aon/corporate-responsibility.

Colleague engagement and Retention

Providing an engaging and rewarding colleague experience is a top priority for our firm and understanding colleagues' feedback helps us reach that goal. We use a variety of channels to facilitate open, on-going, and direct communication, including open forums with executives, pulse check surveys and engagement through our Business Resource Groups, which are our independent and voluntary colleague-run groups that provide input, take action, and help identify opportunities for our firm to further its diversity, equity and inclusion commitments. In response to the challenging events of 2020, we updated our engagement survey process by offering more frequent pulse check surveys to understand how colleagues are engaging with their teams, the Company and clients, so we can gather insights more rapidly and take timely action to address feedback. The pulse check surveys for 2020 have been focused on topics such as manager and leadership support, especially in how we serve clients; colleague well-being, inclusion and diversity; and the Aon United Blueprint. This feedback provides management a better understanding of evolving colleague viewpoints, and ensures we are taking appropriate steps to drive colleague engagement and retention.

The Company's policies and practices are designed to keep colleagues informed on matters relevant to them through regular updates to the intranet and through a wide range of other activities including presentations, townhalls, podcasts, road shows and internal communications, including a bi-weekly all-colleague newsletter and People Manager update. The Company also continually engages with colleagues on conduct, culture, expectations around SM&CR and Data Privacy as well as on issues impacting the business such as Brexit.

Consultation with specific groups takes place regularly so that their views can be considered. There are Employee Forum groups set up across the different Solution Lines as well as a number of Business Resource Groups through which Aon Group colleagues voluntarily work together towards the purpose of supporting Aon's Diversity and Inclusion ambitions (as further outlined in the next section).

In 2019, the Company established a new 'next generation colleague group' – the 'NexCo' group. The group includes younger colleagues from around the business and connects them with business leaders with the purpose of sharing insights and gathering perspective from employees across the organisation to help shape and drive the business strategy. The structure of the NexCo includes a collective Aon United NexCo group with a series of individual solution line and shared service NexCo groups, with memberships forming from across the UK. Since formation, these groups have continued to meet and collaborate on a wide range of matters impacting their members and/or their business area. The objectives of the NexCo groups are to provide a diverse perspective to Executive and Business Leaders on Company initiatives and challenges, support the delivery of Aon United, develop member Aon IQ, support each other during the pandemic and the move to remote working, and identify opportunities for networking, mentoring and development.

Career development is important to the Board and the Company provides a wide range of training and development schemes covering technical, personal and management development programmes and has established a number of colleague relations and wellbeing programmes. Colleagues are also encouraged to participate in the success of the Company by joining the Aon plc share scheme. Further details on life at Aon can be found at www.aon.com/unitedkingdom/life-at-aon.

Leaders continue to consider the needs of colleagues when agreeing to policies which affect them. During the year the Company continued its training and development scheme covering technical, personal and management development programmes. Additionally, colleagues are encouraged to gain professional qualifications with the active support of the Company.

Pandemic Response

In 2020, the Company adapted to remote working across the majority of the business in response to the Coronavirus pandemic and the Aon Business Services platform was instrumental in that response. Acting early, the Company offered additional tools and services to enable remote working and avoid disruption in client service, whilst also emphasising its commitment to employees' health and well-being. The Company's programmes and policies on flexible work, leadership development, learning, telemedicine, childcare, sick leave and social and emotional health, rapidly evolved to meet the new normal and create a "new better" for the Company's employees, based on where they live and work.

Inclusion & Diversity at Aon

An inclusive and diverse workforce is a business imperative and key to Aon's long-term success. We emphasise the recruitment, hiring, development, and retention of diverse talent, including women and underrepresented groups. To recruit and hire a diverse community of the best talent, we've built partnerships with a wide range of organisations, schools, and universities, and we specifically source talent from diverse communities. Aon is committed to creating a workplace environment that fosters mutual dignity, respect, and equal employment opportunity.

During 2020, a UK Inclusive Leadership Council was established to enable key leaders and diversity, equity and inclusion influencers from across the UK to collaborate and work together to agree a strategy and programme of actions to promote a more diverse, equitable and inclusive workplace. The UKILC implements policies, procedures and uses data and analytics to focus actions across in the UK in the critical areas of Education, Recruitment, Representation and Promotion to ensure Aon has a diverse workforce and every single colleague has the opportunity for development and progression. The Council also collaborates with the Aon UK Diversity Council and the Aon Group Global Inclusion Council to foster diversity within the UK workforce and together these forums seek to champion initiatives throughout the Company and the Group by raising awareness of the value of a diverse and inclusive workforce and to create an environment where every colleague feels valued, and where their talents are fully utilised. The Aon UK Diversity Council's membership consists of representatives of relevant diversity groups across Aon's businesses in the UK as well as representatives of the Human Resources department. The diversity groups are made up of Aon's colleagues who help the Company to identify and understand the diversity issues faced by colleagues and include the Multicultural Network, the Gender IQ Network, the Workability Group, the Parent and Carers Group, the Linking Generations Group, the Mental Health Group and the Aon Pride Alliance. Aon's inclusion and diversity initiatives seeks to encourage an environment where everyone feels valued and free to be open about their diversity and to widen Aon's talent pool to be seen as an employer of choice by people from all backgrounds.

We believe inclusion and diversity drives insight, and that by giving all talent a voice, we are encouraging the development of top talent that will produce the best outcomes for clients.

We have formal initiatives and policies designed to promote an inclusive workplace free of discrimination and harassment, where colleagues are treated and compensated fairly and equitably. Along with policies and initiatives, we encourage colleague input and action to make sure we create the diverse and inclusive workplace to which we aspire. As part of this, the Board, in conjunction with the Group, have agreed a number of initiatives to address the gender pay gap, details of which can be found at https://www.aon.com/unitedkingdom/life-at-aon/gender-balance. The Company is also a signatory to the Women in Finance Charter; this charter is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fair financial services industry in the UK.

Every year Aon recognises the contribution that colleagues make through fund raising for charities, volunteering and their involvement in various D&I and community initiatives through its annual Inclusion & Diversity and Community Awards programme which seeks to celebrate the work of colleagues both inside and outside of the office. The awards cover a range of categories including individual and team efforts, one-off projects, ongoing volunteering and mentoring.

Colleagues with Disabilities

The Company gives full and fair consideration to applications for employment from people with disabilities where the requirements of the job can be adequately fulfilled by a person with disability. Aon works with a charity to ensure it takes a number of summer interns with disability onto its internship programme each year some of whom have been hired permanently as part of Aon's graduate programme.

Where existing colleagues develop a disability, it is Aon's policy where practicable, it will continue to provide employment under normal terms and conditions and to provide reasonable adjustments, training, career development and promotion as appropriate.

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Directors' report
31 December 2020

Going concern

The Directors have prepared a going concern assessment for the Company for the financial period to April 2022 (reflecting a one year projection from the date of the signing of the 2020 statutory accounts in April 2021).

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

The Company has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Board expects the Company will continue to generate positive cash flows for the foreseeable future. The Company also participates in the Group's centralised treasury arrangements and therefore its liquidity benefits from banking arrangements with its parent and fellow Group undertakings.

Taking account of the uncertainties arising as a result of the Coronavirus pandemic, the Directors of the Company are not aware of nor have any reason to believe in regard to the Company's ultimate parent entity Aon plc that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

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

Events after the reporting period date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and although the business has not seen significant financial detriment up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the United Kingdom Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 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.

Auditor

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

Indemnity of Directors

The Group has qualifying third party indemnity provisions in place for the benefit of the Company's Directors, which were in place during the year and remain in force at the date of this report.

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Directors' report
31 December 2020

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:
Tim Giles
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T Q Giles
Director

22 April 2021

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Directors' responsibilities statement
31 December 2020

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Independent auditor's report to the members of Aon Investment Limited
31 December 2020

Opinion

We have audited the financial statements of Aon Investment Limited (Formerly Hewitt Risk Management Services Limited) for the year ended 31 December 2020 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20, 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 2020 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.

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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Independent auditor's report to the members of Aon Investment Limited
31 December 2020

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, 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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Financial Conduct Authority ('FCA')

- We understood how Aon Investment 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

- 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
22 April 2021

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Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	3	37,450	40,213
Expenses			
Administrative expenses	6	(25,984)	(25,845)
Operating profit		11,466	14,368
Interest receivable and similar income	8	175	414
Profit before income tax (charge)/credit		11,641	14,782
Income tax (charge)/credit	9	2	(2,830)
Profit after income tax (charge)/credit for the year	16	11,643	11,952
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		11,643	11,952

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

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Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Statement of financial position
As at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Current assets			
Cash and cash equivalents	11	28,560	40,180
Trade and other receivables	10	4,771	4,158
Total current assets		33,331	44,338
Non-current assets			
Receivables due after one year	12	6	9
Total non-current assets		6	9
Total assets		33,337	44,347
Liabilities			
Current liabilities			
Trade and other payables	13	5,417	15,325
Income tax	14	85	2,830
Total current liabilities		5,502	18,155
Total liabilities		5,502	18,155
Net assets		27,835	26,192
Equity			
Share capital	15	4,500	4,500
Retained profits	16	23,335	21,692
Total equity		27,835	26,192

DocuSigned by:
Tim Giles
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T Q Giles
Director

22 April 2021

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Statement of changes in equity
For the year ended 31 December 2020

	Issued capital £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2019	4,500	29,740	34,240
Profit after income tax charge for the year	-	11,952	11,952
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	11,952	11,952
Transactions with owners in their capacity as owners:			
Dividends paid (note 17)	-	(20,000)	(20,000)
Balance at 31 December 2019	4,500	21,692	26,192

	Issued capital £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2020	4,500	21,692	26,192
Profit after income tax credit for the year	-	11,643	11,643
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	11,643	11,643
Transactions with owners in their capacity as owners:			
Dividends paid (note 17)	-	(10,000)	(10,000)
Balance at 31 December 2020	4,500	23,335	27,835

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Notes to the financial statements
31 December 2020

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 financial assets and liabilities at fair value through profit or loss. 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 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.

In preparing the going concern assessment as described in the Directors' Report, management have considered the impact that the outbreak of Coronavirus has had on the worldwide economic activity and how it might impact the financial position of the Company.

The Company generates income through the provision of regulated investment services. The Aon Group is fully operational and has deployed business continuity protocols to facilitate remote working capabilities. Management took into account all information of which they were aware about the future, which was at least, but not limited to, 12 months from the date that the balance sheet was signed. Based on the information available, management do not believe that there are material uncertainties present that would cast significant doubt about the Company's ability to continue as a going concern. The directors therefore consider it appropriate to continue to prepare the accounts on a going concern basis.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available under this standard where applicable to the Company. 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 20.

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

Revenue
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Revenue is earned via base fees and performance fees. The base fee is a percentage of assets under management and therefore, revenue is recognised each month based on a fixed percentage of the value of the portfolio assets. Performance fees are calculated and recognised when performance obligation in the contract has been met. Revenue represents amounts receivable for services net of value added tax ("VAT").

1. Significant accounting policies (continued)

Foreign currencies
The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Company operates (its functional and presentation currency).

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

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

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

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

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

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

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 other comprehensive income, for items that are charged or credited directly in 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, associates or joint ventures, except where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

1. Significant accounting policies (continued)

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.

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.

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.

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.

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Notes to the financial statements
31 December 2020

1. Significant accounting policies (continued)

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.

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

Other financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

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

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.

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.

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.

There are no critical 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.

3. Revenue

	2020 £'000	2019 £'000
Fees	37,450	40,213

In the table below, geographic segmentation has been determined based on the domicile of the contracting party, not the domicile of the underlying client.

	2020 £'000	2019 £'000
United Kingdom	5,092	11,599
Europe	32,358	28,614
	37,450	40,213

4. Staff costs

Staff working on behalf of the Company are employed by Aon Solutions UK Limited. The employee costs have been recharged from Aon Solutions UK Limited to the Company. The appropriate disclosures regarding these costs are included in the financial statements of Aon Solutions UK Limited.

5. Directors' remuneration

	2020 £'000	2019 £'000
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	1,427	1,746
Aggregate amounts received or receivable under long-term incentive schemes in respect of qualifying services	1,650	2,108
Aggregate amounts of contributions to pension schemes in respect of qualifying services	140	173
Total	3,217	4,027

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 (2019: £Nil).

	2020	2019
The number of directors who:		
Received shares under long-term incentive schemes in respect of qualifying services	3	5
Accrued benefits under pension schemes in respect of qualifying services	5	6

	2020 £'000	2019 £'000
Remuneration of the highest paid director:		
Emoluments	1,865	1,528
Pension contributions	106	17
	1,971	1,545

5. Directors' remuneration (continued)

The highest paid director received 5,141 shares at an average price $191.21 under long-term incentive schemes in 2020.

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

6. Administrative expenses

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

	2020 £'000	2019 £'000
Net foreign exchange (losses)/ gains	439	(169)
Other administrative expenses	25,545	26,014
	25,984	25,845

7. Auditor's remuneration

The auditor's remuneration for the statutory audit and other services, including the audit of the regulatory return are analysed as follows:

	2020 £'000	2019 £'000
Audit services		
Audit of the financial statements	42	42
Other services		
Other assurance services	3	3
	45	45

8. Interest receivable and similar income

	2020 £'000	2019 £'000
Bank interest receivable	175	414

9. Income tax charge/(credit)

	2020 £'000	2019 £'000
Income tax charge/(credit)		
Current tax	-	2,829
Adjustment recognised for tax of prior periods	(2)	1
Aggregate income tax charge/(credit)	(2)	2,830

Numerical reconciliation of income tax charge/(credit) and tax at the statutory rate

The tax in the statement of profit or loss for the year is lower (2018: higher) than that calculated at the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	2020 £'000	2019 £'000
Profit before income tax (charge)/credit	11,641	14,782
Tax at the statutory tax rate of 19%	2,212	2,809
Adjustment recognised for tax of prior periods	(2)	1
Expenses not deductible for tax purposes	-	22
Transfer pricing adjustments	1	(2)
Group relief for £nil consideration	(2,213)	-
Income tax charge/(credit)	(2)	2,830

The headline rate of UK corporation tax is currently 19%, which is the applicable rate at the balance sheet date.

During the year, following a change in group wide policy, the Company received £2,213K of group relief for £nil consideration.

In the Spring Budget 2021, the Government announced that it has the intention to increase the corporation tax rate to 25% from 1 April 2023. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

10. Current assets - Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	31	491
Prepayments and accrued income	65	80
Other receivables	3	3
Work in progress	4,671	3,343
Amounts owed by fellow Group undertakings	1	241
	4,771	4,158

11. Current assets - Cash and cash equivalents

	2020 £'000	2019 £'000
Cash and cash equivalents	28,560	40,180

Aon Investments Limited (formerly Hewitt Risk Management Services Limited)
Notes to the financial statements
31 December 2020

12. Non-current assets - Receivables due after one year

	2020 £'000	2019 £'000
Other receivables	6	9

13. Current liabilities - Trade and other payables

	2020 £'000	2019 £'000
Trade payables	129	6
Amounts owed to fellow Group undertakings	4,380	14,225
Amounts owed to parent undertaking	827	712
Other taxes and social security payables	81	382
	5,417	15,325

14. Current liabilities - Income tax

	2020 £'000	2019 £'000
Group relief payable	85	2,830

15. Equity - Share capital

	2020 Shares	2019 Shares	2020 £'000	2019 £'000
Ordinary shares - fully paid	4,500,001	4,500,001	4,500	4,500

All shares are allotted, issued and fully paid. These shares comprise 4,500,001 ordinary class A shares of £1.00 each.

16. Equity - Retained profits

	2020 £'000	2019 £'000
Retained profits at the beginning of the financial year	21,692	29,740
Profit after income tax (charge)/credit for the year	11,643	11,952
Dividends paid (note 17)	(10,000)	(20,000)
Retained profits at the end of the financial year	23,335	21,692

17. Equity - Dividends paid

Dividends paid during the financial year were as follows:

	2020 £'000	2019 £'000
An interim dividend of £10,000k (£2.22 per share) was paid during the year ended 31 December 2020 (2019: £20,000k (£4.44 per share)) to Aon Solutions UK Limited, the Company's parent.	10,000	20,000

18. 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 2020 include cash pool deposits of £26,343k (2019: £37,963k), 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.

19. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and although the business has not seen significant financial detriment up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the United Kingdom Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 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.

20. Controlling party

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

The ultimate parent undertaking and controlling party as at 31 December 2020 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.