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Hogg Group Limited

Company Number 00688743

Annual Accounts - 31 December 2020

Hogg Group Limited
Contents
31 December 2020

Hogg Group Limited
Corporate directory
31 December 2020

Directors	A. P. Boyd G. Mugashu A. M. Vickers
Company secretary	Co Sec 2000 Limited
Registered office	The Aon Centre The Leadenhall Building 122 Leadenhall Street EC3V 4AN London, United Kingdom
Principal place of business	The Aon Centre The Leadenhall Building 122 Leadenhall Street EC3V 4AN London, United Kingdom
Auditor	Ernst & Young LLP 25 Churchill Place E14 5EY London, United Kingdom

Hogg Group Limited
Strategic report
31 December 2020

The Directors present their Strategic report on Hogg Group Limited ("the Company") for the year ended 31 December 2020.

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

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

The Company transitioned from Financial Reporting Standard ("FRS") 102 to FRS 101 on 1 January 2020 and has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Financial Reporting Council that are mandatory for the current reporting period.

Where applicable, the comparative amounts have been presented on the same basis as the current year.

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

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

Review of operations
The profit before tax for the Company was £2k (2019: £1,505k).

	31 December 2020 £'000	31 December 2019 £'000	Change £'000	Change %
Revenue	-	1,505	(1,505)	(100%)

Revenue
In 2020 the revenue was £Nil whereas in 2019 it was £1,505k and related to a dividend received from subsidiary undertakings.

	31 December 2020 £'000	31 December 2019 £'000
Shareholder's funds	41	54,139
Net current assets	41	54,139

Shareholder's funds and net current assets reduced to £41k (2019: £54,139k) as a result of an in-specie dividend of £54,100k

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On 24 November 2020, the Company reduced its capital by cancelling all but one of the issued fully paid up shares of £0.25 each with a corresponding share capital amount of £16,896k, the entire share premium of £21,874k and the capital redemption reserve of £7,451k with the amount by which the capital was so reduced of £46,221k being credited to distributable reserves. Additionally, the Company transferred £3,651k related to a merger reserve to retained earnings. On the same day, the Company declared a dividend in-specie of £54,100m satisfied by the transfer of non-cash assets equivalent to the value of the amount declared to the Company's parent, Aon UK Holdings Intermediaries Limited.

Principal risks and uncertainties
The risk factors set forth below reflect material risks associated with the business. 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 businesses specifically and the industry in which we operate generally that could adversely affect the Company's business, financial condition and results of operations.

Ability to receive dividends from subsidiaries
The Company is an intermediate holding company and, therefore, 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.

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.

The UK formally withdrew from the EU, commonly referred to as Brexit, and ratified a trade cooperation agreement governing its future relationship with the EU. The agreement, which is being applied provisionally from 1 January 2021, until it is ratified by the European Parliament and the Council of the EU, addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. The agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the UK and the EU as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains.

The 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.

Coronavirus
The novel Coronavirus global pandemic has created significant public health concerns and significant volatility, uncertainty, and economic disruption in every region where the Company or the Aon Group operates.
A number of evolving factors related to the continued global pandemic and the post-pandemic recovery period may influence the duration, nature and extent of the impact on the Company's business and financial results. Such factors include worldwide macroeconomic conditions, including interest rates, employment rates, consumer confidence and spending, gross domestic product, property values, changes in client behaviour and business closures.
At a microeconomic level, the Company's profitability and cashflows might be impacted by a decline in business of the Company's direct or indirect subsidiaries, their ability to pay dividends or the ability of counterparties to pay for services on time or at all. Ongoing travel restrictions, lockdowns, quarantines, social distancing, and alternative work arrangements may impact the Company's subsidiaries' ability to sell and provide services, the health and wellbeing of their employees as well as potential effects on the Company's internal controls and risk mitigation processes including those over financial reporting, as a result of changes in working environments for the Company's business partners.

Despite this challenging backdrop, the Company and the overall Aon group has continued to demonstrate operational and financial resilience over the course of 2020 as demonstrated by the results for the year.

Risks Related to Aon - Willis Towers Watson ("WTW") combination ("the Combination")
On 9 March 2020, Aon and WTW, entered into a Business Combination Agreement with respect to a combination of the parties. At the effective date of the Combination, WTW shareholders will be entitled to receive 1.08 newly issued Class A ordinary shares of Aon plc in exchange for each ordinary share of WTW held by such holders. The Combination is subject to Irish Takeover Rules. The Business Combination Agreement contains certain operating covenants relating to the conduct of business of both parties in the interim period until the transaction is completed. These covenants require both parties to operate their respective businesses in all material respects in the ordinary course of business consistent with past practice.

In addition, these covenants restrict each party from engaging in certain actions unless a party obtains the prior written consent of the other party. These actions relate to, among other things, authorising or paying dividends above a specified rate, issuing or authorising for issuance additional securities, salary, benefits or other compensation and employment-related matters, capital management, debt and liquidity matters, engaging in mergers, acquisitions and dispositions, entering into or materially modifying material agreements, entering into material litigation-related settlements, and making other corporate, tax and accounting changes. The parties' respective shareholders approved the Combination on 26 August 2020.

The Combination is subject to customary closing conditions, including conditions related to regulatory approvals, and may not be completed on a timely basis, or at all, or may be completed on a basis that has a material impact on the value of the combined company. Failure to close the Combination could negatively impact future business and financial results of the wider Aon Group and the Company.
While the Combination is pending, the Company is subject to business uncertainties related to its relationships with employees, clients and suppliers, which could adversely affect its business and operations. These uncertainties could also adversely affect the combined company following the Combination.

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

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

The new Aon plc is a company incorporated and registered in the Republic of Ireland, listed on the New York Stock Exchange ("NYSE") which had net assets of circa US $3.6 billion (2019: the previous Aon Plc had US $3.5 billion) as disclosed in its audited financial statements for the year ended 31 December 2020 and had an S&P rating of A-/Stable. The Company 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(1) 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.

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 ongoing Coronavirus pandemic have been included in the Directors' Report and in note 1.

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

27 May 2021

Hogg Group Limited
Directors' report
31 December 2020

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

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

Principal activities
The principal activity of the Company during the year was that of an intermediate holding company. The Company's subsidiaries previously conducted international and domestic insurance and reinsurance business.

Political donations
No political donations were made during the year.

Dividends
Dividends paid during the financial year were as follows:

	31 December 2020 £'000	31 December 2019 £'000
An interim in-specie dividend of £54.1m (£0.80 per share) was declared on 24 November 2020 (2019: £1.5m (£0.02 per share)) to Aon UK Holdings Intermediaries Limited, the Company's parent.	54,100	1,505

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 are disclosed in the Strategic report.

Going concern
The directors have prepared a going concern assessment for Hogg Group Limited for the financial period to May 2022 (reflecting a one-year projection from the date of the signing of the 2020 statutory accounts in May 2021).

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

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

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

Events after the reporting period date
No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Disclosure of information to the auditors

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

Auditor

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

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 year 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

Pamela Munalula

P Munalula, for and on behalf of Cosec 2000 Limited
Company Secretary

27 May 2021

Hogg Group Limited
Directors' responsibilities statement
31 December 2020

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with FRS 101 'Reduced Disclosure Framework'. 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 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 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.

Hogg Group Limited
Independent auditor's report to the members of Hogg Group Limited
31 December 2020

Opinion

We have audited the financial statements of Hogg Group Limited for the year ended 31 December 2020 which comprise of the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report 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.

Conclusions relating to going concern

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

Other information

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework.
- We understood how Hogg Group Limited is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the Company and UK regulatory bodies, reviewed minutes of the Board meetings and gained an understanding of the Company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions 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.
- Testing of journal entries and other adjustments in the preparation of the financial statements.
- Assessing accounting estimates for evidence of management bias
- Evaluating the business rationale for significant and/or unusual transactions.

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

Use of our report

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

Ernst & Young LLP

Jonathan Bell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 May 2021

Hogg Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
Revenue	4	-	1,505
Operating profit		-	1,505
Other income	6	2	-
Profit before income tax charge		2	1,505
Income tax charge	9	-	(206)
Profit after income tax charge for the year		2	1,299
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		2	1,299

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

Hogg Group Limited
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
Assets			
Current assets			
Trade and other receivables	10	247	54,354
Total current assets		247	54,354
Total assets		247	54,354
Liabilities			
Current liabilities			
Trade and other payables	12	-	9
Income tax payable	13	206	206
Total current liabilities		206	215
Total liabilities		206	215
Net assets		41	54,139
Equity			
Share capital	14	-	16,896
Share premium	15	-	21,874
Other reserves	16	-	11,102
Retained profits	17	41	4,267
Total equity		41	54,139

Alexander Michael Vickers
Director

27 May 2021

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

Hogg Group Limited
Statement of changes in equity
For the year ended 31 December 2020

	Issued capital £'000	Share premium £'000	Other reserves £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2019	16,896	21,874	11,102	4,473	54,345
Profit after income tax charge for the year	-	-	-	1,299	1,299
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,299	1,299
Transactions with owners in their capacity as owners:					
Dividends paid (note 18)	-	-	-	(1,505)	(1,505)
Balance at 31 December 2019	16,896	21,874	11,102	4,267	54,139

	Issued capital £'000	Share premium £'000	Other reserves £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2020	16,896	21,874	11,102	4,267	54,139
Profit after income tax charge for the year	-	-	-	2	2
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2	2
Transactions with owners in their capacity as owners:					
Reduction of share capital (note 14)	(16,896)	-	-	16,896	-
Reduction of share premium (note 15)	-	(21,874)	-	21,874	-
Reduction of capital redemption reserve (note 16)	-	-	(7,451)	7,451	-
Transfer from merger reserve (note 16)	-	-	(3,651)	3,651	-
Dividends paid (note 18)	-	-	-	(54,100)	(54,100)
Balance at 31 December 2020	-	-	-	41	41

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

Hogg Group Limited
Notes to the financial statements
31 December 2020

Note 1. Significant accounting policies

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

Basis of preparation
The Company transitioned from FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland" to FRS 101 for the current reporting period 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. The adoption of this Accounting Standard did not have any significant impact on the financial performance or position of the Company.

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

The financial statements presentation currency is Pounds Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency). Amounts in the financial statements have been rounded off to the nearest thousand pounds.

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

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.

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, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel and related party transactions.

Where relevant, equivalent disclosures have been given in the Group financial statements. The Group financial statements are available to the public and can be obtained as set out in note 20.

The 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 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 receivables from the Company's parent, which is an Aon Group company currently continuing to trade effectively. The Aon Group is fully operational and has deployed business continuity protocols to facilitate remote working capabilities. Management considered the Company's resilience in the face of the ongoing Coronavirus pandemic and the potential stress on the future profitability and cashflow of the Company. Management took into account all information of which they were aware about the future, which was at least, but not limited to, 12 months from the date that the balance sheet was signed. Based on the information available, management do not believe that there are material uncertainties present that would cast significant doubt about the Company's ability to continue as a going concern. The Directors therefore consider it appropriate to continue to prepare the accounts on a going concern basis.

Hogg Group Limited
Notes to the financial statements
31 December 2020

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

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

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.

Critical accounting estimates
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.

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.

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Issued capital
Ordinary shares are classified as equity.

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. 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.

There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Note 3. Transition to FRS 101

For all periods up to and including the year ended 31 December 2019, the Company prepared its financial statements in accordance with FRS102. These financial statements for the year ended 31 December 2020 are the first the Company has prepared in accordance with FRS 101.

No restatements were required in the comparative period ended 31 December 2019 on the first-time adoption of FRS 101.

Note 4. Revenue

	31 December 2020 £'000	31 December 2019 £'000
Dividends received from subsidiary undertaking	-	1,505

Note 5. Average number of employees

The Company had no employees during the year (2019: Nil).

Note 6. Other income

	31 December 2020 £'000	31 December 2019 £'000
Other non operating income	2	-

Note 7. Directors' remuneration

	31 December 2020 £'000	31 December 2019 £'000
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	494	361
Amounts received or receivable by Directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	7	-
Aggregate of company contributions paid in respect of money purchase schemes	45	15
	546	376

Note 7. Directors' remuneration (continued)

The aggregate emoluments in respect of qualifying services paid to Directors or past Directors as compensation for loss of office during the year was £Nil (2019: £Nil).

	31 December 2020	31 December 2019
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	3	4

	31 December 2020 £'000	31 December 2019 £'000
Remuneration of the highest paid director:		
Emoluments	272	183
Pension contributions	13	8
	285	191

The highest paid director received 259 shares at an average price of $211.27 under long-term incentive schemes in 2020.

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

Note 8. Auditor's remuneration

Financial risk management objectives
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:

	31 December 2020 £'000	31 December 2019 £'000
Audit of the financial statements	10	10

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

Hogg Group Limited
Notes to the financial statements
31 December 2020

Note 9. Income tax charge

	31 December 2020 £'000	31 December 2019 £'000

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

The tax charge in the statement of profit or loss for the year is the same as (2019: lower) than that calculated at the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	31 December 2020 £'000	31 December 2019 £'000
Profit before income tax charge	2	1,505
Tax at the statutory tax rate of 19%	-	286
Transfer pricing adjustments	-	206
Income not taxable	-	(286)
Income tax charge	-	206

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

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

Note 10. Current assets - Trade and other receivables

	31 December 2020 £'000	31 December 2019 £'000
Amounts owed by parent undertaking	247	54,348
Group relief receivable	-	6
	247	54,354

Note 11. Non-current assets - Investments

The Company holds the below subsidiary undertaking as at 31 December 2020 at £Nil (2019: £Nil). The investment is held in the form of ordinary shares.

Name of the Company, country of incorporation	Nature of business	Proportion of voting rights and shares held %
Hogg Robinson North America, Inc, USA	Investment holding company	100.00%

Note 12. Current liabilities - Trade and other payables

	31 December 2020 £'000	31 December 2019 £'000
Amounts owed to fellow group undertakings	-	9

Note 13. Current liabilities - Income tax payable

	31 December 2020 £'000	31 December 2019 £'000
Group relief payable	206	206

Note 14. Equity - Share capital

	31 December 2020 Shares	31 December 2019 Shares	31 December 2020 £'000	31 December 2019 £'000
Ordinary shares - fully paid	1	67,584,528	-	16,896

The share is allotted, issued and fully paid. The Company has one class of ordinary shares of £0.25 each.

On 24 November 2020, the Company reduced its capital by cancelling all but one of the issued fully paid up shares of £0.25 each with corresponding share capital amount of £16,896k being credited to distributable reserves.

Note 15. Equity - Share premium

	31 December 2020 £'000	31 December 2019 £'000
Share premium account	-	21,874

On 24 November 2020, the Company reduced its capital by cancelling all but one of the issued fully paid up shares of £0.25 each with corresponding share premium amount of £21,874k being credited to distributable reserves.

Note 16. Equity - Other reserves

	31 December 2020 £'000	31 December 2019 £'000
Other reserves	-	11,102

On 24 November 2020, the Company reduced its capital redemption reserve with corresponding amount of £7,451k being credited to distributable reserves. Additionally, the Company cancelled its merger reserve and transferred corresponding amount of £3,651k to retained earnings.

Note 16. Equity - Other reserves (continued)

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

	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
Balance at 1 January 2019	7,451	3,651	11,102
Balance at 31 December 2019	7,451	3,651	11,102
Reduction of capital redemption reserve	(7,451)	-	(7,451)
Transfer from merger reserve	-	(3,651)	(3,651)
Balance at 31 December 2020	-	-	-

Note 17. Equity - Retained profits

	31 December 2020 £'000	31 December 2019 £'000
Retained profits at the beginning of the financial year	4,267	4,473
Profit after income tax charge for the year	2	1,299
Dividends paid (note 18)	(54,100)	(1,505)
Transfer from share capital (note 14)	16,896	-
Transfer from share premium (note 15)	21,874	-
Transfer from capital redemption reserve (note 16)	7,451	-
Transfer from merger reserve (note 16)	3,651	-
Retained profits at the end of the financial year	41	4,267

Note 18. Equity - Dividends

Dividends paid during the year were as follows:

	31 December 2020 £'000	31 December 2019 £'000
An interim in-specie dividend of £54.1m (£0.80 per share) was declared on 24 November 2020 (2019: £1.5m (£0.02 per share)) to Aon UK Holdings Intermediaries Limited, the Company's parent.	54,100	1,505

Note 19. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 20. Controlling party

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

The ultimate parent undertaking and controlling party as at 31 December 2020 was Aon plc a company incorporated and registered in the Republic of Ireland.

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