

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**
FOR
ACUMUS INTERCO LIMITED

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ACUMUS INTERCO LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2015**

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ACUMUS INTERCO LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015**

DIRECTORS:

T J Gallagher
M Pike

SECRETARY:

W McGowan

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AW

REGISTERED NUMBER:

07482977 (England and Wales)

INDEPENDENT AUDITOR:

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

ACUMUS INTERCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their Strategic Report for the year ended 31 December 2015.

REVIEW OF BUSINESS

The principal activity of the Company in the period under review was that of a holding company, whose subsidiaries carried on the business of insurance broking. 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 2015 are set out in these financial statements on pages 6 to 12.

For the years ended 31 December 2015 and 2014 the Company recorded a loss before tax of £2k.

PRINCIPAL RISKS AND UNCERTAINTIES

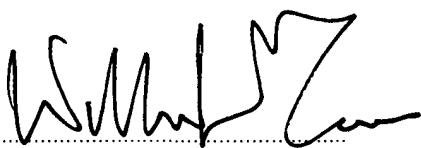
The Group's international operations and debt profile expose it to a variety of financial risks including the effects of change in foreign currency exchange rates, counterparty credit risks, price risk, liquidity and interest rates. The Group's Board of Directors are responsible for setting the Group's 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 Company 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 Company 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 Company. Forward looking cash flow projections are prepared on a regular basis to assess funding requirements.

BY ORDER OF THE BOARD:



W McGowan - Secretary

Date: 23 September 2016

ACUMUS INTERCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2015. The results for the Company for the year ended 31 December 2015 and future developments are discussed in the Strategic Report.

DIRECTORS OF THE COMPANY

The Directors who have held office during the period from 1 January 2015 to the date of this report are as follows:

M Mugge - resigned 26 January 15
D Ross - resigned 9 February 15
S Dalgarno - resigned 17 March 15
M Pike - appointed 9 February 15
T J Gallagher - appointed 17 March 15

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015 (2014: £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 PROVISION

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 AUDITORS

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.

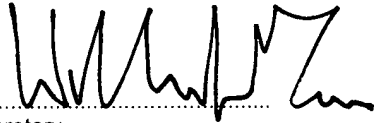
ACUMUS INTERCO LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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:

A handwritten signature in black ink, appearing to be 'W McGowan', written over a dotted line.

W McGowan - Secretary

Date: 23 September 2016

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

We have audited the financial statements of Acumus Interco Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 12. 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 2015 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 to 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 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.

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 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:

27 September 2016

ACUMUS INTERCO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £'000	2014 £'000
Administrative expenses		<u>(2)</u>	<u>(2)</u>
OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(2)	(2)
Tax on loss on ordinary activities	4	<u>(1)</u>	<u>(3)</u>
LOSS FOR THE FINANCIAL YEAR		(3)	(5)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(3)</u></u>	<u><u>(5)</u></u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

	Notes	£'000	2015 £'000	£'000	2014 £'000
FIXED ASSETS					
Investments	5		251		251
CURRENT ASSETS					
Debtors	6	19		-	
CREDITORS					
Amounts falling due within one year	7	<u>30</u>		<u>8</u>	
NET CURRENT LIABILITIES			<u>(11)</u>		<u>(8)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>240</u>		<u>243</u>
CAPITAL AND RESERVES					
Called up share capital	8		-		-
Retained earnings	9		<u>240</u>		<u>243</u>
SHAREHOLDERS' FUNDS			<u>240</u>		<u>243</u>

The financial statements were approved and authorised for issue by the Board of Directors on 23 September 2016 and were signed on its behalf by:



M Pike - Director

ACUMUS INTERCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	-	248	248
Changes in equity			
Total comprehensive loss	-	(5)	(5)
Balance at 31 December 2014	-	243	243
Changes in equity			
Total comprehensive loss	-	(3)	(3)
Balance at 31 December 2015	-	240	240

The notes form part of these financial statements

ACUMUS INTERCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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. This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 12 for an explanation of the transition.

Basis of preparation

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

The Company has taken advantage of the exemptions, under FRS 102 paragraph 1.12(b) & (e) respectively, from preparing a Statement of Cash Flows and disclosure of key management compensations, 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.

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 income statement in other operating expenses.

ACUMUS INTERCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2015

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 as a Director of the Company (2014: £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 (2014: £nil).

3. OPERATING LOSS

The operating loss is stated after charging:

	2015 £'000	2014 £'000
Auditor's remuneration	<u>2</u>	<u>2</u>

4. TAXATION

Analysis of the tax charge

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

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax on loss for the period	4	3
Adjustment in respect of previous periods	<u>(3)</u>	<u>-</u>
Total tax per income statement	<u>1</u>	<u>3</u>

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

	2015 £'000	2014 £'000
Loss for the period	<u>(2)</u>	<u>(2)</u>
Tax on loss at standard UK tax rate of 20.25% (2014 - 21.5%)	-	-
Effects of:		
Transfer pricing adjustments	4	3
Adjustment from previous periods	<u>(3)</u>	<u>-</u>
Tax charge for the period	<u>1</u>	<u>3</u>

The Company profits are taxable in the UK under the standard rate of corporation tax being 20.25% (2014 21.5%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government legislated during 2015 to reduce the main rate of corporation tax to 19%, applicable from 1 April 2017 with a further reduction of 1% to 18% to apply from 1 April 2020. These reductions have been reflected in the closing deferred tax asset, as they were enacted at the date of the Statement of Financial Position.

Further legislation has been announced to reduce the corporation tax rate to 17% from 1 April 2020. The impact of this change is not quantifiable at this time.

ACUMUS INTERCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2015

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2015	
and 31 December 2015	<u>251</u>
NET BOOK VALUE	
At 31 December 2015	<u>251</u>
At 31 December 2014	<u>251</u>

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

Name of Company	Country of registration	Holding	Proportion of shares held
Acumus Holdings Limited	England & Wales	Ordinary Shares A & B	100.00%
Arthur J. Gallagher Housing Limited*	England & Wales	Ordinary Shares A, B & C	77.50%
Igloo Insurance PCC Limited*	Guernsey	Ordinary Shares	100.00%

* Held indirectly

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Amounts owed by group undertakings	<u>19</u>	<u>-</u>

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

	2015 £'000	2014 £'000
Amounts owed to group undertakings	24	6
Accruals and deferred income	2	2
Corporation tax	<u>4</u>	<u>-</u>
	<u>30</u>	<u>8</u>

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

ACUMUS INTERCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2015

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
94	Ordinary	£1	<u>94</u>	<u>94</u>

The shares have attached to them full voting, dividend 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 Friary Intermediate 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 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.

12. TRANSITION TO FRS 102

The Company transitioned to FRS 102 from previously extant UK Accounting Standards as at 1 January 2014. There is no material financial impact from the transition to FRS 102 in the financial statements. There were no changes in accounting policies arising from the transition to FRS 102.