

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
ACUMUS HOLDINGS LIMITED**

TUESDAY



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ACUMUS HOLDINGS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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ACUMUS HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

DIRECTORS:

M Rea
C Richmond
C Scott

SECRETARY:

A Peel

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

ACUMUS HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their Strategic Report for the year ended 31 December 2017.

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 2017 are set out in the financial statements on pages 7 to 13.

For the year ended 31 December 2017 the Company has recorded a profit before tax of £nil compared to the loss before tax of £4k in 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

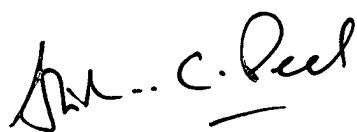
The Group's international operations and debt profile expose it to a variety of financial and operational risks including the effects of change in foreign currency exchange rates, counterparty credit risks, price risk, liquidity and interest rates. The Group's Board of Directors are responsible for setting 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 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:



.....
A Peel - Secretary

Date: 17 September 2018

ACUMUS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2017. The results for the Company for the year ended 31 December 2017 and future developments are discussed in the Strategic Report.

DIRECTORS OF THE COMPANY

Changes in Directors holding office are as follows:

T Gallagher - resigned 28 February 2017
M Pike - resigned 28 February 2017
M Rea - appointed 28 February 2017
C Richmond - appointed 28 February 2017
I Story - appointed 28 February 2017, resigned 30 June 2018
C Scott – appointed 30 June 2018

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017 (2016: £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.

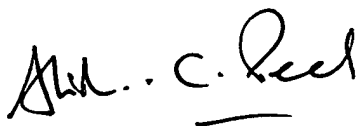
ACUMUS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 read 'A. Peel', with a horizontal line underneath the name.

.....
A Peel - Secretary

Date: 17 September 2018

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

Opinion

We have audited the financial statements of Acumus Holdings Limited for the year ended 31 December 2017 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Directors' Report and the Strategic Report. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

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

Date: 21/09/18

ACUMUS HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Administrative expenses		<u>-</u>	<u>(4)</u>
OPERATING LOSS and LOSS BEFORE TAXATION	3	-	(4)
Tax on loss	4	<u>-</u>	<u>1</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		-	(3)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		<u>-</u>	<u>(3)</u>

The notes form part of these financial statements


ACUMUS HOLDINGS LIMITED (REGISTERED NUMBER: 06874140)

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017**

	Notes	£'000	2017 £'000	£'000	2016 £'000
FIXED ASSETS					
Investments	5		25		25
CURRENT ASSETS					
Debtors	6	-		47	
CREDITORS					
Amounts falling due within one year	7	<u>10</u>		<u>57</u>	
NET CURRENT LIABILITIES			<u>(10)</u>		<u>(10)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15</u>		<u>15</u>
CAPITAL AND RESERVES					
Called up share capital	8		-		-
Retained earnings	9		<u>15</u>		<u>15</u>
SHAREHOLDERS' FUNDS			<u>15</u>		<u>15</u>

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

17 September 2018


C Scott - Director

ACUMUS HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	-	18	18
Changes in equity			
Total comprehensive loss for the year	-	(3)	(3)
Balance at 31 December 2016	-	15	15
Changes in equity			
Total comprehensive income for the year	-	-	-
Balance at 31 December 2017	-	15	15

The notes form part of these financial statements

ACUMUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 committed 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 Statement of Comprehensive Income in other operating expenses.

ACUMUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

2. DIRECTORS' REMUNERATION

The Directors were remunerated during the year by a fellow subsidiary within the Group and Arthur J. Gallagher & Co., the ultimate holding company. None of the Directors received any remuneration during the year in respect of their services as Directors of the Company (2016: £nil) and it would not be practicable to apportion their remuneration 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 remuneration of these Directors (2016: £nil).

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2017 £'000	2016 £'000
Auditor's remuneration	-	3

Auditor's remuneration in the current year of £3k has been borne by a fellow group subsidiary and has not been recharged to the Company.

4. TAXATION

Analysis of the tax credit

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

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax	-	(1)
Tax on loss	-	(1)

The Company profits are taxable in the UK under the standard rate of corporation tax being 19.25% (2016 20.00%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government has legislated during 2017 to reduce the main rate of corporation tax to 17% to apply from 1 April 2020.

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2017 and 31 December 2017	25
NET BOOK VALUE	
At 31 December 2017	25
At 31 December 2016	25

ACUMUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

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%

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

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Amounts owed by group undertakings	-	46
Group relief debtor	-	1
	<u>-</u>	<u>47</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

	2017 £'000	2016 £'000
Amounts owed to group undertakings	10	55
Accruals and deferred income	-	2
	<u>10</u>	<u>57</u>

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:	2017 £	2016 £
94	A Ordinary	£1	94	94
6	B Ordinary	£1	6	6
			<u>100</u>	<u>100</u>

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.

ACUMUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

9. RESERVES

Called up share capital - represents the nominal value of shares that have been issued.

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

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 holding company. The registered address of Arthur J. Gallagher & Co. is 2850 W. Golf Rd., Rolling Meadows, IL 60008. A copy of these consolidated financial statements is available from the registered office of the Company.

11. EVENTS AFTER THE REPORTING PERIOD

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