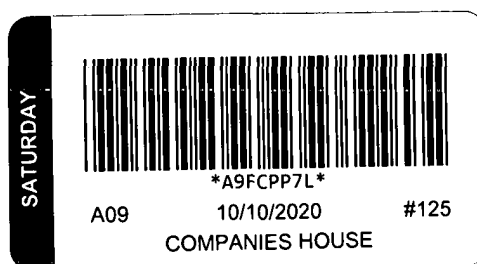


STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
ARTHUR J. GALLAGHER HOLDINGS (UK)
LIMITED



ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

	Page
Company Information	1
Strategic Report	2
Directors' Report	5
Independent Auditor's Report	10
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

DIRECTORS:

S Langley (Non-Executive)
D Coldman (Non-Executive)
J Drummond-Smith (Non-Executive)
S Green (Non-Executive)
T Newbery (Non-Executive)
L Patten (Non-Executive)
T Gallagher
S Matson
C Scott

SECRETARY:

A Peel

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AW

REGISTERED NUMBER:

06578719 (England and Wales)

INDEPENDENT AUDITOR:

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

ARTHUR J. GALLAGHER HOLDINGS (UK) 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 year under review was that of a holding company whose subsidiaries carried on the business of insurance broking and that of an insurance management agent for insurance companies and Lloyd's underwriters. 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 2019 are set out in these financial statements on pages 14 to 25.

For the year ended 31 December 2019 the Company has recorded a profit before tax of £42,850k compared to the loss of £29,784k in 2018. The principal driver of this profit was the dividends received from group undertakings.

During the year the Company issued loan notes to the value of £533,662k (see note 9) and additional share capital of £279,812k - for a consideration of £533,662k - as part of a loan restructuring project in the Australian and New Zealand region of the global Gallagher business.

The Company also issued listed unsecured loan notes through The International Stock Exchange Group Limited to the value of £435,000k (see note 9) in order to fund the acquisitions made by Gallagher Holdings (UK) Limited, principally the Stackhouse Poland Group and the Jardine Lloyd Thompson Group Plc's (JLT) global aerospace book of business. The Directors are excited to welcome our new colleagues joining from Stackhouse and JLT.

In exchange it acquired further investments in subsidiaries of £1,502,323k, details of which can be found in note 7.

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.

SECTION 172 STATEMENT

The Directors of Arthur J. Gallagher Holdings (UK) Limited have regard to the interests of the Company's stakeholders in accordance with S172(1) of the Companies Act 2006.

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 and the wider community including any impact on the environment. Engagement with these stakeholders, to understand the issues and factors which are most important to them, is an important 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 four key decisions taken by the Directors during 2019, with details of the stakeholder engagement process undertaken in arriving at them, and how it influenced the decisions taken.

Strategic Review (January and March 2019)

Context:

In January 2019, the Board engaged with management to discuss the Company's strategic direction. This was followed by further discussion in March 2019, as management's articulation of its strategy proposals for the Company developed.

How the Directors engaged with stakeholders:

The Company's strategy is relevant to a wide range of stakeholders, including clients, employees, our regulator the Financial Conduct Authority ('FCA'), and the wider Gallagher group. The Board considered these stakeholders in its review of management's strategy proposals, which included four key elements: organic growth, acquisitions, operational excellence, and people and culture. It was proposed to continue to focus on meeting client needs through improved technology and sales capability, and to continue to attract and retain the best talent through active management of emerging leaders, and performance management rewarding the greatest achievers. Management identified a need to create a roadmap to build a business of significantly greater size and complexity, and the Board challenged management on its future vision for the business.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SECTION 172 STATEMENT - continued

Outcomes:

The Board's dialogue with management highlighted the need for a strategy which would include a sense of strategic direction over a five-year time horizon, the actions which were needed to achieve strategic goals, and the investment required to support this. The Board's engagement with management on these strategic themes is ongoing.

Inclusion and Diversity deep dive (June 2019)

Context:

In June 2019, the HR Director briefed the Board on Inclusion & Diversity activities and plans within GGB-UK. Work had begun on a cultural assessment of the UK business two years previously. An action plan had been created to establish agreed behaviours among the workforce, to focus on female employees' progression into senior management, and to establish an Inclusion and Diversity Steering Committee.

How the Directors engaged with stakeholders:

The Board was briefed on the work of the Inclusion and Diversity Steering Committee, which was focussed in three key channels of activity – Building Awareness, Education, and Embedding. As part of this, GGB-UK partnered with an external training and development provider and a leader in the field of behavioural science. A formal GGB-UK awareness and education campaign was launched in February 2019, using a range of channels to communicate with the employee base, including email communications, a poster campaign and a series of external speakers.

Outcomes:

The Board determined that efforts to educate and to raise awareness on inclusion and diversity issues should continue, and agreed to support management's initiatives. The Board noted the importance of 'tone from the top', acknowledged senior managers' ability to influence their teams, and requested that Inclusion and Diversity be included as a theme in employee training. Good progress has been made in embedding awareness of Inclusion and Diversity across GGB-UK.

Employee Engagement Survey (November 2019)

Context:

Employees are a key stakeholder group for the Company, being the key producers of revenue for the Company.

How the Directors engaged with stakeholders:

One of the key tools used by the Board in understanding employee sentiment is the annual Employee Engagement Survey, conducted in September 2019, led by the HR function and facilitated by an external provider, Ixia. Areas covered by the survey included Manager Effectiveness, Communication, and Diversity. The response rate to the survey was high, and the responses were overwhelmingly positive across the employee population. The Directors actively challenged management on the findings of the survey.

Outcomes:

It was agreed that, based on employee feedback, an action plan for employee engagement would be created and brought back to the Board for review.

COVID-19 (Post-year-end)

Context:

Although after the year of account, Gallagher's robust response to the COVID-19 pandemic of 2020 demonstrated that actions taken in 2019 and earlier years to invest in resilient technology, business continuity planning and in its workforce were appropriate and thorough.

How the directors engaged with stakeholders:

The COVID-19 pandemic affected all of our stakeholders, from employees, who were obliged to adapt quickly to home-working, to clients, who needed our support throughout the crisis, and our regulator, the FCA, who relied on Gallagher to respond quickly to its requests for information. The Board held a series of extraordinary conference calls, to monitor the Company's financial and operational status throughout this period, and reviewed data provided by management on employee well-being, customer feedback, the position of key suppliers, and interaction with the FCA. The Board was briefed on claims made by customers and on any complaints received from them. All of this was done in close consultation with our shareholder, the Gallagher group. Throughout the COVID-19 lockdown in the UK in 2020 the Board and management understood that clear and regular communication with employees was vital, and a range of regular briefings and updates kept the Board and management in contact with the workforce throughout this difficult period.

Outcomes:

All of our key stakeholders were impacted in some way by COVID-19, and our sound continuity planning and high degree of preparedness served these stakeholders well during the period of the Government-imposed lockdown.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SECTION 172 STATEMENT - continued

These decisions underline the importance of consideration of a range of stakeholder interests to the Company's decision-making.

The Company, its Directors and its management remain fully committed to engaging effectively with the Company's key stakeholders as part of their decision-making process, and will continue to do so in future.

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 UK 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 further funding requirements.

Foreign currency risk

The Group's major currency transaction exposure arises in respect of transactions with fellow group undertakings. As a consequence, the Company's results are sensitive to changes in foreign currency exchange rates.

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.

BY ORDER OF THE BOARD:

Alistair Peel

Alistair Peel (Aug 5, 2020 11:33 GMT+1)

.....
A Peel - Secretary

Date: 5 August 2020
.....

ARTHUR J. GALLAGHER HOLDINGS (UK) 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 OF THE COMPANY

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

S Langley (Non-Executive)
D Coldman (Non-Executive)
J Drummond-Smith (Non-Executive)
S Green (Non-Executive)
T Newbery (Non-Executive)
L Patten (Non-Executive)
T Gallagher
S Matson

Other changes in Directors holding office are as follows:

C Scott - appointed 1 July 2019
I Story – resigned 30 June 2019

DIVIDENDS

Interim dividends of £67,126k were declared and distributed for the year ended 31 December 2019 (2018: £nil). The directors do not recommend the distribution of any further dividends.

EVENTS AFTER THE REPORTING PERIOD

Information relating to events after the reporting period is given in note 13 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 PROVISIONS

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

CORPORATE GOVERNANCE STATEMENT

The Board of Arthur J. Gallagher Holdings (UK) Limited ('AJG Holdings') has formally adopted the Wates Corporate Governance Principles for Large Private Companies as the framework for its corporate governance. The following statement, given under the Companies (Miscellaneous Reporting) Regulations 2018, sets out the corporate governance arrangements which apply to AJG Holdings.

Purpose and Leadership

AJG Holdings is the holding company for the UK subsidiaries of Arthur J. Gallagher & Co. AJG Holdings' sole shareholder is Gallagher International Holdings (US) Inc., whose parent company is Arthur J. Gallagher & Co., the ultimate parent company of the Arthur J. Gallagher Group.

AJG Holdings is led by a Board of directors (the 'Board'), whose objective is to promote the long-term success of the Company and its UK subsidiaries. The Board meets at least six times each year.

The Board is able to understand the views of its shareholder through ongoing dialogue, both at Board and management level. One of the non-executive directors of AJG Holdings is also a member of the Board of Arthur J. Gallagher & Co. At management level, there is regular dialogue between the executive management of AJG Holdings and that of the Gallagher Group, which covers matters including business strategy, budget setting and remuneration policy.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE GOVERNANCE STATEMENT - continued

The Board recognises that the Company has a number of other stakeholders in addition to its shareholders. These stakeholders include clients, strategic partners (for example, insurance companies), employees, suppliers, our regulator and the wider community including any impact on the environment. The Board builds relationships with these stakeholders through regular dialogue and interaction, supported by management's reporting and provision of data. This dialogue shows a clear sense of purpose and collective vision, based on the Gallagher Group's aim to form lasting partnerships with clients and insurers. Communication with employees includes annual engagement surveys, through which the Board is able to monitor employee sentiment. The Board oversees the development and implementation by management of action plans in response to the findings of these engagement surveys.

The Board focuses on strategy, both at the level of AJG Holdings and at the level of its principal subsidiaries. Whilst the principal subsidiaries have their own articulations of strategy, the Board of AJG Holdings has sought to bring strategy together across its UK businesses. Strategy is regularly discussed by the Board and executive management.

The Board has a strong focus on the culture of the organisation, and is regularly briefed by executive management on matters relating to culture, such as leadership development, talent and succession, and learning and development. Promoting good culture is particularly important to AJG Holdings. Good culture is embedded in the organisation by the provision of training, awareness campaigns (for example, on inclusion and diversity) and by the example set by the Board and by senior management.

The Gallagher Group's strong commitment to ethical conduct has led to our recognition as one of the World's Most Ethical Companies by the Ethisphere Institute since 2012. We maintain this commitment to ethical conduct in a number of ways, including by our adherence to a statement of the Group's shared values, the 'Gallagher Way'. Gallagher employees are expected to act in accordance with the Gallagher Way, and with integrity at all times, adhering to the spirit and letter of company policies and laws.

Our principal trading subsidiaries are regulated by the Financial Conduct Authority ('FCA'), and as such are subject to the FCA's Conduct Rules.

The Company takes any malpractice seriously, and has in place a Whistleblowing Policy, whose purpose is to ensure that any individual working for the Company can raise any matter that concerns them, in the knowledge that it will be taken seriously, treated as confidential and that no action will be taken against them. The Company also has a Conflicts of Interest Policy designed to ensure that employees will always act in the best interests of the customer.

Board Composition

The AJG Holdings Board comprises nine directors, three of whom are executive and six non-executive. Five of the non-executive directors are deemed to be independent. The size and composition of the Board are appropriate to the scale and complexity of the Company's business. All Board members have extensive and relevant experience of insurance and financial services, which enables them to understand our business and make decisions effectively.

The roles of Chairman of the AJG Holdings Board, and Chief Executive Officer of Gallagher Global Broking-UK ('GGB-UK') are separate, and are clearly defined. Role descriptions exist for each of these roles. The Chairman, who is an independent non-executive director, is responsible for the leadership of the AJG Holdings Board, whilst the Chief Executive Officer is appointed by the Board to manage the day-to-day business of GGB-UK, with the support of the GGB-UK Executive Committee.

The other executive members of the Board are the Chief Financial Officer of GGB-UK, and the CEO of Gallagher Global Broking.

Our six non-executive directors bring a wider perspective which enables them to constructively challenge management proposals and performance. Non-executive directors are typically appointed for three-year terms, and are expected to serve not more than nine years in total.

In considering new appointments to the Board, a range of factors are taken into consideration, including a candidate's skills, background, experience and knowledge, as well as the overall balance, skillset and diversity of the Board. The Board is supported, in considering senior appointments, by the Remuneration and Nominations Committee, which assists in identifying the required capabilities, and makes appropriate recommendations.

Directors are given regular briefings at Board meetings on different aspects of the business. An annual board evaluation process ensures that strengths and weaknesses of board performance and processes are identified and addressed. All directors have access to the services of the Company Secretary.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE GOVERNANCE STATEMENT - continued

Director Responsibilities

The role of the AJG Holdings Board is to promote the long-term success of the Company and its UK subsidiaries. In fulfilling this role, the Board's responsibilities include:

- Overall leadership of the UK Group, and setting appropriate values and standards, including promoting inclusion and diversity;
- Responsibility for the UK Group's culture, and for setting the appropriate 'tone from the top';
- Setting the high level strategy for the UK Group;
- Monitoring performance against strategy;
- Monitoring the effectiveness of the UK Group's compliance with applicable laws and regulatory responsibilities;
- Ensuring fair outcomes for our clients.

The Board is also responsible for reviewing the effective implementation of the risk and control framework. In its oversight of internal financial and operational controls, the Board is assisted by the Audit Committee (which meets at least quarterly), and by Internal Audit and the other control functions (Compliance, Risk and Legal). As part of the annual board evaluation exercise, the Board reviews its own performance and gives feedback on the data provided to it by management.

The responsibilities and accountabilities of executive directors, and of those non-executive directors who act as chairs of board committees or subsidiary boards, are clearly defined as part of the Company's application of the FCA Senior Management and Certification Regime framework. Board committees (Audit, Risk and Remuneration and Nominations) and principal subsidiary boards have terms of reference which clearly set out their remits and decision-making powers, and are part of the corporate governance framework designed to promote effective decision-making throughout the organisation. This corporate governance framework is set out in our Governance Manual. The Governance Manual is approved by the AJG Holdings Board and the Board is supported, in applying the corporate governance framework, by the Company Secretary. Governance processes are reviewed in the context of the annual board evaluation, and initiatives to strengthen the Company's governance (such as the adoption of the Wates Principles) are discussed by the Board.

Opportunity and Risk

The Company creates long-term value for the Gallagher Group by growing its business in the UK, developing its customer base and advising customers on insurance and risk management. The Company continues to grow its business both organically and through acquisition, and has entered into strategic partnerships to add value to the products and services offered to clients. The Board is regularly briefed by the Chief Executive Officer on new business opportunities, on new client relationships and on mergers and acquisitions activity within the sector. The Board reviews and, where appropriate, approves acquisitions and subsequently oversees the process of integration of the newly-acquired business.

The Board is responsible for the oversight of risk within the business, and has identified a set of board-level risks as a framework for exercising oversight of risk. The Board is supported in this by the Risk Committee, whose objective is to assist the Board's and the principal subsidiaries boards' oversight of risk management, compliance and IT infrastructure in the GGB-UK business. The Risk Committee meets at least quarterly.

AJG Holdings recognises enterprise risk management as a key strategic business discipline, which enables the achievement of its objectives through the effective management of risk across all aspects of the business. AJG Holdings' strategy for managing risk is a combination of the level of risk that the Board is prepared to seek, accept or avoid in executing the Company's strategy and objectives, and the governance structure, policies and business processes by which AJG Holdings manages its risks within appetite, and escalates and remedies any breaches ('the ERM Framework').

The ERM Framework, endorsed by the Board, is designed to comply with UK regulatory requirements, and to follow risk management best practice. It is applied to identify potential events that may affect AJG Holdings, to manage the associated risks and opportunities and to provide reasonable assurance that its objectives will be achieved.

An Enterprise Risk Management report is given at each AJG Holdings Board meeting, updating the Board in respect of changes related to policy reviews, the UK Board risk profile, risk events, risk appetite and horizon risks.

AJG Holdings is committed to providing competitive rewards that attract, retain and incentivise our employees to deliver outstanding performance in the eyes of our customers and shareholder. We have a clearly defined performance management process, which supports our overall business strategy and plans, and links individual pay with business and personal performance, whilst ensuring that individuals adhere to the FCA's principles and rules. This is delivered through the compensation framework overseen by the Executive Committee and the Remuneration and Nominations Committee.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE GOVERNANCE STATEMENT - continued

The Company manages the rewards of senior leadership through an objective framework that aims to strengthen the link between pay and performance by using a balanced scorecard approach. The Remuneration and Nominations Committee oversees and approves reward and compensation for members of the Executive Committee.

Remuneration

The Company has in place a Remuneration and Incentives Policy, whose purpose is to promote a performance-driven culture by differentiating total compensation based on the relative performance of businesses and individuals. The Policy seeks to promote and reward the demonstration of Gallagher shared values, and to ensure that remuneration and incentives are driven by consideration of qualitative performance and behaviour, as well as commercial results. Under the Policy, remuneration and compensation programmes, structures and decisions are aligned with shareholder, customer, employee and other stakeholder interests. The Policy aims to reinforce an organisational culture based on the highest ethical standards, and to focus on positive customer outcomes, and mitigates business risks by encouraging prudent decision-making.

Stakeholder Relationships and Engagement

The Board considers the impacts of the Company's activities on a number of key stakeholders, including our customers, our suppliers, our regulator and our employees.

In relation to customers, the Board is provided, as part of its regular reporting, with detailed management information, including new customer wins, customer retention rates, and information on claims and complaints by customers.

Our key suppliers include the insurers and markets with whom the Company works, and periodic reporting is given to the Board on these relationships, from which the Board is able to identify market trends and developments.

Our principal trading subsidiaries are regulated by the FCA as flexible portfolio firms and, as such, are subject to supervision through thematic and market-based work, along with programmes of communication, engagement and education aligned to the key risks the FCA identify in the insurance sector. We have a Compliance Framework which sets out in detail how our compliance arrangements operate, including our interaction with the FCA. We regard the FCA as a significant stakeholder, and the Board is actively engaged in developing our relationship with them.

Employee relations are monitored through regular reporting by the Human Resources function, and the Board is provided with data on areas such as headcount activity, staff turnover and absence rates. The Board is also able to engage with the workforce through the Company's annual Employee Engagement surveys.

In 2018, Gallagher became the title partner of Premiership Rugby, and has used its position as sponsor of the Gallagher Premiership as part of its outreach programme to local communities. One example of this was Project Rugby, a community initiative which aims to better connect traditionally underrepresented groups with the sport.

Gallagher actively encourages volunteering by employees in charitable and community work. The Company has a volunteering policy which allows employees to take up to three days per year to volunteer during working hours. The Company also operates a matched giving scheme, whereby the Company matches funds raised by employees for charity up to a set maximum amount per individual per calendar year.

The Board supports these initiatives and activities as part of the Company's engagement with local communities in the UK.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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 Peel

Alistair Peel (Aug 5, 2020 11:33 GMT+1)

A Peel - Secretary

Date: 5 August 2020

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

Opinion

We have audited the financial statements of Arthur J. Gallagher Holdings (UK) Limited (the "Company") 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 14. 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 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 as applied to listed entities 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 13 in the accounts which describe the economic and social consequences the company is facing as a result of COVID-19. 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.

Overview of our audit approach

Key audit matters	• Impairment – Investment in subsidiaries
Materiality	• Overall materiality of £14.8m which represents 2% of net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters:

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

Risk	Our response to the risk	Key observations communicated to the Risk & Audit Committee
<p>Impairment – Investment in subsidiaries</p> <p>Refer to the Directors' selection of accounting policy in relation to the impairment of investments (page 17) and the schedule of investments (page 19).</p> <p>The Company is a holding Company, existing to hold investments in subsidiaries amounting to £2,219,679k as at 31 December 2019 (2018: £717,356k); the value of investments is inherently significant to the users of the financial statements.</p> <p>Hence, any potential impairment has significant qualitative and quantitative impact and as such is a key audit matter.</p>	<p>Our audit work in respect of the impairment of investment in subsidiaries included:</p> <ul style="list-style-type: none"> Gaining an understanding of Management's processes and controls in place to assess any indicators of impairment and impairment testing. Evaluating management's assessment on whether there were any indicators of impairment that would trigger an impairment review of any of the intangible assets. 	<p>We concluded to those charged with governance that based on the procedure performed, we concurred with Management's assessment that the investments were not impaired at 31 December 2019.</p>

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined audit materiality for the Company to be £14.8m (2018: £4.7m) which approximates to 2% of net assets (2018: 2% of net assets). During the 2019 audit we did not identify any issues and have therefore re-assessed materiality for the current year. The reason for selecting this measure as the basis for our audit materiality consideration is that the entity is a holding Company purposed to hold only subsidiary group entities and intercompany liabilities, and so the most relevant measure of focus in the entity is its net assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £11.1m (2018: £3.5m). We have set performance materiality at this percentage due to our previous experience as auditors of the Company informing our expectation of the Company's control environment in relation to financial reporting and the likelihood of audit differences.

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

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £742k (2018: £233k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Strategic Report set out on page 2 and the Directors' Report set out on pages 5 to 9. 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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: 10/08/20

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

	Notes	2019 £'000	2018 £'000
Income from shares in group undertakings	4	<u>115,484</u>	<u>1,950</u>
		115,484	1,950
Interest payable and similar expenses	5	<u>(72,634)</u>	<u>(31,734)</u>
PROFIT / (LOSS) BEFORE TAXATION		42,850	(29,784)
Tax on profit / (loss)	6	<u>-</u>	<u>-</u>
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		<u><u>42,850</u></u>	<u><u>(29,784)</u></u>

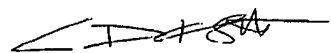
The notes form part of these financial statements

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED (REGISTERED NUMBER: 06578719)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	£'000	2019 £'000	£'000	2018 £'000
FIXED ASSETS					
Investments	7		2,219,679		717,356
CURRENT ASSETS					
Debtors	8	4,417		4,870	
Cash at bank		<u>39</u>		<u>38</u>	
		4,456		4,908	
CURRENT ASSETS			<u>4,456</u>		<u>4,908</u>
TOTAL ASSETS			2,224,135		722,264
CREDITORS					
Amounts falling due after more than one year	9		<u>1,481,907</u>		<u>489,422</u>
NET ASSETS			<u>742,228</u>		<u>232,842</u>
CAPITAL AND RESERVES					
Called up share capital	10		448,369		364,425
Share premium	11		76,155		-
Retained earnings	11		<u>217,704</u>		<u>(131,583)</u>
SHAREHOLDERS' FUNDS			<u>742,228</u>		<u>232,842</u>

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



C Scott - Director

The notes form part of these financial statements

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2018	364,425	-	(101,799)	262,626
Changes in equity				
Loss for the financial year	-	-	(29,784)	(29,784)
Balance at 31 December 2018	<u>364,425</u>	<u>-</u>	<u>(131,583)</u>	<u>232,842</u>
Changes in equity				
Share capital issued	279,812	253,850	-	533,662
Share capital cancelled	(195,868)	(177,695)	373,563	-
Dividends declared	-	-	(67,126)	(67,126)
Profit for the financial year	-	-	42,850	42,850
Balance at 31 December 2019	<u>448,369</u>	<u>76,155</u>	<u>217,704</u>	<u>742,228</u>

The notes form part of these financial statements

ARTHUR J. GALLAGHER HOLDINGS (UK) 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 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 compensations, on the basis that it is a qualifying entity and its ultimate holding 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 13. 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.

Income from shares in group undertakings

Income from shares in Group Undertakings is recognised in the Statement of Comprehensive Income when the shareholder's right to receive payment is established.

Interest receivable/payable

Interest receivable/payable 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.

Fixed asset investments

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

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

1. ACCOUNTING POLICIES - continued

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 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.

The loans are recognised using the criteria set out in Section 11 and 12 of FRS102.

2. DIRECTORS' REMUNERATION

	2019 £'000	2018 £'000
Directors' remuneration	<u>270</u>	<u>245</u>
Information regarding the highest paid Director is as follows:		
	2019 £'000	2018 £'000
Director's remuneration	<u>210</u>	<u>185</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.

3. OPERATING PROFIT

Auditor's remuneration in the current year of £7k (2018:£7k) has been borne by a fellow group undertaking and has not been recharged to the Company.

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2019 £'000	2018 £'000
Dividend from group undertakings	<u>115,484</u>	<u>1,950</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Interest on loans from group undertakings	<u>72,634</u>	<u>31,734</u>

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

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

	2019 £'000	2018 £'000
Profit / (Loss) before tax	<u>42,850</u>	<u>(29,784)</u>
Profit / (Loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	8,141	(5,659)
Effects of:		
Income not taxable for tax purposes	(21,942)	(371)
Effects of group relief/ other reliefs	13,749	4,664
Transfer pricing adjustments	52	359
Deferred tax not provided	<u>-</u>	<u>1,007</u>
Total tax charge	<u>-</u>	<u>-</u>

The Company profits 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 had previously 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 balance sheet date. Subsequent to the balance sheet date, the government have substantively enacted legislation to reverse the rate change. Accordingly the rate will remain at 19%.

The Finance (No.2) Act 2017 includes legislation which introduced new corporate interest restriction rules, and simultaneously repealed the existing Worldwide Debt Cap rules, effective from 1 April 2017. The interest disallowance calculated under the new corporate interest restriction legislation for the year ended 31 December 2019 has been allocated to Arthur J. Gallagher Holdings (UK) Limited. However, the resulting deferred tax asset of £6,000k in relation to the carried forward interest allowance within Gallagher Holdings (UK) Limited as this is the entity in which the interest reactivation will be allocated.

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2019	717,356
Additions	<u>1,502,323</u>
At 31 December 2019	<u>2,219,679</u>
NET BOOK VALUE	
At 31 December 2019	<u>2,219,679</u>
At 31 December 2018	<u>717,356</u>

During the year the company acquired a further investment in the share capital of Gallagher Holdings (UK) Limited of £968,661k in addition to acquiring 100% of the share capital of GGB Finance 3 Limited for a consideration of £533,662k.

A full listing of investments is detailed in note 14.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	<u>4,417</u>	<u>4,870</u>

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

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

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	<u>1,481,907</u>	<u>489,422</u>

In February 2019 the Company issued £275,000k of listed unsecured loan notes through The International Stock Exchange Limited to the immediate parent company. A further issue of £160,000k listed unsecured loan notes was made to the immediate parent company in June 2019 through The International Stock Exchange Limited.

Additionally, the Company issued an unsecured promissory note to the value of £533,662k to a fellow group undertaking in March 2019 as part of a group refinancing project.

The carrying value of the loan notes is held within Amounts owed to group undertakings, falling due after more than one year. The loan notes have the following terms and conditions:

Aggregate loan value	Interest rate	Interest terms	Repayment period	Aggregate carrying value
£22,960k	6.75%	Compounded annually	November 2021 for both capital and interest but the borrower can repay in whole or in part without penalty.	£23,094k
£341,461k	6.75%	Compounded annually	2023 for both capital and interest but the borrower can repay in whole or in part without penalty.	£343,328k
£61,356k	6.75%	Compounded annually	2024 for both capital and interest but the borrower can repay in whole or in part without penalty.	£61,692k
£60,936k	6.19%	Compounded annually	2025 for both capital and interest but the borrower can repay in whole or in part without penalty.	£61,262k
£275,000k	5.4%	Compounded annually	2029 for both capital and interest but the borrower can repay in whole or in part without penalty.	£276,248k
£533,662k	5.4%	Compounded annually	2029 for both capital and interest but the borrower can repay in whole or in part without penalty.	£555,670k
£160,000k	5.4%	Compounded annually	2029 for both capital and interest but the borrower can repay in whole or in part without penalty.	£160,726k

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
		£1	£'000	£'000
448,368,693	Ordinary		<u>448,369</u>	<u>364,425</u>

The shares have attached to them full voting, dividend and capital distribution (including on wind up) rights. The Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or member. In addition, the shares carry pre-emption rights.

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

10. CALLED UP SHARE CAPITAL (continued)

Reconciliation of movements during the period:	No. Of Shares	Value at Par £'000
At 1 January 2019	364,425,083	364,425
Issue of fully paid shares	279,812,032	279,812
Cancellation of shares	<u>(195,868,422)</u>	<u>(195,868)</u>
At 31 December 2019	<u>448,368,693</u>	<u>448,369</u>

279,812,032 £1 ordinary shares were issued on 27 March 2019 for an intercompany consideration of £533,662k. Of these shares, 195,868,422 were then cancelled on 27 March 2019 and the consideration previously received of £373,563k was released to distributable reserves.

11. RESERVES

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

Share Premium - represents the excess of any consideration received for shares issued above the nominal value.

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

12. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is Gallagher International Holdings (US) Inc. a company incorporated in the United States of America. The largest group of undertakings of which the Company is a member and for which financial statements are prepared is 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.

13. EVENTS AFTER THE REPORTING PERIOD

The Company issued unsecured loan notes of £120,000k in January 2020 on to The International Stock Exchange.

Also in January 2020, Gallagher Holdings (UK) Limited, a subsidiary of the Company, increased the previous ownership of 33.3% of the Capsicum Reinsurance Brokers LLP to 99.9%, with HLG Holdings Ltd acquiring the remaining 0.1% ownership, resulting in the full ownership of Capsicum Reinsurance Brokers LLP and its subsidiaries by the Gallagher group. The financial effects of this transaction have not been recognised as 31 December 2019 given the effective date of the transaction is in the next financial period.

Additionally, the Company acquired 100% of the share capital of GGB Finance 4 Limited for a consideration of £120,000k in January 2020. The financial effects of this transaction have not been recognised as 31 December 2019 given the effective date of the transaction is in the next financial 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.

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.

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

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

14. 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
Gallagher Holdings (UK) Limited	The Walbrook Building	Ordinary Shares	100.00%
Arthur J. Gallagher (UK) Limited*	The Walbrook Building	Ordinary Shares	100.00%
Risk Management Partners Ltd.*	The Walbrook Building	Ordinary Shares	100.00%
Alesco Risk Management Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
		A & B	
Pen Underwriting Limited*	The Walbrook Building	Ordinary Shares	100.00%
Contego Underwriting Limited*	The Walbrook Building	Ordinary Shares	100.00%
Zennor Limited*	The Walbrook Building	Ordinary Shares	100.00%
Risk Services (NW) Limited*	The Walbrook Building	Ordinary Shares	100.00%
		A & B	
Arthur J. Gallagher Services (UK) Limited*	The Walbrook Building	Ordinary Shares	100.00%
HLG Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
Friary Intermediate Limited*	The Walbrook Building	Ordinary Shares	100.00%
Acumus Interco Limited*	The Walbrook Building	Ordinary Shares	100.00%
Acumus Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
		A & B	
Arthur J. Gallagher Housing Limited*	The Walbrook Building	Ordinary Shares	100.00%
		A, B & C	
Belmont Insurance Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
		A, B & C	
Belmont International Limited*	The Walbrook Building	Ordinary Shares	100.00%
Blenheim Park Limited*	The Walbrook Building	Ordinary Shares	100.00%
Blenheim Park Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Deacon Insurance Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Evolution Underwriting Group Limited*	The Walbrook Building	Ordinary Shares	100.00%
Evolution Underwriting Limited*	The Walbrook Building	Ordinary Shares	100.00%
Evolution Risk Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Evolution Technology Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Gallagher Holdings Four (UK) Limited*	The Walbrook Building	Ordinary Shares	100.00%
Oamps (UK) Limited*	The Walbrook Building	Ordinary Shares	100.00%
Oamps Special Risks Limited*	The Walbrook Building	Ordinary Shares	100.00%
Gallagher Holdings Three (UK) Limited*	The Walbrook Building	Ordinary Shares	100.00%
Insurance Dialogue Limited*	The Walbrook Building	Ordinary Shares	100.00%
		A, B, E & F	
Fenchurch Trustees Limited*	The Walbrook Building	Ordinary Shares	100.00%
Heath Lambert Limited*	The Walbrook Building	Ordinary Shares	100.00%
Gallagher Benefits Consulting Limited*	The Walbrook Building	Ordinary Shares	100.00%
Heath Lambert Overseas Limited*	The Walbrook Building	Ordinary Shares	100.00%
Fenchurch Faris Limited*	Jordan	Ordinary Shares	10.00%
Fenchurch Faris Limited (Saudi Arabia)*	Saudi Arabia	Ordinary Shares	14.00%
Oval Limited*	The Walbrook Building	Ordinary Shares & Deferred Shares	100.00%
Bartholomew & James (Properties) Limited*	Metropolitan Building	Ordinary Shares	100.00%
Bartholomew & James Limited*	Metropolitan Building	Ordinary Shares	100.00%
FMV Risk Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Griffin Commercial Insurance Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
John Eke And Partners Limited*	The Walbrook Building	Ordinary Shares A	100.00%
Oval EBT Trustees Limited*	The Walbrook Building	Ordinary Shares	100.00%
Oval Financial Limited*	Spectrum Building	Ordinary Shares	100.00%
Oval Healthcare Limited*	The Walbrook Building	Ordinary Shares	100.00%
Oval Management Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Cuthbert Service & Jackson Limited*	Spectrum Building	Ordinary Shares	100.00%
		A & B	
Oval Insurance Broking Limited*	The Walbrook Building	Ordinary Shares	100.00%
The Ward Mitchell Partnership Limited*	The Walbrook Building	Ordinary Shares	100.00%
		A & B	
Property & Commercial Limited*	The Walbrook Building	Ordinary Shares	100.00%

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

14. INVESTMENT IN SUBSIDIARIES (continued)

Name of Company	Registered Address	Holding	Proportion of shares held
Riba Insurance Agency Limited*	The Walbrook Building	Ordinary Shares	100.00%
Rio 587 Limited*	The Walbrook Building	Ordinary Shares	100.00%
Rio 588 Limited*	The Walbrook Building	Ordinary Shares	100.00%
Quillco 226 Limited*	Spectrum Building	Ordinary Shares	100.00%
	A & B		
Quillco 227 Limited*	Spectrum Building	Ordinary Shares	100.00%
Giles Holdings Limited*	Spectrum Building	Ordinary Shares	100.00%
R. A. Rossborough Limited*	Liberation House	Ordinary Shares	100.00%
R. A. Rossborough (Guernsey) Limited*	Rossborough House	Ordinary Shares	100.00%
R.A. Rossborough (Insurance Brokers) Limited*	Liberation House	Ordinary Shares	100.00%
Rossborough Healthcare International Limited*	Rossborough House	Ordinary Shares	100.00%
Rossborough Insurance (IOM) Limited*	Victory House	Ordinary Shares	100.00%
Rossborough Insurance Services Limited*	Liberation House	Ordinary Shares	100.00%
Rossborough Insurance Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
Arthur J. Gallagher Insurance Brokers Limited*	Spectrum Building	Ordinary Shares	100.00%
Ink Underwriting Agencies Limited*	The Walbrook Building	Ordinary Shares	100.00%
Carrick Neill & Co. Limited*	Spectrum Building	Ordinary Shares	100.00%
CBG Group Limited*	The Walbrook Building	Ordinary Shares	100.00%
CBG Insurance Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
Flysurre Limited*	The Walbrook Building	Ordinary Shares	100.00%
Dickson Insurance Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
Robinson Leslie Limited*	The Walbrook Building	Ordinary Shares	100.00%
Igloo Insurance PCC Limited*	Heritage Hall	Ordinary Shares	100.00%
Capsicum Reinsurance Brokers LLP*	The Walbrook Building	Partnership	33.33%
Capsicum Reinsurance Brokers No.1 LLP*	The Walbrook Building	Partnership	20.00%
Capsicum Reinsurance Brokers No.2 LLP*	The Walbrook Building	Partnership	20.00%
YOA Capsicum Reinsurance Brokers Limited*	Heritage Hall	Ordinary Shares	10.00%
Capsicum Reinsurance Brokers No.3 LLP*	The Walbrook Building	Partnership	20.00%
Capsicum Reinsurance Brokers No.4 LLP*	The Walbrook Building	Partnership	20.00%
Capsicum Reinsurance Brokers Bermuda Limited*	Bermuda	Ordinary Shares	20.00%
Capsicum Reinsurance Brokers No.5 LLP*	The Walbrook Building	Partnership	20.00%
Capsicum Reinsurance Brokers No.6 LLP*	The Walbrook Building	Partnership	20.00%
Capsicum Reinsurance Brokers No.7 LLP*	The Walbrook Building	Partnership	20.00%
Capsicum Re Latin America Corretora De Ressuguros Ltda*	Rua Surubim	Ordinary Shares	20.00%
Capsicum Reinsurance Brokers Miami Inc*	Corporation Trust Center	Ordinary Shares	20.00%
Capsicum CRLA LLP*	The Walbrook Building	Partnership	19.60%
Capsicum Re Brasil Participacoes LTDA*	Rua Surubim	Ordinary Shares	20.00%
Capsicum Reinsurance Brokers No.9 LLP*	The Walbrook Building	Partnership	33.33%
Capsicum Reinsurance Brokers No.10 LLP*	The Walbrook Building	Partnership	20.00%
Capsicum Reinsurance Brokers No. 11 LLP*	The Walbrook Building	Partnership	20.00%
Alize Limited*	Cumberland House	Ordinary Shares	20.00%
Portmore Insurance Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
	A, B & C		
Portmore Insurance Brokers (Wiltshire) Ltd*	The Walbrook Building	Ordinary Shares	100.00%
Pavey Group Holdings (UK) Limited*	The Walbrook Building	Ordinary Shares	100.00%
Pavey Group Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
Pavey Group Limited*	The Walbrook Building	Ordinary Shares	100.00%
	A, B & C		
Purple Bridge Group Limited*	The Walbrook Building	Ordinary Shares	100.00%
	A & B		
Just Landlords Insurance Services Ltd*	The Walbrook Building	Ordinary Shares	100.00%
Vasek Insurance Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Unoccupied Direct Limited*	The Walbrook Building	Ordinary Shares	100.00%
Purple Bridge Investments Limited*	The Walbrook Building	Ordinary Shares	100.00%
Purple Bridge Publishing Limited*	The Walbrook Building	Ordinary Shares	100.00%
Purple Bridge Finance Limited*	The Walbrook Building	Ordinary Shares	100.00%
Purple Bridge Claims Management Limited*	The Walbrook Building	Ordinary Shares	100.00%
Purple Bridge Online Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Insure My Villa Limited*	The Walbrook Building	Ordinary Shares	100.00%
Stackhouse Poland Limited*	The Walbrook Building	Ordinary Shares	100.00%
Honour Point Limited*	The Walbrook Building	Ordinary Shares	100.00%

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

14. INVESTMENT IN SUBSIDIARIES (continued)

Name of Company	Registered Address	Holding	Proportion of shares held
Quantum Underwriting Solutions Limited*	The Walbrook Building	Ordinary Shares	100.00%
Title & Covenant Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
Symmetry Private Insurance Limited*	The Walbrook Building	Ordinary Shares	100.00%
Foley Healthcare Limited*	The Walbrook Building	Ordinary Shares	100.00%
Stackhouse Poland Group Limited*	The Walbrook Building	Ordinary Shares	100.00%
Stackhouse Poland Midco Limited*	The Walbrook Building	Ordinary Shares	100.00%
Stackhouse Poland Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
Antrobus Investments Limited*	The Walbrook Building	Ordinary Shares	100.00%
Coleman Group (Holdings) Limited*	The Walbrook Building	Ordinary Shares	100.00%
Coleman Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
Lucas Fettes Limited*	The Walbrook Building	Ordinary Shares	100.00%
Title Investments Limited*	The Walbrook Building	Ordinary Shares	100.00%
Risk Solutions Group Limited*	The Walbrook Building	Ordinary Shares	100.00%
Plarmigan Underwriting UK Limited*	The Walbrook Building	Ordinary Shares	67.00%
Plarmigan Underwriting Agency Limited*	The Walbrook Building	Ordinary Shares	100.00%
Property Insurance Initiatives Limited*	The Walbrook Building	Ordinary Shares	100.00%
HR Owen Insurance Services Limited*	The Walbrook Building	Ordinary Shares	35.00%
Protek Group Limited*	The Walbrook Building	Ordinary Shares	33.00%
Medical Professional Indemnity Group Limited*	The Walbrook Building	Ordinary Shares	100.00%
Lucas Fettes Central Limited*	The Walbrook Building	Ordinary Shares	100.00%
Lucas Fettes and Partners Limited*	The Walbrook Building	Ordinary Shares	100.00%
Plough Court Insurance Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Insurance Acquisitions Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
Stackhouse Poland Bidco Limited*	The Walbrook Building	Ordinary Shares	100.00%
Stackhouse Fisher Limited*	The Walbrook Building	Ordinary Shares	100.00%
Cheam Insurance Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
GPIS Limited*	The Walbrook Building	Ordinary Shares	100.00%
RHB Insurance Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Flexstar Insurance Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Coulter Hurst & Co Limited*	The Walbrook Building	Ordinary Shares	100.00%
The Healthcare Management Company (UK) Limited*	The Walbrook Building	Ordinary Shares	100.00%
Sutton Meeers and Company Limited*	The Walbrook Building	Ordinary Shares	100.00%
Parish Council Insurance Brokers Limited*	The Walbrook Building	Ordinary Shares	100.00%
JC Richards Limited*	The Walbrook Building	Ordinary Shares	100.00%
David Fangen Holdings Limited*	The Walbrook Building	Ordinary Shares	100.00%
David Fangen Limited*	The Walbrook Building	Ordinary Shares	100.00%
W Burch & Son Limited*	The Walbrook Building	Ordinary Shares	100.00%
HFM Columbus Insurance Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Chris Frost Insurance Services Limited*	The Walbrook Building	Ordinary Shares	100.00%
Foster Leighton & Company Limited*	The Walbrook Building	Ordinary Shares	100.00%
Foster Leighton Risk Managers Limited*	The Walbrook Building	Ordinary Shares	100.00%
E Coleman & Co Limited*	The Walbrook Building	Ordinary Shares	100.00%
Coleman Marine Limited*	The Walbrook Building	Ordinary Shares	100.00%
RGA Underwriting Limited*	The Walbrook Building	Ordinary Shares	100.00%
Rentguard Limited*	The Walbrook Building	Ordinary Shares	100.00%
Home & Travel Limited*	The Walbrook Building	Ordinary Shares	100.00%
RGA Referencing Limited*	The Walbrook Building	Ordinary Shares	100.00%
Inspire Underwriting Limited*	The Walbrook Building	Ordinary Shares	100.00%
GGB Finance 1 Limited*	The Walbrook Building	Ordinary Shares	100.00%
GGB Finance 2 Limited*	The Walbrook Building	Ordinary Shares	100.00%
GGB Finance 3 Limited	The Walbrook Building	Ordinary Shares	100.00%
GGB Finance 4 Limited	The Walbrook Building	Ordinary Shares	100.00%

* Held indirectly

ARTHUR J. GALLAGHER HOLDINGS (UK) LIMITED

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

14. INVESTMENT IN SUBSIDIARIES (continued)

Registered Address	Street Address
The Walbrook Building	25 Walbrook, London, EC4N 8AW
Liberation House	Ground Floor, Liberation House, Castle Street, St Helier, Jersey, JE2 3BT
Heritage Hall	Heritage Hall, P.O. Box 230, Le Marchant Street, St. Peter Port, Guernsey GY1 4JH
Jordan	Jordan Insurance Company Building No.: B, 5th Floor, Office No.: 4, Third Circle, Prince Mohammad Street, P.O. BOX 840371, Jabal Amman 11181 Amman, Jordan
Metropolitan Building	Metropolitan Building, 29-31 Alfred Street, Belfast, BT2 8ED
Victory House	New Wing, Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ
Rosborough House	Rosborough House, Bulwer Avenue, St. Sampsons, Guernsey, GY2 4LF
Spectrum Building	Spectrum Building, 7th Floor, 55 Blythwood Street, Glasgow, G2 7AT
Bermuda	Overbay 106 Pitts Bay Road, Pembroke, Bermuda, HM08
Rua Surubim	Rua Surubim, 577, 21 st Floor, Sao Paulo, 04571-050
Corporation Trust Center	1209 Orange Street, Wilmington, New Castle County, Delaware 19801
Cumberland House	1 Victoria Street, Hamilton, Bermuda