Annual Report 2018

B.P. MARSH
& PARTNERS PLC

B.P. Marsh & Partners Plc (the "Group", the "Company" and "B.P. Marsh") is a specialist venture capital/private equity investor in early stage financial services intermediary businesses, including insurance intermediaries, financial advisors, wealth and fund managers and specialist advisory and consultancy firms. It considers investment opportunities based in the United Kingdom, Europe, North America and Internationally.

The Group invests amounts of up to £5m in the first round. Investment structure is flexible and investment stage ranges from start up to more developed. The Group only takes minority equity positions and does not seek to impose exit pressures, preferring to be able to take a long-term view where required and work alongside management to a mutually beneficial exit route that maximises value.

B.P. Marsh has invested in 48 businesses since it was founded in 1990 and its management team has a wealth of experience and a well-developed network within the financial services sector.

The Group's aim is to be the capital provider of choice for the financial services intermediary sector and to deliver to its investors long-term capital growth alongside a sustainable distribution policy.

We are farmers, not hunters

Contents

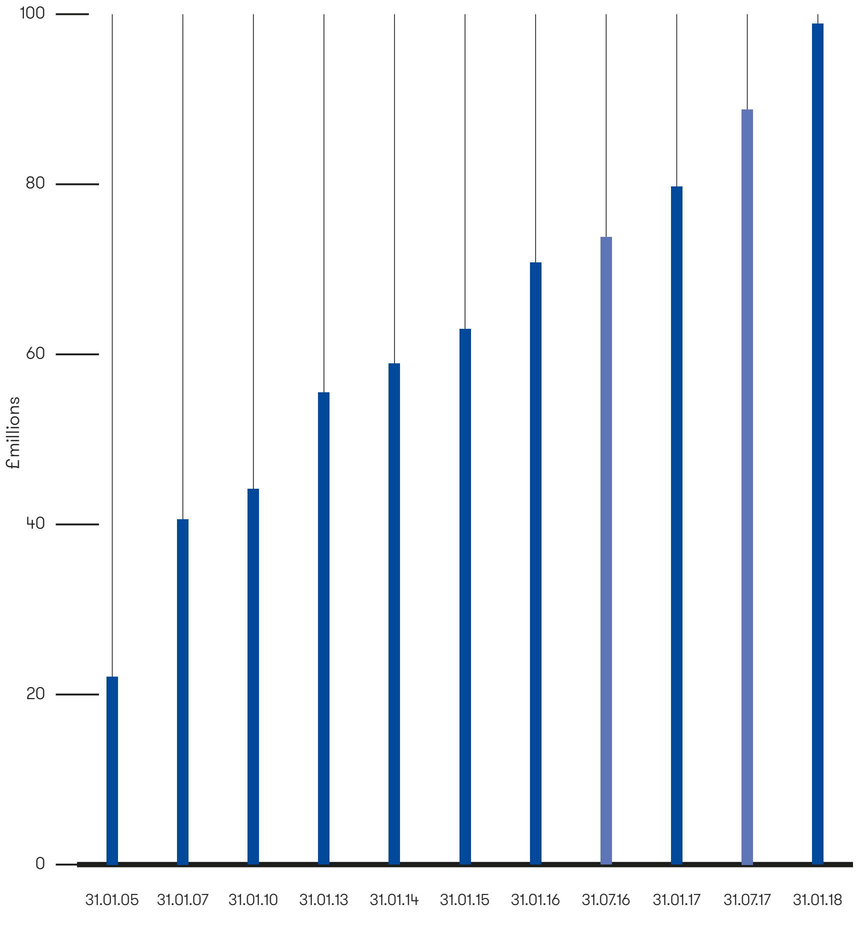
Operating and financial highlights

B.P. Marsh & Partners Plc (AIM: BPM), the niche venture capital provider to early stage financial services businesses, announces its audited Group final results for the year to 31 January 2018.

The highlights of the results are:

- Increase in the Equity Value of the Portfolio of 31.3% (£18.9m)
- Net Asset Value of £98.9m (31 January 2017: £79.7m), a 24.1% increase, net of Dividend
- Net Asset Value increased to 339p per share (31 January 2017: 273p)
- Total return to Shareholders in the year of 25.5% (2017: 13.9%)
- Consolidated profit after tax of £20.2m (31 January 2017: £9.8m)
- Average Net Asset Value annual compound growth rate of 12.0% since 1990
- Final Dividend of 4.76p per share declared (31 January 2017: 3.76p), a 27% increase
- Cash and treasury funds balance of £5.4m at year end
- Four new investments – two in Lloyd's Brokers and two in the USA
- Two disposals – Besso and Trireme
- Further investment into LEBC of £7.1m
- Provision of follow-on funding to Nexus of £4m
- Current uncommitted cash of £0.5m

Group valuations



NB: The valuation at 31 January 2007 includes £10.1m net proceeds raised on AIM.

"On the conclusion of an excellent year, the Group is in a sound financial position, has a strong portfolio of investments and a management team committed to driving our business forward. The Group is growing strongly, delivering consistent year on year returns to shareholders and is well-positioned to deal with any uncertainty arising from the UK's exit from the EU by April 2019. The Board looks forward to the year ahead with confidence."

Brian Marsh OBE, Chairman

Chairman's statement

Brian Marsh OBE, Chairman

I am pleased to present the audited Consolidated Financial Statements of B.P. Marsh & Partners Plc for the year ended 31 January 2018.

It has proved to be another year of strong growth and significant positive developments for the Group.

The value of the equity portfolio has increased by 31.3% in the year, driven in particular by robust growth in Nexus, LEBC and CBC, and Net Asset Value has increased by 24.1% to £98.9m or 339p per share. We are delighted to have delivered a total shareholder return in the year of 25.5%.

We made four new investments during the year. We were pleased to make two new Lloyd's broking investments in London and to further our geographic expansion with two new North American investments.

Within the existing portfolio, we provided further support to LEBC and increased our shareholding by an additional 17.84%, to take us to a majority position of 60.88%. In December 2017, LEBC completed the £5m acquisition of Aspira, a Bristol-based IFA business, to which we contributed loan funding of £1.5m.

We supported Nexus with a £4m loan facility that has enabled it to pursue its acquisition strategy, with four acquisitions during the year.

The disposal of Besso, after a partnership spanning two decades, at an Internal Rate of Return ("IRR") of 21.9%, further demonstrates the success of our model. We also successfully disposed of our Trireme investment by way of sale back to the majority shareholder in that business, US Risk Inc, at an IRR of 15.6%.

Our Group now has a geographically diverse portfolio with a range of investments from those which are well-developed and considering their options for further growth, to the recent start-ups which are beginning to make headway.

We continue to do all that we can to build value for our shareholders whilst providing a sustainable dividend and are pleased to announce a 27% increase in the dividend to 4.76p per share.

On the conclusion of an excellent year, the Group is in a sound financial position, has a strong portfolio of investments and a management team committed to driving our business forward. The Board notes the current level of uncommitted cash and is considering its options in this respect. We believe that the Group is at a key phase of its development and we look forward to the year to come.

Brian Marsh OBE,
Chairman

Business update

Summary of Developments in the Portfolio

During and subsequent to the financial year ended 31 January 2018, the following developments have taken place:

New Investments – UK

Investment in EC3 Brokers Ltd ("EC3")

On 18 December 2017 the Group announced an investment into EC3 through EC3 Brokers Group Limited. The Group took an effective 20% equity stake in EC3 for a total cash consideration of £5m, in a mixture of Preferred and Ordinary shares.

EC3 is an independent specialist Lloyd's broker and reinsurance broker, established in 2014 by its current CEO, Danny Driscoll. EC3 provides services to a wide array of clients across several sectors, including construction, casualty, entertainment and cyber & technology, with a focus in the US, UK and Middle Eastern markets.

Investment in CBC UK Ltd ("CBC")

On 17 February 2017 the Group acquired a 35% shareholding in CBC for consideration of £3,500 and £3,996,500 was provided as a Loan Facility.

CBC is a retail and wholesale Lloyd's insurance broker, offering a wide range of services to commercial and personal clients as well as broking solutions to intermediaries.

New Investments – USA

Investment in Mark Edward Partners LLC ("MEP")

On 12 October 2017 the Group invested in MEP, taking a 30% equity stake for $6m.

MEP is a specialty insurance broker offering a wide range of risk management services to commercial and private clients. Established in 2009 by Mark Freitas, Founder and CEO, it is a national U.S. firm with licenses to operate in all 50 states and has offices in New York, Palm Beach and Los Angeles.

Investment in XPT Group LLC ("XPT")

On 13 June 2017, the Group invested US$6m into XPT, a newly established US specialty lines insurance distribution company, subscribing for a 35% stake.

The management team at XPT is a line-up of industry veterans, led by Tom Ruggieri, formerly of Marsh McLennan & Companies, Advisen and Swett & Crawford.

Follow-on Investments and Funding

LEBC Holdings Ltd ("LEBC")

The Group purchased a further 17.84% stake in LEBC for aggregate consideration of £7.14m on 26 July 2017. Following the purchase, the Company had an aggregate shareholding of 60.88% in LEBC, with the balance held by Founder and CEO, Jack McVitie and LEBC Management. The Group's usual strategy is to take minority equity positions, however in this instance the opportunity to acquire additional shares proved compelling and was welcomed by the LEBC incumbent management.

Business update
continued

In December 2017 the Group provided loan funding of £1.5m to LEBC for the £5m acquisition of Aspira, a Bristol-based advisory firm with 50 staff and nearly £0.5bn of funds under management. The acquisition completed on 6 February 2018. The Aspira acquisition is expected to be earnings enhancing in the current year. As a result of shares issued as part of the consideration for this transaction the Group's shareholding in LEBC was diluted to 59.34%.

Follow-on Funding

Nexus Underwriting Management Ltd ("Nexus")

On 10 July 2017 the Group provided Nexus, in which it holds an 17.08% shareholding, with a £4m Loan Facility secured as part of a wider debt fundraising exercise, to undertake M&A activity.

Nexus secured £30m in loan funding in total, with the balance of £26m provided by funds managed by HPS Investment Partners, LLC ("HPS").

Disposals

Besso Insurance Group Ltd ("Besso")

The Group sold its entire 37.94% shareholding in Besso for cash to BGC Partners Inc ("BGC") on 28 February 2017, with the Group receiving £22m in cash (net of transaction costs and pre-tax and after adjustments) and delivering an IRR of 21.9%.

Trireme Insurance Group Ltd ("Trireme")

The Group disposed of its 29.94% shareholding in Trireme for £2.96m cash, to its fellow shareholder U.S. Risk Midco, LLC in April 2017. This disposal represents an IRR (including fees) of 15.6%.

Portfolio Update

United Kingdom

CBC UK Ltd ("CBC")

CBC has grown strongly since investment in 2017 and for the financial year ended 31 December 2017 reported unaudited revenue of £5.5m and EBITDA of £836,000. This is an increase of £648,000 or 345% on the 2016 EBITDA of £188,000.

CBC is looking at a number of acquisition opportunities currently, as well as actively seeking individuals or teams that would complement the existing business, to further its growth ambitions.

CBC Chairman Andrew Wallas commented: "We are very pleased with the progress that has been made since our Management Buy Out. We have created a strong platform from which to build. Our absolute priority is to acquire additional quality people with intellectual capital to support the continuing growth of our business."

LEBC Holdings Ltd ("LEBC")

LEBC Group Ltd ("LEBC Group"), the trading subsidiary for LEBC, continues to deliver strong organic growth. In the year to 30 September 2017 it declared a turnover of £18.1m and a trading profit of £3m for the year. This represents an increase on the 2016 results of 17.5% on turnover (2016 £15.4m) and 42.8% on trading profit (2016 £2.1m). Currently, on a like for like basis, LEBC is trading significantly ahead of last year.

On 1 August 2017 LEBC Group successfully completed the process of becoming a FCA directly authorised entity, having previously been an Appointed Representative of TenetConnect Limited. The key driver of the application for direct authorisation was to have a compliance framework and processes in place tailored to LEBC's business, particularly in recognition of the pace of change in the business and the industry at large over recent years.

The Aspira acquisition is integrating well and proving to be an excellent strategic fit, extending LEBCs geographic reach in the South West and bringing additional experienced advisors and valued support staff in to the business. Full integration is expected from 1 October 2018.

Nexus Underwriting Management Ltd ("Nexus")

Nexus has undertaken a number of acquisitions in the Group's financial year to 31 January 2018, including Vectura Underwriting, Equinox Global, Zon Re Accident Reinsurance and Credit Risk Solutions.

Since the Company's investment in 2014, Nexus has grown its Gross Written Premium from £56m in 2014 to £132m in 2017. In the same period, commission income has increased from £12.3m to £23.5m in 2017 and EBITDA has increased from £2.6m to an estimated £10m in 2017. The 2017 figures included above are on an unaudited basis.

On 19 January 2018 Nexus announced that it had appointed Mike Sibthorpe as CEO of Insurance and Reinsurance with effect from April 2018, as part of a wider management restructure. Mike Sibthorpe was previously Chief Underwriting Officer for Amtrust at Lloyd's.

USA

XPT Group LLC ("XPT")

Since the Group's investment, XPT has made two acquisitions: Western Security Surplus Insurance Brokers Inc, a Texas-based wholesale broker and managing general agency, and W.E. Love & Associates Inc, a North Carolina based managing general agency.

XPT has a strong pipeline of further acquisition opportunities under consideration.

Europe

Summa Insurance Brokerage S.L. ("Summa")

For the year ended 31 December 2017, Summa reported unaudited Revenue of €6.5m and Recurring EBITDA of €1.4m.

The market in which Summa operates remains competitive, with rates continuing to soften in both the general and agricultural insurance markets.

The Group continues to work with Management to develop the business, taking advantage of a fragmented insurance intermediary market to assess M&A and Franchise opportunities, where available, as well as developing additional niche product offerings for the Spanish insurance market.

Business update
continued

South Africa
Bastion Reinsurance Brokerage (PTY) Ltd ("Bastion Re")
Bulwark Investment Holdings (PTY) Ltd ("Bulwark")
Property and Liability Underwriting Managers (PTY) Ltd ("PLUM")

The Group's South African investments have been through a period of difficult trading and macro-economic conditions. A new strategic plan, with the benefit of an augmented Board, has been implemented to effect change with the support of B.P. Marsh. Nevertheless, reflecting the Group's customary prudent approach, a full impairment has been made against these investments.

Dividend

In recognition of the Group's progress during the year, the Board has recommended an increase in the dividend of 1p per share, to 4.76 pence per share for the financial year ending 31 January 2018, which will be paid on 31 July 2018 to shareholders whose names are on the register on 13 July 2018.

This is an increase of 27% over the dividend of 3.76p per share (£1.1m) paid in respect of the prior year. It is the Group's aspiration to maintain this level for the year ending 31 January 2019, subject to ongoing review and approval by the Board and the Company's shareholders.

The Board continues to strike a balance between investing cash into new opportunities for long-term capital growth and providing shareholders with a sustainable yield.

Share Buy-Backs

The Board has a stated policy, regularly reviewed, of undertaking low volume share buy-backs at times when the Group's Share Price represents a 20% or more discount to Net Asset Value. The Board considers this is a useful stabilising mechanism during periods of market or share price volatility.

Substantial Shareholding Exemption ("SSE")

Finance (No.2) Act 2017 introduced significant changes to the SSE rules in Taxation of Chargeable Gains Act 1992 Sch. 7AC which applied to share disposals on or after 1 April 2017. In general terms, the rule changes relax the conditions for a company such as B.P. Marsh to qualify for SSE on a share disposal.

Having reviewed our current investment portfolio, we consider that the Group should benefit from this reform to the SSE rules and, as a result, we would anticipate that on a disposal of shares in our current investments, so long as the shares have been held for 12 months, they should qualify for SSE and no corporation tax charge should arise on the disposal.

As such, and having assessed the current portfolio, we anticipate that there should currently be no requirement to provide for deferred tax (£4.9m provision as at 31 July 2017) in respect of unrealised gains on those investments under the current requirements of the International Financial

Reporting Standards ("IFRS"). As such there was no deferred tax provision at 31 January 2018. The requirement for a deferred tax provision is subject to continual assessment of each investment to test whether the SSE conditions continue to be met based on information that is available to the Group and that there is no change to the accounting treatment in this regard under IFRS. It should also be noted that, until the date of the actual disposal, it will not be possible to ascertain if all the SSE conditions are likely to have been met and, moreover, obtaining agreement of the tax position with HM Revenue & Customs may possibly not be forthcoming until several years after the end of a period of accounts.

Given the flexible nature of the Group's investment strategy this does not imply that the Group will only make investment decisions based upon the SSE rules going forwards, although this will form part of the overall investment proposition.

New Business Opportunities and Outlook

The financial year closed with a total of 77 new opportunities having been presented to the Group during the year. This is broadly in line with previous years with total number of opportunities in 2017 and 2016 being 84 and 71 respectively. Of the 77, the majority were in the insurance sector, with 41 insurance intermediary enquiries, or 53%.

Four new investments were made during the year, two in the U.S. and two in London. During the year, several opportunities from the pipeline were referred on to portfolio companies as potential bolt-ons.

The Group's model of making equity investments in financial services intermediary businesses with a partnership approach and a long-term view continues to deliver attractive opportunities. The recent investments in the U.S. have ensured that the portfolio now has geographic representation in the UK, Europe, U.S., Singapore, Australia, Canada and South Africa, which the Group believes represents a solid international framework and makes it well-positioned to take advantage of global economic growth.

Cash Balance

At 31 January 2018 the cash balance was £5.4m, with current uncommitted cash of £0.5m. The Board notes the current level of uncommitted cash and is considering its options in this respect.

Financial Performance

At 31 January 2018, the net asset value of the Group was £98.9m, or 339p per share (2017: £79.7m, or 273p per share) including a provision for deferred tax where relevant. This equates to an increase in net asset value of 24.1% (2017: 12.5%) for the year, or 19.5% excluding any deferred tax movement.

The Group increased its dividend payment to £1.1m (or 3.76p per share) during the year, as announced previously (2017: £1.0m or 3.42p per share). Total shareholder return for the year was therefore 25.5% (2017: 13.9%) including the dividend payment and the net asset value increase.

Business update
continued

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

31 January 2017 valuation £m	Acquisitions at cost £m	Disposal proceeds £m	Adjusted 31 January 2017 valuation £m	31 January 2018 valuation £m
63.6	21.7	(25.0)	60.3	79.1

This equates to an increase in the equity portfolio valuation of 31.3% (2017: 22.1%).

The net asset value of £98.9m at 31 January 2018 represented a total increase in net asset value of £86.3m 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. The directors note that the Group has delivered an annual compound growth rate of 12.0% in Group net asset value after running costs, realisations, losses, distributions and corporation tax since 1990.

The consolidated profit on ordinary activities after taxation increased by 107% to £20.2m (2017: profit of £9.8m). The consolidated profit on ordinary activities before taxation was £16.5m (2017: profit of £12.2m), of which £18.1m was derived from unrealised gains on revaluing the equity investment portfolio in line with current market conditions, an increase of 62% on the previous year (2017: net unrealised gains of £11.2m). The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns, but excluding investment activity (unrealised gains on equity, a provision against deferred consideration receivable, a provision against loans receivable from investee companies and all underlying treasury portfolio movement), this was achieved with a pre-tax profit of £0.7m for the year (2017: £0.6m).

The Group invested £21.7m during the year – £14.4m in new equity investments and £7.3m for follow-on equity financing to its existing portfolio. In addition, the Group provided new loans for working capital to the portfolio of £15.6m. Repayment of loans by the portfolio amounted to £8.9m in the year. Cash funds (including treasury funds) at 31 January 2018 were £5.4m.

Overall, income from investments increased by 30.1% to £3.9m (2017: £3.0m). Dividend income increased by 95.4% over the year due to the strengthening performance of the portfolio companies, whilst income from loans fell by 13.4%, which was largely the result of the portfolio repaying debt in accordance with agreed repayment schedules. Fees were 41.4% higher mainly due to a number of one-off transaction fees received in 2018 as well as fees derived from new investments.

The Group realised two investments during the year, resulting in a combined profit on disposal (before tax) of £19.7m. The cash received from these realisations enabled the Group to invest in a number of new and existing opportunities throughout the year.

Operating expenses, including costs of making new investments, increased by 34.4% during the year to £4.1m (2017: £3.1m). Of this, £0.6m related to enhanced bonuses awarded to directors and staff under a newly created incentive scheme which is linked to the Group's growth in net asset value and was also based upon the £19.7m realised gain on successful sale of investments during the year. £0.2m related to expenses directly incurred in making new investments which, under IFRS, are expensed and £0.1m related to one-off costs incurred in the office move (which mainly comprised of rent, rates and service charge costs incurred for an overlapping period during the year whilst the Group's leases on its old and new office premises ran concurrently). Excluding these atypical expenses, overall expenses rose by £0.1m (3.2%) in proportion with managing a growing portfolio.

Due to favourable market conditions, the Group's treasury funds increased by 4.1% over the year (net of fund management charges) (2017: 8.6%).

Joint Share Ownership Plan ("JSOP")

The Company intends to establish a new joint share ownership plan (the "2018 JSOP") for eligible Group employees and senior executives to replace the 2014 JSOP, which matured in November. The purpose of the 2018 JSOP is to provide eligible employees of the Group with a joint beneficial ownership in and an opportunity to benefit from any possible appreciation in the value of Ordinary Shares in the Company subject to a suitable hurdle rate.

To implement the 2018 JSOP, the Group has established an employee benefit trust which intends to subscribe for up to 1,461,302 new Ordinary Shares, representing 5.00 per cent. of the existing issued ordinary share capital in the Company, at the time the awards are made.

Outlook

The Group is growing strongly, delivering consistent year on year returns to shareholders and is well-positioned to deal with any uncertainty arising from the UK's exit from the EU by April 2019. The Board looks forward to the year ahead with confidence.

Current investments

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:	59.34%
31 January 2018 valuation:	£33,166,000

EC3 Brokers Limited
(www.ec3brokers.com)
In December 2017, the Group invested in EC3 Brokers Limited, an independent specialist Lloyd's broker and reinsurance broker, via a newly established NewCo, EC3 Brokers Group Limited. Founded by its current Chief Executive Officer Danny Driscoll, who led a management buyout to acquire EC3's then book of business from AJ Gallagher in 2014, EC3 provides services to a wide array of clients across a number of sectors, including construction, casualty, entertainment and cyber & technology.

Date of investment:	December 2017
Equity Stake:	20%
31 January 2018 valuation:	£5,000,000

CBC UK Limited
(www.cbcinsurance.co.uk)
Established in 1985, CBC is a Retail and Wholesale Lloyd's Insurance Broker, offering a wide range of services to commercial and personal clients as well as broking solutions to intermediaries. The Group assisted in an MBO of CBC allowing Management to buy out a major shareholder via parent company Paladin Holdings Limited.

Date of investment:	February 2017
Equity stake:	35%
31 January 2018 valuation:	£2,372,000

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

United Kingdom

The Fiducia MGA Company Limited
(www.fiduciamga.co.uk)
Fiducia is a recently established UK Marine Cargo Underwriting Agency, established by its CEO Gerry Sheehy. Fiducia is a Lloyd's Coverholder which specialises in the provision of insurance solutions across a number of Marine risks including, Cargo, Transit Liability, Engineering and Terrorism Insurance.

Date of investment:	November 2016
Equity stake:	25%
31 January 2018 valuation:	£75,000

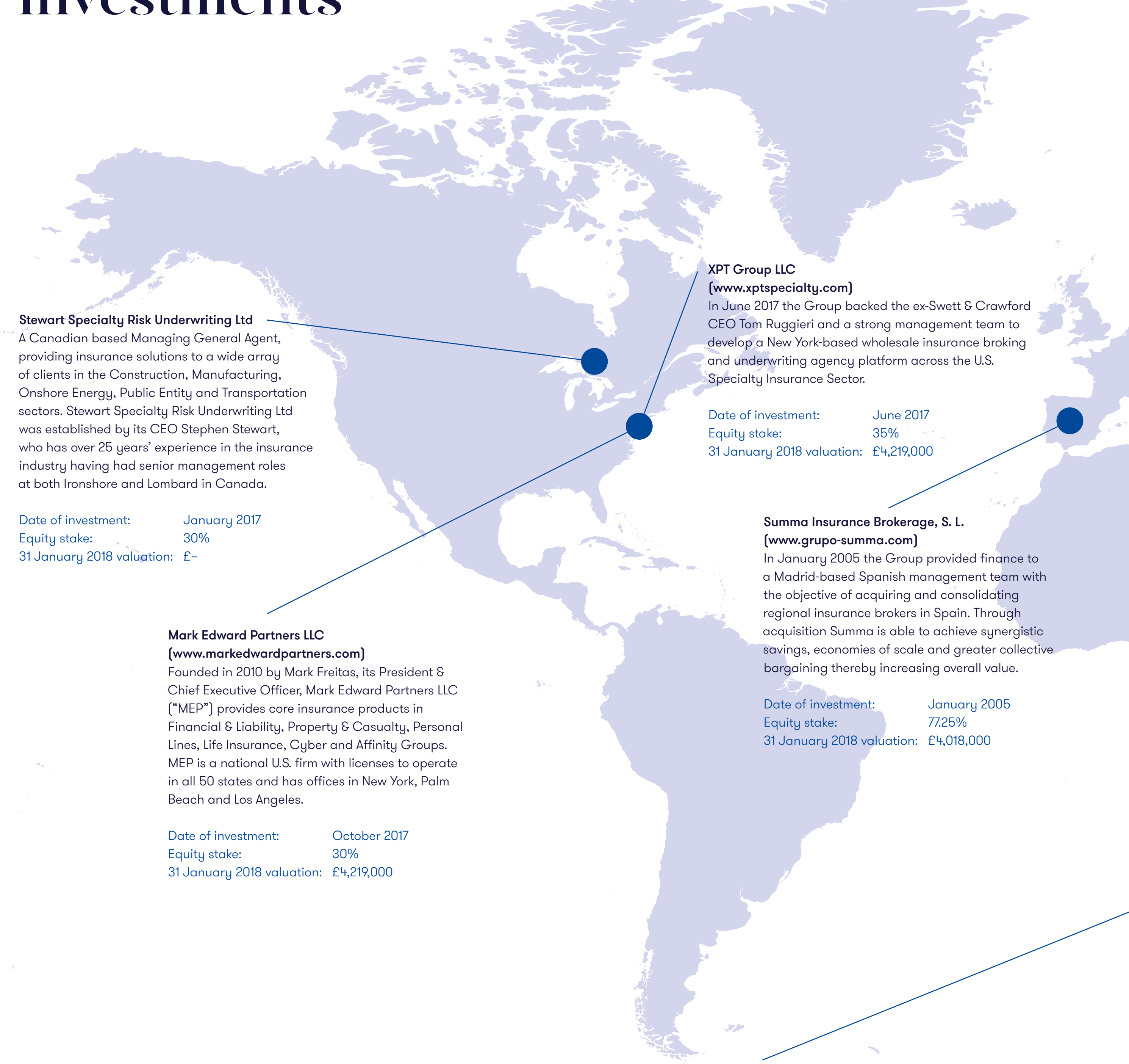
Walsingham Motor Insurance Limited
(www.walsinghamunderwriting.com)
In December 2013 the Group invested in Walsingham Motor Insurance Limited, a niche UK fleet motor Managing General Agency, which commenced trading in July 2013. In 2015 the Group acquired a further 10.5% equity, taking the current shareholding to 40.5%.

Date of investment:	December 2013
Equity stake:	40.5%
31 January 2018 valuation:	£692,000

Nexus Underwriting Management Limited
(www.nexusunderwriting.com)
In 2014 the Group invested in Nexus Underwriting Management Limited ("Nexus"), an independent specialty Managing General Agency, founded in 2008. Through its operating subsidiaries Nexus specialises in the provision of Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health, Trade Credit, Political Risks Insurance, Surety, Bond and Latent Defect Insurance, both in the UK and globally.

Date of investment	August 2014
Equity stake:	17.08%
31 January 2018 valuation:	£20,544,000

Current investments



Stewart Specialty Risk Underwriting Ltd
A Canadian based Managing General Agent, providing insurance solutions to a wide array of clients in the Construction, Manufacturing, Onshore Energy, Public Entity and Transportation sectors. Stewart Specialty Risk Underwriting Ltd was established by its CEO Stephen Stewart, who has over 25 years' experience in the insurance industry having had senior management roles at both Ironshore and Lombard in Canada.

Date of investment:	January 2017
Equity stake:	30%
31 January 2018 valuation:	£–

XPT Group LLC
(www.xptspecialty.com)
In June 2017 the Group backed the ex-Swett & Crawford CEO Tom Ruggieri and a strong management team to develop a New York-based wholesale insurance broking and underwriting agency platform across the U.S. Specialty Insurance Sector.

Date of investment:	June 2017
Equity stake:	35%
31 January 2018 valuation:	£4,219,000

Mark Edward Partners LLC
(www.markedwardpartners.com)
Founded in 2010 by Mark Freitas, its President & Chief Executive Officer, Mark Edward Partners LLC ("MEP") provides core insurance products in Financial & Liability, Property & Casualty, Personal Lines, Life Insurance, Cyber and Affinity Groups. MEP is a national U.S. firm with licenses to operate in all 50 states and has offices in New York, Palm Beach and Los Angeles.

Date of investment:	October 2017
Equity stake:	30%
31 January 2018 valuation:	£4,219,000

Summa Insurance Brokerage, S. L.
(www.grupo-summa.com)
In January 2005 the Group provided finance to a Madrid-based Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain. Through acquisition Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining thereby increasing overall value.

Date of investment:	January 2005
Equity stake:	77.25%
31 January 2018 valuation:	£4,018,000

Bulwark Investment Holdings (PTY) Limited
In April 2015 the Group, alongside its existing South African Partners, established a new venture, Bulwark Investment Holdings (PTY) Limited ("Bulwark"), a South African based holding company which establishes Managing General Agents in South Africa. To date Bulwark has established two new Managing General Agents: Preferred Liability Underwriting Managers (PTY) Limited and Mid-Market Risk Acceptances (PTY) Limited.

Date of investment:	April 2015
Equity stake:	35%
31 January 2018 valuation:	£–

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

Rest of the world

Asia Reinsurance Brokers Pte Limited
(www.arbrokers.asia)

In April 2016 the Group invested in Asia Reinsurance Brokers Pte Limited ("ARB"), the Singapore headquartered independent specialist reinsurance and insurance risk solutions provider. ARB was established in 2008, following a management buy-out of the business from AJ Gallagher, led by the CEO, Richard Austen.

Date of investment:	April 2016
Equity stake:	20%
31 January 2018 valuation:	£779,000

Bastion Reinsurance Brokerage (PTY) Limited
(www.bastionre.co.za)

In December 2014 the Group invested in Bastion Reinsurance Brokerage (PTY) Limited ("Bastion"), a start-up Reinsurance Broker based in South Africa. Established in May 2013 by its CEO and Chairman, Bastion specialises in the provision of reinsurance solutions over a number of complex issues, engaged by various insurance companies and managing general agents.

Date of investment:	December 2014
Equity stake:	35%
31 January 2018 valuation:	£–

Sterling Insurance PTY Limited
(www.sterlinginsurance.com.au)

In June 2013, in a joint venture enterprise alongside Besso, (Neutral Bay Investments Limited) the Group invested in Sterling Insurance PTY Limited, an Australian specialist underwriting agency offering a range of insurance solutions within the Liability sector, specialising in niche markets including mining, construction and demolition.

Date of investment:	June 2013
Equity stake:	19.7%
31 January 2018 valuation:	£2,198,000

Property & Liability Underwriting Managers (PTY) Limited
(www.plumsa.co.za)

In June 2015 the Group completed an investment in Property And Liability Underwriting Managers (PTY) Limited ("PLUM"), a Managing General Agent based in Johannesburg, South Africa. PLUM specialises in large corporate property insurance risks in South Africa and is supported by both domestic South African insurance capacity and A-rated international reinsurance capacity.

Date of investment: June 2015
Equity stake: 42.5%
31 January 2018 valuation: £–

MB Prestige Holdings PTY Limited
(www.mbinsurance.com.au)

In December 2013 the Group invested in MB Prestige Holdings PTY Ltd ("MB Group"), the parent Company of MB Insurance Group PTY a Managing General Agent, headquartered in Sydney, Australia. MB Group is recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia.

Date of investment:	December 2013
Equity stake:	40%
31 January 2018 valuation:	£1,840,000

Directors

Brian Marsh OBE
Executive Chairman

Alice Foulk BA (Hons)
Managing Director

Daniel Topping MCSI, ACIS
Chief Investment Officer

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director

Camilla Kenyon
Director

Nicholas Walker MSc, BA (Comb. Hons.)
Non-executive

Campbell Scoones
Non-executive

Pankaj Lakhani FCCA
Non-executive

Directors' Report & Strategic Report & Consolidated Financial Statements

For the year ended 31 January 2018

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

Directors biographies

Brian Marsh OBE, aged 77 (Executive Chairman) (R) (I) (V) (N) (D)

Brian started his career in insurance broking and underwriting in Lloyd's and the London and overseas market over 55 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. Brian is a member of the Remuneration, Investment, Valuation, Nominations and Disclosure Committees. Brian is a majority shareholder in B.P. Marsh with a direct beneficial interest in 53.3% of the Company (in addition to 3.4% held by the Marsh Christian Trust, of which Brian is a trustee and Settlor) and a beneficial interest in a further 4.0% of the Company through his 100% holding in B.P. Marsh Management Limited.

Alice Foulk BA (Hons), aged 31 (Managing Director) (R) (I) (V) (N) (D)

Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman's Office and established herself as a central part of the management team. In February 2015 Alice was appointed as a director of B.P. Marsh and in January 2016 was appointed Managing Director where she is responsible for the overall performance of the Company and monitoring the Company's overall progress towards achieving its objectives and goals, as set by the Board. Alice is a member of the Remuneration, Investment, Valuation, Nominations and Disclosure Committees. Alice has a direct beneficial interest in 3,849 ordinary shares in B.P. Marsh, together with a beneficial interest in 12,335 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Jonathan Newman ACMA, CGMA, MCSI, aged 43 (Group Finance Director) (I) (V)

Jonathan is a Chartered Management Accountant with over 20 years' experience in the financial services industry. He joined the Group in November 1999, having started his career at Euler Trade Indemnity, 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, provides strategic financial advice to all companies within the Group's portfolio, evaluates new investment opportunities and is a member of the Investment and Valuation Committees. Jonathan also has one nominee directorship in one investee company. Jonathan has a direct beneficial interest in 3,921 ordinary shares in B.P. Marsh, together with a beneficial interest in 12,335 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Daniel Topping MCSI, ACIS, aged 34 (Chief Investment Officer) (I) (V) (N)

Daniel was appointed as a director of B.P. Marsh in March 2011 having joined the Group in February 2007, firstly as Assistant Company Secretary and subsequently as executive assistant to the Chairman, following two years at an independent London account practice. Daniel graduated from the University of Durham in 2005 and is a member of the Securities and Investment Institute and the Institute of Chartered Secretaries and Administrators. In January 2016 Daniel was appointed as Chief Investment Officer of the Group and is a member of the Investment, Valuation and Nominations Committees. Daniel is the Senior Executive with overall responsibility for the portfolio and investment strategy for the Group, working alongside the Board and Investment Directors to find, structure, develop, support and monitor the portfolio. Daniel currently has multiple nominee appointments across the investment portfolio. Daniel has a direct beneficial interest in 66,127 ordinary shares in B.P. Marsh, together with a beneficial interest in 12,335 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Camilla Kenyon, aged 45 (Director) (I)

Camilla Kenyon was appointed to the main board in 2011, following her appointment as Head of Investor Relations in February 2009. She has dual responsibilities within the Group, running both Investor Relations and the New Business Department and is Chair of the New Business Committee evaluating new investment opportunities. She has four nominee directorships across two investee companies and is a member of the Investment Committee. She has over 20 years' experience in the financial services industry, including numerous Board appointments. She is a Member of the Investor Relations Society. Camilla has a direct beneficial interest in 5,709 ordinary shares in B.P. Marsh, together with a beneficial interest in 12,335 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Campbell Scoones, aged 71 (Non-executive) (R)

Campbell joined B.P. Marsh in April 2013 and has over 45 years' experience in the Lloyds and overseas insurance broking and underwriting markets. Having started his career in 1966, Campbell has worked for a number of Lloyd's insurance broking and underwriting firms during this time, including, *inter alia*, Nelson Hurst & Marsh Group, Admiral Underwriting, Marsh & McLennan Companies and Encon Underwriting. Campbell served on the Remuneration Committee until 24 April 2017. Campbell owns 51,000 ordinary shares in B.P. Marsh.

Pankaj Lakhani FCCA, aged 64 (Non-executive) (R) (A) (V) (N)

Pankaj joined B.P. Marsh in May 2015 and has over 30 years' experience within the global insurance sector, having worked at Marsh McLennan Group, Nelson Hurst & Marsh Group, Admiral Underwriting and Victor O. Schinnerer. Pankaj is Chairman of both the Remuneration and Audit Committees and is also a member of the Valuation and Nominations Committees. Pankaj owns 35,000 ordinary shares in B.P. Marsh.

Nicholas Walker MSc, BA (Comb Hons) aged 57, (Non-executive), (R) (A)

Nicholas joined B.P. Marsh in September 2017 and has over 30 years' experience in the Financial Services sector, beginning his career at Bank of America International in the European M&A Group where he was an Analyst and later became appointed as Vice President. In 1988 he moved to Citicorp Investment Bank Limited as Vice President and Country Head of its Spanish M&A Team. Nicholas left Citicorp in 1991 to set up Socios Financieros S.A, one of Spain's leading independent corporate finance firms, based in Madrid. Upon joining the Group, Nicholas was appointed a member of the Remuneration Committee and the Audit Committee and is also a nominee director on the board of one of the Group's investee companies. Nicholas owns 19,608 ordinary shares in B.P. Marsh, of which 9,804 shares are held by his wife.

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
(N)	Member of the Nominations Committee during the year
(D)	Member of the Disclosure Committee during the year

Corporate governance

The board of B.P. Marsh ("the Board") is responsible for the Group's corporate governance policies and recognises the importance of high standards of integrity, and consistently seeks to apply the principles set out in the revised UK Corporate Governance Code (the "Code") by the Financial Reporting Council 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.

A formal review of the performance and effectiveness of each director, including the non-executive directors, and the Committees of the Board, takes place annually and is assessed on an on-going basis by the other members of the Board.

The Group recognises that its non-executive directors are not "independent", as recommended by the Code, however it feels that, given the size and nature of the Group, the benefit derived from the collective relevant experience of its non-executive directors justifies their position on the Board.

Board Meetings

The Board meets at least quarterly 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 six standing committees, the Remuneration Committee, the Audit Committee, the Investment Committee, the Valuation Committee, the Nominations Committee and the Disclosure Committee.

Remuneration Committee

During the year the Remuneration Committee was comprised of two of the non-executive directors of the Company, together with Brian Marsh and Alice Foulk and was chaired by Pankaj Lakhani.
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 27 to 30.

Audit Committee

The Audit Committee is comprised of two of the non-executive directors of the Company and during the year was chaired by Pankaj Lakhani. The external auditor, 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.

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.

Valuation Committee

During the year the Valuation Committee was comprised of Brian Marsh, Alice Foulk, Jonathan Newman, Daniel Topping and Pankaj Lakhani 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.

Nominations Committee

The Nominations Committee is comprised of at least three directors (including at least one non-executive director) and during the year was comprised of Brian Marsh, Alice Foulk, Daniel Topping, Pankaj Lakhani and the Group's Company Secretary, Sinead O'Haire. In accordance with its terms of reference the Committee is responsible for reviewing the structure, size and composition of the Board and senior staff and for identifying and nominating for approval of the Board, candidates for Board positions and other senior staff vacancies as and when they arise. The Committee is also responsible for reviewing the leadership of the Group, including the consideration of succession planning with a view to ensuring the continued ability of the Group to compete effectively in the marketplace.

Disclosure Committee

The Disclosure Committee (regarding Market Abuse Regulation Disclosure) is comprised of Brian Marsh, Alice Foulk and the Group's Company Secretary, Sinead O'Haire. In accordance with its terms of reference the Committee is responsible for overseeing the Company's compliance with its obligations (as laid down by the AIM Rules, Disclosure and Transparency Rules and the Market Abuse Regulation) in respect of the disclosure and control of inside information directly concerning the Company.

Corporate governance
continued

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, larger retail brokers 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 also produces quarterly trading updates, in order to ensure a consistent flow of information throughout the year.

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

Internal Controls and Risk Management

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.

Updated AIM Rules for companies

The London Stock Exchange has issued new rules for AIM listed companies (effective 30 March 2018) and these are summarised in AIM Notice 50. The new rules cover two main areas; formalisation of the early notification process as well as the implementation of new corporate governance requirements in AIM Rule 26. The new corporate governance requirements include a new obligation for an AIM company to disclose on its website details of how it complies with or explains against a recognised corporate governance code ("the code") chosen by the board of directors, as well as a requirement to review its corporate governance disclosure annually (with the date that the adherence to the code was last reviewed included on the company's website). The Group will undertake its formal review of its adherence to the code and update its website by the compliance deadline of 28 September 2018.

The Board believes that its Annual Report and these consolidated financial statements play an important part in presenting all shareholders with an assessment of the Group's position and prospects. The Chairman's Statement included within the Annual Report contains a detailed consideration of the Group's position and prospects.

A statement of the directors' responsibilities in respect of the consolidated financial statements is set out on pages 31 and 32.

By order of the Board

S.C. O'Haire
Company Secretary
11 June 2018

Report of the Remuneration Committee

The Remuneration Committee of the Board (the "Committee") during the year comprised of the non-executive directors of the Company, Stephen Clarke (resigned 31 January 2018), Campbell Scoones (resigned from the Committee on 24 April 2017), Pankaj Lakhani and Nicholas Walker (appointed 6 September 2017), as well as the Executive Chairman of the Group, Brian Marsh, and Alice Foulk. The Committee is responsible for setting the remuneration of the executive directors and other members of staff, as detailed in the Remuneration policy below.

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's terms of reference provide that for as long as the Chairman and the Managing Director of the Company are executive, they should attend as members and be invited to express their views on remuneration levels, but should not be present when their own salaries are decided or when decisions are taken on performance targets for incentive arrangements in which they participate.

The Board has delegated the review and setting of non-executive director remuneration to a sub-committee of the Board consisting of Brian Marsh, Alice Foulk and Sinead O'Haire.

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	30 January 2006	Continuous	6 months
J.S. Newman	30 January 2006	Continuous	6 months
D.J. Topping	1 March 2011	Continuous	6 months
C.S. Kenyon	1 March 2011	Continuous	6 months
A.H.D. Foulk	16 February 2015	Continuous	6 months

Report of the Remuneration Committee
continued

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
S.S. Clarke[1]	30 January 2006	12 months	3 months
C.R. Scoones	19 April 2013	12 months	3 months
P.B. Lakhani	21 May 2015	12 months	3 months
N.G. Walker	6 September 2017	12 months	3 months

1 S.S. Clarke resigned as a non-executive director of the Company on 31 January 2018.

Joint Share Ownership Plan ("JSOP")

During the year to 31 January 2015, and following the resignation of J.K.N. Dunbar on 6 November 2014, B.P. Marsh Management Limited ("BPMM"), a company wholly owned by Mr B.P. Marsh, the Executive Chairman and majority shareholder of the Company, acquired 1,421,130 ordinary shares in the Company from the Tasha Dunbar Life Interest Trust (a trust set up on behalf of J.K.N. Dunbar) for 138 pence per share.

On the same date as the acquisition of these shares, in order to instigate a non-dilutive share incentive scheme, BPMM granted beneficial joint interests in 1,421,130 ordinary shares for no consideration to respective individual directors and senior employees of the Company to be held together with BPMM upon and subject to the terms of joint share ownership agreements ("JSOAs") respectively entered into between each employee, the Company and BPMM.

Of the 1,421,130 ordinary shares in respect of which joint interests were granted, the following directors of the Company each acquired, jointly with BPMM, and upon and subject to the terms of a JSOA, a beneficial interest (as joint owner) in the number of shares respectively shown opposite the name of each such director:

Director	Number of jointly-owned shares	% of total jointly-owned shares
J.S. Newman	355,283	25%
D.J. Topping	355,283	25%
C.S. Kenyon	241,592	17%
A.H.D. Foulk	127,901	9%
Total	**1,080,059**	**76%**

The form of JSOA used on this occasion was approved by the Remuneration Committee on 6 November 2014 and provides for the acquisition by the employee of a beneficial interest as joint owner (with BPMM) of ordinary shares in the Company. This acquisition provides, inter alia, that if jointly-owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that BPMM receives at least 140 pence per jointly-owned share ("IMV") plus an amount representing interest of 3.5% per cent per annum on the IMV and the employee is entitled to the balance (if any). Alternatively, BPMM can elect to offer to purchase the JSOP joint interests from the employee participants at the same rate.

The jointly-owned shares would vest if the employee remained employed with the B.P. Marsh group of companies for a minimum period of three years. On 6 November 2017 all jointly-owned shares vested when all performance criteria were met.

On 7 November 2017 BPMM purchased the economic interests in all of the JSOP shares, being 1,421,130 ordinary shares in the Company, for 245 pence per share from the joint beneficial ownership of the various executive directors and senior employees of the Company. The employee participants received the balance of 90.3 pence per jointly-owned share (after taking account of the 154.7 pence per jointly-owned share attributed to BPMM, representing the initial threshold value of 140 pence plus the hurdle amount of 3.5% simple interest per annum). Pursuant to this acquisition, the JSOAs were terminated.

In accordance with IFRS 2 (Share-based Payment) the fair value of the expected cost of the award (measured at the date of grant) has been spread over the three-year vesting period. The number of jointly-owned shares expected to vest over the three-year period was 1,207,960 (85%). However, as all jointly-owned shares vested during the year, the number of jointly-owned shares expected to vest was adjusted, such that the 15% forfeiture embedded within the expected cost of the award was eliminated and adjusted in the share-based payment charge for the year.

Further details are given in Note 24 to the financial statements.

Share Incentive Plan ("SIP")

During the year to 31 January 2017 the Group established an HMRC approved Share Incentive Plan ("SIP").

During the year a total of 13,363 ordinary shares in the Company, which were repurchased either during the current or prior year, were transferred from Treasury to the B.P. Marsh SIP Trust ("SIP Trust") (31 January 2017: 97,652 ordinary shares in the Company were transferred to the SIP Trust). Following this transfer, and together with 24,572 unallocated shares already held by the SIP Trust at the start of the year, a total of 37,935 ordinary shares in the Company were available for allocation to the participants of the SIP.

On 27 June 2017, a total of 9 eligible employees (including 4 executive directors of the Company) applied for the 2017-18 SIP and were each granted 1,686 ordinary shares ("17-18 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 27 June 2017, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares"). For every Partnership Share that an employee acquires, the SIP Trust will offer two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. All 9 eligible employees (including 4 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (843 ordinary shares) and were therefore awarded 1,686 Matching Shares.

The 17-18 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 37,935 (2017: 73,080) Free, Matching and Partnership Shares were granted to the 9 eligible employees during the year, including 16,860 (2017: 32,480) granted to 4 executive directors of the Company (Note 6).

As at 31 January 2018 a total of 111,015 Free, Matching and Partnership Shares had been granted to 9 eligible employees under the SIP, including 49,340 granted to 4 executive directors of the Company.

Report of the Remuneration Committee
continued

Following the SIP awards made during the year to 31 January 2018 and the termination of the JSOP, 4 executive directors have a beneficial interest in the ordinary shares of the Company (specifically held within its share plans) as follows:

Director	Ordinary shares held under JSOP	Ordinary shares held under SIP
J.S. Newman	–	12,335
D.J. Topping	–	12,335
C.S. Kenyon	–	12,335
A.H.D. Foulk	–	12,335
Total	**–**	**49,340**

The directors' interests in other shares of the Company are detailed in the Group Report of the Directors.

Aggregate Directors' Remuneration

	2018 £	2017 £
Emoluments	1,264,226	1,027,726
Fees	74,872	21,000
Pension contributions	55,700	46,000

Directors' Pensions

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

	2018 £
B.P. Marsh	–
A.H.D. Foulk	10,700
J.S. Newman	17,500
D.J. Topping	18,000
C.S. Kenyon	9,500

Aggregate Directors' Emoluments

	Salaries and fees £	Benefits £	Annual bonuses £	2018 Emoluments excluding pension contributions £
B.P. Marsh	115,000	374	–	115,374
A.H.D. Foulk	100,002	1,970	130,000	231,972
J.S. Newman	175,002	5,015	100,000	280,017
D.J. Topping	180,002	2,531	135,000	317,533
C.S. Kenyon	102,251	5,103	87,250	194,604
S.S. Clarke[1]	33,500	–	–	33,500
C.R. Scoones	47,083	–	–	47,083
P.B. Lakhani	51,000	–	–	51,000
N.G. Walker	68,015	–	–	68,015

1 S.S. Clarke resigned as a non-executive director of the Company on 31 January 2018.

Audit

The tables in this report (including the Notes thereto) have been audited by Rawlinson & Hunter Audit LLP.

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, Pankaj Lakhani, on 11 June 2018.

By order of the Board
S.C. O'Haire
Company Secretary

Group Report of the Directors

Directors

B.P. Marsh OBE (Chairman)
A.H.D. Foulk BA (Hons)
J.S. Newman ACMA, CGMA, MCSI
D.J. Topping MCSI, ACIS
C.S. Kenyon
C.R. Scoones (non-executive)
S.S. Clarke FCA (non-executive)
(resigned 31 January 2018)
P.B. Lakhani FCCA (non-executive)
N.G. Walker MSc, BA (Comb Hons)
(non-executive)
(appointed 6 September 2017)

The directors submit their report and the audited financial statements of the Company and the Group (namely B.P. Marsh & Partners Plc, B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited, B.P. Marsh Asset Management Limited, B.P. Marsh (North America) Limited, B.P. Marsh & Co. Trustee Company Limited, Marsh Development Capital Limited, Bastion London Limited and the B.P. Marsh SIP Trust) for the year ended 31 January 2018.

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report (including the Group Report of the Directors and the Group Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the Company financial statements on the same basis. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the Group's profit or loss for that year.

In preparing financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Group Report of the Directors
continued

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Disclosure of Information to the Auditors

Each of the persons who are directors at the time when the Group Report of the Directors is approved has confirmed that:
- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all steps that ought to have been taken as a director in order to be aware of any information needed by the Company and Group's auditors in connection with preparing their report 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 Section 418 of the Companies Act 2006.

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 services businesses.

Country of Incorporation and Registration

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

Results of the Business

The results for the year are set out on page 50. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends

A dividend of 3.76p per share (£1,098,109) was paid on 28 July 2017 (29 July 2016: £999,335 or 3.42p per share). The directors have recommended a final dividend of 4.76p per share which will be paid, subject to Shareholder approval, on 31 July 2018 to Shareholders registered at the close of business on 13 July 2018. Based upon the current number of shares in issue, this would total £1,391,160.

Significant Interests

As at 30 May 2018 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:

	No. of Ordinary shares of 10p each held	% of issued Share capitall
Mr B.P. Marsh[1]	15,565,271	53.3%
Hargreaves Lansdown Asset Management	1,411,023	4.8%
IS Partners Investment Solutions	1,175,937	4.0%
B.P. Marsh Management Limited	1,166,310	4.0%
James Sharp & Co	1,082,263	3.7%

1 In addition, the Marsh Christian Trust, of which Mr B.P. Marsh is a trustee and Settlor, held 998,000 ordinary shares (3.4% of the issued share capital) in the Company.

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:

	31 January 2018 Ordinary shares of 10p each	31 January 2017 Ordinary shares of 10p each
Mr B.P. Marsh[1]	17,984,401	18,184,401
Mr D.J. Topping[2]	65,442	405,374
Mr J.S. Newman[3]	12,335	363,403
Ms C.S. Kenyon[4]	14,122	249,712
Ms A.H.D. Foulk[5]	12,335	136,021
Mr C.R. Scoones	46,000	46,000
Mr P.B. Lakhani	30,000	18,800

1 Total interest includes 1,421,130 ordinary shares held by B.P. Marsh Management Limited ("BPMM"), a company wholly owned by Mr B.P. Marsh, and 998,000 ordinary shares held by the Marsh Christian Trust of which Mr B.P. Marsh is Trustee and Settlor.
2 Total interest includes 12,335 ordinary shares held within the Company's SIP Trust and 53,107 ordinary shares directly owned by Mr D.J. Topping.
3 Total interest includes 12,335 ordinary shares held within the Company's SIP Trust.
4 Total interest includes 12,335 ordinary shares held within the Company's SIP Trust and 1,787 ordinary shares directly owned by Ms C.S. Kenyon.
5 Total interest includes 12,335 ordinary shares held within the Company's SIP Trust.

Group Report of the Directors
continued

Share Capital

Information relating to the Company's ordinary share capital (including share repurchases and cancellation) is shown in Note 19 to the financial statements.

Events after the Reporting Date

On 21 February 2018 the Group agreed to extend its loan facility to Property and Liability Underwriting Managers (PTY) Limited ("PLUM") by £36,000 from £1,116,617 as at 31 January 2018 (Note 22) to £1,152,617, with the increased facility drawn down immediately. On 22 March 2018 the Group then agreed to extend the facility by a further £300,000 to £1,452,617. £140,000 was drawn down immediately and further drawdowns of £70,000 were made on 23 April 2018 and 24 May 2018 respectively. After the aforementioned drawdowns the total loan outstanding increased from £1,114,778 as at 31 January 2018 to £1,430,778, with a remaining undrawn facility of £21,839 at the date of this report.

On 28 February 2018 The Fiducia MGA Company Limited ("Fiducia") drew down the remaining £105,600 of its agreed total loan facility of £1,725,000. In addition, on 9 April 2018 the Group agreed to provide further loan funding of £470,000 to Fiducia, taking the total amended loan facility to £2,195,000. On 16 April 2018 Fiducia drew down £220,000 from this extended facility. As at 31 January 2018 the total loan outstanding was £1,619,400 (Note 22) and following the aforementioned drawdowns stands at £1,945,000, leaving a remaining undrawn facility of £250,000 at the date of this report. On the same date the Group also subscribed for a further 10% equity in Fiducia for consideration of £30,000, increasing the Group's holding from 25% as at 31 January 2018 to 35% at the date of this report.

On 19 March 2018 LEBC Holdings Limited ("LEBC") repaid £600,000 of its loan. As at 31 January 2018 the total loan outstanding was £1,500,000 and following the aforementioned repayment stands at £900,000 at the date of this report.

On 18 April 2018 the Group provided a further loan facility of £100,000 to Paladin Holdings Limited ("Paladin") which was drawn down immediately and increased both the total facility and total amount drawn down from £3,996,500 as at 31 January 2018 to £4,096,500 at the date of this report.

On 18 April 2018 the Group also acquired 100,000 ordinary shares (10% equity stake) in Paladin from a minority shareholder and director for consideration of £400,000. These shares are being held by the Group under a call option arrangement which Paladin can call at any time during the next three years and buy-back at a fixed option price of £4.02 per share (£402,000). This acquisition increased the Group's equity holding in Paladin from 35% as at 31 January 2018 to 45% at the date of this report.

On 26 April 2018 Stewart Specialty Risk Underwriting Limited ("SSRU") drew down a further CAD 100,000 (£56,812) from its total agreed loan facility of CAD 850,000. As at 31 January 2018 the total loan outstanding was CAD 350,000 (Note 22) and following the aforementioned drawdown stands at CAD 450,000, leaving a remaining undrawn facility of CAD 400,000 at the date of this report.

On 14 May 2018 the Group provided a £300,000 loan facility to Walsingham Holdings Limited ("Walsingham Holdings") which was drawn down immediately. This loan funding was provided to allow Walsingham Holdings, a previously dormant company, to acquire an 11.7% equity holding in Walsingham Motor Insurance Limited ("Walsingham") from an exiting shareholder. The loan from the Group is secured on the acquired Walsingham shares via a debenture containing a cross guarantee with Walsingham. On the same date the Group also subscribed, alongside other Walsingham shareholders, for 299 (of a total 1,498) new ordinary shares in Walsingham Holdings for consideration of £299. Following this share reorganisation, the Group's equity holding in Walsingham Holdings reduced from 50% as at 31 January 2018 to 20% at the date of this report, however the Group retained its 40.5% holding in Walsingham.

Directors' and Officers' Liability Insurance

The Company has purchased insurance cover to cover directors' and officers' liability, as permitted by Section 233 of the Companies Act 2006. This insurance was in force throughout the year ended 31 January 2018 and remains in force at the date of this report.

Financial Risk Management

The directors' assessment of the principal risks and uncertainties is set out in the Group Strategic Report.

Appointment of Auditor

In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of Rawlinson & Hunter Audit LLP as the Group's Auditor will be put to members at the forthcoming AGM.

Registered Office:
4 Matthew Parker Street
London
SW1H 9NP

By order of the Board
S.C. O'Haire
Company Secretary
11 June 2018

Group Strategic Report

Business Review

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

On 1 February 2017 the Group provided £3,600,000 of further loan funding to Besso Insurance Group Limited ("Besso") to enable it to fund an overseas acquisition. This additional loan facility increased Besso's outstanding loan balance to £4,907,500 (£1,307,500 as at 31 January 2017).

On 17 February 2017 the Group acquired, through a newly established company Paladin Holdings Limited ("Paladin"), an effective 35% shareholding in CBC UK Limited ("CBC"), a Retail and Wholesale Lloyd's insurance broker. The Group partnered with CBC's management team to buy out an existing shareholder and the acquisition of CBC was made through Paladin, to which the Group provided £4,000,000 of funding (comprising cash consideration of £3,500 for the 35% equity and a loan facility of £3,996,500 which was fully drawn down on completion). As at 31 January 2018 the Group's equity investment in Paladin remained at 35%.

On 17 February 2017 The Fiducia MGA Company Limited ("Fiducia") drew down £194,400 of its agreed loan facility of £1,725,000. Further drawdowns of £275,000, £250,000, £275,000 and £275,000 were made on 8 May 2017, 3 July 2017, 13 October 2017 and 13 December 2017 respectively. As at 31 January 2018 the total loan outstanding was £1,619,400, leaving a remaining undrawn facility of £105,600 (Note 22).

On 28 February 2017 the Group sold its entire 37.94% stake in Besso to an affiliate of BGC Partners, Inc ("BGC"), for an initial consideration of £21,566,158 (net of transaction costs). On 12 April 2017 the Group received further cash consideration of £441,638 pursuant to an adjustment based upon Besso's 28 February 2017 final completion accounts, bringing the total consideration received by the Group to £22,007,796. The total consideration received represents a realised gain of £698,796 when compared to the carrying value of the Group's investment in Besso of £21,309,000 as at 31 January 2017 (Note 14) and a total overall gain of £18,617,346 above the cost of investment. Outstanding loans of £4,907,500 were also repaid in full on completion.

On 28 February 2017 the Group entered into an operating lease agreement relating to new office premises at 5th Floor, 4 Matthew Parker Street, London, SW1H 9NP. The operating lease is for a period of 10 years with a 5 year break clause in February 2022.

On 9 March 2017 Bulwark Investment Holdings (PTY) Limited ("Bulwark") drew down £20,000 of its agreed loan facility of £665,000 and on 31 January 2018 Bulwark drew down the final £30,000 remaining of its loan facility. As at 31 January 2018 the total loan outstanding was £665,000.

On 19 April 2017 the Group provided £400,000 of loan funding to Property and Liability Underwriting Managers (PTY) Limited ("PLUM") for working capital purposes. £129,000 was drawn down immediately and further amounts of £125,000 and £118,500 were drawn down on 18 May 2017 and 11 July 2017 respectively bringing the total drawn down to £372,500. On 23 August 2017 the Group extended the loan facility by a further £300,000 to £700,000 and PLUM subsequently drew down a further £325,661 over the period August to October 2017, bringing the total loan drawn down to £698,161 at that time. Further facility increases of £394,802 and £21,815 were made on 19 December 2017 and 31 January 2018 respectively, which were drawn down immediately in full. As at 31 January 2018 the total loan facility stood at £1,116,617 and the total amount drawn down at £1,114,778, with a remaining undrawn facility of £1,839 (Note 22).

On 21 April 2017 the Group sold its entire 29.94% stake (351,000 B ordinary shares, 3,400 preferred shares and 292 ordinary shares) in Trireme Insurance Group Limited ("Trireme") to its fellow shareholder, US Risk Midco, LLC, for cash consideration of £2,908,350 as well as an additional payment of £51,345 in lieu of a preferred dividend. The consideration of £2,908,350 equates to the Group's 31 January 2017 valuation of its investment in Trireme (Note 14) and represents a total overall gain of £1,059,046 above the cost of investment. The outstanding loan of £2,155,113 was also repaid on completion.

On 12 June 2017 Stewart Specialty Risk Underwriting Limited ("SSRU") drew down CAD 100,000 (£59,920) of its agreed CAD 850,000 loan facility. As at 31 January 2018 the total loan outstanding was CAD 350,000 with a remaining undrawn facility of CAD 500,000 (Note 22).

On 13 June 2017 the Group acquired, through its wholly-owned subsidiary company B.P. Marsh (North America) Limited, a 35% shareholding in a newly established New York based specialty lines insurance distribution company, XPT Group LLC ("XPT"). The Group provided $6,000,000 (£4,790,419) of funding for the 35% equity.

On 26 July 2017 the Group acquired a further 17.84% equity stake in LEBC Holdings Limited ("LEBC") for consideration of £7,137,563. The acquisition increased the Group's equity stake in LEBC to 60.88% at the time of investment. The Group has also provided for £148,960 of deferred consideration due to certain LEBC shareholders in respect of this transaction which became due upon the Group's 100% equity valuation of LEBC exceeding £43,000,000. This condition was met as at 31 January 2018 and therefore the Group's equity cost in LEBC has been increased to include this deferred consideration which is expected to be paid in 2018. Following this additional investment, and pursuant to the issue of shares as part of the consideration for an acquisition made by LEBC in December 2017, the Group's equity stake in LEBC stood at 59.34% as at 31 January 2018.

On 31 July 2017 LEBC repaid its £1,005,000 loan outstanding with the Group. On 19 December 2017 the Group provided a new loan facility of £1,500,000, which was drawn down in full on completion, to assist LEBC with an acquisition. As at 31 January 2018 total loans drawn down by LEBC stood at £1,500,000.

On 10 July 2017 the Group agreed to provide a loan facility of £4,000,000 to Nexus Underwriting Management Limited ("Nexus"). £2,000,000 was drawn down on 28 July 2017 and the remaining £2,000,000 was drawn down on 24 January 2018. As at 31 January 2018 total loans drawn down by Nexus stood at £4,000,000.

Group Strategic Report
continued

On 12 October 2017 the Group acquired, through its wholly-owned subsidiary company B.P. Marsh (North America) Limited, a 30% equity stake in Mark Edward Partners LLC ("MEP") for consideration of $6,000,000 (£4,572,822). MEP is a specialty insurance broker offering a wide range of risk management services to both commercial and private clients and has offices in New York, Palm Beach and Los Angeles, with licenses to operate in all 50 US states. As at 31 January 2018 the Group's equity investment in MEP remained at 30%.

On 15 December 2017 the Group acquired an effective 20% equity stake (comprising a mixture of ordinary and preferred shares) in EC3 Brokers Limited ("EC3") through a newly established company, EC3 Brokers Group Limited, for total consideration of £5,000,000. EC3 is an independent specialist Lloyds broker and reinsurance broker which provides services to a wide array of clients across a number of sectors, including construction, casualty, entertainment and cyber and technology.

Financial Performance

At 31 January 2018, the net asset value of the Group was £98.9m, or 339p per share (2017: £79.7m, or 273p per share) including a provision for deferred tax where relevant. This equates to an increase in net asset value of 24.1% (2017: 12.5%) for the year, or 19.5% excluding any deferred tax movement.

The Group increased its dividend payment to £1.1m (or 3.76p per share) during the year, as announced previously (2017: £1.0m or 3.42p per share). Total shareholder return for the year was therefore 25.5% (2017: 13.9%) including the dividend payment and the net asset value increase.

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

31 January 2017 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2017 valuation	31 January 2018 valuation
63.6	21.7	(25.0)	60.3	79.1

This equates to an increase in the portfolio valuation of 31.3% (2017: 22.1%).

The net asset value of £98.9m at 31 January 2018 represented a total increase in net asset value of £86.3m 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. The directors note that the Group has delivered an annual compound growth rate of 12.0% in Group net asset value after running costs, realisations, losses, distributions and corporation tax since 1990.

The consolidated profit on ordinary activities after taxation increased by 107% to £20.2m (2017: profit of £9.8m). The consolidated profit on ordinary activities before taxation was £16.5m (2017: profit of £12.2m), of which £18.1m was derived from unrealised gains on revaluing the equity investment portfolio in line with current market conditions, an increase of 62% on the previous year (2017: net unrealised gains of £11.2m). The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns, but excluding investment activity (unrealised gains on equity, a provision against deferred consideration receivable, a provision against loans receivable from investee companies and all underlying treasury portfolio movement), this was achieved with a pre-tax profit of £0.7m for the year (2017: £0.6m).

The Group invested £21.7m during the year – £14.4m in new equity investments and £7.3m for follow-on equity financing to its existing portfolio. In addition, the Group provided new loans for working capital to the portfolio of £15.6m. Repayment of loans by the portfolio amounted to £8.9m in the year. Cash funds (including treasury funds) at 31 January 2018 were £5.4m.

Overall, income from investments increased by 30.1% to £3.9m (2017: £3.0m). Dividend income increased by 95.4% over the year due to the strengthening performance of the portfolio companies, whilst income from loans fell by 13.4%, which was largely the result of the portfolio repaying debt in accordance with agreed repayment schedules. Fees were 41.4% higher mainly due to a number of one-off transaction fees received in 2018 as well as fees derived from new investments.

The Group realised two investments during the year, resulting in a combined profit on disposal (before tax) of £19.7m. The cash received from these realisations enabled the Group to invest in a number of new and existing opportunities throughout the year.

Operating expenses, including costs of making new investments, increased by 34.4% during the year to £4.1m (2017: £3.1m). Of this, £0.6m related to enhanced bonuses awarded to directors and staff under a newly created incentive scheme which is linked to the Group's growth in net asset value and was also based upon the £19.7m realised gain on successful sale of investments during the year. £0.2m related to expenses directly incurred in making new investments which, under IFRS, are expensed and £0.1m related to one-off costs incurred in the office move (which mainly comprised of rent, rates and service charge costs incurred for an overlapping period during the year whilst the Group's leases on its old and new office premises ran concurrently). Excluding these atypical expenses, overall expenses rose by £0.1m (3.2%) in proportion with managing a growing portfolio.

Due to favourable market conditions, the Group's treasury funds increased by 4.1% over the year (net of fund management charges) (2017: 8.6%).

Future Prospects

During the year under review, several new investments were made and the Group continued to assist and support its existing investments through follow-on funding to enable continued growth. A number of prospective investments were considered and the Group continues to receive a strong pipeline of opportunities and continues to evaluate them for investment potential.

Financial Data and Key Performance Indicators

The table overleaf summarises the Group's financial results and key performance indicators.

Group Strategic Report
continued

	Year to/as at 31 January 2018	Year to/as at 31 January 2017
Net asset value	£98.9m	£79.7m
Net asset value per share	339p	273p
Equity portfolio increase	31.3%	22.1%
Dividend per share	3.76p	3.42p
Total shareholder return (including dividends)	£20.3m	£9.9m
Total shareholder return on opening shareholders' funds	25.5%	13.9%
Annual operating cash (deficit) / surplus	£(6.3)m	£7.9m
Cash investment for the year – Equity	£21.7m	£8.3m
Cash investment for the year – Loans	£15.6m	£1.2m
Cash funds (including Treasury) at end of year	£5.4m	£12.6m
Realisations (net of disposal costs)	£25.0m	£10.3m
Gross profit on realisations	£19.7m	£6.7m
Loans repaid by investee companies in the year	£8.9m	£7.3m

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. As at 31 January 2018 the Group was debt free (31 January 2017: 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 is exposed to the risk of default on the loans it has made available to investee companies. The Group manages the risk by ensuring that there is a director appointed to the board of each of its investee companies. In this capacity, the appointed director can advise the Group's board of investee companies' activities and prompt action can be taken to protect the value of the loan, such that the directors believe the credit risk to the Group is adequately managed.

Liquidity risk

The directors assess and review the Group's liquidity position and funding requirements on a regular basis and this is an agenda item for its Board meetings. They consider that the Group has sufficient liquidity to manage current commitments.

Interest rate risk

At 31 January 2018, the Group had no interest bearing liabilities but had 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 Consolidated Statement of Comprehensive Income in accordance with the Group's accounting policy. The Board monitors the movements and manages the risk accordingly (see Note 23).

New investment risk
An inherent risk of realising an investment is the loss of a performing asset and a potential lack of suitable new investments to replace the lost income and capital growth. Prior to reinvestment, returns on cash can be significantly lower, which may reduce underlying profitability on a short-term basis until funds are reinvested. The Group has an active New Business department which continues to receive a strong pipeline of new investment opportunities. In addition, there is often potential for further investment within the Group's existing portfolio.

Concentration risk
Although the Group only invests in financial service businesses, and specifically insurance intermediaries, the Group has a wealth of experience in this specific sector. It seeks to manage concentration risk by making investments across a variety of geographic areas, development stages of business and classes of product.

Political risk
As a UK domiciled business, the Group is exposed to the risks associated with the UK's decision to leave the European Union ("Brexit"). The Board is continually assessing the potential impact of Brexit on the Group and its underlying investments, however it is the Group's intention to continue to invest into the international financial services market, a policy which has historically had little or no direct impact from the UK's membership of the European Union. As outlined under 'Currency risk' above, the Group continues to monitor the movements in its foreign currency denominated income and assets and manages this risk accordingly.

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 21 (2017: 42) during the year.

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 2019 and 2020, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue its operation for the foreseeable future.

By order of the Board
S.C. O'Haire
Company Secretary
11 June 2018

Independent Auditor's Report

to the Members of B.P. Marsh & Partners PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the Group financial statements of B.P. Marsh & Partners Plc ("the Parent Company" or "the Company") and its subsidiaries ("the Group") for the year ended 31 January 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31st January 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk 1: Valuation of unquoted equity investments

Refer to the significant accounting policies (page 58); and Notes 1 and 12 of the financial statements.

The equity investment portfolio comprises Level 3 instruments in unquoted legal entities. In both the Group and the Parent Company's Statements of Financial Position these are shown under Non-Current Assets.

The Group adopts various valuation methodologies based on the International Private Equity and Venture Capital Valuation Guidelines ('IPEV Guidelines') – December 2015, in conformity with IFRS 13 – Fair Value Measurement. Owing to the unquoted and illiquid nature of these investments, the assessment of fair valuation is subjective and requires a number of significant and complex judgments to be made by the Valuation Committee. The exit value will be determined by the market at the time of realisation and therefore despite the valuation policy adopted and judgments made by the Valuation Committee, the final sales value on realisation may differ materially from the valuation at the year end date.

There is the risk that inaccurate judgments made in the assessment of fair value, particularly in respect of earnings multiples, the application of liquidity discounts, calculation of discount rates and the estimation of future maintainable earnings, could lead to the incorrect valuation of the unquoted equity investment portfolio. In turn, this could materially misstate the

Independent Auditor's Report
continued

value of the investment portfolio in the Consolidated Statement of Financial Position, the gross investment return and total return in the Consolidated Statement of Comprehensive Income and the net asset value per share.

There is also the risk that management and the Valuation Committee may influence the significant judgments and estimations in respect of unquoted equity investment valuations in order to meet market expectations of the overall net asset value of the Group.

How we address the Key Audit Matters

We performed the following procedures:

We obtained an understanding of the Valuation Committee's processes and controls for determining the fair valuation of unquoted equity investments by performing walkthrough procedures. This included discussing with management and the Valuation Committee the valuation governance structure and protocols around their oversight of the valuation process and corroborating our understanding by obtaining the detailed minutes for the Valuation Committee meetings. We have identified key controls in the process, assessed the design adequacy and tested the operating effectiveness of those controls. We relied on controls over portfolio company and comparable company data used in the valuation of unquoted investments.

We compared the Valuation Committee's valuation methodology to IFRS and the IPEV Guidelines. We sought explanations from management and the Valuation Committee where there are judgments applied in their application of the guidelines and assessed their appropriateness.

With the assistance of our research work on the private company valuation methodologies, we formed an independent range for the key assumptions used in the valuation of a sample of unquoted investments within the private equity business line, with reference to relevant industry and market valuation considerations. We derived a range of fair values using our assumptions and other qualitative risk factors. We compared these ranges to management's fair values and discussed our results with the Valuation Committee.

With respect to unquoted investments in the private equity business line, on a sample basis we corroborated key inputs in the valuation models, such as earnings and net debt to source data. We also performed the following procedures on key judgments made by the Valuation Committee in the calculation of fair value:

- assessed the suitability of the comparable companies used in the calculation of the earnings multiples;
- challenged management on the applicability of adjustments made to earnings multiples and obtained rationale and supporting evidence for adjustments made;
- performed corroborative calculations to assess the appropriateness of discount rates; and
- discussed the adjustments made to calculate future maintainable earnings and corroborated this to supporting documentation.

On a sample basis, we verified the valuation of unquoted investments using market data on acquisition multiples and other data from third party pricing sources used by the Valuation Committee in the calculation of fair value.

We checked the mathematical accuracy of the valuation models on a sample basis. We reperformed the calculation of the unrealised profits on the revaluation of investments impacting the Consolidated Statement of Comprehensive Income.

We discussed with the Valuation Committee and understood the rationale for any differences between the exit prices of investments realised during the year and the prior year fair value, to further assess the reasonableness of the current year valuation assumptions and methodology adopted by the Valuation Committee.

Key observations communicated to the Audit Committee:
The valuation of the unquoted equity investment portfolio is determined to be within a reasonable range of fair values. All valuations tested have been recognised in accordance with IFRS and the IPEV Guidelines. Appropriate inputs to the valuations were used and the valuations calculated by the Valuation Committee are within a reasonable range. Based on our procedures and discussion of certain matters with the Audit Committee, there were no material outstanding matters.

Risk 2: Recognition of portfolio income and of realised profits on disposal of investments
Refer to the significant accounting policies (pages 58 to 59); and Notes 1, 12 and 14 of the financial statements

Portfolio income is directly attributable to the return from investments. This includes: dividends from investee companies which are recognised when the Group's rights to receive payments have been established, gross interest income from loans which is recognised on an accrual basis and 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.

Realised profits originate from disposals of investments. Realised profits are calculated as the difference between the net proceeds and the investment's fair value at the beginning of the year.

Market expectations and revenue-based targets may place pressure on management to influence the recognition of portfolio income or realised gains. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations.

How we address the Key Audit Matters
We performed the following procedures:

We obtained an understanding of management's processes and controls around accounting for portfolio income and realised gains by discussing with the management team and observations during the audit fieldwork to substantiate the processes and controls.

We performed detailed testing on a sample of transactions to confirm whether they had been appropriately recorded in the Consolidated Statement of Comprehensive Income.

For portfolio income, on a sample basis, we:
- agreed dividends from the underlying investment agreements and the dividend notices where available;
- reperformed the calculation of interest income based on the terms of the underlying agreements;

Independent Auditor's Report
continued

- agreed advisory fees to the relevant investment advisory agreements; and
- agreed the receipts of the income to the bank statements, or, if not yet received at the year end, agreed to the debtors or accrued income schedule and assessed the recoverability of these debtors or accrued income.

For realised gains, on a sample basis, we:
- analysed the contract and terms of the sale to determine whether the Group had met the stipulated requirements, confirming that the net proceeds and therefore the realised profit over opening value could be reliably measured;
- re-performed management's calculations to determine mathematical accuracy and confirmed the collection of the net proceeds by agreeing the cash receipt to bank statements; and
- assessed the recoverability if the related income had not been received by the due date.

For all samples selected for testing we verified that revenue is recognised when the significant risks and rewards of ownership have been transferred.

We performed enquiries of management and read minutes of meetings throughout the year and subsequent to the year end in order to address the risk of management override of controls to defer revenue recognition.

Key observations communicated to the Audit Committee

Our audit procedures did not identify any material matters regarding the recognition of portfolio income and of realised profits on disposal of investments. All transactions tested have been recognised in accordance with contractual terms and IFRS. Based on our procedures and discussion of certain matters with the Audit Committee, there were no material outstanding matters.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £980,000 (2017: £795,000) for balance sheet items which is 1% of net assets. We believe that net assets provide us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the entity.

However due to the much lower comprehensive income generated each year in comparison with the level of net assets, we have set a lower materiality of £200,000 (2017: £195,000) for the Group for realised profit and loss items which represents approximately 1% of the net comprehensive income.

We believe that the above basis provides us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the entity.

We calculated materiality during the planning stage of the audit based on the management accounts provided to us which exclude the investment valuation at the year end, and then reassessed it based on the 31 January 2018 revised management accounts updated with the investment valuation at the year end on the basis set out above and adjusted our audit procedures accordingly.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2017: 75%) of our planning materiality, namely £735,000 (2017: £596,000) for balance sheet items and £150,000 (2017: £146,000) for realised profit and loss items. This is at the top end of the range of 50% and 75%. In arriving at the top range of 75%, we considered the judgmental nature of the valuations in the Consolidated Statement of Financial Position and the relative value of transactions recorded in the other primary statements, to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality of £980,000 for balance sheet items and £200,000 if the differences are realised and impact on profit and loss items.

Reporting threshold

Our reporting threshold is defined as an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £49,000 (2017: £39,750) for balance sheet items and £10,000 (2017: £9,750) for realised profit and loss items, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

We performed an audit of the complete financial information of 4 (2017: 3) full scope components.

The Group comprises 3 consolidated subsidiaries and 2 investment entity subsidiaries. Monitoring and control over the operations of these subsidiaries, including those located overseas, is centralised in London.

Independent Auditor's Report
continued

The full scope components accounted for 100% of the investment portfolio and 100% of each of profit before tax, external revenue and of total assets (all measures used to calculate materiality).

Whilst materiality for the Group financial statements as a whole was set out as detailed in this report, each component of the Group was audited to a lower level of materiality.

Audits of the components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by The Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- we have not identified material misstatements in the Group Strategic Report and the Group Report of the Directors;
- the information given in the Group Strategic Report and the Group Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Group Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Group Report of the Directors.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

Christopher Bliss
Senior Statutory Auditor

For and on behalf of
Rawlinson & Hunter Audit LLP
Statutory Auditor
Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

11 June 2018

Consolidated Statement of Comprehensive Income

for the year ended 31 January 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Gains on investments	1				
Realised gains on disposal of equity investments (net of costs)	12, 14	718		248	
Provision against equity investments and loans		(2,122)		–	
Unrealised gains on equity investment revaluation	12	18,119		11,243	
Income			16,715		11,491
Dividends	1, 25	1,538		787	
Income from loans and receivables	1, 25	1,170		1,351	
Fees receivable	1, 25	1,154		816	
			3,862		2,954
Operating income	2		**20,577**		**14,445**
Operating expenses		(4,147)		(3,086)	
Provision against deferred consideration		(341)		–	
	2		(4,488)		(3,086)
Operating profit			**16,089**		**11,359**
Financial income	2, 4	582		467	
Financial expenses	2, 3	(111)		(36)	
Exchange movements	2, 8	(42)		402	
			429		833
Profit on ordinary activities before taxation	8		**16,518**		**12,192**
Income taxes	9		3,731		(2,398)
Profit on ordinary activities after taxation attributable to equity holders	20		**20,249**		**9,794**
Total comprehensive income for the year	20		**20,249**		**9,794**
Earnings per share – basic and diluted (pence)	10		**69.3p**		**33.5p**

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

The notes on pages 54 to 86 form part of these financial statements.

Consolidated and Parent Company Statements of Financial Position

31 January 2018

		Group		Company	
	Notes	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Assets					
Non-current assets					
Property, plant and equipment	11	167	15	–	–
Investments – equity portfolio	12	79,122	39,350	88,540	69,442
Investments – subsidiaries	12	–	–	10,320	10,239
Investments – treasury portfolio	13	2,756	5,230	–	–
Loans and receivables	15	14,421	7,157	–	–
Deferred tax assets	17	32	–	–	–
		96,498	**51,752**	**98,860**	**79,681**
Current assets					
Non-current assets as held for sale	12	–	24,217	–	–
Trade and other receivables	16	2,393	5,062	–	–
Cash and cash equivalents		2,648	7,327	8	1
Total current assets		**5,041**	**36,606**	**8**	**1**
Total assets		**101,539**	**88,358**	**98,868**	**79,682**
Liabilities					
Non-current liabilities					
Deferred tax liabilities	17	–	(6,728)	–	–
Total non-current liabilities		**–**	**(6,728)**	**–**	**–**
Current liabilities					
Trade and other payables	18	(1,472)	(718)	(1)	–
Corporation tax provision	18	(1,200)	(1,230)	–	–
Total current liabilities	18	**(2,672)**	**(1,948)**	**(1)**	**–**
Total liabilities		**(2,672)**	**(8,676)**	**(1)**	**–**
Net assets		**£98,867**	**£79,682**	**£98,867**	**£79,682**
Capital and reserves – equity					
Called up share capital	19	2,923	2,923	2,923	2,923
Share premium account	20	9,398	9,381	9,398	9,381
Fair value reserve	20	32,022	26,191	86,397	67,299
Reverse acquisition reserve	20	393	393	–	–
Capital redemption reserve	20	6	6	6	6
Capital contribution reserve	20	7	5	–	–
Retained earnings	20	54,118	40,783	143	73
Shareholders' funds – equity	20	**98,867**	**79,682**	**98,867**	**79,682**
Net asset value per share (pence)	10	**339p**	**273p**	**339p**	**273p**

The Financial Statements were approved by the Board of Directors and authorised for issue on 11 June 2018 and signed on its behalf by:

B.P. Marsh & J.S. Newman

The notes on pages 54 to 86 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 January 2018

	Notes	2018 £'000	2017 £'000
Cash (used by)/from operating activities			
Income from loans to investees		1,170	1,351
Dividends		1,538	787
Fees received		1,154	816
Operating expenses		(4,488)	(3,086)
Net corporation tax paid		(3,076)	(102)
Purchase of equity investments	12	(21,653)	(8,278)
Net proceeds from sale of equity investments	12, 14	24,935	10,253
Net (payments to)/repayments of loans by investee companies		(6,695)	6,046
Adjustment for non-cash share incentive plan		88	86
Increase in receivables		(7)	(160)
Increase in payables		752	129
Depreciation and amortisation	11	27	8
Net cash (used by)/from operating activities		**(6,255)**	**7,850**
Net cash from/(used by) investing activities			
Purchase of property, plant and equipment	11	(179)	(8)
Purchase of treasury investments	13	(35,858)	(11,976)
Net proceeds from sale of treasury investments	13	38,784	10,652
Net cash from/(used by) investing activities		**2,747**	**(1,332)**
Net cash used by financing activities			
Financial income	4	19	7
Dividends paid	7	(1,098)	(999)
Payments made to repurchase company shares	19, 20	(54)	(9)
Net cash used by financing activities		**(1,133)**	**(1,001)**
Change in cash and cash equivalents		(4,641)	5,517
Cash and cash equivalents at beginning of the year		7,327	1,814
Exchange movement		(38)	(4)
Cash and cash equivalents at end of year[1]		**2,648**	**7,327**

1 The above cash and cash equivalents balance excludes treasury portfolio funds which are referred to in Note 13. Including treasury portfolio balances of £2,756k, total available cash and treasury portfolio funds as at 31 January 2018 was £5,404k (as at 31 January 2017: £12,557k, including £5,230k of treasury portfolio funds).

All differences between the amounts stated in the Consolidated Statement of Cash Flows and the Consolidated Statement of Comprehensive Income are attributed to non-cash movements.

The notes on pages 54 to 86 form part of these financial statements.

Parent Company Statement of Cash Flows

for the year ended 31 January 2018

	Notes	2018 £'000	2017 £'000
Cash from operating activities			
Dividends received from subsidiary undertakings		1,154	1,008
Decrease in payables		–	(15)
Net cash from operating activities		**1,154**	**993**
Net cash used by financing activities			
Increase in amounts owed to Group undertakings		5	15
Dividends paid	7	(1,098)	(999)
Payments made to repurchase company shares	19, 20	(54)	(9)
Net cash used by financing activities		**(1,147)**	**(993)**
Change in cash and cash equivalents		7	–
Cash and cash equivalents at beginning of the year		1	1
Cash and cash equivalents at end of year		**8**	**1**

Consolidated and Parent Company Statements of Changes in Equity

for the year ended 31 January 2018

		Group		Company
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Opening total equity	79,682	70,812	79,682	70,812
Comprehensive income for the year	20,249	9,794	20,252	9,794
Dividends paid	(1,098)	(999)	(1,098)	(999)
Repurchase of company shares	(54)	(9)	(54)	(9)
Share incentive plan	88	84	85	84
Total equity	**98,867**	**79,682**	**98,867**	**79,682**

Refer to Note 20 for detailed analysis of the changes in the components of equity.

Notes to the consolidated financial statements

for the year ended 31 January 2018

1. Accounting Policies

B.P. Marsh & Partners Plc is a public limited company incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom. The address of the Company's registered office is 4 Matthew Parker Street, London SW1H 9NP. The consolidated financial statements for the year ended 31 January 2018 comprise the financial statements of the Parent Company and its consolidated subsidiaries (collectively "the Group").

Basis of preparation of financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union ("IFRS"), and in accordance with the Companies Act 2006.

The consolidated financial statements are presented in sterling, the functional currency of the Group, rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of judgements about the carrying amounts of assets and liabilities. Actual results may differ from those amounts.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10: Consolidated Financial Statements ("IFRS 10") are required to account for their investments in controlled entities, as well as investments in associates at fair value through profit or loss. Subsidiaries that provide investment related services or engage in permitted investment related activities with investees that relate to the parent investment entity's investment activities continue to be consolidated in the Group results. The criteria which define an investment entity are currently as follows:

a) an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
b) an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
c) an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Group's annual and interim consolidated financial statements clearly state its objective of investing directly into portfolio investments and providing investment management services to investors for the purpose of generating returns in the form of investment income and capital appreciation. The Group has always reported its investment in portfolio investments at fair value. It also produces reports for investors of the funds it manages and its internal management report on a fair value basis. The exit strategy for all investments held by the Group is assessed, initially, at the time of the first investment and this is documented in the investment paper submitted to the Board for approval.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The Board has concluded that B.P. Marsh & Partners Plc and its three trading subsidiaries, B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited and B.P. Marsh (North America) Limited (incorporated on 22 March 2017), which provide investment related services on behalf of B.P. Marsh & Partners Plc, all meet the definition of an investment entity. These conclusions will be reassessed on an annual basis for changes to any of these criteria or characteristics.

Application and significant judgments

When it is established that a parent company is an investment entity, its subsidiaries are measured at fair value through profit or loss. However, if an investment entity has subsidiaries that provide services that relate to the investment entity's investment activities, exception to the Amendment of IFRS 10 is not applicable as in this case, the parent investment entity still consolidates the results of its subsidiaries. Therefore, the results of B.P. Marsh & Company Limited and Marsh Insurance Holdings Limited continued to be consolidated into its Group financial statements for the year and the results of B.P. Marsh (North America) Limited are consolidated for the first time into its Group financial statements for the year.

The most significant estimates relate to the fair valuation of the equity investment portfolio as detailed in Note 12 to the Financial Statements. The valuation methodology for the investment portfolio is detailed below. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

New Accounting Standards

None of the new standards, interpretations or amendments, which are effective for the first time in these consolidated financial statements, has had a material impact on these consolidated financial statements.
Standards that have been issued, but are not yet effective for the year ended 31 January 2018 include:
• IFRS 15: Revenue from Contracts with Customers – effective 1 January 2018
• IFRS 9: Financial Instruments – effective 1 January 2018
• Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) – effective 1 January 2018
• IFRS 16: Leases – effective 1 January 2019

The directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application, with the exception of IFRS 16: Leases ("IFRS 16").

IFRS 16 was issued on 13 January 2016 and replaces IAS 17: Leases. The standard is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

New Accounting Standards continued
IFRS 16 requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's Statement of Financial Position and recognised as a right-to-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset will be amortised on a straight-line basis with the lease liability being amortised using the effective interest method. Certain optional exemptions are available under IFRS 16 for short-term leases (lease term of less than 12 months) and for low-value leases. Therefore IFRS 16 is expected to result in an increase in the Group's total assets and total liabilities but is not anticipated to have a material impact on net assets or total return.

Basis of consolidation
(i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) exposure, or rights, to variable returns from its involvement with the investee; and
c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
a) rights arising from other contractual arrangements; and
b) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

B.P. Marsh & Partners Plc ("the Company"), an investment entity, has three subsidiary investment entities, B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited and B.P. Marsh (North America) Limited, that provide services that relate to the Company's investment activities. The results of these three subsidiaries, together with other subsidiaries (except for Summa Insurance Brokerage, S.L. ("Summa") and LEBC Holdings Limited ("LEBC")), are consolidated into the Group consolidated financial statements. The Group has taken advantage of the Amendment to IFRS 10 not to consolidate the results of Summa and LEBC. Instead the investments in Summa and LEBC are valued at fair value through profit or loss.

(ii) Associates
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 statement of financial position at fair value even though the Group may have significant influence over those companies.

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. 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. The one exception to the use of the acquisition accounting method was in 2006 when B.P. Marsh & Partners Plc became the legal parent company of B.P. Marsh & Company Limited in a share for share exchange transaction. This was accounted for as a reverse acquisition, such that no goodwill arose, and a merger reserve was created reflecting the difference between the book value of the shares issued by B.P. Marsh & Partners Plc as consideration for the acquisition of the share capital of B.P. Marsh & Company Limited. This compliance with IFRS 3: Business Combinations ("IFRS 3") also represented a departure from the Companies Act.

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 Consolidated Statement of Financial Position 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: Financial Instruments ("IAS 39"), with changes in fair value recognised in the profit or loss in the period of the change. The Group has no interests in associates through which it carries on its business.

No Statement of Comprehensive Income is prepared for the Company, as permitted by Section 408 of the Companies Act 2006. The Company made a profit for the year of £20,251,651, prior to a dividend distribution of £1,098,109 (2017: profit of £9,794,327 prior to a dividend distribution of £999,335).

Employee services settled in equity instruments

The Group has issued cash settled share-based awards to certain employees. A fair value for the cash settled share awards is measured at the date of grant. The Group measured the fair value using the Black-Scholes method which was considered to be the most appropriate valuation technique to value the awards.

The fair value of the 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 capital contribution.

Notes to the consolidated financial statements
continued

1. Accounting Policies (continued)

Employee services settled in equity instruments continued
The Group has established an HMRC approved Share Incentive Plan ("SIP"). Ordinary shares in the Company (previously repurchased and held in Treasury by the Company) have been transferred to The B.P. Marsh SIP Trust ("the SIP Trust"), an employee share trust, in order to be issued to eligible employees.

Under the rules of the SIP, eligible employees can each be granted up to £3,600 worth of ordinary shares ("Free Shares") by the SIP Trust in each tax year. The number of shares granted is dependent on the share price at the date of grant. In addition, all eligible employees have been invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares") in each tax year and for every Partnership Share that an employee acquires, the SIP Trust will offer two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. The Free and Matching Shares are subject to a one year forfeiture period, however the awards are not subject to any vesting conditions, hence the related expenses are recognised when the awards are made and are apportioned over the forfeiture period.

The fair value of the services received is measured by reference to the listed share price of the parent company's shares listed on the AIM on the date of award of the free and matching shares to the employee.

Investments – equity portfolio
All equity portfolio 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 equity portfolio investments. In valuing equity portfolio investments, the Board applies guidelines issued by the International Private Equity and Venture Capital Valuation Committee ("IPEV Guidelines"). The following valuation methodologies have been used in reaching the fair value of equity portfolio 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 and/or premiums of the investee company; or
d) by reference to expected future cash flow 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 Consolidated Statement of Comprehensive Income for the year. In the Consolidated Statement of Financial Position 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 equity portfolio investments are expensed in the Consolidated Statement of Comprehensive Income.

Equity portfolio investments are treated as 'Non-current Assets' within the Consolidated Statement of Financial Position unless the directors have committed to a plan to sell the investment and an active programme to locate a buyer and complete the plan has been initiated. Where such a commitment exists, and if the carrying amount of the equity portfolio investment will be recovered principally through a sale transaction rather than through continuing use, the investment is classified as a 'Non-current asset as held for sale' under 'Current Assets' within the Consolidated Statement of Financial Position.

Income from equity portfolio investments

Income from equity portfolio investments comprises:

a) gross interest from loans, which is taken to the Consolidated Statement of Comprehensive Income on an accruals basis;

b) dividends from equity investments are recognised in the Consolidated Statement of Comprehensive Income 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.

Investments – treasury portfolio

All treasury portfolio 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 market value as determined from the valuation reports provided by the fund investment manager.

Both realised and unrealised gains and losses arising from changes in fair market value are taken to the Consolidated Statement of Comprehensive Income for the year. In the Consolidated Statement of Financial Position the unrealised gains and losses arising from changes in fair value are shown within the retained earnings reserve as these investments are deemed as being easily convertible into cash. Costs associated with the management of these investments are expensed in the Consolidated Statement of Comprehensive Income.

Income from treasury portfolio investments

Income from treasury portfolio investments comprises of dividends receivable which are either directly reinvested into the funds or received as cash.

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 and other costs – over the life of the lease

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated at the exchange rate ruling at the reporting period.

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

Exchange gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

Income taxes

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 Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the Consolidated Statement of Financial Position.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

Income taxes continued
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 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 date of the Consolidated Statement of Financial Position 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.

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 Consolidated Statement of Comprehensive Income, 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 Consolidated Statement of Comprehensive Income.

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 of the lease.

Financial assets and liabilities
Financial instruments are recognised in the Consolidated Statement of Financial Position 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 reporting period which are classified as non-current assets. They are stated at their cost less impairment losses.

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 Consolidated Statement of Financial Position 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 Consolidated Statement of Financial Position 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 Consolidated Statement of Cash Flows, 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 date of the Consolidated Statement of Financial Position.

2. Segmental Reporting

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

Under IFRS 8: Operating Segments ("IFRS 8") the Group identifies its reportable operating segments based on the geographical location in which each of its investments is incorporated and primarily operates. For management purposes, the Group is organised and reports its performance by two geographic segments: UK and Non-UK. The UK segment includes the Channel Islands.

If material to the Group overall (where the segment revenues, reported profit or loss or combined assets exceed the quantitative thresholds prescribed by IFRS 8), the segment information is reported separately.

The Group allocates revenues, expenses, assets and liabilities to the operating segment where directly attributable to that segment. All indirect items are apportioned based on the percentage proportion of revenue that the operating segment contributes to the total Group revenue (excluding any realised and unrealised gains and losses on the Group's current and non-current investments).

Notes to the consolidated financial statements
continued

2. Segmental Reporting continued

Each reportable segment derives its revenues from three main sources from equity portfolio investments as described in further detail in Note 1 under 'Income from equity portfolio investments' and also from treasury portfolio investments as described in Note 1 under 'Income from treasury portfolio investments'.

All reportable segments derive their revenues entirely from external clients and there are no inter-segment sales.

	Geographic segment 1: UK		Geographic segment 2: Non UK		Group	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Operating income	**25,650**	**11,770**	**(5,073)**	**2,675**	**20,577**	**14,445**
Operating expenses	(3,046)	(2,198)	(1,442)	(888)	(4,488)	(3,086)
Segment operating profit/(loss)	**22,604**	**9,572**	**(6,515)**	**1,787**	**16,089**	**11,359**
Financial income	395	333	187	134	582	467
Financial expenses	(75)	(26)	(36)	(10)	(111)	(36)
Exchange movements	(4)	(1)	(38)	403	(42)	402
Profit/(loss) before tax	**22,920**	**9,878**	**(6,402)**	**2,314**	**16,518**	**12,192**
Income taxes	2,515	(1,935)	1,216	(463)	3,731	(2,398)
Profit/(loss) for the year	**25,435**	**7,943**	**(5,186)**	**1,851**	**20,249**	**9,794**

Included within the operating income reported above are the following amounts requiring separate disclosure owing to the fact that they are derived from a single investee company and the total revenues attributable to that investee company are 10% or more of the total realised income generated by the Group during the period:

	Total income attributable to the investee company £'000		% of total realised operating income		Reportable geographic segment	
Investee Company	2018	2017	2018	2017	2018	2017
Hyperion Insurance Group Limited[1]	–	453	–	15	–	1
Besso Insurance Group Limited[1]	–	450	–	15	–	1
LEBC Holdings Limited	836	432	22	15	1	1
Trireme Insurance Group Limited[1]	–	377	–	13	–	1&2
Nexus Underwriting Management Limited	749	353	19	12	1	1

1 There are no disclosures shown for Besso Insurance Group Limited, Hyperion Insurance Group Limited and Trireme Insurance Group Limited in the current year as the Group had disposed of these investments during the previous year and the early part of this financial year. This resulted in a reduced level of income and consequently the income derived from these investee companies did not exceed the 10% threshold prescribed by IFRS 8.

	Geographic segment 1: UK		Geographic segment 2: Non UK		Group	
	2018 £'000	**2018 £'000**	**2018 £'000**	**2018 £'000**	**2018 £'000**	**2018 £'000**
Non-current assets						
Property, plant and equipment	131	12	36	3	167	15
Investments – equity portfolio	61,849	27,248	17,273	12,102	79,122	39,350
Investments – treasury portfolio	2,756	5,230	–	–	2,756	5,230
Loans and receivables	11,770	3,050	2,651	4,107	14,421	7,157
Deferred tax assets	32	–	–	–	32	–
	76,538	**35,540**	**19,960**	**16,212**	**96,498**	**51,752**
Current assets						
Non-current assets as held for sale	–	24,217	–	–	–	24,217
Trade and other receivables	1,441	4,522	952	540	2,393	5,062
Cash and cash equivalents	2,648	7,327	–	–	2,648	7,327
	4,089	**36,066**	**952**	**540**	**5,041**	**36,606**
Total assets	**80,627**	**71,606**	**20,912**	**16,752**	**101,539**	**88,358**
Non-current liabilities						
Deferred tax liabilities	–	(6,363)	–	(365)	–	(6,728)
	–	**(6,363)**	**–**	**(365)**	**–**	**(6,728)**
Current liabilities						
Trade and other payables	(1,472)	(718)	–	–	(1,472)	(718)
Corporation tax provision	(1,200)	(1,230)	–	–	(1,200)	(1,230)
Total liabilities	**(2,672)**	**(1,948)**	**–**	**–**	**(2,672)**	**(1,948)**
Net assets	**£77,955**	**£63,295**	**£20,912**	**£16,387**	**£98,867**	**£79,682**
Additions to property, plant and equipment	140	6	39	2	179	8
Depreciation and amortisation of property, plant and equipment	21	6	6	2	27	8
Impairment of investments and loans	–	–	2,122	–	2,122	–
Cash flow arising from:						
Operating activities	4,383	10,428	(10,638)	(2,578)	(6,255)	7,850
Investing activities	2,747	(1,332)	–	–	2,747	(1,332)
Financing activities	(1,133)	(1,001)	–	–	(1,133)	(1,001)
Change in cash and cash equivalents	**5,997**	**8,095**	**(10,638)**	**(2,578)**	**(4,641)**	**5,517**

As outlined previously, under IFRS 8 the Group reports its operating segments (UK and Non-UK) and associated income, expenses, assets and liabilities based upon the country of domicile of each of its investee companies.

In addition to the segmental analysis disclosure reported above, the Group has undertaken a further assessment of each of its investee companies' underlying revenues, specifically focusing on the geographical origin of this revenue. Geographical analysis of each investee company's 2018 and 2017 revenue budgets was carried out and, based upon this analysis, the directors have determined that on a look-through basis, the Group's portfolio of investee companies can also be analysed as follows:

	2018 %	**2017 %**
UK	49	33
Non-UK	51	67
Total	**100**	**100**

Notes to the consolidated financial statements
continued

3. Financial Expenses

	2018 £'000	2017 £'000
Investment management costs (Note 13)	111	36
	111	**36**

4. Financial Income

	2018 £'000	2017 £'000
Bank and similar interest	19	7
Income from treasury portfolio investments – dividend and similar income (Note 13)	844	78
Income from treasury portfolio investments – net unrealised gains/(losses) on revaluation (Note 13)	(281)	382
	582	**467**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 19 (2017: 17); 6 of those are in a management role (2017: 6) and 13 of those are in a support role (2017: 11). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2018 £'000	2017 £'000
Wages and salaries	2,308	1,605
Social security costs	298	210
Pension costs	105	77
Other employment costs (Note 24)	72	69
	£2,783	**£1,961**

During the year to 31 January 2015, Joint Share Ownership Agreements were entered into between certain directors and employees, the Company and B.P. Marsh Management Limited, a company wholly owned by the Executive Chairman and majority shareholder, Mr B.P. Marsh. During the year B.P. Marsh Management Limited acquired the economic interests of all 1,421,130 ordinary shares in the Company held under joint beneficial ownership. Refer to Note 24 for further details.

During the year to 31 January 2017 the Group also established a Share Incentive Plan ("SIP") under which certain eligible directors and employees were granted Ordinary shares in the Company. These shares are being held on behalf of these directors and employees within the B.P. Marsh SIP Trust. Refer to Note 24 for further details.

Charges of £69,315 (2017: £66,740) relating to the SIP and £2,576 (2017: £2,013) relating to the Joint Share Ownership Agreements are included within 'Other employment costs' above.

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2018 £'000	2017 £'000
Management services – remuneration	1,264	1,028
Fees	75	21
Pension contributions – remuneration	56	46
	1,395	**1,095**

1,080,059 of the 1,421,130 shares, in respect of which joint interests were granted during the year ended 31 January 2015, were issued to directors. During the year all 1,080,059 shares in which joint interests were held by the directors were sold. Refer to Note 24 for further details.

Of the total 37,935 (2017: 73,080) Free, Matching and Partnership Shares granted under the SIP during the year, 16,860 (2017: 32,480) were granted to directors of the Company.

Of the £2,576 (2017: £2,013) charge relating to the Joint Share Ownership Plan and the £69,315 (2017: £66,740) charge relating to the SIP, £1,958 (2017: £1,529) and £30,807 (2017: £29,664) related to the directors respectively.

Refer to Note 24 for further details.

	2018 £'000	2017 £'000
Highest paid director		
Emoluments	318	241
Pension contribution	18	17
	336	**258**

The highest paid director also has a beneficial interest in 12,335 shares held within the Company's SIP. Refer to Note 24 for further details.

The Company contributes into defined contribution pension schemes on behalf of certain employees and directors. Contributions payable are charged to the Consolidated Statement of Comprehensive Income in the period to which they relate.

During the year, 4 directors (2017: 4) accrued benefits under these defined contribution pension schemes.

The key management personnel comprise of the directors.

Notes to the consolidated financial statements
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7. Dividends

	2018 £'000	2017 £'000
Ordinary dividends		
Dividend paid:		
3.76 pence each on 29,226,040 Ordinary shares (2017: 3.42 pence each on 29,226,040 Ordinary shares)	1,098	999
	1,098	**999**

In the current year a total dividend of £4,174 (2017: £3,340) was payable on the 111,015 (2017: 97,652) ordinary shares held by the B.P. Marsh SIP Trust ("SIP Trust").

8. Profit on Ordinary Activities Before Taxation

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

	2018 £'000	2017 £'000
Depreciation and amortisation of owned tangible and intangible fixed assets	27	8
Auditor's remuneration:		
Audit fees for the Company	28	27
Other services:		
Audit of subsidiaries' accounts	13	13
Taxation	9	10
Other advisory[1]	30	18
Exchange loss/(gain)	42	(402)
Operating lease rentals of land and buildings	256	91

1 Including additional review work in relation to the change in the Substantial Shareholding Exemption regulations and the impact on the Group's deferred tax position (Note 17).

9. Income Tax Expense

	2018 £'000	2017 £'000
Current tax:		
Current tax on profits for the year	3,047	1,326
Adjustments in respect of prior years	(18)	(31)
Total current tax	**3,029**	**1,295**
Deferred tax (Note 17):		
Origination and reversal of temporary differences	(6,758)	1,103
Re-measurement upon change in tax rate	(2)	–
Adjustment in respect of previous periods	–	–
Total deferred tax	**(6,760)**	**1,103**
Total income taxes (credited)/charged in the Consolidated Statement of Comprehensive Income	**(3,731)**	**2,398**

9. Income Tax Expense continued

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £'000	2017 £'000
Profit before tax	**16,518**	**12,192**
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.17% (2017: 20.00%)	3,166	2,438
Tax effects of:		
Expenses not deductible for tax purposes	145	52
Prior year current tax overprovision	(18)	(31)
Re-measurement of deferred tax upon change in tax rate	(2)	–
Tax payable on realised gains on disposal of investments	(3,378)	(1,326)
Capital gains on disposal of investments	3,449	1,318
Release of deferred tax provision on investment disposals and current equity investment valuation (Note 17)	(6,758)	–
Other adjustments	–	104
Other effects:		
Deferred tax movement on unrealised loss on treasury portfolio	(40)	–
Non-taxable income (dividends received)	(295)	(157)
Total income taxes (credited)/charged in the Consolidated Statement of Comprehensive Income	**(3,731)**	**2,398**

There are no factors which may affect future tax charges except as set out in Note 17.

10. Earnings per Share from Continuing Operations Attributable to the Equity Shareholders

	2018 £'000	2017 £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share being total comprehensive income attributable to equity shareholders	20,249	9,794
Earnings per share – basic and diluted	**69.3p**	**33.5p**
	Number	**Number**
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	29,202,716	29,207,421
Number of dilutive shares under option	Nil	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	**29,202,716**	**29,207,421**

During the year the Company paid a total of £53,967 (2017: £8,805) in order to repurchase 28,646 (2017: 5,726) ordinary shares at an average price of 188 pence per share (2017: 154 pence per share).

Distributable reserves have been reduced by £53,967 as a result (2017: reduction of £8,805).

Notes to the consolidated financial statements
continued

10. Earnings per Share from Continuing Operations Attributable to the Equity Shareholders continued

Ordinary shares held by the Company in Treasury

Movement of ordinary shares held in Treasury:

	2018 Number	2017 Number
Opening total ordinary shares held in Treasury at 1 February	5,726	97,652
Ordinary shares repurchased into Treasury during the year	28,646	5,726
Ordinary shares transferred to the B.P. Marsh SIP Trust during the year	(13,363)	(97,652)
Total ordinary shares held in Treasury at 31 January	**21,009**	**5,726**

The Treasury shares do not have voting or dividend rights and have therefore been excluded for the purposes of calculating earnings per share.

The repurchase of the ordinary shares is borne from the Group's commitment to reduce share price discount to net asset value. Its policy has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below 25% of its published Net Asset Value and place them into Treasury, as outlined in the Group's Share Buy-Back Policy announcement on 24 July 2017. Since 31 January 2018, and as announced on 6 March 2018, the Group has updated its Share Buy-Back Policy such that it can buy back small parcels of shares and place them into Treasury when the share price is below 20% of its published Net Asset Value.

The decrease to the weighted average number of ordinary shares between 2017 and 2018 is attributable to the buy-back of 28,646 ordinary shares in the Company during the year. 13,363 ordinary shares were also transferred from Treasury to the SIP Trust during the year. These shares were therefore treated as re-issued for the purposes of calculating earnings per share. 37,935 ordinary shares (comprising the 13,363 ordinary shares transferred from Treasury to the SIP Trust during the year together with 24,572 unallocated ordinary shares already held by the SIP Trust at the start of the year) were subsequently allocated to the participating employees as Free, Matching and Partnership shares under the share incentive plan arrangement (Note 24).

In the prior year there was an increase to the weighted average number of shares due to the transfer of 97,652 ordinary shares held by the Company in Treasury as at 31 January 2016 to the SIP Trust during that year. These shares were therefore treated as re-issued for the purposes of calculating earnings per share. 73,080 of the 97,652 ordinary shares transferred to the SIP Trust were allocated to the participating employees as Free, Matching and Partnership shares under the share incentive plan arrangement in that year.

11. Property, Plant and Equipment

Group

	Furniture & Equipment £'000	Leasehold Fixtures & Fittings & Others £'000	Total £'000
Cost			
At 1 February 2016	69	51	120
Additions	8	–	8
Disposals	(5)	–	(5)
At 31 January 2017	**72**	**51**	**123**
At 1 February 2017	72	51	123
Additions	32	147	179
Disposals	–	(46)	(46)
At 31 January 2018	**104**	**152**	**256**
Depreciation			
At 1 February 2016	54	51	105
Eliminated on disposal	(5)	–	(5)
Charge for the year	8	–	8
At 31 January 2017	**57**	**51**	**108**
At 1 February 2017	57	51	108
Eliminated on disposal	–	(46)	(46)
Charge for the year	13	14	27
At 31 January 2018	**70**	**19**	**89**
Net book value			
At 31 January 2018	**34**	**133**	**167**
At 31 January 2017	**15**	**-**	**15**
At 31 January 2016	**15**	**-**	**15**

Notes to the consolidated financial statements
continued

12. Investments – Equity Portfolio

Group

	Shares in investee companies		
	Continuing investments £'000	Non-current investments as held for sale £'000	Total £'000
At valuation			
At 1 February 2016	54,051	–	54,051
Transfers between categories	(21,836)	21,836	–
Additions	8,278	–	8,278
Disposals	(8,424)	(1,581)	(10,005)
Provisions	–	–	–
Unrealised gains in this period	7,281	3,962	11,243
At 31 January 2017	**39,350**	**24,217**	**63,567**
At 1 February 2017	39,350	24,217	63,567
Additions	21,653	–	21,653
Disposals	–	(24,217)	(24,217)
Provisions	–	–	–
Unrealised gains in this period	18,119	–	18,119
At 31 January 2018	**79,122**	**–**	**79,122**
At cost			
At 1 February 2016	25,951	–	25,951
Transfers between categories	(6,821)	6,821	–
Additions	8,278	–	8,278
Disposals	(1,961)	(1,581)	(3,542)
Provisions	**–**	**–**	**–**
At 31 January 2017	**25,447**	**5,240**	**30,687**
At 1 February 2017	25,447	5,240	30,687
Additions	21,653	–	21,653
Disposals	–	(5,240)	(5,240)
Provisions	–	–	–
At 31 January 2018	**47,100**	**–**	**47,100**

During the year, and as noted below, the Group disposed of its investments in both Besso Insurance Group Limited ("Besso") and Trireme Insurance Group Limited ("Trireme"). Although the completion of these disposals took place after 31 January 2017, the intention to dispose of each investment was entered into prior to 31 January 2017. In the case of Besso, the Group's intention to dispose of its investment was also publicly announced prior to 31 January 2017. In accordance with the provisions of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") these investments were moved from Non-current Assets to Current Assets and as at 31 January 2017 were shown within the Statement of Financial Position as "Non-current assets as held for sale". In addition, the movements in valuation and cost attributable to these specific investee companies were categorised separately within the Group's investment movement table above.

The additions relate to the following transactions in the year:

On 17 February 2017 the Group acquired, through a newly established company Paladin Holdings Limited (previously known as Paladin Newco Limited until 5 April 2017) ("Paladin"), an effective 35% shareholding in CBC UK Limited ("CBC"), a Retail and Wholesale Lloyd's insurance broker. The Group partnered with CBC's management team to buy out an existing shareholder and the acquisition of CBC was made through Paladin, to which the Group provided £4,000,000 of funding (comprising cash consideration of £3,500 for the 35% equity and a loan facility of £3,996,500 which was fully drawn down on completion).

On 13 June 2017 the Group acquired, through its wholly owned subsidiary company B.P. Marsh (North America) Limited, a 35% shareholding in a newly established New York based specialty lines insurance distribution company, XPT Group LLC ("XPT") for consideration of $6,000,000 (£4,790,419).

On 26 July 2017 the Group acquired a further 17.84% equity stake in LEBC Holdings Limited ("LEBC") for consideration of £7,137,563. The acquisition increased the Group's equity stake in LEBC to 60.88% at the time of investment. The Group has also provided for £148,960 of deferred consideration due to certain LEBC shareholders in respect of this transaction which became due upon the Group's 100% equity valuation of LEBC exceeding £43,000,000. This condition was met as at 31 January 2018 and therefore the Group's equity cost in LEBC has been increased to include this deferred consideration which is expected to be paid in 2018. Following this additional investment, and after some dilution resulting from an acquisition made by LEBC in December 2017, the Group's equity stake in LEBC stood at 59.34% as at 31 January 2018.

On 12 October 2017 the Group acquired, through its wholly-owned subsidiary company B.P. Marsh (North America) Limited, a 30% equity stake in Mark Edward Partners LLC ("MEP") for consideration of $6,000,000 (£4,572,822). MEP is a specialty insurance broker offering a wide range of risk management services to both commercial and private clients and has offices in New York, Palm Beach and Los Angeles, with licenses to operate in all 50 US states.

On 15 December 2017 the Group acquired an effective 20% equity stake (comprising a mixture of ordinary and preferred shares) in EC3 Brokers Limited ("EC3") through a newly established company, EC3 Brokers Group Limited, for total consideration of £5,000,000. EC3 is an independent specialist Lloyds broker and reinsurance broker which provides services to a wide array of clients across a number of sectors, including construction, casualty, entertainment and cyber & technology.

The disposals relate to the following transactions in the year:

On 28 February 2017 the Group sold its entire 37.94% stake in Besso to an affiliate of BGC Partners, Inc ("BGC"), for an initial consideration of £21,566,158 (net of transaction costs). On 12 April 2017 the Group received further cash consideration of £441,638 pursuant to an adjustment based upon Besso's 28 February 2017 final completion accounts, bringing the total consideration received by the Group to £22,007,796. The total consideration received represents a realised gain of £698,796 when compared to the carrying value of the Group's investment in Besso of £21,309,000 as at 31 January 2017 (Note 14) and a total overall gain of £18,617,346 above the cost of investment. Outstanding loans of £4,907,500 were also repaid in full on completion.

On 21 April 2017 the Group sold its entire 29.94% stake (351,000 B ordinary shares, 3,400 preferred shares and 292 ordinary shares) in Trireme Insurance Group Limited ("Trireme") to its fellow shareholder, US Risk Midco, LLC, for cash consideration of £2,908,350 as well as an additional net payment of £18,924. The consideration of £2,908,350 equates to the Group's 31st January 2017 valuation of its investment in Trireme (Note 14) and represents a total overall gain of £1,059,046 above the cost of investment. The outstanding loan of £2,155,113 as at 31 January 2017 was also repaid on completion.

Notes to the consolidated financial statements
continued

12. Investments – Equity Portfolio continued

Group continued

The unquoted investee companies, which are registered in England except Summa Insurance Brokerage S.L. (Spain), MB Prestige Holdings PTY Limited (Australia), Bastion Reinsurance Brokerage (PTY) Limited (South Africa), Bulwark Investment Holdings (PTY) Limited (South Africa), Property and Liability Underwriting Managers (PTY) Limited (South Africa), Asia Reinsurance Brokers Pte Limited (Singapore), Stewart Specialty Risk Underwriting Limited (Canada), XPT Group LLC (USA) and Mark Edward Partners 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
Asia Reinsurance Brokers Pte Limited	20.00	31.12.16	2,857,969	263,358	Specialist reinsurance broker
Bastion Reinsurance Brokerage (PTY) Limited	35.00	31.12.17	(618,839)	(292,069)	Reinsurance broker
Bulwark Investment Holdings (PTY) Limited	35.00	31.12.16	(466,434)	(354,827)	Holding company for South African Managing General Agents
EC3 Brokers Group Limited[1]	20.00	–	–	–	Investment holding company
LEBC Holdings Limited	59.34	30.09.17	4,446,198	2,328,811	Independent financial advisor company
MB Prestige Holdings PTY Limited	40.00	31.12.17	1,664,120	508,503	Specialist Australian Motor Managing General Agency
Neutral Bay Investments Limited	49.90	31.03.17	3,928,552	225,337	Investment holding company
Nexus Underwriting Management Limited	17.08	31.12.17	20,664,585	3,715,665	Specialist Managing General Agency
Mark Edward Partners LLC	30.00	31.12.17	5,046,643	3,470,754	Specialty insurance broker
Paladin Holdings Limited[1]	35.00	–	–	–	Investment Holding Company
Property and Liability Underwriting Managers (PTY) Limited	42.50	31.12.17	(306,965)	(255,986)	Specialist South African Property Managing General Agency
Stewart Specialty Risk Underwriting Limited	30.00	31.12.17	(81,679)	(81,756)	Specialist Canadian Casualty Underwriting Agency
Summa Insurance Brokerage, S.L.	77.25	31.12.16	9,092,533	(85,960)	Consolidator of regional insurance brokers
The Fiducia MGA Company Limited	25.00	31.12.16	(97,497)	(397,498)	Specialist UK Marine Cargo Underwriting Agency
Walsingham Motor Insurance Limited	40.50	30.09.16	(1,704,245)	103,132	Specialist UK Motor Managing General Agency
XPT Group LLC[1]	35.00	–	–	–	USA Specialty lines insurance distribution company

1 Financial data for Paladin Holdings Limited, XPT Group LLC and EC3 Brokers Group Limited is not yet available as these companies were incorporated and commenced trading in 2017.

The Group also has a 50% equity holding, reduced to 20% on 14 May 2018 following a share reorganisation (Note 26), in Walsingham Holdings Limited, a company incorporated in the year to 31 January 2016, and which remained dormant at the year end.

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

Company

	Shares in group undertakings £'000
At valuation	
At 1 February 2016	60,656
Additions	–
Unrealised gains in this period	8,786
At 31 January 2017	**69,442**
At 1 February 2017	69,442
Additions	–
Unrealised gains in this period	19,098
At 31 January 2018	**£88,540**
At cost	
At 1 February 2016	2,143
Additions	–
At 31 January 2017	**2,143**
At 1 February 2017	2,143
Additions	–
At 31 January 2018	**2,143**

Shares in group undertakings

All group undertakings are registered in England and Wales. The details and results of group undertakings held throughout the year, which are extracted from the IFRS accounts of B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited, B.P. Marsh Asset Management Limited, B.P. Marsh (North America) Limited and the UK GAAP accounts for the other companies, are as follows:

Name of company	% Holding of Share Capital	Aggregate capital and reserves at 31 January 2018 £	Profit/(loss) for the year to 31 January 2018 £	Principal Activity
B.P. Marsh & Company Limited	100	98,859,438	20,249,105	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	6,557,256	588,847	Investment holding company
B.P. Marsh Asset Management Limited	100	23,485	–	Consulting services
B.P. Marsh (North America) Limited[1]	100	(925,240)	(925,241)	Investment holding company
B.P. Marsh & Co. Trustee Company Limited	100	1,000	–	Dormant
Marsh Development Capital Limited	100	1	–	Dormant
Bastion London Limited	100	1	–	Dormant

1 At the year end B.P. Marsh (North America) Limited held a 100% economic interest in RHS Midco I LLC, a US registered entity incorporated during the year for the purpose of holding the Group's equity investment in XPT Group LLC. In addition, at the year end, B.P. Marsh (North America) Limited also held a 100% economic interest in B.P. Marsh US LLC, a US registered entity, which was incorporated during the year for the purpose of holding the Group's equity investment in Mark Edward Partners LLC. There were no profit or loss transactions in either of these two US registered entities during the year.

Loans to the subsidiaries of £10.320 million (2017: £10.239 million) are treated as capital contributions.

Notes to the consolidated financial statements
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13. Non-Current Investments – Treasury Portfolio

Group

	2018 £'000	2017 £'000
At valuation		
Market value at 1 February	5,230	3,482
Additions at cost	35,858	11,976
Disposals	(38,784)	(10,652)
Change in value in the year (Note 3 & Note 4)	452	424
Market value at 31 January	**2,756**	**5,230**
Investment fund split:		
GAM London Limited	1,517	3,581
Rathbone Investment Management Limited	1,239	1,649
Total	**2,756**	**5,230**

The treasury portfolio comprises of investment funds managed and valued by the Group's investment managers, GAM London Limited and Rathbone Investment Management Limited. All investments in securities are included at year end market value.

The purpose of the funds is to hold (and grow) a proportion of the Group's surplus cash until such time that suitable investment opportunities arise.

The funds are risk bearing and therefore their value not only can increase, but also has the potential to fall below the amount initially invested by the Group. However, the performance of each fund is monitored on a regular basis and appropriate action is taken if there is a prolonged period of poor performance.

Investment management costs of £110,811 (2017: £35,832) were charged to the Consolidated Statement of Comprehensive Income for the current year (Note 3).

14. Realised Gains on Disposal of Equity Investments

The realised gains on disposal of investments comprises of a net gain of £718,070. £698,796 of this net gain is in respect of the Group's disposal of its entire 37.94% investment in Besso Insurance Group Limited ("Besso") at its carrying value of £21,309,000 for a consideration of £22,007,796. The remaining net gain of £19,274 is in respect of the Group's disposal of its entire 29.94% investment in Trireme Insurance Group Limited ("Trireme") at its carrying value of £2,908,000 for a consideration of £2,908,350 as well as an additional net payment of £18,924.

In aggregate, the above disposals resulted in a net release to Retained Earnings from the Fair Value Reserve of £15,390,983, comprising of an £18,977,245 release of fair value which has been reduced by estimated tax payable on disposal (gross of management expenses available for tax relief) of £3,586,262 (see Note 20).

The amount included in realised gains on disposal of investments for the prior year ended 31 January 2017 was £247,568. £246,992 of this net gain was in respect of the Group's disposal of its entire 1.32% investment in Randall & Quilter Investment Holdings Limited ("R&Q") at its carrying value of £773,000 for a consideration of £1,019,992. The remaining net gain of £576 was in respect of the Group's disposal of its remaining 1.6% investment in Hyperion Insurance Group Limited ("Hyperion") at its carrying value of £7,310,000 for a consideration of £7,310,576.

Additionally, during the year ended 31 January 2017 the Group disposed of its investment in The Broucour Group Limited ("Broucour") at its carrying value of £341,000 and made a partial disposal of its investment (7.03% capped participation) in Besso Insurance Group Limited at its carrying value of £1,581,147. As a result of these disposals being made at carrying value, no gain or loss was included in the Consolidated Statement of Comprehensive Income in that year.

In aggregate, the above disposals for the year ended 31 January 2017 resulted in a net release to Retained Earnings from the Fair Value Reserve of £5,238,270, comprising of a £6,605,942 release of fair value which was reduced by tax payable on disposal (gross of management expenses available for tax relief) of £1,367,672.

15. Loans and Receivables – Non-Current

		Group		Company
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Loans to investee companies (Note 25)	14,421	6,816	–	–
Other receivables (Note 25)	341	341	–	–
Less provision for impairment of other receivables	(341)	–	–	–
	–	341	–	–
	14,421	**7,157**	**–**	**–**

Included within net other receivables is a gross amount of £341,000 (2017: £341,000) relating to deferred consideration owed to the Group by a former investee company, against which a provision for bad debts of £341,000 has been made (2017: £Nil).

See Note 25 for terms of the loans.

16. Trade and Other Receivables – Current

		Group		Company
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade receivables	359	451	–	–
Less provision for impairment of receivables	(58)	(178)	–	–
	301	**273**	**–**	**–**
Loans to investee companies (Note 25)	1,136	4,170	–	–
Corporation tax repayable	18	–	–	–
Other receivables	17	16	–	–
Prepayments and accrued income	921	603	–	–
	2,393	**5,062**	**–**	**–**

Included within net trade receivables is a gross amount of £353,071 (2017: £436,526) owed by the Group's participating interests, against which a provision for bad debts of £57,655 has been made (2017: £178,018).

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.

Notes to the consolidated financial statements
continued

16. Trade and Other Receivables – Current continued

Movement in the allowance for doubtful debts:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Balance at 1 February	178	–	–	–
(Decrease)/increase in allowance recognised in the Statement of Comprehensive Income	(120)	178	–	–
Balance at 31 January	**58**	**178**	**–**	**–**

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 £300,931 (2017: £272,753), of which £185,671 (2017: £188,841) of debtors 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 other than over £117,549 (2017: £73,308) included within the net trade receivables balance relating to loan interest due from investee companies which is secured on the assets of the investee company.

Ageing of past due but not impaired:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Not past due	115	84	–	–
Past due: 0 – 30 days	34	45	–	–
Past due: 31 – 60 days	–	7	–	–
Past due: more than 60 days	152	137	–	–
	301	**273**	**–**	**–**

A provision of £2,121,609 was made against loans to investee companies in the current year (2017: no provisions were made).

See Note 25 for terms of the loans and Note 23 for further credit risk information.

17. Deferred Tax (Assets)/Liabilities – Non-Current

	Group £'000	Company £'000
At 1 February 2016	5,625	–
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 9)	1,103	–
At 31 January 2017	**6,728**	**–**
At 1 February 2017	6,728	–
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 9)	(6,758)	–
Re-measurement upon change in tax rate	(2)	
At 31 January 2018	**(32)**	**–**

The deferred tax asset of £32,000 (2017: £Nil) included within the Statement of Financial Position relates to the estimated tax credit arising on the accumulated net unrealised losses within the Group's Treasury Portfolio (Note 4).

The directors estimate that, under the current taxation rules and the current investment profile, if the Group were to dispose of all its investments at the amount stated in the Consolidated Statement of Financial Position, no tax on capital gains (2017: £6,728,000) would become payable by the Group at a corporation tax rate of 19% (2017: 20%).

Finance (No.2) Act 2017 introduced significant changes to the Substantial Shareholding Exemption ("SSE") rules in Taxation of Chargeable Gains Act 1992 Sch. 7AC which applied to share disposals on or after 1 April 2017. In general terms, the rule changes relax the conditions for the Group to qualify for SSE on a share disposal.

Having reviewed the Group's current investment portfolio, the directors consider that the Group should benefit from this reform to the SSE rules and, as a result, the directors would anticipate that on a disposal of shares in the Group's current investments, so long as the shares have been held for 12 months, they should qualify for SSE and no corporation tax charge should arise on the disposal.

As such, and having assessed the current portfolio, the directors anticipate that there should currently be no requirement to provide for deferred tax in respect of unrealised gains on those investments under the current requirements of the International Financial Reporting Standards ("IFRS"). As such no deferred tax provision has been made as at 31 January 2018. The requirement for a deferred tax provision is subject to continual assessment of each investment to test whether the SSE conditions continue to be met based upon information that is available to the Group and that there is no change to the accounting treatment in this regard under IFRS. It should also be noted that, until the date of the actual disposal, it will not be possible to ascertain if all the SSE conditions are likely to have been met and, moreover, obtaining agreement of the tax position with HM Revenue & Customs may possibly not be forthcoming until several years after the end of a period of accounts.

Notes to the consolidated financial statements

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18. Current Liabilities

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade and other payables				
Trade payables	83	105	–	–
Other taxation & social security costs	52	46	–	–
Accruals and deferred income	1,337	567	–	–
	1,472	**718**	**–**	**–**
Corporation tax (Note 9)	1,200	1,230	–	–
	2,672	**1,948**	**–**	**–**

The corporation tax as at 31 January 2018 of £1,200,482 relates to the estimated tax payable on the disposal of the Group's investments in Besso and Trireme during the year (Note 12) of £3,586,262, less £1,840,094 of quarterly instalment payments on account already made during the year, £5,814 of foreign withholding tax deducted at source and £539,872 of estimated tax credit arising from surplus management expenses which have exceeded the Group's underlying taxable income for the year.

The corporation tax as at 31 January 2017 of £1,230,151 related to the estimated tax payable on the disposal of the Group's investments in Broucour, R&Q and Hyperion during that year of £1,367,672, less £90,000 of quarterly instalment payments on account made during that year, £6,098 of foreign withholding tax deducted at source and £41,423 of estimated tax credit arising from surplus management expenses which exceeded the Group's underlying taxable income for that year.

All of the above liabilities are measured at amortised cost.

19. Called Up Share Capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
29,226,040 Ordinary shares of 10p each (2017: 29,226,040)	2,923	2,923
	2,923	**2,923**

During the year the Company paid a total of £53,967 (2017: £8,805) in order to repurchase 28,646 (2017: 5,726) ordinary shares at an average price of 188 pence per share (2017: 154 pence per share).

Distributable reserves have been reduced by £53,967 as a result (2017: reduction of £8,805).

As at 31 January 2018 a total of 21,009 ordinary shares were held by the Company in Treasury (31 January 2017: 5,726 ordinary shares were held by the Company in Treasury).

The Treasury shares do not have voting or dividend rights and have therefore been excluded for the purposes of calculating earnings per share.

The repurchase of the ordinary shares is borne from the Group's commitment to reduce share price discount to net asset value. Its policy has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below 25% of its published Net Asset Value and place them into Treasury, as outlined in the Group's Share Buy-Back Policy announcement on 24 July 2017. Since 31 January 2018, and as announced on 6 March 2018, the Group has updated its Share Buy-Back Policy such that it can buy back small parcels of shares and place them into Treasury when the share price is below 20% of its published Net Asset Value.

20. Reconciliation of Movements in Shareholders' Funds

Group

	Share capital £'000	Share premium account £'000	Fair value reserve £'000	Reverse acquisition reserve £'000	Captial redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 February 2016	2,923	9,370	22,524	393	6	3	35,593	70,812
Comprehensive income for the year	–	–	8,870	–	–	–	924	9,794
Transfers on sale of investments (Note 14)	–	–	(5,238)	–	–	–	5,238	–
Other transfers	–	–	35	–	–	–	(35)	–
Dividends paid (Note 7)	–	–	–	–	–	–	(999)	(999)
Repurchase of Company shares (Note 19)	–	–	–	–	–	–	(9)	(9)
Share based payments (Note 24)	–	–	–	–	–	2	(2)	–
Share Incentive Plan	–	11	–	–	–	–	73	84
At 31 January 2017	**2,923**	**9,381**	**26,191**	**393**	**6**	**5**	**40,783**	**79,682**
At 1 February 2017	2,923	9,381	26,191	393	6	5	40,783	79,682
Comprehensive income for the year	–	–	21,222	–	–	–	(973)	20,249
Transfers on sale of investments (Note 14)	–	–	(15,391)	–	–	–	15,391	–
Dividends paid (Note 7)		–	–	–	–	–	(1,098)	(1,098)
Repurchase of Company shares (Note 19)	–	–	–	–	–	–	(54)	(54)
Share based payments (Note 24)	–	–	–	–	–	2	(2)	–
Share Incentive Plan	–	17	–	–	–	–	71	88
At 31 January 2018	**2,923**	**9,398**	**32,022**	**393**	**6**	**7**	**54,118**	**98,867**

Company

	Share capital £'000	Share premium account £'000	Fair value reserve £'000	Captial redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 February 2016	2,923	9,370	58,512	6	–	1	70,812
Comprehensive income for the year	–	–	8,787	–	–	1,007	9,794
Dividends paid (Note 7)	–	–	–	–	–	(999)	(999)
Share repurchase (Note 19)	–	–	–	–	–	(9)	(9)
Share Incentive Plan	–	11	–	–	–	73	84
At 31 January 2017	**2,923**	**9,381**	**67,299**	**6**	**–**	**73**	**79,682**
At 1 February 2017	2,923	9,381	67,299	6	–	73	79,682
Comprehensive income for the year	–	–	19,098	–	–	1,154	20,252
Dividends paid (Note 7)	–	–	–	–	–	(1,098)	(1,098)
Share repurchase (Note 19)	–	–	–	–	–	(54)	(54)
Share Incentive Plan	–	17	–	–	–	68	85
At 31 January 2018	**2,923**	**9,398**	**86,397**	**6**	**–**	**143**	**98,867**

Notes to the consolidated financial statements
continued

21. Operating Lease Commitments

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

	2018 Land and buildings £'000	2017 Land and buildings £'000
Earlier than one year	236	19
Between two and five years	945	–
More than five years	963	–

22. Loan and Equity Commitments

On 22 November 2016 the Group entered into an agreement to provide a loan facility of up to £1,725,000 (subject to meeting certain conditions) to The Fiducia MGA Company Limited ("Fiducia"), an investee company. As at 31 January 2018 £1,619,400 of this facility had been drawn down, leaving a remaining undrawn facility of £105,600.

On 27 January 2017 the Group entered into an agreement to provide a loan facility of CAD 850,000 (subject to certain conditions) to Stewart Specialty Risk Underwriting Limited ("SSRU"), an investee company. As at 31 January 2018 CAD 350,000 (£200,619) of this facility had been drawn down, leaving a remaining undrawn facility of CAD 500,000.

On 19 April 2017 (as varied on 23 August 2017, 19 December 2017 and 31 January 2018) the Group entered into an agreement to provide a loan facility of £1,116,617 to Property and Liability Underwriting Managers (PTY) Limited ("PLUM"), an investee company. As at 31 January 2018 £1,114,778 of this facility had been drawn down, leaving a remaining undrawn facility of £1,839.

Please refer to Note 26 for details of loan amounts drawn down after the year end.

23. 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, other debtors and creditors and loans. 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 unless there are economic reasons for doing so, as determined by the directors.

The main risks arising from the Group's financial instruments are price risk, credit risk, liquidity risk, interest rate risk, currency risk, new investment risk, concentration risk and political risk. The Board reviews and agrees policies for managing each of these risks and they are summarised in the Group Report of the Directors under "Financial Risk Management".

Interest rate profile

The Group has cash balances of £2,648,000 (2017: £7,327,000), which are part of the financing arrangements of the Group. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged up to 1.0% p.a. in the period (2017: deposit rates of interest ranged up to 1.0% p.a.). During the period maturity periods ranged between immediate access and 9 months (2017: maturity periods ranged between immediate access and 9 months).

Currency hedging

During the year the Group engaged in one currency hedging transaction amounting to €1,350,000 (2017: one currency hedging transaction amounting to €1,000,000) to mitigate the exchange rate risk for certain foreign currency receivables. This was settled before the year end. A net loss of £30,369 (2017: net gain of £94,778) relating to this hedging transaction was recognised under Exchange Movements within the Consolidated Statement of Comprehensive Income when the transaction was settled. As at the year end the Group had one currency hedging transaction amounting to €1,350,000 which was entered into on 30 January 2018. The fair value of this hedge is not materially different to the transaction cost.

Financial liabilities

The Company had no borrowings as at 31 January 2018 (2017: £Nil).

Fair values

The Group has adopted the amendment to IFRS 7 for financial instruments which are measured at fair value at the reporting date. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, observed either directly as prices or indirectly from prices; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Unquoted equity instruments are measured in accordance with the IPEV Guidelines with reference to the most appropriate information available at the time of measurement. Further information regarding the valuation of unquoted equity instruments can be found in the section 'Investments – equity portfolio' under the Accounting Policies (Note 1).

The following presents the classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2018:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	–	–	79,122	79,122
Treasury portfolio investments	2,756	–	–	2,756
	2,756	–	**79,122**	**81,878**

Notes to the consolidated financial statements
continued

23. Financial Instruments continued

The Group's classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2017 are presented as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity portfolio investments designated as "fair value through profit or loss" assets	–	–	63,567	63,567
Treasury portfolio investments	5,230	–	–	5,230
	5,230	**–**	**63,567**	**68,797**
	4,255	–	**53,278**	**57,533**

24. Share Based Payment Arrangements

Joint Share Ownership Plan

During the year to 31 January 2015, B.P. Marsh & Partners Plc entered into joint share ownership agreements ("JSOAs") with certain employees and directors. The details of the arrangements are described in the following table:

Nature of the arrangement	Share appreciation rights (joint beneficial ownership)
Date of grant	6 November 2014
Number of instruments granted	1,421,130
Exercise price (pence)	140.00
Share price (market value) at grant (pence)	138.00
Hurdle rate	3.5% p.a. (simple)
Vesting period (years)	3 years
Vesting conditions	There are no performance conditions other than the recipient remaining an employee throughout the vesting period. The awards vest after 3 years or earlier resulting from either: a) a change of control resulting from a person, other than a member of the Company, obtaining control of the Company either (i) as a result of a making a Takeover Offer; (ii) pursuant to a Scheme of Arrangement; or (iii) in consequence of a Compulsory Acquisition); or b) a person becoming bound or entitled to acquire shares in the Company pursuant to sections 974 to 991 of the Companies Act 2006; or c) a winding up. If the employee is a bad leaver the co-owner of the jointly-owned share can buy out the employee's interest for 1p
Expected volatility	20%
Risk free rate	1%
Expected dividends expressed as a dividend yield	2%
Settlement	Cash settled on sale of shares
% expected to vest (based upon leavers)	85%
Number expected to vest	1,207,960
Valuation model	Black -Scholes
Black-Scholes value (pence)	15.00
Deduction for carry charge (pence)	14.50
Fair value per granted instrument (pence)	0.50
Charge for year ended 31 January 2018	£2,576

On 6 November 2014 1,421,130 10p Ordinary shares in the Company were transferred into joint beneficial ownership for 6 employees (4 of whom are directors) under the terms of joint share ownership agreements. No consideration was paid by the employees for their interests in the jointly-owned shares.

Under the terms of the JSOAs, the employees and directors enjoy the growth in value of the shares above a threshold price of £1.40 per share plus an annual carrying charge of 3.5% per annum (simple interest) to the market value at the date of grant (£1.38 per share).

The employees and directors received an interest in jointly-owned shares and a Joint Share Ownership Plan ("JSOP") is not an option, however the convention for JSOPs is to treat them as if they were options. The value of the employee's interest for accounting purposes is calculated using option pricing theory (Black-Scholes Mathematics).

The risk-free rates are based on the yield on UK Government Gilts of a term consistent with the assumed option life.

On 6 November 2017 all jointly-owned shares vested when all performance criteria were met.

On 7 November 2017 B.P. Marsh Management Limited ("BPMM"), a company wholly owned by Mr B.P. Marsh, the Executive Chairman and majority shareholder of the Company, purchased the economic interests in all of the JSOP shares, being 1,421,130 ordinary shares in the Company, for 245 pence per share from the joint beneficial ownership of the various executive directors and senior employees of the Company. The employee participants received the balance of 90.3 pence per jointly-owned share (after taking account of the 154.7 pence per jointly-owned share attributed to BPMM, representing the initial threshold value of 140 pence plus the hurdle amount of 3.5% simple interest per annum). Pursuant to this acquisition, the JSOAs were terminated.

In accordance with IFRS 2 (Share-based Payment) the fair value of the expected cost of the award (measured at the date of grant) has been spread over the three-year vesting period. The number of jointly-owned shares expected to vest over the three-year period was 1,207,960 (85%). However, as all jointly-owned shares vested during the year, the number of jointly-owned shares expected to vest was adjusted, such that the 15% forfeiture embedded within the expected cost of the award was eliminated and adjusted in the share-based payment charge for the year.

Share Incentive Plan

During the year to 31 January 2017 the Group established an HMRC approved Share Incentive Plan ("SIP").

During the year a total of 13,363 ordinary shares in the Company, which were repurchased either during the current or prior year, were transferred from Treasury to the B.P. Marsh SIP Trust ("SIP Trust") (31 January 2017: 97,652 ordinary shares in the Company were transferred to the SIP Trust). Following this transfer, and together with 24,572 unallocated shares already held by the SIP Trust at the start of the year, a total of 37,935 ordinary shares in the Company were available for allocation to the participants of the SIP.

On 27 June 2017, a total of 9 eligible employees (including 4 executive directors of the Company) applied for the 2017-18 SIP and were each granted 1,686 ordinary shares ("17-18 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 27 June 2017, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares"). For every Partnership Share that an employee acquires, the SIP Trust will offer two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. All 9 eligible employees (including 4 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (843 ordinary shares) and were therefore awarded 1,686 Matching Shares.

The 17-18 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 37,935 (2017: 73,080) Free, Matching and Partnership Shares were granted to the 9 eligible employees during the year, including 16,860 (2017: 32,480) granted to 4 executive directors of the Company (Note 6).

Notes to the consolidated financial statements

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24. Share Based Payment Arrangements continued

Share Incentive Plan continued

As at 31 January 2018 a total of 111,015 Free, Matching and Partnership Shares had been granted to 9 eligible employees under the SIP, including 49,340 granted to 4 executive directors of the Company.

£69,315 of the IFRS 2 charges (2017: £66,740) associated with the award of the SIP shares to the 9 eligible directors and employees of the Company have been recognised in the Statement of Comprehensive Income as employment expenses (Note 5).

The results of the SIP Trust have been fully consolidated within these financial statements on the basis that the SIP Trust is controlled by the Company.

25. Related Party Disclosures

The following loans owed by the investee companies (including their subsidiaries and other related entities) of the Company and its subsidiaries were outstanding at the year end:

	2018 £	2017 £
The Broucour Group Limited	154,841	254,837
Bastion Reinsurance Brokerage (PTY) Limited	341,831	341,831
Besso Insurance Group Limited	–	1,807,500
Bulwark Investment Holdings (PTY) Limited	665,000	615,000
The Fiducia MGA Company Limited	1,619,400	350,000
LEBC Holdings Limited	1,500,000	1,005,000
Nexus Underwriting Management Limited	4,000,000	–
Paladin Holdings Limited	3,996,500	–
Property and Liability Underwriting Managers (PTY) Limited	1,114,778	–
Trireme Insurance Group Limited	–	2,155,113
Walsingham Motor Insurance Limited	1,200,000	1,200,000
	€	**€**
Summa Insurance Brokerage, S.L.	2,606,133	2,731,434
	AUD	**AUD**
MB Prestige Holdings PTY Limited	1,058,649	1,257,740
	CAD	**CAD**
Stewart Specialty Risk Underwriting Limited	350,000	250,000

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.

Income receivable, consisting of consultancy fees, interest on loans and dividends recognised in the Consolidated Statement of Comprehensive Income in respect of the investee companies (including their subsidiaries and other related entities) of the Company and its subsidiaries for the year were as follows:

	2018 £	2017 £
Asia Reinsurance Brokers Pte Limited	39,504	42,316
Bastion Reinsurance Brokerage (PTY) Limited	56,448	56,448
Besso Insurance Group Limited	76,350	449,960
The Broucour Group Limited	8,078	16,930
Bulwark Investment Holdings (PTY) Limited	83,359	77,959
EC3 Brokers Group Limited	43,134	–
The Fiducia MGA Company Limited	141,200	11,963
Hyperion Insurance Group Limited	74,433	452,802
LEBC Holdings Limited	835,693	431,891
Mark Edward Partners LLC	192,156	–
MB Prestige Holdings PTY Limited	176,991	138,882
Neutral Bay Investments Limited	124,987	112,542
Nexus Underwriting Management Limited	749,021	353,202
Paladin Holdings Limited	342,164	–
Property & Liability Underwriting Managers (PTY) Limited	36,509	60,053
Stewart Specialty Risk Underwriting Limited	52,220	436
Summa Insurance Brokerage, S.L.	211,892	208,077
Trireme Insurance Group Limited	41,122	377,124
Walsingham Motor Insurance Limited	213,283	121,000
XPT Group LLC	309,100	–

In addition, the Group made management charges of £34,000 (2017: £34,000) to the Marsh Christian Trust ("the Trust"), a grant making charitable Trust of which Mr B.P. Marsh, the Executive Chairman and majority shareholder of the Company, is also the Trustee and Settlor.

The Group also made management charges of £20,300 (2017: £8,900) to Brian Marsh Enterprises Limited. Mr B.P. Marsh, the Chairman and majority shareholder of the Company is also the Chairman and majority shareholder of Brian Marsh Enterprises Limited.

On 6 April 2017 Mr B.P. Marsh gifted 584,000 ordinary shares in the Company to the Marsh Christian Trust for £Nil consideration, taking the total number of shares held by the Trust in the Company to 1,198,000 at that time. Pursuant to a Share Sale Plan announced by the Group on 5 April 2017 (which provides for the sale of up to 200,000 shares between 5 April 2017 and 14 September 2018), on 24 April 2017 the Trust sold 44,000 of these shares at a price of 201p per share. Further share sales were executed between 6 June 2017 and 23 October 2017 which resulted in a further 156,000 shares being sold at prices ranging between 212.5p per share and 257.0p per share. The aforementioned sales reduced the Trust's holding down to 998,000 ordinary shares (3.4% of the Company) as at 31 January 2018 and at the date of this report.

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

Of the total dividend payments made during the year of £1,098,109, £682,667 was paid to the directors or parties related to them (2017: total dividend payments of £999,335, of which £625,301 was paid to the directors or parties related to them).

Notes to the consolidated financial statements
continued

26. Events after the Reporting Date

On 21 February 2018 the Group agreed to extend its loan facility to Property and Liability Underwriting Managers (PTY) Limited ("PLUM") by £36,000 from £1,116,617 as at 31 January 2018 (Note 22) to £1,152,617, with the increased facility drawn down immediately. On 22 March 2018 the Group then agreed to extend the facility by a further £300,000 to £1,452,617. £140,000 was drawn down immediately and further drawdowns of £70,000 were made on 23 April 2018 and 24 May 2018 respectively. After the aforementioned drawdowns the total loan outstanding increased from £1,114,778 as at 31 January 2018 to £1,430,778, with a remaining undrawn facility of £21,839 at the date of this report.

On 28 February 2018 The Fiducia MGA Company Limited ("Fiducia") drew down the remaining £105,600 of its agreed total loan facility of £1,725,000. In addition, on 9 April 2018 the Group agreed to provide further loan funding of £470,000 to Fiducia, taking the total amended loan facility to £2,195,000. On 16 April 2018 Fiducia drew down £220,000 from this extended facility. As at 31 January 2018 the total loan outstanding was £1,619,400 (Note 22) and following the aforementioned drawdowns stands at £1,945,000, leaving a remaining undrawn facility of £250,000 at the date of this report. On the same date the Group also subscribed for a further 10% equity in Fiducia for consideration of £30,000, increasing the Group's holding from 25% as at 31st January 2018 to 35% at the date of this report.

On 19 March 2018 LEBC Holdings Limited ("LEBC") repaid £600,000 of its loan. As at 31 January 2018 the total loan outstanding was £1,500,000 and following the aforementioned repayment stands at £900,000 at the date of this report.

On 18 April 2018 the Group provided a further loan facility of £100,000 to Paladin Holdings Limited ("Paladin") which was drawn down immediately and increased both the total facility and total amount drawn down from £3,996,500 as at 31 January 2018 to £4,096,500 at the date of this report.

On 18 April 2018 the Group also acquired 100,000 ordinary shares (10% equity stake) in Paladin from a minority shareholder and director for consideration of £400,000. These shares are being held by the Group under a call option arrangement which Paladin can call at any time during the next three years and buy-back at a fixed option price of £4.02 per share (£402,000). This acquisition increased the Group's equity holding in Paladin from 35% as at 31 January 2018 to 45% at the date of this report.

On 26 April 2018 Stewart Specialty Risk Underwriting Limited ("SSRU") drew down a further CAD 100,000 (£56,812) from its total agreed loan facility of CAD 850,000. As at 31 January 2018 the total loan outstanding was CAD 350,000 (Note 22) and following the aforementioned drawdown stands at CAD 450,000, leaving a remaining undrawn facility of CAD 400,000 at the date of this report.

On 14 May 2018 the Group provided a £300,000 loan facility to Walsingham Holdings Limited ("Walsingham Holdings") which was drawn down immediately. This loan funding was provided to allow Walsingham Holdings, a previously dormant company, to acquire an 11.7% equity holding in Walsingham Motor Insurance Limited ("Walsingham") from an exiting shareholder. The loan from the Group is secured on the acquired Walsingham shares via a debenture containing a cross guarantee with Walsingham. On the same date the Group also subscribed, alongside other Walsingham shareholders, for 299 (of a total 1,498) new ordinary shares in Walsingham Holdings for consideration of £299. Following this share reorganisation, the Group's equity holding in Walsingham Holdings reduced from 50% as at 31 January 2018 to 20% at the date of this report, however the Group retained its 40.5% holding in Walsingham.

27. Ultimate Controlling Party

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

Company Information

DIRECTORS
Brian Marsh OBE (Chairman)
Alice Foulk (Managing Director)
Jonathan Newman (Group Director of Finance)
Daniel Topping (Chief Investment Officer)
Camilla Kenyon (Director)
Campbell Scoones (Non-executive)
Pankaj Lakhani (Non-executive)
Nicholas Walker (Non-executive)

COMPANY SECRETARY
Sinead O'Haire

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