

Company Number 1193013

GALLAGHER PLUMER LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 1992



GALLAGHER PLUMER LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 1992

(In Pounds Sterling)

<u>CONTENTS</u>	<u>PAGE</u>
DIRECTORS AND OFFICERS	1
REPORT OF THE DIRECTORS	2 - 3
GROUP PROFIT AND LOSS ACCOUNT	4
GROUP BALANCE SHEET	5
COMPANY BALANCE SHEET	6
GROUP STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 -19
REPORT OF THE AUDITORS	20

GALLAGHER PLUMER LIMITED

DIRECTORS & OFFICERS

DIRECTORS:	J D Stancik R N L Helman T L W Evans G M Cavazzi C M East John P Gallagher J Patrick Gallagher D Knight M G Neil A D Robertson T A Robertson R S Wilson	(USA)Chairman Managing Director & Deputy Chairman Deputy Chairman (USA) Finance Director (USA) (USA)
SECRETARY:	G M Cavazzi	
REGISTERED OFFICE:	9 Alie Street LONDON, E1 8DE	
AUDITORS:	Ernst & Young Becket House 1 Lambeth Palace Road LONDON, SE1 7EU	
SOLICITORS:	Clyde & Co 51 Eastcheap LONDON, EC3M 1JP Freshfields Grindall House 25 Newgate Street LONDON, EC1A 7LH	
BANKERS:	National Westminster Bank Plc 15 Bishopsgate LONDON, EC2P 2AP Royal Bank Of Scotland Plc 22 St. Mary Axe LONDON, EC3A 8DD	Barclays Bank Plc 122 Leadenhall Street LONDON, EC3V 4DQ

GALLAGHER PLUMER LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 31 December 1992.

Review of the Business

The principal activity of the group continued to be that of insurance broking.

The continuing worldwide recession and soft insurance market in the United States in 1992 caused difficult trading conditions. The very large losses experienced by many U.K underwriters led to a decrease in capacity in the U.K. market. This resulted in a reduction in Brokerage income.

Interest earnings declined in 1992 primarily due to lower interest rates. The faster turnaround in premium and claim payments also decreased interest earnings by reducing funds available for investment.

The US Dollar/Sterling exchange rate continues to have a significant impact on group results. The strengthening of the U.S Dollar during 1992 gave rise to substantial exchange gains as a result of the Group's policy of keeping the majority of its working capital in U.S. Dollars.

Results and Dividends

The results of the group for the year ended 31 December 1992 are set out in the financial statements on pages 4 to 19. No dividend was declared or paid in 1992. Retained profit were transferred to reserves

On 31 March 1993, an interim dividend related to 1993 and prior years in the amount of £4,125,000 was declared. This was paid on 1 April 1993.

Fixed Assets

Details to changes in fixed assets are set out in notes 11 and 12 to the financial statements.

Directors

The present Directors are as shown on page 1. None of the Directors had a beneficial interest in shares of group companies. J.J. Lloyd resigned as Finance Director and Company Secretary on 7 September 1992, and G.M. Cavazzi was appointed Finance Director and Company Secretary on 9 October 1992. J.H. Hicks resigned as a Director on 30 November 1992 due to retirement.

Donations

During the year the group made charitable donations amounting to £1,180.

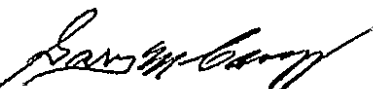
GALLAGHER PLUMER LIMITED

REPORT OF THE DIRECTORS (Continued)

Auditors

The auditors, Ernst & Young, have signified their willingness to continue in office. The re-appointment of the auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



GARY M. CAVAZZI
Company Secretary

9 Alie Street
LONDON
E1 8DE

19 April 1993

GALLAGHER PLUMER LIMITED

GROUP PROFIT & LOSS ACCOUNT for the year ended 31 December 1992 (In Pounds Sterling)

	Notes	1992	1991
TURNOVER	3	6,865,495	6,724,344
Other operating income	4	1,260,408	1,692,885
Trading expenses	5	<u>(5,941,205)</u>	<u>(7,269,751)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,184,698	1,147,478
Taxation	8	<u>(711,816)</u>	<u>(413,068)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,472,882	734,410
Dividend	10	<u>0</u>	<u>(147,000)</u>
RETAINED PROFIT FOR THE YEAR		<u><u>1,472,882</u></u>	<u><u>587,410</u></u>
STATEMENT OF RESERVES			
Reserves at beginning of year		5,435,134	4,847,724
Retained profit for the year		<u>1,472,882</u>	<u>587,410</u>
RESERVES AT END OF YEAR	22	<u><u>6,908,016</u></u>	<u><u>5,435,134</u></u>

GALLAGHER PLUMER LIMITED

GROUP BALANCE SHEET

as at 31 December 1992

(In Pounds Sterling)

	Notes	1992	1991
FIXED ASSETS			
Tangible assets	11	825,932	1,095,009
Investments	12	41,897	46,097
		<u>867,829</u>	<u>1,141,106</u>
CURRENT ASSETS			
Debtors	14	21,882,502	19,275,730
Investments	15	2,027,506	227,915
Cash	16	21,610,082	21,956,103
		<u>45,520,090</u>	<u>41,459,748</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(38,405,173)	(35,902,806)
NET CURRENT ASSETS		<u>7,114,917</u>	<u>5,556,942</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,982,746	6,698,048
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR	18	(154,963)	(154,963)
PROVISION FOR LIABILITIES AND CHARGES	19	388,709	200,525
NET ASSETS		<u>8,216,492</u>	<u>6,743,610</u>
CAPITAL AND RESERVES			
Called up share capital	21	744,476	744,476
Share premium account	22	564,000	564,000
Profit and loss account	22	6,908,016	5,435,134
		<u>8,216,492</u>	<u>6,743,610</u>

GALLAGHER PLUMER LIMITED

COMPANY BALANCE SHEET

as at 31 December 1992

(In Pounds Sterling)

	Notes	1992	1991
FIXED ASSETS			
Tangible assets	11	825,932	1,095,009
Investments	12	1,833,849	1,838,049
Subsidiary Companies	13	1,082,072	1,082,072
		<u>3,741,853</u>	<u>4,015,130</u>
CURRENT ASSETS			
Debtors	14	17,741,008	16,001,586
Investments	15	2,027,506	217,915
Cash	16	18,651,465	18,091,371
		<u>38,419,979</u>	<u>34,310,872</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	17	32,309,203	29,746,463
NET CURRENT ASSETS		<u>6,110,776</u>	<u>4,564,409</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,852,629	8,579,539
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR	18	(154,963)	(154,963)
PROVISIONS FOR LIABILITIES AND CHARGES	19	393,024	211,978
NET ASSETS		<u>10,090,690</u>	<u>8,636,554</u>
CAPITAL AND RESERVES			
Called up share capital	21	744,476	744,476
Share premium account	22	564,000	564,000
Profit and loss account	22	8,782,214	7,328,078
		<u>10,090,690</u>	<u>8,636,554</u>

Approved by the Board on 19 April 1993
and signed on its behalf by:

R N L HELMAN)

[Signature] Directors
G M CAVAZZI)
[Signature]

GALLAGHER PLUMER LIMITED

GROUP CASH FLOW STATEMENT for the year ended 31 December 1992 (In Pounds Sterling)

	NOTES	1992	1991
<u>NET CASH FLOWS FROM:</u>			
OPERATIONS	1	<u>1,261,045</u>	<u>1,512,964</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest on cash balances		1,181,416	1,651,964
Interest on short-term investments		66,037	0
Dividends paid		0	(147,000)
		<u>1,247,453</u>	<u>1,504,964</u>
TAXATION		<u>(546,009)</u>	<u>(989,185)</u>
INVESTING ACTIVITIES			
Purchase of computer equipment		(215,667)	(160,638)
Additions to leasehold property		(4,605)	(12,480)
Purchase of furniture and fittings		(9,911)	(16,781)
Purchase of motor vehicles		(209,418)	(349,734)
Receipts from sales of motor vehicles		73,630	142,787
Investment in wimbledon debenture		0	(14,000)
Investment in alliance worldwide income fund		(610,522)	0
Investment in hemisphere neutral fund		(1,332,017)	0
		<u>(2,308,510)</u>	<u>(410,846)</u>
FINANCING		<u>0</u>	<u>0</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>		<u>(346,021)</u>	<u>1,617,897</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1992 (In Pounds Sterling)

1. NOTES TO THE GROUP CASH FLOW STATEMENT

(a) Reconciliation of the operating cash flows to the operating profit:

	1992	1991
Operating profit before taxation	2,184,698	1,147,478
Depreciation provided	648,003	671,893
Amortisation of wimbledon debenture	4,200	0
Profit on disposal of tangible fixed assets	(12,955)	(40,921)
Interest on cash balances	(1,181,416)	(1,651,964)
Interest on short-term investments	(66,037)	0
Increase in debtors	(2,463,824)	(9,299,052)
Increase in creditors	2,148,376	10,685,530
Net cash flow from operations	<u>1,261,045</u>	<u>1,512,964</u>

(b) Analysis of changes in financing during the year:

Share capital	744,476	744,476
Share premium	564,000	564,000
	<u>1,308,476</u>	<u>1,308,476</u>
Net cash flow from financing	0	0
	<u>1,308,476</u>	<u>1,308,476</u>

(c) Analysis of changes in cash and cash equivalents:

Opening balance	21,956,103	20,338,206
Increase(Decrease) in cash and cash equivalents	(346,021)	1,617,897
	<u>21,610,082</u>	<u>21,956,103</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

2. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards.

(a) Basis of Consolidation

The financial statements have been prepared under the historical cost convention. They include the financial statements of the Company and its subsidiary companies made up to 31 December 1992. The profits and losses of subsidiary companies are consolidated from the date of acquisition to the date of disposal. Goodwill is written off against reserves immediately. No profit and loss account is presented for the Company as provided by S228 (7) of the Companies Act 1985.

(b) Revenue and Expense Recognition.

(i) Turnover

Turnover comprises net retained brokerage.

Brokerage is included in revenue when debit notes are processed irrespective of the inception date or period of insurance, except for reinsurance business which is credited following receipts of declarations.

(ii) Interest

Interest is credited on an accruals basis.

(iii) Expenses

Expenses are charged to the profit and loss account as incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight line basis over their useful lives.

(d) Taxation

The total charge for taxation is based on the taxable profit for the year at current rates of tax and takes into account deferred taxation arising from timing differences between the treatment of certain items for accounting and corporation tax purposes.

(e) Foreign Currencies

Assets, liabilities, revenues and expenses denominated in foreign currencies are translated into Pounds Sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities, which are translated at rates ruling at the balance sheet date. Differences arising on the translation of such items are dealt with in the profit & loss account.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

3. TURNOVER

The group's turnover and profit before taxation are derived from insurance broking activities.

The geographical analysis of turnover is as follows:

	<u>1992</u>	<u>1991</u>
United Kingdom & Europe	2,406,163	2,102,099
North America	4,033,916	4,061,566
Other countries	425,416	560,679
	<u>6,865,495</u>	<u>6,724,344</u>

4. OTHER OPERATING INCOME

	<u>1992</u>	<u>1991</u>
Investment income	1,247,453	1,651,964
Profit on sale of fixed assets	12,955	40,921
	<u>1,260,408</u>	<u>1,692,885</u>

5. TRADING EXPENSES

	<u>1992</u>	<u>1991</u>
Staff Costs (note 6)	4,182,356	3,623,803
Depreciation	648,003	671,893
Auditor's remuneration	51,512	57,020
Operating leases	963,212	1,035,960
Doubtful debts provision	(4,073)	(171,166)
(Profit)/loss on foreign exchange	(1,364,597)	(183,153)
Other trading expenses	1,464,792	2,235,394
	<u>5,941,205</u>	<u>7,269,751</u>

6. STAFF COSTS

	<u>1992</u>	<u>1991</u>
Salaries	3,395,936	2,986,267
Social security costs	356,659	324,334
Other pension costs	429,761	313,202
	<u>4,182,356</u>	<u>3,623,803</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

6 STAFF COST (continued)

The average number of persons employed by the group during the year was as follows:

	1992	1991
Broking & technical	107	99
Administration	23	27
	<u>130</u>	<u>126</u>

7 DIRECTORS

(a) Emoluments

Total including pension payments	1,142,853	1,075,887
----------------------------------	-----------	-----------

Directors' emoluments, excluding pension contributions, included amounts paid to:

Chairman	128,300	101,126
The highest paid Director's emoluments	141,297	142,016

The number of Directors who received emoluments (excluding pension contributions) in the following ranges were:

£ Nil	2	2
£ 30,001 - £ 35,000	0	1
£ 40,000 - £ 45,000	2	0
£ 45,001 - £ 50,000	0	1
£ 50,001 - £ 55,000	1	1
£ 55,001 - £ 60,000	0	1
£ 60,001 - £ 65,000	1	1
£ 65,001 - £ 70,000	2	0
£ 70,001 - £ 75,000	0	2
£ 75,001 - £ 80,000	1	1
£ 85,001 - £ 90,000	1	0
£100,000 - £105,000	0	1
£115,001 - £120,000	1	0
£120,001 - £125,000	0	1
£125,000 - £130,000	1	0
£135,001 - £140,000	1	1
£140,001 - £145,000	1	1

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

7. DIRECTORS (continued)

(b) Transactions

As far as the Directors are aware, other than as disclosed below, no transaction or arrangement involving a Director of the Company requires disclosure in these financial statements under the Companies Act 1985.

All of the Directors who are underwriting members of Lloyd's participate in syndicates on similar terms which govern all other members of the syndicates in which they participate. In the normal course of business the Company may place risks with the syndicates at Lloyd's in which the Directors participate as members. Any such business is placed on a normal commercial basis. Other than noted above, no Director is connected with any insurance underwriter other than as an insignificant shareholder in an insurance company which is listed on the London Stock Exchange.

8. TAXATION

	1992	1991
Based on the profit for the year:		
Corporation tax at 33% (33.5% in 1991)	900,000	553,154
Deferred taxation	(188,184)	(43,418)
	711,816	509,736
Corporation tax adjustments in respect of prior years	0	(96,668)
	711,816	413,068

9. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

	1992	1991
Dealt with in the accounts of the Company	1,454,136	667,780
Retained by subsidiary companies	18,746	66,630
	1,472,882	734,410

10. DIVIDENDS

Ordinary shares	0	147,000
-----------------	---	---------

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

11. TANGIBLE FIXED ASSETS

	Computer Equipment	Leasehold Property	Furniture and Equipment	Motor Vehicles	Total
THE GROUP AND COMPANY AT COST					
1 January 1992	800,883	440,067	786,056	705,365	2,732,371
Additions	215,667	4,605	9,911	209,418	439,601
Disposals	0	0	0	(146,576)	(146,576)
31 December 1992	<u>1,016,550</u>	<u>444,672</u>	<u>795,967</u>	<u>768,207</u>	<u>3,025,396</u>
ACCUMULATED DEPRECIATION					
1 January 1992	551,840	256,083	590,245	239,194	1,637,362
Charge for year	267,385	117,202	82,160	181,256	648,003
Eliminated on disposals	0	0	0	(85,901)	(85,901)
31 December 1992	<u>819,225</u>	<u>373,285</u>	<u>672,405</u>	<u>334,549</u>	<u>2,199,464</u>
NET BOOK VALUES					
31 December 1992	<u>197,325</u>	<u>71,387</u>	<u>123,562</u>	<u>433,658</u>	<u>825,932</u>
31 December 1991	<u>249,043</u>	<u>183,984</u>	<u>195,811</u>	<u>466,171</u>	<u>1,095,009</u>
Depreciation rates	33 1/3%	to next rent review	20%	25%	

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 1992 (In Pounds Sterling)

12. INVESTMENTS

	The Group	The Company		
	Unlisted	Unlisted	Loan To Subsidiary	Total
At 1 January 1992	121,097	113,049	1,800,000	1,913,049
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 December 1992	<u>121,097</u>	<u>113,049</u>	<u>1,800,000</u>	<u>1,913,049</u>
PROVISION FOR DIMINUTION IN VALUE				
At 1 January 1992	75,000	75,000	0	75,000
Additions	4,200	4,200	0	4,200
Disposals	0	0	0	0
At 31 December 1992	<u>79,200</u>	<u>79,200</u>	<u>0</u>	<u>79,200</u>
NET BOOK VALUES				
At 31 December 1992	<u>41,897</u>	<u>33,849</u>	<u>1,800,000</u>	<u>1,833,849</u>
At 31 December 1991	<u>46,097</u>	<u>38,049</u>	<u>1,800,000</u>	<u>1,838,049</u>

In the opinion of the Directors the value of unlisted investments is not less than book value.

The loan to a subsidiary company is subordinated to the rights of other creditors of that company. It bears no interest and is only repayable with the consent of Lloyd's.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 13 December 1992 (In Pounds Sterling)

13. INVESTMENTS IN SUBSIDIARY COMPANIES

Shares at net asset value at 1 January and 31 December 1992 was £1,082,072.

Details of the Company's subsidiaries at 31 December 1992 were as follows:

<u>Name</u>	<u>Activity</u>	<u>Incorporated</u>	<u>Class of Shares</u>	<u>Percentage Held</u>
John Plumer & Partners Ltd.	Lloyd's Broker	Great Britain	Ordinary	100%
John Plumer & Partners Marine Ltd.	Dormant	Great Britain	A Ordinary B Ordinary Participating Preference	100%* 100%* 100%*
Gallagher Plumer Aviation Ltd.	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer Marine Reinsurance Brokers Ltd	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer Non-Marine Ltd.	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer North America Ltd.	Dormant	Great Britain	Ordinary	100%
John Plumer & Company Ltd.	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer & Partners Ltd.	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer North American Ltd.	Dormant	Great Britain	Ordinary	100%

* HELD BY JOHN PLUMER & PARTNERS LTD.

14. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
Insurance Debtors	14,756,586	12,827,701	10,518,530	9,550,664
Insurance balances due from Arthur J. Gallagher Group companies	6,878,250	5,952,016	6,760,655	5,875,766
Other debtors	91,555	220,082	91,555	220,082
Prepayments and accrued income	143,674	275,931	130,598	263,876
Amounts due from Arthur J. Gallagher Group companies	12,437	0	239,671	91,198
	<u>21,882,502</u>	<u>19,275,730</u>	<u>17,741,008</u>	<u>16,001,586</u>

All debtors fall due within one year.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 1992 (In Pounds Sterling)

15. INVESTMENTS

	<u>The Group</u>		<u>The Company</u>	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
UNLISTED				
Lloyd's deposit	0	10,000	0	0
Hemisphere Neutral Fund	1,332,017	0	1,332,017	0
Certificates of Tax Deposit	84,967	217,915	84,967	217,915
	<u>1,416,984</u>	<u>227,915</u>	<u>1,416,984</u>	<u>217,915</u>
LISTED				
Alliance Worldwide Income Fund **	610,522	0	610,522	0
	<u>2,027,506</u>	<u>227,915</u>	<u>2,027,506</u>	<u>217,915</u>

** Shown at market value at 31 December 1992.

16. CASH

Deposits and other cash balances at 31 December 1992, which could be subject to a charge in favour of a trustee for insurance broking creditors in compliance with a deed signed with the Corporation of Lloyd's, were as follows:

	<u>The Group</u>	<u>The Company</u>
Deposits and other cash balances	<u>15,736,011</u>	<u>13,675,278</u>

17. CREDITORS DUE WITHIN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
Insurance creditors	36,423,776	33,391,123	30,371,388	27,236,317
Insurance balances due to group companies	211,507	525,355	211,507	525,355
Corporation tax	895,699	541,708	842,430	528,208
Other taxes and Social Security costs	119,679	262,246	119,679	262,246
Other creditors	754,512	1,182,374	764,200	1,182,381
Amounts due to subsidiary companies	0	0	0	11,956
	<u>38,405,173</u>	<u>35,902,806</u>	<u>32,309,203</u>	<u>29,746,463</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

18. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

The amount is a Shareholder's loan arising on the acquisition of the minority interest in the Subsidiary Gallagher Plumer International Ltd. It has no set repayment date and no interest is payable.

19. PROVISION FOR LIABILITIES AND CHARGES

	<u>The Group</u>	<u>The Company</u>
<u>Deferred Tax</u>		
At 1 January 1992	200,525	211,978
Provision for the year	<u>188,184</u>	<u>181,046</u>
	<u>388,709</u>	<u>393,024</u>

20. DEFERRED TAXATION

Provision for deferred taxation is made in respect of the following:

	<u>The Group</u>		<u>The Company</u>	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
Excess of depreciation over tax allowances	198,967	143,255	198,967	143,255
Other short term timing differences	(4,315)	(11,453)	0	0
Differences arising on pension payments	194,057	68,723	194,057	68,723
	<u>388,709</u>	<u>200,525</u>	<u>393,024</u>	<u>211,978</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

21. SHARE CAPITAL

	<u>1992</u>	<u>1991</u>
Authorised:		
Ordinary shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	<u>744,476</u>	<u>744,476</u>

22. RESERVES

	<u>Share Premium Account</u>	<u>Profit and Loss Account</u>	<u>Total</u>
THE GROUP			
At 1 January 1992	564,000	5,435,134	5,999,134
Retained profit for the year	0	1,472,882	1,472,882
At 31 December 1992	<u>564,000</u>	<u>6,908,016</u>	<u>7,472,016</u>
THE COMPANY			
At 1 January 1992	564,000	7,328,078	7,892,078
Retained profit for the year	0	1,454,136	1,454,136
At 31 December 1992	<u>564,000</u>	<u>8,782,214</u>	<u>9,346,214</u>

23. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1992 (Nil in 1991).

24. POST BALANCE SHEET EVENTS

The company declared a dividend of £4,125,000 on 31 March 1993. It was paid on 1 April 1993.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1992 (In Pounds Sterling)

25. OTHER FINANCIAL COMMITMENTS

The annual commitments under non-cancellable operating leases of over 5 years in respect of land and buildings are £963,210.

There are no other operating leases.

26. PENSION COMMITMENTS

The group operates a defined benefit pension scheme which is funded by the payment of contributions to a separately administered trust fund.

The contributions to the scheme are determined by the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The results of the most recent valuation, conducted as at 30 April 1991, were as follows:

Main assumptions:

Rate of return on investments (% per annum)	9.0
Rate of salary increase (% per annum)	8.0
Rate pension increase (% per annum)	4.5

Market value of scheme's assets	6,085,000
Level of funding, being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	150%

The group is currently taking a pension holiday. The surplus in the scheme is being recognised on the mortgage basis over 12 years, the average expected remaining service lives of the employees.

The balance sheet pension provision at the year end amounted to £588,055 (£443,125 in 1991), and arises principally from the difference between the amounts expensed and actual pension contributions at 31 December 1992.

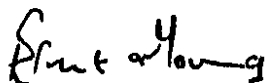
27. ULTIMATE HOLDING COMPANY

The ultimate holding Company is Arthur J. Gallagher & Co., incorporated in the United States of America. Copies of the group accounts for Arthur J. Gallagher & Co. may be obtained from that company, located at The Gallagher Centre, Two Pierce Place, Itasca, Illinois, 60143-3141, U.S.A.

**REPORT OF THE AUDITORS TO THE MEMBERS OF GALLAGHER PLUMER
LIMITED**

We have audited the accounts on pages 4 to 19 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1992 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

23 April 1993