

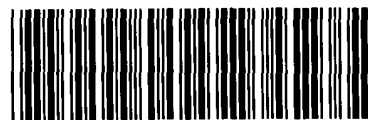
Company Number 08158284

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 DECEMBER 2019

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GALLAGHER BASSETT INSURANCE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS for the year ended 31 December 2019

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GALLAGHER BASSETT INSURANCE SERVICES LIMITED

LIST OF DIRECTORS, ADVISORS AND OTHER INFORMATION

DIRECTORS:

R Hill
S Pemberton

SECRETARY:

R Hill

REGISTERED OFFICE:

High Point
Sandy Hill Business Park
Tamworth; Staffordshire
B77 4DU

REGISTERED NUMBER:

08158284 (England and Wales)

INDEPENDENT AUDITOR:

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

BANKERS:

Barclays Bank PLC
One Churchill Place
LONDON
E14 5HP

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the limited company is the provision of risk management services. It is expected there will be no income in future periods due to the decision made by the board to no longer continue with this line of business.

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 publically 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.

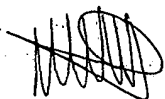
The results of the Company for the year ended 31 December 2019 are set out in the financial statements on pages 7 to 14. For the year ending 31 December 2019 the company made a profit before tax of £3,237 compared to the loss before tax of £7,595 in 2018.

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 company has not continuing operations and as such does not have any principle risks or uncertainties.

By order of the board



R HILL
Finance Director

Date: 11/12/20

GALLAGHER BASSETT INSURANCE SERVICES 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:

R Hill
S Pemberton

DIVIDENDS

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

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;
- 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.


GOING CONCERN

As at 31 December 2019, the Company was in a net liability position. The Company will be formally supported for the foreseeable future by its ultimate parent company, Arthur J. Gallagher & Co. The forecasts and projections for the Company and Group, taking account of reasonably possible changes in trading performance, show that they should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

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



R HILL
Finance Director

Date: 11/12/2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALLAGHER BASSETT INSURANCE SERVICES LIMITED

Opinion

We have audited the financial statements of Gallagher Bassett Insurance Services 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 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 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 9 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.

Other information

The other information comprises the information included in the Director's 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.

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 3, 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



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

Date: 11 December 2020

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

(In Pounds Sterling)

	Notes	2019 Discontinued	2018 Discontinued
TURNOVER		-	-
Administrative expenses		<u>3,237</u>	<u>(7,595)</u>
OPERATING PROFIT / (LOSS)	2	<u>3,237</u>	<u>(7,595)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		3,237	(7,595)
Tax on profit / (loss) on ordinary activities	3	<u>8,026</u>	<u>10,167</u>
PROFIT FOR THE FINANCIAL YEAR		<u>11,263</u>	<u>2,572</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>11,263</u></u>	<u><u>2,572</u></u>

The notes form part of the financial statements

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

Company Number 08158284

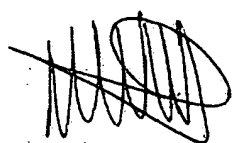
STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2019

(In Pounds Sterling)

	Notes	2019	2018
NON-CURRENT ASSETS			
CURRENT ASSETS			
Debtors	4	56,728	58,868
Cash at bank and in hand		465,479	464,079
		<u>522,207</u>	<u>522,947</u>
CREDITORS	5	(1,193,322)	(1,205,325)
NET CURRENT LIABILITIES		<u>(671,115)</u>	<u>(682,378)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(671,115)</u>	<u>(682,378)</u>
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Retained earnings	7	(671,215)	(682,478)
SHAREHOLDER'S FUNDS		<u>(671,115)</u>	<u>(682,378)</u>

The financial statements on pages 5 to 14 were approved and authorised for issue by the Board of Directors on 11 December 2020 and were signed on its behalf by:

**R HILL**

Finance Director

Date: 11/12/2020

The notes form part of the financial statements

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

(In Pounds Sterling)

	Called up share capital	Retained earnings	Total equity
Balance at 1 January 2018	100	(685,050)	(684,950)
Total comprehensive income	-	2,572	2,572
Balance at 31 December 2018	<u>100</u>	<u>(682,478)</u>	<u>(682,378)</u>
Total comprehensive income	-	11,263	11,263
Balance at 31 December 2019	<u>100</u>	<u>(671,215)</u>	<u>(671,115)</u>

The notes form part of the financial statements

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

(In Pounds Sterling)

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 financial statements have been prepared on a going concern basis, under the historical cost convention

As at 31 December 2019, the Company was in a net liability position. The Company will be formally supported for the foreseeable future by its ultimate parent company, Arthur J. Gallagher & Co.

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 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 historic cost basis. Given recent external development 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 9. This exercise concluded that the Company has adequate resources to continue in operation 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

There are no significant judgements or estimates made in the preparation of these financial statements.

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

(In Pounds Sterling)

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 income statement in other operating expenses.

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.

Cash held on behalf of clients

Funds are maintained on behalf of clients in order to pay their claims. These funds have been included in cash and a corresponding liability is shown under 'Trade creditors'. At year end, funds of £465,479 (2018: £464,078) have been included in cash and a corresponding liability is included in Trade Creditors.

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

(In Pounds Sterling)

2. OPERATING PROFIT

This is stated after charging:	2019	2018
Auditor's remuneration	2,500	2,500
(Gains) / loss on foreign exchange	3,237	(7,595)

Auditors remuneration of £2,500 has been borne by another group undertaking and has not been recharged to the Company.

3. TAXATION

	2019	2018
Current Tax:		
UK corporation tax on (loss) / profit for the period	(8,026)	(10,166)
Prior year adjustments	-	(1)
Tax on profit on Ordinary Activities	<u>(8,026)</u>	<u>(10,167)</u>

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

(In Pounds Sterling)

3. TAXATION (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019	2018
(Loss) / profit on ordinary activities before tax	3,237	(7,595)
Tax on loss at standard UK tax rate of 19.00% (2018: 19.00%)	615	(1,443)
Effect of:		
Expenses not deductible	0	0
Transfer pricing adjustments	(8,641)	(8,723)
Adjustment from previous period	0	(1)
Tax rate changes	0	0
Total tax (credit) / charge for the period.	<u>(8,026)</u>	<u>(10,167)</u>

The Company profits are taxable in the UK under the standard rate of corporation tax being 19.00% (2018: 19.00%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government legislated to reduce the main rate of corporation tax to 17%, applicable from 1 April 2020. These reductions have been reflected in the closing deferred tax asset, as they were enacted at the Statement of Financial Position date.

4. DEBTORS

	2019	2018
Prepayments and accrued income	48,702	48,702
Group relief debtor	8,026	10,166
Amounts owed from group undertakings	0	-
	<u>56,728</u>	<u>58,868</u>

5. CREDITORS

	2019	2018
Amounts owed to group undertakings	728,013	741,416
Trade creditors	465,309	463,909
	<u>1,193,322</u>	<u>1,205,325</u>

GALLAGHER BASSETT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

(In Pounds Sterling)

6. CALLED UP SHARE CAPITAL

	2019	2018
100 Allotted, issued and fully paid shares		
Ordinary share of £1 each	<u>100</u>	<u>100</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding 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.

7. RESERVES

Retained earnings - includes all current and prior period retained profits and losses.
Called up share capital - represents the nominal value of shares that have been issued.

8. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is Gallagher Bassett International Ltd a company incorporated in the United Kingdom. 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 parent undertaking. A copy of these consolidated financial statements is available from the registered office of the Company. The address of the ultimate shareholder is: 2850 Golf Road, Rolling Meadows, Illinois 60008, United States of America.

9. POST BALANCE SHEET EVENTS

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 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 condition 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.