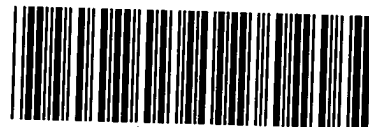


**STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014  
FOR  
ARTHUR J. GALLAGHER INSURANCE BROKERS  
LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

WEDNESDAY



\*L4H19CV5\*

L14

30/09/2015

#5

COMPANIES HOUSE

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>4</b>
<b>Report of the Independent Auditor</b>	<b>6</b>
<b>Profit and Loss Account</b>	<b>7</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10</b>

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**COMPANY INFORMATION  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

<b>DIRECTORS:</b>	M Pike J Drummond-Smith (Non-Executive) I Story G Chilton
<b>SECRETARY:</b>	W McGowan
<b>REGISTERED OFFICE:</b>	Spectrum Building 7th Floor 55 Blythswood Street Glasgow G2 7AT
<b>REGISTERED NUMBER:</b>	SC108909 (Scotland)
<b>INDEPENDENT AUDITOR:</b>	Ernst & Young LLP Statutory Auditor 1 More London Place London SE1 2AF
<b>BANKERS:</b>	Lloyds Bank plc 25 Gresham Street London EC2V 7HN

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**STRATEGIC REPORT  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

The Directors present their strategic report for the period from 1 September 2013 to 31 December 2014.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company in the period under review was that of insurance broking.

**REVIEW OF BUSINESS**

The results of the Company for the period from 1 September 2013 to 31 December 2014 are set out in the financial statements on pages 7 to 22.

The Company's loss of £12,156k in the period, when compared to 2013's profit of £1,358k, is mostly attributed to integration costs of £4.4m which followed the takeover by Arthur J. Gallagher & Co. on 14 November 2013, combined with an allocation of AJG Head Office costs of £5.3m and an inter-company uplift on staff costs now charged through Arthur J. Gallagher Services UK Limited of £1.2m.

With effect from 1 April 2014 the Healthcare division of the Company was transferred to Gallagher Risk & Reward Limited.

On 12 January 2015, the majority of the retail assets and liabilities of Heath Lambert Limited, Oval Insurance Broking Limited and Belmont International Limited were transferred to the Company.

During the period Hedges & Rose Insurance Services Limited, Sutton Barnard Limited and LRG Limited were dissolved. The Company's investment in these companies was correspondingly written off. The Company's investment in JHIB Limited was impaired during the period to correctly reflect its nil carrying value.

**RESULTS AND DIVIDENDS**

The total loss for the period of £12,156k (2013 profit of £1,358k) were transferred to reserves.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company'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 Company has in place a risk management programme and policies that seek to limit the adverse impact upon the Company by use of financial instruments to fix currency rates.

**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.

**Foreign currency risk**

The Company's major currency transaction exposure arises in respect of US dollar revenue earned in the UK. As a consequence, the Company's results are sensitive to changes in the sterling/US dollar exchange rate.

Where forward foreign exchange contracts have been entered into to manage currency risk, they are designated as hedges of currency risk on specific future cash flows, which qualify as highly probable transactions for which hedge accounting has been used.

**Interest rate risk**

The Company has interest bearing assets but no material interest bearing liabilities that would give rise to exposures to fluctuations in interest rates.

**Counterparty credit risk**

The Company manages its cash and investment balances in the form of deposits with prime banks and other short term money market instruments, in accordance with the Group's investment and counterparty policy.

**Price risk**

The Company does not have a material exposure to equity securities price risk or commodity price risk.

**Risk management**

The Company's immediate parent is Rio 588 Limited and its 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.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**STRATEGIC REPORT  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

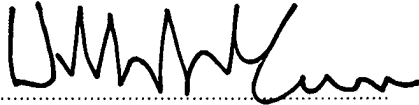
**FUTURE DEVELOPMENTS**

The Company's strategic focus continues to be on the organic growth of existing core business and the acquisition of businesses to enhance the future turnover and profitability of the Company.

**EMPLOYEES**

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

**BY ORDER OF THE BOARD:**



W McGowan - Secretary

Date: 29 JUNE 2015

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**DIRECTORS' REPORT  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

The Directors present their report with the audited financial statements of the Company for the period from 1 September 2013 to 31 December 2014.

**CHANGE OF NAME**

The Company passed a special resolution on 6 May 2014 changing its name from Giles Insurance Brokers Limited to Arthur J. Gallagher Insurance Brokers Limited.

**DIVIDENDS**

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

**EVENTS SINCE THE END OF THE PERIOD**

Information relating to events since the end of the period is given in note 21 of the financial statements.

**DIRECTORS**

The Directors who have held office during the period from 1 September 2013 to the date of this report are as follows:

A Royle - resigned 14 November 2013  
M Mugge - appointed 14 November 2013  
D Ross - appointed 14 November 2013  
S Dalgarno - appointed 14 November 2013  
M Pike - appointed 14 November 2013  
M Scales - resigned 5 December 2013  
G Prescott - resigned 5 December 2013  
P Matson - resigned 31 January 2014  
J Drummond-Smith (Non-Executive) - appointed 18 March 2014  
B McManus - resigned 30 June 2014

Other changes in Directors holding office are as follows:

M Mugge resigned as Director on 26 January 2015  
D Ross resigned as Director on 9 February 2015  
S Dalgarno resigned as Director on 17 March 2015  
I Story appointed as Director on 29 April 2015  
G Chilton appointed as Director on 1 May 2015

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report, Strategic 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and 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 maintaining 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.

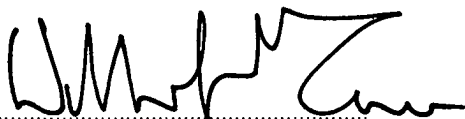
**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**DIRECTORS' REPORT  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**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 he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**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: 29 JUNE 2015

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

We have audited the financial statements of Arthur J. Gallagher Insurance Brokers Limited for the period ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. 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 Directors and Auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 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 loss for the period 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.

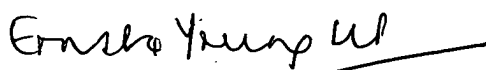
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

**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.



Kevin Senior (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
1 More London Place  
London  
SE1 2AF

Date: 30 June 2015



**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

	Notes	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
<b>TURNOVER</b>	2	73,640	60,799
Administrative expenses		<u>(87,736)</u>	<u>(61,757)</u>
<b>OPERATING LOSS</b>	5	(14,096)	(958)
Income from shares in Group undertakings		-	101
Interest receivable and similar income	6	<u>666</u>	<u>2,038</u>
		(13,430)	1,181
Interest payable and similar charges	7	<u>(71)</u>	<u>(340)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(13,501)	841
Tax on (loss)/profit on ordinary activities	8	<u>1,345</u>	<u>517</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>		<u>(12,156)</u>	<u>1,358</u>

**DISCONTINUED OPERATIONS**

During the period the Healthcare division of the Company was transferred to Gallagher Risk & Reward Limited.

The notes form part of these financial statements

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

	<b>Period 1.9.13 to 31.12.14 £'000</b>	<b>Year Ended 31.8.13 £'000</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>	(12,156)	1,358
Loss on foreign exchange	(5)	-
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD/YEAR</b>	<u>(12,161)</u>	1,358
Prior year adjustment	Note 22	<u>(7,927)</u>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>		<u>(6,569)</u>


The notes form part of these financial statements

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED) (REGISTERED NUMBER: SC108909)**

**BALANCE SHEET  
31 DECEMBER 2014**

			31 Dec 2014	31 Aug 2013 as restated
	Notes	£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Intangible assets	9		47,714	60,830
Tangible assets	10		2,663	2,560
Investments	11		<u>4,588</u>	<u>6,687</u>
			54,965	70,077
<b>CURRENT ASSETS</b>				
Debtors	12	124,865		110,957
Cash at bank and in hand	13	<u>25,275</u>		<u>26,145</u>
		150,140		137,102
<b>CREDITORS</b>				
Amounts falling due within one year	14	<u>119,916</u>		<u>112,773</u>
<b>NET CURRENT ASSETS</b>			<u>30,224</u>	<u>24,329</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			85,189	94,406
<b>CREDITORS</b>				
Amounts falling due after more than one year	15		(748)	(191)
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>(2,387)</u>	<u>-</u>
<b>NET ASSETS</b>			<u>82,054</u>	<u>94,215</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	18		98,680	98,680
Capital redemption reserve	19		775	775
Profit and loss account	19		<u>(17,401)</u>	<u>(5,240)</u>
<b>SHAREHOLDERS' FUNDS</b>	22		<u>82,054</u>	<u>94,215</u>

The financial statements were approved by the Board of Directors on 29 June 2015 and were signed on its behalf by:

  
 .....  
 Ian Story - Director

The notes form part of these financial statements

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES**

**Accounting convention**

These financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and comply with accounting standards applicable in the United Kingdom. These accounting policies have been applied consistently during the period.

The Directors have 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 in the United States of America.

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.

**Turnover**

Turnover represents brokerage and fees earned for placing and servicing risks on behalf of clients and income from business placed with financing Companies. The Company recognises this income when earned. Brokerage is recognised at policy inception date with a proportion of income deferred over the period of the underlying contracts to recognise the ongoing contractual obligations of maintaining and servicing the contracts over that period.

**Taxation**

Provision is made at current rates for taxation. In accordance with FRS 19, deferred tax is recognised in respect of all timing difference 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 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.

**Provision for liabilities and charges**

A provision is recognised when 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 a reasonable estimate can be made of the amount of the obligation. Provisions are made in accordance with the requirements of FRS 12. The basis of each class of provision is described in note 17.

**Foreign currency transactions**

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.

**Claims handling obligations**

The Company provides for the expected cost of providing future claims handling services in respect of its insurance and reinsurance broking activities by reference to the estimated number of claims and expected costs. The provision is made in accordance with the requirements of FRS 12.

**Pensions**

All Company employees may become members of the Gallagher (UK) Pension Plan, a defined contribution scheme. Contributions are charged to the Profit and Loss account as they become payable in accordance with the rules of the scheme. Under the rules of the defined pension scheme, the pension charges represent the contributions payable by the Company up to 6 April 2014 at which point all employees were transferred to Arthur J. Gallagher Services (UK) Limited.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES  
INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES - continued**

**Insurance broking debtors and creditors**

Insurance brokers normally act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding such legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in recognition of the fact that the insurance broker is entitled to retain investment income on any cash flows arising from such transactions and accordingly such investment income is included in operating profits. Such cash is held in a client account separate from the general funds of the Company. The Company has applied FRS 5 "Reporting the Substance of Transactions" and offsets debtors and creditors from insurance transactions only when it is legally enforceable.

**Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration originally paid over the fair value of the identifiable assets and liabilities at the time of the acquisition, is capitalised and written off on a straight line basis over its useful economic life, which the Directors have assessed to be 12 years. Provision is made for any impairment.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Profit and Loss account.

**Tangible fixed assets**

Tangible fixed assets are recorded at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Improvements to property	- 3 years straight line
Fixtures and fittings	- 3 years straight line
Motor vehicles	- 3 years straight line
Computer equipment	- 5 years straight line

**Investments in subsidiaries**

Investments in subsidiary Companies are recorded at cost less any provision for impairment. Impairment reviews are performed by the Directors where there has been an indication of impairment.

**Hire purchase and leasing commitments**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value and depreciated over their useful lives. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss account at a constant rate on the outstanding capital amount.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against on a straight line basis over the period of the lease.

**Accrued income**

Income is accrued when it has been earned in the period but will be received in a future accounting period, and when the amount earned can be estimated with reasonable certainty.

**Deferred income**

Income is deferred when it has been received in the year but will be earned in a future accounting period.

**Lease Premiums**

Premiums paid on acquisition of property leases are stated at cost less accumulated amortisation. Premiums are amortised over the term of the lease.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES - continued**

**Deferred consideration**

The total consideration payable by the Company when acquiring businesses often includes a deferred element which is based on the future trading performance of the acquired business. The Company provides for the deferred consideration where there is a reasonable expectation that the acquired business will meet the targets specified in the acquisition agreement.

**2. TURNOVER**

The turnover and loss (2013 - profit) before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by class of business is given below:

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
Net Brokerage	64,137	53,467
Fees	9,503	7,332
	<u>73,640</u>	<u>60,799</u>

An analysis of turnover by geographical market is given below:

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
United Kingdom	73,461	60,649
Other	179	150
	<u>73,640</u>	<u>60,799</u>

**3. STAFF COSTS**

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
Wages and salaries	16,647	30,709
Social security costs	814	3,347
Other pension costs	538	759
	<u>17,999</u>	<u>34,815</u>

The average monthly number of employees during the period was as follows:

	Period 1.9.13 to 31.12.14	Year Ended 31.8.13
Administration staff	818	848
Directors	5	6
	<u>823</u>	<u>854</u>

The amounts associated with staff costs are to 6 April 2014, after which the costs were incurred by Arthur J. Gallagher Services (UK) Limited. An amount of £24,727k was charged back to the Company.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**4. DIRECTORS' EMOLUMENTS**

	<b>Period 1.9.13 to 31.12.14 £'000</b>	<b>Year Ended 31.8.13 £'000</b>
Aggregate emoluments paid	4,028	1,217
Pension contributions to money purchase pension schemes	<u>42</u>	<u>48</u>
	<u>4,070</u>	<u>1,265</u>
Money purchase schemes	<u>5</u>	<u>4</u>

The amounts in respect of the highest paid Director are:

	<b>Period 1.9.13 to 31.12.14 £'000</b>	<b>Year Ended 31.8.13 £'000</b>
Emoluments	2,851	387
Pension contributions to money purchase schemes	<u>19</u>	<u>30</u>

The amounts associated with Directors emoluments are to 6 April 2014 after which the costs were incurred by Arthur J. Gallagher Services (UK) Limited. An amount of £502k was recharged back to the Company and is accounted for in administrative expenses.

**5. OPERATING LOSS**

The operating loss is stated after charging:

	<b>Period 1.9.13 to 31.12.14 £'000</b>	<b>Year Ended 31.8.13 £'000</b>
Depreciation	1,450	1,310
Goodwill amortisation	13,116	9,680
Auditors' remuneration - statutory audit	135	103
Taxation advisory services	-	51
Loss in disposal of subsidiaries	2,099	-
Operating lease costs - plant and machinery	-	3
Operating lease costs - land and buildings	<u>1,649</u>	<u>2,069</u>

Included within fixed asset depreciation is £5k (2013: £10k) relating to depreciation on assets under hire purchase agreements.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
Bank interest receivable	278	177
Other finance income	<u>388</u>	<u>1,861</u>
	<u>666</u>	<u>2,038</u>

Included within other finance income is interest receivable from Rio 588 Limited, the Company's immediate parent and fellow subsidiary of Arthur J. Gallagher & Co., of £388k (2013: £1,861k).

At the point of acquisition by Arthur J. Gallagher & Co., Rio 588 repaid all outstanding debt owed to the Company.

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
Interest payable on bank borrowing	42	201
Other finance charges	<u>29</u>	<u>139</u>
	<u>71</u>	<u>340</u>

Included within other finance charges is interest payable to Rio 588 Limited of £29k (2013: £139k).

At the point of acquisition by Arthur J. Gallagher & Co., all outstanding loans were paid in full.



**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**8. TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the loss on ordinary activities for the period was as follows:

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
Current tax:		
UK corporation tax at 21.61% (2013: 23.25%)	-	-
Group relief claimed from fellow group companies	-	-
Adjustment re prior years	-	(60)
Total current tax	-	(60)
Deferred tax:		
Current year origination and reversal of timing differences	(986)	(457)
Impact of difference in tax rates	73	-
Prior year adjustments	(432)	-
Total deferred tax	(1,345)	(457)
Tax (credit) in period	(1,345)	(517)

**Factors affecting the tax charge/(credit)**

The tax assessed for the period is the same as the standard rate of corporation tax in the UK.

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
(Loss)/profit on ordinary activities before tax	(13,501)	841
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.61% (2013 - 23.25%)	(2,919)	198
Effects of:		
Expenses not deductible for tax purposes	1,804	2,554
Adjustments to tax charge in respect of previous periods	-	(71)
Depreciation in excess of capital allowances	(28)	(59)
Other timing differences	375	(60)
Allowable depreciation	(17)	-
Adjustments in respect of transfer pricing	146	-
Group relief not paid for	-	(2,622)
Losses carried forward	2,434	-
Impact of change in accounting policy	(1,795)	-
Current tax charge/(credit)	-	(60)

There is an unrecognised deferred tax asset at the end of the period of £130k (2013: £130k). This asset is not recognised on the Balance Sheet due to the availability of losses to shelter the Group from corporation tax for the following period.

The Company profits are taxable in the UK under the standard rate of corporation tax being 21.61% (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. These reductions have been reflected in the closing deferred tax asset, as they were enacted at the Balance Sheet date.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**9. INTANGIBLE FIXED ASSETS**

	<b>Goodwill £'000</b>
<b>COST</b>	
At 1 September 2013 and 31 December 2014	<u>106,909</u>
<b>AMORTISATION</b>	
At 1 September 2013	46,079
Amortisation for period	<u>13,116</u>
At 31 December 2014	<u>59,195</u>
<b>NET BOOK VALUE</b>	
At 31 December 2014	<u>47,714</u>
At 31 August 2013	<u>60,830</u>

**10. TANGIBLE FIXED ASSETS**

	<b>Improvements to property £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Computer equipment £'000</b>	<b>Totals £'000</b>
<b>COST</b>					
At 1 September 2013 (as restated)	148	401	51	3,447	4,047
Additions	<u>26</u>	<u>147</u>	<u>-</u>	<u>1,380</u>	<u>1,553</u>
At 31 December 2014	<u>174</u>	<u>548</u>	<u>51</u>	<u>4,827</u>	<u>5,600</u>
<b>DEPRECIATION</b>					
At 1 September 2013 (as restated)	52	36	46	1,353	1,487
Charge for period	<u>69</u>	<u>116</u>	<u>5</u>	<u>1,260</u>	<u>1,450</u>
At 31 December 2014	<u>121</u>	<u>152</u>	<u>51</u>	<u>2,613</u>	<u>2,937</u>
<b>NET BOOK VALUE</b>					
At 31 December 2014	<u>53</u>	<u>396</u>	<u>-</u>	<u>2,214</u>	<u>2,663</u>
At 31 August 2013 (as restated)	<u>96</u>	<u>365</u>	<u>5</u>	<u>2,094</u>	<u>2,560</u>

**Hire Purchase**

Included within the net book value of tangible fixed assets is £nil (2013: £5k) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £5k (2013: £10k).

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**11. FIXED ASSET INVESTMENTS**

	<b>Shares in Group undertakings £'000</b>
<b>COST</b>	
At 1 September 2013	12,043
Disposals	<u>(195)</u>
	<u>11,848</u>
<b>PROVISIONS FOR IMPAIRMENT</b>	
At 1 September 2013	5,356
Provided for during the period	<u>1,904</u>
	<u>7,260</u>
<b>NET BOOK VALUE</b>	
At 31 December 2014	<u>4,588</u>
At 31 August 2013	<u>6,687</u>

At 31 December 2014 the Company held the entire issued share capital of the following Companies:

<b>Name of Company</b>	<b>Country of registration</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Nature of business</b>
Crosbie and Jack Insurance Services Limited	Scotland	Ordinary shares	100%	Non trading
Robinson Leslie Limited	England	Ordinary shares	100%	Non trading
Carrick Neill and Co. Limited	Scotland	Ordinary shares	100%	Non trading
Archibald Reid (Insurance Brokers) Limited	England	Ordinary shares	100%	Non trading
Dickson Insurance Brokers Limited	England	Ordinary shares	100%	Non trading
CBG Group Limited	England	Ordinary shares	100%	Holding Company
CBG Insurance Brokers Limited (i)	England	Ordinary shares	100%	Non trading
CBG Financial Management Limited (i)	England	Ordinary shares	100%	Non trading
Flysurre Limited (i)	England	Ordinary shares	100%	Non trading
Marcus Hearn & Co. (Travel & Aviation) Limited (ii)	England	Ordinary shares	100%	Non trading

(i) - held indirectly through CBG Group plc

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

<b>12. DEBTORS</b>	<b>31 Dec 2014 £'000</b>	<b>31 Aug 2013 as restated £'000</b>
Amounts falling due within one year:		
Insurance Debtors	13,928	19,999
Amounts owed by Group undertakings	101,151	87,098
Other debtors	3,462	784
Deferred tax asset (see note 17)	3,463	2,118
Prepayments and accrued income	<u>1,861</u>	<u>958</u>
	<u>123,865</u>	<u>110,957</u>
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	<u>1,000</u>	<u>-</u>
Aggregate amounts	<u>124,865</u>	<u>110,957</u>
Amounts owed by Group undertakings are payable on demand and are on an interest free basis, with the exception of a loan to Arthur J. Gallagher (UK) Limited on 27 June 2014 of £1m, which is repayable on demand at 6.75% interest and has a duration of 10 years, being repayable on 27 June 2024.		
<b>13. CASH AT BANK AND IN HAND</b>	<b>31 Dec 2014 £'000</b>	<b>31 Aug 2013 £'000</b>
Insurance balances	21,235	18,318
Business balances	4,040	7,823
Cash in hand	<u>-</u>	<u>4</u>
	<u>25,275</u>	<u>26,145</u>
<b>14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>31 Dec 2014 £'000</b>	<b>31 Aug 2013 as restated £'000</b>
Hire purchase contracts (see note 16)	-	4
Trade Creditors	-	383
Insurance Creditors	30,105	30,829
Amounts owed to Group undertakings	86,844	68,290
Social security and other taxes	183	898
Other creditors	10	391
Deferred consideration	-	150
Accruals and deferred income	<u>2,774</u>	<u>11,828</u>
	<u>119,916</u>	<u>112,773</u>

**Pensions**

The Company operates several contribution pension schemes. They are defined contribution schemes and contributions are charged in the Profit and Loss Account as they accrue. The charge for the period was £538k (2013: £759k). The unpaid contributions outstanding at the period end, included in creditors, are £nil (2013: £127k).

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

<b>15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>31 Dec 2014 £'000</b>	<b>31 Aug 2013 £'000</b>
Hire purchase contracts (see note 16)	-	11
Other creditors	418	-
Deferred consideration	<u>330</u>	<u>180</u>
	<u><b>748</b></u>	<u><b>191</b></u>

**16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	<b>Hire purchase contracts 31 Dec 2014 £'000</b>	<b>31 Aug 2013 £'000</b>
Gross obligations repayable:		
Within one year	-	5
Between one and five years	<u>-</u>	<u>12</u>
	<u>-</u>	<u>17</u>
Finance charges repayable:		
Within one year	-	1
Between one and five years	<u>-</u>	<u>1</u>
	<u>-</u>	<u>2</u>
Net obligations repayable:		
Within one year	-	4
Between one and five years	<u>-</u>	<u>11</u>
	<u>-</u>	<u>15</u>

The following operating lease payments are committed to be paid in the periods set out below:

	<b>Land and buildings</b>		<b>Other operating leases</b>	
	<b>31 Dec 2014 £'000</b>	<b>31 Aug 2013 £'000</b>	<b>31 Dec 2014 £'000</b>	<b>31 Aug 2013 £'000</b>
Expiring:				
Within one year	169	594	-	3
Between one and five years	526	1,278	-	-
In more than five years	<u>542</u>	<u>296</u>	<u>-</u>	<u>-</u>
	<u><b>1,237</b></u>	<u><b>2,168</b></u>	<u><b>-</b></u>	<u><b>3</b></u>

**17. PROVISIONS FOR LIABILITIES**

	<b>31 Dec 2014 £'000</b>	<b>31 Aug 2013 £'000</b>
Other provisions	<u>2,387</u>	<u>-</u>

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**17. PROVISIONS FOR LIABILITIES - continued**

	<b>Deferred Tax £'000</b>	<b>Other provisions £'000</b>
Balance at 1 September 2013	(2,118)	-
Provided during period	<u>(1,345)</u>	<u>2,387</u>
Balance at 31 December 2014	<u>(3,463)</u>	<u>2,387</u>

The above deferred tax net asset represents: £477k in relation to short term timings differences (2013: £130k); £734k of accelerated capital allowances (2013:£327k); intangible asset timing differences £nil (2013:£971k); £2,252k in relation to current period losses (2013: £nil) and £nil in relation to the impact of the change in accounting policy (2013: £1,661k).

**Other provisions:**

	<b>E&amp;O provision</b>	<b>Policy cancellation reserve</b>	<b>Dilapidation property provision £'000</b>	<b>Future servicing and claims handling costs £'000</b>	<b>Total £'000</b>
At 1 September 2013 (Restated)	-	-	-	-	-
Incurred/released during period	<u>223</u>	<u>618</u>	<u>1,444</u>	<u>102</u>	<u>2,387</u>
At 31 December 2014	<u>223</u>	<u>618</u>	<u>1,444</u>	<u>102</u>	<u>2,387</u>

**Dilapidation Property Provision**

During 2014 the Company reviewed its' property portfolio and established that certain office space was surplus to requirement. A provision was made in respect of the costs to the end of the lease for space it does not utilise.

**Future servicing and claims handling costs**

The provision for future servicing and claims handling costs is an estimate of the cost to run-off claims on policies previously placed by the Company. The provision is based on a projection of future claims applying a trend extrapolated from historical claims data.

**Policy cancellation reserve**

The provision for policy cancellation is based on a calculation in which the percentage of cancelled policies, relative to the previous year, is applied to current year income as a projection of likely cancellations in the future.

**Errors & omissions provision**

The Company faces a number of litigation and other claims, the resolution of which is uncertain, which have arisen in the ordinary course of business. Having taken appropriate legal advice and having regards to the Group's errors and omissions insurance arrangements, the Directors have provided amounts which they consider to be a realistic appraisal of the ultimate likely cost of these various claims against the Company. The provision is subject to regular review by the Group's legal department, external legal advisers and the Directors. It is not practical to specifically indicate the likely timing of claim settlements.

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**18. CALLED UP SHARE CAPITAL**

<b>Allotted, issued and fully paid: Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>31 Dec 2014</b>	<b>31 Aug 2013</b>
			<b>£'000</b>	<b>£'000</b>
98,680,000	Ordinary shares	£1	<u>98,680</u>	<u>98,680</u>

**19. RESERVES**

	<b>Profit and loss account £'000</b>	<b>Capital redemption reserve £'000</b>	<b>Totals £'000</b>
At 1 September 2013	2,687	775	3,462
Prior year adjustment	<u>(7,927)</u>	-	<u>(7,927)</u>
	(5,240)	775	(4,465)
Deficit for the period	(12,156)	-	(12,156)
Loss on foreign exchange	<u>(5)</u>	-	<u>(5)</u>
At 31 December 2014	<u>(17,401)</u>	<u>775</u>	<u>(16,626)</u>

**20. PARENT COMPANY AND ULTIMATE HOLDING COMPANY**

The immediate parent Company is Rio 588 Limited. The ultimate holding Company at 31 August 2013 was Expectrum Limited. The ultimate controlling party at 31 August 2013 was funds managed by Charterhouse General Partners (VIII) Limited.

On 14 November 2013 Arthur J. Gallagher & Co, a Company incorporated in USA and registered in Delaware, became the ultimate holding Company and ultimate controlling party.

**21. POST BALANCE SHEET EVENTS**

On 12 January 2015, the majority of the retail assets and liabilities of Heath Lambert Limited, Oval Insurance Brokers Limited and Belmont International Limited were transferred to the Company at net book value. This resulted in no gain or loss being recognised.

**22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31 Dec 2014</b>	<b>31 Aug 2013 as restated</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the financial period	(12,156)	1,358
Loss on foreign exchange	<u>(5)</u>	-
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(12,161)</b>	<b>1,358</b>
Opening shareholders' funds		
(originally £102,142k before prior year adjustment of £7,927k)	<u>94,215</u>	<u>92,857</u>
<b>Closing shareholders' funds</b>	<u><b>82,054</b></u>	<u><b>94,215</b></u>

**ARTHUR J. GALLAGHER INSURANCE BROKERS LIMITED (FORMERLY KNOWN AS GILES INSURANCE BROKERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

**23. PRIOR YEAR ADJUSTMENTS**

The financial statements have been restated to reflect a change in accounting policy with regards to tangible assets. The Company has adopted its parent Company's accounting policy to write off any assets with an opening net book value of under £500.

The restated value of 2013 tangible fixed assets is £2,560k for August 2013. Under the previous accounting policy the tangible fixed assets were £3,840k.

Arthur J. Gallagher policy for prepayments is that a prepayment should only be made where it is for more than 3 months and the expense is over £10k, with the exception being rent, which should always be prepaid. In the prior year, there was no de minimus limit for prepayments.

In the prior year, the Company accrued for Commission. Arthur J. Gallagher policy is not to accrue for Commission.

Arthur J. Gallagher policy for work transfer fees is that there should be an external confirmation and detailed supporting calculation. In the prior year the Company's policy was to accrue without a signed contract or on the basis of verbal discussions.

The restated value of 2013 Prepayments & Accrued Income is £958k. Under the previous accounting policy Prepayments & Accrued Income was £1,965k.

After accounting for prior year adjustments, an additional deferred tax asset of £1,661k was created.

Arthur J. Gallagher policy is not to recognise income when it is contingent. In the prior year, the Company would recognise contingent income.

Arthur J. Gallagher policy regarding dilapidation provision is to accrue over the life of the lease. In the prior year, the Company policy was to pay when it is due.

Accruals & Deferred Income restated for August 2013 is £11,828k. Under the previous accounting policy Accruals & Deferred Income was £4,527k.

<b>Note</b>	<b>Financial Statement Area</b>	<b>Previous year end value</b>	<b>Restated year end value</b>	<b>Difference</b>
10	Tangible Assets	£3,840k	£2,560k	(£1,280k)
12	Prepayments & Accrued Income	£1,965k	£958k	(£1,007k)
12	Deferred tax asset	£457k	£2,118k	£1,661k
14	Accruals & Deferred Income	£4,527k	£11,828k	(£7,301k)