

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
ARTHUR J. GALLAGHER (UK) LIMITED**

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ARTHUR J. GALLAGHER (UK) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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ARTHUR J. GALLAGHER (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:

J Drummond-Smith (Non-Executive)
E Jenkin (Non-Executive)
L Patten (Non-Executive)
A Butler
S Behagg
M Belton
D Cousins
J Turner
T Wakefield
N Williams-Walker

SECRETARY:

A Peel

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AW

REGISTERED NUMBER:

01193013 (England and Wales)

INDEPENDENT AUDITOR:

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

ARTHUR J. GALLAGHER (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report for the year ended 31 December 2022.

REVIEW OF BUSINESS

The principal activity of the Company in the year under review was that of insurance and reinsurance broking. The Company is regulated by the Financial Conduct Authority ('FCA'). It is expected that there will be no significant change to the nature of the Company's activities in the foreseeable future.

The Company is a wholly owned subsidiary of Arthur J. Gallagher & Co., a company incorporated in the United States of America and is included in the publicly available consolidated financial statements of Arthur J. Gallagher & Co. ("the Group"). The Group's strategic focus continues to be on the organic growth of existing core business and the acquisition of businesses to enhance future turnover and profitability.

The results of the Company for the year ended 31 December 2022 are set out in the financial statements on pages 13 to 29.

On 1 March 2022, fellow group company, StormClose Limited, hived its trade into the Company. From this date, the Company is party to a co-broking agreement with Willis Limited which remains involved in the relationship with the client and continues to provide certain prescribed services for an interim period. The co-broking arrangement involves Willis Limited retaining rights and responsibilities under the client contract for the handling and administration of client monies and Willis Limited's broking system as well as its Lloyd's broker code.

The Company performed exceptionally well in the year to 31 December 2022, with turnover increasing to £522,036k (2021: £323,239k*).

New business and renewals were both strong in 2022 with investment in both new and existing broking talent, product development and successful insurer relationships continuing to drive growth.

Insurance and reinsurance premium rates have on the whole remained hard as Capacity continues to address weak profitability although rate softening has been experienced in a limited number of classes. Market conditions have generally been favourable and client activity has increased as a result, the post pandemic recovery playing a key part. Insurance exposures have risen as a result of this increased activity with general inflationary pressures also impacting turnover positively to some degree.

Comparisons between 2022 and 2021 are impacted by the full year effect of acquiring the Reinsurance assets of Willis Tower Watson 1 December 2021, the UK income and assets of this business hiving to the Company from 1 March 2022.

Profit before tax for the year was £124,579k (2021: £114,478k*). The timing of the reinsurance asset hive prevented the Company recognising significant turnover seasonality from the January renewal season. Administration expenses have also been driven higher by ongoing investments in broking talent, integration costs in respect the reinsurance acquisition, unrealised losses on US Dollar/Sterling hedges, and travel & entertainment expenditure returning post pandemic, the Company being heavily focused towards International clients.

Looking ahead, we aim to become a market leader in all our chosen areas of specialty and reinsurance and to drive organic growth through client retention, creation of new products and investment in talent. We will continue to incorporate best practices in processes and invest in technology solutions to provide industry leading levels of service for our clients. Culturally we aim to create a workplace environment that nurtures and provides structured development for all our colleagues, with a particular focus on Inclusion & Diversity initiatives.

Given the external developments and geopolitical disruption in relation to the ongoing COVID-19 pandemic and more recently the conflict in Ukraine, future forecasts and projections have taken these conditions into account. The Company has not been impacted materially by either the pandemic or conflict noting secondary impacts from economic uncertainty, supply chain issues and inflationary pressures are complex and therefore also being monitored very closely. The Company has adequate resources to continue in operational existence for a period until 30 April 2024, and no material uncertainties related to going concern have been identified.

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

ARTHUR J. GALLAGHER (UK) LIMITED**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022****SECTION 172 STATEMENT**

The Directors recognise their responsibility to act in good faith to promote the success of the Company for the benefit of its shareholder, the Gallagher Group, while also considering the impact of their decisions on other stakeholders. These stakeholders include clients, strategic partners (for example, insurance companies), employees, suppliers, our regulator, the environment and the wider community. Engagement with these stakeholders, to understand the issues and factors that are most important to them, is a vital aspect of our decision-making process. In making key decisions, the Directors consider the outcomes of engagement with the relevant stakeholders. Set out below are details of our key stakeholders, how the Board of Directors has engaged with each of them during 2022, and details of key decisions or developments resulting from the engagement.

The table below describes how the Directors have performed their duty to promote the success of the Company as required by section 172(1) (a) to (f) of the Companies Act 2006

Stakeholder Group	Form of Engagement	Key Decisions and Developments
<p>Shareholder</p> <p>The Company forms part of the Arthur J. Gallagher & Co. group, providing insurance broking, risk management and consulting services.</p> <p>The Company's ultimate parent is Arthur J. Gallagher & Co.. Its immediate shareholder is Gallagher Holdings (UK) Limited, which is a direct subsidiary of Arthur J. Gallagher Holdings (UK) Limited.</p>	<p>The Company's business encompasses the Specialty insurance and Reinsurance divisions of Gallagher Global Broking – UK (GGB-UK), which is a significant part of the Arthur J. Gallagher Group's Global Broking (GGB) business.</p> <p>Ensuring that the activities of GGB-UK align with those of the wider Group is therefore essential, and is achieved through regular dialogue with the shareholder, based on a mutual understanding of objectives.</p> <p>The Company's joint CEOs are both members of the Executive Committee of GGB-UK, and interact with other GGB-UK divisions and functions through their membership of that Committee.</p>	<p>One of the Board's primary responsibilities is to review, challenge and approve the Company's annual budget. In considering management's budget proposals in early 2022, the Board considered the growth aspirations in the draft budget. Following discussion with management and with the Group, and after thorough review, including assessment of investment priorities, the Board approved the Company's 2022 annual budget.</p> <p>In conjunction with the wider Gallagher Group, the Company continued work on the integration of the UK elements of the treaty reinsurance brokerage operations acquired by the Group from Willis Towers Watson in December 2021. After consultation with the Group, the Board approved the transfer to the Company of all of the assets and liabilities of StormClose Limited with effect from 1 March 2022.</p>

ARTHUR J. GALLAGHER (UK) LIMITED**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022****SECTION 172 STATEMENT - continued**

Stakeholder Group	Form of Engagement	Key Decisions and Developments
<p>Our People</p> <p>The Board recognises that the Company's long-term success depends on the expertise, skills and commitment of all of our people.</p>	<p>Engagement with colleagues throughout the business takes a number of forms, from well-attended 'team talks' given by the CEO to the workforce, to regular communication on a range of themes via the Company's intranet site.</p> <p>Colleagues' feedback on all aspects of their experience with Gallagher is sought via our annual Engagement Survey, which was undertaken again in September 2022.</p>	<p>One of the key tools for engagement with the workforce is our annual Employee Engagement Survey that, in 2022, evidenced a very high level of engagement between the Company and its workforce. The Board reviewed in detail the outputs of the survey, which showed an 81% engagement score, based on a 92% participation rate, in the Specialty division, and a 72% engagement score, with a participation rate of 81%, in Reinsurance. Areas that attracted particularly high scores, in both divisions, included well-being, trust in leadership and ethics.</p> <p>Competition for staff intensified following the COVID pandemic, and the Board monitored staff attrition rates throughout the year, noting management's successful initiatives to improve recruitment and retention in a challenging employment market. These included a focus on learning and development within the organisation, as well as enhanced succession planning. As a result, staff attrition declined towards the end of 2022.</p>
<p>Customers</p> <p>The Company's product offering to customers is extensive, spanning Specialty and Reinsurance products. Within its Specialty division, the Company provides a wide range of wholesale insurance services to clients across a range of sectors, spanning Aerospace, Construction, Energy, Financial Risks, Property & Casualty and Marine, Art and Specie. The Company's Gallagher Re division is the full service UK reinsurance division of Gallagher, providing reinsurance services, strategic insight and transactional excellence.</p>	<p>One of the Board's stated responsibilities is ensuring fair outcomes for our customers.</p> <p>The Board is regularly briefed by senior management on customer relationships, and provided by management with updates on customer and conduct matters.</p>	<p>In July 2022, the Board considered a proposal to acquire the risk management, consulting and investigation firm Another Day. Another Day is a UK-based risk management consultancy, helping organisations pre-empt and prepare for complex threats, react to crises and investigate criminality through the use of intelligence and technology.</p> <p>Management proposed the acquisition on the basis that the consulting and advisory specialism would be particularly valuable to the Company and its customer base, extending the range of services on offer to them. The proposal to acquire Another Day provided a strong complement to the Company's existing London-based Specialty operations, as many of our clients were increasingly looking for this type of risk management support.</p> <p>In reviewing the proposed acquisition, the Board took specific account of s172 considerations, including the need to foster the Company's business relationships with customers and others. The proposed acquisition was felt to bring into our offering key services that would benefit both clients and markets.</p> <p>The Company's acquisition of Another Day completed in August 2022.</p>

ARTHUR J. GALLAGHER (UK) LIMITED**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022****SECTION 172 STATEMENT- continued**

Stakeholder Group	Form of Engagement	Key Decisions and Developments
<p>Suppliers</p> <p>The Company is dependent on the provision of services by a number of external suppliers to support their operations.</p>	<p>The Board recognises the importance of the Company's relationship with its suppliers, including insurance partners and other service providers. It receives regular updates from management on supplier relationships, and is advised of any significant issues that may arise.</p>	<p>In June 2022, the Board considered a proposal for the purchase of a new strategic IT platform, Novidea, for its Specialty division. The Board scrutinised a detailed proposal from management, which set out the commercial rationale for acquiring the platform, including an assessment of the attendant risks and their mitigants. The impact of the system on the client experience would be very significant, with greater visibility for clients on their risks, and access to analytics. The Board approved the investment in the new platform, and subsequently monitored carefully the implementation process, including the supplier's capability to deliver the system successfully.</p>
<p>Regulator</p> <p>The Company is subject to regulation by the UK financial services regulator, the Financial Conduct Authority (FCA), and is regulated by the FCA as a fixed portfolio firm.</p>	<p>The Company maintains a dialogue with the FCA through a number of channels, including proactive engagement meetings with the regulator's supervisory team and ongoing provision of information to the regulator by our Compliance function. The Company has submitted data to the regulator in response to a series of information requests throughout 2022.</p>	<p>At its June 2022 meeting, the Board reviewed an FCA Firm Evaluation Letter, and noted the regulator's overall assessment, key priorities and Proactive Engagement Work Programme. A number of governance actions were taken by the Company's management, overseen by the Board, in response to the Firm Evaluation Letter.</p> <p>The integration into the Company of the treaty reinsurance brokerage operations acquired by the Group from Willis Towers Watson was discussed during the year with the FCA at integration update meetings. The regulator was briefed regularly on the integration process, and on the temporary co-broking arrangements put in place with Willis Towers Watson.</p>
<p>Community and Society</p> <p>The Company recognises its obligations to the communities in which it operates and, as a large organisation, its positive impacts on wider society.</p>	<p>The Board supports a wide range of initiatives and volunteering activities as part of the Company's engagement with local communities in the UK. The Board actively monitors and encourages these activities, by means of regular reporting on issues relating to Environmental, Social and Governance ('ESG') and Inclusion and Diversity ('I&D').</p>	<p>The Board received a number of updates on ESG and I&D initiatives throughout the year. Areas of focus included volunteering, with a third party provider, Neighbourly, appointed to assist in providing volunteering opportunities for employees. In I&D, there was a focus on disclosure of diversity data by colleagues, in order to improve the Board's visibility on I&D across the workforce. Both divisions have taken steps to improve female representation at all levels of the organisation, for example by offering more flexible working arrangements.</p>

ARTHUR J. GALLAGHER (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

In accordance with the UK government's Streamlined Energy and Carbon Reporting (SECR) policy, which was implemented on 1 April 2019, the UK Group reports on its 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 using a third party provider.

For GGB UK companies, the Directors decided to aggregate the report and consolidate the energy and carbon information under SECR. Detailed disclosures can be found within the Strategic Report of Arthur J Gallagher Holdings (UK) Limited year ended 31 December 2022 financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's international operations and debt profile expose it to a variety of financial and operational risks including the effects of change in foreign currency exchange rates, counterparty credit risks, compliance risk, liquidity and interest rates. The UK Group's Board of Directors are responsible for setting the UK Group's risk appetite and ensuring that it has an appropriate and effective risk management framework and monitors the ongoing process for identifying, evaluating, managing, and reporting the most material risks. To facilitate this, the UK Group maintains a risk framework, through which the key risks affecting the UK Group are identified, assessed and monitored. Each business entity also undertakes a similar process and these risk profiles help inform the overall risk profile of the UK business. This is reviewed by each GGB-UK business division's risk and conduct committee and in turn the combined risk profile is overseen by the GGB-UK Risk Committee, which is chaired and attended by independent non-executive members, and reports to the Board of Directors.

The UK Group has in place a risk management programme and policies in the context of the wider Group risk framework. This risk management programme seeks to manage any adverse impact upon the Group caused by the nature of its principal activity.

During 2022 there were a number of significant global events, the Russian invasion of Ukraine, the latter stages of Covid-19 and a number of significant natural catastrophe events. There were some limited downside impacts on the business with increasing levels of sanctions and less availability of capacity for some risks, but these were offset by increasing premium rates and the business defining solutions to overcome these challenges. Market conditions with respect to premium rates and exposure were on the whole favourable.

Speciality and Reinsurance clients are exposed to losses related to property damage because of flooding, wind storm and/or other adverse weather events. Activity is on-going to evaluate the impacts of an increase in such events globally and how the impact on our client's may be minimised.

The approach to the most material risks facing the business is noted below:

Borrowing facilities and liquidity risk

Operations for the Group are financed by a mixture of shareholders' funds, external borrowing facilities, inter-Group borrowings and cash reserves. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group. Forward looking cash flow projections are prepared on a regular basis to assess funding requirements.

Foreign currency risk

The Group's major currency transaction exposure arises in respect of transactions with fellow group undertakings and foreign currency revenue earned in the UK. Consequently, the Group's results are sensitive to changes in foreign currency exchange rates.

In the management of its exchange rate exposures the Group utilises currency derivatives on a non-speculative basis to hedge future transactions and cash flows and is therefore party to a number of forward foreign currency contracts.

Interest rate risk

Interest rates on the Group's formal intra-group loans are fixed in nature and set in accordance with the wider Group treasury and transfer pricing policies.

Counterparty credit risk

The Group is exposed to credit related losses in the event of non-performance by counterparties to financial assets but mitigates such risk through its policy of selecting only counterparties with high credit ratings or arranging beneficial credit terms in accordance with the Group's investment and counterparty policy.

Inflation risk

The business is exposed to the effects of operating in the current high inflation economic environment. This is managed through prudent cost controls operating over suppliers, staffing and other costs.

ARTHUR J. GALLAGHER (UK) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Compliance risk

The Group is exposed to regulatory risk from the potential failure to comply with the relevant laws and regulations for insurance intermediaries. To mitigate this, the Group has a risk and compliance function, comprising members with experience of working at regulators, insurers, brokers and other financial institutions and has a control framework that has been rolled out and embedded within the culture throughout the Group to reduce the risk of non-compliance. Regular assessments by this function are undertaken within the business, to gain assurance on compliance and monitoring of the compliance and regulatory requirements. The outcomes of these reviews are regularly reported to the Risk Committee and Board of Directors. The Group has a proactive, open relationship with its regulator, the FCA.

Cyber risk

A programme of activities to reduce both the likelihood and impact of any cyber events is ongoing, through a collaboration of the IT teams based in the UK and the Corporate US function.

Operational Risk

The Group has identified the key operational risks to which it is exposed, principal among which are, the protection of client information, the prevention of cyber and financial crime, suppliers, facilities and IT resilience, M&A and Integration related risks, non-compliance with regulations and not least employee-related risk. This also takes into account areas such as ESG. An appropriate control framework has been deployed to manage and mitigate these key operational risks. A broader Operational Resilience Programme is underway to meet the FCA's operational resilience requirements and builds on the existing measures in place in this respect. There is a defined risk framework for the assessment of the risks through the acquisition of organisations and their integration into Gallagher. The assessment of risks also includes a regular programme of stress testing and assessments of both the operational and financial resilience of the business to a variety of more extreme operational scenarios.

The key operational risks facing the business at present are those around the following:

- inappropriate use or loss of data by the business or one of our suppliers;
- the potential for system breaches due to malicious or accidental activity;
- the resilience of IT systems, both internal and those dependencies externally;
- financial crime risks;
- the risks of errors or omissions;
- the loss of key individuals or teams; and
- the completion of integration activities in relation to recent acquisitions.

BY ORDER OF THE BOARD:

Alistair C. Peel

.....
A Peel - Secretary

Date: 28 April 2023
.....

ARTHUR J. GALLAGHER (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2022. The principal activities and the results for the Company for the year ended 31 December 2022 are discussed in the Strategic Report, along with the Section 172 Statement, SECR reporting and analysis of principal risks and uncertainties.

DIRECTORS OF THE COMPANY

The Directors who have held office during the period from 1 January 2022 to the date of this report are as follows:

J Drummond-Smith (Non-Executive)
E Jenkin (Non-Executive)
L Patten (Non-Executive)
M Belton
D Cousins
J Turner
N Williams-Walker

Other changes in Directors holding office are as follows:

T Wakefield - appointed 17 February 2022
S Behagg – appointed 26 July 2022
A Butler – appointed 18 October 2022

DIVIDENDS

No final dividend will be distributed for the year ended 31 December 2022 (2021: Nil). No Interim dividends were paid during the year (2021: £2,119k).

EVENTS AFTER THE REPORTING PERIOD

Information relating to events after the reporting period is given in note 23 to the financial statements.

EMPLOYEES

The Company is an equal opportunities employer and bases all decisions on individual ability regardless of race, religion, gender, age or disability. The s172 statement on page 4 in the Strategic Report provides further details on employee engagement.

DIRECTORS' INDEMNITY PROVISIONS

The Directors have benefited from qualifying third party indemnity provisions in place during the financial year and to the date of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. The s172 statement on page 3 of the Strategic Report provides further details of Directors' responsibilities.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 of the Company for that period.

ARTHUR J. GALLAGHER (UK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS' RESPONSIBILITIES STATEMENT- continued

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

- select suitable accounting policies in accordance with Section 10 of FRS 102, Accounting Policies, Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides, relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable 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. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, Ernst & Young LLP, will be proposed for re-appointment in accordance with section 487(2) of the Companies Act 2006.

BY ORDER OF THE BOARD:

Alistair C. Peel

.....
A Peel - Secretary

Date: 28 April 2023
.....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTHUR J. GALLAGHER (UK) LIMITED

Opinion

We have audited the financial statements of Arthur J. Gallagher (UK) Limited for the year ended 31 December 2022 ("the Company") which comprise the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 25, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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.

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 twelve 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTHUR J. GALLAGHER (UK) LIMITED

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 pages 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTHUR J. GALLAGHER (UK) LIMITED

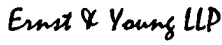
Our approach was as follows:

- 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 the financial reporting framework (UK GAAP and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. Our considerations of other laws and regulations that may have a material effect on the company included the permissions and supervisory requirements of the Financial Conduct Authority ('FCA').
- We understood how the company is complying with the legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the company and regulatory bodies. We reviewed minutes of the Board to identify any areas of non-compliance with laws and regulations. We also obtained an understanding of the company's approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the company and senior management for their awareness of any noncompliance of laws or regulations; enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; enquiring about the company's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with the FCA.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has implemented to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher in areas such as the valuation of intangible assets and revenue recognition, we performed audit procedures to address each identified fraud risk. Our procedures also included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

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:

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Benjamin Gregory, (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
London

28 April 2023
Date:

ARTHUR J. GALLAGHER (UK) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	As Restated*
	Notes	£'000	2021 £'000
TURNOVER	2	522,036	323,239
Administrative expenses		(405,066)	(231,871)
Other Income	3	<u>278</u>	<u>20,850</u>
GROSS PROFIT	6	117,248	112,218
Interest receivable and similar income	7	<u>7,331</u>	<u>2,260</u>
PROFIT BEFORE TAXATION		124,579	114,478
Tax on profit	8	<u>(5,724)</u>	<u>(22,752)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>118,855</u>	<u>91,726</u>

All balances above are in relation to continuing operations.

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

The notes form part of these financial statements

ARTHUR J. GALLAGHER (UK) LIMITED (REGISTERED NUMBER: 01193013)**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022**

			2022	As Restated*
	Notes	£'000	£'000	2021 £'000
FIXED ASSETS				
Intangible assets	9		84,031	99,223
Tangible assets	10		24,255	15,763
Investments	11		<u>14,766</u>	<u>14,766</u>
			123,052	129,752
CURRENT ASSETS				
Debtors	12	3,611,637		2,471,208
Cash and cash equivalents	13	<u>643,011</u>		<u>495,324</u>
		4,254,648		2,966,532
CREDITORS				
Amounts falling due within one year	14	<u>3,784,462</u>		<u>2,621,986</u>
NET CURRENT ASSETS			<u>470,186</u>	<u>344,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			593,238	474,298
CREDITORS				
Amounts falling due after more than one year	15		24	304
PROVISIONS FOR LIABILITIES	18		<u>4,037</u>	<u>3,672</u>
NET ASSETS			<u>589,177</u>	<u>470,322</u>
CAPITAL AND RESERVES				
Called up share capital	19		149,026	149,026
Share premium	20		3,606	3,606
Retained earnings	20		<u>436,545</u>	<u>317,690</u>
SHAREHOLDERS' FUNDS			<u>589,177</u>	<u>470,322</u>

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2023
and were signed on its behalf by:

Mike Belton

Mike Belton - Director

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

The notes form part of these financial statements

ARTHUR J. GALLAGHER (UK) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021 (Restated)*	149,026	3,606	228,083	380,715
Changes in equity				
Profit for the financial year (Restated)*	-	-	91,726	91,726
Dividend paid	-	-	(2,119)	(2,119)
Balance at 31 December 2021 (Restated)*	<u>149,026</u>	<u>3,606</u>	<u>317,690</u>	<u>470,322</u>
Changes in equity				
Profit for the financial year	-	-	118,855	118,855
Dividend paid	-	-	-	-
Balance at 31 December 2022	<u>149,026</u>	<u>3,606</u>	<u>436,545</u>	<u>589,177</u>

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES****Accounting convention**

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", and with the requirements of the Companies Act 2006 including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) regulations 2008.

The Company (registered number: 01193013) is a private company, limited by share capital, incorporated and domiciled in the UK. The address of its registered office is The Walbrook Building, 25 Walbrook, London, EC4N 8AW. The financial statements are presented in Pound Sterling ("GBP") which is the Company's functional currency. All amounts have been rounded to the nearest thousand pounds, unless otherwise indicated.

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

Basis of preparation

The Company has taken advantage of Section 401 of the Companies Act 2006 in not preparing consolidated financial statements on the basis that the results of the Company are included within the consolidated financial statements of Arthur J. Gallagher & Co., a company incorporated in the United States of America and for which results are publicly available from the Company's registered office.

The Company has also taken advantage of the exemptions, under FRS 102 paragraph 1.12(b), (c), & (e) respectively, from preparing a Statement of Cash Flows, extended disclosure relating to derivatives and disclosure of key management compensation, on the basis that it is a qualifying entity and its ultimate parent company, Arthur J. Gallagher & Co., includes such disclosures in its own consolidated financial statements. The Company has also taken advantage of the exemptions available under paragraph 33.1A of FRS 102 Related Party Disclosures, not to disclose transactions that have taken place between members of the Group where the party to the transaction is a wholly owned member.

The financial statements have been prepared on a going concern basis, under the historical cost basis. The disruption caused by the COVID-19 pandemic has significantly reduced and no additional risk is expected. The Company is fully operational, has deployed continuity protocols and has not been materially impacted by the COVID-19 pandemic. The business is not impacted materially by the conflict in Ukraine. The Company has adequate resources to continue in operational existence for a period of at least to 30 April 2024, and no material uncertainties related to going concern have been identified. The Directors therefore continue to prepare the accounts on a going concern basis.

Significant judgements and estimates

The preparation of financial statements in conformity with FRS 102 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 include:

i. Goodwill and intangible fixed assets

The Company establishes a reliable estimate of the useful lives of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

ii Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

iii. Impairment of investments

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on a value in use calculation. The value in use calculation is based on a net asset or revenue multiple basis. Both methods are derived from the financial statements and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The multiple rate used is in line with recent acquisitions.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES - continued****Significant judgements and estimates – continued****iv. Impairment of debtors**

The Group makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management have considered an appropriate formula for calculating the bad debt provision based on the ageing of the trade debtors.

v. Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company become aware of the obligations, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are made, they are charged to the provision carried in the Statement of Financial Position. These policies are included within note 18.

vi. Turnover

Turnover represents brokerage and fees associated with placing insurance and reinsurance contracts. Turnover is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is split into three classifications which are defined as follows:

-Net Brokerage: derived from commission less brokerage expenses such as 'payaway' and introducer fees which are generally a percentage of premiums for insurance coverage placed;

-Fees: comprised of fees and other income arising from the provision of an agreed level of service to clients; and

-Commission: Supplemental (ISA) income and contingent commission income (or profit share).

Please refer to the accounting policies for further information.

Turnover***Rendering of services***

Turnover from a contract to provide services is recognised in the year in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Company calculates an estimate at each reporting date of the extent to which further services need to be applied over the life of a contract. The turnover arising in respect of such contracts is initially included on the Statement of Financial Position within Accruals and Deferred Income and is subsequently recognised as Turnover over the period during which the policy is in force.

Accrued income

In assessing the amount of Turnover to recognise, the Company makes an estimate of revenues for which work has been completed but which has not yet to be invoiced. Facts and circumstances between the point at which the service is provided and when amounts are invoiced, may cause fluctuations in the valuations of amounts yet to be invoiced. As a result, accrued Turnover balances are inherently uncertain and require judgement in estimation. Accrued turnover is disclosed in note 12.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES – continued*****Supplemental commission accrual***

The Company calculates an estimate at each reporting date of the accrued supplemental commission income not yet billed where an agreement is in place with a panel of insurance carriers. A formulae has been put in place for calculating this accrual based on analysis of transactions subject to the insurance service agreements, which are amended when necessary to reflect previous experience, and supplemental amounts recognised are included within Prepayments and Accrued Income on the Statement of Financial Position.

Contingent commission income

A contingent commission is a commission paid by an insurance carrier that is based on the overall profit and/or volume of the business placed with that insurance carrier during a particular calendar year and is determined after the contractual period. Contingent commissions are accrued to the company's best estimate of the full value of the contract over the period in which the revenue is earned. Contingent revenue must be estimated in advance for each contract, and this revenue is accrued until the cash can be collected (which may be a number of years in the future). The value of the contingent revenue from these contracts may change over this time, as premium and claim values are realised over time. Gallagher policy requires that contingent accruals be regularly reviewed, and any change in estimate be recognised immediately. Contingent commissions are recognised as revenue – and included within Prepayments and Accrued Income on the Statement of Financial Position – when the value can be reasonably determined by the Company using an expected value approach which utilises historical averages and other factors.

Post placement obligations

The obligation for future servicing and claims handling costs is an estimate of the cost to run-off claims on policies previously placed by the Company. The obligation is based on a projection of future claims applying a trend extrapolated from historical claims data. The timing of outflows relating to these liabilities is uncertain as at the end of the reporting period.

Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are also recognised on a straight line basis over the period of the lease.

Business combinations (hive-up)

Where the Company participates in a transfer of business and the ultimate shareholders remain the same, the transaction constitutes a business combination involving entities under common control. FRS 102 does not prescribe the treatment of such transfers. Accordingly, on initial recognition the transferred asset and liabilities are recorded at the carrying value in the transferring company and the resulting gain or loss, if any, is recognised as income or expense in the Statement of Comprehensive Income.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. In determining whether it is probable that deferred tax assets will be recovered, the Company takes into consideration its business plans and forecasts to assess the likely reversal pattern of temporary differences.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES – continued****Goodwill and intangible fixed assets**

Intangible fixed assets arising on the acquisition of teams, other business and software have been capitalised, classified as assets in the Statement of Financial Position and amortised over their useful economic lives. They are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Goodwill	- over a maximum of 10 years
Expiration lists	- over a maximum of 10 years
Computer software	- over 3 to 5 years

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method based on the assets' useful lives.

The useful lives of the following tangible fixed assets are:

Leasehold improvements	- to lease expiration
Furniture and equipment	- over 3 to 10 years
Computer equipment	- over 3 to 5 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Fixed asset investments

Fixed asset investments in the financial statements are stated at cost less provision for any impairment in value.

Insurance broking debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers. As such they are generally not liable as principals for the amounts arising from these transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities, respectively.

Debtors and creditors arising from a transaction between clients and insurers (e.g. premiums, claims etc.) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and creditors. To the extent that Turnover is accrued at the reporting date, the associated debtor and creditor amounts representing the premium receivable and payable respectively are included within Trade Debtors and Trade Creditors on the Statement of Financial Position.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. However, there may be circumstances where the insurance broker acquires credit risk, through statute, or through the act or omission of the insurance broker or one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposure which, consequently, cannot be evaluated. The total of insurance broking debtors and creditors appearing in the Statement of Financial Position is therefore not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance broking debtors and creditors give no indication of future cash flows.

The legal status of this practice of net settlement is uncertain and in the event of insolvency it is generally abandoned. Offset of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES – continued****Loans to/from group undertakings**

Loans to/from other group undertakings are initially recognised at transaction price, less any transactional costs unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future payments discounted at a market rate of interest. In subsequent years, the loans are carried at amortised cost, using the effective interest rate method.

Where loans are repayable on demand they are classified as short-term debtors/creditors and recognised at the full amount payable. The loans are derecognised when the liability is extinguished, that is when the contractual obligation is discharged or cancelled.

Financial derivatives

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date at which a derivative contract is entered into and are subsequently measured at fair value through the Statement of Comprehensive Income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Cash and Cash equivalents

Cash and cash equivalents includes cash balance and all highly liquid investments with initial maturities of three months or less. Short-term investments consist of money market funds. The estimated fair value of cash and cash equivalents and short-term investments approximates their carrying value.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and that the economic benefit can be reliably measured.

Foreign currencies

The Company's functional and presentation currency is GBP. Transactions in foreign currencies are recorded and translated in GBP at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the date of the Statement of Financial Position. All exchange rate differences are taken to the Statement of Comprehensive Income.

Dividends

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

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company.

	As Restated*	
	2022	2021
	£'000	£'000
An analysis of turnover by class of business is given below:		
Net Brokerage**	452,817	266,798
Fees	31,111	26,998
Commission	39,154	30,115
Post placement obligations included in deferred income	(1,046)	(672)
	<u>522,036</u>	<u>323,239</u>

**Offsetting items within net brokerage as described in note 1 is £11,066k (2021: £14,082k).

	As Restated*	
	2022	2021
	£'000	£'000
An analysis of turnover by geographical market is given below:		
UK & Europe	265,135	154,489
North America	116,031	67,196
Other countries	140,870	101,554
	<u>522,036</u>	<u>323,239</u>

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****3. OTHER INCOME**

	2022	2021
	£'000	£'000
Realised hedge gains	-	2,520
Other income	278	451
Gain on sale of business to fellow group subsidiary	-	17,879
	<u>278</u>	<u>20,850</u>

4. STAFF COSTS

The amounts relating to staff costs were incurred by Arthur J. Gallagher Services (UK) Limited. An amount of £252,614k (2021: £143,471k) was recharged back to the Company, and is accounted for in administrative expenses.

5. DIRECTORS' REMUNERATION

	2022	2021
	£'000	£'000
Directors' remuneration	3,298	1,491
Directors' pension contributions to money purchase schemes	29	21
	<u>3,327</u>	<u>1,512</u>

The number of Directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>2</u>
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Information regarding the highest paid Director is as follows:

	2022	2021
	£'000	£'000
Director's remuneration	1,171	673
Director's pension contributions to money purchase schemes	<u>4</u>	<u>-</u>

The above amounts represent remuneration allocated to the Directors' based on their directorships of entities within the Group. This is on a different basis to which Directors' remunerations are recharged to the Company and accounted for in administrative expenses.

6. GROSS PROFIT

The gross profit is stated after charging:

	2022	As Restated*
	£'000	£'000
Goodwill amortisation	8,858	8,890
Expiration lists amortisation	6,276	5,719
Computer software amortisation	156	187
Depreciation - owned assets	3,879	4,119
Auditors' remuneration		
- statutory audit	459	237
- audit related assurance services	58	174
Land and building operating leases	14,209	5,990
Foreign exchange differences	(9,712)	(27)
Unrealised loss on derivatives	<u>18,965</u>	<u>4,549</u>

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022 £'000	2021 £'000
Bank interest	4,601	92
Interest on money market funds	645	-
Interest on loans to associate undertakings	<u>2,085</u>	<u>2,168</u>
	<u>7,331</u>	<u>2,260</u>

8. TAXATION**Analysis of the tax charge**

The tax charge on the Statement of Comprehensive Income for the year was as follows:

	2022 £'000	As Restated* 2021 £'000
Current tax:		
UK corporation tax	33,231	24,435
Adjustments in respect of previous periods	<u>1,835</u>	<u>(385)</u>
Total current tax	<u>35,066</u>	<u>24,050</u>
	2022 £'000	2021 £'000
Deferred tax:		
Origination and reversal of timing differences	(22,300)	(857)
Adjustment in respect of prior periods	-	156
Effects of changes in tax rates	<u>(7,042)</u>	<u>(597)</u>
Total deferred tax	<u>(29,342)</u>	<u>(1,298)</u>
Tax on profit	<u>5,724</u>	<u>22,752</u>

The tax charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2022 £'000	As Restated* 2021 £'000
Profit before tax	<u>124,579</u>	<u>114,478</u>
Tax on profit at the standard UK rate of corporation tax of 19% (2021 - 19%)	23,670	21,750
Effects of:		
Adjustments in respect of previous periods	1,835	(228)
Expenses not deductible for tax purposes	5,012	3,493
Losses	(19,607)	-
Investment income non-taxable	(262)	(3,431)
Transfer pricing adjustments	2,118	1,766
Tax rate changes	<u>(7,042)</u>	<u>(598)</u>
Total tax charge	<u>5,724</u>	<u>22,752</u>

Factors that may affect future tax charges

The Company profits are taxable in the UK under the standard rate of corporation tax being 19% (2021: 19%). The Company is expected to continue to attract the standard rate of UK corporation tax. On 10 June 2022 the UK Government legislated to increase the main rate of corporation tax to 25% as of 1 April 2023. Following a change in leadership, this increase was then confirmed on 14 October 2022. The increase in rate has been reflected in the 2022 closing deferred tax asset. £25.8m within the deferred tax asset relates to losses transferred for nil consideration from Gallagher European Holdings Ltd to be utilised against anticipated future profit.

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****9. INTANGIBLE FIXED ASSETS**

	Goodwill £'000	Expiration lists £'000	Computer software £'000	Totals £'000
COST				
At 1 January 2022	89,079	76,091	2,631	167,801
Addition	-	-	195	195
Disposals	-	-	(136)	(136)
At 31 December 2022	<u>89,079</u>	<u>76,091</u>	<u>2,690</u>	<u>167,860</u>
AMORTISATION				
At 1 January 2022	23,161	43,133	2,284	68,578
Amortisation for year	8,858	6,276	156	15,290
Released on disposal	-	-	(39)	(39)
At 31 December 2022	<u>32,019</u>	<u>49,409</u>	<u>2,401</u>	<u>83,829</u>
NET BOOK VALUE				
At 31 December 2022	<u>57,060</u>	<u>26,682</u>	<u>289</u>	<u>84,031</u>
At 31 December 2021	<u>65,918</u>	<u>32,958</u>	<u>347</u>	<u>99,223</u>

Individual intangible assets that are deemed material to the financial statements by the Directors comprise:

Category	Asset	Carrying value	Remaining amortisation period
Goodwill	JLT Aerospace	£57,060k	6 years
Expiration Lists	JLT Aerospace	£25,054k	5 years

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Furniture and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2022	29,719	3,719	65	3,020	36,523
Additions	7,591	1,688	-	2,524	11,803
Transfer	575	-	-	-	575
At 31 December 2022	<u>37,885</u>	<u>5,407</u>	<u>65</u>	<u>5,544</u>	<u>48,901</u>
DEPRECIATION					
At 1 January 2022	16,729	1,792	65	2,174	20,760
Charge for year	2,668	331	-	880	3,879
Transfer	7	-	-	-	7
At 31 December 2022	<u>19,404</u>	<u>2,123</u>	<u>65</u>	<u>3,054</u>	<u>24,646</u>
NET BOOK VALUE					
At 31 December 2022	<u>18,481</u>	<u>3,284</u>	<u>-</u>	<u>2,490</u>	<u>24,255</u>
At 31 December 2021	<u>12,990</u>	<u>1,927</u>	<u>-</u>	<u>846</u>	<u>15,763</u>

Transfers relate to the hive-up of fellow group subsidiary StormClose Limited on 1st March 2022.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****11. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £'000
COST	
At 1 January 2022	<u>14,766</u>
At 31 December 2022	14,766
NET BOOK VALUE	
At 31 December 2022	<u>14,766</u>
At 31 December 2021	<u>14,766</u>

A full listing of the Company's investments at the year-end is detailed within note 24.

12. DEBTORS

	2022 £'000	As Restated* 2021 £'000
Amounts falling due within one year:		
Trade debtors	3,073,317	2,036,919
Amounts owed by associated undertakings	288,010	283,756
Amounts owed by parent undertakings	50,809	36,726
Amounts owed by other group undertakings	9,583	6,823
Other debtors	1,072	793
Deferred tax asset	31,832	2,490
Prepayments and accrued income	<u>101,653</u>	<u>48,435</u>
	<u>3,556,276</u>	<u>2,415,942</u>

Contained within trade debtors is the gross up of the premiums recorded at the effective date of £2,105,973k (2021: £1,257,045k).

Contained within prepayments and accrued income is £67,613k in relation to income accrued at the effective date (2021: £27,720k).

The Company has a co-broking agreement with Willis Limited which remains involved in the relationship with the client and continues to provide certain prescribed services for an interim period. The co-broking arrangement involves Willis Limited retaining rights and responsibilities under the client contract for the handling and administration of client monies; and Willis Limited's broking system as well as its Lloyd's broker code. As a consequence, trade IBA debtors remain off balance sheet.

	2022 £'000	As Restated* 2021 £'000
Amounts falling due after more than one year:		
Amounts owed by associated undertakings	<u>55,361</u>	<u>55,266</u>
	<u>55,361</u>	<u>55,266</u>
Aggregate amounts	<u>3,611,637</u>	<u>2,471,208</u>

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****12. DEBTORS – continued**

Amounts owed by associated undertakings due within one year are unsecured and repayable on demand. All loans are interest free with the exception of:

Aggregate loan value	Interest rate	Interest terms	Repayment period	Aggregate carrying value
£11,420k	0%	Compounded annually. Interest charge up to 31 Dec 2017. Thereafter from 1 Jan 2018, interest at 0%.	Repayable on demand	£15,251k
£10,093k	0%	Non-compounding. Interest charge up to 31 Dec 2017. Thereafter from 1 Jan 2018, interest at 0%.	Repayable on demand	£10,735k

Amounts owed by associated undertakings falling due after more than one year are unsecured and have the following terms and conditions:

Aggregate loan value	Interest rate	Interest terms	Repayment period	Aggregate carrying value
£41,347k	4%	Compounded annually.	10 years from commencement (2030)	£45,440k
£9,028k	4%	Compounded annually.	10 years from commencement (2030)	£9,921k

**Deferred tax
£'000**

Balance at 1 January 2022

2,490

Deferred tax charge to income statement for the period

29,342

Balance at 31 December 2022

31,832

Deferred tax

The above deferred tax asset represents £6,034k (2021: £2,490k) in relation to timing differences and £25,798k relates to losses transferred for nil consideration from Gallagher European Holdings Ltd. The amount of deferred tax that will unwind in the following accounting period is uncertain at this stage and therefore not quantifiable.

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

13. CASH AND CASH EQUIVIVENTS

	2022 £'000	2021 £'000
Restricted cash	466,927	468,037
Operating cash	54,333	27,287
Cash equivalents	<u>121,751</u>	<u>-</u>
	<u><u>643,011</u></u>	<u><u>495,324</u></u>

The Company holds restricted cash balances in respect of its insurance activities, held principally in respect of insurance trade creditors. This cash is held in client money bank accounts and cannot be used for general corporate purposes.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	As Restated*
	£'000	£'000
Trade creditors	3,620,360	2,513,968
Derivative financial instruments (note 17)	19,438	599
Amounts due to associate undertakings	48,033	42,165
Amounts owed by other group undertakings	592	1,427
Corporation tax	35,880	20,480
Group relief creditor	-	3,954
Other creditors	1,809	3,443
Accruals and deferred income	58,350	35,950
	<u>3,784,462</u>	<u>2,621,986</u>

Contained within trade creditors is the gross up of the premiums recorded at the effective date of £2,105,973k (2021: £1,257,045k).

Contained within other creditors is £341k (2021: £1,562k) relating to short-term Purchase Price Obligations transferred from provisions. Amounts owed to group undertakings are unsecured and repayable on demand.

Contained within accruals and deferred income is £24,091k (2021: £16,934) relating to deferred commissions and £8,011k (2021: £6,965k) relating to future servicing and claims handling costs.

The Company has a co-broking agreement with Willis Limited which remains involved in the relationship with the client and continues to provide certain prescribed services for an interim period. The co-broking arrangement involves Willis Limited retaining rights and responsibilities under the client contract for the handling and administration of client monies; and Willis Limited's broking system as well as its Lloyd's broker code. As a consequence, trade IBA debtors remain off balance sheet.

* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 25.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£'000	£'000
Accruals and deferred income	<u>24</u>	<u>304</u>

16. OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable operating leases in the name of the Company fall due as follows:

	2022	2021
	£'000	£'000
Within one year	7,641	7,767
Between one and five years	26,542	27,886
In more than five years	<u>3,482</u>	<u>9,779</u>
	<u>37,665</u>	<u>45,432</u>

17. FINANCIAL INSTRUMENTS

Financial assets measured at fair value through the Statement of Comprehensive Income:

	2022	2021
	£'000	£'000
Derivative financial instruments	<u>(19,438)</u>	<u>(599)</u>

Fair value through the Statement of Comprehensive Income has been calculated by comparing the USD:GBP equivalent option rate at the period end to the rate as set out in the option contract.

The Company entered into forward foreign currency options to mitigate the exchange rate risk for certain foreign currency revenues. The Group is committed to and has the option to buy Pound Sterling and pay a fixed US Dollar amount. As at 31 December 2022 the outstanding contracts all mature within 34 months of the period end.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****17. FINANCIAL INSTRUMENTS - continued**

The forward foreign currency options are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the option exchange rates for USD:GBP. The fair value of the forward foreign currency options is (£19,438k) (2021: (£599k)).

18. PROVISIONS FOR LIABILITIES

	2022	As Restated*
	£'000	£'000
Provisions	4,037	3,672

	Errors and omissions provision £'000	Property dilapidation provision £'000	As Restated* Total £'000
At 1 January 2022	1,078	2,594	3,672
Incurred during year	755	596	1,351
Released during year	(163)	-	(163)
Utilised during year	(805)	(73)	(878)
Transfer	-	55	55
At 31 December 2022	865	3,172	4,037

Errors and omissions provision

The Company faces a number of litigation and other claims, the resolution of which is uncertain, which have arisen in the ordinary course of business. Having taken appropriate legal advice and having regards to the Group's errors and omissions insurance arrangements, the Directors have provided amounts which they consider to be a realistic appraisal of the ultimate likely cost of these various claims against the Company. The provision is subject to regular review by the Group's legal department, external legal advisers and the Directors. The timing of outflows relating to these liabilities is uncertain as at the end of the reporting period.

Property dilapidation provision

The provision for dilapidation is based on a calculation supplied by an external property management consultant, and applies to the current leases that the Company holds. The timing of outflows relating to these liabilities is uncertain as at the end of the reporting periods.

19. CALLED UP SHARE CAPITAL**Allotted, issued and fully paid:**

Number:	Class:	Nominal value: £1	2022 £'000	2021 £'000
149,025,800	Ordinary	£1	149,026	149,026

The ordinary shares rank equally in terms of voting rights, one vote for each share, and in the rights to participate in all approved dividend distribution for that class of share.

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****20. RESERVES**

Called Up Share Capital - represents the nominal value of shares that have been issued.

Share Premium - this reserve records the amount above the nominal value received for shares issued, less transaction costs.

Retained Earnings - includes all current and prior period profits and losses less dividends paid.

21. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is Gallagher Holdings (UK) Limited, a company registered in England and Wales. The largest group of undertakings of which the Company is a member and for which financial statements are prepared, is headed up by Arthur J. Gallagher & Co., a company incorporated in the United States of America, which is the ultimate holding company. The registered address of Arthur J. Gallagher & Co. is 2850, W. Golf Rd., Rolling Meadows, IL 60008. A copy of these consolidated financial statements is available from the registered office of the Company.

22. RELATED PARTY DISCLOSURES

During the year the following transactions took place within the Group on behalf of the Company.

	Amounts paid on behalf of related party £'000	Amounts received on behalf of related party £'000	Amount owed from related party December 2022 £'000	Amount owed to related party December 2022 £'000
Related parties not 100% owned by Group	48,010	(45,285)	9,583	(592)

Transactions between related parties are made at normal market prices on an arm's length basis. Outstanding balances with entities are unsecured, interest free and repayable on demand. The Company has not made any provision for doubtful debts relating to amounts owed by related parties (2021: nil). The individual balances are included within amounts owed by other group undertakings and amounts owed to group undertakings in notes 12 and 14 respectively.

The Company has taken advantage of the exemptions available under paragraph 33.1A of FRS 102 Related Party Disclosures, not to disclose transactions that have taken place between members of the Group where the party to the transaction is a wholly owned member.

23. EVENTS AFTER THE REPORTING PERIOD

The Directors confirm that there are no events after the reporting period that are required to be disclosed.

24. INVESTMENT IN SUBSIDIARIES

The Company's investments at the Statement of Financial Position date, in the share capital of group undertakings, comprised the following:

Name of Company	Registered Address	Holding	Proportion of shares held
Risk Management Partners Ltd.	The Walbrook Building	Ordinary Shares	100.00%
Alesco Risk Management Services Limited	The Walbrook Building	Ordinary Shares A & B	100.00%
Capsicum Reinsurance Brokers LLP	The Walbrook Building	Partnership	99.99%
Capsicum Reinsurance Brokers No.1 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers No.2 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers No.3 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers Bermuda Limited	Bermuda	Ordinary Shares	100.00%
Capsicum Reinsurance Brokers No.4 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers No.5 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers No.6 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers No.7 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers No.9 LLP*	The Walbrook Building	Partnership	40.00%
Capsicum Reinsurance Brokers No.11 LLP*	The Walbrook Building	Partnership	40.00%
Alize Limited	Cumberland House	Ordinary Shares	100.00%

ARTHUR J. GALLAGHER (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****24. INVESTMENT IN SUBSIDIARIES - continued**

* Dissolved January 2022

Registered Address	Street Address
The Walbrook Building	25 Walbrook, London, EC4N 8AW
Bermuda	Overbay 106 Pitts Bay Road, Pembroke, Bermuda, HM08
Cumberland House	1 Victoria Street, Hamilton, Bermuda

25. PRIOR YEAR RESTATEMENT OF REVENUE

During the financial year, the directors have reviewed the accounting policies in respect of revenue recognition and concluded that adjustments are required to meet the requirements of section 23 of FRS 102. Specifically:

1. Accruals for unbilled revenue are required to better reflect the timing of the rendering of services by the entity. These are reflected in "Prepayments and Accrued Income" within Debtors on the Statement of Financial Position, and within Revenue on the Statement of Comprehensive Income. Alongside the accrual of revenue, the associated Insurance broking debtors and creditors have been included "Trade Debtors" within Debtors on the Statement of Financial Position, and in "Trade Creditors" within Creditors on the Statement of Financial Position.

2. Further deferrals of revenue are required to better reflect the ongoing performance obligations and the rendering of further services by the entity. These are reflected within "Accruals and deferred income" within Creditors on the Statement of Financial Position, and within Revenue on Statement of Comprehensive Income.

3. The entity previously recorded a Claims Handling Provision within Liabilities on the Statement of Financial Position, and as an expense on the Statement of Comprehensive Income. In order to ensure that a consistent accounting policy is applied in respect of post placement obligations, amounts previously set aside as an accounting provision have been reclassified as a deferred income reserve and included within "Accruals and deferred income" on the Statement of Financial Position

4. Accruals to reflect the best estimate of revenue arising from Contingent Commission arrangements have been made, is recognised in "Prepayments and accrued income" within Debtors on the Statement of Financial Position, and within Revenue on the Statement of Comprehensive Income.

Further information in respect of the full accounting policy can be found within Note 1.

The adjustments impact upon taxable profits, and therefore the tax charge and associated creditor (including a Group Relief Creditor) has been adjusted as necessary.

A summary of the previously reported balances, the adjustments, and the restated amounts is reported in the table below:

	As Previously Reported 2021 £'000	Effect of Prior Period Restatement 2021 £'000	Reported as Restated 2021 £'000
Statement of Comprehensive Income			
Revenue	319,960	3,279	323,239
Administrative expenses	(232,679)	808	(231,871)
Tax on profit	(21,976)	(776)	(22,752)
Statement of Financial Position			
Trade debtors	779,875	1,257,044	2,036,919
Other debtors	14,666	(13,873)	793
Prepayments and accrued income	3,683	44,752	48,435
Trade creditors	1,256,924	1,257,044	2,513,968
Corporation tax	19,704	776	20,480
Accruals and deferred income	12,052	23,898	35,950
Provisions for liabilities	10,637	(6,965)	3,672
Net assets at 31 December	457,152	13,170	470,322
Statement of Changes in Equity			
Retained earnings at 1 January	218,224	9,859	228,083
Retained earnings at 31 December	304,520	13,170	317,690