

100352/40

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
ROSSBOROUGH INSURANCE SERVICES LIMITED**



ROSSBOROUGH INSURANCE SERVICES LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Page
Company Information	1
Directors' Report	2
Independent Auditor's Report	5
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

DIRECTORS:

J Anderson
C De La Cour
N Quick
C Scott

SECRETARY:

J Wade

REGISTERED OFFICE:

41 La Motte St
St. Helier
Channel Islands
JE4 8NS

REGISTERED NUMBER:

00055731 (Jersey)

INDEPENDENT AUDITOR:

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

ROSSBOROUGH INSURANCE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The Company did not trade during the year. The principal activity of the Company in the prior year was to provide administrative support functions for R A Rossborough Limited and its subsidiaries through its branch based in Portsmouth in the United Kingdom. This service is now provided to R A Rossborough Limited and its subsidiaries by Arthur J. Gallagher Insurance Brokers Limited, therefore there is a reduced level of activity within the Company until it becomes dormant in the future.

The Company is a wholly owned subsidiary of Arthur J. Gallagher & Co., a company incorporated in the United States of America and is included in the publicly available consolidated financial statements of Arthur J. Gallagher & Co. ("the Group"). The Group's strategic focus continues to be on the organic growth of existing core business and the acquisition of businesses to enhance future turnover and profitability.

REVIEW OF BUSINESS

The results of the Company for the year ended 31 December 2017 are set out in the financial statements on pages 7 to 14.

For the year ended 31 December 2017 the Company has recorded a profit before tax of £9k compared to the profit before tax of £168k in 2016. The principal driver of this decrease in profit was the transfer of all activities to Arthur J. Gallagher Insurance Brokers Limited.

DIRECTORS OF THE COMPANY

The Directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report

C De La Cour
N Quick

Other changes in Directors holding office are as follows:

K Smith - resigned 13 July 2017
J Anderson - appointed 4 December 2017
C Scott - appointed 4 December 2017

DIVIDENDS

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's international operations and debt profile expose it to a variety of financial risks including the effects of change in foreign currency exchange rates, counterparty credit risks, compliance risks, liquidity and interest rates. The Group's Board of Directors are responsible for setting the Group's risk appetite and ensuring that it has an appropriate and effective risk management framework and monitors the ongoing process for identifying, evaluating, managing, and reporting significant risks faced. To facilitate this, the Group maintains a risk framework, through which the key risks affecting the Group are identified, assessed and monitored.

The Group has in place a risk management programme and policies in the context of the wider Group risk framework. This risk management programme seeks to manage any adverse impact upon the Company caused by the nature of its principal activity. The approach to the significant risks is noted below:

Borrowing facilities and liquidity risk

Operations for the Group are financed by a mixture of shareholders' funds, external borrowing facilities, inter-group borrowings and cash reserves. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group. Forward looking cash flow projections are prepared on a regular basis to assess funding requirements.

ROSSBOROUGH INSURANCE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

GOING CONCERN

The Company forecasts and projects, taking account of reasonably possible changes in trading performance, show that the Company should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' INDEMNITY PROVISIONS

The Directors have benefited from indemnity provisions in place during the financial year and to the date of this report.

EMPLOYEE INVOLVEMENT

It is the Company policy that there should be effective communication with employees at all levels on matters which affect their current jobs or future prospects.

DISABLED EMPLOYEES

The policy of the Company with regard to disabled persons is to give full and fair consideration to all applicants for employment and to all employees in relation to promotion. Wherever possible, employees who become disabled during their employment are offered suitable alternative employment.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Jersey Company law requires the Directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the period end and of the profit or loss of the Company for the period then ended. In preparing those financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state which generally accepted accounting principles have been adopted in their preparation; 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 requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies (Jersey) Law 1991.

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

AUDITOR

The auditor, Ernst and Young LLP, will be proposed for reappointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



C De La Cour – Director

Date: 17/7/18

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSSBOROUGH INSURANCE SERVICES LIMITED

Opinion

We have audited the financial statements of Rossborough Insurance Services Limited (the "Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSSBOROUGH INSURANCE SERVICES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company, or proper 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 Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Vinood Ramabhai
for and on behalf of Ernst & Young LLP
London

Date 17/07/18

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

	Notes	2017 £'000	2016 £'000
TURNOVER	2	-	585
Other income		9	-
Administrative expenses		<u>-</u>	<u>(417)</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION	5	9	168
Tax on profit	6	<u>(6)</u>	<u>(39)</u>
PROFIT FOR THE FINANCIAL YEAR		3	129
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3</u>	<u>129</u>

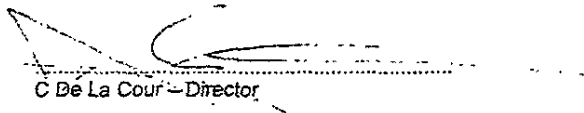
The notes form part of these financial statements

ROSSBOROUGH INSURANCE SERVICES LIMITED (REGISTERED NUMBER: 00055731)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Notes	£'000	2017 £'000	£'000	2016 £'000
FIXED ASSETS					
Tangible assets	7		-		1
CURRENT ASSETS					
Debtors	8	759		1,648	
Cash at bank		<u>-</u>		<u>105</u>	
		759		1,753	
CREDITORS					
Amounts falling due within one year	9	<u>114</u>		<u>1,090</u>	
NET CURRENT ASSETS			<u>645</u>		<u>663</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			645		664
PROVISIONS FOR LIABILITIES	11		<u>-</u>		<u>22</u>
NET ASSETS			<u>645</u>		<u>642</u>
CAPITAL AND RESERVES					
Called up share capital	12		10		10
Retained earnings	13		<u>635</u>		<u>632</u>
SHAREHOLDERS' FUNDS			<u>645</u>		<u>642</u>

The financial statements were approved and authorised for issue by the Board of Directors on 7/7/18 and were signed on its behalf by:


C De La Cour - Director

The notes form part of these financial statements

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	10	503	513
Changes in equity			
Total comprehensive income	-	129	129
Balance at 31 December 2016	10	632	642
Changes in equity			
Total comprehensive income	-	3	3
Balance at 31 December 2017	10	635	645

The notes form part of these financial statements

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), the Companies (Jersey) Law 1991. The financial statements have been prepared on a going concern basis, under the historical cost basis.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparing the financial statements

The Company has taken advantage of the exemptions, under FRS 102 paragraph 1 12(b), & (e) respectively, from preparing a statement of cash flows and disclosure of key management compensations, on the basis that it is a qualifying entity and its ultimate parent company, Arthur J. Gallagher & Co., includes such disclosures in its own consolidated financial statements.

Significant judgements and estimates

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

i. Provisions

Where a provision is required the Group will perform calculations based on a policy regarding each individual category of provision. Each of these policies will be based on a degree of estimate and judgements. These policies are included within note 11.

Turnover

Turnover represents service charges to other group companies. The Company recognises this income when earned.

Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are also recognised on a straight line basis over the period of the lease.

Taxation

Provision is made at current enacted rates for taxation. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax in future years.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated using the straight-line method based on the assets' useful lives.

The useful lives of the following tangible fixed assets are:

Furniture and equipment	-over 5 years
-------------------------	---------------

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

1 ACCOUNTING POLICIES - continued

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and that the economic benefit can be reliably measured.

Pensions

The Company participates in a defined contribution pension scheme covering the pension arrangements of all eligible employees. The assets of the scheme are invested with an insurance company. The pension cost charged in the Statement of Comprehensive Income represents the contributions payable and is disclosed in note 14.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company and arise solely within the United Kingdom.

An analysis of turnover by class of business for the year ended 31 December 2016 is given below:

	£'000
Services recharges	<u>585</u>

This analysis is not considered to be applicable to the year ended 31 December 2017.

3. STAFF COSTS

The amounts relating to staff costs were incurred by Arthur J. Gallagher Services (UK) Limited. An amount of £nil (2016: £259k) was recharged back to the Company, and is accounted for in administrative expenses

4. DIRECTORS' REMUNERATION

	2017	2016
	£'000	£'000
Directors' remuneration	44	44
Directors' pension contributions to money purchase schemes	<u>4</u>	<u>4</u>
	<u>48</u>	<u>48</u>

The number of Directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid Director is as follows:

	2017	2016
	£'000	£'000
Director's remuneration	32	32
Director's pension contributions to money purchase schemes	<u>3</u>	<u>3</u>
	<u>35</u>	<u>35</u>

The above amounts represent remuneration allocated to the Directors based on their directorships of entities within the Group. This is on a different basis to which Directors remunerations are recharged to the Company.

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £'000	2016 £'000
Land and building operating leases	-	75
Auditor's remuneration – statutory audit	-	8
Foreign exchange differences	-	2

Auditor's remuneration of £8k has been borne by another group undertaking and has not been recharged to the Company.

6. TAXATION

Analysis of the tax charge

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

	2017 £'000	2016 £'000
<i>Current tax:</i>		
UK corporation tax on profits for the period	(1)	39
Adjustments in respect of previous periods	3	-
Total current tax charge	2	39
<i>Deferred tax:</i>		
Origination and reversal of timing differences	4	-
Total tax charge	6	39

Reconciliation of total tax charge included in profit and loss

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income

	2017 £'000	2016 £'000
Profit before tax	9	168
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 : 20.00%)	2	34
<i>Effects of:</i>		
Expenses not deductible	-	5
Transfer pricing adjustments	2	-
Adjustment from previous periods	2	-
Total tax charge	6	39

The Company profits are taxable in the UK under the standard rate of corporation tax being 19.25% (2016: 20%) The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government has legislated to reduce the main rate of corporation tax to 17% to apply from April 2020. These reductions have been reflected in the closing deferred tax asset, as they were enacted at the Statement of Financial Position date.

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

7. TANGIBLE FIXED ASSETS	Fixtures and fittings £'000
COST	
At 1 January 2017	3
Transfer	(3)
At 31 December 2017	-
DEPRECIATION	
At 1 January 2017	2
Transfer	(2)
At 31 December 2017	-
NET BOOK VALUE	
At 31 December 2017	-
At 31 December 2016	1

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017 £'000	2016 £'000
Amounts owed by group undertakings	759	1,623
Deferred tax asset	-	10
Prepayments and accrued income	-	15
	<u>759</u>	<u>1,648</u>

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

	Deferred tax £'000
Balance at 1 January 2017	10
Released during the year	(10)
	<u>-</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017 £'000	2016 £'000
Amounts owed to group undertakings	114	1,040
Corporation tax	-	38
Other creditors	-	12
	<u>114</u>	<u>1,090</u>

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

10. OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable operating leases in the name of the Company fall due as follows:

	2017 £'000	2016 £'000
Within one year	-	24
Between one and five years	-	6
	<u>-</u>	<u>30</u>

During the year the lease was transferred to Arthur J. Gallagher Insurance Brokers Limited, a fellow group subsidiary.

ROSSBOROUGH INSURANCE SERVICES LIMITED

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

11. PROVISIONS FOR LIABILITIES

	2017 £'000	2016 £'000
Property dilapidation provision	-	22
		Property dilapidation provision £'000
Balance at 1 January 2017		22
Provided during the year		6
Transferred during the year		(28)
		-

Property dilapidation provision

The provision for dilapidation is based on a calculation supplied by an external property management consultant, and applies to the current lease that the Company holds. The timing of outflows relating to these liabilities is uncertain as at the end of the reporting.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2017 £'000	2016 £'000
10,000	Ordinary shares	£1	10	10

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. The Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or member. In addition, the shares carry pre-emption rights.

13. RESERVES

Called Up Share Capital - represents the nominal value of shares that have been issued.

Retained Earnings - includes all current and prior period retained profit and losses.

14. PENSION COMMITMENTS

The Company participates in a defined contribution pension scheme operated by the Group. The pension costs for the Company for the scheme have been incurred by Arthur J. Gallagher (UK) Services Limited.

15. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent company is RA Rossborough Limited, a company registered in Jersey. The largest group of undertakings of which the Company is a member and for which financial statements are prepared, is headed up by Arthur J. Gallagher & Co., a company incorporated in the United States of America, which is the ultimate holding company. The registered address of Arthur J. Gallagher & Co. is 2850 W. Golf Rd, Rolling Meadows, IL 60008. The registered address of Arthur J. Gallagher & Co. is 2850 W. Golf Rd., Rolling Meadows, IL 60008. A copy of these consolidated financial statements is available from the registered office of the Company.

16. EVENTS AFTER THE REPORTING PERIOD

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