# Aon Finance UK 4 Limited

**Company Number 13071273**

# Annual Report - 31 December 2021

**Aon Finance UK 4 Limited**
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**Aon Finance UK 4 Limited**
**Corporate directory**
**31 December 2021**

| | |
|---|---|
| Directors | R Spareboom (appointed on 8 December 2020)<br>P Katsaouni-Dodd (appointed on 8 December 2020) |
| Company secretary | CoSec 2000 Limited |
| Registered office | The Aon Centre<br>The Leadenhall Building<br>122 Leadenhall Street<br>London<br>EC3V 4AN |
| Auditor | Ernst & Young LLP<br>25 Churchill Place<br>London<br>E14 5EY<br>United Kingdom |

**Aon Finance UK 4 Limited**
**Strategic report**
**31 December 2021**

The Directors present their Strategic report on Aon Finance UK 4 Limited ("the Company") for the period from the date of incorporation on 8 December 2020 until 31 December 2021.

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 US dollars because that is the currency of the primary economic environment in which the Company operates and in which the receipts from the Company's operating activities are usually retained.

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

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under Section 401 of the Companies Act, because it is included in the Group financial statements of Aon plc ("the Group"). The Group financial statements are available to the public and can be obtained as set out in Note 18.

**Principal activities**
The principal activity of the Company during the period under review was that of a financing company.

**Review of operations**
The Company made a profit after tax for the period of $975k. The Company's key financial and other performance indicators for the period were as follows:

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| Administrative expenses | (234) |
| Interest receivable and similar income | 1,490 |
| Profit after tax | 975 |

**Administrative expenses:**
Administrative expenses relate to expected credit loss on other receivables.

**Interest receivable and similar income:**
The interest receivable relates to the interest earned on the Company's loan with Aon Global Limited.

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| Shareholder's funds | 360,975 |
| Net current assets | 360,975 |

The Company was incorporated on 8 December 2020 with a share capital of $0.01 from its then parent company, Aon Overseas Holdings Limited ('AOHL').

On 16 December 2020, as part of an Aon Group financing project, the Company issued a further 274 Ordinary Shares of $0.01 to AOHL as the sole shareholder at that time, for a consideration price of $275.0m, with the excess of the par value being recognised in share premium reserve. On the same day, the Company issued a loan note with principal amount of $275.0m to Aon Global Limited. The loan is due on demand with maturity date of 16 December 2022.

On 23 December 2020 AOHL sold its entire shareholding in the capital of the Company (275 ordinary Shares $0.01 each) to Aon Holdings International BV ('AHIBV'). As a result, AHIBV became the parent of the Company and its sole shareholder.

On 23 December 2020 the Company issued further 225 Ordinary Shares of $0.01 each, for consideration of $225.0m with the excess of the par value being recognised in share premium reserve.

On 23 April 2021 the Company reduced its share premium reserve by $225.0m. Proceeds from the reduction of capital were credited to the Company's distributable reserves and subsequent to the successful registration of the reduction declared an interim dividend of USD 140M.

On 1 December 2021 the Company reduced its share premium reserve by a further $275.0m and cancelled all but one of its 500 shares. Proceeds from the capital reduction were credited to the Company's distributable reserves.

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

**Principal risks and uncertainties**

The risk factors set forth below reflect material risks associated with the business and contain forward-looking statements as discussed in the Likely future developments section below. Readers should consider them in addition to the other information contained in this report as our business, financial condition or results of operations could be adversely affected if any of these risks were to actually occur.

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

***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 our financial statements. The Company periodically evaluates its estimates and assumptions including, but not limited to, those relating to recoverability of assets including financial assets and income taxes. The Company bases its estimates on historical experience and various assumptions that it 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, or 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.

**COVID-19 Pandemic**
The outbreak of the coronavirus, which causes COVID-19, was declared by the World Health Organization to be a pandemic in 2020 and has impacted almost all countries, in varying degrees, creating significant public health concerns, and significant volatility, uncertainty, and economic disruption in every region in which the Company operate. The COVID-19 pandemic has resulted, and may continue to result, in significant economic disruption and volatility, although in recent months progress has been made in the development and distribution of vaccines, contributing to overall improved economic conditions globally, despite recent developments as a result of the Delta and Omicron variants.

The Group continues to closely monitor the situation and its impacts on the Company's business, liquidity, and capital planning initiatives. The Group continue to be fully operational and to reoccupy certain offices in phases, where deemed appropriate and in compliance with governmental restrictions considering the impact on health and safety of colleagues, their families, and clients, and the Company have restricted or minimised access to offices where appropriate to support the health and safety of colleagues. The Group continues to deploy business continuity protocols to facilitate remote working capabilities to ensure the health and safety of colleagues and to comply with public health and travel guidelines and restrictions.

As the situation continues to evolve, the scale and duration of disruption cannot be predicted, and it is not possible to quantify or estimate the full impact that COVID-19 will have on the Company's business. While the Company continues to focus on managing its cash flow to meet liquidity needs, our results of operations, particularly with respect to our more discretionary revenues, may be adversely affected. However, for the period ended 31 December 2021, the impacts of COVID-19 on our business results have lessened and we have seen overall strength across the Aon Group. The Group continues to monitor the situation closely.

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

The Group's operations in countries undergoing political change or experiencing economic instability are subject to uncertainty and risks that could materially adversely affect the Group's business. These risks include, particularly in emerging markets, the possibility the Group would be subject to undeveloped or evolving legal systems, unstable governments and economies, and potential governmental actions affecting the flow of goods, services, and currency.

Following the UK's formal withdrawal from the EU, commonly referred to as Brexit, the EU and UK ratified a trade cooperation agreement governing their future relationship in 2021 to address trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. As the agreement merely sets forth a framework in many respects and requires ongoing complex additional bilateral negotiations between the UK and the EU as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains. The Company has significant operations and a substantial workforce within the UK, who previously enjoyed certain benefits based on the UK's membership of the EU, and the lack of clarity around the future relationship between the UK and the EU creates uncertainty that may have a material impact on the Company's business and operations. The Company may also be required to incur additional expense as it adapts to and creates the ability to operate within the new political and regulatory environment.

Please also see the "Events after the reporting period" section of the Directors report for consideration of the impact of the Russia-Ukraine war on the Company.

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

## Financial Risk Management

### *Objectives and policies*

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

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

### *Exposure to foreign currency risk*

The Company is exposed to foreign exchange risk when it earns revenues, pays expenses, or enters into monetary intercompany transfers or other transactions denominated in a currency that differs from its functional currency.

### *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 undertakings and subsidiaries. Details of the Company's receivables are disclosed in note 10.

With the exception of the cash pooling arrangement as detailed in note 16, the Company has no significant concentration of credit risk outside of the Group, with exposure spread over a large number of counterparties and customers.

### *Exposure to liquidity and cash flow risk*

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

## Termination of business combination agreement

On 9 March 2020 Aon and Willis Towers Watson ("WTW") entered into a Business Combination Agreement ("BCA") with respect to a combination of the parties (the "Combination"). The parties' respective shareholders approved the Combination on 26 August 2020.

On 16 June 2021, the United States Department of Justice ("DOJ") filed a civil antitrust lawsuit against Aon and WTW in the United States District Court for the District of Columbia seeking to prevent the Combination from going ahead. On 26 July 2021, Aon and WTW entered into an agreement to terminate the BCA, (the "Termination Agreement"). Pursuant to the Termination Agreement, the BCA was terminated and a termination fee of $1 billion (the "Termination Fee") was paid to WTW. Following the termination, the lawsuit by the DOJ was dismissed.

Aon Corporation, a subsidiary of Aon plc, paid the Termination Fee to WTW on 27 July 2021, reflecting that U.S. business services provided by Aon Corporation and its subsidiaries were the primary focus of the DOJ's challenge to our proposed combination. The Termination Fee was paid to defend the existing U.S. business of Aon Corporation and to avoid additional remedy divestitures of critical Aon Corporation business segments in the U.S. and the continuing delay and uncertainty in completing the combination. The termination fee does not impact the Company and consequently its going concern assessment.

**Aon Finance UK 4 Limited**
**Strategic report**
**31 December 2021**

**The Aon Group**
Aon plc is a company incorporated and registered in the Republic of Ireland, listed on the New York Stock Exchange ("NYSE") which had net assets of circa US $1.2 billion (2020: US $3.6 billion) as disclosed in its audited financial statements for the year ended 31 December 2021 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 16 of the financial statements, Group capital injections, and other head office services. The Company continues to benefit from the Group's support and the Directors expect this support to continue for the foreseeable future. Availability of this support provides additional mitigation to many of the Company's principal risks.

**Section 172 statement**
During the period 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 financing 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:
- 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 financing entity the key stakeholders are the parent entities and fellow group undertakings. 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.

**Streamlined Energy and Carbon Reporting (SECR)**
The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when "The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018" came into force. The legislation requires that large (as defined in sections 465 and 466 of the Companies Act 2006), unquoted companies report on UK energy use and associated greenhouse gas emissions relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through its annual report.

Aon Finance UK 4 Limited is part of the Aon UK group of companies that meets the criteria of a "large company" under the scheme. For Aon UK group companies, the Directors' decision was to aggregate the reporting under SECR. The Directors have appointed Aon Global Limited as the responsible undertaking. Detailed energy and carbon disclosures can be found within Directors' Report of Aon Global Limited as at 31 December 2020 and will be published for the year ended 31 December 2021 later in the year.

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

**Aon Finance UK 4 Limited**
**Strategic report**
**31 December 2021**

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

On behalf of the directors

Katie Eldred

K Eldred, For and on behalf of CoSec 2000 Limited
Company Secretary

26 August 2022

**Aon Finance UK 4 Limited**
**Directors' report**
**31 December 2021**

The directors present their report, together with the financial statements, on the company for the period ended 31 December 2021.

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

**Political donations**
No political donations were made during the period.

**Dividends**
Dividends paid during the financial period were as follows:

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| An interim dividend of $140.0m ($280k per share) was paid during the period ended 31 December 2021 to Aon Holdings International B.V, the Company's parent. | 140,000 |

**Likely future developments**
Information on likely future developments of the company are disclosed in the strategic report.

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

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

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

**Going concern**
The Directors have prepared a going concern assessment for the Company for the financial period to August 2023 (reflecting a one-year projection from the date of the signing of the 2021 statutory accounts in August 2022).

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 income-generating financial assets. Consequently, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

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

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

**Events after the reporting period**
Subsequent to year end, and as part of Aon Group re-organisation, the Company requested a partial repayment of $170m principal plus accrued interest of its loan note to AGL on 10 March 2022. The Company then declared and paid an interim dividend of $255.1m to AHIBV, the Company's parent, on 11 March 2022, following the partial repayment of the loan.

***Russia-Ukraine Conflict***
On 24 February 2022, the Russian Federation commenced a military invasion of Ukraine. Russian actions with respect to Ukraine have resulted in certain sanctions being imposed by the United Kingdom, the European Union, the United States, and other jurisdictions. The Company currently does not have significant operations in Russia or Ukraine. As of 31 March 2022, the impact of the military conflict between Russia and Ukraine has not had a significant impact on Aon Group's global operations. Aon has suspended operational activity in Russia, including putting colleagues in Russia on paid leave. Offices in Poland and other neighbouring countries are providing support to Ukrainian colleagues who have left the country to seek refuge, include providing living accommodation. The Company continues to monitor the potential impacts on the business and the ancillary impacts that the war could have on other global operations. The company did not have any trade receivables from any Russian Federation entity as at 31 December 2021.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Disclosure of information to the auditors**
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**
Ernst & Young LLP were appointed on 8 December 2020 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 the Company's Directors which were in place during the period and remain in force at the date of this report.

**Directors**
The current Directors and all Directors who served during the period and to the date of this report are shown on page 2.

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

On behalf of the directors

Katie Eldred

K Eldred, For and on behalf of CoSec 2000 Limited
Company Secretary

26 August 2022

**Aon Finance UK 4 Limited**
**Directors' responsibilities statement**
**31 December 2021**

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with applicable 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 the profit or loss of the Company for that year.

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 Finance UK 4 Limited for the period ended 31 December 2021 which comprise 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 18, 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".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Other information

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

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework.
- We understood how Aon Finance UK 4 Limited is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. In assessing the effectiveness of the control environment, we reviewed minutes of the Board meetings and gained an understanding of the Company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions and the impact these have on the control environment and their potential to influence management manage the financial position of the company or influence the perceptions of stakeholders.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved
    - Considering the effectiveness of management's controls designed to address the risk of fraud.
    - Assessing accounting estimates for evidence of management bias
    - Evaluating the business rationale for significant and/or unusual transactions.

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

**Aon Finance UK 4 Limited**
**Independent auditor's report to the members of Aon Finance UK 4 Limited**
**31 December 2021**

**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
26 August 2022

**Aon Finance UK 4 Limited**
**Statement of profit or loss and other comprehensive income**
**For the period ended 31 December 2021**

| | Note | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|---|
| **Expenses** | | |
| Administrative expenses | 5 | (234) |
| **Operating loss** | | (234) |
| Interest receivable and similar income | 7 | 1,490 |
| **Profit before income tax charge** | | 1,256 |
| Income tax charge | 8 | (281) |
| **Profit after income tax charge for the period** | 14 | 975 |
| Other comprehensive income for the period, net of tax | | - |
| **Total comprehensive income for the period** | | 975 |

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

**Aon Finance UK 4 Limited**
**Statement of financial position**
**As at 31 December 2021**

| | Note | 31 Dec 2021 $'000 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | 9 | 86,435 |
| Trade and other receivables | 10 | 274,821 |
| Total current assets | | 361,256 |
| **Total assets** | | 361,256 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Income tax | 11 | 281 |
| Total current liabilities | | 281 |
| **Total liabilities** | | 281 |
| **Net assets** | | 360,975 |
| **Equity** | | |
| Issued capital | 12 | - |
| Retained profits | 14 | 360,975 |
| **Total equity** | | 360,975 |

Pelagia Katsaouni-Dodd

P Katsaouni-Dodd
Director

26 August 2022

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

**Aon Finance UK 4 Limited**
**Statement of changes in equity**
**For the period ended 31 December 2021**

| | Share capital $'000 | Share premium $'000 | Retained profits $'000 | Total equity $'000 |
|---|---|---|---|---|
| Balance at 8 December 2020 | - | - | - | - |
| Profit after income tax charge for the period | - | - | 975 | 975 |
| Other comprehensive income for the period, net of tax | - | - | - | - |
| Total comprehensive income for the period | - | - | 975 | 975 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Shares issued | - | 500,000 | - | 500,000 |
| Share premium reduction | - | (500,000) | 500,000 | - |
| Dividends paid (note 15) | - | - | (140,000) | (140,000) |
| Balance at 31 December 2021 | - | - | 360,975 | 360,975 |

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

## Note 1. Significant accounting policies

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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, disaggregation of revenue, reconciliations of contract assets and liabilities, unsatisfied performance obligations, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 issued by the FRC. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' and 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, 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 United States Dollars ("$"), or in certain cases, the nearest $.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

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 ongoing Coronavirus pandemic might have 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 a financing company. As a financing company, transactions during the period are minimal, largely consisting of the receipt of finance interest. The Company has minimal liquidity needs and its main assets are loans receivable from Aon Global Limited, an Aon Group company that currently continues to trade. The Aon Group is fully operational and has deployed business continuity protocols in impacted regions to facilitate remote working capabilities.

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

**Basis of consolidation**
These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under Section 401 of the Companies Act, because it is included in the Group financial statements of Aon plc ("the Group"). The Group financial statements are available to the public and can be obtained as set out in note 18.

**Foreign currencies**
The financial statements presentation currency is US dollars ("$"), which is the currency in which the receipts from the Company's operating activities are usually retained (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 transaction. At each reporting period date, monetary assets and liabilities that are denominated in non-presentation 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 revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income 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 asset to the net carrying amount of the financial asset.

**Income tax**
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

**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.

**Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Investments and other financial assets**
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

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

## Note 1. Significant accounting policies (continued)

asset represent contractual cash flows that are solely payments of principal and interest. Such assets are carried at amortised cost using the effective interest rate method adjusted for any principal repayments.

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

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

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

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**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 are unpaid. 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 30 days of recognition.
**Dividends**
Dividends are recognised when declared and paid during the financial year and no longer at the discretion of the Company.

## Note 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.

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

## Note 3. Average number of employees

The Company had no employees during the year.

## Note 4. Directors' remuneration

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| **Directors' remuneration** | |
| Aggregate remuneration in respect of qualifying services | 808 |
| Amounts received or receivable by Directors under long term incentive schemes (other than shares and share options) in respect of qualifying services | 297 |
| Aggregate of company contributions paid in respect of money purchase schemes | 231 |
| Total | 1,336 |

The aggregate emoluments in respect of qualifying services paid to Directors or past Directors as compensation for loss of office during the period was $Nil.

| | 12 months and 23 days ended 31 Dec 2021 |
|---|---|
| **The number of Directors, who:** | |
| Received shares in respect of qualifying services under a long-term incentive scheme | 2 |
| Accrued benefits under money purchase schemes | 2 |

| | 12 months and 23 ended 31 Dec 2021 $'000 |
|---|---|
| Remuneration of the highest paid Director | |
| Emoluments | 778 |
| Pension contributions | 211 |
| | 989 |

The highest paid director received 1,274 shares at an average price of $274.22 under long-term incentive schemes in 2021.

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

**Aon Finance UK 4 Limited**
**Notes to the financial statements**
**31 December 2021**

## Note 5. Administrative expenses

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| Other administrative expenses | 10 |
| ECL charge/(charge reversal) on other receivables | 224 |
| | 234 |

## Note 6. Auditor remuneration

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

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| Audit services | |
| Audit or review of the financial statements | 14 |

Auditor's remuneration was borne by another group company.

## Note 7. Interest receivable and similar income

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| Bank interest receivable | 878 |
| Interest receivable from group undertakings | 612 |
| | 1,490 |

## Note 8. Income tax charge

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| *Income tax charge* | |
| Current tax | 281 |
| Aggregate income tax charge | 281 |

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

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

| | |
|---|---|
| Profit before income tax charge | 1,256 |
| Tax at the statutory tax rate of 19% | 239 |
| Expenses not deductible | 42 |
| Income tax charge | 281 |

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

## Note 9. Current assets - Cash and cash equivalents

| | 31 Dec 2021 $'000 |
|---|---|
| Cash and cash equivalents | 86,435 |

## Note 10. Current assets - Trade and other receivables

| | 31 Dec 2021 $'000 |
|---|---|
| Amounts owed by fellow Group undertakings | 275,000 |
| Prepayments and accrued income | 45 |
| Less: Allowance for expected credit losses on other receivables | (224) |
| | 274,821 |

On 16 December 2020, the Company paid USD 275.0m to Aon Global Limited in exchange for an on demand loan note receivable, with a maximum term of 2 years from that date, at an interest rate equal to 130% of the USD risk-free interest rate represented as the short-term Applicable Federal Rate ("AFR") per annum as defined under Section 1274 of the United States Internal Revenue Code of 1986, as amended, with annual compounding, as determined for each day of an applicable Interest Period.

## Note 11. Current liabilities - Income tax

| | 31 Dec 2021 $'000 |
|---|---|
| Corporation tax payable | 281 |

## Note 12. Equity - Issued capital

| | 31 Dec 2021 Shares | 31 Dec 2021 $ |
|---|---|---|
| Ordinary shares of $0.01 each - fully paid | 1 | - |

The Company was incorporated on 8 December 2020 with a share capital of $0.01 representing 1 share of $0.01.

On 16 December 2020 the Company issued 274 Ordinary Shares ($0.01 each) for the consideration of $275m with the excess of the par value being recognised in share premium reserve.

On 23 December 2020 the Company issued further 225 Ordinary Shares ($0.01 each) for consideration of $225m with the excess of the par value being recognised in share premium reserve.

On 1 December 2021 the Company cancelled all but one of its 500 shares and credited the amount to the Company's distributable reserves.

The share of $0.01 is issued and fully paid.

## Note 13. Equity - Share premium

On 16 December 2020 the Company issued 274 Ordinary Shares ($0.01 each) for the consideration of $275m with the excess of the par value being recognised in share premium reserve.

On 23 December 2020 the Company issued further 225 Ordinary Shares ($0.01 each) for consideration of $225m with the excess of the par value being recognised in share premium reserve.

On 23 April 2021, the Company's share premium was reduced, which resulted in $225.0m being cancelled and transferred into distributable reserves, in accordance with the provisions set out in section 642 of the Companies Act.

On 1 December 2021 the Company further reduced its share premium reserve by $275.0m with the proceeds being credited to distributable reserves.

## Note 14. Equity - Retained profits

| | 31 Dec 2021 $'000 |
|---|---|
| Retained profits at the beginning of the financial period | - |
| Transfer from share premium | 500,000 |
| Dividends paid (note 15) | (140,000) |
| Profit after income tax charge for the period | 975 |
| Retained profits at the end of the financial period | 360,975 |

On 23 April 2021 the Company reduced its share premium reserve by $225.0m with the proceeds being credited to distributable reserves.

On 1 December 2021 the Company reduced its share premium reserve by further $275.0m with the proceeds being credited to distributable reserves.

## Note 15. Equity - Dividends

Dividends paid during the financial period were as follows:

| | 12 months and 23 days ended 31 Dec 2021 $'000 |
|---|---|
| An interim dividend of $140.0m ($280k per share) was paid during the period ended 31 December 2021 to Aon Holdings International B.V, the Company's parent. | 140,000 |

## Note 16. 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 2021 include cash pool balance of $86.4m 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.

## Note 17. Events after the reporting period

Subsequent to year end, and as part of Aon Group re-organisation, the Company requested a partial repayment of $170m principal plus accrued interest of its loan note to AGL on 10 March 2022. The Company then declared and paid an interim dividend of $255.1m to AHIBV, the Company's parent, on 11 March 2022, following the partial repayment of the loan.

### Russia-Ukraine Conflict

On 24 February 2022, the Russian Federation commenced a military invasion of Ukraine. Russian actions with respect to Ukraine have resulted in certain sanctions being imposed by the United Kingdom, the European Union, the United States, and other jurisdictions. The Company currently does not have significant operations in Russia or Ukraine. As of 31 March 2022, the impact of the military conflict between Russia and Ukraine has not had a significant impact on Aon Group's global operations. Aon has suspended operational activity in Russia, including putting colleagues in Russia on paid leave. Offices in Poland and other neighbouring countries are providing support to Ukrainian colleagues who have left the country to seek refuge, include providing living accommodation. The Company continues to monitor the potential impacts on the business and the ancillary impacts that the war could have on other global operations. The Company did not have any trade receivables from any Russian Federation entity as at 31 December 2021.

No other matter or circumstance has arisen since 31 December 2021 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.

## Note 18. Controlling party

At the end of the reporting period date the Company's immediate parent undertaking was Aon Holdings International B.V, a company incorporated in the Netherlands.

The ultimate parent undertaking and controlling party as at 31 December 2021 was Aon plc a company incorporated and registered in the Republic of Ireland.

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