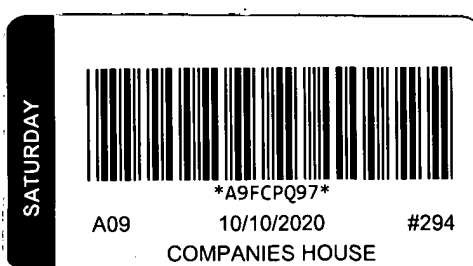


**STRATEGIC REPORT, DIRECTORS' REPORT AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
INK UNDERWRITING AGENCIES LIMITED**



INK UNDERWRITING AGENCIES LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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INK UNDERWRITING AGENCIES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

M Rea
C Richmond
C Scott

SECRETARY:

A Peel

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AW

REGISTERED NUMBER:

03110970 (England and Wales)

INDEPENDENT AUDITOR:

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

INK UNDERWRITING AGENCIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Strategic Report for the year ended 31 December 2019.

REVIEW OF BUSINESS

The principal activity of the Company in the period under review was that of wholesale insurance and managing general agent. On 1 March 2017, the majority of the remaining underwriting trade, assets, and liabilities of the company were transferred to Pen Underwriting Limited at net book value. The Company was deregulated by the Financial Conduct Authority (FCA) on 17 April 2020.

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 2019 are set out in the financial statements on pages 8 to 16.

For the year ended 31 December 2019, the Company has recorded a profit before tax of £235k compared to neither a profit nor loss before tax in 2018. The increase is due to the dividend of £5,044K received in 2019 from Westinsure Group Limited. The dividend was subsequently offset by the disposal of the Company's investment in Westinsure Group Limited as the entity was dissolved on 16 April 2019.

Given recent external developments and geopolitical disruption in relation to the ongoing COVID-19 pandemic, future forecasts and projections have been re-performed as at the time of signing. This exercise concluded that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the signing of the 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 significant risks faced. To facilitate this, the UK Group maintains a risk framework through which the key risks affecting the Group are identified, assessed and monitored. Oversight is provided by the Risk Committee which is chaired and attended by independent non-executive members, and reports to the Board of Directors. In addition, each business division has a Risk Forum that oversees the specific risks faced by each business division. Across the Central Services functions similar activities are undertaken in respect of managing the risks within each function.

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. The approach to the significant risks 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.

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.

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. This includes regular assessments within the business to gain assurance on compliance and monitoring of the compliance and regulatory requirements, with regular reporting to the Risk Committee and Board of Directors, and the Group has a proactive, open relationship with the regulator.

INK UNDERWRITING AGENCIES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Operational risk

The Group has identified the key operational risks to which it is exposed, principal among which are, the protection of client information, managing change, the prevention of cyber and financial crime, suppliers, facilities and IT resilience, M&A and compliance with regulations. An appropriate control framework has been deployed to manage and mitigate these key operational risks.

BY ORDER OF THE BOARD:

Alistair C. Peel

Alistair C. Peel (Sep 30, 2020 04:52 GMT+1)

A Peel - Secretary

Date: 30 September 2020

INK UNDERWRITING AGENCIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2019. The results for the Company for the year ended 31 December 2019 and future developments are discussed in the Strategic Report.

DIRECTORS

The Directors who have held office during the period from 1 January 2019 to the date of this report are as follows:

M Rea
C Richmond
C Scott

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019 (2018: £nil).

EVENTS AFTER THE REPORTING PERIOD

Information relating to events after the reporting period is given in note 15 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.

DIRECTORS' INDEMNITY PROVISION

The Directors have benefitted from qualifying third party indemnity provisions 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.

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. 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 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.

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.

INK UNDERWRITING AGENCIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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
Alistair C. Peel (Sep 30, 2020 04:52 GMT+1)

A Peel - Secretary

30 September 2020
Date:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INK UNDERWRITING AGENCIES LIMITED

Opinion

We have audited the financial statements of Ink Underwriting Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15, 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 state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter – Effects of COVID-19

We draw attention to note 1 and note 15 in the financial statements which describe the economic consequences the Company is facing as a result of COVID-19 which is impacting financial markets. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Directors' Report and the Strategic Report. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INK UNDERWRITING AGENCIES LIMITED

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 4, 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.

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

Use of our report

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

Ernst & Young LLP

Vinood Ramabhai (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

Date: 30 September 2020

INK UNDERWRITING AGENCIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £'000	2018 £'000
TURNOVER	2	-	3
Administrative expenses		<u>(4,811)</u>	<u>(5)</u>
OPERATING LOSS	4	(4,811)	(2)
Investment income	5	5,044	-
Interest receivable and similar income	6	<u>2</u>	<u>2</u>
PROFIT BEFORE TAXATION		235	-
Tax on profit	7	<u>-</u>	<u>(252)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>235</u>	<u>(252)</u>

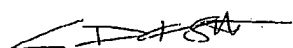
The notes form part of these financial statements

INK UNDERWRITING AGENCIES LIMITED (REGISTERED NUMBER: 03110970)

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019**

	Notes	£'000	2019 £'000	£'000	2018 £'000
FIXED ASSETS					
Investments	8		-		5,096
CURRENT ASSETS					
Debtors	9	25,375		22,069	
Cash at bank	10	<u>1,126</u>		<u>1,705</u>	
		26,501		23,774	
CREDITORS					
Amounts falling due within one year	11	<u>456</u>		<u>3,060</u>	
NET CURRENT ASSETS			<u>26,045</u>		<u>20,714</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,045</u>		<u>25,810</u>
CAPITAL AND RESERVES					
Called up share capital	12		-		-
Retained earnings	13		<u>26,045</u>		<u>25,810</u>
SHAREHOLDERS' FUNDS			<u>26,045</u>		<u>25,810</u>

The financial statements were approved and authorised for issue by the Board of Directors on 30/09/2020
and were signed on its behalf by:



.....
C Scott - Director

The notes form part of these financial statements

INK UNDERWRITING AGENCIES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	-	26,062	26,062
Changes in equity			
Loss for the financial year	-	(252)	(252)
Balance at 31 December 2018	-	25,810	25,810
Changes in equity			
Profit for the financial year	-	235	235
Balance at 31 December 2019	-	26,045	26,045

The notes form part of these financial statements

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 Companies Act 2006.

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) & (e) respectively, from preparing a Statement of Cash Flows 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 financial statements have been prepared on a going concern basis, under the historical cost basis. Given recent external developments and geopolitical disruption in relation to the ongoing COVID-19 pandemic, future forecasts and projections have been re-performed by the Company as at the time of signing. The potential stress on future profitability of the Company was also considered by Management as described in Note 15. This exercise concluded that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the signing of the Financial Statements. The Company is fully operational, has deployed continuity protocols and based on information available at the date of approval of the Financial Statements, the Company is not expected to be materially impacted by the COVID-19 pandemic. 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. 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.

ii. 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.

Turnover

Turnover represents commission earned on insurance policies underwritten during the year and is recognised at the later of inception date and the date the placement is completed and confirmed.

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income on an accruals basis based on the terms of the underlying contracts or agreements.

Taxation

Provision is made at current enacted rates for taxation. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax in future periods.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax assets and liabilities are not discounted.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES- continued

Fixed asset investments

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

Insurance intermediary debtors and creditors

Insurance intermediaries usually act as agents in the placement of insurable risks and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in the Statement of Financial Position. This recognises that the intermediary is entitled to retain the investment income on any cash flows arising from these transactions.

The position of the insurance intermediary as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance intermediary acquires the 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 extent of such exposures and consequently they cannot be evaluated. The total of insurance broking debtors appearing in the Statement of Financial Position is therefore not an indication of credit risk.

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.

Loans to/from other 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.

2. TURNOVER

The turnover and profit/(loss) before taxation are attributable to the one principal activity of the Company, and arises solely within the United Kingdom.

An analysis of turnover by class of business for the year ended 31 December 2019 is given below.

	2019 £'000	2018 £'000
Net brokerage	-	3

3. DIRECTORS' REMUNERATION

The Directors were remunerated during the year by a fellow subsidiary within the Group and Arthur J. Gallagher & Co., the ultimate holding company. None of the Directors received any remuneration during the year in respect of their services as a Director of the Company (2018: £nil) and it would not be practicable to apportion their remuneration between their services as Directors of the Company and their services for other Group companies. The Company has not been recharged any amount for the remuneration of these Directors (2018: £nil).

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

4. OPERATING LOSS

The operating loss is stated after (crediting)/charging:

	2019 £'000	2018 £'000
Reversal of impairment	(1,474)	-
Disposal of investment	<u>6,570</u>	<u>-</u>

Auditor's remuneration in the current year of £8k (2018: £10k) has been borne by a fellow group undertaking and has not been recharged to the Company.

5. INVESTMENT INCOME

	2019 £'000	2018 £'000
Dividends from investments in group undertakings	<u>5,044</u>	<u>-</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Bank interest	<u>2</u>	<u>2</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £'000	2018 £'000
Current tax		
UK corporation tax	-	252
Adjustment in respect of previous periods	<u>-</u>	<u>-</u>
Tax on profit	<u>-</u>	<u>252</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2019 £'000	2018 £'000
Profit before tax	<u>235</u>	<u>-</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	45	-
Effects of:		
Expenses not deductible for tax purposes	968	1
Income not taxable	(1,016)	-
Effects of group relief/other reliefs	(178)	-
Transfer pricing adjustments	<u>181</u>	<u>251</u>
Total tax charge	<u>-</u>	<u>252</u>

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION - continued

The Company losses are taxable in the UK under the standard rate of corporation tax being 19% (2018: 19%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government has legislated to reduce the main rate of corporation tax to 17% to apply from 1 April 2020. These reductions have been reflected in the closing deferred tax asset, as they were enacted at the date of the Statement of Financial Position. Subsequent to the balance sheet date, the government have substantively enacted legislation to reverse the rate change. Accordingly the rate will remain at 19%.

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2019	6,570
Disposals	(6,570)
As at 31 December 2019	-
PROVISIONS FOR IMPAIRMENT	
At 1 January 2019	1,474
Reversal of provision	(1,474)
At 31 December 2019	-
NET BOOK VALUE	
At 31 December 2019	-
At 31 December 2018	5,096

During the year the Company disposed of its investment in Westinsure Group Limited as the Company was formally struck off on 16 April 2019.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade debtors	-	36
Amounts owed by group undertakings	25,375	22,025
Other debtors	-	8
	<u>25,375</u>	<u>22,069</u>

Amounts owed by group undertakings are unsecured repayable on demand and are on an interest free basis, with the exception of the following loans. These loans are unsecured and have the following terms and conditions:

Aggregate loan value	Interest rate	Interest terms	Repayment period	Aggregate carrying value
£7k	0%	Compounded annually. Interest charge up to 31 Dec 2017. Thereafter from 1 Jan 2018 interest at 0%.	10 years from commencement (2025) but Lender can recall on demand	£9k
£253k	0%	Compounded annually. Interest charge up to 31 Dec 2017. Thereafter from 1 Jan 2018 interest at 0%.	10 years from commencement (2026) but Lender can recall on demand	£268k
£9,125k	0%	Non-compounding. Interest charge up to 31 Dec 2017. Thereafter from 1 Jan 2018 interest at 0%.	Can be recalled on demand of the Lender	£10,406k
£718k	0%	Compounded annually. Interest charge up to 31 Dec 2017. Thereafter from 1 Jan 2018 interest at 0%.	10 years from commencement (2026) but Lender can recall on demand	£753k

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

10. CASH AT BANK

	2019 £'000	2018 £'000
Restricted cash	-	472
Other cash and cash equivalents	1,126	1,233
	<u>1,126</u>	<u>1,705</u>

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

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	-	102
Amounts owed to group undertakings	456	855
Group relief creditor	-	252
Other creditors	-	336
Accruals and deferred income	-	1,515
	<u>456</u>	<u>3,060</u>

Amounts owed to group undertakings are unsecured, repayable on demand and are on an interest free basis.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

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 distributions for that class of share.

13. RESERVES

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

Retained Earnings - includes all current and prior period retained profits and losses.

14. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is Quillco 227 Limited, a company registered in Scotland. 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.

15. EVENTS AFTER THE REPORTING PERIOD

Given recent external developments and geopolitical disruption in relation to the ongoing COVID-19 pandemic, future cash flow and profit forecasts and projections have been re-performed and sensitised by the Company as at the time of signing.

The Company is fully operational and has deployed continuity protocols from early March 2020 following the global outbreak of COVID-19. The Company has considered the potential impact of COVID-19 on its brokerage operations, risk management and financial forecasts for the period of one year from the date of signing of the Financial Statements.

INK UNDERWRITING AGENCIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. EVENTS AFTER THE REPORTING PERIOD – continued

As a result of this assessment, the directors consider that the Company has adequate resources to continue in operational existence for a period of twelve months from the signing of the Financial Statements.

COVID-19 is a non adjusting post balance sheet event. As the external environment is continually evolving, the scale and duration of the disruption is not fully possible to quantify or estimate. As a result of the assessment of the events and conditions summarised above and based on information available at the date of approval of the Financial Statements, the Company has concluded there to be no material impact on amounts shown in the balance sheet at 31 December 2019 in relation to the COVID-19 pandemic.