

Registered number: 08116277

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**ASSUREDPARTNERS HOLDINGS LIMITED  
(FORMERLY ASSUREDPARTNERS LIMITED)**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	D Curtis J Henderson S Kinnett T Riley P Vredenburg S Quilter (appointed 16 August 2016)
<b>COMPANY SECRETARY</b>	S Kinnett
<b>REGISTERED NUMBER</b>	08116277
<b>REGISTERED OFFICE</b>	25 Moorgate London EC2R 6AY
<b>INDEPENDENT AUDITOR</b>	Nexia Smith & Williamson Registered Auditors & Chartered Accountants 25 Moorgate London EC2R 6AY

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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The Directors present their report and the financial statements for the year ended 31 December 2015.

**RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £19,932 (2014 - £NIL).

The Directors do not recommend that a final dividend is paid (2014 - £NIL).

**DIRECTORS**

The Directors who served during the year were:

A Cohen (resigned 22 October 2015)  
D Curtis  
D Donnini (resigned 22 October 2015)  
J Henderson  
S Kinnett  
T Riley  
P Vredenburg

**COMPANY INFORMATION**

On 10 February 2016 the Company changed its name from AssuredPartners Limited to AssuredPartners Holdings Limited.

**FUTURE DEVELOPMENTS**

The Company will continue to act as a holding company.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**AUDITOR**

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**DISCLOSURE EXEMPTIONS**

In accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) we have taken advantage of certain disclosure exemptions in preparing the financial statements. Details of these exemptions can be found in note 2.1.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A (1) & (2) of the Companies Act 2006. The Company has not prepared a Strategic Report because it is entitled to the small companies exemption.

This report was approved by the board and signed on its behalf.



**D Curtis**  
Director

Date: 9/23/16 23 SEPTEMBER 2016

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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The Directors are responsible for preparing the 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 Financial Reporting Standard 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 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.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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We have audited the financial statements of AssuredPartners Holdings Limited (formerly AssuredPartners Limited) for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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) 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 Financial Reporting Council's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16 and of its loss 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.

**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.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASSUREDPARTNERS HOLDINGS  
LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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**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; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

*Nexia Smith & Williamson*

Keith Jackman (Senior Statutory Auditor)

for and on behalf of

**Nexia Smith & Williamson**

Registered Auditors & Chartered Accountants

25 Moorgate

London

EC2R 6AY

Date: *27 September 2016*

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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	Note	2015 £	2014 £
Turnover		-	-
<b>Gross profit</b>		-	-
Administrative expenses		(19,932)	-
<b>Operating loss</b>		(19,932)	-
<b>Loss before tax</b>		(19,932)	-
Tax on loss	6	-	-
<b>Loss for the year</b>		(19,932)	-
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		(19,932)	-

There were no recognised gains and losses for 2015 other than those included in the profit and loss account.

The notes on pages 9 to 20 form part of these financial statements.

**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**  
**REGISTERED NUMBER: 08116277**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	7	5,408,689	5,169,346
		<u>5,408,689</u>	<u>5,169,346</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	8	100	100
Creditors: Amounts falling due within one year	9	(5,428,621)	(4,746,612)
<b>Net current liabilities</b>		<u>(5,428,521)</u>	<u>(4,746,512)</u>
<b>Total assets less current liabilities</b>		<u>(19,832)</u>	<u>422,834</u>
Creditors: Amounts falling due after more than one year	10	-	(422,734)
<b>Net (liabilities)/assets</b>		<u><u>(19,832)</u></u>	<u><u>100</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Profit and loss account	13	(19,932)	-
		<u><u>(19,832)</u></u>	<u><u>100</u></u>

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



**D Curtis**  
Director

Date:

9/23/16 23 SEPTEMBER 2016

The notes on pages 9 to 20 form part of these financial statements.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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	Called up share capital	Profit and loss account	Total equity / (deficit)
	£	£	£
At 1 January 2015	100	-	100
<b>Comprehensive income for the year</b>			
Loss for the year	-	(19,932)	(19,932)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	(19,932)	(19,932)
<b>At 31 December 2015</b>	<b>100</b>	<b>(19,932)</b>	<b>(19,832)</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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	Called up share capital	Total equity
	£	£
At 1 January 2014	100	100
<b>Comprehensive income for the year</b>		
Profit for the year	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year</b>	-	-
<b>At 31 December 2014</b>	<b>100</b>	<b>100</b>

The notes on pages 9 to 20 form part of these financial statements.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**1. GENERAL INFORMATION**

AssuredPartners Holdings Limited is a private limited company incorporated in England and Wales with the registered number 08116277.

The address of the registered office is 25 Moorgate, London, EC2R 6AY.

The Company's principal activity is to act as a holding company.

On 10 February 2016 the Company changed its name from AssuredPartners Limited to AssuredPartners Holdings Limited.

**2. ACCOUNTING POLICIES**

**2.1 Basis of preparation of financial statements**

These financial statements are the first annual financial statements of the Company prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The first date at which FRS 102 was applied was 1 January 2014. In accordance with FRS 102 the company has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 102 as required; and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

Further information about the transition to FRS 102 can be found in note 16.

The financial statements have been prepared under the historical cost convention.

The financial statements of AssuredPartners Holdings Limited present information about it as an individual company and not about its group.

The Directors have taken advantage of the exclusion allowed by section 9 of FRS 102 and section 401 of the Companies Act 2006 from preparing consolidated accounts.

**Reduced disclosure exemptions**

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows; and
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Assured Partners Inc. as at 31 December 2015 and these financial statements are attached as an addendum to the financial statements of the Company.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**2. ACCOUNTING POLICIES (continued)**

**2.2 Going concern**

The Board of AssuredPartners Inc. have confirmed that they will continue to provide financial and management support to meet the commitments of the company. As a result of this support the Directors have prepared the financial statements on the going concern basis.

**2.3 Operating profit**

Amounts included in operating profit are income and expenses directly related to the Company's principal activity.

**2.4 Current and deferred taxation**

The tax expense represents the sum of tax currently payable and any deferred tax.

The current tax charged is based on the current profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not yet reversed at the Balance Sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.5 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

The cost of the investment has been initially recognised at the fair value of consideration paid and to be paid, where reasonably determinable. Changes in the purchase price relate to revised estimates of the amounts to be paid based on future revenues of the acquired companies.

Further information about impairment of investments can be found in note 3.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**2. ACCOUNTING POLICIES (continued)**

**2.8 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as other debtors and creditors and loans from group undertakings.

Debt instruments that are payable or receivable within one year, typically other creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)

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

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3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Balance Sheet date and the reported amounts of revenues and expenses during the reporting period.

**Judgements**

*Financial instruments classification*

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

**Key sources of estimation uncertainty**

*Impairment of investments*

Investments held as fixed assets and shown at cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset exceeds its recoverable amount. Management judgement is required to establish indicators of impairment based upon knowledge of the business and results and upon future cash flows.

4. AUDITOR'S REMUNERATION

	2015 £	2014 £
Auditor's remuneration for the audit of the Company's financial statements	6,600	-
	<u>6,600</u>	<u>-</u>
<b>Auditor's remuneration for non-audit services</b>		
Accounting services	3,000	-
Taxation compliance services	4,860	-
All other services	5,472	-
	<u>13,332</u>	<u>-</u>

In 2015, auditor's remuneration of the Company's subsidiary Paul Napier 2012 Limited was borne by the Company and included in the disclosure above.

In 2014 the auditor's remuneration of the Company was borne by AssuredPartners Inc.

5. EMPLOYEES

The Company has no employees other than the Directors, who did not receive any remuneration (2014 - £NIL).

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**6. TAXATION**

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on loss for the year	-	-
<b>Tax on loss on ordinary activities</b>	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - the same as) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	(19,932)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	(4,036)	-
<b>Effects of:</b>		
Group relief	4,036	-
<b>Total tax charge for the year</b>	-	-

**Factors that may affect future tax charges**

The UK government has announced future changes to the corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 19% from April 2017 and 18% from April 2020. As at 31 December 2015 the substantively enacted rate for the tax year ending March 2021 is 18%.

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ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)

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

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7. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2015	5,169,346
Change in purchase price	239,343
At 31 December 2015	<u>5,408,689</u>
<b>Impairment</b>	
At 1 January 2015	-
Impairment in the year	-
At 31 December 2015	<u>-</u>
<b>Net book value</b>	
At 31 December 2015	<u>5,408,689</u>
At 31 December 2014	<u>5,169,346</u>

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**7. FIXED ASSET INVESTMENTS (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Paul Napier 2012 Limited	UK	Ordinary	100 %	Holding company
Assured Partners London Limited (formerly Paul Napier Limited)*	UK	Ordinary	100 %	Insurance broking

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Paul Napier 2012 Limited	534,739	-
AssuredPartners London Limited (formerly Paul Napier Limited)*	3,280,824	298,905

The aggregate of the share capital and reserves as at 31 December 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Paul Napier 2012 Limited	534,739	-
AssuredPartners London Limited (formerly Paul Napier Limited)*	2,981,919	80,315

\*The holding in AssuredPartners London Limited (formerly Paul Napier Limited) is indirectly held through ownership of Paul Napier 2012 Limited.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**8. DEBTORS**

	2015 £	2014 £
<b>Due within one year</b>		
Unpaid share capital	100	100

**9. CREDITORS: Amounts falling due within one year**

	2015 £	2014 £
Amounts owed to group undertakings	4,437,371	4,683,144
Contingent consideration	971,318	63,468
Accruals	19,932	-
	<u>5,428,621</u>	<u>4,746,612</u>

The contingent consideration is wholly in respect of the acquisition of Paul Napier 2012 Limited, and is contingent on the future trading revenues of the acquired group.

**10. CREDITORS: Amounts falling due after more than one year**

	2015 £	2014 £
Contingent consideration	-	422,734

The contingent consideration is wholly in respect of the acquisition of Paul Napier 2012 Limited, and is contingent on the future trading revenues of the acquired group.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**11. FINANCIAL INSTRUMENTS**

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>100</u>	<u>100</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(5,428,621)</u>	<u>(5,169,346)</u>

The Company's financial instruments comprise unpaid share capital, amounts owed to group undertakings, contingent consideration and accruals. The main purpose of these financial instruments is to provide finance for the Company's operations.

**12. SHARE CAPITAL**

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

As per note 8, share capital is unpaid as at the Balance Sheet date.

**13. RESERVES**

**Profit & loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**14. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption conferred by FRS 102 Section 33 paragraph 33.1A from the requirement to disclose transactions entered into between members of a group, on the grounds that the Company is a wholly owned subsidiary of its parent company.

**Key management personnel**

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. The key management of the company is considered to be the Directors. During the year they received no remuneration (2014 - £NIL).

**15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's ultimate parent company and controlling party is AssuredPartners Inc., a company registered in the United States of America.

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up is AssuredPartners Inc.

ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)

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

16. FIRST TIME ADOPTION OF FRS 102

	Note	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets		2,249,670	-	2,249,670	2,369,346	2,800,000	5,169,346
Current assets		76,491	-	76,491	2,800,100	(2,800,000)	100
Creditors: amounts falling due within one year		(2,095,583)	-	(2,095,583)	(4,746,612)	-	(4,746,612)
<b>Net current liabilities</b>		<b>(2,019,092)</b>	<b>-</b>	<b>(2,019,092)</b>	<b>(1,946,512)</b>	<b>(2,800,000)</b>	<b>(4,746,512)</b>
<b>Total assets less current liabilities</b>		<b>230,578</b>	<b>-</b>	<b>230,578</b>	<b>422,834</b>	<b>-</b>	<b>422,834</b>
Creditors: amounts falling due after more than one year		(230,478)	-	(230,478)	(422,734)	-	(422,734)
<b>Net assets</b>		<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>
Capital and reserves		100	-	100	100	-	100

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**ASSUREDPARTNERS HOLDINGS LIMITED (FORMERLY ASSUREDPARTNERS LIMITED)**

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

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**16. FIRST TIME ADOPTION OF FRS 102 (continued)**

		<i>As previously stated 31 December 2014 £</i>	<i>Effect of transition 31 December 2014 £</i>	<b>FRS 102 (as restated) 31 December 2014 £</b>
Turnover	Note	-	-	-
<b>Gross profit</b>		-	-	-
Administrative expenses		-	-	-
<b>Operating profit</b>		-	-	-
Tax		-	-	-
<b>Total comprehensive income for the year</b>		-	-	-

Explanation of changes to previously reported profit and equity:

- 1 Amounts owed by group undertakings has been reclassified to be treated as an investment.

# **AssuredPartners, Inc.**

**Consolidated Financial Statements  
December 31, 2015 and 2014**

**AssuredPartners, Inc.**  
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**December 31, 2015 and 2014**

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## **Report of Independent Certified Public Accountants**

To the Board of Directors of  
AssuredPartners, Inc.

We have audited the accompanying consolidated financial statements of AssuredPartners, Inc. and its subsidiaries (Successor), which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of operations, comprehensive (loss) income, equity, and of cash flows for the period from October 23, 2015 through December 31, 2015.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AssuredPartners, Inc. and its subsidiaries (Successor) at December 31, 2015, and the results of their operations and their cash flows for the period from October 23, 2015 through December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

Orlando, Florida  
April 29, 2016



## **Report of Independent Certified Public Accountants**

To the Board of Directors of  
Dolphin Holdco, L.P.

We have audited the accompanying consolidated financial statements of AssuredPartners, Inc. and its subsidiaries (Predecessor), which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of operations, comprehensive (loss) income, equity, and of cash flows for the period from January 1, 2015 through October 22, 2015 and for the year ended December 31, 2014.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AssuredPartners, Inc. and its subsidiaries (Predecessor) at December 31, 2014, and the results of their operations and their cash flows for the period from January 1, 2015 through October 22, 2015 and the year ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

Orlando, Florida  
April 29, 2016

**AssuredPartners, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2015 and 2014**

<i>(in thousands)</i>	<b>Successor 2015</b>	<b>Predecessor 2014</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 85,961	\$ 63,125
Restricted cash	29,654	1,100
Trust cash	52,721	58,812
Accounts receivable, net of allowance for doubtful accounts of \$321 and \$433, respectively	111,311	90,756
Other current assets	9,104	11,409
Total current assets	288,751	225,202
Fixed assets, net	9,670	8,138
Goodwill	1,125,526	570,136
Amortizable intangible assets, net	661,160	279,427
Noncurrent assets, net	5,209	598
Total assets	<u>\$ 2,090,316</u>	<u>\$ 1,083,501</u>
<b>Liabilities and Equity</b>		
Current liabilities		
Long-term obligations, current portion	\$ 1,321	\$ 9,476
Earn-out payables, current portion	41,620	60,567
Accounts payable	138,796	121,677
Customer advances	25,236	27,891
Producer payables	13,734	8,817
Accrued expenses and other	40,290	20,106
Total current liabilities	260,997	248,534
Earn-out payables	26,106	33,993
Long-term obligations, net	1,085,175	560,505
Other liabilities	12,338	7,524
Total liabilities	<u>1,384,616</u>	<u>850,556</u>
Commitments and contingencies		
Equity		
Capital contribution from the Parent, net	715,118	220,235
Accumulated other comprehensive loss	(1,350)	(443)
Retained (deficit) earnings	(8,068)	13,153
Total equity	<u>705,700</u>	<u>232,945</u>
Total liabilities and equity	<u>\$ 2,090,316</u>	<u>\$ 1,083,501</u>

The accompanying notes are an integral part of these consolidated financial statements.

**AssuredPartners, Inc.**
**Consolidated Statements of Operations**
**Period From October 23, 2015 Through December 31, 2015 (Successor),**
**Period From January 1, 2015 Through October 22, 2015 and**
**Year Ended December 31, 2014 (Predecessor)**

	Successor	Predecessor	
	Period From October 23, 2015 to December 31, 2015	Period From January 1, 2015 to October 22, 2015	Year Ended December 31, 2014
<i>(in thousands)</i>			
<b>Revenues</b>			
Commissions and fees	\$ 88,031	\$ 365,912	\$ 336,672
Contingent revenue	2,771	31,254	23,285
Total revenues	90,802	397,166	359,957
<b>Expenses</b>			
Compensation expense	60,018	227,568	215,222
Selling expense	2,227	8,397	8,806
Administrative expense	12,720	49,036	52,523
Transaction expense	659	31,834	1,285
Increase (reduction) in estimated net earn-out payable	(160)	(4,211)	(1,208)
Depreciation and amortization expense	9,952	25,717	23,348
Total operating expenses	85,416	338,341	299,976
Income from operations	5,386	58,825	59,981
Interest (expense)	(18,033)	(39,571)	(39,672)
Debt extinguishment loss	-	(4,025)	(9,746)
Other (expense) income	(122)	(11,828)	41
(Loss) income before provision for income taxes	(12,769)	3,401	10,604
Benefit (provision) for income taxes	4,701	(3,634)	(3,866)
Net (loss) income	\$ (8,068)	\$ (233)	\$ 6,738

The accompanying notes are an integral part of these consolidated financial statements.

**AssuredPartners, Inc.**

**Consolidated Statements of Comprehensive (Loss) Income**

**Period From October 23, 2015 Through December 31, 2015 (Successor),**

**Period From January 1, 2015 Through October 22, 2015 and**

**Year Ended December 31, 2014 (Predecessor)**

	Successor Period From October 23, 2015 to December 31, 2015	Predecessor	
		Period From January 1, 2015 to October 22, 2015	Year Ended December 31, 2014
<i>(in thousands)</i>			
Net (loss) income	\$ (8,068)	\$ (233)	\$ 6,738
Other comprehensive (loss) income, before tax			
Foreign currency translation adjustments	(32)	(43)	(113)
Unrealized (loss) income in interest rate hedges	(2,143)	170	(62)
Other comprehensive (loss) income, before tax	(2,175)	127	(175)
Income tax benefit (expense) related to items of other comprehensive (loss) income	825	(65)	24
Other comprehensive (loss) income	(1,350)	62	(151)
Comprehensive (loss) income	\$ (9,418)	\$ (171)	\$ 6,587

The accompanying notes are an integral part of these consolidated financial statements.

**AssuredPartners, Inc.**
**Consolidated Statements of Equity**
**Period From October 23, 2015 Through December 31, 2015 (Successor),**
**Period From January 1, 2015 Through October 22, 2015 and Year Ended December 31, 2014 (Predecessor)**

<i>(in thousands, except unit data)</i>	<b>Capital Contribution</b>	<b>Retained Earnings (Deficit)</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total</b>
<b>Predecessor</b>				
<b>Balances at December 31, 2013</b>	\$ 214,052	\$ 6,513	\$ (293)	\$ 220,272
Capital contribution	6,174	-	-	6,174
Unrealized loss on interest rate hedges, net of taxes of (\$24)	-	-	(38)	(38)
Foreign currency translation	-	-	(112)	(112)
Compensation expense related to incentive units	9	-	-	9
Dividends paid	-	(98)	-	(98)
Net income	-	6,738	-	6,738
<b>Balances at December 31, 2014</b>	220,235	13,153	(443)	232,945
Purchase of units by employees	11,700	-	-	11,700
Units issued in lieu of cash compensation	274	-	-	274
Repurchase of shares from departing employees	(131)	-	-	(131)
Unrealized gain on interest rate hedges, net of taxes of (\$65)	-	-	105	105
Foreign currency translation	-	-	(43)	(43)
Compensation expense related to incentive units	688	-	-	688
Dividends paid	-	(16)	-	(16)
Net (loss)	-	(233)	-	(233)
<b>Balances at October 22, 2015</b>	<b>\$ 232,766</b>	<b>\$ 12,904</b>	<b>\$ (381)</b>	<b>\$ 245,289</b>
<b>Successor Opening Balance Subsequent to Merger on October 23, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Capital contribution from the Parent, net	714,475	-	-	714,475
Unrealized loss on interest rate hedges, net of taxes of \$825	-	-	(1,318)	(1,318)
Foreign currency translation	-	-	(32)	(32)
Compensation expense related to incentive units	643	-	-	643
Net (loss)	-	(8,068)	-	(8,068)
<b>Successor Balances at December 31, 2015</b>	<b>\$ 715,118</b>	<b>\$ (8,068)</b>	<b>\$ (1,350)</b>	<b>\$ 705,700</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AssuredPartners, Inc.**  
**Consolidated Statements Cash Flows**  
**Period From October 23, 2015 Through December 31, 2015 (Successor),**  
**Period From January 1, 2015 Through October 22, 2015 and**  
**Year Ended December 31, 2014 (Predecessor)**

	<b>Successor</b>	<b>Predecessor</b>	
	<b>Period From</b>	<b>Period From</b>	<b>Year Ended</b>
	<b>October 23,</b>	<b>January 1,</b>	<b>December 31,</b>
	<b>2015 to</b>	<b>October 22,</b>	<b>2014</b>
	<b>December 31,</b>	<b>2015</b>	<b>2014</b>
	<b>2015</b>		
<i>(in thousands)</i>			
<b>Cash flows from operating activities</b>			
Net (loss) income	\$ (8,068)	\$ (233)	\$ 6,738
Adjustments to net (loss) income to net cash from operating activities			
Amortization	9,329	23,421	21,309
Depreciation	623	2,296	2,039
Debt extinguishment loss	-	4,025	9,746
Write-off of predecessor deferred financing costs	-	11,638	-
Bad debt expense	(100)	208	66
Equity-based compensation	643	962	317
Change in estimated acquisition earn-out payables	1,693	2,206	8,112
Change in estimated acquisition earn-out receivables	71	47	(42)
Payments on acquisition earn-outs in excess of original estimated payables	(50)	(21,760)	(2,112)
Amortization of debt discount	599	616	352
Deferred income taxes	(4,653)	2,707	2,775
Reclassification of predecessor currency translation adjustment	-	197	-
Discontinuation of hedge accounting on interest rate caps	-	186	-
Changes in operating assets and liabilities, net of effect from acquisitions			
Trust cash	(10,728)	27,195	(14,260)
Restricted cash	86	(2,266)	250
Accounts receivable	(9,972)	3,390	(13,298)
Other assets	1,217	1,205	(3,307)
Accounts payable	1,592	(7,222)	21,078
Customer advances	12,442	(15,202)	10,070
Producer payables	150	2,169	400
Accrued interest	15,376	(1,183)	(27)
Other accrued expenses	1,192	1,677	399
Other liabilities	1,338	913	1,196
Net cash provided by operating activities	12,780	37,192	51,801
<b>Cash flows from investing activities</b>			
Additions to fixed assets	(546)	(1,748)	(4,226)
Purchase of AssuredPartners, Inc. (Note 3), net of cash	(1,668,696)	-	-
Payments for businesses acquired, net of cash (Note 4)	(25,937)	(255,238)	(252,400)
Changes in restricted cash used for business acquisitions	37,136	-	-
Payments for customer accounts acquired	(409)	(299)	(202)
Proceeds from sales of books of business	-	1,105	958
Net cash used in investing activities	(1,658,452)	(256,180)	(255,870)
<b>Cash flows from financing activities</b>			
Capital contribution from the Parent, net	714,475	11,700	6,570
Payments on acquisition earn-out payables	(1,278)	(38,349)	(16,626)
Proceeds from earn-out receivable on financed sales of customer accounts	239	297	418
Proceeds from issuance of long-term debt	1,012,248	148,500	630,178
Payments on long-term debt	-	(16,865)	(396,615)
Borrowings on revolving credit facility	34,045	129,000	16,000
Payments on revolving credit facility	-	(69,000)	-
Payment on interest rate hedge instrument	-	-	(40)
Repurchase of stock from departing employees by Predecessor	-	(131)	(703)
Payments for capitalized debt issuance costs	(28,071)	(1,941)	(12,915)
Payments on capital leases	(25)	(119)	(84)
Cash dividends paid by Predecessor	-	(16)	(97)
Net cash provided by financing activities	1,731,633	163,076	226,086
Net increase (decrease) in cash and cash equivalents	85,961	(55,912)	22,017
<b>Cash and cash equivalents</b>			
Beginning of year	-	63,125	41,108
End of year	\$ 85,961	\$ 7,213	\$ 63,125

The accompanying notes are an integral part of these consolidated financial statements.

**AssuredPartners, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

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**1. Organization, Nature of Business and Basis of Presentation**

**Successor**

On July 19, 2015, AssuredPartners, LLC and GTCR agreed to sell their equity interests in the insurance operations of AssuredPartners, Inc. (the "Company" or the "Successor Company") to Apax Partners ("Apax") for the negotiated equity value of \$930 million and entered into an Agreement and Plan of Merger (the "Merger Agreement") with Dolphin Holdco. L.P. (the "Parent") and Dolphin Merger Sub, Inc. (the "Merger Sub"). Pursuant to the Merger Agreement, the Merger Sub merged with and into the Company (the "Merger"), with the Company surviving as an indirect, wholly owned subsidiary of the Parent. On October 22, 2015, the Merger was completed, resulting in a recapitalization of the business through the issuance of \$1.1 billion new debt (Note 8) and \$717.5 million new equity including \$148.7 million equity investment from the members of executive and operational leadership of the Company (the "Rollover"). See Note 3, *Merger* for further information about the Merger.

The Company is one of the leading insurance brokers in the United States and provides a broad array of insurance-related products and services on a retail basis to middle-market businesses, with a particular focus on property and casualty and employee benefits insurance products and solutions. The Company serves our clients through over 2,500 employees in approximately 120 offices in thirty states across America, the District of Columbia and United Kingdom. Since its founding in 2011, the Company has built a broad platform that is concentrated in the U.S. through an acquisition strategy and a focus on driving organic growth. Through its operations, the Company continues to provide a diversified services offering that markets and sells to its customers a broad range of insurance products and services to commercial, public entity and professional and individual customers.

**Predecessor**

AssuredPartners, LLC, AssuredPartners, Inc., AssuredPartners Capital, Inc. collectively ("Assured") was founded in 2011 through a partnership between insurance industry professionals and the private equity investment firm GTCR, to consolidate the middle-market property and casualty insurance and employee benefits industry brokerage.

**Basis of Preparation**

As a result of the impact of push-down accounting, the consolidated financial statements and certain note presentations separate the Company's presentations into two distinct periods, the period before the consummation of the Merger (labeled "Predecessor") and the period after the Merger (labeled "Successor"), to indicate the application of a different basis of accounting between the periods presented. The historical financial and other data prior to the closing of the Merger on October 22, 2015 have been prepared using the historical results of operations and basis of the assets and liabilities of the Predecessor.

**2. Summary of Significant Accounting Policies**

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of AssuredPartners, Inc. and its subsidiaries. All intercompany account balances and transactions have been eliminated in the consolidated financial statements.

**AssuredPartners, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

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**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities, as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The principle estimates used include, among others, the recognition of direct bill commission revenue, the allocation of purchase price to the fair value of net assets acquired in connection with the acquisitions, the valuation of ear-out payables established as of the date of business acquisitions, equity-based compensation, and estimated fair value of derivative instruments. Actual results may differ from those estimates.

**Prior Year Reclassification**

Certain amounts in the prior year consolidated balance sheets have been reclassified to conform with the current year presentation. Such reclassifications do not affect previously reported consolidated statements of operations for the Company.

**Revenue Recognition**

Commission revenue is recognized at the later of the billing or the effective date of the insurance policy. Commission revenues are reported net of allowances for estimated policy cancellations, and commissions paid to sub-brokers or co-brokers. The allowances for estimated policy cancellations are established based on historic and current data evaluated by the management. Supplemental, or contingent, commissions from insurance companies are recognized when determinable. The Company recognizes supplemental commission revenues using internal data and information received from insurance carriers that allows us to reasonably estimate the supplemental commissions earned in the period. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid, is determined by the insurance carrier based on historical performance criteria, and is established annually in advance of the contractual period. The Company recognizes contingent commissions and commissions on premiums directly billed by insurance carriers as revenue when the Company has obtained the data necessary to reasonably determine such amounts. Typically, the Company cannot reasonably determine these types of commission revenues until the cash has been received or the related policy detail or other carrier specific information from the insurance carrier is known. A contingent commission is a commission paid by an insurance carrier based on the overall profit and/or volume of the business placed with that insurance carrier during a particular calendar year and is determined after the contractual period. The primary manner in which such fees are determined to be earned is when the commissions are received, or when officially notified of the amount of such commissions. Fee income is recognized as services are rendered.

**Transaction Expenses**

In the process of acquiring companies, the Company incurs certain incremental costs associated with consummating the transactions. These costs include, but not limited to, the sourcing of acquisition targets, legal, banking, and accountants and valuations experts; and are expensed as incurred.

**Cash and Cash Equivalents**

Cash and Cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices having original maturities of three months or less when purchased.

**AssuredPartners, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

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**Trust Cash and Accounts Receivable, Net**

Unremitted net insurance premiums are held in a fiduciary capacity until the Company disburses them. The Company invests these unremitted funds primarily in cash and money market accounts. In certain states in which the Company operates, the use of investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as trust cash on the consolidated balance sheets. The interest income earned on these unremitted funds is reported as other (expense) income in the consolidated statements of operations.

The Company's accounts receivable, net is comprised of premiums and commissions receivable. In its capacity as an insurance agent or broker, the Company typically collects premiums from insureds and, after deducting its authorized commissions, remits the net premiums to the appropriate insurance company or companies. Accordingly, premiums are accounts receivable from the insureds. In other circumstances, the insurance companies collect premiums directly from the insureds themselves. Upon collection, the insurance companies remit to the Company its earned commissions. Accordingly, commissions are accounts receivable from insurance companies.

**Fixed Assets, Net**

Fixed assets, net include leasehold improvements that are carried at cost, less accumulated depreciation and amortization. Expenditures for leasehold improvements are capitalized, and expenditures for maintenance and repairs are expensed to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in other expense (income) in the consolidated statement of operations. Depreciation has been determined using the straight-line method over the estimated useful lives of the related assets, which range from three to 15 years. Leasehold improvements are amortized using the straight-line method over the shorter of the useful life of the leasehold improvement or the term of the related lease.

**Equity-Based Compensation**

The Company accounts for equity-based compensation in accordance with Accounting Standards Codification (ASC) Topic 718, *Compensation — Stock Compensation*. The Company measures the costs using the grant-date fair value of the equity-based compensation awards using Black-Scholes pricing model and recognizes these costs in the compensation expense within the consolidated statements of operations.

**Goodwill and Intangible Assets**

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible net assets is assigned to goodwill. While goodwill is not amortizable, in accordance with ASC Topic 350, *Intangibles — Goodwill & Other*, the Company is required to test goodwill for impairment at least annually, and more frequently in the presence of certain circumstances, by applying a fair value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based on an estimate of the undiscounted future cash flows resulting from the use of the asset.

The Company reviews all intangible assets for impairment periodically (at least annually for goodwill) and whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. The Company performs such impairment reviews at the operating platform (i.e. reporting unit) level with respect to goodwill and at the business unit level for amortizable intangible assets. In reviewing the intangible assets, if the fair value were less than the carrying amount of the respective asset, an indicator of impairment would exist and further

**AssuredPartners, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

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analysis would be required to determine whether or not a loss would need to be charged against current period earnings as a component of amortization expense.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, the implied fair value of the reporting unit goodwill is compared to the carrying value of that goodwill to measure the amount of impairment loss, if any. In such instances, the implied fair value of the goodwill is determined in the same manner as the amount of goodwill that would be determined in a business acquisition. The Company tests goodwill for impairment by either performing a qualitative assessment or a two-step quantitative test. The qualitative assessment is an assessment of historical information and relevant events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company may elect not to perform the qualitative assessment for some or all of its reporting units and instead perform a two-step quantitative impairment test. In performing the two-step quantitative impairment test, the Company uses a discounted cash flow valuation method (the income approach).

The Company's annual goodwill impairment analysis has been performed at September 30th. For the fiscal year 2015, the annual goodwill impairment analysis was performed in conjunction with the Merger that was closed on October 22, 2015, given the close proximity between September 30th, and the Merger date. Relevant information from the Merger was used to determine that goodwill was not impaired as of October 22, 2015. There were no events or changes during the period following the Merger until December 31, 2015 that caused the Company to perform interim impairment assessment.

Amortizable intangible assets are stated at cost, less accumulated amortization, and consist of purchased customer accounts and noncompetition agreements. Purchased customer accounts and noncompetition agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals. The favorable lease assets or unfavorable lease liabilities that arose from the Merger are amortized over remaining term of the respective lease agreements. See Note 3, *Merger*.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense for the period from October 23, 2015 through December 31, 2015 ("Successor 2015"), period from January 1, 2015 through October 22, 2015 ("Predecessor 2015") and year ended December 31, 2014 ("Predecessor 2014") were \$0.4 million, \$1.3 million and \$0.9 million, respectively.

**Income Taxes**

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes* (ASC 740). Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates to apply to the taxable income in years in which these temporary differences are expected to impact taxable income.

For uncertain tax positions, ASC 740 prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical

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merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

**Foreign Currency Translation**

The Company's account balances have been translated in accordance with ASC Topic 830, *Foreign Currency Matters*. The functional currency of the United Kingdom's entities are either the U.S. dollar or British pound sterling. The assets and liabilities of the United Kingdom entities have been translated at the exchange rate in effect on the last day of the year. Income and expense accounts were translated at the average exchange rate in effect during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included in the other comprehensive (loss) income account in the consolidated statement of equity.

**New Accounting Pronouncements Adopted**

In November 2015, the Financial Accounting Standards Board ("FASB") issued new accounting guidance ("ASU 2015-17") which requires all deferred tax assets and liabilities, and any related valuation allowance, to be classified as noncurrent on the balance sheet. The classification change for all deferred taxes as noncurrent simplifies entities' processes as it eliminates the need to separately identify the net current and net noncurrent deferred tax asset or liability in each jurisdiction and allocate valuation allowances. Early adoption is permitted to apply either prospectively or retrospectively. The Company has early adopted this standard and have applied the requirements retrospectively to all periods presented. As a result of the adoption, \$1.7 million of deferred tax liabilities that was previously reported as current are presented as noncurrent, as of December 31, 2014.

In April 2015, the FASB issued new accounting guidance ("ASU 2015-03"), and, in August 2015, the FASB issued an update to the new accounting guidance ("ASU 2015-15"). This new guidance require debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt consistent with debt discounts. The presentation and subsequent measurement of debt issuance costs associated with lines-of-credit, can continue to be presented as an asset and amortized ratably over the term of the line-of-credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. The recognition and measurement guidance for debt issuance costs are not affected by these ASUs. Early application is permitted for financial statements that have not been previously issued. The guidance requires retrospective application and represents a change in accounting principle. The Company early adopted the guidance and debt issuance costs previously recorded as other current assets in the amount of \$9.4 million for the year ended December 31, 2014, have been reclassified as a reduction to long-term obligations, current portion, and long-term obligations, net within the consolidated balance sheets.

In November 2014, the FASB issued new accounting guidance ("ASU 2014-17") which provides guidance on whether and at what threshold an acquired entity that is a business or non-profit activity can apply pushdown accounting in its separate financial statements. In the absence of relevant guidance in GAAP, entities (including some non-SEC registrants) have been looking to the SEC staff guidance to determine whether and at what threshold they should apply pushdown accounting in their separate financial statements. ASU 2014-17 provides specific guidance on pushdown accounting for all entities and is effective on November 18, 2014. After the effective date, an acquired entity can make an election to apply the guidance to future change-in-control events or to its most recent change-in-control event. As described in Note 1, the Company elected to apply push-down accounting as a result of the Merger in effect on October 22, 2015.

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**3. Merger**

On July 19, 2015, AssuredPartners, LLC and GTCR agreed to sell their equity interests in the insurance operations of AssuredPartners, Inc. to Apax Partners for the negotiated equity value of \$930 million. Pursuant to the Merger Agreement, the Merger Sub merged with and into the Company, with the Company surviving as an indirect, wholly owned subsidiary of Parent, on October 22, 2015.

The Parent's partnership interests are comprised of Class A-1 Units, Class A-2 Units and Class B Profits Interest Units. Dolphin Investment, L.P., a Delaware limited partnership ("Dolphin Investment"), owns substantially all of the Class A-1 Units, which hold voting rights. Apax and certain co-investors own all the equity interests in the Dolphin Investment.

The Merger was funded through a combination of new equity units from Apax and certain co-investors in the amount of \$568.8 million; \$148.7 million Rollover contribution from the existing members of executive and operational leadership; and a new credit agreement that provides for senior secured credit facilities consisting of \$762 million new initial first lien term facility, \$337 million new initial second lien term facility and \$127.5 million revolving credit facility of which only \$24 million was drawn for the acquisition. (Note 8). The proceeds were utilized to repay all outstanding balances under the Company's previously existing credit facilities (which were contemporaneously cancelled), pay certain earn-out payables and acquisition notes payable that were required to be paid upon a change in control event, and fund the \$930 million in negotiated equity value which includes \$75.9 million of unpaid yield of the Class A preferred units of Assured.

The Merger has been accounted for using the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations*, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill. The purchase price allocation and the estimated useful lives of the significant intangible assets of the Merger are based on the results of management's assessment and an independent valuation.

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The following is a summary of the fair values of the net assets acquired:  
*(in thousands)*

Purchase price consideration to be allocated	\$ 1,763,243
Allocation to assets acquired and liabilities assumed	
Cash and cash equivalents	7,213
Restricted cash	3,269
Trust cash	41,214
Accounts receivable	103,273
Other current assets	9,862
Fixed assets, net	9,601
Noncurrent assets	660
Amortizable intangible assets, net	657,953
Accounts payable	(134,493)
Customer advances	(12,795)
Producer payables	(12,776)
Accrued expenses and other	(20,201)
Unfavorable lease liability	(796)
Other liabilities	(16,424)
Net assets acquired	<u>635,560</u>
Goodwill	<u>\$ 1,127,683</u>

Goodwill recorded in connection with the Merger transaction represents intangible assets that do not qualify for separate recognition, such as assembled workforce and geographic presence. The Company does not expect the incremental goodwill recorded in connection with the Merger to be deductible for tax purposes.

The \$658.0 million of intangible assets acquired in connection with the Merger were assigned to the following:

	<u>Fair Value</u>	<u>Weighted Average Life (in years)</u>
Purchased customer accounts	\$ 653,330	15.0
Noncompete agreements	2,520	3.2
Favorable lease assets	2,103	6.7
	<u>\$ 657,953</u>	

The Company incurred transaction expenses in connection with the Merger of \$31.1 million, which is mainly comprised of legal, investment and commercial banking fees. \$30.7 million of the transaction expenses were recorded in Predecessor 2015 and \$0.4 million of which were recorded in Successor 2015. The Company did not incur any transaction expenses attributable to the Merger during Predecessor 2014.

As a result of the Merger, \$0.2 million of currency translation adjustment recorded in the accumulated other comprehensive income related to the Predecessor were eliminated and reclassified to the other (expense) income within the consolidated statements of operations.

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**4. Business Combinations**

During the fiscal years ended 2015 and 2014, the Company acquired substantially all the net assets of the following companies in exchange for cash. These acquisitions have been accounted for using the acquisition method for recording business combinations. Under the acquisition method of accounting, the effective date of the acquisitions is the date at which change of control of the acquired assets takes place, which is the date the transaction closes and consideration is transferred. The results of the following acquired companies are included in the Company's results from the time of acquisition during Successor 2015, Predecessor 2015 and Successor 2014, respectively. Certain amounts recorded reflect management's best estimate at the consolidated balance sheet date and may change during the measurement period (not to exceed one year from date of acquisition). Such changes relate to final adjustments of working capital balances included in the purchase prices and are not expected to be material. For Successor and Predecessor 2015, adjustments made within the permitted measurement period resulted in an immaterial decrease in the aggregate purchase price for Predecessor 2014 acquisitions.

**Successor 2015 Acquisitions**

<i>(in thousands)</i> Acquisition	Date of Acquisition	Cash Paid	Purchase Price Holdback	Recorded Earn-Out Payable	Total Recorded Purchase Price	Maximum Potential Earn-Out Payable
Redmond	November 20, 2015	\$ 9,950	\$ 360	\$ 1,114	\$ 11,424	\$ 2,545
Kleeber	December 8, 2015	1,834	-	-	1,834	-
Roehrs	December 22, 2015	2,697	-	725	3,422	1,484
Church	December 31, 2015	3,295	-	463	3,758	1,312
Glenn Davis	December 31, 2015	8,622	-	1,353	9,976	2,860
McKibbin	December 31, 2015	486	-	56	542	162
		<u>\$ 26,884</u>	<u>\$ 360</u>	<u>\$ 3,711</u>	<u>\$ 30,956</u>	<u>\$ 8,363</u>

**Predecessor 2015 Acquisitions**

<i>(in thousands)</i> Acquisition	Date of Acquisition	Cash Paid	Purchase Price Holdback	Recorded Earn-Out Payable	Total Recorded Purchase Price	Maximum Potential Earn-Out Payable
Omni Risk	January 7, 2015	\$ 14,624	\$ -	\$ 2,016	\$ 16,640	\$ 3,861
MCM	February 4, 2015	38,058	500	2,297	40,856	19,000
Walsh Benefits	March 26, 2015	15,149	-	810	15,959	4,697
Greater South	April 1, 2015	14,183	-	1,456	15,639	4,983
CIA Group	April 14, 2015	12,663	-	1,117	13,780	4,590
TA Cummings	April 22, 2015	11,103	-	1,200	12,303	4,111
Workforcetactix	June 4, 2015	11,405	-	1,495	12,900	3,929
Stoudt Advisors	June 9, 2015	11,906	-	1,163	13,070	4,459
Founders	July 1, 2015	8,334	-	642	8,974	1,873
Waltz Sheridan Crawford	July 15, 2015	7,608	-	1,250	8,858	2,621
IBG	August 5, 2015	10,632	-	1,541	12,174	4,319
Sisk	August 28, 2015	13,324	-	1,042	14,365	6,000
Alliance	October 9, 2015	18,549	650	843	20,041	4,000
Insurance Marketing Center	October 15, 2015	8,055	-	917	8,973	2,129
21 Others		62,819	400	9,203	72,666	26,504
		<u>\$ 258,412</u>	<u>\$ 1,550</u>	<u>\$ 26,992</u>	<u>\$ 287,198</u>	<u>\$ 97,076</u>

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**Predecessor 2014 Acquisitions**

<i>(in thousands)</i>	<b>Date of Acquisition</b>	<b>Cash Paid</b>	<b>Purchase Price Holdback</b>	<b>Recorded Earn-Out Payable</b>	<b>Total Recorded Purchase Price</b>	<b>Maximum Potential Earn-Out Payable</b>
<b>Acquisition</b>						
Leonard	January 3, 2014	\$ 14,926	\$ -	\$ 2,883	\$ 17,809	\$ 6,209
Commercial	January 15, 2014	23,646	-	-	23,646	no cap
Airsure	January 30, 2014	39,698	-	4,208	43,906	7,000
Creech & Stafford	February 14, 2014	5,872	-	-	5,872	1,913
Hancock	April 1, 2014	15,494	-	-	15,494	-
CBS Coverage	April 9, 2014	27,869	-	7,746	35,615	10,896
Landry Harris	April 9, 2014	22,034	-	928	22,962	5,625
Wright Group	July 23, 2014	14,104	412	26	14,542	3,745
Lucantha	August 7, 2014	5,202	-	491	5,693	2,890
Crawford Advisors	September 9, 2014	19,640	-	-	19,640	16,360
Turner & Hamrick	October 6, 2014	7,050	-	1,016	8,066	2,250
Sheehan Insurance	December 11, 2014	10,301	-	1,546	11,847	4,006
American Westbrook	December 19, 2014	15,206	1,500	1,828	18,534	6,500
AJ Lupas	December 23, 2014	7,885	-	861	8,746	1,866
15 Others		26,324	25	4,067	30,416	11,496
		<u>\$ 255,251</u>	<u>\$ 1,937</u>	<u>\$ 25,600</u>	<u>\$ 282,788</u>	<u>\$ 80,756</u>

The Company records escrow deposits that are returned to us as a result of adjustments to net assets acquired as reductions of goodwill when the escrows are settled. The maximum potential earn-out payables disclosed in the foregoing table represent the maximum amount of additional consideration that could be paid pursuant to the terms of the purchase agreement for the applicable acquisition. The amounts recorded as earn-out payables, which are primarily based upon the estimated future operating results of the acquired entities over a one- to four-year period subsequent to the acquisition date, are measured at fair value as of the acquisition date and are included on that basis in the recorded purchase price consideration in the foregoing table.

The Company will record subsequent changes in these estimated earn-out payables, including the accretion of discount and changes in fair value, in the consolidated statements of operations when incurred.

The fair value of these earn-out payables is based on the present value of the expected future payments to be made to the sellers of the acquired entities in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the Company estimated the acquired entity's future performance using financial projections developed by management for the acquired entity and market participant assumptions that were derived for revenue growth and/or profitability. The Company estimated future payments using the earn-out formula and performance targets specified in each purchase agreement and these financial projections. The Company then discounted these payments to the fair value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made. During Successor 2015, Predecessor 2015 and Predecessor 2014, the Company recognized \$1.9 million, \$6.4 million and \$9.4 million, respectively, of expense in the consolidated statement of operations related to the accretion of the discount recorded for earn-out payables in connection with acquisitions. The aggregate amount of maximum earn-out payables related to acquisitions made during 2015 and 2014 was approximately \$186.2 million and \$113.0 million respectively, of which, approximately \$67.7 million and \$94.6 million were recorded in the consolidated balance sheets as of December 31, 2015 and 2014, respectively.

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The following provides a reconciliation of the acquisition earn-out payables during the Successor 2015, Predecessor 2015 and Predecessor 2014 are as follows:

(in thousands)	Successor	Predecessor	
	Period From October 23, 2015 to December 31, 2015	Period From January 1, 2015 to October 22, 2015	Year Ended December 31, 2014
Balances as of beginning of the year	\$ 63,650	\$ 94,561	\$ 79,231
Additions			
Estimated acquisition earn-out payables	3,711	26,992	25,600
Acquisition assumed earn-out payables	-	-	355
Payments for estimated acquisition earn-out payables	(1,328)	(60,109)	(18,738)
Subtotal	66,033	61,444	86,448
Net change in earnings from estimated acquisition earn-out payables			
Change in fair value on estimated acquisition earn-out payables	(227)	(4,196)	(1,325)
Interest expense accretion	1,920	6,402	9,437
Net change in earnings from estimated acquisition earn-out payables	1,693	2,206	8,112
Balances as of end of the year	\$ 67,726	\$ 63,650	\$ 94,560

The following is a summary of the estimated fair values of the net assets acquired at the date of each acquisition made in 2015 and 2014:

Successor 2015 Acquisitions (in thousands)	Redmond	Kleeber	Roehrs	Church	Glenn Davis	McKibbin	Total
Cash	\$ 640	\$ -	\$ 21	\$ 32	\$ 254	\$ -	\$ 947
Restricted cash	-	-	779	-	-	-	779
Other current assets	428	95	132	88	232	13	988
Fixed assets	10	25	32	25	50	5	147
Goodwill	7,207	1,087	2,348	2,423	6,086	330	19,481
Noncompete agreements	-	-	-	-	-	-	-
Purchased customer accounts	4,244	639	1,381	1,370	3,586	194	11,414
Other noncurrent assets	-	-	-	-	-	-	-
Total assets acquired	12,529	1,846	4,693	3,938	10,208	542	33,756
Current liabilities	1,105	13	1,270	180	232	-	2,800
Long term debt	-	-	-	-	-	-	-
Total liabilities assumed	1,105	13	1,270	180	232	-	2,800
Total net assets acquired	\$ 11,424	\$ 1,833	\$ 3,423	\$ 3,758	\$ 9,976	\$ 542	\$ 30,956

Predecessor 2015 Acquisitions (in thousands)	Omni Risk	MCM	Walsh Benefits	Greater South	CIA Group	TA Cummings	Workforcetactix	Stoudt Advisors
Cash	\$ -	\$ -	\$ 172	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	2,649	-	-	-	-	-	-
Other current assets	172	5,237	1,057	60	999	1,071	369	275
Fixed assets	50	250	13	75	100	160	50	450
Goodwill	10,292	22,665	9,378	9,475	8,203	8,102	7,708	7,582
Noncompete agreements	238	410	-	-	-	-	-	-
Purchased customer accounts	5,907	16,000	6,073	6,032	4,834	4,767	4,858	4,785
Other noncurrent assets	-	-	-	-	-	-	-	-
Total assets acquired	16,659	47,211	16,693	15,642	14,136	14,100	12,985	13,092
Current liabilities	19	6,355	734	3	356	1,797	85	22
Long term debt	-	-	-	-	-	-	-	-
Total liabilities assumed	19	6,355	734	3	356	1,797	85	22
Total net assets acquired	\$ 16,640	\$ 40,856	\$ 15,959	\$ 15,639	\$ 13,780	\$ 12,303	\$ 12,900	\$ 13,070

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	Founders	Waltz Sheridan	IBG	Sisk	Alliance	Insurance	21 Others	Total
Cash	\$ -	\$ 728	\$ -	\$ 494	\$ 1,444	\$ -	\$ 449	\$ 3,287
Restricted Cash	-	7	-	748	4,229	-	1,966	9,599
Other current assets	219	236	266	1,109	2,949	345	1,934	16,298
Fixed assets	27	86	50	95	100	200	245	1,951
Goodwill	5,509	5,103	7,801	8,354	11,126	5,234	44,056	170,588
Noncompete agreements	-	84	-	-	-	-	-	732
Purchased customer accounts	3,243	3,005	4,597	5,190	6,891	3,231	25,888	105,301
Other Noncurrent assets	-	-	-	-	-	-	287	287
Total assets acquired	8,998	9,249	12,714	15,990	26,739	9,010	74,825	308,043
Current liabilities	24	379	540	1,625	6,698	37	2,156	20,830
Long Term Debt	-	12	-	-	-	-	-	12
Total liabilities assumed	24	391	540	1,625	6,698	37	2,156	20,842
Total net assets acquired	\$ 8,974	\$ 8,858	\$ 12,174	\$ 14,365	\$ 20,041	\$ 8,973	\$ 72,669	\$ 287,201

Of the total goodwill of \$190.1 million, \$144.8 million is currently deductible for income tax purposes and amortized over 15 years, and \$17.0 million is nondeductible for tax purposes. The remaining \$28.3 million relates to the recorded acquisition earn-out payables and will not be deductible until it is earned and paid. In addition to the purchase price, the Company incurred \$0.3 million and \$1.1 million in acquisition related costs for Successor 2015 and Predecessor 2015 which were expensed as incurred and recorded in transaction expenses in the consolidated statements of operations. The principal factor that resulted in recognition of goodwill is a combination of the value the Company expects to receive as it provides additional markets and capabilities to the acquired companies, as well as the value we assign to the assembled workforce which may not be recognized as an intangible asset.

**2014 Acquisitions**

(in thousands)	Leonard	Commercial	AirSure	Hancock	CBS Coverage	Landry Harris	Wright Group	Crawford Advisors
Cash	\$ 1,056	\$ -	\$ -	\$ -	\$ -	\$ 1,268	\$ 300	\$ -
Restricted cash	-	-	-	-	-	-	264	1,937
Other current assets	1,055	614	10	1,077	831	412	721	4,870
Fixed assets	9	75	200	10	100	50	50	100
Goodwill	12,429	11,977	26,510	9,584	20,466	14,762	9,316	10,737
Noncompete agreements	-	560	-	-	500	-	46	50
Purchased customer accounts	6,341	10,530	17,660	5,489	13,850	7,832	5,441	8,620
Other noncurrent assets	292	-	-	-	-	-	-	32
Total assets acquired	21,182	23,756	44,380	16,160	35,747	24,324	16,138	26,346
Current liabilities	3,095	110	252	666	132	1,363	1,258	6,678
Long term debt	278	-	222	-	-	-	337	28
Total liabilities assumed	3,373	110	474	666	132	1,363	1,595	6,706
Total net assets acquired	\$ 17,809	\$ 23,646	\$ 43,906	\$ 15,494	\$ 35,615	\$ 22,961	\$ 14,543	\$ 19,640

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	Turner & Hamrick	Lucantha Marine	Crech & Stafford	Sheehan Insurance	American Westbrook	AJ Lupas	15 Others	Total
Cash	\$ -	\$ -	\$ -	\$ -	\$ 246	\$ -	\$ 61	\$ 2,931
Restricted cash	-	970	-	-	1,221	-	21	4,413
Other current assets	98	756	278	182	1,042	227	935	13,108
Fixed assets	10	16	27	10	147	50	132	986
Goodwill	5,256	3,632	3,554	7,419	11,517	5,399	19,001	171,559
Noncompete agreements	-	28	-	-	-	-	19	1,203
Purchased customer accounts	2,728	2,010	2,036	4,250	7,130	3,092	10,649	107,658
Other noncurrent assets	-	-	-	-	-	-	-	324
Total assets acquired	8,092	7,412	5,895	11,861	21,303	8,768	30,818	302,182
Current liabilities	26	1,719	23	14	2,766	22	402	18,526
Long term debt	-	-	-	-	2	-	-	867
Total liabilities assumed	26	1,719	23	14	2,768	22	402	19,393
Total net assets acquired	\$ 8,066	\$ 5,693	\$ 5,872	\$ 11,847	\$ 18,535	\$ 8,746	\$ 30,416	\$ 282,789

Of the total goodwill of \$171.6 million, \$126.7 million is currently deductible for income tax purposes and amortized over 15 years, and \$24 million is nondeductible for tax purposes. The remaining \$20.9 million relates to the recorded acquisition earn-out payables and will not be deductible until it is earned and paid. In addition to the purchase price, the Company incurred \$1.3 million in acquisition related costs for 2014 which were expensed as incurred and recorded in transaction expenses in the consolidated statements of operations. The principal factor that resulted in recognition of goodwill is a combination of the value the Company expects to receive as it provides additional markets and capabilities to the acquired companies, as well as the value we assign to the assembled workforce which may not be recognized as an intangible asset.

**5. Related Party Transactions**

**Successor**

The Company entered into an agreement with the affiliate of the Parent to reimburse certain out-of-pocket expenses incurred while providing professional oversight and advisory services provided by the Parent and its affiliates. There are no fees or other forms of compensation payable for these services other than the out-of-pocket expenses that are incurred. During the Successor 2015, these expenses amounted to less than \$0.1 million. The Company has not entered into any other arrangements with the Parent or its affiliates as of December 31, 2015.

**Predecessor**

The Company entered into a professional services agreement with the Company's primary equity sponsor, GTCR, effective March 1, 2011. GTCR provides the Company financial and management consulting services in the areas of: (a) corporate strategy; (b) budgeting of future corporate investments; (c) acquisition and divestiture strategies; and (d) debt and equity financings.

The professional services agreement provides that the Company pay placement fees to GTCR of 1% of the gross amount of any debt or equity financing. During Predecessor 2015, and Predecessor 2014, the Company did not recognize any fees related to such services.

In addition, the Company was required to pay a quarterly management fee to GTCR in an amount equal to 0.625% of the Company's trailing twelve month pro forma earnings before interest, taxes, depreciation and amortization (EBITDA) as defined in the security holder's agreement. The quarterly management fees are subject to an annual maximum payment of \$1 million. During Predecessor 2015 and Predecessor 2014, the Company incurred management fees to GTCR of \$0.5 million and \$1 million, respectively.

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The Company also reimburses GTCR out-of-pocket expenses incurred while providing the above professional services. For both Predecessor 2015, and Predecessor 2014, these expenses amounted to less than \$0.1 million.

**Other**

The Company also occupies and leases certain office space owned by employees of the Company. Rent expense incurred in Successor 2015, Predecessor 2015 and Predecessor 2014 under these leases totaled \$0.7 million, \$3.2 million, and \$2.9 million, respectively.

**6. Equity**

**Successor**

Upon the consummation of the Merger, the Parent made an equity contribution of \$714.5 million which are comprised of \$148.7 million of Rollover equity interests from the existing members of executive and operational leadership and \$565.8 million of contribution from Apax and its affiliates. All equity units are held by the Parent.

**Predecessor**

Prior to the Merger, the Company was a wholly owned subsidiary of AssuredPartners, LLC, which had four classes of equity units: Class A preferred units, Class B common units, Class C common units, and Class D common units. Class D common units were subject to the terms of the certificate documenting the award, including time- and performance-based vesting, as they were granted to certain key employees in a form of management performance incentives and profits interests. Certain employees of the Company and its Board members held these equity units of AssuredPartners, LLC.

With the close of the Merger, Assured's equity unit holders were offered to opt-in for distribution either in a form of the Company's equity units or liquidation through a cash distribution. Concurrently, change-in-control provisions vested certain otherwise unvested Class D equity awards. Contractually, Class D equity awards not subject to change-in-control provisions were subject to cancellation and forfeiture. The Company amended these awards to allow the holders of unvested Class D equity awards the ability to receive equity in the Successor Company in the proportion to the amount of vested equity the holders decided to Rollover. All other equity units that were not liquidated or rolled-over to the Successor Company's equity units were cancelled and forfeited.

**Sale of Class A/D Strips**

Prior to the Merger, the Company, sold at various dates, a strip of equity securities consisting of Class A preferred units and Class D common units (the "A/D strips") to specific employees. The A/D strip is comprised of 1 Class A preferred unit and 42.5 Class D common units at fair value. The Class D common units were issued at the determined fair value of the Company's common units. Proceeds and units are summarized below:

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(in thousands, except unit data)

Date of Issuance	Cash Received	Units Issued	
		Preferred A	Common D
February 12, 2015	\$ 2,300	2,300	97,750
March 20, 2015	5,200	5,200	221,000
April 1, 2015	150	150	6,375
July 9, 2015	3,050	3,050	129,625

**7. Equity-based Compensation Plan**

Total equity-based compensation expense recognized in the consolidated statements of operations were as follows:

	Successor	Predecessor	
	Period From October 23, 2015 to December 31, 2015	Period From January 1, 2015 to October 22, 2015 <sup>(1)</sup>	Year Ended December 31, 2014
(in thousands)			
Compensation expense	\$ 643	\$ 962	\$ 167

<sup>(1)</sup> In connection with the Merger, a portion of Predecessor's unvested Class D profits interest units were immediately vested as described in Note 6 above. Accordingly, the Company recognized compensation expense of \$0.7 million in the Predecessor 2015.

**Successor**

Upon the consummation of Merger, the Parent has adopted the Dolphin Holdco, L.P. Equity Incentive Plan (the "Plan"). The Plan is intended to align the interests of the Partnership and its leadership by providing certain key employees who have a substantial responsibility for their management and growth with additional incentives by allowing such persons to participate in the equity value created.

**Class B Profits Interests Award Units**

On October 22, 2015, the Board of Directors of the Parent (the "Board") approved and granted 1,080,796,844 units of Class B Profits Interests Award Units (the "Award Units") with a distribution threshold amount of \$0.10, effective October 23, 2015. These Award Units were granted to key Company employees and include certain time-based and performance-based vesting conditions. One-third of Award Units granted are time-based, which will vest ratably over five years from the date of grant subject to the employees' continued employment with the Company and its subsidiaries. The remainder of the Award Units granted are performance-based and will vest on the date, if any, that Dolphin Investment meets certain return thresholds on their investment in the Parent.

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The fair value of Award Units was determined on the date of grant using the Black-Scholes pricing model that uses various assumptions noted in the following table. Expected volatility was based on historical volatility of a comparable group of entities within the similar industry that are public entities along with other factors. The expected term of the units granted represents the period of time that these profits interest units were expected to be outstanding. The Company's expected term of the units is based on historical experience, giving consideration to the contractual terms of the equity-based awards, vesting schedules, and expectations of future employee behavior. The risk-free rate was based on U.S. Treasury yields for the expected term of the Award Units.

The fair value of each Award Unit grant is estimated on the date of grant using the Black-Scholes pricing model using the following weighted-average assumptions:

	<b>Successor 2015</b>
Risk-free interest rate	1.43 %
Expected volatility	35.0 %
Expected life (in years)	5.0
Weighted average grant-date fair value	\$ 0.02

The following table summarizes activity of the Award Units during Successor 2015:

	<b>Units</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Terms (in years)</b>
<b>Outstanding at October 23, 2015</b>			
Granted	1,080,796,844	\$ -	4.81
Exercised	-	-	-
Forfeited or expired	(13,490,122)	-	-
<b>Outstanding at December 31, 2015</b>	<u>1,067,306,722</u>	<u>\$ -</u>	<u>4.81</u>
<b>Vested or expected to vest at December 31, 2015</b>	<u>13,450,989</u>	<u>\$ -</u>	<u>4.81</u>
<b>Exercisable at December 31, 2015</b>	<u>-</u>	<u>\$ -</u>	<u>-</u>

**Class A-2 Units – Nonvested**

In connection with the Merger, the Parent entered into Management Unit Subscription Agreements (the "Subscription Agreement") with the Rollover unit holders. As described in Note 6, the unvested Class A-2 Units are limited partnership interests of the Successor that are comprised of rollover investments from the Predecessor's Class D unit holders who elected to rollover their eligible fully-vested units. These unvested Class A-2 units are granted effective October 22, 2015 with the fair value of \$0.10 per unit and are subject to time-vesting which will vest 20% each year for five anniversaries of the grant date pursuant to the Subscription Agreement.

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The following table summarizes activity of the Nonvested Class A-2 units during Successor 2015:

	<u>Units</u>	<u>Weighted- Average Grant Date Fair Value</u>
<b>Nonvested at October 22, 2015</b>		
Granted	55,244,078	\$ 0.10
Vested	(2,118,951)	0.10
Forfeited or expired	-	-
<b>Nonvested at December 31, 2015</b>	<u>53,125,127</u>	<u>\$ 0.10</u>

**Predecessor**

**Class D Profits Interest Award Units**

On January 21, 2015, the Predecessor's Board adopted the AssuredPartners, LLC 2015 Equity Incentive Plan (the "Assured Plan"). The Assured Plan is intended to advance the best interests of the Company and its subsidiaries by providing those employees ("Participants") who have a substantial responsibility for their management and growth with additional incentives by allowing such persons to receive an equity interest in the Company and thereby encouraging them to contribute to the success of the Company and its subsidiaries and, in the case of employees, to remain employed. Initially, all award units are unvested and shall only become vested as provided in the Participant's unit award agreement with certain accelerated vesting provision included.

On February 15, 2015, the Company granted 1,697,500 Series 5 Class D units ("Class D Award Units") with a participation threshold of \$2.56 each to certain key employees under the Assured Plan. Vesting is based on the type of incentive award granted. Leadership based Class D Award Units vest 50% on January 1, 2017, an additional 25% on January 1, 2018, and the remaining 25% vest on January 1, 2019. Production based Class D Award Units vest 50% on January 1, 2017, and the remaining 50% vests on January 1, 2019, only if certain performance criteria are met. As described in Note 6, these Class D Award Units became immediately vested upon change-in-control provision upon the Merger.

The fair value of Class D Award Units were determined on the date of grant using the Black-Scholes pricing model that uses various assumptions noted in the following table. Expected volatility was based on historical volatility of a comparable group of entities within the industry along with other factors. The expected term of the units granted represented the period of time that these Class D Award Units were expected to be outstanding at the time of grant. The Company's expected term of the units is based on the historical experience, giving consideration to the contractual terms of the equity-based awards, vesting schedules, and expectations of future employee behavior. The risk-free rate was based on U.S. Treasury yields for the expected term of the Class D Award Units.

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The fair value of each Class D Award Unit grant is estimated on the date of grant using the Black-Scholes pricing model using the following weighted-average assumptions:

	<b>Predecessor 2015</b>
Risk-free interest rate	0.60% – 1.03%
Expected volatility	35.7 %
Expected life (in years)	3.0
Weighted average grant-date fair value	<u>\$ 0.65</u>

The following table summarizes activity of the profits interest units during Predecessor 2015:

	<b>Units</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Terms (in years)</b>
<b>Outstanding at January 1, 2015</b>	279,148	\$ -	1.31
Granted	2,087,500	-	3.21
Exercised	-	-	-
Forfeited or expired	(30,000)	-	3.20
<b>Outstanding at October 22, 2015</b>	<u>2,336,648</u>	<u>\$ -</u>	<u>2.99</u>
<b>Vested or expected to vest at October 22, 2015</b>	<u>1,268,523</u>	<u>\$ -</u>	<u>2.81</u>
<b>Exercisable at October 22, 2015</b>	<u>-</u>	<u>\$ -</u>	<u>-</u>

**Class D Common Units**

As described in Note 6, in connection with the sale of A/D strips, the Company records the issuance of the security at fair value. The difference, if any, between the fair value of the securities being issued and the proceeds received by the Company, are recorded as compensation expense.

The fair value of Class D common units were determined on the date of grant using the Black-Scholes pricing model that uses various assumptions noted in the following table. Expected volatility was based on historical volatility of a comparable group of entities within the industry along with other factors. The expected term of the units represented the period of time that these Class D Common Units were expected to be outstanding at the time of sale. The Company's expected term of the units is based on the historical experience, giving consideration to the contractual terms of the equity-based awards, vesting schedules, and expectations of future employee behavior. The risk-free rate was based on U.S. Treasury yields for the expected term of the Class D Award Units.

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The fair value of each Class D Common Unit is estimated on the date of the transaction using the Black-Scholes pricing model using the following weighted-average assumptions:

	<u>Predecessor</u> <u>2015</u>
Risk-free interest rate	0.43% – 1.03%
Expected volatility	33.43 %
Expected life (in years)	2.48
Weighted average grant-date fair value	<u>\$ 0.60</u>

In connection with the sale of the A/D strips, the Company recorded compensation expense of \$0.3 million during the Predecessor 2015.

**8. Indebtedness**

The following table set forth the components of Company's indebtedness at December 31, 2015 and 2014:

<i>(in thousands)</i>	<u>Successor</u> <u>2015</u>	<u>Predecessor</u> <u>2014</u>
First Lien Credit Facility, net	\$ 733,611	\$ -
Second Lien Credit Facility, net	318,318	-
Revolving line of credit	34,045	-
Predecessor First Lien Term Facility, net	-	409,970
Predecessor Second Lien Term Facility, net	-	131,111
Predecessor revolving line of credit	-	16,000
Notes payable	333	12,683
Obligations under capital lease	189	216
Total debt	<u>1,086,496</u>	<u>569,980</u>
Less: Current portion	<u>(1,321)</u>	<u>(9,476)</u>
Long-term debt	<u>\$ 1,085,175</u>	<u>\$ 560,504</u>

**Successor**

**New Credit Facility**

In connection with the Merger, the Merger Sub entered into a new credit agreement that provides for senior secured credit facilities (collectively, the "New Credit Facility") consisting of (i) up to \$762 million new initial first lien term loan facility ("New First Lien Term Loan"), (ii) up to \$337 million new initial second lien term loan facility ("New Second Lien Term Loan") and (iii) up to \$127.5 million revolving loan credit facility ("New Revolver"). After giving effect to the Merger, the Company became the borrower under the New Credit Facility. The proceeds from the New First Lien Term Loan and the New Second Lien Term Loan that funded on the Merger Date were applied to fund the Merger, repay the prior credit facility and to pay transaction fees, costs, and expenses. The New Credit Facility is fully and unconditionally guaranteed on a join-and-several basis by each of the select subsidiaries (collectively, the "Guarantors") of the Company and is secured by substantially all the assets of the borrower and the Guarantors.

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The New First Lien Term Loan consists of a \$762 million first lien term loan facility, and a revolving loan credit facility up to \$127.5 million, with a sub-limit for letters of credit of up to \$10 million. \$63.6 million of the first lien term loan is restricted and segregated for specific use in the acquisition of businesses and included as restricted cash in the consolidated balance sheets. If such amount is in excess of \$35.0 million as of December 31, 2015, any amount in excess of such amount shall be applied to repay the New First Lien Term Loan and the New Second Lien Term Loan on a pro-rata basis. Any unused amounts outstanding as of January 15, 2016, shall be applied to repay the First Lien Term Loan and the New Second Lien Term Loan on a pro-rata basis. Remaining amounts are less than \$35.0 million as of December 31, 2015 and are fully utilized as of January 15, 2016. Therefore, no repayments were made to the First Lien Term Loan and the New Second Lien Term Loan from the unused portion of restricted cash.

Repayments and prepayments of the New First Lien Term Loan may not be re-borrowed. Amounts borrowed on the New Revolver may be borrowed, repaid and re-borrowed prior to the maturity date. The New First Lien Term Loan matures on the seventh anniversary of the Merger closing, which is October 22, 2022; the New Revolver matures on the fifth anniversary of the Merger date, October 22, 2020. The New Second Lien Term Loan consists of a \$337 million second lien term loan facility, which matures on the eighth anniversary of the Merger date, October 22, 2023. Repayments and prepayments of the New Second Lien Term Loan may not be re-borrowed. The New First Lien Term Loan will amortize in equal quarterly installments commencing on March 31, 2016 at 0.25% of the original principal amount of the New First Lien Term Loan. The New Second Lien Term Loan does not amortize but will be payable on the maturity date thereof.

Neither the New First Lien Term Loan nor the New Second Lien Term Loan is subject to any maintenance financial covenants. The New Revolver is subject to a springing leverage covenant that requires the Company to maintain first lien senior secured leverage ratio of not greater than 7.0:1 at the end of each fiscal quarter beginning March 31, 2016 through September 30, 2017; 6.50:1 for December 31, 2017 through September 30, 2018; and 6.26:1 starting December 31, 2018 and thereafter, in the event the aggregate principal amount of outstanding revolving loans and letters of credit exceed 30% of the revolving commitments as of the end of each fiscal quarter for the aforementioned period. In addition, the New Credit Facility contains a number of affirmative covenants (e.g., the Company is required to make certain prepayments out of cash flow) and negative covenants (e.g., the Company is limited from incurring additional indebtedness, making payments to the Company's shareholders and selling certain of its assets, except, in each case, as otherwise permitted).

The New First Lien Term Loan contains a six-month soft call provision, in which the Company would be able to call, or repay, the New First Lien Term Loan within six months of origination in exchange for paying a 1% premium to the lenders, if the prepayment were a result of being able to secure lower priced financing. The New Second Lien contains a one-year and two-year hard call provisions in which the Company would be obligated to pay a 2% and 1% premium, respectively, if it were to prepay the New Credit Facility within one- or two- year period after the close, along with any accrued interests through the date such call provision gets activated.

The New First Lien and New Second Lien term loans were issued at discounts of 150 basis points and 350 basis points, respectively, totaling \$23.2 million. The Company also incurred arrangement, up-front and professional fees of \$25.1 million which have been directly deducted from the carrying value upon adoption of ASU 2015-03 as described in Note 2.

Amounts outstanding under the New Credit Facilities accrue interest at rates that are variable with an option to designate those borrowings as either Base Rate loans or LIBOR Rate loans. As of

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December 31, 2015, all of Company's borrowings are designated as LIBOR Rate loans which accrue interest at an applicable margin above a threshold. The threshold for LIBOR Rate borrowings, generally, is the greater of the then market LIBOR rate or 1.00%. The applicable margin is determined based on the types of loans the Company has outstanding. The applicable margin of the New First Lien credit facility is 4.75% and the applicable margin of the New Second Lien Credit Facility is 9.00%. New Revolver credit loans accrue interest at LIBOR, plus the applicable rate.

**Notes Payable**

On occasion, the Company issues notes payable in connection with its acquisitions. The notes accrue interest at a rate of 0.48% per year and are payable in full, along with accrued interest at the maturity date. As of December 31, 2015 and 2014, the Company had acquisition notes outstanding in the amount of \$0.2 million and \$12.5 million, respectively with maturity dates through January of 2016.

Some of the companies purchased by the Company had active acquisition programs prior to their acquisition in which they issued notes payable to the businesses they acquired. The Company assumed these liabilities upon purchasing the companies. The balance of the acquisition notes payable assumed as a result of these transactions as of December 31, 2015 and 2014 was less than \$0.1 million and \$0.2 million, respectively.

Future annual principal payments due on the Company's indebtedness are as follows:

*(in thousands)*

2016	\$ 7,959
2017	7,802
2018	7,620
2019	41,665
2020	7,620
Thereafter	1,060,900
Total future principal payments	<u>\$ 1,133,566</u>

**Predecessor**

Assured was party to a credit facility ("Credit Facility") pursuant to two credit agreements both dated April 2, 2014. Upon executing the Credit Facility, Assured entered into a first lien ("First Lien") credit facility in the amount of \$520 million and a second lien ("Second Lien") credit facility in the amount of \$135 million. The First Lien credit facility included a committed, but unfunded revolving line of credit ("Revolver") in the amount of \$100 million. The First and Second lien credit facilities were issued at discounts of 50 basis points and 100 basis points, respectively, totaling \$3.5 million.

Amounts outstanding under the Credit Facility accrue interest at rates that are variable in which the Assured designated all of its borrowings as LIBOR Rate loans. LIBOR Rate loans accrue interest at an applicable margin above a threshold, which, in general, is the greater of the then market LIBOR rate or 1.00%. The applicable margin is determined based on the types of loans the Company has outstanding. The applicable margin of the First Lien credit facility is 3.50% and the applicable margin of the Second Lien Credit Facility is 6.75%. Revolver credit loans accrue interest at LIBOR, plus the applicable rate.

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The First Lien credit facility requires quarterly amortization payments equal to 0.25% of the aggregate principal amount of all initial loans outstanding on the closing date. The First Lien credit facility matures on April 2, 2021. The Second Lien credit facility does not amortize, and matures on April 2, 2022.

On February 13, 2015, Assured borrowed an additional \$150 million as an Incremental Term Loan. The amortization and maturity date applicable to the Incremental Term Loan is the same as the maturity date of the First Lien credit facility. As part of the amendment, and in accordance with the original First Lien credit facility, the applicable rate was increased to 4.00% and 3.00%, for LIBOR based and base-rate loans, respectively. Additionally, certain net leverage ratio covenants were amended to the benefit of Assured.

Upon the consummation of the Merger, the Company repaid all amounts outstanding under its old credit facilities and cancelled the credit facilities. Call premium on the Second lien credit facility of \$1.3 million and the write-off of deferred financing fees of \$11.6 million were recorded in the other (expense) income, and debt discount of \$4.0 million was recorded in debt extinguishment loss, respectively within the consolidated statements of operations in Predecessor 2015.

**9. Derivatives and Hedging Arrangements**

From time-to-time the Company enters into hedging contracts with respect to interest rates under its credit facilities to manage associated risk at what Company believes are acceptable levels. The Company accounts for these instruments in accordance with ASC 815, *Derivatives and Hedging*. The Company does not hold or issue derivative financial instruments for trading purposes.

**Interest Rate Cap and Swap Contracts**

The Company is subject to variable rate debt obligations in connection with credit facilities that the Company is party to. These debt obligations expose the Company to variability in interest payments due to changes in interest rates. The Company believes it is prudent to limit the variability of a portion of its interest payments and the Company has protected against future increases in interest rates by entering into interest rate hedge agreements whereby the Company receives variable interest rate payments and makes fixed interest rate payments on a portion of its debt to a designated counterparty.

On April 17, 2015, the Company entered into additional interest rate cap contracts with the notional value of \$375 million, which mature on June 30, 2017, for a total cost of \$0.1 million. The strike price is set to make payments to the Company in the event 90-day LIBOR rate exceeds designated cap rates.

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The Company is currently party to the following interest rate cap contracts and terms of the instrument are summarized as follows:

<b>Beginning of Effective Period</b>	<b>Ending of Effective Period</b>	<b>Notional Value During Effective Period (in thousands)</b>	<b>90 Day LIBOR Rate Above Which Settlement Occurs</b>
December 31, 2013	March 31, 2014	\$ 110,000	2.50 %
March 31, 2014	June 30, 2014	110,000	3.00
June 30, 2014	September 30, 2014	110,000	3.00
September 30, 2014	December 31, 2014	125,000	3.00
December 31, 2014	March 31, 2015	125,000	3.00
March 31, 2015	June 30, 2015	125,000	3.00
June 30, 2015	September 30, 2015	250,000	3.00
September 30, 2015	December 31, 2015	250,000	3.00
December 31, 2015	March 31, 2016	250,000	3.00
March 31, 2016	June 30, 2016	375,000	3.00
June 30, 2016	December 31, 2016	375,000	3.25
December 31, 2016	June 30, 2017	375,000	3.50

On December 8, 2015, in order to hedge interest rate risk on a portion of its variable-rate debt that resulted from the Merger, the Company has entered into two pay-fixed-receive-variable interest rate swap agreements.

<b>Beginning of Effective Period</b>	<b>Ending of Effective Period</b>	<b>Notional Value During Effective Period (in thousands)</b>	<b>30 Day LIBOR Rate Above Which Settlement Occurs</b>
January 22, 2016	December 31, 2020	\$ 162,150	2.00 %
January 22, 2016	December 31, 2020	162,150	1.99

The Company has applied hedge accounting to account for changes in the fair value of its derivative instruments and classified the fair market value of these instruments within the line-items 'accrued expenses and other' within the current liabilities, and 'noncurrent assets, net' on the consolidated balance sheets. Changes in the fair value of the instrument are recorded as either increases or decreases in the recorded value of the assets, with an off-setting increase or decrease to other comprehensive (loss) income.

As a result of the Merger and application of push-down accounting, the Company re-assessed all of the pre-existing hedging arrangements and discontinued applying the hedge accounting on its outstanding interest rate cap contracts. As a result, the Company reclassified related loss of \$0.2 million in the accumulated other comprehensive income into the interest expense on the consolidated statements of operations.

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**10. Fixed Assets, Net**

Major classes of fixed assets consist of the following as of December 31, 2015 and 2014:

<i>(in thousands)</i>	<b>Successor 2015</b>	<b>Predecessor 2014</b>
Office equipment	\$ 1,454	\$ 1,878
Furniture and fixtures	6,635	4,031
Computer equipment	4,007	3,408
Interest in company aircraft	1,422	1,422
Leasehold improvements	1,613	727
Software and other	1,521	734
	<u>16,652</u>	<u>12,200</u>
Accumulated depreciation	<u>(6,982)</u>	<u>(4,062)</u>
Fixed assets, net	<u>\$ 9,670</u>	<u>\$ 8,138</u>

**11. Commitments and Contingencies**

The Company leases facilities under noncancelable operating and capital lease arrangements expiring on various dates through 2026. The facility leases generally contain renewal options and escalation clauses based upon increases in the lessors' operating expenses and other charges. At December 31, 2015, the aggregate future minimum lease payments under all noncancelable operating lease agreements were as follows:

<i>(in thousands)</i>	
<b>Year Ended December 31,</b>	
2016	\$ 16,098
2017	13,565
2018	11,657
2019	9,057
2020	6,524
Thereafter	<u>12,500</u>
Total minimum future lease payments	<u>\$ 69,401</u>

Rental expense during Successor 2015, Predecessor 2015, and Predecessor 2014 for operating leases totaled \$4.2 million, \$15.5 million and \$14.7 million, respectively.

There are a variety of legal proceedings pending or threatened against the Company. Accruals are recorded when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated based on current law, progress of each case, opinions and views of legal counsel and other advisers, our experience in similar matters and intended response to the litigation. These amounts, which are not discounted and are exclusive of claims against third parties, are adjusted periodically as assessment efforts progress or additional information becomes available. The Company expenses amounts for administering or litigating claims as incurred. Neither the outcomes of these matters nor their effect upon the Company's business, financial condition or results of operations can be determined at this time. Therefore, no accruals are recorded related to these legal proceedings as of December 31, 2015 and 2014, respectively.

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**12. Goodwill and Amortizable Intangible Assets**

The change in goodwill for the years ended December 31, 2015 and 2014 is as follows:

*(in thousands)*

<b>Predecessor Balance as of December 31, 2013</b>	<b>\$</b>	<b>399,292</b>
Goodwill of acquired businesses		171,561
Goodwill adjustment related to purchase accounting		-
Goodwill disposed of relating to sales of businesses		(717)
<b>Predecessor Balance as of December 31, 2014</b>		<b>570,136</b>
Goodwill of acquired businesses		170,588
Goodwill adjustment related to purchase accounting		2,138
Goodwill disposed of relating to sales of businesses		(841)
<b>Predecessor Balances as of October 22, 2015</b>		<b>742,021</b>
Merger of AssuredPartners, Inc.		364,024
Goodwill of acquired businesses		19,481
<b>Successor Balance as of December 31, 2015</b>	<b>\$</b>	<b>1,125,526</b>

The carrying amount of the amortizable intangible assets, net are as follows:

<i>(in thousands)</i>	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (years)
Purchased customer accounts	\$ 317,149	\$ (40,499)	\$ 276,650	15.0
Noncompete agreements	4,269	(1,492)	2,777	5.0
<b>Predecessor balances as of December 31, 2014</b>	<b>\$ 321,418</b>	<b>\$ (41,991)</b>	<b>\$ 279,427</b>	
Purchased customer accounts	\$ 665,153	\$ (8,393)	\$ 656,760	15.0
Noncompete agreements	2,520	(153)	2,367	3.2
Favorable lease assets	2,103	(70)	2,033	6.7
<b>Successor balances as of December 31, 2015</b>	<b>\$ 669,776</b>	<b>\$ (8,616)</b>	<b>\$ 661,160</b>	

Amortization expense recorded for amortizable intangible assets for the Successor 2015, Predecessor 2015 and Predecessor 2014 was \$8.6 million, \$21.6 million and \$19.3 million, respectively.

Amortization expense for amortizable intangible assets for the years ending December 31, 2016, 2017, 2018, 2019, and 2020 is estimated to be \$45.2 million, \$45.3 million, \$45.2 million, \$44.7 million and \$44.4 million, respectively.

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**13. Income Taxes**

The components of the provision for income taxes for Successor 2015, Predecessor 2015 and Predecessor 2014 are as follows:

	Successor	Predecessor	
	Period From October 23, 2015 to December 31, 2015	Period From January 1, 2015 to October 22, 2015	Year Ended December 31, 2014
<i>(in thousands)</i>			
<b>Current</b>			
Federal	\$ (83)	\$ 549	\$ 126
State	35	378	965
Total current provision	(48)	927	1,091
<b>Deferred</b>			
Federal	(3,989)	4,679	3,141
State	(664)	(1,972)	(366)
Total deferred expense (benefit)	(4,653)	2,707	2,775
Total (benefit) expense for income taxes	\$ (4,701)	\$ 3,634	\$ 3,866

A reconciliation between the effective tax rate and the federal statutory tax rate is as follows for Successor 2015, Predecessor 2015 and Predecessor 2014:

	Successor	Predecessor	
	Period From October 23, 2015 to December 31, 2015	Period From January 1, 2015 to October 22, 2015	Year Ended December 31, 2014
<i>(in thousands)</i>			
Federal statutory rate	35.00 %	35.00 %	35.00 %
State income taxes, net of federal benefit	4.97	(53.29)	2.46
Meals and entertainment	(0.88)	11.04	3.25
Nondeductible transaction expenses	0.00	75.38	0.00
Equity-based compensation expenses	(1.76)	9.90	0.00
Permanent differences	0.00	35.23	(0.24)
Other	(0.52)	(6.42)	(4.02)
Effective tax rate	36.81 %	106.84 %	36.45 %

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The Company's deferred tax assets and liabilities related to the following sources and differences between financial accounting and tax basis of the Company's assets and liabilities as of December 31, 2015 and 2014 are as follows:

<i>(in thousands)</i>	<b>Successor 2015</b>	<b>Predecessor 2014</b>
<b>Gross deferred tax assets</b>		
Accrued bonus and vacation	\$ 110	\$ 121
Advances	131	274
AMT credit	135	135
Transaction costs	7,683	3,790
State net operating losses	4,570	2,567
Federal net operating losses	13,527	5,179
E&O Reserve	2,495	2,021
INBR Reserve	848	540
Charitable contribution carryover	508	211
Other	417	236
	<u>30,424</u>	<u>15,074</u>
<b>Gross deferred tax liabilities</b>		
Fixed assets	(628)	(62)
Intangible amortization	(24,098)	(14,006)
Direct bill	(7,482)	(4,737)
	<u>(32,208)</u>	<u>(18,805)</u>
Net deferred tax liability	<u>\$ (1,784)</u>	<u>\$ (3,731)</u>

The Company evaluates the deferred tax asset for recoverability using a consistent approach which considers the relative impact of negative and positive evidence. The Company anticipates fully utilizing their deferred tax assets and has not recorded a valuation allowance as of December 31, 2015.

At December 31, 2015, the Company had no unrecognized tax benefits or associated interest or penalties that needed to be accrued for.

At December 31, 2015, the Company had a federal net operating loss carry forward of \$38.6 million which will begin to expire in 2034. Additionally, the Company had state net operating losses of varying amounts set to expire in 2034. The primary cause of the operating loss carryforward is the transaction related expenses that accompany the purchase of businesses.

U.S. income taxes have not been provided on undistributed earnings of foreign subsidiaries. During Successor 2015, Predecessor 2015, and Predecessor 2014, the Company had loss of \$0.4 million, income of 1.9 million, and income of \$0.2 million, respectively, that are attributable to foreign subsidiaries. It is the Company's intention to reinvest these earnings permanently in active non-U.S. business operations. Therefore, no income tax liability has been accrued for these earnings. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the amount of U.S. income tax payable if such earnings are not reinvested indefinitely.

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**14. Fair Value of Measurements and Financial Instruments**

Accounting standards establish a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1      Observable inputs such as quoted prices for identical assets in active markets;
- Level 2      Inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and
- Level 3      Unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The following methods and assumptions are used to estimate the fair values of the Company's financial instruments that are measured on a recurring basis:

**Interest Rate Caps and Swaps**

Interest rate caps and swaps are valued using pricing models, containing certain assumptions based on readily observable market-based inputs, including yield curves and implied volatilities of closely related instruments, for which transparent pricing is available. Additionally, the Company reflects the credit considerations inherent in the derivative contracts by adjusting benchmark discount rates to reflect the credit spread(s) of the owing party (i.e., the cap seller).

**Earn-Out Payables**

Purchase consideration for some acquisitions made by the Company includes earn-out payable arrangements. Earn-out payables are primarily based on meeting EBITDA and revenue targets over one to four years. The fair value of earn-out payables is estimated as the present value of future cash flows that would result from the projected revenue and earnings of the acquired entities. In each period, the Company reassesses its current estimates of performance relative to the projection and adjusts the liability to fair value.

	Successor Fair Value Measurements at December 31, 2015 Using			
	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value at December 31, 2015
<i>(in thousands)</i>				
<b>Assets</b>				
Interest rate caps	\$ -	\$ 16	\$ -	\$ 16
Interest rate swaps		1,607		1,607
Total assets at fair value	\$ -	\$ 1,623	\$ -	\$ 1,623
<b>Liabilities</b>				
Interest rate swaps	\$ -	\$ 3,750	\$ -	\$ 3,750
Earn-out payables	-	-	67,726	67,726
Total liabilities at fair value	\$ -	\$ 3,750	\$ 67,726	\$ 71,476

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(in thousands)	Predecessor Fair Value Measurements at December 31, 2014 Using			
	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value at December 31, 2014
<b>Assets</b>				
Interest rate caps	\$ -	\$ 11	\$ -	\$ 11
Total assets at fair value	\$ -	\$ 11	\$ -	\$ 11
<b>Liabilities</b>				
Earn-out payables	\$ -	\$ -	\$ 94,560	\$ 94,560
Total liabilities at fair value	\$ -	\$ -	\$ 94,560	\$ 94,560

See Note 4 for a reconciliation of the beginning and ending balances of acquisition earn-out payables measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3).

Below provides methodology and assumption used to measure financial instruments on a nonrecurring basis:

**Debt**

The New First Lien and New Second Lien credit facilities are valued at \$1,073.5 million as of December 31, 2015 and the First Lien and Second Lien credit facilities are valued at \$542.3 million as of December 31, 2014, based on the observable quoted prices in the inactive market; and as such, are classified as Level 2. The outstanding amount due under the New Revolver approximates fair value based on the fact that the variable interest rate approximates the current market rate.

**15. Supplemental Disclosures of Cash Flow Information and Noncash Financing and Investing Activities**

Cash paid during Successor 2015, Predecessor 2015 and Predecessor 2014 are summarized as follows:

(in thousands)	Successor Period From October 23, 2015 to December 31, 2015	Predecessor	
		Period From January 1, 2015 to October 22, 2015	Year Ended December 31, 2014
Interest	\$ 980	\$ 34,026	\$ 29,618
Taxes	45	2,098	2,133

Significant noncash investing and financing activities during Successor 2015, Predecessor 2015 and Predecessor 2014 are summarized as follows:

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	Successor		Predecessor	
	Period From October 23, 2015 to December 31, 2015		Period From January 1, 2015 to October 22, 2015	Year Ended December 31, 2014
(in thousands)				
Estimated acquisition earn-out payables	\$ 3,711	\$	26,992	\$ 25,600
Purchase price holdback	360		1,550	1,937

**16. Subsequent Events**

The Company is required to evaluate events and transactions occurring after the date of the balance sheet to determine whether anything has come to the Company's attention that would require disclosure to the financial statements. The Company performed procedures to review subsequent events through April 29, 2016, the date that the financial statements are available to be issued.

**Acquisitions**

The following is the list of companies acquired subsequent to December 31, 2015:

(in thousands)	Seller(s)	Initial Payment	Maximum Potential Earn Out Payable	Basis of Potential Earn Out	Earn Out Term	Earn Out Period End Date
<b>Date of Acquisition</b>						
January 4, 2016	Archer A. Associates, Inc.	\$ 9,017	\$ 3,168	Revenue	24 months	December 31, 2017
January 13, 2016	Suydam Insurance Agency, LLC	2,233	992	Revenue	24 months	December 31, 2017
January 15, 2016	Van Zandt, Emrich & Cary, Incorporated	13,314	NA	NA	NA	NA
January 20, 2016	Encompass Risk Solutions, Inc.	13,206	6,603	EBITDA	36 months	December 31, 2018
February 8, 2016	MRW Group, Inc.	8,569	3,096	EBITDA	24 months	January 31, 2018
February 12, 2016	Michael J. Hall & Company	12,987	7,272	EBITDA	36 months	January 31, 2019
February 17, 2016	Charles Lee Fitch, Limited	1,139	569	Revenue	12 months	January 31, 2017
February 17, 2016	Bridgepoint Insurance Group, Inc.	1,314	508	Revenue	24 months	January 31, 2018
February 22, 2016	Employee Benefit Services, Inc.	2,090	795	EBITDA	12 months	January 31, 2017
February 22, 2016	Clark Associates Inc.	2,167	920	EBITDA	12 months	January 31, 2017
February 22, 2016	E.L.M. Insurance Brokers Inc.	5,160	NA	NA	NA	NA
March 11, 2016	AssureSouth, Inc.	4,198	1,705	EBITDA	24 months	February 28, 2018
April 1, 2016	The Bynum Company, Inc.	8,915	3,443	EBITDA	24 months	March 31, 2018
April 7, 2016	Daly-Merritt Direct, Inc.	42,808	12,605	EBITDA	24 months	March 31, 2018

As of April 29, 2016, the Company has yet to engage a valuation expert or otherwise determined the allocation of the fair value of the purchase price of any acquisitions occurring after December 31, 2015. However, the nature of all the businesses acquired is similar in all material respects to the acquisitions previously completed by the Company, and as such the Company expects the purchase price to be allocated in a similar manner.

**Equity Offering to Employees**

On February 18, 2016, the Parent agreed to sell Class A-2 Units to certain participating employees of the Parent and its subsidiaries. As a result of the offering, the Parent issued 112.4 million of Class A-2 units at \$0.10 per unit and raised gross proceeds of \$11.2 million.

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**Indebtedness**

Effective January 22, 2016, the Company entered into 30-day LIBOR Commitment for its New Credit Facilities. As described in Note 8, the New Credit Facilities accrue interest at a rate that are variable with an option to designate those borrowings as either Base Rate loans or LIBOR loans. At inception on October 22, 2015, the New Credit Facilities were designated as 90-day LIBOR rate borrowings.

On April 11, 2016, the Company entered into an incremental term agreement (the "Incremental Term Loan") in order to fund Company's business operations, primarily its acquisition program. As part of the arrangement, the Company borrowed \$110.0 million of additional first lien term loans and increased the availability under the New Revolver by additional \$50.0 million. The Incremental Term Loan was issued at discount of 150 basis points, totaling \$1.7 million. The scheduled amortization payment, maturity date, soft call provision, and the applicable interest rate are identical to those arrangements in the New First Lien Term Loan.