STRATEGIC REPORT, DIRECTORS' REPORT AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

FOR

ACUMUS HOLDINGS LIMITED

ACUMUS HOLDINGS LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS:	I Story C Richmond M Rea
SECRETARY:	W McGowan
REGISTERED OFFICE:	The Walbrook Building 25 Walbrook London EC4N 8AW
REGISTERED NUMBER:	06874140 (England and Wales)
INDEPENDENT AUDITOR:	Ernst & Young LLP Statutory Auditor 25 Churchill Place Canary Wharf London E14 5EY

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their Strategic Report for the year ended 31 December 2016.

REVIEW OF 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 2016 are set out in the financial statements on pages 6 to 12.

For the year ended 31 December 2016 the Company has recorded a loss before tax of £4k compared to the loss before tax of £5k in 2015.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's international operations and debt profile expose it to a variety of financial 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 on-going 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 risk 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.

BY ORDER OF THE BOARD:

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W McGowan - Secretary

Date: 20 September 2017

ACUMUS HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2016. The results for the Company for the year ended 31 December 2016 and future developments are discussed in the Strategic Report.

DIRECTORS OF THE COMPANY

Changes in Directors holding office are as follows:

M Pike - resigned 28 February 2017
T Gallagher - resigned 28 February 2017
I Story - appointed 28 February 2017
C Richmond - appointed 28 February 2017
M Rea - appointed 28 February 2017

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016 (2015: £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;
- 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.

ACUMUS HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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:

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W McGowan - Secretary

Date: 20 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUMUS HOLDINGS LIMITED

We have audited the financial statements of Acumus Holdings Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 11. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Directors and auditor

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. 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 Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Directors' 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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 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.

Ernst & Young LLP

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

Date: 20-9-17

ACUMUS HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Administrative expenses		(4)	(3)
Loss on disposal of tangible fixed assets		-	(2)
OPERATING LOSS AND LOSS BEFORE TAXATION	3	(4)	(5)
Tax on loss	4	1	1
LOSS FOR THE FINANCIAL YEAR		(3)	(4)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3)	(4)

The notes form part of these financial statements

ACUMUS HOLDINGS LIMITED (REGISTERED NUMBER: 06874140)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	Notes	£'000	2016 £'000	£'000	2015 £'000
FIXED ASSETS					
Investments	5		25		25
CURRENT ASSETS					
Debtors	6	47		44	
CREDITORS					
Amounts falling due within one year	7	57		51	
NET CURRENT LIABILITIES			(10)		(7)
TOTAL ASSETS LESS CURRENT LIABILITIES			15		18
CAPITAL AND RESERVES					
Called up share capital	8		-		-
Retained earnings	9		15		18
SHAREHOLDERS' FUNDS			15		18

The financial statements were approved and authorised for issue by the Board of Directors on 20/9/17 and were signed on its behalf by:

I Story - Director

The notes form part of these financial statements

ACUMUS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015	-	22	22
Changes in equity			
Total comprehensive loss	-	(4)	(4)
Balance at 31 December 2015	-	18	18
Changes in equity			
Total comprehensive loss	-	(3)	(3)
Balance at 31 December 2016	-	15	15

The notes form part of these financial statements

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. **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.

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.

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:

Computer equipment - over 3 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.

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2. DIRECTORS' EMOLUMENTS

The Directors were remunerated during the year by a fellow subsidiary within the Group and Arthur J. Gallagher & Co., the ultimate parent undertaking. None of the Directors received any emoluments during the year in respect of their services a Director of the Company (2015: £nil) and it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other Group companies. The Company has not been recharged any amount for the emoluments of these Directors (2015: £nil).

3. OPERATING LOSS

The operating loss is stated after charging:

	2016 £'000	2015 £'000
Depreciation - owned assets	-	1
Auditor's remuneration	3	2

4. TAXATION

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

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax	(1)	(1)
Total current tax credit	(1)	(1)

The tax credit for the year can be reconciled to the loss per the income statement as follows:

	2016 £'000	2015 £'000
Loss before tax	(4)	(5)
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(1)	(1)
Effects of:		
Expenses not deductible for tax purposes	-	-
Total tax credit	(1)	(1)

The Company profits are taxable in the UK under the standard rate of corporation tax being 20% (2015 20.25%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government legislated during 2016 to reduce the main rate of corporation tax to 19%, applicable from 1 April 2017 with a further reduction of 2% to 17% to apply from 1 April 2020.

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2016 and 31 December 2016	25
NET BOOK VALUE	
At 31 December 2016	25
At 31 December 2015	25

continued...

5. **FIXED ASSET INVESTMENTS - continued**

The Company's investments at the Statement of Financial Position date, in the share capital of group undertakings, comprised the following:

Name of Company	Registered Address	Holding	Proportion of shares held
Arthur J. Gallagher Housing Limited	The Walbrook Building	Ordinary Shares	77.50%

* Held indirectly

Registered Office	Street Address
The Walbrook Building	25 Walbrook, London, EC4N 8AW

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £'000	2015 £'000
Amounts owed by group undertakings	46	44
Corporation tax	1	-
	47	44

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

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £'000	2015 £'000
Amounts owed to group undertakings	55	49
Accruals and deferred income	2	2
	57	51

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

8. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
94	A Ordinary	£1	94	94
6	B Ordinary	£1	6	6

The ordinary shares A & B have attached to them full voting, dividends and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

9. **RESERVES**

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

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

10. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is Acumus Interco 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. 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.

11. EVENTS AFTER THE REPORTING PERIOD

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