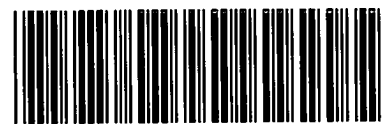


**STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022  
FOR  
ALESCO RISK MANAGEMENT SERVICES LIMITED**

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**ALESCO RISK MANAGEMENT SERVICES LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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**ALESCO RISK MANAGEMENT SERVICES LIMITED**

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

**DIRECTORS:**

M Belton  
J Turner  
N Williams-Walker

**SECRETARY:**

A Peel

**REGISTERED OFFICE:**

The Walbrook Building  
25 Walbrook  
London  
EC4N 8AW

**REGISTERED NUMBER:**

06518638 (England and Wales)

**INDEPENDENT AUDITOR:**

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

## **ALESCO RISK MANAGEMENT SERVICES LIMITED**

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

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

#### **REVIEW OF THE BUSINESS**

The principal activity of the Company in the period under review was that of insurance broking, primarily in the energy and construction sector. The Company aims to be a market leader in its chosen specialist markets. It is expected that there will be no significant change to the nature of the Company's activities in the foreseeable future.

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

The results of the Company for the year ended 31 December 2022 are set out in the financial statements on pages 13 to 25.

In the year to 31 December 2022 Company turnover increased to £43,169k (2021: £35,567k\*). The increase in turnover was primarily driven by International Construction and Energy trading. New business, renewals and premium rates have on the whole been strong. Energy Sector activity has been favourable, while the Construction industry has been buoyant post the COVID-19 pandemic. Increased insurance exposures as a result of both increased activity and general inflationary pressures have impacted turnover positively to some degree.

Profit before tax for the year was £9,868k (2021: £10,022k\*). Administration expenses have increased as a result of investments in both new and existing broking talent, unrealised losses on US Dollar/Sterling hedges and travel & entertainment expenditure returning post pandemic, the Company being heavily focused towards international clients.

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

Given the external developments and geopolitical disruption in relation to the ongoing COVID-19 pandemic and more recently the conflict in Ukraine, future forecasts and projections have taken these conditions into account. The Company has not been impacted materially by either the pandemic or conflict noting secondary impacts from economic uncertainty, supply chain issues and inflationary pressures are complex and therefore also being monitored very closely. The Company has adequate resources to continue in operational existence for a period to 31 May 2024, and no material uncertainties related to going concern have been identified.

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

## ALESCO RISK MANAGEMENT SERVICES LIMITED

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

#### SECTION 172 STATEMENT

The Directors of Alesco Risk Management Services 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, the environment and the wider community. Engagement with these stakeholders, to understand the issues and factors that 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. The table below describes how the Directors have performed their duty to promote the success of the Company as required by 172(1) (a) to (f) of the Companies Act 2006.

Stakeholder Group	Form of Engagement	Key Decisions and Developments
<p><b>Shareholder</b></p> <p>The Company is an Appointed Representative of Arthur J Gallagher (UK) Limited. Its principal business is that of insurance broking, primarily in the energy and construction sector.</p> <p>Arthur J. Gallagher (UK) Limited's immediate shareholder is Gallagher Holdings (UK) Limited, which is a direct subsidiary of Arthur J. Gallagher Holdings (UK) Limited.</p>	<p>The Company's business encompasses the Specialty insurance division of Gallagher Global Broking – UK (GGB-UK), which is a significant part of the Arthur J. Gallagher Group's Global Broking (GGB) business.</p> <p>Ensuring that the activities of GGB-UK align with those of the wider Group is therefore essential, and is achieved through regular dialogue with the shareholder, based on a mutual understanding of objectives.</p> <p>The Company's board of directors includes the CEO of Specialty, the COO of Gallagher Specialty and the CFO of Alesco. The Directors are also members of the Arthur J Gallagher (UK) Limited Board.</p>	<p>In August 2022, the Board considered and approved the Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2021.</p>

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

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

**SECTION 172 STATEMENT- continued**

Stakeholder Group	Form of Engagement	Key Decisions and Developments
<p><b>Our People</b></p> <p>GGB-UK's workforce, as at December 2022, had grown to over 6,000 colleagues.</p> <p>This includes colleagues within Alesco Risk Management Services and contractors and others who work for GGB-UK throughout the Group. In addition, over 800 of GGB-UK's workforce are based in India, as part of our Gallagher Service Centre.</p> <p>It is recognised that the Company's long-term success depends on the expertise, skills and commitment of all of our people.</p>	<p>Engagement with colleagues throughout the business takes a number of forms, from well attended 'team talks' given by the CEO of GGB-UK and EMEA to the workforce, to regular communication on a range of themes via the Company's intranet site.</p> <p>Colleagues' feedback on all aspects of their experience with Gallagher is sought via our annual Engagement Survey, which was undertaken again in September 2022.</p> <p>The Board has a duty of care towards Alesco Risk Management Services' workforce, and exercises this duty diligently, and with regard to the workforce's best interests.</p>	<p>One of the key tools for engagement with the workforce is our annual Employee Engagement Survey, which, in 2022, evidenced a very high level of engagement between the Company and its workforce. The Board reviewed in detail the outputs of the survey, which showed an 81% engagement score, based on a 92% participation rate, in the Specialty division. Areas that attracted particularly high scores included wellbeing trust in leadership and ethics and provided evidence that there was a strong and supportive corporate culture.</p> <p>Competition for staff intensified following the COVID pandemic and a number of successful initiatives to improve recruitment and retention in a challenging employment market were introduced during the course of the year.</p> <p>As part of Gallagher's mental health awareness campaign, employees were awarded an additional day's annual leave in the summer of 2022. Other Inclusion and Diversity initiatives included a data disclosure campaign, in which colleagues were encouraged to provide their diversity data on a voluntary basis, with a view to improving disclosure rates across the business, enhancing the Board's visibility of the composition of the workforce.</p>
<p><b>Customers</b></p> <p>The Company's customer base comprises a wide range of customers, including global clients who need access to complex insurance markets and Specialty products.</p>	<p>One of the Board's stated responsibilities is ensuring fair outcomes for our customers.</p> <p>The Company, through its placing brokers, risk-transfer consultants and claims managers, maintain relationships with a wide range of customers in the UK and worldwide. It enjoys strong relationships with specialist insurers around the world.</p>	<p>The Board is regularly briefed by senior management on customer relationships, and provided by management with updates on customer and conduct matters.</p> <p>The Board has been regularly updated by the Compliance function on preparations for the introduction of the Consumer Duty by the FCA in July 2023.</p>

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

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

**SECTION 172 STATEMENT- continued**

Stakeholder Group	Form of Engagement	Key Decisions and Developments
<p><b>Suppliers</b></p> <p>The Company is dependent on the provision of services by a number of external suppliers to support their operations.</p> <p>The Company works closely with underwriters in the London markets, in key global insurance centres, and with local broking partners in 150 countries.</p>	<p>The Board recognises the importance of the Company's relationship with its suppliers, including insurance partners and other service providers. It receives regular updates from management on supplier relationships, and is advised of any significant issues that may arise.</p>	<p>In June 2022, the AJG (UK) Limited Board considered a proposal for a new strategic IT platform, Novidea, for its Specialty division. The Board scrutinised a detailed proposal from management, which set out the commercial rationale for acquiring the platform, including an assessment of the attendant risks and their mitigants. The impact of the system on the client experience would be very significant, with greater visibility for clients on their risks, and access to analytics. The AJG (UK) Limited Board approved the investment in the new platform, and subsequently monitored carefully the implementation process, including the supplier's capability to deliver, successfully, the system.</p>
<p><b>Community and Society</b></p> <p>The Company recognises its obligations to the communities in which it operates and, as a large organisation, its positive impacts on wider society.</p>	<p>The Board supports a wide range of initiatives and volunteering activities as part of the Company's engagement with local communities in the UK including Environmental, Social and Governance ('ESG') and Inclusion and Diversity ('I&amp;D').</p>	<p>The Directors were updated throughout the year on ESG and I&amp;D initiatives. Areas of focus included volunteering, with a third party provider, Neighbourly, appointed to assist in providing volunteering opportunities for employees. In I&amp;D, there was a focus on disclosure of diversity data by colleagues, in order to improve visibility on I&amp;D across the workforce. The Specialty division has taken steps to improve female representation at all levels of the organisation, for example by offering more flexible working arrangements.</p> <p>The onboarding of two key partners, Neighbourly, for our community programme, and NUS Consulting, for our environmental reporting has significantly improved our understanding and reporting of our ESG impact.</p> <p>Through the partnership with Neighbourly, we are connected to more than 20,000 charities so colleagues can easily access local volunteering opportunities, and make a measurable impact. All Gallagher employees are entitled to take three days annually as volunteering days. In 2022, our colleagues delivered 3,785 hours of volunteering in our local communities.</p> <p>In addition, Gallagher operates a Community Fund that provides help to charities nominated by our employees to support the communities we serve. In 2022, £214,000 was granted to 190 individual charities.</p> <p>Gallagher has been the title partner of Premiership Rugby since 2018, and has used its position as sponsor of the Gallagher Premiership as part of its outreach programme to local communities.</p>

## ALESCO RISK MANAGEMENT SERVICES LIMITED

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

#### SECTION 172 STATEMENT- continued

Stakeholder Group	Form of Engagement	Key Decisions and Developments
<b>Regulator</b>  The Company is subject to regulation by the UK financial services regulator, the Financial Conduct Authority (FCA), and is regulated by the FCA as a fixed portfolio firm.	The Company maintains a dialogue with the FCA through a number of channels, including proactive engagement meetings with the regulator's supervisory team and ongoing provision of information to the regulator by our Compliance function. The Company has submitted data to the regulator in response to a series of information requests throughout 2022.	At its June 2022 meeting, the Arthur J. Gallagher (UK) Limited Board reviewed an FCA Firm Evaluation Letter, and noted the regulator's overall assessment, key priorities and Proactive Engagement Work Programme. A number of governance actions were undertaken in response to the Firm Evaluation Letter.

#### STREAMLINED ENERGY AND CARBON REPORTING (SECR)

In accordance with the UK government's Streamlined Energy and Carbon Reporting (SECR) policy, which was implemented on 1 April 2019, the UK Group reports on its energy use and associated greenhouse gas emissions relating to gas, electricity and transport fuel as well as an intensity ratio and information relating to energy efficiency action using a third party provider.

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

#### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

##### **Borrowing facilities and liquidity risk**

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

## ALESCO RISK MANAGEMENT SERVICES LIMITED

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

#### PRINCIPAL RISKS AND UNCERTAINTIES – continued

##### Foreign currency risk

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

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

##### Inflation risk

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

##### Compliance risk

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

##### Cyber risk

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

##### Operational Risk

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

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

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

#### BY ORDER OF THE BOARD:

*Alistair C. Peel*

.....  
A Peel - Director

Date: 12 May 2023  
.....

## **ALESCO RISK MANAGEMENT SERVICES LIMITED**

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

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

#### **DIRECTORS OF THE COMPANY**

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

M Belton  
J Turner  
N Williams-Walker

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2022 (2021: £nil).

#### **EVENTS AFTER THE REPORTING PERIOD**

Information relating to events after the reporting period is given in note 18 to the financial statements.

#### **FUTURE DEVELOPMENTS**

The company will continue to operate as it is for the foreseeable future with no significant changes planned.

#### **EMPLOYEES**

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

#### **DIRECTORS' INDEMNITY PROVISIONS**

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

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102, Accounting Policies, Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides, relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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

**AUDITOR**

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

**BY ORDER OF THE BOARD:**

*Alistair C. Peel*

.....  
A Peel - Secretary

Date: 12 May 2023  
.....

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALESKO RISK MANAGEMENT SERVICES LIMITED**

### **Opinion**

We have audited the financial statements of Alesko Risk Management Services Limited ("the company") for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

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

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

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALESCO RISK MANAGEMENT SERVICES LIMITED**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations related to the financial reporting framework (UK GAAP and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. Our considerations of other laws and regulations that may have a material effect on the company included the permissions and supervisory requirements of the Financial Conduct Authority (FCA).
- We understood how the company is complying with those frameworks by enquiries of management, internal audit, and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the company and regulatory bodies. We reviewed minutes of the Board to identify any areas of non-compliance with laws and regulations. We also obtained an understanding of the company's approach to governance.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALESKO RISK MANAGEMENT SERVICES LIMITED

- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the company and senior management for their awareness of any non-compliance of laws or regulations; enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; and enquiring about the company's methods of enforcing and monitoring compliance with such policies and inspecting significant correspondence with the FCA.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher in areas such as revenue recognition, we performed audit procedures to address each identified fraud risk. Our procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud or error.

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

### Use of our report

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

DocuSigned by:

*Ernst & Young LLP*

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

Date: 12 May 2023

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £'000	As Restated* 2021 £'000
<b>TURNOVER</b>	2	43,169	35,567
Administrative expenses		(33,902)	(25,653)
Other income	3	<u>-</u>	<u>47</u>
<b>GROSS PROFIT</b>	6	9,267	9,961
Interest receivable and similar income	7	<u>601</u>	<u>61</u>
<b>PROFIT BEFORE TAXATION</b>		9,868	10,022
Tax on profit	8	<u>(2,803)</u>	<u>(2,168)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>7,065</u></u>	<u><u>7,854</u></u>

All balances above are in relation to continuing operations.

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

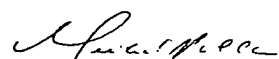
The notes form part of these financial statements

**ALESCO RISK MANAGEMENT SERVICES LIMITED (REGISTERED NUMBER: 06518638)**

**STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2022**

	Notes	£'000	2022 £'000	As Restated* 2021 £'000
<b>FIXED ASSETS</b>				
Tangible assets	9		<u>43</u>	<u>73</u>
			43	73
<b>CURRENT ASSETS</b>				
Debtors	10	132,458		59,231
Cash at bank		<u>32</u>		<u>10</u>
		132,490		59,241
<b>CREDITORS</b>				
Amounts falling due within one year	11	<u>78,615</u>		<u>12,275</u>
<b>NET CURRENT ASSETS</b>			<u>53,875</u>	<u>46,966</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			53,918	47,039
<b>CREDITORS</b>				
Amounts falling due after more than one year	12		<u>136</u>	<u>322</u>
<b>NET ASSETS</b>			<u>53,782</u>	<u>46,717</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		1	1
Share premium	15		297	297
Retained earnings	15		<u>53,484</u>	<u>46,419</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>53,782</u>	<u>46,717</u>

The financial statements were approved and authorised for issue by the Board of Directors on 12 May 2023 and were signed on its behalf by: .....



M Belton - Director

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called up share capital £'000</b>	<b>Shared premium £'000</b>	<b>Retained Earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2021 (Restated)*</b>	1	297	38,565	38,863
<b>Changes in equity</b>				
Profit for the financial year (Restated)*	-	-	7,854	7,854
<b>Balance at 31 December 2021 (Restated)*</b>	<u>1</u>	<u>297</u>	<u>46,419</u>	<u>46,717</u>
<b>Changes in equity</b>				
Profit for the financial year	-	-	7,065	7,065
<b>Balance at 31 December 2022</b>	<u>1</u>	<u>297</u>	<u>53,484</u>	<u>53,782</u>

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

## ALESCO RISK MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES

##### **Accounting convention**

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", and with the Companies Act 2006.

The Company (registered number: 06518638) is a private company, limited by share capital, incorporated and domiciled in the UK. The address of its registered office is The Walbrook Building, 25 Walbrook, London, EC4N 8AW. The financial statements are presented in Pound Sterling ("GBP") which is the Company's functional currency. All amounts have been rounded to the nearest thousand pounds, unless otherwise indicated.

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

##### **Basis of preparation**

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

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

The financial statements have been prepared on a going concern basis, under the historical cost basis. Given the external developments and geopolitical disruption in relation to the ongoing COVID-19 pandemic, future forecasts and projections have taken these conditions into account. The disruption caused by the COVID-19 pandemic has reduced since the prior year and no additional risk is expected. The Company is fully operational, has deployed continuity protocols and has not been materially impacted by the COVID-19 pandemic. The business is not impacted materially by the conflict in Ukraine. The Company has adequate resources to continue in operational existence for a period of at least to 31 May 2024, and no material uncertainties related to going concern have been identified. The Directors therefore continue to prepare the accounts on a going concern basis.

##### **Significant judgements and estimates**

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

##### **i. Turnover**

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

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

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

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

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

Please refer to the accounting policies for further information.

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES – continued**

**Turnover**

***Rendering of services***

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

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

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

***Accrued income***

In assessing the amount of Turnover to recognise, the Company makes an estimate of revenues for which work has been completed but which has not yet to be invoiced. Facts and circumstances between the point at which the service is provided and when amounts are invoiced, may cause fluctuations in the valuations of amounts yet to be invoiced. As a result, accrued Turnover balances are inherently uncertain and require judgement in estimation. Accrued turnover is disclosed in note 10.

***Supplemental commission accrual***

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

***Contingent Commission income***

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

***Interest receivable/payable***

Interest receivable/payable is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method based on the terms of the underlying contracts or agreements.

***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

## ALESCO RISK MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES - continued

##### **Taxation - continued**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

##### **Tangible fixed assets and depreciation**

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

The useful lives of the following tangible fixed assets are:

Computer equipment - over 3 years

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

##### **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.

##### **Financial derivatives**

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

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

##### **Cash and cash equivalents**

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

##### **Foreign currencies**

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

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. TURNOVER**

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

	<b>As Restated*</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>An analysis of turnover by class of business is given below:</b>		
Net brokerage**	37,589	29,772
Fees	3,235	3,227
Commissions	<u>2,345</u>	<u>2,568</u>
	<u>43,169</u>	<u>35,567</u>

\*\*Offsetting items within net brokerage as described in note 1 is £14,677k (2021: £9,027k).

	<b>As Restated*</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>An analysis of turnover by geographical market is given below:</b>		
UK & Europe	10,565	7,543
United States of America	14,029	12,333
Rest of World	<u>18,575</u>	<u>15,691</u>
	<u>43,169</u>	<u>35,567</u>

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

**3. OTHER INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Realised foreign exchange hedge	<u>-</u>	<u>47</u>

**4. STAFF COSTS**

The amounts relating to staff costs were incurred by Arthur J. Gallagher Services (UK) Limited. An amount of £27,182k (2021: £21,827k) was recharged back to the Company, and is accounted for in administrative expenses.

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**5. DIRECTORS' REMUNERATION**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Directors' remuneration	141	142
Directors' pension contributions to money purchase schemes	<u>2</u>	<u>2</u>
	<u>143</u>	<u>144</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid Director is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Director's remuneration	<u>78</u>	<u>76</u>

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

**6. GROSS PROFIT**

The gross profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Expiration lists amortisation	-	34
Depreciation - owned assets	39	40
Auditors' remuneration		
- statutory audit	31	27
- audit related assurance services	-	19
Impairment of fixed asset investment	-	6
Land and building operating leases	532	768
Foreign exchange differences	286	487
Unrealised loss on derivatives	<u>1,053</u>	<u>456</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	559	16
Interest on loans to associated undertakings	<u>42</u>	<u>45</u>
	<u>601</u>	<u>61</u>

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**8. TAXATION**

**Analysis of the tax charge**

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

	<b>2022</b>	<b>As Restated*</b>
	<b>£'000</b>	<b>2021</b>
		<b>£'000</b>
<b>Current tax:</b>		
UK corporation tax	2,206	2,173
Adjustments in respect of previous periods	<u>598</u>	<u>-</u>
Total current tax	<u><u>2,804</u></u>	<u><u>2,173</u></u>
	<b>2022</b>	<b>As Restated*</b>
	<b>£'000</b>	<b>2021</b>
		<b>£'000</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(1)	(2)
Effect of changes in tax rates	<u>-</u>	<u>(3)</u>
Total deferred tax	<u><u>(1)</u></u>	<u><u>(5)</u></u>
Tax on Profit	<u><u>2,803</u></u>	<u><u>2,168</u></u>

The tax assessed for the year is higher than (2021: £2,168k) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	<b>2022</b>	<b>As Restated*</b>
	<b>£'000</b>	<b>2021</b>
		<b>£'000</b>
Profit before tax	<u><u>9,868</u></u>	<u><u>10,022</u></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,875	1,904
Effects of:		
Expenses not deductible for tax purposes	74	43
Income not taxable	(2)	-
Transfer pricing adjustments	258	224
Adjustment from previous periods	598	-
Tax rate changes	<u>-</u>	<u>(3)</u>
Total tax charge	<u><u>2,803</u></u>	<u><u>2,168</u></u>

**Factors that may affect future tax charges**

The Company profits are taxable in the UK under the standard rate of corporation tax being 19% (2021: 19%). The Company is expected to continue to attract the standard rate of UK corporation tax. On 10 June 2022 the UK Government legislated to increase the main rate of corporation tax to 25% as of 1 April 2023. Following a change in leadership, this increase was then confirmed on 14 October 2022. The increase in rate has been reflected in the 2022 closing deferred tax asset.

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

**ALESCO RISK MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**9. TANGIBLE FIXED ASSETS**

	Computer equipment £'000
<b>COST</b>	
At 1 January 2022	164
Additions	<u>9</u>
At 31 December 2022	<u>173</u>
<b>DEPRECIATION</b>	
At 1 January 2022	91
Charge for year	<u>39</u>
At 31 December 2022	<u>130</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>43</u>
At 31 December 2021	<u>73</u>

**10. DEBTORS**

	2022 £'000	As Restated* 2021 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by associated undertakings	113,836	44,270
Amounts owed by parent undertakings	66	-
Amounts owed by other group undertakings	8,628	7,667
Deferred tax asset	15	13
Prepayments and accrued income	<u>8,869</u>	<u>6,141</u>
	<u>131,414</u>	<u>58,091</u>

Contained within prepayments and accrued income is £4,288k in relation to income accrued at the effective date (2021:£3,448k)

**Amounts falling due after more than one year:**

Amounts owed by associated undertakings	<u>1,044</u>	<u>1,140</u>
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**Aggregate amounts**

<u>132,458</u>	<u>59,231</u>
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Amounts owed by associated and parent undertakings are unsecured and repayable on demand. All loans are interest free with the exception of:

Aggregate loan value	Interest Rate	Interest Terms	Repayment Period	Aggregate carrying value
£10,000k	0%	Compounded annually. Interest charge up to 31 Dec 2017. Thereafter from 1 Jan 2018, interest at 0%.	10 years from commencement (2027) but the Company can recall on demand.	£10,173k

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

Aggregate loan value	Interest rate	Interest terms	Repayment period	Aggregate carrying value
£1,039k	4%	Compounded annually. Interest charge up to 2 Sept 2030	10 years from commencement (2030)	£1,044k

# **ALESCO RISK MANAGEMENT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022**

### **10. DEBTORS - continued**

	<b>Deferred tax £'000</b>
Balance at 1 January 2022	13
Deferred tax utilised during the year	<u>2</u>
Balance at 31 December 2022	<u>15</u>

#### **Deferred tax**

The deferred tax asset represents fixed asset timing differences of £15k (2021: £13k). The amount of deferred tax that will unwind in the following accounting period is uncertain at this stage and therefore not quantifiable.

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

### **11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022 £'000</b>	<b>As Restated* 2021 £'000</b>
Amounts owed to associated undertakings	2,200	2,950
Amounts owed to parent undertakings	68,348	4,729
Amounts owed to other group undertakings	40	-
Corporation tax	2,719	-
Group relief creditor	-	2,173
Other creditors	1,921	25
Accruals and deferred income	<u>3,387</u>	<u>2,398</u>
	<u>78,615</u>	<u>12,275</u>

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

Contained within accruals and deferred income is £3,038k (2021: £1,942k) relating to deferred commissions.

\* Following a review of the Company's revenue recognition, comparative amounts have been restated. Further information on this matter can be found in note 19.

### **12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Accruals and deferred income	<u>136</u>	<u>322</u>

### **13. FINANCIAL INSTRUMENTS**

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

	<b>2022 £'000</b>	<b>2021 £'000</b>
Derivative financial instruments	<u>(1,921)</u>	<u>(25)</u>

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

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

**ALESCO RISK MANAGEMENT SERVICES LIMITED/**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. FINANCIAL INSTRUMENTS - continued**

The forward foreign currency options are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the option exchange rates for USD:GBP. The fair value of the forward foreign currency options is £1,921k (2021: £25k), which are contained in other creditors within note 11.

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2022 £	2021 £
Number:	Class:			
6,500	A Ordinary	£0.10	650	650
3,500	B Ordinary	£0.10	<u>350</u>	<u>350</u>
			<u>1,000</u>	<u>1,000</u>

The 'A' Ordinary Shares and 'B' Ordinary Shares shall rank pari passu in all respect save voting rights. 'A' Ordinary Shares shall confer on each holder thereof the right to receive notice of and to attend, speak and vote on all matters at all general meetings of the Company. 'B' Ordinary Shares shall not confer on each holder thereof any right to receive notice of or attend, speak at or vote at general meetings of the Company.

**15. RESERVES**

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

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

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

**16. PARENT COMPANY AND ULTIMATE HOLDING COMPANY**

The immediate parent company is Arthur J. Gallagher (UK) Limited, a company registered in England and Wales. Arthur J. Gallagher & Co., a company incorporated in the United States of America, which is the ultimate holding company, heads the largest group of undertakings of which the Company is a member and for which financial statements are prepared, up. 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.

**17. RELATED PARTY DISCLOSURES**

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

	Amounts paid on behalf of related party £'000	Amounts received on behalf of related party £'000	Amount owed from related party December 2022 £'000	Amount owed to related party December 2022 £'000
Related parties not 100% owned by Group	39,739	(37,156)	8,628	(40)

Transactions between related parties are made at normal market prices on an arm's length basis. Outstanding balances with entities are unsecured, interest free and repayable on demand. The Company has not made any provision for doubtful debts relating to amounts owed by related parties (2021: nil). The individual balances are included within amounts owed by other group undertakings and amounts owed to group undertakings in notes 10 and 11 respectively.

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

**ALESCO RISK MANAGEMENT SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022****18. EVENTS AFTER THE REPORTING PERIOD**

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

**19. PRIOR YEAR RESTATEMENT OF REVENUE**

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

1. Accruals for unbilled revenue are required to better reflect the timing of the rendering of services by the entity. These are reflected in "Prepayments and Accrued Income" within Debtors on the Statement of Financial Position, and within Revenue on the Statement of Comprehensive Income.

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

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

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

The adjustments impact upon taxable profits, and therefore the associated group relief creditor has been adjusted as necessary.

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

	As Previously Reported 2021 £'000	Effect of Prior Period Restatement 2021 £'000	Reported as Restated 2021 £'000
<b>Statement of Comprehensive Income</b>			
Revenue	35,978	(411)	35,567
Tax on profit	(2,246)	78	(2,168)
<b>Statement of Financial Position</b>			
Group relief creditor	2,251	(78)	2,173
Prepayments and accrued income	1,499	4,642	6,141
Accruals and deferred income	455	1,943	2,398
Net assets at 31 December	43,939	2,778	46,717
<b>Statement of Changes in Equity</b>			
Retained earnings at 1 January	35,454	3,111	38,565
Retained earnings at 31 December	43,641	2,778	46,419