

Aon Risk Services (N.I.) Limited

Company Number R0000703

Annual Report - 31 December 2020

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Aon Risk Services (N.I.) Limited

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Aon Risk Services (N.I.) Limited
Corporate directory
31 December 2020

Directors	P. Katsaouni-Dodd J. E. Kielty-O'Gara
Company secretary	K. E. Millar (resigned 30 November 2020)
Registered office	1st Floor 65 - 67 Chichester Street Belfast BT1 4JD Northern Ireland
Auditor	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street, Dublin 2

Aon Risk Services (N.I.) Limited
Strategic report
31 December 2020

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

The Company is a company limited by shares incorporated in Northern Ireland under Companies (Northern Ireland) Orders 1986 to 1990 and the UK Companies Act 2006 ("the Companies Act") and registered in Northern Ireland. The address of the registered office is given on the "Corporate directory" on page 2.

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

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

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under Section 400 of the Companies Act because it is included in the group financial statements of Aon plc ("the Group"). The group financial statements of Aon plc are available to the public and can be obtained as set out in note 30, "Controlling party".

Principal activities

During the year, the principal activity of the Company was that of insurance broking. The ultimate parent undertaking and controlling party is Aon plc, one of the leading insurance and reinsurance broking and employee benefits advisory companies in the world.

On 9 July 2020, the Company sold a significant part of its business to an external party. This transaction was part of a larger Group transaction for which the Company received a consideration of £2,152,679. Subsequently, on 16 December 2020, Aon UK Limited became the parent of the Company. Immediately after this, the Company transferred the remainder of its net assets and liabilities to Aon UK Limited (detailed below) and the Company ceased operations.

The Company continues to be authorised and regulated by the Financial Conduct Authority (FCA).

Review of operations

On 16 December 2020 the Company transferred its residual business and net assets and liabilities to Aon UK Limited for a total consideration of £1,800,000. The carrying value of the disposed net assets was £1,655,583. This resulted in a gain of £144,417. Prior to this, in June 2020, the Company ceased to be the sponsoring employer of the Aon McMillen Retirement Benefits Scheme. As a result of the disposal the Company has ceased operations and is expected to shortly become dormant.

The profit after taxation for the Company amounted to £404,763 (2019: loss of £1,241,786). This profit was mainly driven from the below items:

	2020 £	2019 £	Change £	Change %
Revenue	776,574	1,243,249	(466,675)	(38%)
Staff costs	(582,867)	(644,545)	61,678	(10%)
Administration costs	(2,075,455)	(1,759,356)	(316,099)	18%
Other gains	2,297,096	-	2,297,096	-
Profit/(Loss) before tax	407,087	(1,532,351)	1,939,438	(127%)

Revenue decreased by £466,675 (38%) due to the sale of a significant book of business in July 2020. Staff costs decreased by £61,678 due to a substantial reduction in staff in August 2020, offset by severance costs. Administration costs increased by £316,099, largely due to the write down of the net book values of the fixed assets, prior to the business transfer in December 2020. The increase in pre-tax profits resulted mainly from the sale of a significant part of the book of business to a third party for £2.1m during 2020.

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

Aon Risk Services (N.I.) Limited
Strategic report
31 December 2020

	2020 £	2019 £
Shareholder's funds	2,146,254	684,941
Net current assets	<u>2,146,254</u>	<u>3,963,347</u>

The Company's shareholder's funds increased largely due to the elimination of the Company's pension liability after the Company ceased to be the sponsoring employer of the Aon McMillen Retirement Benefits Scheme. The reduction in net current assets is mainly due to a £3.4m reduction in cash at bank offset by a decrease in net insurance payables and increase in net trade receivables totalling £1.5m.

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 Company sold the business and assets of the Company including all assumed debts, liabilities and obligations in connection with the business including any former claims and litigation against the Company. The only remaining risks and uncertainties are the regulatory risks outlined below:

Regulatory risks

Whilst the Company has transferred the significant legal and regulatory risks associated with the underlying business as part of the sale, the Company is still subject to minimal legal and regulatory reporting requirements, including the UK Companies Act and the rules and regulations promulgated by the Financial Conduct Authority ("FCA"). The Company has a robust regulatory compliance regime that regularly assesses the Company's compliance and regulatory requirements and reports results to the Board of Directors.

The Aon Group

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

The new Aon plc is a company incorporated and registered in the Republic of Ireland, listed on the New York Stock Exchange ("NYSE") which had net assets of circa US \$3.6 billion (2019: the previous Aon Plc had US \$3.4 billion) as disclosed in its audited financial statements for the year ended 31 December 2020 and had an S&P rating of A-/Stable.

The Company benefits from being part of a large group of companies (the "Group") and from certain Group undertakings that provide services in a wide range of areas including Group credit facilities detailed in Note 29 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.

Aon Risk Services (N.I.) Limited
Strategic report
31 December 2020

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 has an established corporate governance framework to ensure that board decisions are made with the long-term success of the Company in mind and that its key stakeholders remain at the forefront of the decision-making process. Accordingly:

- directors 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.

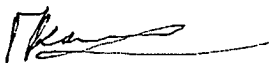
As part of the Aon Group of Companies the Board also considers conclusions from an extended governance review across the Group which includes advice from legal, finance, treasury and tax as well as other in-house specialists, external counsel and consultants as appropriate. Where matters presented to the Board impact the wider Aon Group, the Board considers feedback from the Group Governance Committee on the matters presented for approval to ensure it understands the interests of the wider group before reaching any decision.

In reaching decisions the Board seeks to align the Company's strategic direction with its overall purpose and our stakeholders' views are a key component of the Board's decision making. Stakeholder matters are regularly reported to the Board. Stakeholder engagement is key to the way we run our business, and details on how we engage with our key stakeholders is provided in the Directors' Report.

Likely future developments

Following the sale of the Company's business to a third party in July 2020 and the transfer of its residual business and net assets and liabilities to Aon UK Limited in December 2020, the Company ceased operations and is expected to shortly become dormant.

For and on behalf of the Board of Directors



Pelagia Katsaouni-Dodd
Director

29 September 2021

Aon Risk Services (N.I.) Limited
Directors' report
31 December 2020

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

Results

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

Political donations

No charitable or political donations were made during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Likely future developments

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

Principal risks and uncertainties

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

Financial risk management

Information on the Company's financial risks is disclosed in the strategic report.

Employee engagement

As at the balance sheet date, the Company no longer has any employees. However during the year, the Company's policies and practices kept employees informed on matters relevant to them as employees through regular updates of its internal employee website. The Company continued to take into account the needs of its employees when agreeing to policies which affect them. During the year the Company continued its training and development scheme covering technical, personal and management development programmes.

Disabled employees

As at the balance sheet date, the Company no longer has any employees. However during the year, the Company gave full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees became disabled, it was the Company's policy where practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion as appropriate.

Other than going concern

On 9 July 2020, the Company sold a significant part of its business to a third party for a consideration of £2,152,679 and on 16 December 2020 it transferred its residual business and net assets and liabilities to Aon UK Limited, its immediate parent company, for a total consideration of £1,800,000 and ceased trading. As a result, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company's assets to net realisable value. Additionally, the financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent they were committed to at the balance sheet date.

Events after the reporting period date

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

Aon Risk Services (N.I.) Limited
Directors' report
31 December 2020

Disclosure of information to the auditors

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

Auditor

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

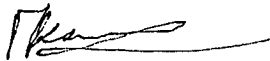
Indemnity of directors

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

Directors

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

For and on behalf of the directors



Pelagia Katsaouni-Dodd
Director

29 September 2021

Aon Risk Services (N.I.) Limited
Directors' responsibilities statement
31 December 2020

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. For the reasons stated in the Directors' Report and Note 1, the financial statements of the Company have been prepared on a basis other than going concern.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

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 AON RISK SERVICES (N.I.) LIMITED

Opinion

We have audited the financial statements of Aon Risk Services (N.I.) Limited (the "Company") for the year ended 31 December 2020 which comprise the Statement of profit or loss and other comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 30, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

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

Emphasis of Matter – Financial statements prepared on a basis other than going concern

We draw attention to note 1 to the financial statements which explains that the Company sold its business and assets to Aon UK Limited and therefore the Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as disclosed in note 1. Our opinion is not modified in this respect of this matter.

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

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



Dargan FitzGerald (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Dublin

Date: 29 September 2021

Aon Risk Services (N.I.) Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	2	776,574	1,243,249
Expenses			
Staff costs	3	(582,867)	(644,545)
Administrative expenses	5	<u>(2,075,455)</u>	<u>(1,759,356)</u>
Operating loss		(1,881,748)	(1,160,652)
Interest receivable and similar income	8	6,576	31,237
Receivable on insurance policy		-	27,080
Interest on defined benefit liability		(14,000)	(33,000)
Other gains	7	2,297,096	-
Interest payable and similar charges	9	(837)	(1,951)
Increase in provision		<u>-</u>	<u>(395,065)</u>
Profit/(loss) before income tax (expense)/benefit		407,087	(1,532,351)
Income tax (expense)/benefit	10	<u>(2,324)</u>	<u>290,565</u>
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Aon Risk Services (N.I.) Limited	28	404,763	(1,241,786)
Other comprehensive gain/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain/(loss) on defined benefit plans, net of tax	28	<u>1,056,550</u>	<u>(194,222)</u>
Other comprehensive gain/(loss) for the year, net of tax		<u>1,056,550</u>	<u>(194,222)</u>
Total comprehensive gain/(loss) for the year attributable to the owners of Aon Risk Services (N.I.) Limited		<u><u>1,461,313</u></u>	<u><u>(1,436,008)</u></u>

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

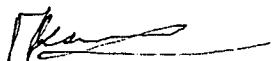
Aon Risk Services (N.I.) Limited
Statement of financial position
As at 31 December 2020

	Note	2020 £	2019 £
Assets			
Current assets			
Trade and other receivables	11	2,670,657	2,064,836
Cash and cash equivalents	12	278,978	2,521,258
Income tax receivable	13	315,484	315,493
Insurance receivables	14	25,048	341,214
Total current assets		<u>3,290,167</u>	<u>5,242,801</u>
Non-current assets			
Tangible fixed assets	15	-	136,922
Right-of-use assets	16	-	29,028
Deferred tax asset	17	-	250,067
Total non-current assets		<u>-</u>	<u>416,017</u>
Total assets		<u>3,290,167</u>	<u>5,658,818</u>
Liabilities			
Current liabilities			
Trade and other payables	18	-	189,760
Borrowings	19	1,120,337	-
Lease liabilities	20	-	27,017
Insurance payables	21	23,576	1,060,236
Deferred revenue	22	-	2,441
Total current liabilities		<u>1,143,913</u>	<u>1,279,454</u>
Non-current liabilities			
Lease liabilities	23	-	6,766
Provisions	24	-	2,329,657
Pension liability	25	-	1,358,000
Total non-current liabilities		<u>-</u>	<u>3,694,423</u>
Total liabilities		<u>1,143,913</u>	<u>4,973,877</u>
Net assets		<u>2,146,254</u>	<u>684,941</u>
Equity			
Share capital	26	50,001	50,001
Capital contribution	27	9,499,999	9,499,999
Retained losses	28	(7,403,746)	(8,865,059)
Total equity		<u>2,146,254</u>	<u>684,941</u>

The Company's registered number is R0000703.

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

Aon Risk Services (N.I.) Limited
Statement of financial position
As at 31 December 2020



Pelagia Katsaouni-Dodd
Director

29 September 2021

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

Aon Risk Services (N.I.) Limited
Statement of changes in equity
For the year ended 31 December 2020

	Share capital £	Capital contribution £	Retained losses £	Total equity £
Balance at 1 January 2019	50,001	9,499,999	(7,429,051)	2,120,949
Loss after income tax benefit for the year	-	-	(1,241,786)	(1,241,786)
Other comprehensive loss for the year, net of tax	-	-	(194,222)	(194,222)
Total comprehensive loss for the year	-	-	(1,436,008)	(1,436,008)
Balance at 31 December 2019	50,001	9,499,999	(8,865,059)	684,941
	Share capital £	Capital contribution £	Retained losses £	Total equity £
Balance at 1 January 2020	50,001	9,499,999	(8,865,059)	684,941
	-	-	-	-
Balance at 1 January 2020 - restated	50,001	9,499,999	(8,865,059)	684,941
Profit after income tax expense for the year	-	-	404,763	404,763
Other comprehensive income for the year, net of tax	-	-	1,056,550	1,056,550
Total comprehensive income for the year	-	-	1,461,313	1,461,313
Balance at 31 December 2020	50,001	9,499,999	(7,403,746)	2,146,254

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

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years 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 the financial statements have been rounded off to the nearest pounds or, in certain cases, the nearest thousand pounds.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available under this standard in relation to business combinations, non-current assets held for distribution, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, impairment of assets and related party transactions, except for those mentioned below. Where relevant, equivalent disclosures have been given in the group financial statements of Aon plc. The Group financial statements of Aon plc are available to the public and can be obtained as set out in note 30.

The Company has taken advantage of all FRS 101 disclosure exemptions except the following:

- 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.

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 ("SI") 2015/980, which permits a company a choice of adapted or statutory formats.

Other than going concern

On 9 July 2020, the Company sold a significant part of its business to a third party for a consideration of £2,152,679 and on 16 December 2020 it ceased trading having transferred its residual business and net assets and liabilities to Aon UK Limited, its immediate parent company, for a total consideration of £1,800,000. The directors assess the ability of the Company to continue in operational existence on an ongoing basis and as a result have prepared the accounts on a basis other than that of a going concern which includes, where appropriate, writing down the Company's assets to their realisable values and liabilities due at year end at their settlement amounts. Additionally, the financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent they were committed to at the balance sheet date.

Revenue

Revenue primarily includes insurance commissions and fees for services rendered. Revenue is recognised when it is earned and realised or realisable.

For brokerage commissions, revenue is typically recognised at the completion of the placement process. The placement process is typically considered complete on the effective date of the related policy. Commission revenue is recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data and claims handling provisions.

Other revenue

Other revenue relates to transactions that are incidental to the main revenue-generating activities and investment income earned on fiduciary balances. Management fees attributable to the provision of services are recognised when services are received or when the right to receive payment is established. Investment income earned on fiduciary balances is recognised on an accruals basis.

Retained brokerage

The Company takes credit for non-investment business brokerage income at the date when the Insured is debited or at the inception date of the policy, whichever is the latter. Brokerage on return and additional premiums and adjustments are brought into account as and when these occur. Credit on fee income deriving from claims handling is taken when the costs for providing this service are incurred.

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

1. Significant accounting policies (continued)

Interest receivable and similar income

Interest revenue 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 at the reporting period date.

Deferred tax

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

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

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

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents include cash balances and all highly liquid investments with initial maturities of three months or less. The estimated fair value of cash and cash equivalents approximates their carrying values.

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

1. Significant accounting policies (continued)

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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable may be impaired. 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.

Insurance receivables and payables

The Company acts as an insurance broker and is generally not liable for premiums due to underwriters or claims payable to clients.

Uncollected premiums from insureds and uncollected claims on refunds from insurers are recorded as insurance receivables on the Company's Statement of financial position. In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. Such advances are made from fiduciary funds and are reflected in the Company's statement of financial position as insurance receivables.

The obligations to remit these funds to insurers or insureds are recorded as insurance payables on the Company's Statement of financial position. The period for which the Company holds such funds is dependent upon the date funds are remitted to the Company and the date the Company is required to forward such payments to creditors.

The Company holds cash balances relating to insurance broking third parties on trust which cannot be called upon on insolvency of the Company. However, any interest generated on these cash balances is recognised and reflected as interest receivable and similar income as the Company has the right to such interest in accordance with the terms of business agreed with clients.

Third party insurance receivables are stated net of provisions for doubtful debts, which are recognised on the basis of regular reviews made by management. Provisions are established on the basis of the age of the amounts overdue and when specific receivables are identified as being unable to pay.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures, fittings and office equipment	Between three and five years – straight line
Leasehold improvements	Five years – straight line

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

1. Significant accounting policies (continued)

Goodwill

Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over ten years, which the directors consider to be its useful economic life.

Impairment of tangible and 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.

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. Impairment losses on goodwill are taken to the Statement of profit or loss and are not subsequently reversed.

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

Right-of-use assets

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

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

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

Trade and other payables

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

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

1. Significant accounting policies (continued)

Leases

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

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

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.

Provisions

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

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

Issued capital

Ordinary shares are classified as equity.

Defined benefit schemes

The Company ceased the future accrual of benefits relating to salary and service in its schemes for current employees. The balance sheet obligations and annual accounting expense of the Company's pension and other post-retirement benefit plans is based on calculations that include various actuarial assumptions, including discount rates, inflation rates, mortality rates, compensation increases and turnover rates. The Company reviews these actuarial assumptions on an annual basis and modifies these assumptions based on current rates and trends.

A liability or asset in respect of the defined benefit schemes is recognised in the Statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from the accrual of benefits to the reporting date, calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, in the period in which they occur, in other comprehensive income. Past service costs are recognised immediately in the Statement of profit or loss.

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

1. Significant accounting policies (continued)

Defined contribution schemes

The Company also operates a defined contribution scheme. Contributions to defined contribution schemes are charged in the Statement of profit or loss and other comprehensive income on an accruals basis. Pension costs are recharged to the other UK group companies where applicable.

2. Revenue

	2020 £	2019 £
Brokerage	776,574	1,243,249

Revenue Geographical Analysis

The table below analyses revenue by the location of the client from whom the business is derived. Revenue is derived from activities serviced in the United Kingdom.

	2020 £	2019 £
United Kingdom	773,447	1,146,304
Europe	2,910	94,751
Rest of the World	217	2,194
	776,574	1,243,249

3. Staff costs

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

	2020 £	2019 £
Salaries	453,902	472,984
Pension	73,562	111,686
Bonuses, incentives and benefits	24,896	10,553
Social Security cost	30,507	49,322
	582,867	644,545

4. Directors' remuneration

	2020 £	2019 £
Directors' remuneration		
Aggregate remuneration in respect of qualifying services	562,108	70,990
Amounts received or receivable by directors under long term incentive schemes (other than shares and share options) in respect of qualifying services	118,594	-
Aggregate of company contributions paid in respect of money purchase schemes	33,317	7,953
Total	714,019	78,943

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

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

4. Directors' remuneration (continued)

	2020 £	2019 £
Remuneration of the highest paid director:		
Emoluments	457,820	70,990
Pension contributions	20,644	7,953
Total	478,464	78,943

The highest paid director received 924 shares at an average price \$211.27 under long-term incentive schemes in 2020.

In 2019, the remuneration presented relates to a sole director who worked exclusively for the company and resigned in October 2019. The current directors provide services for a number of companies across the Aon group. As a result the Directors have chosen for the current year 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.

5. Administrative expenses

Operating profit is stated after charging items disclosed in the administrative expenses note below:

	2020 £	2019 £
Net foreign exchange losses	27,247	87,821
Depreciation of tangible fixed assets	38,102	41,415
Impairment of tangible fixed assets	151,470	-
Audit remuneration	34,765	33,795
Other administrative expenses	264,892	115,766
Amortisation of Right of use asset	-	22,829
Irrecoverable VAT	-	5,410
ECL charge reversal on trade receivables	(4,535)	(2,485)
Corporate allocation	1,563,514	1,454,743
Interest and finance charges payable on lease liabilities	-	62
	2,075,455	1,759,356

6. Auditor's remuneration

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

	2020 £	2019 £
<i>Audit services</i>		
Audit of the statutory financial statements	21,850	19,680
Audit of client money transactional activity	12,915	12,915
Audit of defined benefit pension scheme	-	1,200
	34,765	33,795

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

7. Other gains

	2020 £	2019 £
Profit on disposal of business	<u>2,297,096</u>	<u>-</u>

On 9 July 2020, the Company sold a significant part of its business to a third party for a consideration of £2,152,679.

On 16 December 2020 the Company transferred its residual business and net assets and liabilities to Aon UK Limited for a total consideration of £1,800,000. The carrying value of the disposed net assets was £1,655,583. This resulted in a gain of £144,417.

8. Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	<u>6,576</u>	<u>31,237</u>

9. Interest payable and similar charges

	2020 £	2019 £
Interest payable and similar charges	<u>837</u>	<u>1,951</u>

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

10. Income tax expense/(benefit)

	2020 £	2019 £
<i>Income tax</i>		
Current tax	13,490	(315,493)
Deferred tax - origination and reversal of temporary differences	(8,974)	27,689
Adjustment recognised for tax of prior periods	61	153
Impact of change in tax rates	(2,253)	(2,914)
	<u>2,324</u>	<u>(290,565)</u>
Aggregate income tax expense/(benefit)	<u>2,324</u>	<u>(290,565)</u>

Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate

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

Profit/(loss) before income tax (expense)/benefit	407,087	(1,532,351)
Tax at the statutory tax rate of 19%	77,347	(291,147)
Adjustment recognised for tax of prior periods	61	153
Income not taxable	(37,443)	-
Expenses not deductible for tax purposes	20,588	3,343
Impact of change in tax rates	(2,253)	(2,914)
Group relief for £nil consideration	(55,976)	-
	<u>2,324</u>	<u>(290,565)</u>
Income tax expense/(benefit)	<u>2,324</u>	<u>(290,565)</u>
	2020 £	2019 £

Amounts recognised directly in equity

Deferred tax assets (note 17)	230,860	(39,781)
Current tax	(13,490)	-
Total	217,370	(39,781)

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

During the year, following a change in group wide policy, the Company received £55,976 of group relief for £nil consideration.

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

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

10. Income tax expense/(benefit) (continued)

	2020 £	2019 £
<i>Deferred tax in the income statement:</i>		
Decelerated capital allowances	(10,750)	1,305
Pension plans and other post-employment benefits	-	25,841
Adjustments for IFRS16	1,776	543
	<u>(8,974)</u>	<u>27,689</u>
Total deferred tax movement	<u>(8,974)</u>	<u>27,689</u>

11. Trade and other receivables

	2020 £	2019 £
Trade receivables	-	146,090
Prepayments and accrued income	-	173,992
Other receivables	-	1,562,700
Amounts owed by fellow Group undertakings	-	117,556
Amounts owed by parent undertaking	2,670,657	64,498
	<u>2,670,657</u>	<u>2,064,836</u>

12. Cash and cash equivalents

	2020 £	2019 £
Cash and cash equivalents	277,672	1,806,575
Fiduciary cash balances held on behalf of insurance broking third parties	1,306	714,683
	<u>278,978</u>	<u>2,521,258</u>

The Company has a contract bond facility with AIB (NI) as at 31 December 2020 with a limit of £100,000. £Nil was drawn from this facility as at 31 December 2020.

13. Income tax receivable

	2020 £	2019 £
Group relief receivable	<u>315,484</u>	<u>315,493</u>

14. Insurance receivables

	2020 £	2019 £
Third party insurance receivables	25,048	345,552
Less: Allowance for expected credit losses on trade receivables	-	(4,338)
	<u>25,048</u>	<u>341,214</u>

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

15. Tangible fixed assets

	2020 £	2019 £
Leasehold improvements - at cost	-	200,971
Less: Accumulated depreciation	-	(64,081)
	-	136,890
Fixtures and fittings - at cost	-	113,304
Less: Accumulated depreciation	-	(113,272)
	-	32
Computer equipment - at cost	-	120,735
Less: Accumulated depreciation	-	(120,735)
	-	-
	-	136,922

Reconciliations

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

	Leasehold improvement £	Fixtures and fittings £	Computer equipment £	Total £
Balance at 1 January 2019	175,266	57	-	175,323
Additions	3,014	-	-	3,014
Depreciation expense	(41,390)	(25)	-	(41,415)
Balance at 31 December 2019	136,890	32	-	136,922
Dilapidation adjustment	52,650	-	-	52,650
Depreciation expense	(38,079)	(23)	-	(38,102)
Write off of assets	(151,461)	(9)	-	(151,470)
Balance at 31 December 2020	-	-	-	-

16. Right-of-use assets

	2020 £	2019 £
Buildings - right-of-use	-	51,857
Less: Accumulated depreciation	-	(22,829)
	-	29,028

There were no additions to the right-of-use assets during the year.

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

16. Right-of-use assets (continued)

Reconciliations

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

	Buildings - right of use £	Total £
Balance at 1 January 2019	-	-
Balance at 1 January 2019	51,857	51,857
Depreciation expense	(22,829)	(22,829)
Balance at 31 December 2019	29,028	29,028
Write off of assets	(29,028)	(29,028)
Balance at 31 December 2020	-	-

17. Deferred tax asset

	2020 £	2019 £
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Decelerated capital allowances	-	17,618
Pension provision	-	230,860
Adoption of IFRS16	-	1,589
Deferred tax asset	-	250,067

Movements:

Opening balance	250,067	232,153
Credited/(charged) to profit or loss (note 10)	8,974	(27,689)
Credited/(charged) to equity (note 10)	(230,860)	39,781
Impact of change in tax rates to the statement of profit and loss	2,253	2,914
Adjustment recognised for tax of prior periods	(52)	833
Adoption of IFRS 16	-	2,075
Disposal of business	(30,382)	-
Closing balance	-	250,067

18. Trade and other payables

	2020 £	2019 £
Trade payables	-	10,336
Accruals	-	113,441
Amounts owed to fellow Group undertakings	-	2,297
Other taxes and social security payables	-	63,686
	-	189,760

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

19. Borrowings

	2020 £	2019 £
Short term borrowings	1,120,337	-

The bank overdraft is covered by Aon plc's BMG bank cash pooling arrangement as set out in note 29.

20. Lease liabilities (Current)

	2020 £	2019 £
Lease liability	-	27,017

All remaining lease agreements transferred to Aon UK Limited as part of the Business Transfer Agreement in December 2020

21. Insurance payables

	2020 £	2019 £
Third party insurance payables	23,576	1,060,236

22. Deferred revenue

	2020 £	2019 £
Deferred revenue	-	2,441

23. Lease liabilities (Non Current)

	2020 £	2019 £
Lease liability	-	6,766

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

	2019 £'000
2020	27,048
2021	6,762
	33,810
Less: Imputed interest	(27)
Present value of lease liabilities	33,783

All remaining lease agreements transferred to Aon UK Limited as part of the Business Transfer Agreement in December 2020

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

23. Lease liabilities (continued)

of which:

Current	27,017
Non-current	6,766
	<u>33,783</u>

24. Provisions

	2020 £	2019 £
E&O and other litigation provision	-	2,259,149
Dilapidation provision	-	29,508
Claims handling provision	-	41,000
	<u>-</u>	<u>2,329,657</u>

Errors and omissions provision

Occasionally a number of claims alleging professional negligence have been made against the Company. Provision has been made in these financial statements based on the directors' current best estimate of the total amount of those claims which are considered more likely than not to crystallise.

The Company has recorded provisions gross of any related recovery, any such recovery being included within debtors.

Certain other E&O claims meet the IAS 37 definition of contingent liabilities. In accordance with IAS 37, these claims have not been included in the financial position as the directors do not believe that it is practicable to estimate the quantum of the potential outcome of these claims. The directors believe that there are valid defences to all claims that have been made with respect to these activities and the Company is vigorously defending all pending actions. The directors do not expect the outcome of these claims, either individually or in aggregate, to have a material effect upon the Company's operations or financial position.

As allowed by IAS 37, further disclosure has not been given as it may seriously prejudice the outcome of any legal proceedings. In the interest of not prejudicing the outcome of any single case, the Company has not split the provision between current and non-current as required by IAS 1.

Dilapidations provision

The provision represents the present value of the estimated costs to make good the premises leased by the Company at the end of the lease term. The dilapidation provision relates to contractual obligations of the Company on surrender of the property lease to reinstate the premises to the same state and condition as before occupancy including making good all damage caused while vacating the property.

Claims handling provision

In certain retail broking arrangements the Company may provide services in addition to the placement of an effective policy. Such services may be explicitly provided in the contract while others may be implied based on past practices of providing the service e.g. claims handling. Since claims handling is considered perfunctory, net income related to the revenue that is recognised in the year should be reduced by the expected cost associated with future claims handling services. This will create a liability at the end of the year related to revenue recognised in the year but for which costs have not yet been incurred.

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

24. Provisions (continued)

Movements in provisions

Movements in each class of provision (current and non-current) during the current financial year, other than employee benefits, are set out below:

	Errors & omissions provision £	Dilapidation provision £	Claims handling provision £
2020			
Carrying amount at the start of the year	2,259,149	29,508	41,000
Provisions released	(682,940)	(29,508)	(41,000)
Settlements made	(1,286,547)	-	-
Transfer to Aon UK Limited	(289,662)	-	-
Carrying amount at the end of the year	-	-	-

25. Pension liability

Pension schemes

The principal employer for the Scheme changed from Aon Risk Services (NI) Limited (the 'company') to Aon UK Limited on 25 June 2020 and the company ceased to participate in the Scheme on that date. We have carried out calculations assuming the cessation of participation occurred at 30 June 2020. Therefore the balance sheet position is £Nil at 25 June / 30 June 2020 and remained at this position by 31 December 2020.

Defined Contribution scheme

The Company had a defined contribution scheme which was administered by independent administration and trustees. The pension charge for the year was £29,272 (2019: £61,207).

Defined Benefit scheme

The Company maintained a defined benefit scheme, which was funded by the payment of contributions to a separately administered fund. Contributions to the scheme were determined with the advice of an independent qualified actuary on the basis of regular actuarial valuations using the projected unit method.

The latest actuarial valuation of the scheme at 31 December 2019 has been adjusted to 25 June 2020 taking account of experience over the period since 1 January 2019, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation was measured using the projected unit credit method. The scheme's assets are stated at their market value at 31 December 2019.

In January 2014 the Company closed the defined benefit scheme to future accrual. All scheme employees were moved into the Company sponsored defined contribution scheme. There was a funding shortfall at the actuarial assessment of the defined contribution scheme as at 1 January 2016. To eliminate the funding shortfall the employer agreed a monthly contribution of £14,084 from 1 January 2019 until 31 December 2027 (2018: £14,083).

On 25th June 2020, the Company entered in to a Deed of Substitution to cease being the sponsoring employer of the Aon McMillen Limited Retirement Benefits Scheme. The entity's parent as at 31 December 2020, Aon UK Limited, became the sponsoring employer of the scheme at this date. As a result, the removal of the net pension liability at this date has been recognised as a gain through Other Comprehensive Income.

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

25. Pension liability (continued)

Statement of financial position amounts

The amounts recognised in the statement of financial position are determined as follows:

	2020	2019
	£	£
Present value of the defined benefit obligation	-	4,968,000
Fair value of defined benefit plan assets	-	(3,610,000)
	<hr/>	<hr/>
Net liability in the statement of financial position	-	1,358,000
	<hr/> <hr/>	<hr/> <hr/>

Categories of plan assets

The major categories of plan assets are as follows:

	2020	2019
	£	£
Insured pensions	-	592,000
Cash	-	178,000
Other assets	-	2,840,000
	<hr/>	<hr/>
	-	3,610,000
	<hr/> <hr/>	<hr/> <hr/>

The other assets were invested 70% in the Adept Strategy 21 Fund and 30% in the Adept Strategy 23 Fund, both with Hewitt Risk Management Services Limited during the prior year.

	2020	2019
	%	%
Insured pensions	-	16.0%
Cash	-	5.0%
Other assets	-	79.0%

The scheme was not invested in any of the sponsoring employer's own financial instruments nor in any properties or other assets used by the sponsoring employer during the prior year.

The trustees of the scheme are responsible for setting an investment strategy appropriate to that scheme after consulting the Company.

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

25. Pension liability (continued)

Reconciliations

	2020 £	2019 £
Reconciliation of the present value of the defined benefit obligation, which is partly funded:		
Balance at the beginning of the year	4,968,000	4,777,000
Interest cost	50,000	130,000
Actuarial losses	838,000	343,000
Benefits paid	(368,000)	(282,000)
Reduction through change in sponsoring employer	(5,488,000)	-
Balance at the end of the year	<u>-</u>	<u>4,968,000</u>
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	3,610,000	3,517,000
Return on plan assets	294,000	109,000
Benefits paid	(368,000)	(282,000)
Actual employer contributions	85,000	169,000
Interest income	36,000	97,000
Reduction through change in sponsoring employer	(3,657,000)	-
Balance at the end of the year	<u>-</u>	<u>3,610,000</u>

Amounts recognised in the statement of profit or loss and other comprehensive income

The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	2020 £	2019 £
Net interest expense	<u>14,000</u>	<u>33,000</u>
Total amount recognised in profit or loss	<u>14,000</u>	<u>33,000</u>
Actual return on scheme assets (excluding amounts included in interest income)	294,000	109,000
Other actuarial gains/(losses)	993,000	(343,000)
Deferred tax	<u>(230,450)</u>	<u>39,781</u>
Total amount recognised in other comprehensive gain/(loss)	<u>1,056,550</u>	<u>(194,219)</u>

Principal assumptions

	2020	2019
Discount rate	-	2.09%
Inflation	-	2.74%
Pension increases		
- CPI maximum 5%	-	1.99%
- CPI maximum 2.5%	-	1.64%
Salary increases	-	-

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

25. Pension liability (continued)

Mortality post-retirement for retirees is assumed to be in line with the standard S3PxA tables and are calculated using 110% of the base table with CMI_2018 mortality projections with a long term rate of improvement of 1%. Assuming retirement at age 65, life expectancies in years are as follows:

	31/12/2020	31/12/2019
For a male aged 65 now	-	20.6
At 65 for a male member aged 45 now	-	21.6
For a female aged 65 now	-	22.5
At 65 for a female member aged 45 now	-	23.7

On 25th June 2020, the Company entered in to a Deed of Substitution to cease being the sponsoring employer of the Aon McMillen Limited Retirement Benefits Scheme. The entity's parent as at 31 December 2020, Aon UK Limited, became the sponsoring employer of the scheme at this date. As a result, there are no assumptions related to the Scheme at the end of the period.

26. Share capital

Authorised

	2020 £	2019 £
59,000 ordinary shares of £1 each (2019: £1)	59,000	59,000
1,000 6% cumulative preference shares of £1 each (2019: £1)	1,000	1,000
	<u>60,000</u>	<u>60,000</u>

All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company. The Company considers its share capital and capital contribution as capital.

The Company's objectives in managing its capital is to maintain financial strength to support its operations.

Allotted, called up and fully paid

	2020 £	2019 £
49,001 ordinary shares of £1 each (2019: £1)	49,001	49,001
1,000 6% cumulative preference shares of £1 each (2019: £1)	1,000	1,000
	<u>50,001</u>	<u>50,001</u>

27. Capital contribution

	2020 £	2019 £
Capital contribution reserve	<u>9,499,999</u>	<u>9,499,999</u>

Aon Risk Services (N.I.) Limited
Notes to the financial statements
31 December 2020

28. Retained losses

	2020 £	2019 £
Accumulated losses at the beginning of the financial year	(8,865,059)	(7,418,923)
Adjustment for change in accounting policy	-	(10,128)
Accumulated losses at the beginning of the financial year	(8,865,059)	(7,429,051)
Profit/(loss) after income tax (expense)/benefit for the year	404,763	(1,241,786)
Actuarial gain/(loss) on defined benefit plans, net of tax	1,056,550	(194,222)
Accumulated losses at the end of the financial year	<u>(7,403,746)</u>	<u>(8,865,059)</u>

29. Guarantees

The Company has signed an agreement to participate in a cash pooling agreement with Bank Mendes Gans ("BMG") as part of Aon plc's global banking arrangements. Under the terms of the BMG bank cash pool arrangement, participants, such as the Company whose cash at bank balances at 31 December 2020 include BMG cash pool overdraft of £1,120,337 (2019: £1,683,154 deposit), can become liable to BMG for any insolvent borrower's debt (limited to the level of the depositor's own credit balances with BMG) via the pledge and set-off clauses in the BMG agreement. In such circumstances, Aon plc is contractually bound under the BMG agreement to indemnify the depositor for the amount paid by them to BMG under the pledge and set-off arrangement.

30. Controlling party

On 16 December 2020, Aon UK Limited became the immediate parent of the Company. Prior to this, the Company's parent was Aon UK Holdings Limited.

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

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

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