B. P. MARSH & PARTNERS PLC

2009 ANNUAL REPORT

COMPANY INFORMATION

Directors
Brian Marsh OBE *(Chairman)*
Jonathan Newman *(Group Director of Finance)*
Robert King *(Director)*
Natasha Dunbar *(Non-executive)*
Stephen Clarke *(Non-executive)*
Philip Mortlock *(Non-executive)*

Company Secretary
Robert King

Company Number
5674962

Registered Office
2nd Floor, 36 Broadway
London, SW1H 0BH

Auditors
Rawlinson & Hunter, 8th Floor
6 New Street Square, London, EC4A 3AQ

Broker And Nominated Adviser
Arbuthnot Securities Limited
Arbuthnot House, 20 Ropemaker Street
London, EC2Y 9AR

Registrar
Capita Registrars, Northern House
Woodsome Park, Fenay Bridge
Huddersfield, West Yorkshire, HD8 0LA

Public Relations
Redleaf Communications Limited
11 – 33 St John Street
London, EC1M 4AA

Making investments is not like saving and not like spending either. It is like choosing a canvas or a theme: where to try to be creative next.

Growth, maturity

and a vision for success.

B. P. Marsh & Partners Plc
2nd Floor
36 Broadway
London
SW1H 0BH
Tel: +44 (0)207 233 3112
Fax: +44 (0)207 222 0294
www.bpmarsh.co.uk

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photography by rodney smith

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GROUP PROFILE

The B. P. Marsh Group (the "Group") is a niche venture capital provider to early stage financial services businesses. It will consider investing in start-ups, management buy-outs, management buy-ins, hive-offs and similar opportunities. It is also able to provide follow-on funding for successful companies in its portfolio when required for further growth.

The Group typically invests up to £2.5 million in financial service investment opportunities based in the United Kingdom, but will also consider opportunities in Europe, North America and occasionally elsewhere. It likes to invest in people businesses with good management.

The Group does not seek to impose exit pressures on its investee companies, but prefers to work with management to develop a mutually acceptable exit route.

The Group has a considerable bank of experience in the financial services sector and seeks to use this experience to add value to its investments. It is also able to provide consultancy and administrative services to its portfolio of investments when required.

The Group's aim is to be the capital provider of choice to the financial services intermediary sector.

We are here to help groups of experts in their own field, with viable niche businesses, through the early uncertain years of their independence from a large organisation; we also provide young and growing businesses, whose management perceive opportunities for expansion, with the required funding and advice on structuring.

We are in the business of planting things, not shooting at them – we are farmers not hunters.

I am pleased to present the final audited results for B. P. Marsh & Partners Plc (the "Group") and its consolidated statements for the year ended 31st January 2009.

Overview

During the financial year ended 31st January 2009 the Group made the following investments:

- We invested a further £1.06m (€1.33m) in Summa Insurance Brokerage S. L. ("Summa"). Based in Madrid, Summa is a consolidator of regional Spanish brokerages. This investment represents the second of three agreed tranches (totalling €4m) of investment, and was made alongside another €4m investment from a well-respected private Spanish investor, to facilitate the next stage of Summa's expansion. Summa itself completed a number of acquisitions in several regions of Spain during the year under review, bringing its total number of acquisitions to 15 to date;
- We provided a £0.4m loan to Besso Holdings Limited ("Besso") to fund business development in Australia. Besso is a longstanding investment, acquired by the Group in February 1995, which has experienced steady growth in previous years and seeks to expand further;
- We invested £0.5m in Trillium Partners Limited ("Trillium"), an independent financial advisory firm serving the European Media and Information sector, and we have agreed to provide a further £0.75m in loans, subject to performance, to develop the business further of which £0.25m has been drawn down to date. Trillium was founded in 2004 and has advised corporations, private equity firms and high net worth individuals in relation to a broad range of assignments including acquisitions, disposals, mergers and fund raisings;
- We acquired a 35% shareholding in Amberglobe Limited ("Amberglobe") for consideration of £0.07m and we have agreed to provide a further £0.63m in loans to develop the business, of which £0.51m has been drawn down to date. Amberglobe is a business that acts as an agent for the sellers of SME businesses in the sub £3m price bracket, such as childcare centres, care homes, corner shops and restaurants.

During this period the Group also made the following realisations:

- We sold our investment in Principal Investment Holdings Limited ("Principal") to the Sanlam Group for an immediate cash payment of £5.8m and a preferred dividend entitlement of £0.17m. The Group was also anticipating further consideration of up to £1.45m, payable on the first and second anniversaries of the sale, subject to the performance of the FTSE 100 index over the years to 31st December 2008 and 31st December 2009 respectively. However, due to the recent turbulence in the financial markets and the poor performance of the FTSE 100 index, the Group has currently written off its expectation of receiving any further consideration from the sale.
- We also sold off the UK Division of Paterson Martin Limited to EMB Consulting Limited for £0.06m whilst maintaining our investment in the North American arm of the business, now renamed Paterson Squared, LLC.

During the year under review, Hyperion Insurance Group Limited ("Hyperion") secured the backing of 3i, a world leader in private equity, who acquired a 29% shareholding in the company in exchange for an investment commitment of £50m. Hyperion repaid the £2.35m loan outstanding to the Group in full. We welcome 3i as an investment partner in Hyperion, which we see as a major step forward in its continued growth and development. As a result of this transaction, the Group's shareholding decreased from 27.89% to 20.02%.

Hyperion was ranked 90th in the 2008 Sunday Times Buyout Track 100. It was also ranked 27th in the 2008 Insurance Times Top 50 UK Brokers league table and 10th in Post Magazine's 2008 Top 25 City Brokers report.

Our colleagues at JMD Specialist Insurance Services Group Limited successfully launched a new Premium Payment Reporting package, which will provide London market organisations with the tools to measure and monitor the Key Performance Indicators for premium processing and payment and enabling them to monitor the impact of the Market Reform changes as well as quantifying their effect on their own organisation.

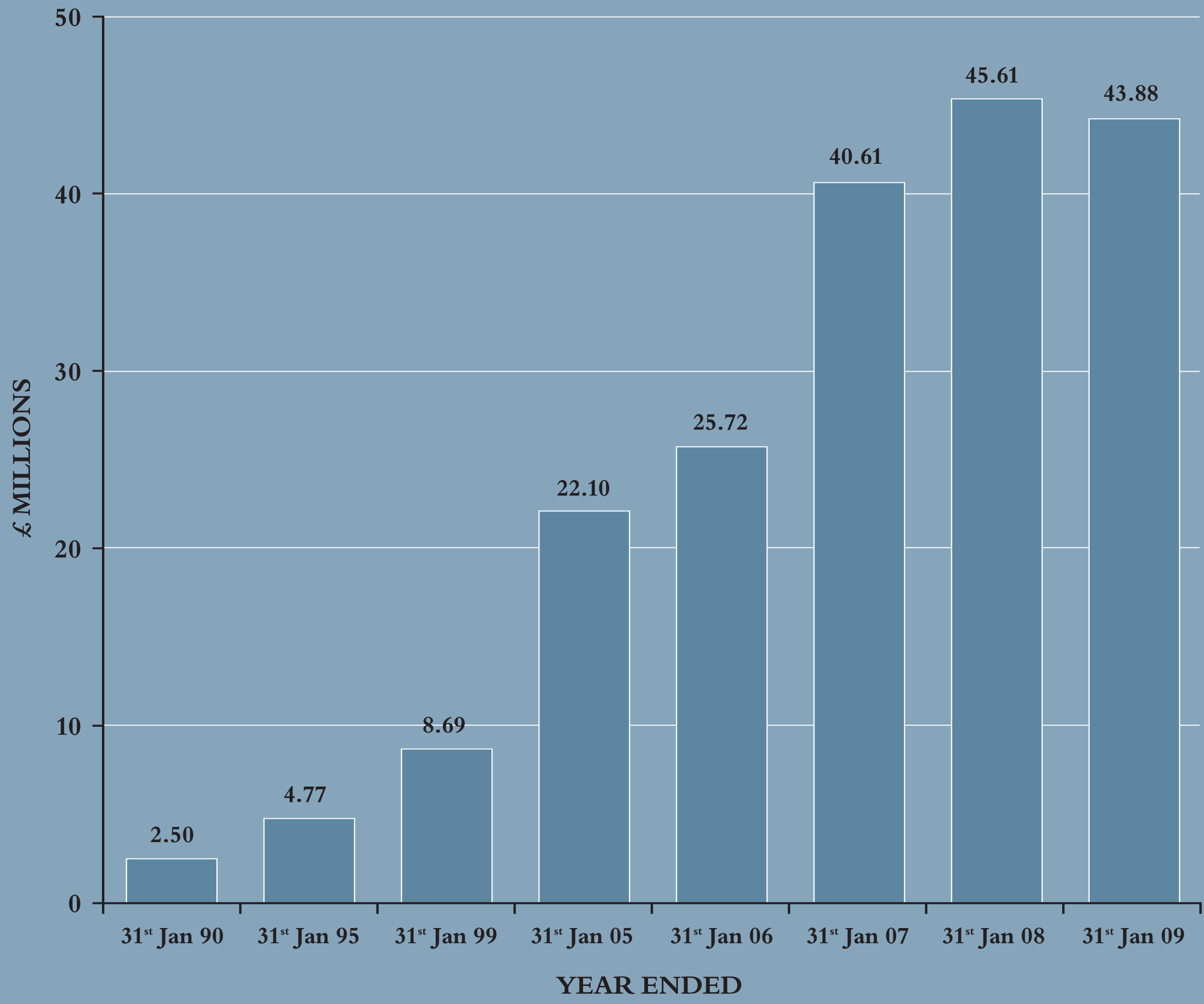
In November our colleagues at LEBC Holdings Limited established The Retirement Advisor, an independent financial advisory service that specialises in Pension Funds, particularly with regard to annuities.

We made a £3.0m profit upon the sale of Principal over the cost of the original investment. However, as the value of the Group's holding in Principal decreased from 31st January 2008 until the sale, it reported a £0.9m loss in the Income Statement. This reduction was due to the economic downturn which directly affected Principal's revenues and lead to a lower valuation.

In addition we have taken a £4.1m reduction in our valuation of Portfolio Design Group International Limited.

GROUP VALUATIONS

The Group made total distributions of £4,432,000 between 2002 and 2006 and therefore the valuations below are net of these distributions. The valuation as at 31st January 2007 includes £10.1m net proceeds raised on AIM.



NB: The valuations to 31st January 2007 were originally prepared under UK GAAP and were reflective of the Net Asset position at the Balance Sheet date excluding any deferred tax provision. From 31st January 2008 the provision is now included within the Balance Sheet and therefore, for comparative purposes, all prior valuations are shown net of deferred tax.

We currently hold a total of 11 investments, in companies at various stages of development. I have been impressed with their resilience in the light of the current recession that is hitting businesses across the world, but particularly in the financial services industry, and am confident of the continued success of our portfolio in the forthcoming year.

In my interim statement in October 2008, I gave thought to the future options that lay open to the Group. I can confirm that although we are continuing as before, these are still under review and being tested by the Board.

Financial Performance

Difficult conditions have been experienced by the market in general during the year under review. According to analysis of statistics provided by the London Stock Exchange, the average market value of companies trading on AIM dropped by 53.9%, from £54m in January 2008 to £24.9m in January 2009. During the same period, the quoted share price of the Group decreased by 51.3%.

By contrast, at 31st January 2009, the net asset value of the Group was £43.9m (2008: £45.6m) after making allowance for deferred Corporation Tax, a decrease of 3.8%.

The directors have noted that the Group has therefore achieved an annual compound growth rate of 13.7% after running costs, realisations, losses and distributions and having made an appropriate allowance for deferred Corporation Tax since its establishment in 1990.

Based upon the above figures, the Group's net asset value per share as at 31st January 2009 was 150p (2008: 156p).

Reflecting the unrealised losses on revaluation of the portfolio, the consolidated loss on ordinary activities after tax for the year was £1.7m (2008: profit of £4.8m). However, excluding portfolio movement the Group made a pre-exceptional items profit of £0.4m (2008: profit of £0.5m).

Business Strategy

The Group typically invests amounts of up to £2.5m and only takes minority equity positions, normally acquiring between 15% and 40% of an investee company's total equity, and based on our current portfolio, the average investment has been held for approximately six years. The Group requires its investee companies to adopt certain minority shareholder protections and appoints a director to the relevant board. The Group's successful track record is based upon a number of factors that include, amongst other things, a robust investment process, the management's considerable experience of the financial services sector, and a flexible approach towards exit-strategies.

The Group currently has committed to provide a further £5.9m of funding for its existing investments.
This can be broken down into;

- £4.6m - Loan commitments to existing investee companies
- £1.3m - Third capital increase to Summa

After taking this into consideration, the Group currently has approximately £0.9m of cash available for further investments, excluding any realisations.

People

In December 2008 we said farewell to Francis de Zulueta, who had been with the Group for over seven years and who had served as a director since the beginning of 2006. The Board would like to thank him for his dedicated contribution to the Group and wish him every success in the future.

We also said farewell to Clare Ferguson who resigned as non-executive director of the Group with effect from 31st January 2009. She had served the Group as a member of the Board since August 2006 and we would like to thank Clare for her significant contribution to the Group.

The directors consider that the Group remains unique in its investment sector. We continue to see a large number of investment opportunities with good management and business plans that fit with our tried and tested business strategy.

Brian Marsh OBE
2nd June 2009

We are in the business of helping our Partners wherever we can; of trying to protect that which is good in a Company; of trying to supply that which is needed by it; and of trying to help our supported businesses to move forward down their management's chosen path. We are a resource to help with the various challenges.

As at 31st January 2009 the Group's equity interests were as follows:

Amberglobe Limited

(www.amberglobe.co.uk)

In March 2008 the Group assisted in establishing Amberglobe, a business sales platform that provides valuation and negotiation services for the sale of SME businesses in the sub £3m sector.

Date of investment: March 2008
Equity stake: 35.0%
31st January 2009 valuation: £70,000

Berkeley (Insurance) Holdings Limited

(www.berkeleyinsurance.com)

In July 2002 the Group invested in Berkeley (Insurance) Holdings, a company that provides its clients with independent advice on the most suitable choice of insurance broker in specialist as well as mainstream insurance areas.

Date of investment: July 2002
Equity stake: 19.9%
31st January 2009 valuation: £4,000

Besso Holdings Limited

(www.besso.co.uk)

In February 1995 the Group assisted a specialist team departing from insurance broker Jardine Lloyd Thompson Group in establishing Besso Holdings. The company specialises in insurance broking for the North American wholesale market.

Date of investment: February 1995
Equity stake: 22.73%
31st January 2009 valuation: £6,804,000

HQB Partners Limited

(www.hqbpartners.com)

In January 2005 the Group made an investment in HQB Partners, a company which provides strategic transaction advice, proxy solicitation services, voting analysis and investor relations services.

Date of investment: January 2005
Equity stake: 27.72%
31st January 2009 valuation: £131,000

Hyperion Insurance Group Limited

(www.hyperiongrp.com)

The Group first invested in Hyperion Insurance Group in 1994. The Hyperion Insurance Group owns, amongst other things, an insurance broker specialising in directors' and officers' ("D&O") and professional indemnity ("PI") insurance. A subsidiary of Hyperion became a registered Lloyd's insurance broker. In 1998 Hyperion set up an insurance managing general agency specialising in developing D&O and PI business in Europe.

Date of investment: November 1994
Equity: 20.02%
31st January 2009 valuation: £22,932,000

JMD Specialist Insurance Services Group Limited

(www.jmd-sis.com)

In March 2007 the Group invested in JMD, a provider of leading-edge services to the insurance industry. Their unique approach to measurable cash flow and profit enhancements adds value to Lloyd's syndicates, UK and international insurers and re-insurers.

Date of investment: March 2007
Equity stake: 25.0%
31st January 2009 valuation: £600,000

LEBC Holdings Limited

(www.lebc-group.com)

In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.

Date of investment: April 2007
Equity stake: 22.5%
31st January 2009 valuation: £2,066,000

Paterson Squared, LLC

(www.paterson2.com)

Paterson Squared was founded by a group of professionals from the actuarial, capital markets and reinsurance advisory sectors in conjunction with the Group. The company uses sophisticated modeling techniques to assess risk, with a view to providing counter-party risk transaction advice.

Date of investment: April 2004
Equity stake: 22.5%
31st January 2009 valuation: £180,000

Portfolio Design Group International Limited

(www.surrendalink.co.uk)

In March 1994 the Group invested in the Portfolio Design Group, a company which sells with-profits life endowment policies to large financial institutions. In 2002 the company diversified into investment management.

Date of investment: March 1994
Equity stake: 20.0%
31st January 2009 valuation: £3,943,000

Public Risk Management Limited

(www.publicriskmanagement.co.uk)

In September 2003 the Group assisted in establishing Public Risk Management, a company which specialises in the development and provision of risk management services, including processes and procedures, to the public sector. This business has now ceased trading.

Date of investment: September 2003
Equity stake: 44.0%
31st January 2009 valuation: £nil

Summa Insurance Brokerage, S. L.

(www.grupo-summa.com)

In January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain.

Date of investment: January 2005
Equity stake: 48.63%
31st January 2009 valuation: £4,591,000

Trillium Partners Limited

(www.trilliumpartners.co.uk)

In March 2008 the Group invested in Trillium, an independent financial advisory firm serving the European Media and Information sector. Founded in 2004, Trillium has advised corporations, private equity firms and high net worth individuals in relation to a broad range of assignments including acquisitions, disposals, mergers and fund raisings.

Date of investment: March 2008
Equity stake: 25.0%
31st January 2009 valuation: £352,000

These investments have been valued in accordance with the accounting policies on Investments set out in Note 1 of the Consolidated Financial Statements.

B. P. Marsh & Partners Plc Annual Report & Accounts

For The Year Ended 31st January 2009

DIRECTORS

References throughout the Reports and Consolidated Financial Statements to the "Company" or "B. P. Marsh" refers to B. P. Marsh & Partners Plc, and references to the "Group" refers to the consolidated group, being the Company and its subsidiary undertakings.

Brian Marsh OBE
(Chairman), aged 68 (R) (I) (V)
Brian started his career in insurance broking and underwriting in Lloyd's and the London and overseas market over 40 years ago and was, from 1979 to 1990, chairman of Nelson Hurst & Marsh (Holdings) Ltd, before founding the Group. Brian has over 30 years experience in building, buying and selling financial services businesses particularly in the insurance sector. He is the Group's nominee director on the boards of several investee companies and is also a majority shareholder in B. P. Marsh owning 59.1% of the Company.

Jonathan Newman ACMA, MSI
(Group Finance Director), aged 34 (I) (V)
Jonathan is a chartered management accountant with over 10 years' experience in the financial services industry. He joined the Group in November 1999 and was appointed a director of B. P. Marsh in September 2001 and Group Finance director in December 2003. Jonathan is responsible for the Group's finance function, evaluates new investment opportunities and is also the Group's nominee director on the boards of several investee companies.

Robert King LLB, ACIS
(Director and Group Company Secretary), aged 30 (I)
Robert is an Associate Member of the Institute of Chartered Secretaries and Administrators and joined the Group in 2003 having started his career at PricewaterhouseCoopers. He was appointed a director of B. P. Marsh in November 2007 and continues to be responsible for the Group's legal, compliance and secretarial functions. He is also the Group's nominee director on the board of two of its investee companies.

Natasha Dunbar BBA
(Non-executive), aged 39 (R)
Natasha has over 15 years' experience in the financial services industry. Having joined the Company in 1994 she was made managing director in March 2002. In February 2008 Natasha stepped down as Managing Director and became a non-executive director on the board of B. P. Marsh. Natasha continues to act as the Group's nominee director on the boards of several investee companies. Trustees on behalf of Natasha own 4.9% of the Company.

Stephen Clarke FCA
(Non-executive), aged 71 (R) (A)
A chartered accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 25 years' experience of the financial services sector. Stephen continues to give specialist advice to B. P. Marsh on the structuring of entry and exit deals.

Philip Mortlock MA, FCA
(Non-executive), aged 71 (R) (A) (V)
A chartered accountant with over 25 years' insurance experience, Philip entered the Lloyd's insurance world in 1965 and, after some years with Fenchurch Group, joined Nelson Hurst & Marsh group as finance director and company secretary until 1990. He joined the Group in 1990 and has a great deal of experience of the special nature of broking and underwriting finances. Philip continues to give a broad range of advice to B. P. Marsh and is also the Group's nominee director on the board of one of its investee companies.

Key
(R) Member of the Remuneration Committee during the year
(A) Member of the Audit Committee during the year
(I) Member of the Investment Committee during the year
(V) Member of the Valuation Committee during the year

The Board is responsible for the Group's corporate governance policy and recognises the importance of high standards of integrity, and consistently seeks to apply the principles set out in the Combined Code on Corporate Governance (the "Code") to the extent that they are appropriate for, and applicable to, a company of B. P. Marsh's size quoted on the Alternative Investment Market ("AIM").

Directors

Details of the appointment and resignation dates of directors are shown in the Group Report of the Directors. All directors are subject to re-election within a three-year period.

All the directors have access to the advice and services of the Company Secretary and may, in furtherance of their duties, take independent legal and financial advice at the Company's expense. They also have access to the minutes of the Board, in which any concerns expressed by them regarding matters pertaining to the Group are recorded.

Whilst there is no formal process, the performance and effectiveness of each director, including the non-executive directors, is assessed on an on-going basis by the other members of the Board.

Board Meetings

The Board meets bi-monthly and at such other times as required, and receives regular reports on a wide range of key issues including investment performance, investment opportunities, disposals and corporate strategy. All major decisions affecting the Group are taken at Board level and all the directors are free to bring any matter to the attention of the Board at any time.

Committees Of The Board

The Board has established four standing committees, the Audit Committee, the Remuneration Committee, the Investment Committee and the Valuation Committee. As the Board deals with all matters relating to recruitment and appointment, the Board has decided not to establish a Nominations Committee at the present time.

Audit Committee

The Audit Committee is comprised of two of the non-executive directors of the Company and is chaired by Philip Mortlock. The external auditors, together with the Group Finance Director and other financial staff are invited to attend these meetings.

In accordance with its terms of reference, one of the principal functions of this committee is to determine the appropriateness of accounting policies to be used in the Group's annual financial statements. In addition the Committee is responsible for assessing the Group's audit arrangements and the Group's system of internal controls, and to review the half-yearly and annual results before publication.

Remuneration Committee

The Remuneration Committee is comprised of three non-executive directors of the Company and Brian Marsh and is chaired by Philip Mortlock. In accordance with its terms of reference the Committee determines the level and make-up of remuneration (including bonuses and awards) of the executive directors and members of staff.

The Report of the Remuneration Committee to the shareholders on how directors are remunerated, together with details of individual directors' remuneration packages, is to be found on pages 13 to 14.

Investment Committee

The Investment Committee is comprised of all the executive directors of the Company and meets whenever significant investment matters arise which are not dealt with in the normal course of Board business. Meetings of the Investment Committee are usually held bi-monthly, normally in months during which no Board meeting has been scheduled.

Valuation Committee
The Valuation Committee is comprised of Philip Mortlock, Brian Marsh and Jonathan Newman and, in accordance with its terms of reference, is responsible for preparing investment valuations and reviewing the suitability of the Company's investee company valuation policy in conjunction with the Company's auditors.

Relations With Shareholders

The Board attaches great importance to maintaining good relationships with all of its shareholders. The executive directors meet with representatives of institutional investors and analysts to discuss their views and ensure that the corporate objectives and strategies of the Group are well understood. The Company reports formally to the shareholders twice a year, when its half-yearly and full-year results are announced, when reports are sent to shareholders and published on the Company's website (www.bpmarsh.co.uk).

The Company will advise shareholders attending the AGM of the number of proxy votes lodged for and against each resolution. Members of the Board will be in attendance at the Annual General Meeting and will be available to meet shareholders informally after the meeting.

Internal Control

The Board is responsible for ensuring the Group has effective internal controls in place throughout the year, as well as procedures necessary for reviewing the Group's system of internal controls and assessing the nature and extent of the risks facing the Group.

A statement of the directors' responsibilities in respect of the financial statements is set out on page 15.

By order of the Board
R. G. King
Company Secretary
2nd June 2009

The Remuneration Committee of the Board (the "Committee") is comprised of three non-executive directors of the Company, Philip Mortlock, Stephen Clarke and Natasha Dunbar as well as the chairman, Brian Marsh. The Committee is responsible for setting the remuneration of the executive directors and other members of staff.

Remuneration Policy

The Committee reviews remuneration levels annually and seeks to ensure that they are set at a level which is in line with comparable companies in the industry, are capable of attracting, retaining and motivating directors of appropriate calibre, are consistent with the performance of the Company and at the same time are aligned with the best interests of the shareholders.

The Committee receives advice from external remuneration advisers where appropriate.

Directors' Service Agreements

The executive directors entered into service agreements with the Company on the following dates:

DIRECTOR	DATE OF SERVICE AGREEMENT	TERM	NOTICE PERIOD
B. P. Marsh	30th January 2006	Continuous	6 months
J. S. Newman	30th January 2006	Continuous	6 months
R. G. King	27th November 2007	Continuous	6 months

The non-executive directors do not have service agreements, but their letters of appointment provide that their tenure of office is for an initial period of 12 months and shall continue until either terminated by the non-executive director or the Company on giving to the other 3 months prior written notice.

DIRECTOR	DATE OF OFFICE TENURE	INITIAL PERIOD	NOTICE PERIOD
P. J. Mortlock	30th January 2006	12 months	3 months
S. S. Clarke	30th January 2006	12 months	3 months
J. K. N. Dunbar	25th February 2008	12 months	3 months

Audited information

Stock Appreciation Rights Plan

On 16th January 2006 B. P. Marsh & Partners Plc adopted the principle terms of a Stock Appreciation Rights Plan (the "SARP") subject to the successful admission of it shares to the Alternative Investment Market in February 2006. The SARP was established to provide a long-term incentive to directors to participate in share price growth, thus aligning their interests with those of shareholders. Awards made under the SARP are at the discretion of the Remuneration Committee and the level of award is determined by reference to the individual's responsibilities and performance and the need to incentivise and tie-in key executives.

No options were exercised during the year. Share appreciation rights representing 40% of the available units granted were forfeited in prior years following the employees leaving the Group. Of the rights to the remaining units granted, 25% of the units were forfeited on employees leaving the Group and 35% were waived by the relevant employees during the current year. The expected number of units to vest has therefore been adjusted accordingly. As a consequence, no further charge in respect of these share arrangements has been made in these financial statements and the amounts recorded in reserves in respect of the earlier periods' charges have been transferred to retained earnings.

Further details are given in Note 23 to the financial statements.

Aggregate Directors' Remuneration

	2009 (£)	2008 (£)
Emoluments	865,066	820,345
Fees	28,528	65,300
Pension contributions	39,000	39,883

Aggregate Directors' Emoluments

	SALARIES AND FEES (£)	BENEFITS (£)	ANNUAL BONUSES (£)	TERMINATION PAYMENTS (£)	2009 EMOLUMENTS EXCLUDING PENSION CONTRIBUTIONS (£)
B. P. Marsh	185,000	1,397	-	-	186,397
J. K. N. Dunbar [1]	80,000	1,585	7,250	-	88,835
F. P. H. de Zulueta [2]	128,695	3,560	-	114,072	246,327
J. S. Newman	115,000	1,592	47,000	-	163,592
R. G. King	75,000	1,082	37,000	-	113,082
P. J. Mortlock	40,111	-	5,000	-	45,111
S. S. Clarke	23,250	-	5,000	-	28,250
C. M. Ferguson [3]	22,000	-	-	-	22,000

Directors' Pensions

The executive directors received the following pension contributions during the year:

	2009 (£)
B. P. Marsh	-
J. K. N. Dunbar [1]	-
F. P. H. de Zulueta [2]	20,000
J. S. Newman	11,500
R. G. King	7,500

[1] *J. K. N. Dunbar stepped down as Managing Director on 25th February 2008 and became a non-executive director of the Company on the same date.*

[2] *F. P. H. de Zulueta resigned as an executive director of the Company on 4th December 2008.*

[3] *C. M. Ferguson resigned as a non-executive director of the Company on 31st January 2009.*

This report has been approved by the Remuneration Committee and the Board as a whole and has been signed on behalf of the Chairman of the Remuneration Committee, Philip Mortlock on 2nd June 2009.

By order of the Board
R. G. King
Company Secretary

Directors

B. P. Marsh OBE (Chairman)
J. S. Newman BA, ACMA, MSI
R. G. King LLB, ACIS
Ms. J. K. N. Dunbar BBA (non-executive)
S. S. Clarke FCA (non-executive)
P. J. Mortlock MA, FCA (non-executive)
F. P. H. de Zulueta FSI (resigned 04.12.08)
C. M. Ferguson (non-executive) (resigned 31.01.09)

The directors submit their report and the audited financial statements of the Company and the Group for the year ended 31st January 2009.

Statement Of Directors' Responsibilities

The directors are responsible for preparing the annual 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 prepared the Group and the Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board ("IASB"). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group as at the year end and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Disclosure Of Information To The Auditors

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware;
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s234za of the Companies Act 1985.

Principal Activity

The principal activity of the Group during the year was the provision of consultancy services to as well as making and trading investments in financial service businesses.

Country Of Incorporation And Registration

B. P. Marsh & Partners Plc was incorporated and is registered in England and Wales.

Business Review

During the year the major activities of the Group were as follows:

- The Group invested £0.07m to acquire a 35% shareholding in Amberglobe Limited, a business sales platform that provides valuation and negotiation services for the sale of SME businesses in the sub £3m sector. In addition, the Group provided £0.25m in loans and, subject to performance, has also agreed to provide a further £0.38m in loans to further develop the business.
- The Group invested £0.5m to acquire a 25% shareholding in Trillium Partners Limited, an independent advisory firm serving the European Media and Information sector. In addition, the Group has provided £0.2m in loans and has also agreed to provide a further £0.55m in loans to further develop the business.
- The Group exited its 18.22% investment in Principal Investment Holdings Limited following its acquisition by the Sanlam Group for an immediate cash payment of £5.8m and a preferred dividend entitlement of £0.17m, yielding an overall profit of £3.0m over its original cost (refer to "Financial Perfomance" below for details).
- The Group received full repayment of its £2.35m loan to Hyperion Insurance Group Limited.
- The Group invested a further £1.06m (€1.32m) in Summa Insurance Brokerage S. L. ("Summa"), a Madrid based consolidator of regional brokerages in Spain. This was the second of three agreed tranches (the first tranche having been invested in the year to 31st January 2008), being part of an agreed total investment of €4m alongside €4m from a well-respected private Spanish investor to facilitate the next stage of Summa's expansion through acquisition.
- The Group provided £0.4m in loans to Besso Holdings Limited to fund business development in Australia.
- In September 2008 the Group agreed to a restructuring of Paterson Martin Limited, whereby the US and UK operations were hived off. As a result, the Group acquired a 22.5% shareholding in the US operation, Paterson Squared, LLC, for nominal value and its £0.25m outstanding loan was transferred to this entity. In November 2008 the Group sold its 22.5% shareholding in Optex Group Limited (formerly Paterson Martin Limited) to EMB Consulting Limited for £0.06m.
- The Group provided £0.1m in loans (from a pre-agreed £0.25m facility) to JMD Specialist Insurance Services Group Limited to further develop the business.

Financial Performance

At 31st January 2009, the net asset value of the Group was £43.9m (2008: £45.6m) including a provision for deferred tax. This equates to a decrease in net asset value of 3.8% (2008: increase of 12.3%). The reduction in net asset value was as a result of revaluing the portfolio in line with current market conditions, although the underlying business excluding portfolio movement showed a pre-exceptional items profit of £0.4m (2008: £0.5m).

In addition the Group realised an investment profit of £3.0m on the sale of Principal Investment Holdings Limited. As the Group shows year-on-year investment movement (unrealised gains and losses) through the Income Statement this profit had already been reflected through prior years' unrealised gains. Now that the gain has been crystallised the £3.0m profit has been transferred from the fair value reserve to retained earnings.

The net asset value of £43.9m at 31st January 2009 represented a total increase in net asset value of £31.3m since the Group was originally formed in 1990 having adjusted for the £10.1m net proceeds raised on AIM and the original capital investment of £2.5m. Despite the reduction in net asset value for the year, the Directors note that the Group has delivered an annual compound growth rate of 13.7% in Group net asset value after running costs, realisations, losses, distributions and deferred tax since 1990.

Based upon the above figures the Group's net asset value per share as at 31st January 2009 was 150p (2008: 156p).

Financial Performance (continued)
The Consolidated loss on ordinary activities after taxation was £1.7m (2008: profit of £4.8m). The Consolidated loss on ordinary activities before exceptional items was £2.6m (2008: profit of £5.0m). This loss includes unrealised losses on investment revaluations, and therefore the reduction in profit compared to 2008 is as a result of the investment portfolio being valued lower than in 2008 and reflects the recent turbulence in the financial markets.

Overall income from investments was down over 2008 as a result of the sale of Principal Investment Holdings Limited and through dividend yields and interest earnings reducing towards the end of the year as market conditions tightened and the UK Base Rate fell. However, the Group also reduced costs accordingly to enable it to continue the strategy of covering operational expenses through portfolio yield without the requirement for realisations.

The Group's investment portfolio movement during the year was as follows:

31ST JANUARY 2008 VALUATION	ACQUISITIONS AT COST	DISPOSALS PROCEEDS	PROVISIONS AT COST	ADJUSTED 31ST JANUARY 2008 VALUATION	31ST JANUARY 2009 VALUATION
£49.8m	£1.6m	£(5.8)m	£nil	£45.6m	£41.7m

This equates to a decline in the portfolio valuation of 8.6% (2008: increase of 11.3%).

Future Prospects
During the year under review two new investments were made and a number of other prospective investments were considered. In addition the Group assisted and supported two key acquisitions by companies within the portfolio and are currently working on one other. The Group continues to receive a strong pipeline of opportunities and continues to evaluate them for investment potential.

Financial Risk Management

The Group's operations expose it to a variety of financial risks. The Group manages the risk to limit the adverse effects on the financial performance of the Group by monitoring those risks and acting accordingly. The Group is currently debt free.

The monitoring of the financial risk management is the responsibility of the Board. The policies of the Board of directors are implemented by the Group's finance department under specific guidelines.

Price risk
The Group is exposed to private equity securities price risk. The Group manages the risk by ensuring that a director is appointed to the board of each investee company. In this capacity, the appointed director can advise the Group's Board of the investee companies' activities and prompt action can be taken to protect the value of the investment. Management reports are required to be prepared by investee companies for the review of the appointed director and by the Group Board.

Credit risk
The Group provides consulting services to its investee companies which are investigated before an investment is made and are continually monitored. As such the directors believe that the credit risk is adequately managed.

Liquidity risk
The Group had a £3m loan facility from the Chairman to enable further investment beyond existing cash finances if required, which required repayment of any amount drawn down by 30th June 2009. On receipt of proceeds from a successful investment realisation and through the repayment of a loan, given the final date of 30th June 2009, the Board agreed to cancel the facility on 30th April 2008. The directors consider the Group has sufficient liquidity to manage current commitments.

Interest rate cash flow risk
The Group has no interest bearing liabilities but does have interest bearing assets. Interest bearing assets are loans made available to investee companies to aid their expansion, and are normally subject to a minimum interest rate to protect the Group from a period of low interest rates.

Currency risk
Although the Group's investments are predominantly within the UK it also makes investments and derives income outside the UK. As such some of the Group's income and assets are subject to movement in foreign currencies which will affect the income statement in accordance with the Group's accounting policy. The Board monitors the movements and manages the risk accordingly.

Results Of The Business
The results for the year are set out on page 22. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends
The directors do not recommend the payment of a dividend in respect of the year ended 31st January 2009 (2008: £Nil).

Substantial Interests
As at 21st May 2009 the directors have been made aware that the following shareholders held disclosable interests of 3% or more of the issued share capital of the Company:

BENEFICIAL OWNER	NO. OF ORDINARY SHARES OF 10P EACH HELD	% OF ISSUED SHARE CAPITAL
Mr B. P. Marsh	17,298,771	59.1 %
Gartmore Investment Management Limited	2,133,539	7.3 %
AXA S. A.	1,635,085	5.6 %
The Tasha Dunbar Trust	1,428,614	4.9 %
The Stephen Crowther Trust	1,428,614	4.9 %
Horseman Capital Management Limited	1,408,593	4.8 %
Sanlam Asset Management Limited	1,200,000	4.1 %

Directors
The names of the directors who served at any time during the year are stated at the head of this report.

The directors' interests in the shares of the Company were:

	31ST JANUARY 2009 ORDINARY SHARES OF 10P EACH	31ST JANUARY 2008 ORDINARY SHARES OF 10P EACH
Mr B. P. Marsh	17,298,771	17,121,771
The Tasha Dunbar Trust	1,428,614	1,428,614

The Tasha Dunbar Trust holds shares in trust for Natasha Dunbar who is a director of the Company.

Policy On Payment Of Suppliers
The Group's policy on the payment of suppliers is to settle transactions based upon the supplier's agreed terms of trade. Average supplier days were 18 (2008: 20) during the year.

Charitable Donations

During the year the Group made charitable donations of £7,250 (2008: £5,000) (refer to Note 25 for details).

Post Balance Sheet Events

On 5th March 2009 the Group provided a further £200,000 of an agreed £630,000 loan facility to Amberglobe Limited in order to fund an acquisition and for general working capital requirements. A further £60,000 of this facility was provided on 22nd May 2009. A total of £510,000 has been drawn down to date.

On 1st April 2009 the Group agreed a £400,000 loan facility with LEBC Group Limited to fund further development of the business, although this has not been drawn down to date.

On 21st May 2009 the Group provided a further £50,000 of an agreed £750,000 loan facility to Trillium Partners Limited for general working capital requirements. A total of £250,000 has been drawn down to date.

On 2nd June 2009 the Group provided a £2,460,000 loan facility to Hyperion Insurance Group Limited ("Hyperion") as part of a total £3 million shareholder loan facility, with the remaining £540,000 provided by Hyperion's other shareholders. This loan facility is expected to be drawn down in full by 5th June 2009. In addition, the Group agreed to subscribe €900,000 for loan notes to fund an acquisition, being part of a €4,500,000 loan note issue alongside other shareholders.

Directors' And Officers' Liability Insurance

The Company has purchased insurance cover to cover directors' and officers' liability, as permitted by section 310(3)(a) of the Companies Act 1985 (as amended).

Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. This is because the directors, after making enquiries and following a review of the Group's budget for 2010 and 2011, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue its operation for the foreseeable future.

Auditors

The auditors, Rawlinson & Hunter, will be proposed for re-appointment in accordance with relevant legislation.

Registered Office:
2nd Floor
36 Broadway
London
SW1H 0BH

By order of the Board
R. G. King
Company Secretary
2nd June 2009

Independent Auditor's Report To The Shareholders Of B. P. Marsh & Partners Plc

We have audited the Group and Company financial statements ("the financial statements") of B. P. Marsh & Partners Plc for the year ended 31st January 2009 which comprise the consolidated income statement, consolidated Group and Company balance sheets, consolidated cash flow statement, consolidated statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the auditable part of the Report of the Remuneration Committee.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the Report of the Remuneration Committee in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Report of the Remuneration Committee are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Group Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company or Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the financial statements. The other information comprises only the unaudited part of the Report of the Remuneration Committee and the Group Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

Basis Of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Report of the Remuneration Committee. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

Basis Of Audit Opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the auditable part of the Report of the Remuneration Committee are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the auditable part of the Report of the Remuneration Committee.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Group's affairs as at 31st January 2009 and of its loss and cash flows for the year then ended;
- the Company financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31st January 2009 and cash flows for the year then ended;
- the financial statements and the auditable part of the Report of the Remuneration Committee have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Group Report of the Directors is consistent with the financial statements.

Rawlinson & Hunter
Registered Auditors and Chartered Accountants
Eighth Floor
6 New Street Square
London
EC4A 3AQ

2nd June 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST JANUARY 2009

	NOTES	2009 (£'000)	2009 (£'000)	2008 (£'000)	2008 (£'000)
(Losses) / gains on investments	1				
Realised (losses) / gains on disposal of investments	12	(966)		153	
Impairment of investments and loans	12,14	-		(488)	
Unrealised (losses) / gains on investment revaluation	12	(2,886)		5,052	
			(3,852)		4,717
Income					
Dividends	1	948		1,336	
Income from loans and receivables	1	240		682	
Fees receivable	1	731		715	
			1,919		2,733
Operating (loss) / income	2		**(1,933)**		**7,450**
Operating expenses	2		(1,944)		(2,249)
Operating (loss) / profit			**(3,877)**		**5,201**
Financial income	2,4	292		183	
Financial expenses	2,3	(7)		(30)	
Carried interest provision	15	822		(508)	
Exchange movements	2,8	201		180	
			1,308		(175)
(Loss) / profit on ordinary activities before exceptional items			**(2,569)**		**5,026**
Exceptional items	7		(136)		(175)
(Loss) / profit on ordinary activities before taxation	8		**(2,705)**		**4,851**
Income tax	9		978		(21)
(Loss) / profit on ordinary activities after taxation attributable to equity holders	19		**(1,727)**		**4,830**
(Loss) / earnings per share – basic and diluted (pence)	10		(5.9)p		16.5p

The result for the year is wholly attributable to continuing activities.

The notes on pages 26 to 47 form part of these financial statements.

CONSOLIDATED & COMPANY BALANCE SHEETS

FOR THE YEAR ENDED 31ST JANUARY 2009

	NOTES	GROUP 2009 (£'000)	GROUP 2008 (£'000)	COMPANY 2009 (£'000)	COMPANY 2008 (£'000)
Assets					
Non-current assets					
Property, plant and equipment	11	72	3	–	–
Investments	12	41,673	49,754	33,728	35,852
Loans and receivables	13	1,955	771	10,155	10,155
		43,700	**50,528**	**43,883**	**46,007**
Current assets					
Trade and other receivables	14	776	3,135	–	–
Cash and cash equivalents		7,341	1,701	1	1
Total current assets		**8,117**	**4,836**	**1**	**1**
Total assets		**51,817**	**55,364**	**43,884**	**46,008**
Liabilities					
Non-current liabilities					
Carried interest provision	15	(736)	(1,558)	–	–
Deferred tax liabilities	16	(6,498)	(7,476)	–	–
Total non-current liabilities		**(7,234)**	**(9,034)**	**–**	**–**
Current liabilities					
Trade and other payables	17	(699)	(719)	–	–
Total current liabilities		**(699)**	**(719)**	**–**	**–**
Total liabilities		**(7,933)**	**(9,753)**	**–**	**–**
Net assets		**43,884**	**45,611**	**43,884**	**46,008**
Capital and reserves – equity					
Called up share capital	18	2,929	2,929	2,929	2,929
Shares to be issued	19	–	397	–	397
Share premium account	19	9,370	9,370	9,370	9,370
Fair value reserve	19	17,396	22,392	31,584	33,311
Reverse acquisition reserve	19	393	393	–	–
Retained earnings	19	13,796	10,130	1	1
Shareholders' funds – equity		**43,884**	**45,611**	**43,884**	**46,008**

The Financial Statements were approved by the Board of Directors and authorised for issue on 2nd June 2009 and signed on its behalf by:

B. P. Marsh & J. S. Newman

The notes on pages 26 to 47 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JANUARY 2009

	NOTES	2009 (£'000)	2008 (£'000)
Cash (used by) / from operating activities			
Income from loans to investees		240	682
Dividends		948	1,336
Fees received from investment activity		731	715
Operating expenses		(1,944)	(2,249)
Exceptional item – termination payment	7	(136)	–
Increase in receivables		(42)	(166)
Decrease in payables		(20)	(145)
Depreciation	11	14	2
Net cash (used by) / from operating activities		**(209)**	**175**
Net cash from / (used by) investing activities			
Purchase of property, plant and equipment	11	(83)	–
Purchase of investments	12	(1,629)	(6,011)
Proceeds from investments		5,858	524
Net cash from / (used by) investing activities		**4,146**	**(5,487)**
Net cash from / (used by) financing activities			
Repayments / (payments) of loans from / (to) investee companies		1,350	(166)
Financial income	4	292	183
Financial expenses	3	(7)	(30)
Net cash from / (used by) financing activities		**1,635**	**(13)**
Change in cash and cash equivalents		**5,572**	**(5,325)**
Cash and cash equivalents at beginning of the period		1,701	6,989
Exchange gain		68*	37*
Cash and cash equivalents at end of period		**7,341**	**1,701**

**The exchange gain as noted in the Income Statement is £201k (2008: £180k). The exchange gain in the Consolidated Cash Flow Statement excludes £133k (2008: £143k) relating to the revaluation of a loan denominated in Euros as this is a non-cash movement. The comparative amounts in respect of the exchange gain for 2008, which have had no effect on the overall cash balances, have been restated in the Consolidated Cash Flow Statement to ensure the exchange gains are comparable and consistent in both years.*

The notes on pages 26 to 47 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st JANUARY 2009

No Company Cash Flow Statement has been prepared as there has been no cash flow movement in the Company during the current and previous periods. Accordingly the Company's "cash and cash equivalents" balance as at 31st January 2009 is £1k (2008: £1k).

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st JANUARY 2009

	GROUP		COMPANY	
FOR THE YEAR ENDED	2009 (£'000)	2008 (£'000)	2009 (£'000)	2008 (£'000)
Opening total equity	45,611	40,606	46,008	40,880
Total recognised income and expense for period	(1,727)	4,830	(2,124)	4,953
Shares to be issued (share based payments)	-	175	-	175
Total equity	**43,884**	**45,611**	**43,884**	**46,008**

The notes on pages 26 to 47 form part of these financial statements.

1. Accounting Policies

Basis of preparation of financial statements
These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union ("IFRS"), including standards and interpretations issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluations of financial assets and financial liabilities through the profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates particularly in relation to investment valuation. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Basis of consolidation
The Group financial statements consolidate the results and net assets of the Company and all of its subsidiary undertakings.

Business Combinations
The results of subsidiary undertakings are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All business combinations are accounted for by using the acquisition accounting method except as noted in the "reverse acquisition accounting" noted below. This involves recognising identifiable assets and liabilities of the acquired business at fair value. Goodwill represents the excess of the fair value of the purchase consideration for the interests in subsidiary undertakings over the fair value to the Group of the net assets and any contingent liabilities acquired.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 Investment in Associates ("IAS 28"), which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the profit and loss in the period of the change. The Group has no interests in associates through which it carries on its business.

No income statement is prepared for the Company, as permitted by Section 230 of the Companies Act 1985. The Company made a loss for the year of £2,124k (2008: profit of £4,953k).

Reverse acquisition accounting
On 1st February 2006 B. P. Marsh & Partners Plc became the legal parent company of B. P. Marsh & Company Limited in a share-for-share exchange transaction. The former B. P. Marsh & Company Limited shareholders became the majority holders of the share capital of the enlarged group. Furthermore, the Company's continuing operations and executive management were those of B. P. Marsh & Company Limited. Therefore the substance of the combination was that B. P. Marsh & Company Limited acquired B. P. Marsh & Partners Plc in a reverse acquisition.

1. Accounting Policies (continued)

Reverse acquisition accounting (continued)
Under the requirements of the Companies Act 1985, it would normally be necessary for the Company's consolidated financial statements to follow the legal form of the business combination. This would mean that the difference between the book value of the shares issued by B. P. Marsh & Partners Plc as consideration for the acquisition of B. P. Marsh & Company Limited and the share capital in B. P. Marsh & Company Limited be accounted for as goodwill. The directors have considered the substance of this transaction and conclude reverse acquisition accounting should be adopted as outlined in IFRS3 as the basis of consolidation in order to give a true and fair view. This compliance with IFRS requires departure from the Companies Act 1985 to follow legal form of the business combination.

There are a number of effects on the consolidated financial statements of adopting reverse acquisition accounting. The principal effect of consolidating using reverse acquisition accounting is that no goodwill arose on consolidation. A merger reserve is created which reflects the difference between the book value of the shares issued by B. P. Marsh & Partners Plc as consideration for the acquisition of B. P. Marsh & Company Limited and the share capital in B. P. Marsh & Company Limited. Under normal acquisition accounting the goodwill arising on the investment by B. P. Marsh & Partners Plc in B. P. Marsh & Company Limited would be shown on the consolidated balance sheet and tested annually for impairment in accordance with IAS 38. The directors believe that by adopting reverse acquisition accounting the consolidated income statement more fairly reflects the actual trading results of the Group.

Employee services settled in equity instruments
The Group issued equity settled share-based awards to certain employees and advisors. A fair value for the equity settled share awards is measured at the date of grant. The Group measured the fair value using the valuation technique most appropriate to value each class of award, either the Black-Scholes or a Trinomial valuation method.

The fair value of each award is recognised as an expense over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The level of vesting is reviewed annually and the charge is adjusted to reflect actual or estimated levels of vesting with the corresponding entry to equity.

Cancellation of the rights to the equity settled share-based awards by the employees is accounted for as if the relevant employees have left the Group with the related amounts recorded previously in reserves being transferred to retained earnings.

Investments
All investments are designated as "fair value through profit or loss" assets and are initially recognised at the fair value of the consideration. They are measured at subsequent reporting dates at fair value.

The Board conducts the valuations of investments. In valuing investments, the Board applies guidelines issued by the International Private Equity and Venture Capital Valuation ("IPEVCV"). The following valuation methodologies have been used in reaching the fair value of investments, some of which are in early stage companies:
a) at cost, unless there has been a significant round of new equity finance in which case the investment is valued at the price paid by an independent third party. Where subsequent events or changes to circumstances indicate that an impairment may have occurred, the carrying value is reduced to reflect the estimated extent of impairment;
b) by reference to underlying funds under management;
c) by applying appropriate multiples to the earnings and revenues of the investee company; or
d) by reference to expected future cashflow from the investment where a realisation or flotation is imminent.

Both realised and unrealised gains and losses arising from changes in fair value are taken to the income statement for the year. In the balance sheet the unrealised gains and losses arising from changes in fair value are shown within a "fair value reserve" separate from retained earnings. Transaction costs on acquisition or disposal of investments are expensed in the income statement.

1. Accounting Policies (continued)

Income from investments
Income from investments comprises:
a) gross interest from loans, which is taken to the income on an accruals basis;
b) dividends from equity investments are recognised in the income statement when the shareholders rights to receive payment have been established; and
c) advisory fees from management services provided to investee companies, which are recognised on an accruals basis in accordance with the substance of the relevant investment advisory agreement.

Carried interest provision
This represents the amount payable to a director in the event of a particular investment being sold and is calculated on the fair value of that investment at the balance sheet date.

Property, plant and equipment
Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the property, plant and equipment cost less their estimated residual value, over their expected useful lives on the following bases:

Furniture & equipment - 5 years
Leasehold fixtures and fittings - over the life of the lease

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the balance sheet date.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Exchange gains and losses are recognised in the income statement.

Taxation
The tax expense represents the sum of the tax currently payable and any deferred tax. The tax currently payable is based on the estimated taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and of liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. Accounting Policies (continued)

Taxation (continued)
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Pension costs
The Group operates a defined contribution scheme for some of its employees. The contributions payable to the scheme during the period are charged to the income statement.

Operating leases
Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Financial assets and liabilities
Financial instruments are recognised in the balance sheet when the Group becomes party to the contractual provisions of the instrument. De-recognition occurs when rights to cash flows from a financial asset expire, or when a liability is extinguished.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Trade and other receivables
Trade and other receivables in the balance sheet are initially measured at original invoice amount and subsequently measured after deducting any provision for impairment.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above and other short-term highly liquid investments that are readily convertible into cash and are subject to insignificant risk of changes in value, net of bank overdrafts.

Trade and other payables
Trade and other payables are stated based on the amounts which are considered to be payable in respect of goods or services received up to the balance sheet date.

1. Accounting Policies (continued)

International Financial Reporting Standards in issue but not yet effective
At the date of authorisation of these consolidated financial statements, the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations have not been applied early in the preparation of these consolidated financial statements:

- IFRS 8: Operating Segments (effective as of 1st January 2009)
- IAS 1: Presentation of Financial Statements (revised) (effective as of 1st January 2009)
- IFRS 3: Business Combinations (revised) (effective as of 1st July 2009)
- IAS 27: Consolidated and Separate Financial Statements (amended) (effective as of 1st July 2009)
- IAS 23: Borrowing Costs (amended) (effective as of 1st January 2009)

The directors are aware that the application of IFRS 8 may significantly alter the amount and complexity of disclosure contained in the Group's financial statements. IFRS 1 (revised) sets out overall requirements for the presentation of the financial statements. The revision will introduce a statement of comprehensive income and make changes to the presentation of equity.

Other standards, amendments and interpretations have been issued but are not yet effective, and are not expected to be relevant to the Group's operations. These are not referred to above.

2. Segmental Reporting

Primary reporting segment – geographic segments
For management purposes, the Group is organised and reports its performance by two geographic segments: UK and Channel Islands and non-UK and Channel Islands.

	Geographic segment 1: UK & Channel Islands		Geographic segment 2: Non-UK & Channel Islands		Group	
	2009 (£'000)	2008 (£'000)	2009 (£'000)	2008 (£'000)	2009 (£'000)	2008 (£'000)
Operating (loss) / income	(2,802)	6,906	869	544	(1,933)	7,450
Operating expenses	(1,691)	(2,085)	(253)	(164)	(1,944)	(2,249)
Segment operating (loss) / profit	**(4,493)**	**4,821**	**616**	**380**	**(3,877)**	**5,201**
Financial income	254	170	38	13	292	183
Financial expenses	(6)	(28)	(1)	(2)	(7)	(30)
Carried interest provision	822	(508)	–	–	822	(508)
Exchange movements	65	16	136	164	201	180
Exceptional items	(136)	(162)	–	(13)	(136)	(175)
(Loss) / profit before tax	**(3,494)**	**4,309**	**789**	**542**	**(2,705)**	**4,851**
Income tax	1,199	142	(221)	(163)	978	(21)
(Loss) / profit for the year	**(2,295)**	**4,451**	**568**	**379**	**(1,727)**	**4,830**
Non-current assets						
Property, plant and equipment	64	3	8	–	72	3
Investments	36,902	46,662	4,771	3,092	41,673	49,754
Loans and receivables	1,030	80	925	691	1,955	771
	37,996	**46,745**	**5,704**	**3,783**	**43,700**	**50,528**
Current assets						
Trade and other receivables	465	3,127	311	8	776	3,135
Cash and cash equivalents	7,341	1,701	–	–	7,341	1,701
	7,806	**4,828**	**311**	**8**	**8,117**	**4,836**
Total assets	**45,802**	**51,573**	**6,015**	**3,791**	**51,817**	**55,364**
Non-current liabilities						
Carried interest provision	(736)	(1,558)	–	–	(736)	(1,558)
Deferred tax liabilities	(6,324)	(7,405)	(174)	(71)	(6,498)	(7,476)
	(7,060)	**(8,963)**	**(174)**	**(71)**	**(7,234)**	**(9,034)**
Current liabilities						
Trade and other payables	(699)	(719)	–	–	(699)	(719)
Total liabilities	**(7,759)**	**(9,682)**	**(174)**	**(71)**	**(7,933)**	**(9,753)**
Net assets	**38,043**	**41,891**	**5,841**	**3,720**	**43,884**	**45,611**
Additions to property, plant and equipment	73	–	10	–	83	–
Depreciation of property, plant and equipment	12	2	2	–	14	2

The Group operates in one business segment, provision of consultancy services to and making and trading investments in financial services businesses.

3. Financial Expenses

	2009 (£'000)	2008 (£'000)
Other interest	7	30

4. Financial Income

	2009 (£'000)	2008 (£'000)
Bank interest	288	138
Other interest	4	45
	292	**183**

5. Staff Costs

The average number of employees, including directors, employed by the Group during the year was 17 (2008: 17). All remuneration was paid by B. P. Marsh & Company Limited.

The related staff costs were:	2009 (£'000)	2008 (£'000)
Wages and salaries	1,009	1,098
Social security costs	119	131
Pension costs	50	61
	1,178	**1,290**

In addition to the above there were termination payments made to staff (inclusive of pension costs) of £136,300 (2008: £nil). Please see Note 7 for further information.

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2009 (£'000)	2008 (£'000)
Management services – remuneration	751	820
Management services – termination payment (Note 7)	114	–
Fees	29	65
Pension contributions – remuneration	32	40
Pension contributions – termination payment (Note 7)	7	–
	933	**925**
Highest paid director		
Emoluments*	246	190
Pension contribution*	20	11
	266	**201**

**Includes termination payments made to director. Please see Note 7 for further information.*

The Company contributes into personal pension plans on behalf of certain employees and directors. Contributions payable are charged to the income statement in the period to which they relate.

During the period, 3 directors (2008: 5) accrued benefits under money purchase pension schemes.

7. Exceptional Items

	2009 (£'000)	2008 (£'000)
Share based payment provision (Note 23)	–	175
Termination payments made to directors and employees (Note 5)	136	–
	136	**175**

During the year, one-off compensation payments totalling £136,300 (2008: £nil) were made to two employees (including one director) who left the Group during the year.

8. (Loss) / Profit On Ordinary Activities Before Taxation

The (loss) / profit for the period is arrived at after charging / (crediting):

	2009 (£'000)	2008 (£'000)
Depreciation of owned tangible fixed assets	14	2
Auditors remuneration:		
Audit fees for the Company	20	19
Other services:		
– Audit of subsidiaries' accounts	10	10
– Taxation	7	9
– Corporate finance transactions	–	10
– Other advisory	10	19
Exchange gain	(201)	(180)
Operating lease rentals of land and buildings	153	118

9. Taxation

The (credit) / charge for tax comprises:

	2009 (£'000)	2008 (£'000)
UK corporation tax charge / (credit) for the year	-	(345)
Deferred tax charge for the year (Note 16)	(978)	366
	(978)	**21**
Factors affecting the charge for the year		
(Loss) / profit on ordinary activities before tax	**(2,705)**	**4,851**
Tax at 28% on (loss) / profit on ordinary activities (2008: 30%)	(757)	1,455
Effects of:		
Expenses not deductible for tax purposes	22	262
Non taxable expenses / (income)	578	(1,542)
Capital gains on disposal of investments	1,095	-
Other effects:		
Capital loss claims brought forward	(361)	-
Unutilised tax losses carried forward	-	198
Management expenses utilised	(745)	-
Provisions against investments not allowable for tax	-	28
Non-taxable income (dividends received)	(238)	(401)
Over provision from prior years	-	(345)
Tax payable on deferred consideration relating to the sale of an investment	406	-
Corporate tax charge / (credit) for the year	**-**	**(345)**

10. (Loss) / Earnings Per Share From Continuing Operations Attributable To The Equity Shareholders

	2009 (£'000)	2008 (£'000)
(Loss) / earnings		
(Loss) / earnings for the purpose of basic and diluted earnings per share being net (loss) / profit attributable to equity shareholders	(1,727)	4,830
(Loss) / earnings per share – basic and diluted	(5.9)p	16.5p

Number of shares	NUMBER	NUMBER
Weighted average number of ordinary shares for the purposes of basic earnings per share	29,286,143	29,286,143
Number of dilutive shares under option	Nil	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	**29,286,143**	**29,286,143**

11. Property, Plant And Equipment

Group

	Furniture & Equipment (£'000)	Leasehold Fixtures & Fittings (£'000)	total (£'000)
Cost			
At 1st February 2007	99	–	99
Additions	–	–	–
Disposals	–	–	–
At 31st January 2008	**99**	**–**	**99**
At 1st February 2008	99	–	99
Additions	32	51	83
Disposals	(74)	–	(74)
At 31st January 2009	**57**	**51**	**108**
Depreciation			
At 1st February 2007	94	–	94
Charge for the year	2	–	2
At 31st January 2008	**96**	**–**	**96**
At 1st February 2008	96	–	96
Eliminated on disposal	(74)	–	(74)
Charge for the year	9	5	14
At 31st January 2009	**31**	**5**	**36**
Net book value			
At 31st January 2009	26	46	72
At 31st January 2008	3	–	3
At 31st January 2007	5	–	5

12. Non-Current Investments

Group

	SHARES IN INVESTEE COMPANIES TOTAL (£'000)
At valuation	
At 1st February 2007 previously reported under UK GAAP	37,784
IFRS adjustment	1,050
At 1st February 2007 restated under IFRS	**38,834**
Additions	6,011
Disposals	(50)
Provisions	(93)
Unrealised gains in this period	5,052
At 31st January 2008	**49,754**
At 1st February 2008	49,754
Additions	1,629
Disposals	(6,824)
Provisions	-
Unrealised losses in this period	(2,886)
At 31st January 2009	**41,673**
At cost	
At 1st February 2007	12,460
Additions	6,011
Disposals	(50)
Provisions	(93)
At 31st January 2008	**18,328**
At 1st February 2008	18,328
Additions	1,629
Disposals	(2,914)
Provisions	-
At 31st January 2009	**17,043**

The principal additions and disposals in the period are outlined on page 16 of the Group Report of the Directors.

The directors consider that no additional provision is required against the cost of equity investments (2008: £93,328).

12. Non-Current Investments (continued)

Group (continued)
The investee companies, which are registered in England except Summa Insurance Brokerage S. L. (Spain), Preferred Asset Management Ltd (Jersey), New Horizons Ltd (Isle of Man) and Paterson Squared, LLC (USA) are as follows:

Name of company	% holding of share capital	Date information available to	Aggregate capital and reserves(£)	Post tax profit/(loss) for the year(£)	Principal activity
Amberglobe Limited	35.00	30.04.08	139,285	(60,715)	Business sales platform
Berkeley Insurance (Holdings) Limited	19.90	31.10.07	18,000	(62,000)	Insurance holding company
Besso Holdings Limited	22.73	31.12.08	10,138,223	964,214	Investment holding company
HQB Partners Limited	28.00	31.12.08	166,057	40,583	Investor relations consultants
Hyperion Insurance Group Limited	20.02	30.09.08	37,253,000	1,929,000	Insurance holding company
JMD Specialist Insurance Services Group Limited	25.00	31.10.07	479,426	72,049	Insurance collection services company
LEBC Holdings Limited	22.50	30.09.08	889,946	166,019	Independent financial advisor company
Portfolio Design Group International Limited	20.00	31.12.08	9,592,387	4,081,188	Fund managers of traded endowment policies
Morex Commercial Ltd	20.00	31.12.08	312,379	191,780	Trading in secondary life policies
Preferred Asset Management Ltd	20.00	30.09.08	396,545	235,149	Fund management company
New Horizons Ltd (formerly Surrenda-Link Nominees Ltd)	20.00	31.12.08	1,595,863	66,732	Investment holding company
Public Risk Management Limited	44.00	31.12.07	(292,757)	(21,140)	Public sector risk management consultants
Summa Insurance Brokerage, S. L.	48.625	31.12.06	1,070,657	(91,157)	Consolidator of regional insurance brokers
Trillium Partners Limited	25.00	31.12.08	171,052	(359,137)	Independent corporate advisory company

12. Non-Current Investments (continued)

Group (continued)

The aggregate capital and reserves and profit for the year shown above are extracted from the relevant GAAP accounts of the investee companies.

Under FRS 25 the HQB Consulting Limited accounts have included the Group's 28% interest as a long-term creditor. As this is in reality an equity investment the aggregate capital and reserves shown have therefore been adjusted to include this as equity and the profit has been adjusted by the dividend paid out.

LEBC Holdings Limited does not prepare consolidated accounts. The figures shown include the aggregate capital and reserves of that company of £106,005 and 90% of its subsidiary company's (LEBC Group Limited) aggregate capital and reserves of £871,045 and profit for the period of £184,466 as an estimate of the consolidated position. The figures shown are for a six month period only due to the company changing its accounting period from 31st May to 30th September.

Under FRS 25 the Trillium Partners Limited accounts have included the Group's 25% interest as a long- term creditor. As this is in reality an equity investment the aggregate capital and reserves shown have therefore been adjusted to include this as equity.

In November 2007 the Group acquired a 20% equity holding in London Endowments Limited. No statutory financial information is available at this time.

In September 2008 the Group acquired a 22.5% equity holding in Paterson Squared, LLC (a U.S. company). As the Company was only incorporated in September 2008, no statutory financial information is available at this time.

Company

	SHARES IN GROUP UNDERTAKINGS (£'000)
At valuation	
At 1st February 2007 previously reported under UK GAAP	37,834
IFRS adjustment	(7,110)
At 1st February 2007 restated under IFRS	**30,724**
Additions	175
Unrealised gains in this period	4,953
At 31st January 2008	**35,852**
At 1st February 2008	35,852
Additions	-
Unrealised losses in this period	(2,124)
At 31st January 2009	**33,728**
At cost	
At 1st February 2007	2,365
Additions	175
At 31st January 2008	**2,540**
At 1st February 2008	2,540
Additions	-
Adjustment to Share Appreciation Rights	(397)
At 31st January 2009	**2,143**

12. Non-Current Investments (continued)

Shares in group undertakings

All group undertakings are registered in England and Wales. The details and results of group undertakings, which are extracted from the UK GAAP accounts of these companies, are as follows:

Name of Company	% Holding of Share Capital	Aggregate Capital and Reserves at 31st January 2009(£)	Profit/(Loss) for the Year to 31st January 2009 (£)	Principal Activity
B. P. Marsh & Company Limited	100	40,226,364	(641,397)	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	14,495,569	-	Investment holding company
B. P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant

13. Loans And Receivables – Non-Current

	Group 2009 (£'000)	Group 2008 (£'000)	Company 2009 (£'000)	Company 2008 (£'000)
Loans to investee companies (Note 25)	1,955	771	-	-
Amounts due from subsidiary undertakings	-	-	10,155	10,155
	1,955	**771**	**10,155**	**10,155**

See Note 25 for terms of the loans.

14. Trade And Other Receivables - Current

	Group 2009 (£'000)	Group 2008 (£'000)	Company 2009 (£'000)	Company 2008 (£'000)
Trade receivables	257	160	-	-
Less provision for impairment of receivables	(10)	(31)	-	-
	247	**129**	**-**	**-**
Loans to investee companies (Note 25)	150	2,550	-	-
Other receivables	13	11	-	-
Prepayments and accrued income	366	445	-	-
	776	**3,135**	**-**	**-**

Included within trade receivables is £228,593 (2008: £110,420) owed by the Group's participating interests.

14. Trade And Other Receivables - Current (continued)

Trade receivables are provided for based on estimated irrecoverable amounts from the fees and interest charged to investee companies, determined by the Group's management based on prior experience and their assessment of the current economic environment.

Movement in the allowance for doubtful debts:

	GROUP		COMPANY	
	2009 (£'000)	2008 (£'000)	2009 (£'000)	2008 (£'000)
Balance at 1st February	31	-	-	-
(Decrease) / increase in allowance recognised in the income statement	(21)	31	-	-
Balance at 31st January	**10**	**31**	**-**	**-**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

The Group's net trade receivable balance includes debtors with a carrying amount of £245,843 (2008: £128,045) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired:

	GROUP		COMPANY	
	2009 (£'000)	2008 (£'000)	2009 (£'000)	2008 (£'000)
0 – 30 days	142	102	-	-
31 – 60 days	52	17	-	-
61 – 90 days	-	-	-	-
More than 90 days	52	9	-	-
	246	**128**	**-**	**-**

No new provision has been made against loans to investee companies in the year and therefore the provision remains unchanged in line with 2008 at £394,875.

See Note 25 for terms of the loans and Note 24 for further credit risk information.

15. Carried Interest Provision

	Group 2009 (£'000)	Group 2008 (£'000)	Company 2009 (£'000)	Company 2008 (£'000)
Carried interest provision	736	1,558	-	-
	736	**1,558**	**-**	**-**

This carried interest provision represents S. S. Clarke's entitlement to a maximum of 20% of any gain, after deducting expenses and following the repayment of all loans, redemption of all preference shares, loan stock and equivalent finance provided by the Company, on the sale of certain agreed investments of the Company and its subsidiaries.

No amounts were paid under this contract during the year (2008: £nil).

In the financial statements up to to 31st January 2007 the valuations of these certain agreed investments of the Company and its subsidiaries were reduced by the respective entitlements to S. S. Clarke. However, under IFRS a provision is now included within the balance sheet with any period movements expensed through the income statement and thus the investments are now shown gross.

16. Deferred Tax Liabilities – Non-Current

	Group (£'000)	Company (£'000)
At 1st February 2007	7,110	-
Charged to income statement	366	-
At 31st January 2008	**7,476**	**-**
At 1st February 2008	7,476	-
Credited to income statement	(978)	-
At 31st January 2009	**6,498**	**-**

The directors estimate that, if the Group were to dispose of all its investments at the amount stated in the Balance Sheet, £6,498,000 (2008: £7,476,000) of tax on capital gains would become payable by the Group at a corporation tax rate of 28%.

17. Trade And Other Payables - Current

	Group 2009 (£'000)	Group 2008 (£'000)	Company 2009 (£'000)	Company 2008 (£'000)
Trade payables	41	56	-	-
Other taxation & social security costs	31	30	-	-
Other loans	332	332	-	-
Accruals and deferred income	295	301	-	-
	699	**719**	**-**	**-**

The other loan due within one year is an amount which is unsecured, interest free and repayable on the finalisation of the liquidation of Whitmor Holdings Limited (formerly Glenvaal Dewar Rand Limited).

18. Called Up Share Capital

	2009 (£'000)	2008 (£'000)
Authorised		
50,000,000 Ordinary shares of 10p each (2008: 50,000,000)	5,000	5,000
	5,000	**5,000**
Allotted, called up and fully paid		
29,286,143 Ordinary shares of 10p each (2008: 29,286,143)	2,929	2,929
	2,929	**2,929**

19. Reconciliation Of Movements In Shareholders' Funds

Group

	SHARE CAPITAL (£'000)	SHARES TO BE ISSUED (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	REVERSE ACQUISITION RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1st February 2007	2,929	222	9,370	18,214	393	9,478	40,606
Profit for the year	-	-	-	4,178	-	652	4,830
Share based payments (Note 23)	-	175	-	-	-	-	175
At 31st January 2008	**2,929**	**397**	**9,370**	**22,392**	**393**	**10,130**	**45,611**
At 1st February 2008	2,929	397	9,370	22,392	393	10,130	45,611
Loss for the year	-	-	-	(1,086)	-	(641)	(1,727)
Share based payments (Note 23)	-	(397)	-	-	-	397	-
Transfers on sale of investments				(3,910)		3,910	-
At 31st January 2009	**2,929**	**-**	**9,370**	**17,396**	**393**	**13,796**	**43,884**

Company

	SHARE CAPITAL (£'000)	SHARES TO BE ISSUED (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1st February 2007	2,929	222	9,370	28,358	1	40,880
Profit for the year	-	-	-	4,953	-	4,953
Share based payments (Note 23)	-	175	-	-	-	175
At 31st January 2008	**2,929**	**397**	**9,370**	**33,311**	**1**	**46,008**
At 1st February 2008	2,929	397	9,370	33,311	1	46,008
Loss for the year	-	-	-	(2,124)	-	(2,124)
Share based payments (Note 23)	-	(397)	-	397	-	-
At 31st January 2009	**2,929**	**-**	**9,370**	**31,584**	**1**	**43,884**

20. Operating Lease Commitment

The Group and Company was committed to making the following future aggregate minimum lease payments under non cancellable operating leases:

	2009 LAND AND BUILDINGS (£'000)	2008 LAND AND BUILDINGS (£'000)
Earlier than one year	132	108
Between two and five years	253	-

21. Loan And Equity Commitments

On 7th February 2005 the Group entered into an agreement to provide a loan facility of £140,000 to HQB Partners Limited, an associated company. As at 31st January 2009 £80,000 of this facility had been drawn down.

On 21st March 2007 the Group entered into an agreement to provide a loan facility of £250,000 to JMD Specialist Insurance Services Group Limited. As at 31st January 2009 £100,000 of this facility had been drawn down.

On 29th June 2007 the Group entered into an agreement to provide additional equity funding of €3,963,462 to Summa Insurance Brokerage S. L., an associated company, payable in three equal tranches of €1,321,154. At 31st January 2009 two of these tranches totalling €2,642,308 (£2,045,831) had been paid, with a final tranche of €1,321,154 (£1,174,359) payable on a future date to be agreed. This investment increased the Group's shareholding from 35% to 48.625%.

On 10th March 2008 the Group entered into an agreement to provide a loan facility of £630,000 to Amberglobe Limited, an associated company. As at 31st January 2009 £250,000 of this facility had been drawn down.

On 19th March 2008 the Group entered into an agreement to provide a loan facility of £750,000 to Trillium Partners Limited, an associated company. As at 31st January 2009 £200,000 of this facility had been drawn down.

22. Contingent Liabilities

The Group has entered into long-term incentive arrangements with certain employees. Provided the employees remain in employment with the Group as at specified dates in the future, the Group has agreed to pay bonuses totalling £650,000 together with the Employers' National Insurance due thereon. £250,000, £150,000 and £250,000 are due to be paid on 1st November 2010, 1st October 2011 and 1st October 2012 respectively.

No amount has been included in these financial statements as the performance conditions relating to these bonuses had not been met at the time of the balance sheet date.

23. Share Based Payment Arrangements

During the year ended 31st January 2007, B. P. Marsh & Partners Plc entered into a share-based payment arrangement with certain employees and advisors. The details of the arrangements are described in the following table:

NATURE OF THE ARRANGEMENT	SHARE OPTIONS GRANTED TO ADVISORS	SHARE OPTIONS GRANTED TO ADVISORS	SHARE APPRECIATION RIGHTS TO EMPLOYEES
Date of grant	2nd February 2006	9th February 2006	19th April 2006
Number or instruments granted	17,857	17,857	4,392,921
Exercise price (pence)	140.00	140.00	140.00
Share price at grant (pence)	150.50	150.50	150.50
Vesting period (years)	5	5	Units vest 10 days after results to 31/01/09 reported, i.e. approx 3 years
Vesting conditions	None	None	50% vest if IRR over exercise price exceeds 5% and 100% vest if IRR exceeds 8% after 3 years. Between 5% and 8% it is pro-rata.
Option Life (years)	5	5	3.34
Expected volatility	15%	15%	15%
Risk free rate	4.2%	4.15%	4.52%
Expected dividends expressed as a dividend yield	0%	0%	0%
Settlement	Shares	Shares	Shares
% expected to vest (based upon leavers)	0%	0%	0%
Number expected to vest	None	None	None
Fair value per granted instrument (pence)	41.90	41.20	23.50
Charge for year ending 31st January 2009 (£)	£nil	£nil	£nil
Valuation model	Black-Scholes	Black-Scholes	Trinomial

No options were exercised during the year. Share appreciation rights representing 40% of the available units granted were forfeited in prior years following the employees leaving the Group. Of the rights to the remaining units granted, 25% of the units were forfeited on employees leaving the Group and 35% were waived by the relevant employees during the current year. The expected number of units to vest has therefore been adjusted accordingly. As a consequence, no further charge in respect of these share arrangements has been made in these financial statements and the amounts recorded in reserves in respect of the earlier periods' charges have been transferred to retained earnings.

24. Financial Instruments

The Group's financial instruments comprise loans to participating interests, cash and liquid resources and various other items, such as trade debtors, trade creditors and other debtors and creditors. These arise directly from the Group's operations.

The Group has not entered into any derivatives transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are price risk, credit risk, liquidity risk, interest rate cash flow risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised in the director's report under "Financial Risk Management".

Interest Rate Profile
The Group has cash balances of £7,341k (2008: £1,701k), which are part of the financing arrangements of the Company. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged between 0.8% p.a. and 5.2% p.a. in the period (2008: ranged between 4.5% p.a. and 5.3% p.a.). Maturity periods ranged between immediate access and 1 month (2008: periods ranged between immediate access and 7 days).

Currency hedging
During the period, the Group did not engage in any form of currency hedging transaction (2008: none).

Financial liabilities
The Company had no borrowings during the period (2008: none).

Fair values
All the financial assets and liabilities at 31st January 2009 were revalued where the directors consider they are materially different from their book values.

25. Related Party Disclosures

The following loans owed by the associated companies of the Company and its subsidiaries were outstanding at the year end:

	2009 (£)	2008 (£)
Amberglobe Ltd	250,000	–
Besso Holdings Ltd	400,000	–
HQB Partners Ltd	80,000	80,000
Hyperion Insurance Group Ltd	–	2,350,000
JMD Specialist Insurance Services Group Ltd	100,000	–
Paterson Martin Ltd	–	200,000
Paterson Squared, LLC	250,000	–
Trillium Partners Ltd	200,000	–
	(€)	(€)
Summa Insurance Brokerage S. L.	927,990	927,990

The loans are typically secured on the assets of the investee companies and an appropriate interest rate is charged based upon the risk profile of that company.

25. Related Party Disclosures (continued)

Income receivable, consisting of consultancy fees and interest on loans credited to the income statement in respect of the associated companies of the Company and its subsidiaries for the year were as follows:

	2009 (£)	2008 (£)
Amberglobe Ltd	50,938	–
Berkeley (Insurance) Holdings Ltd	–	13,809
Besso Holdings Ltd	145,063	158,594
HQB Partners Ltd	28,943	28,744
Hyperion Insurance Group Ltd	264,138	629,249
JMD Specialist Insurance Services Group Ltd	57,308	15,499
LEBC Group Ltd	31,103	15,743
Oakbridge Insurance Services, LLC	46,191	40,669
Paterson Martin Ltd	–	35,210
Paterson Squared, LLC	15,544	–
Portfolio Design Group International Ltd	36,000	36,917
Principal Investment Holdings Ltd	6,596	54,531
Public Risk Management Ltd	4,313	47,892
Summa Insurance Brokerage S. L.	187,626	290,346
Trillium Partners Ltd	70,773	–

In addition the Group made management charges of £30,000 (2008: £30,000) and charitable donations of £7,250 (2008: £5,000) to Marsh Christian Trust. Mr B. P. Marsh, the Chairman and majority shareholder of the Company, is also the Trustee and Settlor of Marsh Christian Trust.

Mr B. P. Marsh, who is the Chairman and majority shareholder of the Company, provided a £3,000,000 loan facility to the Company, secured on its assets. Any undrawn amount incurred a charge of 1%.

As at 31st January 2009 the Group owed £nil (2008: £nil) to Mr B. P. Marsh under this arrangement. Interest (including any undrawn rate) paid to him during the period amounted to £7,397 (2008: £30,000). On 30th April 2008 this loan facility was cancelled in full.

S. S. Clarke is entitled to a maximum of 20% of any gain, after deducting expenses and following the repayment of all loans, redemption of all preference shares, loan stock and equivalent finance provided by the Company, on the sale of certain agreed investments of the Company and its subsidiaries. The carried interest provided for at the year end was £736,000 (2008: £1,558,000).

All the above transactions were conducted on an arms length basis.

26. Post Balance Sheet Events

On 5th March 2009 the Group provided a further £200,000 of an agreed £630,000 loan facility to Amberglobe Limited in order to fund an acquisition and for general working capital requirements. A further £60,000 of this facility was provided on 22nd May 2009. A total of £510,000 has been drawn down to date.

On 1st April 2009 the Group agreed a £400,000 loan facility with LEBC Group Limited to fund further development of the business, although this has not been drawn down to date.

On 21st May 2009 the Group provided a further £50,000 of an agreed £750,000 loan facility to Trillium Partners Limited for general working capital requirements. A total of £250,000 has been drawn down to date.

On 2nd June 2009 the Group provided a £2,460,000 loan facility to Hyperion Insurance Group Limited ("Hyperion") as part of a total £3 million shareholder loan facility, with the remaining £540,000 provided by Hyperion's other shareholders. This loan facility is expected to be drawn down in full by 5th June 2009. In addition, the Group agreed to subscribe €900,000 for loan notes to fund an acquisition, being part of a €4,500,000 loan note issue alongside other shareholders.

27. Ultimate Controlling Party

The directors consider Mr. B. P. Marsh to be the ultimate controlling party.

NOTES