

**STRATEGIC REPORT, DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
FOR
LAMBERT FENCHURCH OVERSEAS LIMITED**

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LAMBERT FENCHURCH OVERSEAS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2014**

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LAMBERT FENCHURCH OVERSEAS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

DIRECTOR: M Pike

SECRETARY: W McGowan

REGISTERED OFFICE: The Walbrook Building
25 Walbrook
London
EC4N 8AW

REGISTERED NUMBER: 02214161 (England and Wales)

INDEPENDENT AUDITOR: Ernst & Young LLP
Statutory Auditor
1 More London Place
London
SE1 2AF

LAMBERT FENCHURCH OVERSEAS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Director presents his Strategic Report for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company's principal activity in the period under review was that of insurance broking, however the Company did not trade in the current year.

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 consolidated financial statements of Arthur J. Gallagher & Co. ("The Group") which are publicly available.

REVIEW OF BUSINESS

The results of the Company for the year, show a profit on ordinary activities before tax of £129k (2013 profit of £249k). The Shareholder's funds of the Company total £6,673k (2013:£6,643k).

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2014 are set out in these financial statements on pages 5 to 9.

Dividends of £nil were paid during the year (2013:£nil). Investment income by way of dividends from subsidiaries for the year was £nil (2013:£249k).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operations and debt profile expose it to a variety of financial risks including the effects of changes in liquidity. The Company has in place a risk management programme and policies that seek to limit the adverse impact upon the Company of these financial risks.


Borrowing facilities and liquidity risk

The Group maintains facilities to ensure it has adequate funds available to finance operations and the growth of the business.

Risk management

The Company's ultimate parent is Arthur J. Gallagher & Co. Robust risk management is fundamental to the achievement of the Group's objectives. The Group's Board of Directors are responsible for setting the Group's risk appetite and ensuring that it has an appropriate and effective risk management framework and monitors the ongoing process for identifying, evaluating, managing and reporting significant risks faced. To facilitate this, the Group maintains a risk framework, through which the key risks affecting the Group are identified, assessed and monitored.

ON BEHALF OF THE BOARD:


.....
W McGowan - Secretary

Date: 28 September 2015

LAMBERT FENCHURCH OVERSEAS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Director presents his report with the financial statements of the Company for the year ended 31 December 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014 (2013:£nil).

DIRECTORS

Changes in Directors' holding office are as follows:

M Mugge - resigned 26 January 2015
D Ross - resigned 9 February 2015
M Pike - appointed 9 February 2015

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Director's Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Director must not approve the financial statements unless he is 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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.

DIRECTOR'S INDEMNITY PROVISIONS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Director is 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 he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Ernst and Young LLP are deemed to be reappointed as the Company's auditor under section 487 (2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:


W McGowan - Secretary

Date: 28 September 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAMBERT FENCHURCH OVERSEAS LIMITED

Independent Auditor's Report to the Members of Lambert Fenchurch Overseas Limited

We have audited the financial statements of Lambert Fenchurch Overseas Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective Responsibilities of Director and Auditor

As explained more fully in the Statement of Director's Responsibilities set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Director's Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

John Headley (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

Date: *28 September 2015*

LAMBERT FENCHURCH OVERSEAS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £'000	2013 £'000
Administrative expenses		<u>(22)</u>	<u>-</u>
		(22)	-
Other operating income	2	<u>151</u>	<u>-</u>
OPERATING PROFIT	4	129	-
Investment income	5	<u>-</u>	<u>249</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		129	249
Tax on profit on ordinary activities	6	<u>(99)</u>	<u>(119)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>30</u></u>	<u><u>130</u></u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the current year or previous year.

LAMBERT FENCHURCH OVERSEAS LIMITED (REGISTERED NUMBER: 02214161)

**BALANCE SHEET
31 DECEMBER 2014**

	Notes	2014 £'000	2013 £'000
CURRENT ASSETS			
Debtors	7	7,061	7,211
CREDITORS			
Amounts falling due within one year	8	<u>388</u>	<u>568</u>
NET CURRENT ASSETS		<u>6,673</u>	<u>6,643</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,673</u>	<u>6,643</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	<u>6,673</u>	<u>6,643</u>
SHAREHOLDERS' FUNDS	12	<u>6,673</u>	<u>6,643</u>

The financial statements were approved by the director on 28 September 2015 and were signed by:

.....
M Pike - Director

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and comply with UK GAAP. These accounting policies have been applied consistently during the year.

The Director 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 accounts are publicly available from the Company's registered office.

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Arthur J. Gallagher & Co. Group or investees of the Arthur J. Gallagher & Co. Group.

Investment income

Dividends receivable from participating interests are recognised as income when formally declared and paid.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All rate of exchange differences are taken to the Profit and Loss Account.

Taxation

Provision is made at current rates for taxation. In accordance with FRS19, deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax in future periods.

Deferred tax assets are recognised only to the extent that the Director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

2. OTHER OPERATING INCOME

	2014 £'000	2013 £'000
Other Operating Income	151	-

Write off the intercompany balance is because the Lambert Fenchurch France SA was legally dissolved on 24 December 2013.

3. DIRECTOR'S EMOLUMENTS

The Director was remunerated during the year by Arthur J. Gallagher (UK) Limited, a subsidiary within the Group, and Arthur J. Gallagher & Co. the ultimate parent undertaking. None of the Director received any emoluments during the year in respect of his services as a Director of the Company (2013: £nil) and it would not be practicable to apportion his emoluments between his services as Director of the Company and his service as Directors of other Group companies. The Company has not been recharged any amount for the emoluments of the Director (2013: £nil).

4. OPERATING PROFIT

The Company did not trade in the year, however due to the other operating income (Note 2), the Company had an operating profit of £129k (2013:£nil).

Auditor remuneration for the year ended 31 December 2014 amounted to £2k (2013:£2k). In 2013 this was borne by a fellow Group subsidiary and not recharged to the Company.

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

5. INVESTMENT INCOME

	2014 £'000	2013 £'000
Dividend received	<u>-</u>	<u>249</u>

6. TAXATION

Analysis of the tax charge

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

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax	-	111
Prior year adjustments	-	8
Group relief (surrendered to) / claimed from fellow group companies	<u>99</u>	
Tax on profit on ordinary activities	<u>99</u>	<u>119</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK.

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	<u>129</u>	<u>249</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013 - 23.250%)	28	58
Effects of:		
Write off of intercompany balance	(32)	-
Non – taxable dividend income	-	(58)
Expenses not deductible for tax purposes	4	-
Adjustments in respect of transfer pricing	99	111
Prior year adjustments	<u>-</u>	<u>8</u>
Current tax charge	<u>99</u>	<u>119</u>

The Company profits are taxable in the UK under the standard rate of corporation tax being 21.5% (2013: 23.25%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government legislated during 2013 to reduce the main rate of corporation tax to 21%, applicable from 1 April 2014, with a further reduction of 1% to 20% to apply from 1 April 2015.

Further legislation has been announced, due to be enacted post September 2015, to reduce the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. The impact of these charges is not quantifiable at this time.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed by group undertakings	<u>7,061</u>	<u>7,211</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2014

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to group undertakings	383	457
Corporation tax	-	111
Accruals and deferred income	5	-
	<u>388</u>	<u>568</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014 £	2013 £
59	Ordinary	£1	<u>59</u>	<u>59</u>

10. RESERVES

	Profit and loss account £'000
At 1 January 2014	6,643
Profit for the year	<u>30</u>
At 31 December 2014	<u>6,673</u>

11. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is Heath Lambert Overseas Limited, a company registered in England and Wales. The largest group of undertakings of which the Company is a member and for which financial statements are prepared, is headed up by Arthur J. Gallagher & Co., a company incorporated in the United States of America, which is the ultimate parent undertaking. A copy of these consolidated financial statements is available from the registered office of Lambert Fenchurch Overseas Limited.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Profit for the financial year	<u>30</u>	<u>130</u>
Net addition to shareholders' funds	30	130
Opening shareholders' funds	<u>6,643</u>	<u>6,513</u>
Closing shareholders' funds	<u>6,673</u>	<u>6,643</u>

13. POST BALANCE SHEET EVENTS

The Directors agree that there are no post balance sheet events to disclose.