

**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014
FOR
QUILLCO 226 LIMITED**

WEDNESDAY



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QUILLCO 226 LIMITED

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

	Page
Company Information	1
Strategic Report	2
Report of the Director	3
Independent Auditor's Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

QUILLCO 226 LIMITED

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

DIRECTOR: M Pike

SECRETARY: J D Wade

REGISTERED OFFICE: Spectrum Building 7th Floor
55 Blythswood Street
Glasgow
G2 7AT

REGISTERED NUMBER: SC304646 (Scotland)

INDEPENDENT AUDITOR: Ernst & Young LLP
Statutory Auditor
1 More London Place
London
SE1 2AF

QUILLCO 226 LIMITED

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

The Director presents his Strategic Report for the period ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of a holding company.

The Company is a wholly owned subsidiary of Rio 588 Limited (formerly DMWSL 588 Limited), a company registered in England and Wales. On 14 November 2013 Arthur J Gallagher & Co. ("the Group"), a company incorporated in USA and registered in Delaware, became the ultimate holding company and ultimate controlling party.

REVIEW OF BUSINESS

The results of the Company for the period show neither a profit or loss on ordinary activities before tax (2013:£nil). The Company did not receive any income from its subsidiaries, nor did it incur any costs for the financial period ended 31 December 2014 (2013:£nil). The shareholders' funds for the Company total £1,576k (2013:£1,587k).

RESULTS AND DIVIDENDS

The results for the period ended 31 December 2014 are set out in these financial statements on pages 5 to 11. Dividends of £nil were paid during the period (2013:£nil). The Director has not recommended the payment of a final dividend (2013:£nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operations and debt profile expose it to a variety of financial risks including the effects of changes in liquidity, interest rates and counterparty credit risks. The Company has in place a risk management programme and policies that seek to limit the adverse impact upon the Company of these financial risks.

Borrowing facilities and liquidity risk

The Group maintains facilities to ensure it has adequate funds available to finance operations and the growth of the business.

Risk management

The Company's immediate parent is Rio 588 Limited (formerly DMWSL 588 Limited) and its ultimate parent is Arthur J. Gallagher & Co. Robust risk management is fundamental to the achievement of the Group's objectives. The Group's Board of Directors are responsible for setting the Group's risk appetite and ensuring that it has an appropriate and effective risk management framework and monitors the ongoing process for identifying, evaluating, managing and reporting significant risks faced. To facilitate this, the Group maintains a risk framework, through which the key risks affecting the Group are identified, assessed and monitored.

BY ORDER OF THE BOARD:



J D Wade - Secretary

Date: 28 September 2015

QUILLCO 226 LIMITED

REPORT OF THE DIRECTOR FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014

The Director presents his report with the audited financial statements of the company for the period ended 31 December 2014.

DIVIDENDS

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

EVENTS SINCE THE END OF THE PERIOD

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

DIRECTORS

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

P Matson	- resigned 31 January 2014	
B McManus	- resigned 30 June 2014	
M Mugge	- appointed 31 January 2014	- resigned 26 January 2015
D Ross	- appointed 31 January 2014	- resigned 09 February 2015
M Pike	- appointed 09 February 2015	

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial period. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Director 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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.

DIRECTORS' INDEMNITY PROVISIONS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Director is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BY ORDER OF THE BOARD:



J B Wade - Secretary

Date: 28 September 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUILLCO 226 LIMITED

We have audited the financial statements of Quillco 226 Limited for the period ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of director and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Report of the Director and audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

John Headley (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

Date: *28 September 2015*

QUILLCO 226 LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014**

	Notes	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT and PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	-
Tax on profit on ordinary activities	4	<u>(11)</u>	<u>121</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		<u>(11)</u>	<u>121</u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current period or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

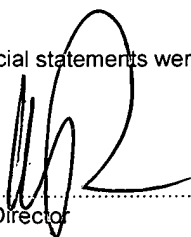
The Company has no recognised gains or losses other than the loss for the current period and the profit for the previous year.

QUILLCO 226 LIMITED (REGISTERED NUMBER: SC304646)

**BALANCE SHEET
31 DECEMBER 2014**

	Notes	£'000	Dec 2014 £'000	£'000	Aug 2013 £'000
FIXED ASSETS					
Investments	5		12,413		12,413
CURRENT ASSETS					
Debtors	6	18,364		18,497	
CREDITORS					
Amounts falling due within one year	7	<u>29,201</u>		<u>29,323</u>	
NET CURRENT LIABILITIES			<u>(10,837)</u>		<u>(10,826)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,576</u>		<u>1,587</u>
CAPITAL AND RESERVES					
Called up share capital	9		104		104
Share premium	10		1,362		1,362
Profit and loss account	10		<u>110</u>		<u>121</u>
SHAREHOLDERS' FUNDS	13		<u>1,576</u>		<u>1,587</u>

The financial statements were approved by the director on 28 September 2015 and were signed by:


.....
M Pike - Director

QUILLCO 226 LIMITED

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

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and comply with UK GAAP. These accounting policies have been applied consistently during the year.

The Director has taken advantage of Section 401 of the Companies Act 2006 in not preparing consolidated financial statements on the basis that the results of the Company are included within the consolidated financial statements of Arthur J. Gallagher & Co., a Company incorporated in the United States of America and for which accounts are publicly available from the Company's registered office.

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Arthur J. Gallagher & Co. Group or investees of the Arthur J. Gallagher & Co. Group.

Taxation

Provision is made at current rates for taxation. In accordance with FRS19, deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax in future periods.

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

Deferred tax assets and liabilities are not discounted.

Fixed asset investments

Fixed asset investments in the financial statements are stated at cost less provision for any impairment.

2. DIRECTORS' EMOLUMENTS

The Directors were remunerated during the year by Arthur J. Gallagher (UK) Limited, a subsidiary with the Group, and Arthur J. Gallagher & Co., the ultimate parent undertaking. Neither of these Directors received any emoluments during the year in respect of their services as a Director of the Company (2013: £nil) and it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other Group companies. The Company has not been recharged any amount for the emoluments of these Directors (2013:£nil).

3. OPERATING PROFIT

During the period there was no operating profit (2013:£nil).

Auditor remuneration for the current period of £1.5k (2013:£2.3k) is borne on the behalf of the Company by a fellow Group undertaking.

QUILLCO 226 LIMITED

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

4. TAXATION

Analysis of the tax charge/(credit)

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

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
Current tax:		
Group relief (surrendered to)/claimed from fellow Group companies	(122)	-
Prior year adjustments	-	12
Total current tax	<u>(122)</u>	<u>12</u>
Deferred tax:		
Origination and reversal of timing differences	131	(133)
Impact of difference in tax rates	<u>2</u>	<u>-</u>
Total deferred tax	<u>133</u>	<u>(133)</u>
Tax on profit on ordinary activities	<u>11</u>	<u>(121)</u>

Factors affecting the tax charge/(credit)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.9.13 to 31.12.14 £'000	Year Ended 31.8.13 £'000
Profit on ordinary activities before tax	<u>-</u>	<u>-</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.87% (2013 - 23.58%)	-	-
Effects of:		
Adjustments to tax charge in respect of previous periods	-	12
Group relief not paid for	-	113
Adjustments in respect of transfer pricing	<u>(122)</u>	<u>(113)</u>
Current tax charge/(credit)	<u>(122)</u>	<u>12</u>

Factors that may affect future tax charges

The Company profits are taxable in the UK under the standard rate of corporation tax being 21.87% (2013: 23.58%). The Company is expected to continue to attract the standard rate of UK corporation tax. The UK government legislated during 2013 to reduce the main rate of corporation tax to 21%, applicable from 1 April 2014, with a further reduction of 1% to 20% to apply from 1 April 2015. Further legislation has been announced, due to be enacted post September 2015, to reduce the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. The impact of these changes to legislation are not quantifiable at the date of this report.

Group relief has been paid for at 21.87% (2013: 0%), which is in line with the AJG Group policy. The policy pre acquisition by the AJG Group was that group relief was surrendered for nil payment.

QUILLCO 226 LIMITED

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

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 September 2013	
and 31 December 2014	<u>12,413</u>
NET BOOK VALUE	
At 31 December 2014	<u>12,413</u>
At 31 August 2013	<u>12,413</u>

A full listing of the Company's investments at the year end is detailed within note 14.

The Director considers that the value of the investments is supported by their underlying assets.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Dec 2014 £'000	Aug 2013 £'000
Amounts owed by Group undertakings	18,364	18,316
Other debtors	-	48
Deferred tax asset (see note 8)	<u>-</u>	<u>133</u>
	<u>18,364</u>	<u>18,497</u>

Amounts owed by Group undertakings are repayable on demand and are on an interest free basis.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Dec 2014 £'000	Aug 2013 £'000
Trade creditors	-	1
Amounts owed to Group undertakings	<u>29,201</u>	<u>29,322</u>
	<u>29,201</u>	<u>29,323</u>

Amounts owed to Group undertakings are repayable on demand and are on an interest free basis.

8. DEFERRED TAX

	£'000
Balance at 1 September 2013	(133)
Movement during period	<u>133</u>
Balance at 31 December 2014	<u>-</u>

The Company has unrecognised deferred tax assets of £120k (2013:£nil) in respect of unutilised tax losses. No deferred tax assets are recognised as these assets are not expected to be utilised in the foreseeable future.

QUILLCO 226 LIMITED

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

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	Dec 2014	Aug 2013
Number:	Class:		£'000	£'000
73,028,661	A ordinary shares	£0.001	73	73
30,587,500	B ordinary shares	£0.001	31	31
			<u>104</u>	<u>104</u>

The A ordinary shares and B ordinary shares rank pari-passu in all respects.

10. RESERVES

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 September 2013	121	1,362	1,483
Deficit for the period	<u>(11)</u>	<u></u>	<u>(11)</u>
At 31 December 2014	<u>110</u>	<u>1,362</u>	<u>1,472</u>

11. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent Company is Rio 588 Limited (formerly DMWSL 588 Limited), a Company registered in England and Wales. The largest Group of undertakings of which the Company is a member and for which financial statements are prepared is headed up by Arthur J. Gallagher & Co. On 14 November 2013 Arthur J. Gallagher & Co, a Company incorporated in USA and registered in Delaware, became the ultimate holding Company and ultimate controlling party. A copy of the consolidated financial statements is available from the registered office of the Company.

12. POST BALANCE SHEET EVENTS

The Directors agree that there are no post balance sheet events to disclose.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Dec 2014 £'000	Aug 2013 £'000
(Loss)/profit for the financial period	<u>(11)</u>	<u>121</u>
Net (reduction)/addition to shareholders' funds	(11)	121
Opening shareholders' funds	<u>1,587</u>	<u>1,466</u>
Closing shareholders' funds	<u>1,576</u>	<u>1,587</u>

QUILLCO 226 LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 DECEMBER 2014****14. FIXED ASSET INVESTMENTS**

The investments held by the Company at the Balance Sheet date are as follows:

Company	Country of Registration	Shareholding	%
Quillco 227 Limited	Scotland	Ordinary	100.00
Dallas Kirkland (Professions) Limited*	England & Wales	Ordinary	100.00
Ink Underwriting Agencies Limited*	England & Wales	Ordinary	100.00
Westinsure Group Limited*	England & Wales	Ordinary	100.00
Westinsure Online Limited*	England & Wales	Ordinary	100.00
Giles Holdings Limited*	Scotland	Ordinary	100.00
Rossborough (Cayman Islands) Ltd*	Cayman Islands	Ordinary	100.00
R. A. Rossborough Limited*	Jersey	Ordinary	100.00
R. A. Rossborough (Guernsey) Limited*	Guernsey	Ordinary	100.00
R. A. Rossborough (Insurance Brokers) Limited*	Jersey	Ordinary	100.00
Rossborough Healthcare International Limited*	Guernsey	Ordinary	100.00
Rossborough Insurance (IOM) Ltd*	Isle of Man	Ordinary	100.00
Rossborough Insurance Services Ltd*	Jersey	Ordinary	100.00
Rossborough Insurance Brokers Limited*	England & Wales	Ordinary	100.00
Giles Project Risks Limited*	England & Wales	Ordinary	100.00
Giles Plus Services Limited*	Scotland	Ordinary	100.00
Sutton Barnard Limited*	England & Wales	Ordinary	100.00
LRG Insurance Services Limited*	England & Wales	Ordinary	100.00
CBG London Limited*	England & Wales	Ordinary	100.00
CBG Sports Limited*	England & Wales	Ordinary	100.00
CBG Corporate Director Limited*	England & Wales	Ordinary	100.00
CBG Spencer Lavery Healthcare Limited*	England & Wales	Ordinary	100.00
Exius Limited*	England & Wales	Ordinary	100.00
Rockbridge Healthcare Limited	England & Wales	Ordinary	100.00
Insurance Watchdog Limited	England & Wales	Ordinary	100.00

* Held indirectly