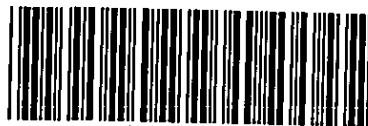


Risk & Reward Group (Holdings) Limited

Annual Report and Financial Statements

For the year ended 31 December 2012

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COMPANIES HOUSE

Company Number 4093521

Risk & Reward Group (Holdings) Limited

DIRECTORS

T N Johnson
G R Yearsley
P A W Holden
M S Mugge

SECRETARY

W L McGowan

REGISTERED OFFICE

The Walbrook Building
25 Walbrook
London
EC4N 8AW

AUDITORS

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

REGISTERED NUMBER

4093521

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors presents their annual report and the financial statements of Risk & Reward Group (Holdings) Limited for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The company principal activity has been that of a holding company whose subsidiary, carried on the business of employee benefits consultants and independent financial advisors. The company's primary trading subsidiary is Gallagher Risk & Reward Limited a company authorised and regulated by the Financial Conduct Authority

RESULTS AND DIVIDENDS

The company did not receive any dividends in the year (2011 £nil) nor pay a dividend (2011 £nil)

The company has net assets of £139,264 as at 31 December 2012 (2011 £139,264)

GOING CONCERN

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

EXEMPTION FROM CONSOLIDATION

The directors have taken advantage of Section 401 of the Companies Act 2006 in not preparing consolidated financial statements on the basis that the results of the company are included within the consolidated financial statements of Arthur J. Gallagher & Co. a company incorporated in the United States and for which results are publically available for the company's registered office in the United States

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2012 is shown below

T N Johnson	
G R Yearsley	
P A W Holden	
E J Neumaier III	(resigned 15 August 2013)
M S Mugge	

SECRETARY

W L McGowan	(appointed 11 September 2012)
A Pfizner	(resigned 10 September 2012)

No director had any interest in the shares of the company

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Interest Rate Risk

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

Price Risk

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

RISK MANAGEMENT

Robust risk management is fundamental to the achievement of the groups's objectives. The Board of Directors is responsible for setting the group's risk appetite and ensuring that it has an appropriate and effective risk management framework and monitors the ongoing process for identifying, evaluating, managing and reporting significant risks faced by the group. To facilitate this, the group maintains a Risk Framework, through which the key risks affecting the group are identified, assessed and monitored.

EMPLOYEES

The Company has no employees

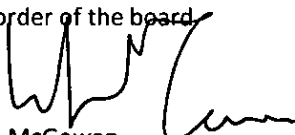
DISCLOSURE OF INFORMATION TO THE AUDITORS

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

AUDITORS

Ernst & Young LLP will be reappointed as the Company's auditor for the ensuing year in accordance with Chapter 2 of Part 16 of the Companies Act 2006

By order of the board



W L McGowan
Secretary

Date 18 September 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES WITH RESPECT TO THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for the period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping 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.

INDEPENDENT AUDITORS' REPORT
to the members of Risk & Reward Group (Holdings) Limited

We have audited the financial statements of Risk & Reward Group (Holdings) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the company's affairs as at 31 December 2012 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practices, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
to the members of Risk & Reward Group (Holdings) Limited (continued)

Matters on which we are required to report by exception

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

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



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

PROFIT & LOSS ACCOUNT
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Administration expenses		-	(1,400)
Investment in subsidiary written off during year		-	(3)
OPERATING LOSS		-	(1,403)
Interest payable	7	-	(60)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(1,463)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		-	(1,463)
RETAINED LOSS TRANSFERRED TO RESERVES		-	(1,463)

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

There were no recognised gains and losses other than those reflected in the profit and loss account, therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis

The notes on pages 9 to 11 are an integral part of these financial statements

Risk & Reward Group (Holdings) Limited
Company Number 04093521 Registered in England & Wales

BALANCE SHEET
as at 31 December 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Investment in subsidiaries	6	40,842	40,842
DEBTORS			
Other debtors	8	99,882	99,882
CREDITORS: amounts falling due within one year		(1,460)	(1,460)
NET CURRENT ASSETS		98,422	98,422
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>139,264</u>	<u>139,264</u>
CAPITAL RESERVES			
Called-up share capital	9	10,394	10,394
Share premium account	10	99,487	99,487
Profit and loss account	10	29,383	29,383
SHAREHOLDERS' FUNDS		<u>139,264</u>	<u>139,264</u>

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



Mark Mugge
Director

The notes on pages 9 to 11 are an integral part of these financial statements

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared on the basis of the accounting policies set out below and have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice)

The company has taken advantage under FRS 1 (revised) of the exemption available to wholly owned subsidiaries not to produce a cash flow statement

Going concern

Arthur J Gallagher & Co has indicated its support for the company for the foreseeable future. As such, the directors expect that the company has adequate resources to continue in operational existence. For this reason they continue to adopt the going concern basis in the preparation of the financial statements

Group accounts

The company has taken advantage of the exemption from preparation of consolidated accounts in Section 401 of the Companies Act 2006, as its results are included in the financial statements of Arthur J Gallagher & Co a company incorporated in the United States of America

Financial Reporting Standard 8 "Related Party Disclosures" exempts the reporting of transactions between group companies. As a wholly-owned subsidiary, the Company has taken advantage of this exemption

Investments

Investment in subsidiary undertakings in the financial statements are stated at cost less provision for any impairment in value

2. INVESTMENT INCOME

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

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2012 nor for the year ended 31 December 2011

4. DIRECTORS' EMOLUMENTS

The Directors were remunerated during the year by Gallagher Risk & Reward Limited, a subsidiary within the group and Arthur J Gallagher & Co the ultimate parent undertaking. None of these Directors received any emoluments during the year in respect of their services as a Director of the Company (2011: £nil) and it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other group companies. The Company has not been recharged any amount for the emoluments of these Directors (2011: £nil)

Risk & Reward Group (Holdings) Limited**NOTES TO THE ACCOUNTS**

For the year ended 31 December 2012

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2012	2011
	£	£
Auditor's remuneration		
Audit of the financial statements	4,000	4,000
	4,000	4,000

Auditors' remuneration for the year amounted to £4,000 (2011 £4,000) and was borne on behalf of the Company by Arthur J. Gallagher (UK) Limited, a fellow group undertaking. Fees payable to the auditors for other (non-audit) services are in respect of services to the Group as a whole and are disclosed in the consolidated accounts of the Company's ultimate parent company.

6 INVESTMENT IN SUBSIDIARIES	Subsidiary undertakings
	£
Cost	
At 1 January 2012 and 31 December 2012	40,842
Net Book Value	
At 1 January 2012 and 31 December 2012	40,842

Details of the investment in which the company holds more than 10% of the nominal value of any class of share capital are as follows (all held by the Company unless indicated)

Name of company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and shares held	Nature of business
Gallagher Risk & Reward Limited	England & Wales	Ordinary	100%	Employee Benefits

7. INTEREST PAYABLE

Interest payable corresponds to interest payable to HMRC in regards to late filing penalties in 2011

8 DEBTORS	2012	2011
	£	£
Amounts owed from group undertakings	99,882	99,882
	99,882	99,882

Risk & Reward Group (Holdings) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

9 CALLED UP SHARE CAPITAL	2012 Number	2011 Number	2012 £	2011 £
Allotted, issued and fully paid				
Ordinary share of £0.01 each	1,039,382	1,039,382	10,394	10,394

10. RESERVES	Called up share capital £	Share premium account £	Profit and loss account £	2012 Total £	2011 Total £
At 1 January	10,394	99,487	29,383	139,264	140,727
Loss for the year	-	-	-	-	(1,463)
At 31 December	10,394	99,487	29,383	139,264	139,264

11 ULTIMATE PARENT COMPANY

The immediate parent company is Gallagher Holdings Two (UK) Limited, a company registered in England and Wales. The smallest and largest group of undertakings of which the company is a member and for which financial statements are prepared, is headed up by Arthur J. Gallagher & Co. A company incorporated in the United States of America, which is the ultimate parent undertaking. A copy of the consolidated financial statements is available from the registered office of Risk & Reward Group (Holdings) Limited.

12. COMMITMENTS

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

13. POST BALANCE SHEET EVENTS

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