

LAMBERT FENCHURCH OVERSEAS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2012

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COMPANIES HOUSE

Registered number 02214161

Lambert Fenchurch Overseas Limited
Company Number 2214161 Registered in England & Wales

DIRECTORS

M S Mugge
D C Ross

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

SECRETARY

W L McGowan

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

REGISTERED OFFICE

The Walbrook Building
25 Walbrook
London
EC4N 8AW

COMPANY NUMBER

2214161

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report together with the audited Financial Statements of Lambert Fenchurch Overseas Limited (the "Company") for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENT

The principal activity of the Company, an accredited Lloyd's Broker, continues to be that of insurance broking. Lambert Fenchurch Overseas is authorised and regulated by the Financial Conduct Authority.

RESULTS AND DIVIDENDS

The Company made a profit before taxation for the year of £5,817,000 (2011: £66,000). Dividends of £nil (2011: £6,000,000) were paid during the year. A retained profit of £5,752,000 (2011: loss £41,000) has been transferred to reserves.

The Company has net assets of £6,513,000 at 31 December 2012 (2011: £761,000).

GOING CONCERN

The directors expect that the company has adequate resources to continue in operational existence. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

EXEMPTION FROM CONSOLIDATION

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 and for which results are publicly available for the company's registered office in the United States.

DIRECTORS AND THEIR INTERESTS

The directors serving during the year ended 31 December 2012 are shown below:

M. S. Mugge
D. C. Ross

SECRETARY

W. L. McGowan (appointed 23 July 2013)
HL Corporate Services Limited (resigned 23 July 2013)

No director had any interest in the shares of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operating activities are exposed to various financial, legal, regulatory and market risks. These include the key risk factors summarised below:

Interest Rate Risk

The company does not have any interest bearing assets or interest bearing liabilities that would give rise to exposures to fluctuations in interest rates.

Price Risk

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

RISK MANAGEMENT

Robust risk management is fundamental to the achievement of the groups' objectives. The Board of Directors is 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 by the group. To facilitate this, the group maintains a Risk Framework, through which the key risks affecting the group are identified, assessed and monitored.

EMPLOYEES

The Company has no employees.

DONATIONS

There were no donations to charities by the Company during the year (2011: £nil). In addition, there were no political donations during the year (2011: £nil).

PAYMENTS TO SUPPLIERS

The Company has no trade creditors. All such creditors are paid by Heath Lambert Limited, a fellow group undertaking, and recharged to the Company. Heath Lambert Limited conformed wherever possible to the payment terms agreed with its suppliers.

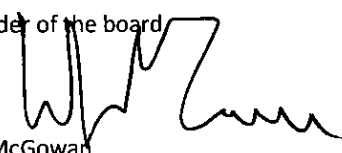
DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and that the auditor is aware of that information.

AUDITORS

Ernst and Young LLP are deemed to be reappointed as the company's auditors in accordance with Section 487 (2) of the Companies Act 2006 for the ensuing year.

By order of the board


W L McGowan
Secretary

Date: 18 September 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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 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 the profit or loss of the company for the 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 UK 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with adequate 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.

INDEPENDENT AUDITORS' REPORT

to the members of Lambert Fenchurch Overseas Limited

We have audited the financial statements of Lambert Fenchurch Overseas Limited for the year ended 31 December 2012 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 16. 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 auditors' 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 auditors

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements and non-financial information in the annual report and 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 annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our audit.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practices, 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 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.



Kevin Senior (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, 18 September 2013

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Administrative expenses	2	(11)	-
Foreign exchange gains	4	198	130
Operating profit		187	130
Interest payable and similar charges	5	(57)	(64)
		130	66
Other income	6	5,170	-
Investment income	7	517	-
Profit on ordinary activities before taxation		5,817	66
Tax on profit on ordinary activities	8	65	35
Profit on ordinary activities after taxation		5,752	31

Results for the current year and prior period are attributable to continuing operations

There is no material difference between the results disclosed in the profit and loss account and the results on

The notes on pages 8 to 11 are an integral part of these financial statements

BALANCE SHEET
 as at 31 December 2012

	Notes	2012 £'000	2011 £'000
CURRENT ASSETS			
Debtors - Amounts falling due within one year	10	7,087	7,072
Creditors - Amounts falling due within one year	11	(574)	(6,311)
NET ASSETS		6,513	761
CAPITAL AND RESERVES			
Called-up share capital	12	-	-
Profit and loss account	13	6,513	761
SHAREHOLDERS' FUNDS		6,513	761

Approved by the board of directors on 18 September 2013 and signed on its behalf by



M S Mugge
 Director

The notes on pages 8 to 11 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and 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 year.

The company is a wholly-owned subsidiary of Heath Lambert Overseas Limited and is included in the consolidated financial statements of Arthur J. Gallagher & Co. which are publically available.

As permitted by Financial Reporting Standard 1 "Cash Flow Statements" (revised) the Company, being a wholly-owned subsidiary, is not required to prepare a cash flow statement. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Arthur J. Gallagher & Co. group or investees of the Arthur J. Gallagher & Co. group.

The directors have reviewed the Company's accounting policies and consider them to be appropriate in accordance with FRS18's objectives of relevance, reliability, comparability and understandability.

Investment income

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

Taxation

Corporation tax payable is provided on taxable profits at the current rate of taxation.

Foreign currencies

Monetary assets and liabilities in foreign currencies are expressed in sterling at exchange rates as at the balance sheet date. Income earned in foreign currencies is recognised in the profit and loss account at the exchange rate at the date of the transaction. All realised exchange differences arising from trading are recognised in the result before taxation.

2. ADMINISTRATIVE EXPENSES

	2012 £'000	2011 £'000
Administrative expenses	11	-
	<u>11</u>	<u>-</u>

	2012 £'000	2011 £'000
Auditor's remuneration:		
Audit of the financial statements	2	2
	<u>2</u>	<u>2</u>

The Company has no employees.

Auditors' remuneration for the year was borne on behalf of the Company by Heath Lambert Limited, a fellow group undertaking. Fees payable to the auditors for other (non-audit) services are in respect of services to the Group as a whole and are disclosed in the consolidated accounts of the Company's ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

3 DIRECTORS' EMOLUMENTS

The Directors were remunerated during the year by Arthur J. Gallagher (UK) Limited, a subsidiary with the group and Arthur J. Gallagher & Co. the ultimate parent undertaking. Neither of these Directors received any emoluments during the year in respect of their services as a Director of the Company (2011: £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 (2011: £nil).

4. FOREIGN EXCHANGE GAINS

	2012 £'000	2011 £'000
Foreign exchange gains	198	130
	<u>198</u>	<u>130</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
Interest payable	57	64
	<u>57</u>	<u>64</u>

The interest payable shown above relates to an intercompany loan with Lambert Fenchurch France SA. The value of this loan can be seen in note 9.

6. OTHER INCOME

	2012 £'000	2011 £'000
Return of capital	5,170	-
	<u>5,170</u>	<u>-</u>

The return of capital shown above relates to a reduction in the par value of a subsidiary holding.

7 INVESTMENT INCOME

	2012 £'000	2011 £'000
Dividend received	517	-
	<u>517</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The corporation taxation charge represents UK corporation tax calculated at 24.5% (2011: 26.5%) of

Analysis of charge in year	2012 £'000	2011 £'000
Current tax		
Group Relief claimed from fellow group companies	65	105
Prior year adjustments	-	2
Tax charge in year	65	107
Reconciliation of Corporation Tax charge		
Profit on ordinary activities before taxation	5,817	66
Standard rate of corporation tax in UK of 24.5% (2011: 26.5%)	1,425	17
The Corporation tax charge for the year is affected by		
Expenses not deductible for tax purposes	3	-
Non-taxable distribution and dividend income	(1,393)	-
Non-taxable distribution and dividend income	30	-
Adjustments in respect of transfer pricing	-	(91)
Adjustments in respect of worldwide debt cap	-	2
Prior year adjustments	-	107
Current tax charge for the year	65	35

The Company profits are taxable in the UK under the standard rate of corporation tax being 24.5% (2011: 26.5%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government legislated during 2012 to reduce the main rate of corporation tax to 23%, applicable from 1 April 2013.

9. DIVIDENDS	2012 £'000	2011 £'000
Dividends paid	-	6,000
	-	6,000

Interim dividends paid to the immediate parent Company, Heath Lambert Overseas Limited £nil (2011: £6m)

10. DEBTORS	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts due from group undertakings	7,087	7,072
	7,087	7,072

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

11 CREDITORS	2012 £'000	2011 £'000
Amounts Falling Due Within One Year		
Amounts due to group undertakings	574	6,311
	574	6,311

12 SHARE CAPITAL	2012 £'000	2011 £'000
59 authorised, allocated and fully paid ordinary shares of £1 each	-	-
	-	-

13. RESERVES	Profit and loss account £'000	Total £'000
As at 31 December 2011	761	761
Profit for the year	5,752	5,752
As at 31 December 2012	6,513	6,513

14. CAPITAL COMMITMENTS

There were no capital commitments entered into as at 31 December 2012 (2011 £nil)

15. POST BALANCE SHEET EVENTS

The directors are not aware of any significant events arising after the balance sheet date that require disclosure or adjustment to amounts included within the financial statements

16 ULTIMATE PARENT COMPANY

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

A copy of these consolidated financial statements is available from the registered office of Lambert Fenchurch Overseas Limited.