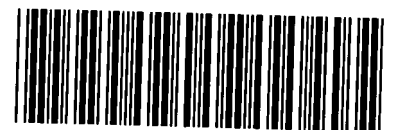


**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
ARGENTIS FINANCIAL GROUP LIMITED**

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ARGENTIS FINANCIAL GROUP LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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ARGENTIS FINANCIAL GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

L Lemenager
M Lucas

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AW

REGISTERED NUMBER:

05512992 (England and Wales)

INDEPENDENT AUDITOR:

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

ARGENTIS FINANCIAL GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Strategic Report for the year ended 31 December 2018.

REVIEW OF THE BUSINESS

The principal activity of the Company in the period under review was that of a holding company. 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 2018 are set out in the financial statements on pages 7 to 15.

For the year ended 31 December 2018 the Company has recorded a loss before tax of £464k compared to the profit before tax of £167k in 2017. The principal driver of this was no receipt of dividends from group undertakings during 2018, compared to the dividend received in 2017 of £1,000k.

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 risks, liquidity and interest rates. 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.

The Group has in place a risk management programme and policies in the context of the wider Group risk framework. This risk management programme seeks to manage any adverse impact upon the Group caused by the nature of its principal activity. The approach to the significant risks is noted below:

Borrowing facilities and liquidity risk

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

Interest rate risk

Interest rates on the Group's formal intra-group loans are fixed in nature and set in accordance with the wider Group treasury and transfer pricing policies.

BY ORDER OF THE BOARD:


L Lemenager - Director

Date: 27/06/19

ARGENTIS FINANCIAL GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2018. The results for the Company for the year ended 31 December 2018 and future developments are discussed in the Strategic Report.

DIRECTORS OF THE COMPANY

Changes in Directors holding office are as follows:

D Taplin - resigned 31 January 2019
T Johnson - resigned 14 February 2019
L Lemenager - appointed 14 February 2019
M Lucas - appointed 14 February 2019

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018 (2017: £nil).

EMPLOYEES

The Company is an equal opportunities employer and bases all decisions on individual ability regardless of race, religion, gender, age or disability.

DIRECTORS' INDEMNITY PROVISIONS

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

ARGENTIS FINANCIAL GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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:


.....
L Lemenager - Director

Date: 27/06/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENTIS FINANCIAL GROUP LIMITED

Opinion

We have audited the financial statements of Argentis Financial Group Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 16, 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENTIS FINANCIAL GROUP LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

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

Date: 1 July 2019

ARGENTIS FINANCIAL GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
Administrative expenses		<u>(353)</u>	<u>(337)</u>
OPERATING LOSS	3	(353)	(337)
Income from shares in group undertakings		-	1,000
Income from participating interests		<u>50</u>	<u>165</u>
		(303)	828
Interest payable and similar charges	4	<u>(161)</u>	<u>(661)</u>
(LOSS)/PROFIT BEFORE TAXATION		(464)	167
Tax on (loss)/profit	5	<u>35</u>	<u>35</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(429)</u>	<u>202</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	£'000	2018 £'000	2017 £'000
FIXED ASSETS				
Intangible assets	6		2,307	2,630
Investments	7		<u>6,538</u>	<u>6,538</u>
			8,845	9,168
CURRENT ASSETS				
Debtors	8	354		66
CREDITORS				
Amounts falling due within one year	9	<u>2,143</u>		<u>1,504</u>
NET CURRENT LIABILITIES			<u>(1,789)</u>	<u>(1,438)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,056	7,730
CREDITORS				
Amounts falling due after more than one year	10		1,985	1,869
PROVISIONS FOR LIABILITIES	11		-	<u>361</u>
NET ASSETS			<u>5,071</u>	<u>5,500</u>
CAPITAL AND RESERVES				
Called up share capital	12		4,204	4,204
Share premium	13		183	183
Capital redemption reserve	13		908	908
Retained earnings	13		<u>(224)</u>	<u>205</u>
SHAREHOLDERS' FUNDS			<u>5,071</u>	<u>5,500</u>

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

27/6/19

.....
L Lemenager - Director

ARGENTIS FINANCIAL GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	249	183	908	3	1,343
Changes in equity					
Issue of share capital	3,955	-	-	-	3,955
Profit for the financial year	-	-	-	202	202
Balance at 31 December 2017	<u>4,204</u>	<u>183</u>	<u>908</u>	<u>205</u>	<u>5,500</u>
Changes in equity					
Loss for the financial year	-	-	-	(429)	(429)
Balance at 31 December 2018	<u>4,204</u>	<u>183</u>	<u>908</u>	<u>(224)</u>	<u>5,071</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", and with the Companies Act 2006. The financial statements have been prepared on a going concern basis, under the historical cost convention.

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 also taken advantage of the exemptions, under FRS 102 paragraph 1.12(b) & (e) respectively, from preparing a Statement of Cash Flows and disclosure of key management compensation, on the basis that it is a qualifying entity and its ultimate parent company, Arthur J. Gallagher & Co., includes such disclosures in its own consolidated financial statements.

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. **Goodwill and intangible fixed assets**

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

ii. **Useful economic lives of tangible fixed assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

iii. **Impairment of investments**

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on a value in use calculation. The value in use calculation is based on a net asset or revenue multiple basis. Both methods are derived from the financial statements and do not include restructuring activities that the Group is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The multiple rate used is in line with recent acquisitions.

iv. **Provisions**

Where a provision is required the Group will perform calculations based on a policy regarding each individual category of provision. Each of these policies will be based on a degree of estimate and judgements. These policies are included within note 11.

Interest payable

Interest payable is recognised in the Statement of Comprehensive Income on an accruals basis based on the terms of the underlying contracts or agreements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES - continued

Taxation

Provision is made at current enacted rates for taxation. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax in future periods.

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

Deferred tax assets and liabilities are not discounted.

Goodwill and intangible fixed assets

Intangible fixed assets arising on the acquisition of other business have been capitalised, classified as assets in the Statement of Financial Position and amortised over their useful economic lives. They are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Goodwill - over 10 years

Tangible fixed assets and depreciation

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

The useful lives of the following tangible fixed assets are:

Equipment, fixtures and fittings - over 3 to 8 years

Fixed asset investments

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

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.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and that the economic benefit can be reliably measured.

2. DIRECTORS' REMUNERATION

The Directors were remunerated during the year by a fellow subsidiary within the Group and Arthur J. Gallagher & Co., the ultimate holding company. None of the Directors received any remuneration during the year in respect of their services as a Director of the Company (2017: £nil) and it would not be practicable to apportion their remuneration between their services as Directors of the Company and their services for other Group companies. The Company has not been recharged any amount for the remuneration of these Directors (2017: £nil).

ARGENTIS FINANCIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. OPERATING LOSS

The operating loss is stated after charging:

	2018	2017
	£'000	£'000
Goodwill amortisation	323	323
Auditor's remuneration	<u>10</u>	<u>7</u>

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£'000	£'000
Interest payable on loans from group undertakings	116	162
Interest payable on shares previously classed as financial liabilities	-	429
Unwinding of discount on deferred consideration provision	<u>45</u>	<u>70</u>
	<u>161</u>	<u>661</u>

5. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2018	2017
	£'000	£'000
Current tax:		
UK corporation tax on loss/profit for the year	(35)	(36)
Adjustment in respect of previous periods	<u>-</u>	<u>1</u>
Total tax per Statement of Comprehensive Income	<u>(35)</u>	<u>(35)</u>

Reconciliation of total tax credit included in the Statement of Comprehensive Income

The tax credit for the year can be reconciled to (loss)/profit per the Statement of Comprehensive Income as follows:

	2018	2017
	£'000	£'000
(Loss)/profit before tax	<u>(464)</u>	<u>167</u>
Tax on (loss)/profit at the standard UK tax rate of 19.00% (2017 - 19.25%)	(88)	32
Effects of:		
Expenses not deductible for tax purposes	61	158
Income not taxable for tax purposes	(10)	(224)
Adjustments to tax charge in respect of previous periods	-	1
Transfer pricing adjustment	<u>2</u>	<u>(2)</u>
Total tax credit for the year	<u>(35)</u>	<u>(35)</u>

The Company losses are taxable in the UK under the standard rate of corporation tax being 19.00% (2017: 19.25%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government has legislated to reduce the main rate of corporation tax to 17% to apply from 1 April 2020.

ARGENTIS FINANCIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1 January 2018 and 31 December 2018	<u>3,233</u>
AMORTISATION	
At 1 January 2018	603
Amortisation for year	<u>323</u>
At 31 December 2018	<u>926</u>
NET BOOK VALUE	
At 31 December 2018	<u>2,307</u>
At 31 December 2017	<u>2,630</u>

Individual intangible assets that are deemed material to the financial statements by the Directors comprise of:

Category	Asset	Carrying value	Remaining amortisation period
Goodwill	Cobra	£1,093k	7 years
Goodwill	Hart Brown	£567k	8 years
Goodwill	Herbert Parnell	£647k	8 years

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000	Share in participating interests £'000	Total Investments £'000
COST			
At 1 January 2018 and 31 December 2018	<u>6,268</u>	<u>270</u>	<u>6,538</u>
NET BOOK VALUE			
At 31 December 2018	<u>6,268</u>	<u>270</u>	<u>6,538</u>
At 31 December 2017	<u>6,268</u>	<u>270</u>	<u>6,538</u>

The Company's investments at the Statement of Financial Position date comprise the following:

Name of Company	Registered office	Holding	Proportion of shares held
Argentis Financial Management Limited	The Walbrook Building	Ordinary Shares	100%
Kingston Smith Financial Advisers Limited	Devonshire House	Ordinary Shares	50%

Registered office	Street address
The Walbrook Building	25 Walbrook, London, EC4N 8AW
Devonshire House	60 Goswell Road, London, EC1M 7AD

At 30 April 2018 Kingston Smith Financial Advisers Limited had capital and reserves of £482k (2017: £517k) and had recorded a profit of £196k for the year then ended (2017: £205k).

ARGENTIS FINANCIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed by group undertakings	319	30
Group relief debtor	<u>35</u>	<u>36</u>
	<u>354</u>	<u>66</u>

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

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to group undertakings	1,199	622
Accrued dividends on shares previously classed as financial liabilities	490	490
Other creditors	397	388
Accruals and deferred income	<u>57</u>	<u>4</u>
	<u>2,143</u>	<u>1,504</u>

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

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

	2018 £'000	2017 £'000
Amounts owed to group undertakings	<u>1,985</u>	<u>1,869</u>

Amounts owed to group undertakings are unsecured. All loans are interest free with the exception of:

Aggregate loan value	Interest rate	Interest terms	Repayment period	Aggregate carrying value
£1,683k	6.19%	Compounded annually	10 years from commencement (2026) but the Company can repay in whole or in part without penalty.	£1,985k

11. PROVISIONS FOR LIABILITIES

	2018 £'000	2017 £'000
Other provisions	<u>-</u>	<u>361</u>
		Purchase price obligation provision
		£'000
Balance at 1 January 2018		361
Utilised during year		(397)
Unwinding of discount		<u>36</u>
Balance at 31 December 2018		<u>-</u>

ARGENTIS FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

11. PROVISIONS FOR LIABILITIES - continued

Purchase price obligation provision

The Company has acquired the trade and assets of certain businesses. The acquisition agreements included obligations for certain future payments in relation to the performance of the acquired business. The Purchase price obligation provision is in relation to the estimated future amounts to be paid in respect of these contracts. Purchase price obligations are reallocated to other creditors as they fall due. The future purchase price obligation amounts payable are:

Trade and Assets purchased	Purchase price obligation
Hart Brown	£177k over a 1 year period - included in Other creditors
Herbert Parnell Financial Services	£220k over a 1 year period - included in Other creditors

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £'000	2017 £'000
4,204,391	Ordinary	1	<u>4,204</u>	<u>4,204</u>

During the year ended 31 December 2017 Ordinary 'A' shares, Ordinary 'B' shares, Preference 'A' shares and Preference 'B' shares were re-designated as Ordinary shares.

The Ordinary shares (being the only class of Company shares in issue) have attached to them full voting, dividend and capital distribution rights, including on winding up. They do not confer any rights of redemption.

13. 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.

Capital Redemption Reserve - represents the nominal value of shares repurchased by the Company.

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

14. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is Gallagher Benefits Services Management Company Limited (formerly Risk & Reward Group (Holdings) 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 holding company. The registered address of Arthur J. Gallagher & Co. is 2850 W. Golf Rd., Rolling Meadows, IL 60008. A copy of these consolidated financial statements is available from the registered office of the Company.

15. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Dividends of £50k (2017: £165k) were received from Kingston Smith Financial Advisers Limited during the year.

16. EVENTS AFTER THE REPORTING PERIOD

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