# McLagan (Aon) Limited

## Company number 06731549

# Annual Report - 31 December 2022

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| | |
|---|---|
| Directors | N R Bickers<br>M Burke<br>Y Leonard (appointed 23 November 2022)<br>A S Haslett Symonds (appointed 23 November 2022)<br>L M Vincent (resigned 31 May 2022) |
| Company secretary | CoSec 2000 Limited |
| Registered office | The Aon Centre<br>The Leadenhall Building<br>122 Leadenhall Street<br>London<br>EC3V 4AN |
| Principal place of business | 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 |

**McLagan (Aon) Limited**
**Strategic report**
**31 December 2022**

The Directors present their Strategic report of McLagan (Aon) Limited ("the Company") for the year ended 31 December 2022.

The Company is a company limited by shares, incorporated in the United Kingdom ("UK") under the UK Companies Act 2006 ("the Companies Act") and registered in England and Wales. The address of the registered office is given on the Corporate Directory on page 2.

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

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

## Principal activities

During the financial year the principal activities of the Company consisted of compensation, productivity and performance benchmarking consultancy services.

## Review of operations

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

| | 2022<br>£'000 | 2021<br>£'000 | Change<br>£'000 | Change<br>% |
|---|---|---|---|---|
| Revenue | 34,477 | 27,915 | 6,562 | 24% |
| Staff costs | (18,968) | (16,182) | (2,786) | 17% |
| Administration costs | (7,500) | (5,945) | (1,555) | 26% |
| Operating profit | 8,009 | 5,788 | 2,221 | 38% |

***Revenue***: The Company's turnover in the year increased by £6.6m (24%) in comparison to 2021 due to organic growth and clients returning to discretionary spend as economies recover from the COVID-19 pandemic.

***Staff costs***: The Company's staff costs for the year increased by £2.8m (17%) in comparison to 2021 due to higher headcount.

***Administration costs***: Administrative expenses increased by £1.6m (26%) primarily due to higher information technology costs.

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Shareholder's funds | 17,658 | 16,981 |
| Net current assets | 15,164 | 14,549 |

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 the Company's business, financial condition or results of operations could be adversely affected if any of these risks were to actually occur.

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

***Legal risks***
Under UK law, the Company may only pay dividends and, generally, make share repurchases and redemptions from distributable profits. Distributable profits may be created through the earnings of the Company or other methods (including certain intra-group reorganisations involving the capitalisation of the Company's un-distributable profits and their subsequent reduction). While it is intended to maintain a sufficient level of distributable profits in order to pay dividends on ordinary shares, there is no assurance that the Company will maintain the necessary level of distributable profits to do so.

***Competition risk***
The Company's competitors may have greater financial, technical and marketing resources, larger customer bases, greater name recognition, more comprehensive products, stronger presence in certain geographies, or more established relationships with their customers and suppliers than the Company has. In addition, new competitors, alliances among competitors, or mergers of competitors could emerge and gain significant market share, and some of the Company's competitors may have or may develop a lower cost structure, adopt more aggressive pricing policies, or provide services that gain greater market acceptance than the services that the Company offers or develops. Competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete for skilled professionals, finance acquisitions, fund internal growth, and compete for market share more effectively than the Company does. If the Company fails to respond successfully to the competition the Company faces, the Company's financial condition or results of operations might be adversely affected.

The Company depends, to a large extent, on its relationships with its clients and the Company's reputation for high-quality services. If a client is not satisfied with the Company's services, it could cause the Company to incur additional costs and impair profitability. Many of the Company's clients are businesses that band together in industry groups or trade associations and actively share information among themselves about the quality of service they receive from their vendors. Accordingly, poor service to one client may negatively impact the Company's relationships with multiple other clients. Moreover, if the Company fails to meet its contractual obligations, it could be subject to legal liability or loss of client relationships.

***Business risks***
The Company's profitability with respect to consulting engagements is highly dependent upon its ability to control its costs and improve its efficiency. As the Company adapts to changes in its business, adapts to the regulatory environment, enters into new engagements, acquires additional businesses, and takes on new colleagues in new locations, it may not be able to manage its large, diverse and changing workforce, control its costs, or improve its efficiency.

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

The prices the Company is able to charge for its services are affected by a number of factors, including competitive factors, cost of living adjustment provisions, the extent of ongoing clients' perception of the Company's ability to add value through its services, and general economic conditions. If the Company cannot drive suitable cost efficiencies, its profit margins will suffer. The Company's cost efficiencies may be impacted by factors such as its ability to transition consultants from completed projects to new assignments, its ability to secure new consulting engagements, its ability to forecast demand for consulting services (and, consequently, appropriately manage the size and location of its workforce), inflationary pressures, volatility in energy prices, colleagues attrition, and the need to devote time and resources to training and professional and business development.

Developing and implementing innovative strategies, efficient business practices, and new solutions to current and emerging client needs is important to the Company`s business. If the Company is unsuccessful in developing innovative strategies or is not able to make sufficient investment in innovating or is unsuccessful in addressing new non-traditional competition, it may have material impact on the Company`s ability to obtain and complete client engagements.

**Operational risk**
The Company has put in place procedures and controls to mitigate known operational risks to which it believes it is exposed. These include the risk of; financial crime, change management, IT systems reliability and security, the threat of cyber-attack, business continuity, disaster recovery and conduct risk.

The Company relies on third parties, and in some cases subcontractors, to provide services, data, and information such as technology, information security, funds transfers, data processing, administration and support functions that are critical to the operations of its business. As the Company does not fully control the actions of third parties, it is subject to the risk that their decisions, actions, or inactions may adversely impact the Company and replacing these service providers could create significant delay and expense. A failure by third parties to comply with service level agreements or regulatory or legal requirements, in a high quality and timely manner could result in economic and reputational harm to the Company. In addition, these third parties face their own technology, operating, business, and economic risks, and any significant failures by them, including the improper use or disclosure of the Company's confidential client, employee, or company information, could cause harm to the Company's reputation. An interruption in or the cessation of service by any service provider as a result of systems failures, capacity constraints, financial difficulties, or for any other reason could disrupt the Company's operations, impact its ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from clients and/or employees, damage to reputation, and harm to its business. The control environment in place seeks to manage any potential financial impact to the Company through its use of material outsourcers. By utilising larger, established organisations with strong financial measures and control environments it minimises the financial impact on the Company of any incidents.

Conduct risk is the risk that the Company's decisions and behaviours lead to a detriment or poor outcome for its customers. It also refers to the risk that the Company fails to maintain high standards of market behaviour and integrity. Conduct risk remains a key area of focus for the Company. The Company depends on its colleagues to work closely with clients and to do so with integrity. The Aon UK Conduct Agenda outlines the approach to conduct risk and what this means for everyone at all levels of the UK business.

The Company is committed to creating an open and transparent working environment, where good conduct, behaviour and performance is rewarded, and senior management responds decisively when the Company's expectations are not met. Overseen by a separate Aon UK Conduct Committee, the Conduct Committee provides a forum for the ongoing monitoring of conduct, both at an individual and at a corporate level. The composition of the Conduct Committee ensures oversight and challenge on conduct matters with regular reporting and updates through to the Board and its committees. The Conduct Committee continued to meet to review conduct related matters during 2022. The Company maintains appropriate controls for services provided by Group Companies.

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

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

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

The Company has implemented a number of measures to manage its risks related to system and network security and disruptions, but a security breach or a significant or extended disruption in the functioning of its information technology systems could damage its reputation, cause the Company to lose its clients, adversely impact its operations, sales, and operating results, and require the Company to incur significant expenses and divert resources to address and remediate or otherwise resolve such issues. Additionally, in order to maintain the level of security, service, and reliability that its clients require, the Company may be required to make significant additional investments in its information technology systems.

***COVID-19 Pandemic***
The COVID-19 global pandemic and the emergence of COVID-19 variants continues to create public health concerns and potential volatility, uncertainty, and economic disruption in regions where the Company operates.

A number of evolving factors related to the global pandemic and the post-pandemic recovery period may influence the duration, nature and extent of the impact on the Group's business and financial results. Such factors include worldwide macroeconomic conditions, including interest rates, employment rates, consumer confidence and spending, gross domestic product, property values, and changes in client behaviour, and foreign exchange rates in each of the markets in which the Group operates; business closures; changes in laws, regulations (including those changes that may provide for extended premium payment terms), and guidance; court decisions and litigation trends; a decline in business and the ability of counterparties to pay for services on time or at all; an increased number of E&O claims in those areas impacted by the pandemic, as well as an increase in the incidence or severity of E&O claims against us and our market partners.

Any future epidemics or pandemics, may again create significant disruptions or volatility in the credit or financial markets, which could adversely affect our ability to access capital on favourable terms or at all.

The Coronavirus (COVID-19) pandemic is still prevalent in the UK, however it has not impacted the financial position of the Company materially up to 31 December 2022. At the reporting date, the Company does not anticipate significant impact in the immediate future.

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

The Group's operations in countries undergoing political change or experiencing economic instability are subject to uncertainty and risks that could materially adversely affect the Group's business. These risks include, particularly in emerging markets, the possibility the Group would be subject to undeveloped or evolving legal systems, unstable governments and economies, and potential governmental actions affecting the flow of goods, services, and currency, such as the international risks associated with the Group's global operations, including impacts from military conflicts or political instability, such as the ongoing Russian war in Ukraine.

The results of our operations are generally affected by the level of business activity of our clients, which in turn is affected by the economy of the industries and markets these clients serve. Economic downturns, volatility, or uncertainty in the broader economy or in specific markets (including as a result of endemics or pandemics, climate change, political unrest, actions by central banks, or otherwise) may cause reductions in technology and discretionary spending by our clients, which may result in reductions in the growth of new business or reductions in existing business. If our clients become financially less stable, enter bankruptcy, liquidate their operations or consolidate, our revenues and collectability of receivables could be adversely affected.

Additionally, any development that has the effect of devaluing the British pound could meaningfully reduce the value of the Company's assets and reduce the usefulness of liquidity alternatives denominated in that currency such as the Company's multicurrency U.S. credit facility. The Company also deposit some of its cash with certain European financial institutions. While the Company continuously monitor and manage 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.

***People risk***
The Company's success depends on the ability to retain, attract and develop experienced and qualified personnel.

The Company depends upon the members of its senior management team who possess extensive knowledge and a deep understanding of its business and strategy, as well as the colleagues who are critical to developing and retaining client relationships. The unexpected loss of services of any of these senior leaders could have a disruptive effect, adversely impacting the Company's ability to manage the business effectively and execute the business strategy. Competition for experienced professional personnel is intense, and we are constantly working to attract and retain these professionals. If we cannot successfully do so, our business, operating results and financial condition could be adversely affected.

To mitigate these risks, the Company continues to invest in its workforce and has put in place management succession and long-term compensation plans designed to retain key staff. The Company is also committed to diversity, equity and inclusion and strives to maintain an equitable work environment that unlocks the full potential of all of its personnel.

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

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

***Exposure to credit risk***
Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date to 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 the Group's policies are aimed at minimising such losses. For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting period. However, when there has been a significant increase in credit risk since the origination or purchase of the assets, the allowance is based on the full LTECL.

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

The Company's principal financial assets are trade receivables and amounts owed by fellow group undertakings. Details of the Company's debtors are disclosed in the "Trade and other receivables" note 12.

With the exception of the cash pooling arrangements as detailed in "Guarantees" note 21, the Company has no significant concentration of credit risk outside of the Group, with exposure spread over a large number of counterparties and customers.

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

**The Aon Group**
Aon plc is a company incorporated and registered in the Republic of Ireland, listed on the New York Stock Exchange ("NYSE") which had net liabilities of circa US $0.4 billion (2021: net assets of US $1.2 billion) as disclosed in its audited financial statements for the year ended 31 December 2022 and had an S&P rating of A-/Stable. The Company benefits from being part of a large group of companies (the "Group") and from certain Group undertakings that provide services in a wide range of areas including Group credit facilities detailed in note 21 of the financial statements, Group capital injections, and other head office services. The Company continues to benefit from the Group's support and the Directors expect this support to continue for the foreseeable future. Availability of this support provides additional mitigation to many of the Company's principal risks.

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

The Company 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.

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, unquoted companies report on UK energy use and associated greenhouse gas emissions relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through its annual report.

The Company is part of Aon UK group of companies that meets the criteria of a "large company" under the scheme. For Aon UK group companies, the directors' decision was to aggregate together the reporting under SECR. The directors have appointed Aon Global Limited as the responsible undertaking. Detailed energy and carbon disclosures may be found within Directors' report of Aon Global Limited.

**Likely future developments**

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

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

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

To ensure the successful delivery of the above strategy, the Company has developed strong data and analytical capabilities to ensure it can provide fact-based insight and intelligence to support its clients.

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

For and on behalf of the Board of Directors

DocuSigned by:

michael burke

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M Burke
Director

25 September 2023

**McLagan (Aon) Limited**
**Directors' report**
**31 December 2022**

The Directors present their report, together with the financial statements, on the Company for the year ended 31 December 2022.

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

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

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| An interim dividend of £5.0m (£3.52 per share) was paid during the year ended 31 December 2022 (2021: £Nil) to Aon UK Limited, the Company's parent. | 5,000 | - |

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

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

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

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

*Shareholder and the Aon Group* – As a wholly-owned entity within the Aon Group of Companies, Board members regularly engage with Group leaders to ensure that the wider aspirations for the business are fully understood and built into the Company's strategy and approach, embodying Aon United principles. This engagement covers a range of forms and formats, with senior leaders holding regular meetings with Group-level stakeholders and counterparts.

*Clients and Markets* - The Company seeks to ensure that it conducts business in a manner which engages with clients in a clear, fair, and transparent way while maintaining market integrity and fair competition. Focus is on achieving good client outcomes and managing operational resilience to a standard that aims to limit detrimental impact to clients. The Company's strategy is executed around core values which are focused on delivering excellence across the client base with the Client Value Creation Model defining the way colleagues work together with the Company's clients, what they can expect from Aon and the value Aon delivers. Aon offers industry-leading experience and provides comprehensive and tailored solutions to its clients, resulting in a distinctive service that delivers superior client value.

*Colleagues* - Across the Group, Aon is united in its passion to create a culture of opportunity for colleagues —driven by collaboration and innovation — and where no individual person or part of Aon is stronger than the whole. Feedback from colleagues is encouraged through a number of different processes and forums, including focus groups and surveys. Colleague satisfaction is measured through an annual colleague support survey with results being reviewed and areas for improvement identified and actions tracked throughout the year. Themes from the surveys are shared with the Board.

*Suppliers* - Establishing trusted relationships with suppliers is critical to the Company's ability to deliver on the needs of clients, colleagues, and communities. The products and services suppliers provide enable the Company to effectively meet those requirements. The Company seeks to work with suppliers who provide the best combination of capability, capacity, quality, and price to meet the Company's needs. Building trusted partnerships starts with integrity. Aon colleagues are bound to Aon's Code of Business Conduct and suppliers to Aon's Supplier Code of Conduct . The Company publishes a Payment Practice Report in accordance with statutory requirements which sets out payment statistics on the average time taken to pay invoices and standard payment terms.

The rigour applied to supplier selection and ongoing supplier management process ensures that all involved parties' interests are maintained. Aon is committed to developing partnerships with a diverse range of suppliers who value relationships and strive to do their best each day. The Company has a Supplier Risk & Governance Framework which sets out minimum expectations around the selection, on-boarding and management of suppliers and which seeks to ensure consistency in process and protection. The Company remains committed to maintaining a culture of integrity, transparency and accountability and seeks to ensure compliance with all applicable laws in relation to its business and supply chain. The Company expects the same commitment from suppliers, agents and joint ventures in relation to their businesses and supply chains. The Company's statement pursuant to section 54 of the Modern Slavery Act 2015 (available on the Company's website) describes its present and ongoing commitment towards the prevention of modern slavery and human trafficking in Aon's supply chains and business.

*Environmental, Social and Governance Reporting (ESG):* The Aon Group continues to look for opportunities to refine and enhance its global and regional environmental, social and governance ("ESG") disclosures. The Aon Impact website (https://www.aon.com/about-us/impact), updated by the Aon plc Office of ESG, serves as the centralised resource for current Aon ESG information. Annual ESG Impact Reports and other disclosure documents are available on the Aon Impact website. Additional information about Aon's ESG strategy and approach can be found in the regulatory filings, such as the 10K and Proxy statement, which are available through the Aon Investor Relations website (ir.aon.com).

Aon measures its impact through an ESG lens, both by how Aon operates its global firm and the market- leading solutions it delivers to meet client's growing needs. The reality is that helping clients address risks now associated with ESG issues has long been a central focus of Aon's core business. From helping clients assess the ongoing impacts of climate to delivering solutions that improve employee physical, financial and overall wellbeing, Aon enables its clients to meaningfully address their ESG risks in a way that protects and grows their business, and benefits society.

The Group's Aon United strategy also drives better solutions and better outcomes for clients and Aon. Aon United is designed to identify and deliver the best solutions from across Aon to clients — and Aon's comprehensive strategic advice, industry knowledge and targeted solutions can help solve clients' biggest challenges — including those related to their ESG risks. Assessments and diagnostics, including solutions like Aon's Digital Business Insights Platform and ESG diagnostics for due diligence, allow Aon to quantify and prioritise the most relevant risks for each client. In 2022, Aon continued to drive progress on ESG strategy, as it moves forward with its core commitments and advanced new initiatives to support long-term goals:

• Environmental – Aon is committed to achieving net-zero carbon emissions by 2030, and continues to reduce its total footprint through key drivers of travel, commute, real estate, investments and supply chain. Many of these reductions are made possible by Aon Business Services and a flexible Smart Working strategy. These efficiencies not only reduce the Group's carbon footprint but also improves employee wellbeing and client service.

• Social – Colleagues are at the heart of everything the Company does, and the Group's Aon United strategy is designed to attract, retain, develop, reward, and support its people. Inclusion and diversity (I&D) remain an essential part of Aon's culture, and the Company continues to take steps to embed I&D principles and practices throughout its organisation. The Company holds itself accountable to this commitment with an increased transparency on its human-capital management strategy and outcomes, and the inclusion of I&D goals within its executive compensation structure. The Company aims to reflect its values and social commitments in its work with clients, business practices, community involvement and philanthropic efforts.

• Governance – The Group remains committed to the highest ethical and compliance standards and designs its governance structures to inform business decisions and improve the way it serves clients efficiently and effectively. This year, the Group conducted a global firmwide ESG risk assessment, in alignment with its overall enterprise risk management process. In addition, the Aon plc Board of Directors reviewed ESG risks (including climate-related risks), as part of their oversight of risk management.

Information on Aon's ESG commitments, disclosures, and approach can be found at: https://www.aon.com/about-us/impact. For Aon plc disclosure information, please see: https://ir.aon.com.

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

**Colleague Engagement and Retention**
**Culture**
Aon's culture is driven by its values – committed as one firm to its purpose, united through trust as one inclusive, diverse team, and passionate about making colleagues and clients successful. Colleagues are the cornerstone of Aon's success. Collaboration and innovation drive Aon's culture, bringing the best of Aon to clients in a holistic and seamless manner. Aon United strategy defines how colleagues work together to deliver value to clients so that they are better informed, better advised and make better decisions. Aon United is brought to life through the Aon Story which articulates Aon's purpose & proposition, what Aon delivers for clients, colleagues and stakeholders, the Aon blueprint, operating model and Aon's values.

**Colleague Engagement and Retention**
Ensuring colleagues feel relevant, connected and valued is at the heart of Aon's colleague experience; feedback helps us reach that goal. The Group uses a variety of channels to facilitate open, on-going, and direct communication with colleagues. These channels include open forums, town halls with executives, surveys, and engagement through its Business Resource Groups ('BRG's'). BRG's are colleague voluntary groups that provide input, take action, and help identify opportunities for Aon to further its inclusion and diversity agenda. There are eight BRGs in place in the UK, the most recently formed being Social Mobility.

Aon's global approach to colleague engagement surveys is a comprehensive annual colleague engagement survey and more frequent, shorter 'pulse' surveys on specific topics throughout the year. The annual survey enables the understanding of how colleagues engage with their teams, the firm and clients. As well as an overall engagement score, the 2022 survey asked questions around: manager support, inclusion and diversity, wellbeing, senior leader effectiveness, future focus, agility and talent. Action planning in the UK takes place via the Executive Committee where the Company has established four specific work-streams. Opportunity goals have been identified in the areas of Organisational Design and Organisational Development, whilst strength goals will involve doubling down on the Company's work on Inclusion, Diversity & Belonging and Wellbeing.

The purposeful definition of the Colleague Experience in the Aon Story has refocussed teams in supporting colleagues to achieve their full professional potential.

*Rewards and Recognitions*
In addition to focusing on Aon's purpose and culture, the Company is proud to offer its colleagues a total rewards programme that combines competitive pay, incentive payments, and benefits. The Company's compensation programmes, including salary, recognition, cash, and equity incentives, connect to its performance management and talent management processes. These programmes serve to reward colleagues for their impact both in what they accomplish for clients, colleagues, and shareholders and how they achieve those results. The Group maintains a global commitment to colleagues' well-being and puts in place processes and tools to support colleagues in their physical, emotional, financial, and social wellbeing. The Company's comprehensive benefit programme is competitive in the external marketplace and is aligned with Aon's values and culture.

The Company's compensation philosophy aligns with the Group's Aon United strategy and delivering long-term shareholder value creation. The Company's executive incentives are based on driving results, delivery of strategic initiatives, and leadership.

Recognising and celebrating colleagues is one way the Company helps them feel more valued by the Company. The Living our Values Awards, introduced in 2022, recognises outstanding colleagues who shape decisions for the better by living Aon United Values of being committed, united and passionate every day. Regional award recipients are granted awards on a quarterly basis and each year an Aon United selection committee selects the top 100 global award recipients to be honoured at a prestigious event.

Also launched in 2022 was Aon's anniversary programme which celebrates a colleague's career journey at Aon, with milestone recognitions celebrated every five years to recognise the contribution individuals are making to Aon.

**Inclusion & Diversity at Aon**

The Company believes that diverse, inclusive teams produce better insight, better solutions, and better outcomes for clients and this contributes to Aon's long-term success.

The Company is committed to being a firm that is representative of the communities in which it operates. It achieves this by aligning I&D actions to the following pillars: Recruitment, Education, Promotion, and Representation. The Company strongly believes that only when colleagues can be their authentic selves and feel a sense of belonging in the Company will they achieve their full professional potential.

The Company's commitment to I&D starts from the top with Aon Group's Board of Directors. The Group's Global Inclusive Leadership Council is sponsored by the Group's Chief Executive Officer and Chief People Officer. The Group's Regional Inclusive Leadership Councils and the Group's Executive Leadership Teams drive actions to increase the diversity of teams, and colleague-led Business Resource Groups support execution and provide additional opportunities for colleagues to lead Aon in having an inclusive environment.

As of 31 December 2022, Aon's global workforce was 54% women and 46% men, and the Aon Executive Committee which leads the firm was 48% women and 52% men. At the manager level, 28% of senior leaders and 43% of managers with one or more direct report are women. New colleague hires for the year were 51% women and 49% men.

Global and Regional targets are set for representation at senior leadership for both gender and ethnicity, supported by specific action plans. Aon welcomes all applications for employment, regardless of gender, ethnicity, religion, age, sexual orientation, gender identity, pregnancy, maternity or disability status.

*Social impact*

As part of the Aon's commitment to increase the diversity of its workforce and support the communities in which it works, Company launched the Work Insights Programme in October 2022, providing work experience opportunities for 1,000 students across the UK annually. The programme will seek to enhance social mobility and career opportunities for college students from lower socio-economic backgrounds. Each year, the programme will provide one-week work experience to 300 students on a virtual basis and 700 students on a hybrid basis. The programme comprises interactive learning sessions, speakers, panels, group projects, skills sessions, and networking.

Aon is a UK apprenticeship levy payer with a mature utilisation strategy which reinvests in the professional development of over 10% of the UK population annually. In addition to funding professional development for colleagues, the Company has been able to take further steps to extend the positive impact of funded apprenticeship programmes outside of the firm. Commencing in 2022, a commitment was made to donate £1.0m of levy funds to Small and Medium Sized Enterprises and charity partners who were not able to fund the development of their own employees. £0.5m was successfully allocated in 2022 and the remainder will be gifted in 2023 supporting apprentices in industry sectors as diverse as firefighting, conservation and health and social care.

*Colleague Development*
Aon invests significant resources in personal and professional development programmes for colleagues, to help it to remain at the forefront of innovation in the industry. Colleagues are invited to complete a variety of curricula to meet their development needs and career goals. The Group provides colleagues with what they need to learn, grow, and become the leaders the Company's clients need. From self-guided learning courses to advanced leadership programmes, the curriculum is aligned to the Aon United Blueprint and Inclusive People Leader strategy. Aon's investment in technology and use of virtual based learning and development programmes allows the Company to deliver targeted offerings designed to advance all colleagues' development.

**Going concern**
The Directors have prepared a going concern assessment for McLagan (Aon) Limited for the financial period to September 2024 (reflecting a one-year projection from the date of the signing of the 2022 statutory accounts in September 2023).

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

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

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

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

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

**Events after the reporting period date**
No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

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

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

**Business relationships**
The information, how the Company fosters its relationships with its stakeholders, including clients and suppliers, is disclosed in the Stakeholder engagement section.

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

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

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

For and on behalf of the Board of Directors

DocuSigned by:

michael burke

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M Burke
Director

25 September 2023

**McLagan (Aon) Limited**
**Directors' responsibilities statement**
**31 December 2022**

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable 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 Generally Accepted Accounting Practice 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 period.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAGAN (AON) LIMITED

## Opinion

We have audited the financial statements of McLagan (Aon) Limited for the year ended 31 December 2022 which comprise Statement of profit and loss and other comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included

- We confirmed our understanding of management's going concern assessment process and obtained management's assessment which covers 12 months to September 2024;
- We challenged the key assumptions used by management in determining appropriateness of the going concern assessment; and
- We assessed the appropriateness of the going concern disclosures by comparing the consistency with management's assessment and for compliance with the relevant reporting requirements.

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 year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

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

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

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

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, 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 McLagan (Aon) Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. In assessing the effectiveness of the control environment, we also 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 and processes established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of manual intervention and complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of stakeholders.
- 
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved
  - Considering the effectiveness of management's controls designed to address the risk of fraud.
  - Testing of journal entries and other adjustments in the preparation of the financial statements.
  - Assessing accounting estimates for evidence of management bias.
  - Evaluating the business rationale for significant and/or unusual transactions.

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

## Use of our report

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

DocuSigned by:
Ernst & Young LLP
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*Nneka Crichlow* (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 September 2023

**McLagan (Aon) Limited**
**Statement of profit or loss and other comprehensive income**
**For the year ended 31 December 2022**

| | Note | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|---|
| **Revenue** | 3 | 34,477 | 27,915 |
| **Expenses** | | | |
| Staff costs | 4 | (18,968) | (16,182) |
| Administrative expenses | 6 | (7,500) | (5,945) |
| | | (26,468) | (22,127) |
| **Operating profit** | | 8,009 | 5,788 |
| Interest receivable and similar income | 9 | 414 | 79 |
| **Profit before income tax (charge)/credit** | | 8,423 | 5,867 |
| Income tax (charge)/credit | 10 | (2,746) | 8 |
| **Profit after income tax (charge)/credit for the year** | 19 | 5,677 | 5,875 |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year** | | 5,677 | 5,875 |

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

**McLagan (Aon) Limited**
**Statement of financial position**
**As at 31 December 2022**

| | Note | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 11 | 12,107 | 22,527 |
| Trade and other receivables | 12 | 12,919 | 13,800 |
| Total current assets | | 25,026 | 36,327 |
| **Non-current assets** | | | |
| Intangibles | 13 | 2,092 | 2,136 |
| Deferred tax asset | 14 | 244 | 296 |
| Total non-current assets | | 2,336 | 2,432 |
| **Total assets** | | 27,362 | 38,759 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 6,643 | 21,570 |
| Income tax payable | 16 | 2,694 | - |
| Deferred revenue | 17 | 367 | 208 |
| Total current liabilities | | 9,704 | 21,778 |
| **Total liabilities** | | 9,704 | 21,778 |
| **Net assets** | | 17,658 | 16,981 |
| **Equity** | | | |
| Share capital | 18 | 1,422 | 1,422 |
| Retained profits | 19 | 16,236 | 15,559 |
| **Total equity** | | 17,658 | 16,981 |

The Company's registered number is 06731549.

DocuSigned by:
michael burke
EBF8A6FA4971463...
M Burke
Director

25 September 2023

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

**McLagan (Aon) Limited**
**Statement of changes in equity**
**For the year ended 31 December 2022**

| | Issued capital £'000 | Retained profits £'000 | Total equity £'000 |
|---|---|---|---|
| Balance at 1 January 2021 | 1,422 | 9,684 | 11,106 |
| Profit after income tax credit for the year | - | 5,875 | 5,875 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 5,875 | 5,875 |
| Balance at 31 December 2021 | 1,422 | 15,559 | 16,981 |

| | Issued capital £'000 | Retained profits £'000 | Total equity £'000 |
|---|---|---|---|
| Balance at 1 January 2022 | 1,422 | 15,559 | 16,981 |
| Profit after income tax charge for the year | - | 5,677 | 5,677 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 5,677 | 5,677 |
| *Transactions with shareholders in their capacity as owners:* | | | |
| Dividends paid (note 20) | - | (5,000) | (5,000) |
| Balance at 31 December 2022 | 1,422 | 16,236 | 17,658 |

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

## 1. Significant accounting policies

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

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

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

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, certain classes of property and plant and equipment.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Company has used a true and fair view override in respect of the non-amortisation of goodwill (see note 13).

The financial statements have been prepared on a going concern basis. The Directors have considered the appropriateness of the going concern basis in the Directors' report on page 14.

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

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available under this standard where applicable to the Company, except for those mentioned below. Where relevant, equivalent disclosures have been given in the Group financial statements. The Group financial statements are available to the public and can be obtained as set out in note 23.

The following exemptions was not taken:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 73(e) of IAS 16 Property, Plant and Equipment; (ii) paragraph 118(e) of IAS 38 Intangible Assets;

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

## 1. Significant accounting policies (continued)

### Revenue
Revenues primarily include fees related to the provision of consultancy services presented net of value added tax ("VAT").

The Company recognises revenue when control of the promised services are transferred to the customer in the amount that best reflects the consideration to which the Company expects to be entitled in exchange for those services. For arrangements where control is transferred over time, an input or output method is applied that represents a faithful depiction of the progress towards completion of the performance obligation. For arrangements that include variable consideration, the Company assesses whether any amounts should be constrained. For arrangements that include multiple performance obligations, the Company allocates consideration based on their relative fair values.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

***Costs to fulfil a contract***
Certain costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. These costs are amortised on a systematic basis consistent with the transfer of control, of the services to which the asset relates, which is generally less than one year.

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

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

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

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

### Interest payable and similar charges
Interest payable and similar charges are recognised as interest accrues using the effective interest method.

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

### 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.

## 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

### Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

## 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Intangible assets**
Intangible assets include data access rights and software assets. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Interim impairment testing may be performed when events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable.

## 1. Significant accounting policies (continued)

***Goodwill***
Goodwill arises on the acquisition of a business and represents the excess of fair value of the consideration paid for a book of business over the aggregate fair value of the identifiable assets and liabilities required. Goodwill is considered to have an indefinite life and is therefore not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to the Statement of profit or loss and are not subsequently reversed.

The Company has used a true and fair view override in respect of the non-amortisation of goodwill as permitted by paragraph 10(2) of Schedule 1 of the Regulations to overcome the prohibition in paragraph 22 of Schedule 1 of the Regulations.

***Software***
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit (lesser of the life of an associated licence or four to seven years).

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

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, a revenue market multiple valuation was used based on the average enterprise value for the 3 years between 2021 actual and 2022 and 2023 forecasted revenues. Based on this method, management determined a range of valuations that was used to calculate value in use.

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

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

### Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which remain unpaid at the reporting date. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

### Value-Added Tax ("VAT") and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

## 1. Significant accounting policies (continued)

**Issued capital**
Ordinary shares are classified as equity.

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

## 2. Critical accounting judgements, estimates and assumptions

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

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

***Goodwill***
The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated revenue multiples as described in the accounting policy in note 1.

***Revenue***
As discussed in note 1, revenue is earned under fixed fee contracts and is recognised as the contract activity progresses to reflect the Company's partial performance of its contractual obligations. In determining the amount of revenue to be recognised in respect of ongoing services, it is necessary to estimate their stage of completion, the remaining time or costs to be incurred and the amounts that will be paid for the services provided. These estimates are made on a contract-by-contract basis and a different assessment of any of these factors would result in a change to the amount of revenue recognised.

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

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

## 3. Revenue

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Fees | 34,477 | 27,915 |

The table below analyses revenue by the location of the client from whom the business is derived.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| United Kingdom | 27,349 | 21,637 |
| Europe | 6,185 | 5,345 |
| Rest of the World | 943 | 933 |
| | 34,477 | 27,915 |

## 4. Staff costs

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Salaries | 11,137 | 10,322 |
| Pension | 823 | 660 |
| Share-based payments expense | 1 | 22 |
| Bonuses, incentives and benefits | 4,668 | 3,324 |
| Social Security Cost | 2,339 | 1,854 |
| | 18,968 | 16,182 |

All contracts of employment are with, and the remuneration of employees and Directors is paid by Aon UK Limited and Aon Solutions UK Limited, fellow group companies. The Company is charged and bears the cost for the remuneration and other associated benefits paid on its behalf. The appropriate disclosures regarding these costs are included in the financial statements of Aon UK Limited and Aon Solutions UK Limited.

Details of the pension scheme are to be found in the financial statements of Aon UK Limited.

## 5. Average number of employees

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

| | 2022 | 2021 |
|---|---|---|
| Operations | 115 | 107 |
| Administration | 20 | 9 |
| Average number of employees | 135 | 116 |

## 6. Administrative expenses

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Group intercompany recharges | 3,494 | 3,357 |
| Premises and equipment | 1,239 | 1,125 |
| Professional fees | 434 | 656 |
| Information technology | 2,278 | 402 |
| Other administrative expenses | 292 | 344 |
| Marketing and advertising | 84 | 87 |
| Amortisation of intangible assets | 44 | 81 |
| Insurance costs | 93 | 49 |
| Audit remuneration | 30 | 30 |
| ECL charge/(credit) on trade receivables | (8) | (18) |
| Net foreign exchange (gains)/losses | (480) | (168) |
| | 7,500 | 5,945 |

## 7. Directors' remuneration

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Directors' remuneration** | | |
| Aggregate remuneration in respect of qualifying services | 914 | 760 |
| Amounts received or receivable by Directors under long term incentive schemes (other than shares and share options) in respect of qualifying services | 1,470 | 1,820 |
| Aggregate of company contributions paid in respect of money purchase schemes | 61 | 62 |
| Total | 2,445 | 2,642 |

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

| | 2022 | 2021 |
|---|---|---|
| **The number of Directors who:** | | |
| Received shares in respect of qualifying services under a long-term incentive scheme | 1 | 3 |
| Accrued benefits under money purchase schemes | 5 | 3 |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Remuneration of the highest paid Director:** | | |
| Emoluments | 2,185 | 2,276 |
| Pension contributions | 18 | 17 |
| Total | 2,203 | 2,293 |

The highest paid Director received 2,416 shares at an average price of $311.37 under long-term incentive schemes in 2022.

## 7. Directors' remuneration (continued)

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

## 8. Auditor`s remuneration

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Audit services | | |
| Audit of the financial statements | 30 | 30 |

Auditor's remuneration was borne by another group company.

## 9. Interest receivable and similar income

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Bank interest receivable | 414 | 79 |

## 10. Income tax charge/(credit)

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| *Income tax charge/(credit)* | | |
| Current tax | 1,576 | - |
| Deferred tax - origination and reversal of temporary differences | 43 | 52 |
| Adjustment recognised for tax of prior periods | 1,120 | (2) |
| Foreign tax | - | 1 |
| Impact of change in tax rates | 7 | (59) |
| Aggregate income tax charge/(credit) | 2,746 | (8) |

*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 higher (2021: lower) than that calculated at standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Profit before income tax (charge)/credit | 8,423 | 5,867 |
| Tax at the statutory tax rate of 19% | 1,600 | 1,115 |
| Adjustment recognised for tax of prior periods | 1,120 | (2) |
| Expenses not deductible for tax purposes | 40 | 76 |
| Transfer pricing adjustments | (22) | (16) |
| Foreign tax | - | 1 |
| Group relief for £nil consideration | - | (1,123) |
| Impact of change in tax rates | 7 | (59) |
| Other | 1 | - |
| Income tax charge/(credit) | 2,746 | (8) |

The headline rate of UK corporation tax for the 2022 financial year was 19%. Temporary differences at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

The Company received no group relief in respect of 2022. The group relief of £1,123k anticipated to be received in relation to 2021 for £nil consideration, was not claimed in the company's tax return and is therefore disclosed as an adjustment recognised for tax of prior periods.

In the Spring Budget 2021, the UK Government announced that it had the intention to increase the corporation tax rate to 25% from 1 April 2023. The proposal to increase the corporation tax rate was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021. The effects of the corporate tax rate change are reflected in these financial statements.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| *Deferred tax in the statement of profit or loss:* | | |
| Decelerated capital allowances | 43 | 52 |
| Total deferred tax movement | 43 | 52 |

## 11. Current assets - Cash and cash equivalents

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Cash and cash equivalents | 12,107 | 22,527 |

## 12. Current assets - Trade and other receivables

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Trade receivables | 6,287 | 5,985 |
| Less: Allowance for expected credit losses on trade receivables | (12) | (20) |
| | 6,275 | 5,965 |
| Prepayments and accrued income | 49 | 8 |
| Work in progress | 534 | 764 |
| Amounts owed by fellow Group undertakings | 6,061 | 7,063 |
| | 12,919 | 13,800 |

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

Work in progress relates to revenue not yet billed to clients.

## 13. Non-current assets - Intangibles

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Goodwill - at cost | 2,068 | 2,068 |
| Software - at cost | 3,283 | 3,283 |
| Software accumulated amortisation | (3,259) | (3,215) |
| | 24 | 68 |
| | 2,092 | 2,136 |

***Reconciliations***

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

| | Goodwill £'000 | Software £'000 | Total £'000 |
|---|---|---|---|
| Balance at 1 January 2021 | 2,068 | 154 | 2,222 |
| Write off of assets | - | (5) | (5) |
| Amortisation expense | - | (81) | (81) |
| Balance at 31 December 2021 | 2,068 | 68 | 2,136 |
| Amortisation expense | - | (44) | (44) |
| Balance at 31 December 2022 | 2,068 | 24 | 2,092 |

## 13. Non-current assets - Intangibles (continued)

Goodwill is not amortised but is tested annually for impairment as required by IFRS 3. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. Had the Company amortised goodwill, a period of 10 years would have been chosen as the useful life from date of acquisition and consequently the profit before tax for the year would have been £0.2 million lower as a result.

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

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

| Multiple as at | Revenue | Health |
|---|---|---|
| 31 December 2021 | Actual | 5.25 |
| 31 December 2022 | Forecasted | 5.00 |
| 31 December 2023 | Forecasted | 4.50 |

## 14. Non-current assets - Deferred tax asset

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| *Deferred tax asset comprises temporary differences attributable to:* | | |
| Decelerated capital allowances | 244 | 294 |
| General provisions | - | 2 |
| Deferred tax asset | 244 | 296 |
| *Movements:* | | |
| Opening balance | 296 | 287 |
| Charged to profit or loss (note 10) | (43) | (52) |
| Impact of change in tax rates to the statement of profit or loss | (7) | 59 |
| Adjustment recognised for prior periods | (2) | 2 |
| Closing balance | 244 | 296 |

## 15. Current liabilities - Trade and other payables

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Trade payables | - | 1 |
| Accruals | 3,637 | 3,104 |
| Amounts owed to fellow Group undertakings | - | 15,711 |
| Amounts owed to parent undertaking | 1,067 | 1,195 |
| Other taxes and social security payables | 1,939 | 1,559 |
| | 6,643 | 21,570 |

## 16. Current liabilities - Income tax payable

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Corporation tax payable | 2,694 | - |

## 17. Current liabilities - Deferred revenue

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Deferred revenue | 367 | 208 |

## 18. Equity - Share capital

| | 2022 Shares | 2021 Shares | 2022 £'000 | 2021 £'000 |
|---|---|---|---|---|
| Ordinary shares of £1.00 each | 1,422,076 | 1,422,076 | 1,422 | 1,422 |

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

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## 19. Equity - Retained profits

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Retained profits at the beginning of the financial year | 15,559 | 9,684 |
| Profit after income tax (charge)/credit for the year | 5,677 | 5,875 |
| Dividends paid (note 20) | (5,000) | - |
| Retained profits at the end of the financial year | 16,236 | 15,559 |

## 20. Equity - Dividends paid

Dividends paid during the financial year were as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| An interim dividend of £5.0m (£3.52 per share) was paid during the year ended 31 December 2022 (2021: £Nil) to Aon UK Limited, the Company's parent. | 5,000 | - |

## 21. Guarantees

The Company maintains multi-currency cash pools with third-party banks in which various Aon entities participate. As part of Aon plc's global banking arrangements, individual Aon entities are permitted to overdraw on their individual accounts provided the overall balance does not fall below zero. Under the terms of the cash pool arrangements, participants, such as the Company whose cash at bank balances at 31 December 2022 include cash pool deposits of £12,050k (2021: £22,522k), 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.

## 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

## 23. Controlling party

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

The ultimate parent undertaking and controlling party as at 31 December 2022 was Aon plc a company incorporated and registered in the Republic of Ireland.

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