

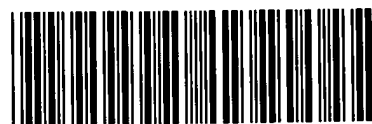
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Aon UK Holdings Limited (formerly Aon Benfield Limited)

Company Registration Number 06652620

Annual Report - 31 December 2019

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Aon UK Holdings Limited (formerly Aon Benfield Limited)

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Aon UK Holdings Limited (formerly Aon Benfield Limited)
Corporate directory
31 December 2019

Directors	E M Sergeant N J Hardman P Katsaouni-Dodd G Mugashu (appointed on 21 February 2020) P A Hogwood (appointed on 24 January 2019, resigned on 28 June 2019)
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 UK Holdings Limited (formerly Aon Benfield Limited)
Strategic report
31 December 2019

The directors present their Strategic report of Aon UK Holdings Limited ("the Company") for the year ended 31 December 2019.

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 on the Corporate directory on page 2.

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

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

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under Section 400 of the Companies Act, because it is included in the consolidated financial statements of Aon plc ("the Group"). The Group financial statements are available to the public and can be obtained as set out in note 34.

On 27 May 2020, the Company changed its name to Aon UK Holdings Limited (formerly Aon Benfield Limited).

Principal activities

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

Review of operations

The profit after taxation for the Company amounted to £121.6m (2018: £151.1m). This profit was mainly driven from the below items:

	2019 £'000	2018 £'000	Change £'000	Change %
Revenue	123,784	152,991	(29,207)	(19%)
Other Income	2,101	-	2,101	-
Administrative expenses	(1,191)	(2,989)	1,798	(60%)
Interest receivable and similar income	1,012	862	150	17%
Interest payable and similar charges	(4,256)	(59)	(4,197)	7114%

Revenue

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

Other income

Other income refers to the income from subleasing due to the adoption of the new leases accounting standard - *IFRS 16 Leases*.

Administrative expenses

Administration expenses decreased by £1.8m due to a reduction in restructuring expenses of £1.0m and a reduction in impairment charges of £0.8m. This was partially offset by an increase in lease costs of £1.6m which is attributable to the adoption of the new leases accounting standard - *IFRS 16 Leases*. For more details, see note 1.

Interest receivable and similar income

The interest receivable and similar income relates to bank interest earned and has decreased marginally when compared to prior year.

Interest payable and similar charges

Interest payable refers to the interest on leases due to the adoption of the new leases accounting standard - *IFRS 16 Leases*.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Strategic report
31 December 2019

On 1 November 2019 the Company transferred the investment in its subsidiary, Aon Consulting Limited, to Aon UK Limited, a fellow group company, at book value of £83.5m via an in-specie capital contribution.

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

	2019 £'000	2018 £'000
Shareholder's funds	2,370,025	2,585,772
Net current assets	396	231,436

Shareholder's funds decreased by £215.7m due to dividends paid of £345.3m and to an adjustment for the new lease accounting standard *IFRS 16 Leases* of £2.7m. This was partially offset by profit for the year of £121.6m and a gain on the revaluation of equity instruments at fair value through other comprehensive income of £5.4m.

The Company's net current assets decreased by £231.0m due to a decrease in cash balances of £189.4m, increase in trade and other payables by £30.7m, first time recognition of lease liabilities - current portion - of £14.1m under *IFRS 16 Leases*, offset by £2.1m increase in trade and other receivables and £1.1m decrease in provisions.

Principal risks and uncertainties

The risk factors set forth below reflect material risks associated with the business and contain forward-looking statements as discussed in the "Likely future developments" section below. Readers should consider them in addition to the other information contained in this report as 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 business 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.

Accounting estimates and assumptions

The Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the Company's financial statements. The Company periodically evaluates its estimates and assumptions including, but not limited to, those relating to recoverability of assets including investments in subsidiaries, available-for-sale financial assets, tangible fixed assets, intercompany receivables, income and deferred taxes. The Company bases its estimates on historical experience and various assumptions that the Company believes to be reasonable based on specific circumstances. These assumptions and estimates involve the exercise of judgement and discretion, which may evolve over time in light of operational experience, regulatory direction, developments in accounting principles, and other factors. Actual results could differ from these estimates and changes in assumptions, estimates, policies, or developments in the business may change the Company's initial estimates, which could materially affect the Statements of profit and loss and other comprehensive income, Statement of financial position, and Statement of changes in equity.

Ability to receive dividends from subsidiaries

The Company is an intermediate holding company and a legal entity separate and distinct from its subsidiaries. As a holding company without significant operations of its own, its principal assets are the shares of capital stock of its subsidiaries. The Company's subsidiaries are subject to the regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that they can pay in dividends or other payments to the Company. No assurance can be given that there will not be further changes in law, regulatory actions, or other circumstances that could restrict the ability of subsidiaries to pay dividends or other payments.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Strategic report
31 December 2019

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 our business, financial condition, operating results, liquidity, and prospects for growth.

On 31 January 2020, the UK left the EU. The EU and the UK entered a transition period which is due to run until 31 December 2020, and during which the UK can continue to trade and conduct business with EU clients on a "business-as-usual" basis. During the 11-month transition period, the EU and the UK will attempt to negotiate a trade deal to take effect on 31 December 2020.

Whilst both parties have officially indicated a desire to include financial services in a free trade agreement, the significant difference in desired outcomes and the political sensitivity of the issue may prevent agreement being reached on financial services. This creates uncertainty for the Group as the eventual outcome of negotiations may affect its business and operations. The Group is currently examining the various impacts to its business and operating models in an effort to develop solutions to address any of the potential outcomes of the negotiations, so its organisation can continue to provide its clients with the services and expertise they require. Furthermore, the Group cannot be certain that regulators in other EU countries will grant it the permissions or licenses it seeks to operate its business once the transition period ends. The Group has and will continue to invest significant time and resources as it navigates the effects of Brexit, and the related uncertainty, on its business and operations. The Group may be required to incur additional expense as it adapts to the political and regulatory environment post 31 December 2020.

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

Non-current assets impairment charges

The Company may be required to record other non-current assets impairment charges, which could result in a significant charge to earnings.

Non-current assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Factors that may be considered in assessing whether other non-current assets may not be recoverable include a decline in the Company's ultimate parent's share price or market capitalisation, reduced estimates of future cash flows and slower growth rates in its industry. Unforeseen circumstances may be experienced that adversely affect the value of other non-current assets. Future other non-current assets impairment charges could materially impact the financial statements.

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

Financial risk management

Objectives and policies

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company 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.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Strategic report
31 December 2019

Exposure to foreign currency risk

The Company is exposed to foreign currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than Pounds Sterling. This risk is managed internally by Aon Financial Instruments & Benefits Accounting by actively monitoring the risk of foreign currency exposure.

Exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date of recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and notes to the financial statements.

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

The Company's principal financial assets are amounts owed by fellow Group and subsidiary undertakings. Details of the Company's primary receivables are disclosed in note 11.

Exposure to liquidity and cash flow risk

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

The Aon Group

The Company's ultimate parent company as at 31 December 2019 was Aon plc, a UK company registered in England and Wales, listed on the New York Stock Exchange ("NYSE") which had net assets of circa US \$3.4 billion (2018: US \$4.2 billion) as disclosed in its audited financial statements for the year ended 31 December 2019 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 32 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. Subsequent to year end, as part of a group reorganisation, the ultimate parent company of the Group, transferred from the UK to Ireland and the shares of the new Irish parent company are listed on NYSE.

On 9 March 2020 it was announced that Aon plc will combine with Willis Towers Watson plc. The transaction is expected to close in the first half of 2021, subject to approval of the shareholders of both Aon and Willis Towers Watson, as well as other customary closing conditions, including required regulatory approvals.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Strategic report
31 December 2019

Section 172 statement

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

The Company acts as a holding company within the Aon Group of Companies and is part of a group of companies run and governed in the UK with an established corporate governance framework. The framework ensures 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 are encouraged to 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, employees working on the Company's activities are subject to group policies and processes which are centred around good conduct and working practice.

The Board has identified the key risks facing the business and which are further detailed in the 'Principal Risks' section above. Board decisions are made with these risks in mind.

In reaching decisions, the Board 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.

As a holding entity our key stakeholders are our parent entities. 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 that the interests of the wider group are fully understood before reaching any decision.

Through Group Specialist Teams, the Company has an open and cooperative relationship with relevant government departments including HMRC and the Registrar of Companies.

Likely future developments

It is not anticipated that there will be any material change in the activity of the Company in the foreseeable future. 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

Pamela Munalula

P Munalula, For and on behalf of CoSec 2000 Limited
Company Secretary

17 June 2020

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Directors' report
31 December 2019

The directors present their report, together with the financial statements of the Company for the year ended 31 December 2019.

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:

2019 £'000	2018 £'000
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An interim dividend of £345.3m (£2.87 per share) was paid during the year ended 31 December 2019 (2018: £Nil (£Nil per share)), to Aon Delta UK Limited, the Company's parent.

345,336	-
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Principal risks and uncertainties

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

Financial risk management

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

Likely future developments

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

Going concern

The directors have prepared a going concern assessment for Aon UK Holdings Limited for the financial period to June 2021 (reflecting a one-year projection from the date of the signing of the 2019 statutory accounts in June 2020).

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic report and in note 1.

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

The Company is expected to continue to generate positive cash flows for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow Group undertakings.

Taking into account of the uncertainties arising as a result of the Covid-19 pandemic further referenced below, the directors of the Company are not aware of or have any reason to believe in regard to the Company's ultimate parent entity Aon plc that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

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

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Directors' report
31 December 2019

Events after the reporting period date

On 18 February 2020, the Company received dividends of £74.5m from Aon UK Limited.

On 4 March 2020, the Company received dividends of £265.1m from Aon Delta Bermuda Limited and immediately paid the same amount as dividends to its parent entity, Aon Delta UK Limited.

On 11 March 2020, the outbreak of the coronavirus, COVID-19, was declared by the World Health Organisation to be a pandemic. The spread of COVID-19 across the globe is impacting worldwide economic activity and has resulted in restrictions on travel and quarantine policies being put in place by businesses and governments, which may adversely affect the business of the Aon Group. The Aon Group is closely monitoring the situation and its business, liquidity, and capital planning initiatives, to ensure minimal impact to daily operations. The Aon Group is fully operational and has deployed business continuity protocols in impacted regions to facilitate remote working capabilities.

The global stock markets have fallen considerably since the outbreak of COVID-19 that started in January 2020 which has impacted the market capitalisation of the majority of companies globally, including the Aon Group. This has had a corresponding negative impact on the valuation of companies worldwide, including the investments in subsidiaries held by the Company. This reduction however is not an adjusting post balance sheet event and therefore the valuations in the balance sheet reflect the valuation as at 31 December 2019. At the time of signing these financial statements, there were no indicators of impairment for the investments in subsidiaries.

On 27 May 2020, the Company changed its name to Aon UK Holdings Limited (formerly Aon Benfield Limited).

No other matter or circumstance has arisen since 31 December 2019 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 auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information required in connection with the auditor's report, of which the auditor is unaware. Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

Indemnity of directors

The group has qualifying third party indemnity provisions in place for the benefit of its directors which were in place during the year and remain in force at the date of this report.

Directors

The current directors and all directors who served during the year and to the date of this report are shown on page 2.

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

For and on behalf of the Board of Directors.

Pamela Munalula

P Munalula, For and on behalf of CoSec 2000 Limited
Company Secretary

17 June 2020

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Directors' responsibilities statement
31 December 2019

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

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

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

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

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

Opinion

We have audited the financial statements of Aon UK Holdings Limited (Formerly Aon Benfield Limited) for the year ended 31 December 2019 which comprise of the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 34, 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 2019 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 below. 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.

Emphasis of matter

We draw attention to Note 33 of the financial statements, which describes the economic disruption the company is facing as a result of COVID-19 which may have a material impact on the valuation of the company's net assets. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

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

Use of our report

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

Ernst & Young LLP

Jonathan Bell (Senior statutory auditor)

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

London

18 June 2020

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	3	123,784	152,991
Other Income	4	2,101	-
Total revenue		<u>125,885</u>	<u>152,991</u>
Expenses			
Administrative expenses	5	<u>(1,191)</u>	<u>(2,989)</u>
		<u>(1,191)</u>	<u>(2,989)</u>
Operating profit		124,694	150,002
Interest receivable and similar income	8	1,012	862
Interest payable and similar charges	9	<u>(4,256)</u>	<u>(59)</u>
Profit before income tax credit		121,450	150,805
Income tax credit	10	<u>103</u>	<u>322</u>
Profit after income tax credit for the year attributable to the owners of Aon UK Holdings Limited (formerly Aon Benfield Limited)	30	121,553	151,127
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax	17	<u>5,376</u>	<u>5,330</u>
Other comprehensive income for the year, net of tax		<u>5,376</u>	<u>5,330</u>
Total comprehensive income for the year attributable to the owners of Aon UK Holdings Limited (formerly Aon Benfield Limited)		<u>126,929</u>	<u>156,457</u>

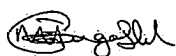
All the activities of the Company are classed as continuing.

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

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Statement of financial position
As at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Current assets			
Trade and other receivables	11	8,467	6,341
Income tax receivable	12	338	415
Cash and cash equivalents	13	65,250	254,616
Total current assets		<u>74,055</u>	<u>261,372</u>
Non-current assets			
Tangible fixed assets	14	24,289	26,700
Investments in subsidiaries	15	2,336,754	2,337,114
Other receivables	16	5,760	-
Financial assets at FVOCI	17	20,877	15,501
Right-of-use assets	18	110,730	-
Deferred tax asset	19	1,984	1,820
Total non-current assets		<u>2,500,394</u>	<u>2,381,135</u>
Total assets		<u>2,574,449</u>	<u>2,642,507</u>
Liabilities			
Current liabilities			
Trade and other payables	20	59,548	28,825
Lease liabilities	21	14,111	-
Provisions	22	-	1,111
Total current liabilities		<u>73,659</u>	<u>29,936</u>
Non-current liabilities			
Other payables	23	-	21,814
Provisions	24	3,528	4,985
Lease liabilities	25	127,237	-
Total non-current liabilities		<u>130,765</u>	<u>26,799</u>
Total liabilities		<u>204,424</u>	<u>56,735</u>
Net assets		<u>2,370,025</u>	<u>2,585,772</u>
Equity			
Share capital	26	120,306	120,306
Share premium account	27	2,116,643	2,116,643
Capital contribution reserve	28	55,665	55,665
Fair value reserve of financial assets at FVOCI	29	20,877	15,501
Retained earnings	30	56,534	277,657
Total equity		<u>2,370,025</u>	<u>2,585,772</u>

The Company's registered number is 06652620



G Mugashu
Director

17 June 2020

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

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Statement of changes in equity
For the year ended 31 December 2019

	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Fair value through OCI reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	120,306	2,116,643	55,665	10,171	126,530	2,429,315
Profit after income tax credit for the year	-	-	-	-	151,127	151,127
Other comprehensive income for the year, net of tax	-	-	-	5,330	-	5,330
Total comprehensive income for the year	-	-	-	5,330	151,127	156,457
Balance at 31 December 2018	<u>120,306</u>	<u>2,116,643</u>	<u>55,665</u>	<u>15,501</u>	<u>277,657</u>	<u>2,585,772</u>
	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Fair value through OCI reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	120,306	2,116,643	55,665	15,501	277,657	2,585,772
Adjustment for change in accounting policy (note 1)	-	-	-	-	2,660	2,660
Balance at 1 January 2019 - restated	120,306	2,116,643	55,665	15,501	280,317	2,588,432
Profit after income tax credit for the year	-	-	-	-	121,553	121,553
Other comprehensive income for the year, net of tax	-	-	-	5,376	-	5,376
Total comprehensive income for the year	-	-	-	5,376	121,553	126,929
<i>Transactions with Shareholders in their capacity as owners:</i>						
Dividends paid (note 31)	-	-	-	-	(345,336)	(345,336)
Balance at 31 December 2019	<u>120,306</u>	<u>2,116,643</u>	<u>55,665</u>	<u>20,877</u>	<u>56,534</u>	<u>2,370,025</u>

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

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

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

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act.

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

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

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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

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 COVID-19 has had on the worldwide economic activity and how it might impact the financial position of the Company.

The principal activity of the Company is that of an intermediate holding company. As a holding company, transactions during the year are minimal, largely consisting of the receipt and onward payment of dividends. The Company has minimal liquidity needs and the main assets of the Company are its investments in subsidiaries which are part of the Aon Group and are currently continuing to trade effectively. The Aon Group is fully operational and has deployed business continuity protocols to facilitate remote working capabilities.

The global stock markets have fallen considerably since the outbreak of COVID-19 that started in January 2020 which has impacted the market capitalisation of the majority of companies globally, including the Aon Group. This has had a corresponding negative impact on the valuation of companies worldwide, including the investments in subsidiaries held by the Company. As a result, and as part of their going concern assessment, management reassessed the valuation of the Company's investment in subsidiaries in order to assess whether an impairment loss has been triggered subsequent to the year end. The Company conducted the impairment review of its investments in subsidiaries using a combination of cost approach, income approaches and market approaches estimating the range of fair value of the Company's subsidiaries. The fair value of the investments continues to be significantly higher than the amount the investments are held at and therefore there is currently no indication of impairment.

Basis of consolidation

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

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

1. Significant accounting policies (continued)

Revenue

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

Foreign currencies

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

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

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

Interest receivable and similar income

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

Interest payable and similar charges

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

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

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

Taxation

Current tax

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

Deferred tax

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

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

1. Significant accounting policies (continued)

Deferred tax is provided on temporary differences on investments in subsidiaries, associates or joint ventures, except where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting period date.

Deferred tax is charged or credited to the Statement of other comprehensive income, for items that are charged or credited directly in the Statement of other comprehensive income.

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

Current and non-current classification

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

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

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

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

Offsetting of financial assets and liabilities

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

Cash and cash equivalents

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

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Other receivables

Other receivables are receivables related to sublease contracts recognised by the Company as finance leases. The Company derecognises that part of right of use asset that relates to the sub-lease and recognises a finance lease receivable.

Loans and receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

1. Significant accounting policies (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity securities, that are designated to that category. After initial recognition, fair value movements are recognised in other comprehensive income through the financial assets at fair value through other comprehensive income reserve in equity. Cumulative gain or loss previously reported in the financial assets at fair value through other comprehensive income is not recycled in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

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

Fair value measurement

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For financial assets at fair value through profit or loss, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. The carrying value of investments in group undertakings is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Associates are entities over which the Company has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

1. Significant accounting policies (continued)

Tangible fixed assets

Fixtures and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis so as to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	Over the lower of the unexpired period of the lease or the useful economic life of the asset
Fixtures, fittings	Between three and ten years
Computer equipment	Between four and seven years, beginning from the date of implementation of fully developed systems

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

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

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

Right-of-use assets

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

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

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

1. Significant accounting policies (continued)

Sublease

The Company is an intermediate lessor and subleases two of its leases. The Company accounts for a head lease and a sublease as two separate contracts, applying both the lessee and lessor accounting requirements. The obligations that arise from the head lease are generally not extinguished by the terms and conditions of the sublease.

As an intermediate lessor, the Company classifies the sublease by reference to the right-of-use asset arising from the head lease. The Company classifies the sublease as a finance lease.

When the Company enters into the sublease as an intermediate lessor, it:

- (a) derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises a finance lease receivable;
- (b) recognises any difference between the right-of-use asset and the finance lease receivable in profit or loss; and
- (c) retains the lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor.

The Company does not offset assets and liabilities arising from a head lease and a sublease of the same underlying asset, unless the financial instruments requirements for offsetting are met.

The Company does not offset lease income and lease expenses relating to a head lease and a sublease of the same underlying asset, unless the requirements for offsetting in IAS 1 are met.

During the term of the sublease, the Company recognises both finance income on the sublease and interest expense on the head lease.

Impairment of tangible assets

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

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

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.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

1. Significant accounting policies (continued)

Lease liabilities

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

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

Provisions

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

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

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

Issued capital

Ordinary shares are classified as equity.

Dividends

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

New or amended Accounting Standards and Interpretations adopted

The following Accounting Standard and Interpretation is most relevant to the Company:

IFRS 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' ("ROU") asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17.

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

1. Significant accounting policies (continued)

	£'000
Opening lease commitments as at 31 December 2018	192,758
Discount based on the weighted average incremental borrowing rate of 3.02% (IFRS 16)	<u>(37,492)</u>
Lease liability as at 1 January 2019	155,266
Amount equal to lease liability as at 1 January 2019 under IFRS16	155,266
Adjustment for lease accruals or lease prepayments as at 31 December 2018	(22,856)
Indirect costs capitalised	150
Tenant improvement allowance implicit in the lease	(1,270)
Market lease allowance	(3)
Adjustment for restructuring liability as at 31 December 2018	<u>(1,606)</u>
ROU before derecognition of sublease element	129,681
Derecognition of Right of use asset and recognition of Sublease receivable	<u>(9,961)</u>
Right of use asset as at 1 January 2019	<u>274,986</u>
	£'000
The impact of adoption on opening retained profits as at 1 January 2019 was as follows:	
Right of use asset including indirect costs capitalised	129,681
Lease liability recognised	(155,266)
Adjustment for net lease accruals as at 1 January 2019	<u>23,312</u>
Decrease in retained earnings on adoption of IFRS 16 before tax	<u>(2,273)</u>
Deferred tax	<u>(387)</u>
Decrease in retained earnings on adoption of IFRS 16 after tax	<u>(2,660)</u>

2. Critical accounting judgements, estimates and assumptions

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

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

Impairment of non-financial assets

The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Fair value measurement of financial assets at fair value through other comprehensive income

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

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

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

Provisions

As a normal consequence of the Company's operations, a number of provisions are made which are based on estimates. This includes a provision for the present value of anticipated costs for future restoration of leased premises. The provision includes future costs associated with closure of the premises. The calculation of this provision requires assumptions such as expected future closure dates and cost estimates. The provision recognised for each location is reviewed periodically and updated based on the facts and circumstances available at that time. Changes to the estimated future costs are recognised in the Statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying value of the asset are recognised in profit or loss.

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

Lease term

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

Incremental borrowing rate

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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3. Revenue

	2019 £'000	2018 £'000
Dividends received from subsidiary undertakings	<u>123,784</u>	<u>152,991</u>

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

4. Other Income

	2019 £'000	2018 £'000
Income from subleasing	<u>2,101</u>	<u>-</u>

5. Administrative expenses

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

	2019 £'000	2018 £'000
Net foreign exchange losses/(gains)	134	(218)
Depreciation of tangible fixed assets	4,677	4,699
Loss on disposal of tangible fixed assets	-	276
Other administrative expenses	(16,991)	(2,984)
Amortization of ROU assets	13,011	-
Impairment loss on investments	<u>360</u>	<u>1,216</u>
	<u>1,191</u>	<u>2,989</u>

For details on the impairment charge refer to note 15 and for amortization of ROU assets refer to note 18.

The Company incurs expenses on behalf of other Aon Group companies. The credit on other administrative expenses relates to recharges of these expenses.

6. Directors' emoluments

	2019 £'000	2018 £'000
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	799	1,038
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	207	648
Aggregate of company contributions paid in respect of money purchase schemes	<u>37</u>	<u>53</u>
Total	<u>1,043</u>	<u>1,739</u>

The aggregate emoluments in respect of qualifying services paid to directors or past directors as compensation for loss of office during the year was £Nil (2018: £Nil).

	2019	2018
The number of directors who:		
Received shares in respect of qualifying services under a long term incentive scheme	2	2
Accrued benefits under money purchase schemes	4	5

Aon UK Holdings Limited (formerly Aon Benfield Limited)
Notes to the financial statements
31 December 2019

6. Directors' emoluments (continued)

	2019 £'000	2018 £'000
Remuneration of the highest paid director:		
Emoluments	561	1,033
Pension contributions	20	18
Total	581	1,051

The highest paid director received 1,672 shares at an average price \$169.41 under long-term incentive schemes in 2019.

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 this amount between their services as directors of the Company and their services as directors or employees of other group companies, and where appropriate the disclosed amounts have been pro-rated depending on when one is appointed or resigned. Where appropriate remuneration costs are subsequently recharged under Group reallocations to the Company. The comparative amounts have been presented on the same basis as the current year.

7. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by Ernst & Young LLP, the auditor of the Company, and its associates:

	2019 £'000	2018 £'000
Audit of the financial statements	9	9

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

8. Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest receivable	833	862
Finance interest receivable on sublease	179	-
	1,012	862

9. Interest payable and similar charges

	2019 £'000	2018 £'000
Notional interest charge	-	59
Interest and finance charges payable on lease liabilities	4,256	-
	4,256	59

Aon UK Holdings Limited (formerly Aon Benfield Limited)
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10. Income tax credit

	2019 £'000	2018 £'000
<i>Income tax credit</i>		
Current tax	(338)	(415)
Deferred tax - origination and reversal of temporary differences	223	309
Adjustment recognised for tax of prior periods	41	(184)
Impact of change in tax rates	(29)	(32)
Aggregate income tax credit	<u>(103)</u>	<u>(322)</u>

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

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

Profit before income tax credit	121,450	150,805
Tax at the statutory tax rate of 19%	23,076	28,653
Adjustment recognised for tax of prior periods	41	(184)
Expenses not deductible for tax purposes	329	559
Income not taxable	(23,519)	(29,318)
Impact of change in tax rates	(30)	(32)
Income tax credit	<u>(103)</u>	<u>(322)</u>

The headline rate of UK corporation tax is currently 19%. Finance Act 2016 included a reduction in the UK headline rate to 17% from 1 April 2020. Temporary differences at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

In March 2020, the UK Government passed a resolution to reverse the planned rate reduction and to maintain the current rate of 19%. This resolution does not constitute substantive enactment at the balance sheet date and therefore the temporary differences at the balance sheet date continue to be measured at the enacted rate of 17%. If the deferred tax position were to be recalculated at 19%, this would result in an increase of the deferred tax value in the balance sheet by £227,000.

	2019 £'000	2018 £'000
<i>Deferred tax in the statement of profit or loss:</i>		
Decelerated capital allowances	182	309
Adjustments for IFRS 16	41	-
Total deferred tax asset movement	<u>223</u>	<u>309</u>

Aon UK Holdings Limited (formerly Aon Benfield Limited)
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11. Current assets - Trade and other receivables

	2019 £'000	2018 £'000
Prepayments and accrued income	2,185	4,795
Other receivables	1,297	-
Amounts owed by fellow Group undertakings	1,460	142
Amounts owed by subsidiary undertakings	1,424	1,404
Finance lease receivable	2,101	-
	<u>8,467</u>	<u>6,341</u>

12. Current assets - Income tax receivable

	2019 £'000	2018 £'000
Group relief receivable	<u>338</u>	<u>415</u>

13. Current assets - Cash and cash equivalents

	2019 £'000	2018 £'000
Cash and cash equivalents	<u>65,250</u>	<u>254,616</u>

14. Non-current assets - Tangible fixed assets

	2019 £'000	2018 £'000
Leasehold improvements - at cost	37,087	35,500
Less: Accumulated depreciation	<u>(19,400)</u>	<u>(16,140)</u>
	<u>17,687</u>	<u>19,360</u>
Fixtures and fittings - at cost	14,134	13,723
Less: Accumulated depreciation	<u>(7,961)</u>	<u>(6,552)</u>
	<u>6,173</u>	<u>7,171</u>
Computer equipment - at cost	53	38
Less: Accumulated depreciation	<u>(14)</u>	<u>(6)</u>
	<u>39</u>	<u>32</u>
Capital work in progress	<u>390</u>	<u>137</u>
	<u>24,289</u>	<u>26,700</u>

Aon UK Holdings Limited (formerly Aon Benfield Limited)
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14. Non-current assets - Tangible fixed assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below, net of the disposal of fully depreciated assets:

	Leasehold improvement £'000	Fixtures & fittings £'000	Computer equipment £'000	Capital in progress £'000	Total £'000
Balance at 1 January 2018	21,464	8,129	16	-	29,609
Additions	1,634	547	17	137	2,335
Disposals	(274)	(2)	-	-	(276)
Impairment of assets	(269)	-	-	-	(269)
Depreciation expense	(3,195)	(1,503)	(1)	-	(4,699)
Balance at 31 December 2018	19,360	7,171	32	137	26,700
Additions	1,587	411	15	253	2,266
Depreciation expense	(3,260)	(1,409)	(8)	-	(4,677)
Balance at 31 December 2019	17,687	6,173	39	390	24,289

15. Non-current assets - Investments in subsidiaries

	2019 £'000	2018 £'000
Investments in subsidiaries	2,336,754	2,337,114

Aon UK Holdings Limited (formerly Aon Benfield Limited)
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15. Non-current assets - Investments in subsidiaries (continued)

The Company's direct subsidiaries as at 31 December 2019 are as follows:

Name	Address of registered office	Holding	Proportion held %
Aon Benfield Group Limited	Aon House, 30 Woodbourne Avenue, Pembroke, Bermuda	Ordinary shares	100.00%
Aon Benfield Israel Limited	4 Berkovitch Street, Museum Building, 18th floor 64238 Tel Aviv, Israel	Ordinary shares	100.00%
Aon Benfield Malaysia Limited	Level 10, Tower 3, Avenue 7, The Horizon, Bangsar South, No 8 Jalan Kerinchi, Kuala Lumpur 59200 Labuan F.T (R), Malaysia	Ordinary shares	100.00%
Aon Benfield Puerto Rico Inc.	304 Ponce De Leon, Suite 1017, San Juan, PR 00918, Puerto Rico	Ordinary shares	100.00%
Aon DC Trustee Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon Delta Bermuda Ltd	Aon House, 30 Woodbourne Avenue, Pembroke, Bermuda	Ordinary shares	100.00%
Aon Solutions UK Limited (formerly Aon Hewitt Limited)	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon Holdings Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon PMI International Limited	Lorica House, 16a Cornet Street St. Peter Port, Guernsey	Ordinary shares	100.00%
Aon Risk Services (NI) Limited	8th Floor Victoria House, 15-17 Gloucester Street, Belfast, Ireland (Northern)	Ordinary shares and preference shares	100.00%
Aon Securities Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon Treasury Ireland Limited	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ordinary shares	100.00%
Aon UK Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
E. W. Blanch Holdings Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Hewitt Associates Outsourcing Limited	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%
Minet Inc.	700 de la Gauchetierre West, Suite 800, Montreal, QC H3B 0A5 Quebec, Canada	Ordinary shares and preference shares	100.00%
Rasini Vigano Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%

Please refer to the appendix for all indirect subsidiary and associate undertakings of the Company as at 31 December 2019.

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

	2019 £'000	2018 £'000
Opening balance	2,337,114	2,338,330
Impairment charge for the year	<u>(360)</u>	<u>(1,216)</u>
Closing balance	<u>2,336,754</u>	<u>2,337,114</u>

In 2019, the Company impaired its subsidiary undertaking, Aon PMI International Limited by £0.4m (2018: £1.2m).

On 1 November 2019 the Company transferred the investment in its subsidiary, Aon Consulting Limited, to Aon UK Limited, a fellow group company, at book value of £83.5m via an in-specie capital contribution.

16. Non-current assets - Other receivables

	2019 £'000	2018 £'000
Finance lease receivable	<u>5,760</u>	<u>-</u>

17. Non-current assets - Financial assets at FVOCI

	2019 £'000	2018 £'000
Equity instruments at FVOCI	<u>20,877</u>	<u>15,501</u>

Reconciliation

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

Opening fair value	15,501	10,171
Gain on the re-measurement of equity instruments at FVOCI	<u>5,376</u>	<u>5,330</u>
Closing fair value	<u>20,877</u>	<u>15,501</u>

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

Additionally, the Company holds at £Nil a 1% investment in Aon Hewitt Saudi Arabia LLC and 0.01% investment in Portus Online LLP.

18. Non-current assets - Right-of-use assets

	2019 £'000	2018 £'000
Buildings - right-of-use	123,741	-
Less: Accumulated depreciation	<u>(13,011)</u>	<u>-</u>
	<u>110,730</u>	<u>-</u>

Aon UK Holdings Limited (formerly Aon Benfield Limited)
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18. Non-current assets - Right-of-use assets (continued)

Reconciliations

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

	ROU - Property £'000	Total £'000
Balance at 1 January 2018	-	-
Balance at 31 December 2018	-	-
Balance at 1 January 2019 (IFRS 16 adoption)	119,720	119,720
Additions to ROU assets	4,021	4,021
Depreciation charge for ROU assets	(13,011)	(13,011)
Balance at 31 December 2019	<u>110,730</u>	<u>110,730</u>

19. Non-current assets - Deferred tax asset

	2019 £'000	2018 £'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Decelerated capital allowances	1,634	1,820
Adoption of IFRS 16	350	-
Deferred tax asset	<u>1,984</u>	<u>1,820</u>
<i>Movements:</i>		
Opening balance	1,820	1,918
Charged to profit or loss (note 10)	(223)	(309)
Adoption of IFRS 16	387	-
Adjustment recognised for tax of prior periods	(29)	179
Impact of change in tax rates to the statement of profit and loss	29	32
Closing balance	<u>1,984</u>	<u>1,820</u>

20. Current liabilities - Trade and other payables

	2019 £'000	2018 £'000
Trade payables	-	1,137
Accruals	4,033	4,467
Other payables	40	-
Amounts owed to fellow Group undertakings	118	176
Amounts owed to subsidiary undertakings	54,549	22,906
Other taxes and social security payables	808	139
	<u>59,548</u>	<u>28,825</u>

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21. Current liabilities - Lease liabilities

	2019 £'000	2018 £'000
Lease liability	<u>14,111</u>	<u>-</u>

22. Current liabilities - Provisions

	2019 £'000	2018 £'000
Onerous provision	-	75
Restructuring provision	-	730
Dilapidation provision	<u>-</u>	<u>306</u>
	<u>-</u>	<u>1,111</u>

Please refer to the note 24 below for the overall movement of each provision class.

23. Non-current liabilities - Other payables

	2019 £'000	2018 £'000
Accruals	<u>-</u>	<u>21,814</u>

The 2018 accruals relate to the long-term rent free leases commitments. The Company derecognised its accruals related to rent free period commitment on adoption of IFRS 16.

24. Non-current liabilities - Provisions

	2019 £'000	2018 £'000
Onerous provision	-	1,720
Restructuring provision	-	88
Dilapidation provision	<u>3,528</u>	<u>3,177</u>
	<u>3,528</u>	<u>4,985</u>

Onerous lease

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

The Company appropriately reflects an onerous lease contract by applying the requirements of IFRS 16, Leases. Therefore, the provision previously recognised as at 31 December 2018 was derecognised on adoption of IFRS 16.

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24. Non-current liabilities - Provisions (continued)

Restructuring provision

The provision represents the estimated costs to sell or terminate a line of business, close or relocate a business location, change the management structure or other fundamental reorganisations that have a material effect on the Company. The provision is recognised once the detailed restructuring plan has been drawn up by management and communicated to the public and those affected by the plans.

The restructuring plan of the UK operations has historically been focused on both the reduction of headcount and properties occupied by the Company. The restructuring plan was intended to integrate and streamline operations across Aon entities and has been closed for future accrual since 31 December 2013; however various accruals remain at 31 December 2018 and will continue to run off until all liabilities have been settled.

Vacant property provisions are calculated net of the estimated income expected to be received once the properties are vacated and sublet, and other costs. The major assumptions and uncertainties include the time period over which the buildings will remain vacant, the sublease terms, rental rates and service charges.

Provision has been made for the residual lease commitments, together with other outgoings, after taking into account existing sub-tenant arrangements. It is not assumed that the properties will be able to be sub-let beyond the periods in the present sub-lease agreements. In determining the provision for the Company's properties, the cash flows have been discounted on a pre-tax basis using appropriate government bond rates.

Under IFRS 16, the Company recognises a provision for restructuring under right of use assets and, therefore, a separate classification under Restructuring provision at 31 December 2018 was derecognised on adoption of IFRS 16.

Dilapidation provisions

The dilapidation provision relates to contractual obligations of the Company on surrender of the property lease to reinstate the premises to the same state and condition as before occupancy including making good all damage caused by the removal.

Movements in provisions

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

	Restructuring provision £'000	Dilapidation provision £'000	Onerous lease provision £'000
2019			
Carrying amount at the start of the year	818	3,483	1,795
Additional provisions recognised	-	48	-
Released in the year	-	(3)	-
IFRS 16 adjustment	(818)	-	(1,795)
Carrying amount at the end of the year	-	3,528	-

25. Non-current liabilities - Lease liabilities

	2019 £'000	2018 £'000
Lease liability	127,237	-

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25. Non-current liabilities - Lease liabilities (continued)

Maturity analysis of leases as of 31 December 2019 is as follows:

	£'000
2020	18,155
2021	17,196
2022	14,948
2023	13,292
2024	11,614
Thereafter	98,782
	<u>173,987</u>
Less: Imputed interest	<u>(32,639)</u>
Present value of lease liabilities	<u>141,348</u>
of which:	
Current	14,111
Non-current	<u>127,237</u>
	<u>141,348</u>

26. Equity - Share capital

	2019 Shares	2018 Shares	2019 £'000	2018 £'000
Ordinary shares - fully paid	<u>120,305,930</u>	<u>120,305,930</u>	<u>120,306</u>	<u>120,306</u>

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

27. Equity - Share premium account

	2019 £'000	2018 £'000
Share premium account	<u>2,116,643</u>	<u>2,116,643</u>

28. Equity - Capital contribution reserve

	2019 £'000	2018 £'000
Capital contribution reserve	<u>55,665</u>	<u>55,665</u>

29. Equity - Fair value reserve of financial assets at FVOCI

	2019 £'000	2018 £'000
Fair value reserve of financial assets at FVOCI	<u>20,877</u>	<u>15,501</u>

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29. Equity - Fair value reserve of financial assets at FVOCI (continued)

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve ("FVOCI reserve") is used to recognise increments and decrements in the fair value of financial assets carried at fair value through other comprehensive income.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Fair value reserve of financial assets at FVOCI £'000	Total £'000
Balance at 1 January 2018	10,171	10,171
Fair value gain	5,330	5,330
Balance at 31 December 2018	15,501	15,501
Fair value gain	5,376	5,376
Balance at 31 December 2019	20,877	20,877

30. Equity - Retained earnings

	2019 £'000	2018 £'000
Retained earnings at the beginning of the financial year	277,657	126,530
Adjustment for change in accounting policy	2,660	-
Retained earnings at the beginning of the financial year - restated	280,317	126,530
Profit after income tax credit for the year	121,553	151,127
Dividends paid (note 31)	(345,336)	-
Retained earnings at the end of the financial year	56,534	277,657

31. Equity - Dividends paid

Dividends paid during the financial year were as follows:

	2019 £'000	2018 £'000
An interim dividend of £345.3m (£2.87 per share) was paid during the year ended 31 December 2019 (2018: £Nil (£Nil per share)), to Aon Delta UK Limited, the Company's parent.	345,336	-

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32. Guarantees

The Group maintains multi-currency cash pools with third-party banks in which various Aon entities participate. As part of the Group'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 2019 include cash pool deposits of £65.3m (2018: £254.6m), 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.

33. Events after the reporting period

On 18 February 2020, the Company received dividends of £74.5m from Aon UK Limited.

On 4 March 2020, the Company received dividends of £265.1m from Aon Delta Bermuda Limited and immediately paid the same amount as dividends to its parent entity, Aon Delta UK Limited.

On 11 March 2020, the outbreak of the coronavirus, COVID-19, was declared by the World Health Organisation to be a pandemic. The spread of COVID-19 across the globe is impacting worldwide economic activity and has resulted in restrictions on travel and quarantine policies being put in place by businesses and governments, which may adversely affect the business of the Aon Group. The Aon Group is closely monitoring the situation and its business, liquidity, and capital planning initiatives, to ensure minimal impact to daily operations. The Aon Group is fully operational and has deployed business continuity protocols in impacted regions to facilitate remote working capabilities.

The global stock markets have fallen considerably since the outbreak of COVID-19 that started in January 2020 which has impacted the market capitalisation of the majority of companies globally, including the Aon Group. This has had a corresponding negative impact on the valuation of companies worldwide, including the investments in subsidiaries held by the Company. This reduction however is not an adjusting post balance sheet event and therefore the valuations in the balance sheet reflect the valuation as at 31 December 2019. At the time of signing these financial statements, there were no indicators of impairment for the investments in subsidiaries.

On 27 May 2020, the Company changed its name to Aon UK Holdings Limited (formerly Aon Benfield Limited).

No other matter or circumstance has arisen since 31 December 2019 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.

34. Controlling party

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

The ultimate parent undertaking and controlling party as at 31 December 2019 was Aon plc, a company incorporated in the UK and registered in England and Wales ("Aon plc - UK"). Subsequent to year end, as part of a Group reorganisation, the ultimate parent company of the Group which contains the Company, and for which Group financial statements are prepared, transferred from the UK to Ireland. Effective from 1 April 2020, the Irish incorporated entity, Aon plc, became the ultimate parent undertaking of the Group ("Aon plc - Ireland").

Copies of the Group financial statements of Aon plc - UK are available from Companies House, Crown Way, Cardiff, CF14 3UZ and also from the Company Secretary, The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN.

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The indirect subsidiary and associates undertakings of the Company as at 31 December 2019 are as follows:

Name of Company	Address of registered office	Holding	Proportion held .00%
AB Insurances Ltd	119 Henry Street, Port-of-Spain, Trinidad, WI, Trinidad and Tobago	Ordinary shares	100.00%
Acumen Credit Insurances Brokers Limited	Trueman House, Capitol Park Tingley, Leeds, West Yorkshire, LS27 0TS, UK	Ordinary shares	100.00%
Affinity Group Insurance Services Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
Agility Credit Insurance Brokers Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
Agostini Insurance Brokers Limited	119 Henry Street, Port of Spain, Trinidad and Tobago	Ordinary shares	45.00%
Agostini Insurance Brokers Grenada Limited	J.E. Bergasse Building, 1st Floor, Vide Boutielle, Saint Lucia	Ordinary shares	22.00%
Agostini Insurance Brokers Grenada Limited	Scott Street, St. George's, Grenada	Ordinary shares	24.00%
AIB Services Ltd	119 Henry Street, Port-of-Spain, Trinidad, WI, Trinidad and Tobago	Ordinary shares	45.00%
Alexander Clay	103, Waterloo Street, Glasgow, Scotland, G2 7BW, UK	Ordinary shares	42.00%
Allen Insurance Associates, Inc.	200 E. Randolph St., Chicago, IL 60601, USA	Ordinary shares	100.00%
Aon 180412 Limited (in liquidation) Limited	Devonshire House, 60 Goswell Road, London, EC1M 7AD, UK	Ordinary shares	100.00%
Aon Adjudication Services Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
Aon Benfield do Brasil Corretora de Resseguros Ltda	Rua Sao Bento, 18, sala 1302, Centro, CEP 20090-010, Rio de Janeiro/RJ, Brasil	Ordinary shares	100.00%
Aon Reinsurance Colombia Limitada Corredores de Reaseguros	Avenida Carrera 9 #113-52 Of. 505, Bogotá, Colombia	Ordinary shares	100.00%
Aon Benfield Mexico Intermediario De Reseguros SA de CV	Blvd. Manuel Avila Camacho No. 1, piso 10, Col. Polanco, C.P. 11560, Mexico D.F	Ordinary shares	8.00%
Aon Benfield Panama, S.A.	Ave. Samuel Lewis y Callie, 54 Olbarrio Torre Generali, Piso #27, Bella Vista, Panama	Ordinary shares	56.00%
Aon Benfield Peru Corredores de Reaseguros SA	Calle Dionisio Derteano 144, oficina 1001, San Isidro, Peru	Ordinary shares	100.00%
Aon Broking Services SA	Swiss Bank Building, 16th Floor, 53rd Street, Urbanizacion Obarrio- World Trade Center, Panama	Ordinary shares	100.00%
Aon Consulting Kazakhstan LLP	25, Samal-3, Almaty, Kazakhstan	Ordinary shares	55.00%
Aon Consulting Limited	Briarcliff House, Kingsmead, Farnborough, Hampshire, GU14 7TE, UK	Ordinary shares	100.00%
Aon Consulting Financial Services Limited	Briarcliff House, Kingsmead, Farnborough, Hampshire, GU14 7TE, UK	Ordinary shares	100.00%

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Name of Company	Address of registered office	Holding	Proportion held .00%
Aon Group Venezuela, Corretaje de Reaseguro C.A.	Avenida Principal de El Bosque, Edificio Pichincha, piso PH, apartamento PH2, Chacaíto, Caracas, Venezuela	Ordinary shares	100.00%
Aon Hewitt (Cyprus) Limited	8 Kennedy Ave, 1087 Nicosia, Cyprus	Ordinary shares	35.00%
Aon Hewitt (Ireland) Limited	5th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary shares	100.00%
Aon Hewitt Danismanlik A.S.	Feneryolu MAH. Bagdat CAD. Korur	Ordinary shares	35.00%
Aon Hewitt Ltd	4th floor Dias Pier, Le Caudan Waterfront, Port Louis, Mauritius	Ordinary shares	33.00%
Aon Hewitt Management Company Limited	33 Sir John Rogerson's Quay, Dublin 2, Ireland, Ireland	Ordinary shares	100.00%
Aon Hewitt SA	2 Mesogion St, 115 27 Athens, Greece	Ordinary shares	35.00%
Aon Insurance Micronesia (Guam) Inc	718 North Marine Corps Drive Suite 306, Guam (Micronesia)	Ordinary shares	97.00%
Aon (Isle of Man) Limited	Third Floor, St George's Court, Upper Church Street, Douglas, Isle of Man	Ordinary shares	100.00%
Aon Pension Trustees Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon Trust Corporation Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Aon UK Trustees Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Asian Reinsurance Underwriters Limited	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary shares	100.00%
Bacon & Woodrow Partnerships Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Bacon & Woodrow Partnerships (Ireland) Limited	5th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland, Ireland	Ordinary shares	100.00%
Bain Hogg Group Limited (in liquidation)	Devonshire House, 60 Goswell Road, London, EC1M 7AD, UK	Ordinary shares	100.00%
Bankassure Insurance Services Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
Becketts (Trustees) Limited	Hibernian House, Building 5200, Cork Airport Business Park, Co Cork, Ireland	Ordinary shares	100.00%
Bowes & Company, Inc., of New York	200 E. Randolph St., Chicago, IL 60601, U.S.	Ordinary shares	100.00%
Cardea Health Solutions Limited	119 Henry Street, Trinidad and Tobago	Ordinary shares	45.00%
Contingency Insurance Brokers Limited	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary shares	51.00%
Contractsure Limited	Trueman House, Capitol Boulevard Tingley, Leeds, West Yorkshire, LS27 0TS, UK	Ordinary shares	100.00%

Aon UK Holdings Limited (formerly Aon Benfield Limited)**Appendix****31 December 2019**

Name of Company	Address of registered office	Holding	Proportion held .00%
CoSec 2000 Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
Delany Bacon & Woodrow Partnership	Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland, Ireland	Ordinary shares	100.00%
Denney, O'Hara (Life & Pensions) Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
Doveland Services Limited	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN, UK	Ordinary shares	100.00%
E. W. Blanch Investments Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN, UK	Ordinary shares	100.00%
Eurotempest Limited	C/o Ucl Business Plc, Network Building, 97 Tottenham Court Road, London, W1T 4TP, UK	Ordinary shares	33.00%
E. W. Blanch Investments Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
EW Blanch Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
EW Blanch Limited	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary shares	100.00%
Hall Rhodes Holdings Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%
Hall Rhodes Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%
Henderson Corporate Insurance Brokers Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
Henderson Insurance Brokers Limited	Trueman House, Capitol Park Tingley, Leeds, West Yorkshire, LS27 0TS, UK	Ordinary shares	100.00%
Henderson Risk Management Limited	Trueman House, Capitol Park Tingley, Leeds, West Yorkshire, LS27 0TS, UK	Ordinary shares	100.00%
Hewitt Risk Management Services Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Hogg Group Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
Hogg Robinson North America, Inc.	200 E. Randolph St., Chicago, IL 60601, U.S.	Ordinary shares	100.00%
Insurance Broker Aon Kazakhstan LLP	25, Samal-3, Almaty, Kazakhstan	Ordinary shares	55.00%
Insurance Company of the Bahamas Limited	33 Collins Avenue P. O. Box N-8320. Nassau, Bahamas	Ordinary shares	40.00%
International Space Brokers Europe Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
International Space Brokers Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN, UK	Ordinary shares	100.00%

Aon UK Holdings Limited (formerly Aon Benfield Limited)**Appendix****31 December 2019**

Name of Company	Address of registered office	Holding	Proportion held .00%
J.S. Johnson & Company Limited	33 Collins Avenue P. O. Box N-8320. Nassau, Bahamas	Ordinary shares	40.00%
J.S. Johnson & Company (Turks & Caicos) Ltd	Graceway Plaza, Leeward Highway, Providenciales, Turks & Caicos	Ordinary shares	32.00%
Jenner Fenton Slade Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%
Krumlin Hall Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%
McLagan (Aon) Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Minet Consultancy Services Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%
Minet Group	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN, UK	Ordinary shares	100.00%
NBS Nominees Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Optimum Risk Solutions Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
P.G. Bradley & Co Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%
Portus Consulting Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
Richard Kiddle (Insurance Brokers) Limited (in liquidation)	55 Baker Street London W1U 7EU, UK	Ordinary shares	100.00%
Ronnie Elementary Insurance Agency Ltd	4 Berkovitch Street, Museum Building, 18th floor 64238 Tel Aviv, Israel	Ordinary shares	100.00%
The Aon Ireland Mastertrustee Limited	5th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ordinary shares	100.00%
The Aon MasterTrustee Limited	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, UK, EC3V 4AN	Ordinary shares	100.00%
UK Credit Insurance Specialists Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK	Ordinary shares	100.00%