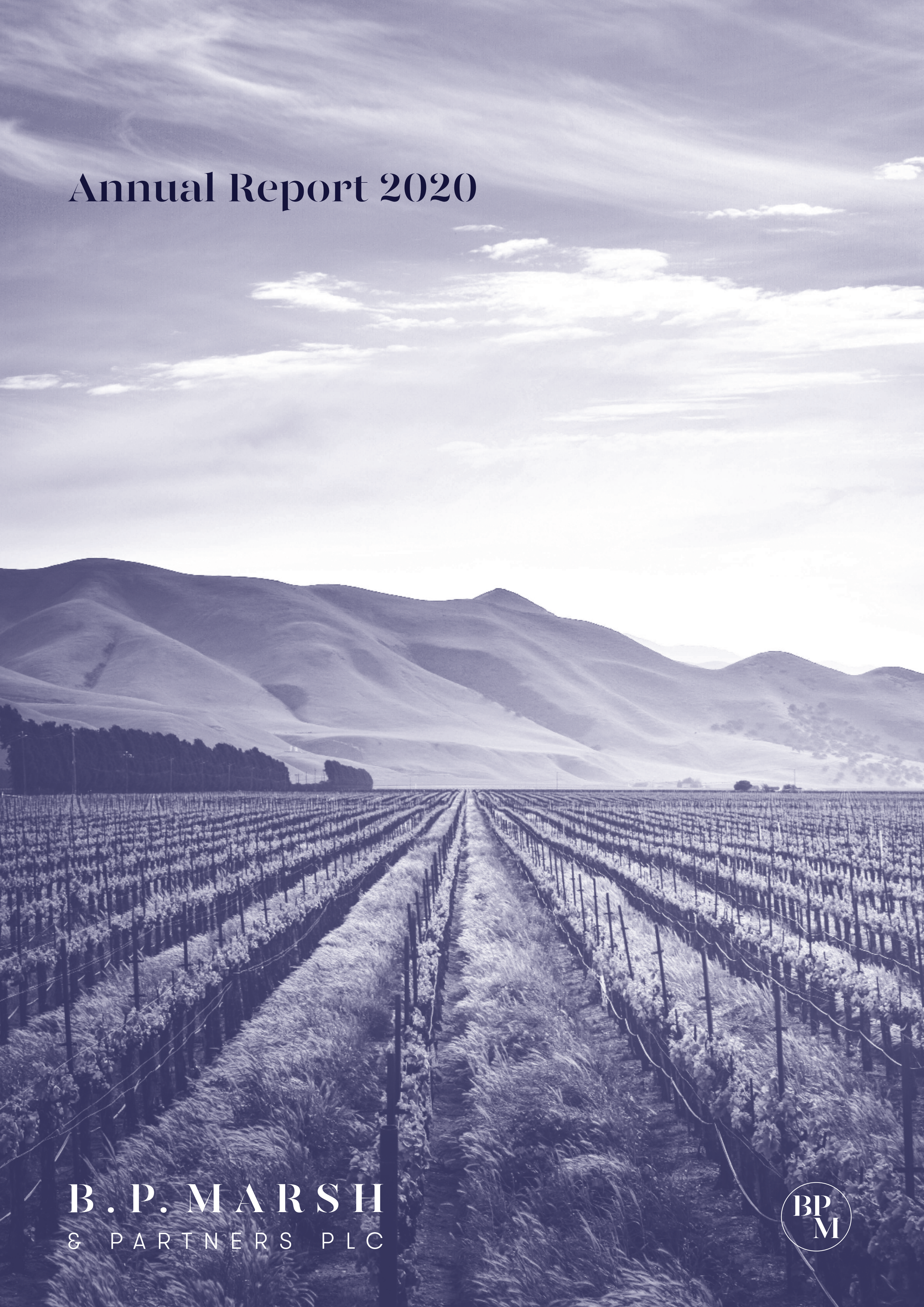
Annual Report 2020



B.P. MARSH
& PARTNERS PLC

B.P. Marsh & Partners PLC is a specialist 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 various parts of the world.

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.

The Group invests amounts of up to £5.0m in the first round. Investment structure is flexible and investment stage ranges from start up to more developed. The Group initially 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 52 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.

We are farmers, not hunters

Contents

Operating and Financial Highlights

B.P. Marsh & Partners Plc (AIM: BPM), the specialist investor in early stage financial services businesses, announces its audited Group final results for the year to 31 January 2020.

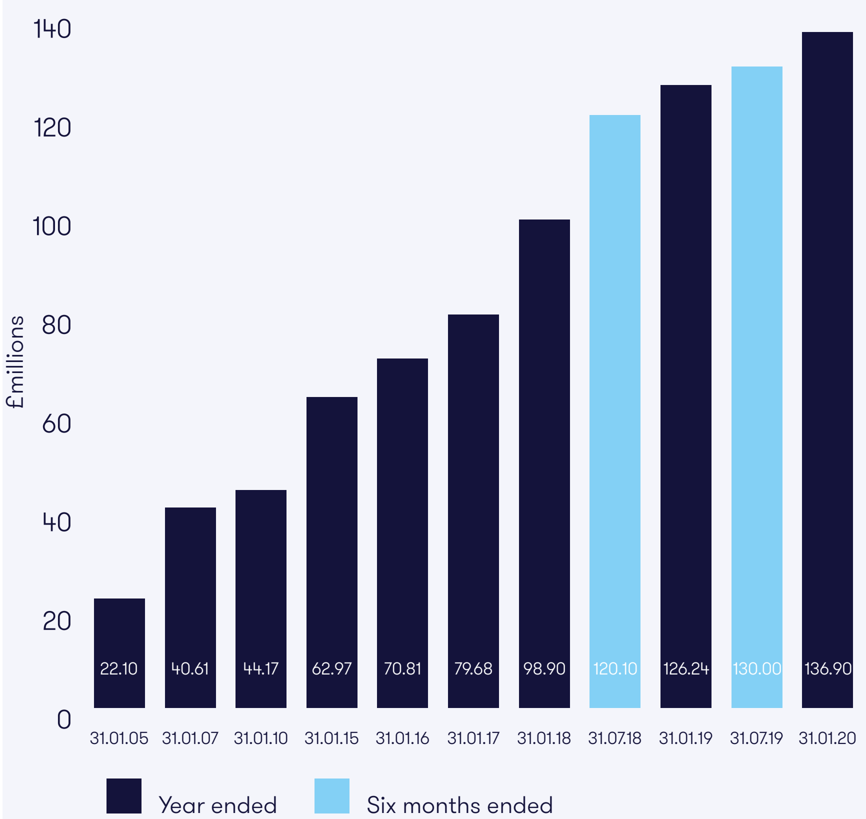
11.1%
Increase in equity value of the portfolio over the year

£136.9m
Net Asset Value, an 8.5% increase, net of Dividend

380.1p
Net Asset Value increase to 380.1p per share (31 January 2019 restated*: 350.3p)

9.8%
Total return to Shareholders in the year

Group valuations



* Restated for IFRS 16: Leases

NB: The valuation at 31 January 2007 includes £10.1m net proceeds raised on AIM. The valuations from and including 31 July 2018 include £16.6m net proceeds raised in the July 2018 Share Placing and Open Offer.

£3.8m

Available cash

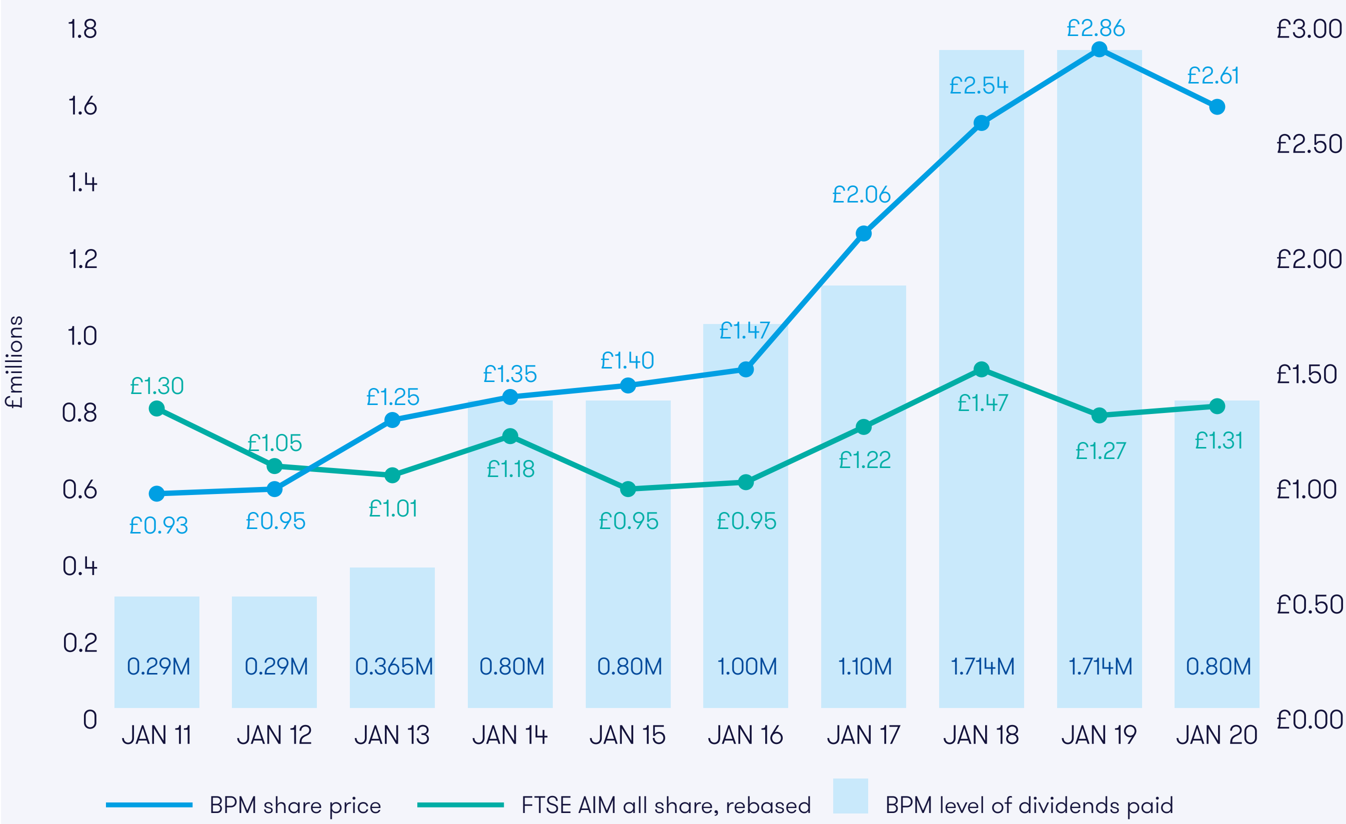
11.8%

Average Net Asset Value annual compound growth rate since 1990

2.22p

Final Dividend of 2.22p per share declared (31 January 2019: 4.76p)

Historic dividend and share price performance



Joint Statement by the Chairman and Managing Director

Brian Marsh OBE, Chairman

Alice Foulk, Managing Director

"The Group is pleased to have continued to produce a good overall performance throughout the year despite the various challenges we faced."

£115.7m
The value of the investment portfolio

11.8%
Compound annual growth in Net Asset Value

9.8%
Total shareholder return for the year

We are pleased to present the audited Consolidated Financial Statement of B.P. Marsh & Partners Plc for the year ended 31 January 2020.

We concluded the year with an 8.5% increase in NAV (net of Dividend) and an increase in the equity value of the Portfolio of £11.6m to £115.7m. In addition to our loan book of £18.8m, we are pleased therefore to be able to report that our NAV stands at £136.9m or 380.1p per share, as at 31 January 2020.

For the year ended 31 January 2020, the Board are recommending a dividend of 2.22p per share to Shareholders. We have tried to balance the need to conserve cash to ensure that the Group can continue to prosper and develop in the undoubtedly difficult times to come, due to the consequences of the Covid-19 Pandemic, whilst also rewarding Shareholders for their continuing loyalty. We believe that we have struck this balance.

As at 31 January 2020, the Group had available cash of £3.8m, comprised of a free cash balance of £0.8m with access to a further £3.0m by way of a loan facility with Brian Marsh Enterprises Limited. As at 8 June 2020, the cash balance has been further bolstered by the repayment of a £2.0m Loan Facility from Nexus Underwriting Limited and stands at £1.8m after providing £1.0m of additional finance to the Portfolio.

Total available cash, including the loan facility, stands at £4.0m net of the dividend payable in July 2020.

The Group believes it is well positioned to be able to provide financial assistance to our Portfolio Companies, enabling them to continue to trade through the challenges posed by Covid-19.

Given the tumultuous times in which the world finds itself, we believe it might be useful at this time for the Group's investment strategy to be reiterated: the Group focuses on partnerships with dynamic and entrepreneurial management teams who need a Venture Capital Partner to support them in maintaining and building their businesses, and who have a long-term investment horizon. The Group's investment criteria are focused on the Financial Services Intermediary Sector with a particular interest and knowledge in Insurance Intermediaries. This means that companies with which the Group partners do not involve themselves in primary risk-taking activities.

Our Management Team works closely with those of the Group's Investee Companies and its philosophy is to devise mutually agreeable exit plans alongside management when the time comes, rather than imposing its own exit timetable and any pressures which would come with that. We have successfully cultivated a Portfolio of 17 investments which span four continents and six countries.

During the year the Group completed two new Investments. In July 2019, the Group acquired a 36% shareholding in Agri Services Company PTY Limited in Sydney and in October 2019, a 30% shareholding in Lilley Plummer Risks Limited in London. Within the existing portfolio there have been some strong performers, with Nexus Underwriting Management Limited ("Nexus") and XPT Group LLC ("XPT") both reporting particularly encouraging results. During the year it was also announced that LEBC Group Limited, the trading subsidiary of the Company's investment in LEBC Holdings Limited ("LEBC"), had exited the Defined Benefit Transfer Advice space following consultation with the Financial Conduct Authority.

LEBC has taken a number of steps to reduce costs following this move and has undergone a restructuring, which continues to focus on its core business of providing Independent Financial Advice to its clients. We have confidence in our colleagues and the management team at LEBC. Further information on the performance of the Portfolio is included later in this report.

Since the year end, the Covid-19 Pandemic has come upon us all and we have been in close and constant communication with all of our Investee Companies to quantify what impact Covid-19 will have. Each of them has implemented its own 'Covid-19 Action Plan' and our Chief Investment Officer will provide additional details thereupon within his report. The Group continues to be on hand to assist any of our partners whenever necessary and possible.

We also believe it is important to report the steps we ourselves have taken to adapt to the pressures that Covid-19 has placed upon us. On 8 March 2020, before the Government ordered the countrywide lockdown, the Group made the decision to introduce remote working for every member of staff. This was carried out primarily to ensure the safety of our staff, but also to give ourselves time to resolve any teething problems that would emerge from this remote working before the Government officially shut down the country. This transition has been smooth and successful.

We are in regular communication with all staff members, in order to ensure that they continue to remain positive and fully active in these difficult times and we would want to thank them for their continued hard work during this period.

We are, of course, constantly monitoring the situation with regard to our return to the office. This will be predicated primarily on whether the safety of our staff can be maintained, alongside the government guidelines in force, but the Group remains fully operational in the meantime.

It is our belief that due to the diversity of our portfolio, which operates solely within the intermediary space, we are well positioned to manage through these unprecedented times. We have no doubt that there will be difficult hurdles ahead, but our spread of risk across the globe, and across many classes of business, should provide a natural hedge for the challenges to come.

We have managed our business satisfactorily during previous recessions and financial crises; we are confident that we can build on these experiences and that we are well prepared for what might lie ahead. Staff morale remains high, and we are pleased to be able to deliver a dividend at this time, as well as to provide reassurance to our Partners that we are well placed to be able to assist them through the challenges ahead.

Brian Marsh, OBE
Chairman
8 June 2020

Alice Foulk
Managing Director

Chief Investment Officer's Portfolio Update

Daniel Topping, Chief Investment Officer

The portfolio has performed well for the financial period, with our Insurance Intermediary investments showing good growth. Over the financial period the portfolio as a whole increased in value by £11.6m, to £115.7m, or 11.1%.

Whilst these valuations pre-date the outbreak and impact of Covid-19, as noted by the Chairman and the Managing Director, we believe the Company and the portfolio is well positioned to manage through these unprecedented times. The anticipated trading impact of Covid-19 will be factored into our interim results to 31 July 2020. The impact of the virus is being closely monitored and all investee companies have prepared response plans and proposed measures have been shared across the portfolio. At this juncture, Covid-19 appears unlikely to negatively influence the portfolio as a whole in a material fashion, and we remain confident that our investment strategy and sector focus will prove resilient during this period of disruption.

Chief Investment Officer's Portfolio Update
continued

New Investments

During the year we made two new investments. In July 2019, the Group acquired a 36% shareholding in Agri Services Company PTY Limited in Sydney, Australia and in October 2019, a 30% shareholding in Lilley Plummer Risks Limited ("Lilley Plummer").

Lilley Plummer is a newly formed specialist Marine Lloyd's broker, based in London. The Group acquired its stake in Lilley Plummer for a total cash consideration of £1.0m, in a mixture of Redeemable and Non-Redeemable Preference shares.

The experienced management team at Lilley Plummer is formed of Stuart Lilley and Dan Plummer. Prior to founding Lilley Plummer, Dan Plummer gained valuable experience across the marine market having held senior positions at CR Marine & Aviation SRL, Windsor Partners LLP and Howden Insurance Brokers Ltd. Stuart Lilley, prior to Lilley Plummer, held roles at International Risk Solutions, FP Marine and latterly Howden Insurance Brokers Ltd. The two individuals have over two decades of experience in the London and International Marine Market.

Agri Services Company PTY Limited is a holding company that owns Ag Guard PTY Ltd ("Ag Guard"), a specialist agricultural insurance underwriting agency based in Sydney. The Group subscribed for a 36% preferred equity stake for consideration of AU$2.6m.

Founded by Alex Cohn and Ben Ko, a strong management team with experience through the entire agricultural insurance value chain, Ag Guard arranges policies for and on behalf of Great Lakes Australia ("GLA"). GLA is a subsidiary of Münchener Rückversicherungs-Gesellschaft AG, part of Munich Re.

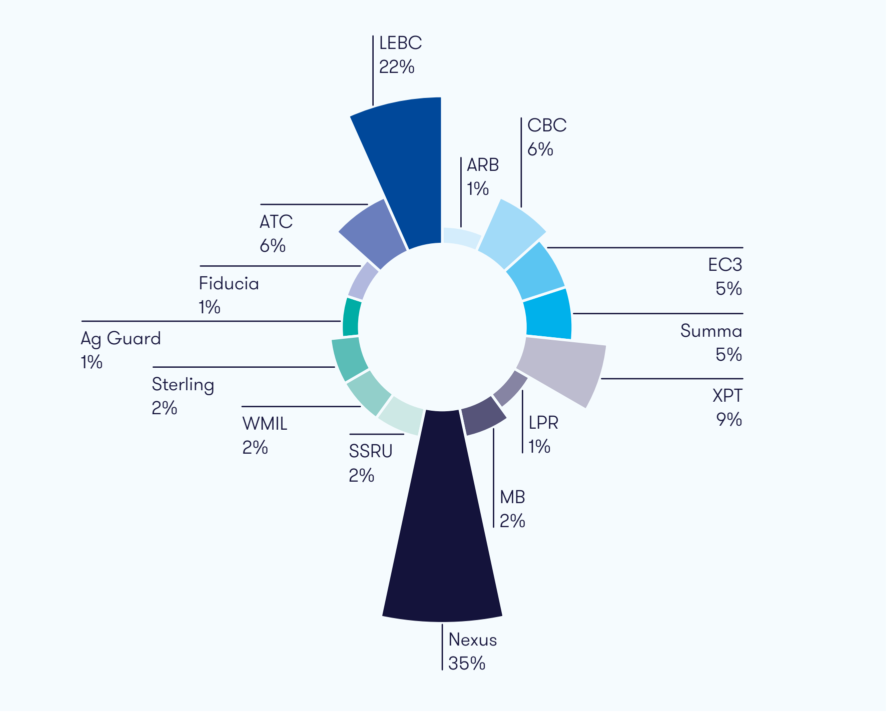
Portfolio Update & Activity

NAV breakdown by portfolio company

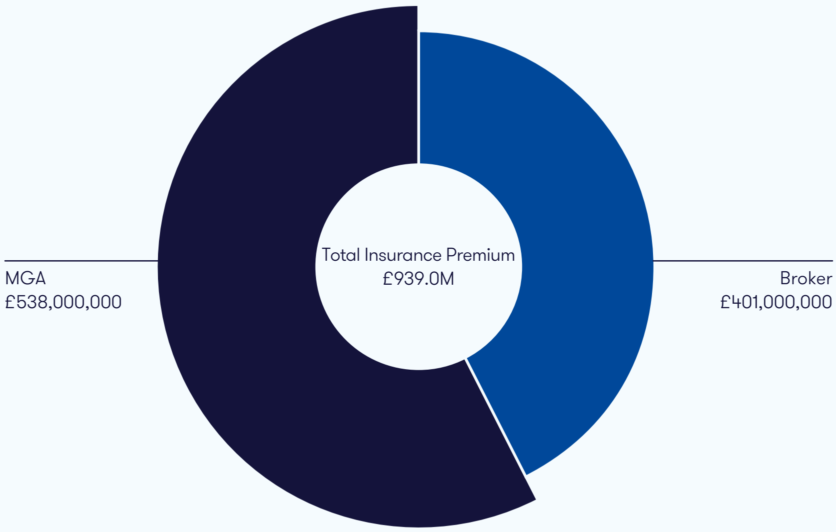
The composition of the Group's underlying portfolio company exposure can be seen in the chart on the right.

The current portfolio is strongly weighted towards Insurance Intermediaries with all but one portfolio company, LEBC, operating in this industry. The Group has established itself as a leading investor in this sector with a solid track record. Whilst very much a targeted approach given the size and complexity of the insurance intermediary sector, it means the Group is exposed to a wide variety of specialist classes of business as investment opportunities.

In the Insurance Intermediary space, our investments are separated into two areas: Insurance Brokers and Underwriting Agencies ("MGAs").



As a Group, our insurance investments produce over US$1.0bn (£939.0m) of insurance premium ("GWP"), and a breakdown between broker and MGA can be found here:



Insurance Brokers

Investments: Broking Investments	Jurisdiction	% Shareholding 31 January 2020	Valuation 31 January 2020 £'000s	Cost of Investment £'000s	% of Net Asset Value 31 January 2020
Asia Reinsurance Brokers Pte Limited	Singapore	25.0%	830	1,551	1%
CBC UK Limited	UK	38.2%	7,150	4	6%
EC3 Brokers Limited	UK	20.0%	5,288	5,000	5%
Lilley Plummer Risks Limited	UK	30.0%	1,317	1,000	1%
Mark Edward Partners LLC	USA	30.0%	–	4,573	–
Summa Insurance Brokerage, S. L	Spain	77.3%	6,120	6,096	5%

Much of the Group's growth has been underpinned by its successful track record of investing in specialist Insurance Brokers, both within the Lloyd's and London Market and internationally. The Group has a wide network of contacts within this space which continues to be an invaluable source of investment opportunities. Our significant experience and deep operational engagement has allowed the Group to unlock value across the portfolio.

Our Broking Investments placed over £400.0m of insurance premium, producing over £32.0m of commission income during 2019, accessing the specialty markets of, inter alia, Lloyd's and London, North America, Asia Pacific and Bermuda.

The majority of the Broking Investments in the portfolio are relatively recent, having occurred in the last five years, and we see strong opportunities for these investments to develop further as part of our long-term investment strategy. The Group's most recent significant disposals of its shareholdings in Hyperion Insurance Group Ltd and Besso Insurance Group Ltd, having held both for over 20 years and delivered IRRs in excess of 20%, underline the success of our long-term approach.

Chief Investment Officer's Portfolio Update
continued

Underwriting Agencies/Managing General Agents ("MGAs")

Investments: MGA Investments	Jurisdiction	% Shareholding 31 January 2020	Valuation 31 January 2020 £'000s	Cost of Investment £'000s	% of Net Asset Value 31 January 2020
Ag Guard PTY Limited	Australia	36.0%	1,320	1,428	0%
ATC Insurance Solutions PTY Limited	Australia	20.0%	6,329	2,865	6%
The Fiducia MGA Company Limited	UK	35.2%	1,691	228	1%
MB Prestige Holdings PTY Limited	Australia	40.0%	2,716	480	2%
Nexus Underwriting Management Limited	UK	18.0%	40,045	11,126	35%
Stewart Specialty Risk Underwriting Limited	Canada	30.0%	2,534	-	2%
Sterling Insurance PTY Limited	Australia	19.7%	2,272	1,945	2%
Walsingham Motor Insurance Limited	UK	42.8%	2,103	600	2%
XPT Group LLC	USA	32.1%	10,951	7,330	9%

The Group has a long track-record of investing in Underwriting gencies and deploys its expertise in identifying dynamic management teams in early start companies who also have the ability to attract the long-term support from insurance capacity providers on whose behalf these MGAs issue insurance premium.

Our MGAs produced GWP of over £538.0m and £62.0m of commission income during 2019. This was across 28 product areas and on behalf of over 50 insurers.

The Group's investee MGAs' ongoing focus on profitable underwriting has presented both a challenge and an opportunity. With recent access to insurer capital being restricted to profitable underwriting programmes, certain MGAs have struggled to obtain underwriting facilities; as such we were pleased to note that all our MGA investments were able to maintain the continued support of their insurer partners for 2019 and into 2020.

This means our MGAs are well placed to take advantage of any increased pricing of insurance premiums as a reaction to the incurred insurance losses that have recently been felt by the insurance sector.

IFA Investment

Investment:	Jurisdiction	% Shareholding 31 January 2020	Valuation 31 January 2020 £'000s	Cost of Investment £'000s	% of Net Asset Value 31 January 2020
LEBC Holdings Limited	UK	59.3%	25,000	12,374	22%

LEBC is presently the Group's only non-insurance related investment, although we do continue to see investment opportunities in the financial planning and advisory sector, having previously successfully invested here, with both the IFA, Thomson Group Plc, and discretionary fund manager, Principal Asset Management Ltd.

LEBC's performance during 2019 was impacted by the decision to exit the defined benefit transfer advisory area. However, this doesn't change our view that LEBC will continue to grow successfully in its field led by its management team. This team has guided LEBC through other previous challenges such as the Retail Distribution Review, and we anticipate that following the current restructuring LEBC will be well placed to succeed.

Portfolio Company Highlights

Nexus Underwriting Management Limited ("Nexus")

+27.6 pence 2020 NAV per share uplift

The Group originally invested in Nexus in 2014, acquiring a 5% stake for £1.5m. Our current shareholding is 17.6% which cost an aggregate £11.13m. Since our investment, Nexus' value has grown from £31.0m to £228.0m. Over this period Nexus has increased its GWP from £50.0m to £325.0m, and its adjusted EBITDA from £2.3m to circa £15.0m. The performance of Nexus during this period confirmed our view that we backed a first-rate management team, capable of delivering exponential profitable growth, turning Nexus into the pre-eminent London-based underwriting agency.

During 2019 Nexus made a further three acquisitions, in trade credit (Credit & Business Finance Ltd), and financial lines (Capital Risks MGA Limited and Plus Risk Limited).

In November 2019, Nexus announced the launch of Nexus Specialty Inc ("NSI") in the US, marking a significant step forward in their plan to grow, both through acquisition and organically, to become a leading specialty MGA in the territory. Following this announcement, in January 2020 NSI agreed a wide-ranging new underwriting agreement with A-rated insurer Crum & Forster that allows NSI to underwrite its market leading trade credit products on a fully admitted basis in the US across 45 states.

At 31 December 2019, Nexus has offices in nine countries, across three continents, underwriting a diverse insurance portfolio of products in excess of £325.0m GWP via an array of over 500,000 policies across 15 classes of business.

CBC UK Limited ("CBC")

+7.4 pence 2020 NAV per share uplift

CBC is a specialist Lloyd's broker providing both wholesale and retail broking solutions to its UK based clients. The Group acquired its shareholding in CBC, as part of a management led buy-out of its previous owner. As part of this buy-out the Group was once again able to partner with Andrew Wallas, who was appointed Chairman of CBC. Andrew's longstanding experience in the City encompasses his previous roles as Chief executive of Nelson Hurst and Marsh Ltd, CEO and Chairman of Glencairn Ltd and of Andrew Wallas and Marsh Ltd.

Following the Group's investment in 2017, the CBC Management team reversed a £0.1m post-tax loss into an immediate profit, and have grown EBITDA from £0.1m to a forecast £2.5m over the

Chief Investment Officer's Portfolio Update
continued

period of the Group's investment. They have also successfully started to attract teams from other broking houses with the recent addition of their International team hired from Price Forbes, allowing CBC to expand out of the UK market.

XPT Group LLC ("XPT")

+9.0 pence 2020 NAV per share uplift

Since investment in 2017, XPT, the specialty lines distribution company, has made numerous acquisitions, providing it with a footprint across the US with offices in North Carolina, Texas, California and New York. From a standing start in 2017, XPT is now forecasting annualised GWP of US$300.0m for the 2020 year.

In April 2019, the Group provided XPT with a US$2.0m Loan Facility. This sits alongside US$40.0m of aggregate funding from Madison Capital Funding LLC ("Madison"). Madison also acquired an equity interest in the business in September 2019 which valued XPT at an enterprise value of c.US$54.0m. Madison is backed by the financial strength and stability of New York Life Insurance Company and has US$10.6bn of assets under management, exclusively investing alongside private equity sponsors and other investors.

Subsequent to the end of the Group's 2020 financial year, XPT has acquired 100% of LP Risk, Inc ("LP Risk"), the Houston, Texas, headquartered MGA and surplus lines Broker, LP Risk also has offices in Dallas and San Antonio (Texas). LP Risk specialises in transportation, hospitality, contractors, marine, energy/oil & gas and manufacturing. With 51 employees, it handles over 4,000 accounts a year on behalf of 350 retail agents and brokers in 18 states. Following the acquisition, LP Risk owner and CEO, Landon Parnell has remained with the business as the President of LP Risk and has become a member of XPT's Executive Committee.

It is expected that this acquisition will bolster XPT's foothold within its existing markets and add an experienced professional to XPT's Executive Committee. The transaction furthers XPT's strategy to develop a high-class specialty distribution platform across the US by acquiring niche, profitable businesses.

Stewart Specialty Risk Underwriting Ltd ("SSRU")

+5.0 pence 2020 NAV per share uplift

The Group backed SSRU as a start-up MGA in 2017, having been introduced to its CEO, Stephen Stewart, by contacts at what was Aon Benfield. Since its establishment SSRU has become a trusted insurance partner to the Canadian Property and Casualty sector concentrating on severity driven risk and often with international exposure.

The Group's nominal equity investment has now grown to a value of £2.5m since 2017.

Outlook

The Group believes the portfolio and the management teams within it are well set to continue to deliver excellent long-term growth to their shareholders.

There is continued demand from the wider private equity market for financial services and intermediated investments which provide exit opportunities for our portfolio companies.

On the other hand, the Group remains broadly insulated from this backdrop, due to its sector specific niche and sourcing model, which focuses on identifying off-market deals through a network of entrepreneurial business founders and managers, avoiding competitive processes.

Therefore, the Group can find investment opportunities at a stage where valuations are fair and there is opportunity for significant growth.

Daniel Topping
Chief Investment Officer
8 June 2020

Financial Review

Jon Newman, Group Director of Finance

Overall, the Group delivered a solid return given the various challenges that it faced this year. The Net Asset Value increased by £10.7m, which matched the previous year's performance (2019 restated*: £10.7m).

At 31 January 2020, the Net Asset Value of the Group was £136.9m, or 380.1p per share (2019 restated*: £126.2m, or 350.3p per share). This equates to an increase in Net Asset Value of 8.5% (2019: 10.0%) for the year.

* Restated for IFRS 16: Leases

Financial Review
continued

Financial Performance Summary

The table below summarises the Group's financial results and key performance indicators for the year to 31 January 2020.

	Year to/as at 31st January 2020	Year to/as at 31st January 2019 Restated*
Net Asset Value	£136.9m	£126.2m
Net Asset Value per share	380.1p	350.3p
Profit on ordinary activities before tax	£12.3m	£12.2m
Dividend per share paid	4.76p	4.76p
Total shareholder return (including dividends)	£12.4m	£12.5m
Total shareholder return on opening shareholders' funds	9.8%	11.7%
Net cash from operating activities (net of equity investments, realisations and loans)	£1.5m	£(1.5)m
Equity cash investment for the year	£2.6m	£8.7m
Realisations (net of disposal costs)	£0.4m	£Nil
Loans issued in the year	£5.1m	£3.8m
Loans repaid by investee companies in the year	£1.0m	£1.8m
Cash funds (including Treasury) at end of year	£0.8m	£7.9m
Borrowing / Gearing	£Nil	£Nil

*Restated for IFRS 16 lease accounting

Overall, the Group delivered a solid return given the various challenges that it faced this year. The Net Asset Value increased by £10.7m, which matched the previous year's performance (2019 restated: £10.7m). At 31 January 2020, the Net Asset Value of the Group was £136.9m, or 380.1p per share (2019 restated: £126.2m, or 350.3p per share). This equates to an increase in Net Asset Value of 8.5% (2019: 10.0%) for the year.

The Net Asset Value of £136.9m at 31 January 2020 represented a total increase in Net Asset Value of £107.7m since the Group was originally formed in 1990 having adjusted for the original capital investment of £2.5m, the £10.1m net proceeds raised on AIM in 2006 and the £16.6m of net proceeds raised through the Share Placing and Open Offer in July 2018. The Directors note that the Group has delivered an annual compound growth rate of 8.1% in Group Net Asset Value after running costs, realisations, losses, distributions and corporation tax since flotation and 11.8% since 1990.

The results to 31 January 2020 do not reflect any Covid-19 impact. Further details on this are provided later in the report.

Investment Performance

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

31st January 2019 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31st January 2019 valuation	31st January 2020 valuation
£101.9m	£2.6m	£0.4m	£104.1m	**£115.7m**

This equates to an increase in the portfolio valuation of 11.1% (2019: 16.1%). This result demonstrates the robustness and depth of the investment portfolio, notwithstanding the significant write down in valuation of one of the Group's largest investments (LEBC) during the year.

The Group invested £2.4m (2019: £8.7m) in two new investments during the year – Lilley Plummer Risks Ltd and Agri Services Company PTY Ltd. In addition, the Group provided £5.1m of loans (2019: £3.8m) as follow-on funding to four investee companies to enable them to make acquisitions, or to provide working capital for strategic hires and product development.

In addition, £1.0m of loan repayments were made to the Group by investee companies (2019: £1.8m). Since the year-end, the Group has received a further £2.1m in loan repayments.

Whilst the Group did not make any significant realisations during the year, it did make a partial realisation of its investment in Paladin Holdings Limited ("Paladin"), receiving proceeds of £0.4m. This disposal related to shares that the Group had been warehousing on behalf of Paladin which were held under a specific call option arrangement and the proceeds received were in line with the carrying value of these shares.

Operating Income

Net gains from investments were £11.5m, in line with the previous year (2019: £11.5m), based upon the revaluation of the investment portfolio at 31 January 2020.

Overall, income from investments increased by 12.2% to £5.2m (2019: £4.6m). Fees increased by 27.6% over the year to £1.1m (2019: £0.9m) reflecting the increased number of investments within the portfolio. The fees were also bolstered by several one-off transaction fees received. Income from loans increased by 20.5% to £1.3m over the year (2019: £1.1m) due to the provision of both new and further loan funding to the portfolio. Dividend income increased by 3.8% to £2.8m over the year (2019: £2.7m).

Operating Expenses

Operating expenses, including costs of making new investments, increased by 7.2% during the year to £4.2m (2019 restated*: £3.9m). This increase was largely due to several exceptional expenses which were included within the 2020 operating costs, including £0.3m of costs relating to a termination payment made to an executive director as well as £0.1m of costs incurred in making new investments which were expensed under IFRS. After excluding these atypical expenses, underlying operating expenses actually decreased by £0.1m (1.4%) over 2019.

Financial Review
continued

Profit on Ordinary Activities

The consolidated profit on ordinary activities after taxation increased by 0.7% to £12.5m (2019 restated*: profit of £12.4m).

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns, but excluding investment activity (e.g. unrealised gains on equity, provision against loans receivable from investee companies and all underlying treasury portfolio movement), this was achieved with a pre-tax profit of £0.8m for the year (2019: £0.7m).

Liquidity

Cash funds at 31 January 2020 were £0.8m (2019: £7.9m) as a result of continued investment into new opportunities and providing follow-on funding into the portfolio.

During the year, the Group secured a £3.0m loan facility with Brian Marsh Enterprises Ltd, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder. The loan facility provides the Group with further investment funds at an interest rate of the higher of either 4% or the UK 1-month LIBOR plus 3.25%, which are available to be drawn down until 29 July 2021.

At 31 January 2020 and at the date of this report the Group had not drawn down on these funds and has no borrowings (2019: £nil).

Since the year-end, the Group has received a further £2.1m in loan repayments. Total available cash, including the loan facility, currently stands at £4.0m net of the dividend payable in July 2020.

Dividend

The Group maintained its dividend payment at £1.7m (or 4.76p per share) during the year (2019: £1.7m or 4.76p per share). Total shareholder return for the year was therefore 9.8% (2019: 11.7%) including the dividend payment and the Net Asset Value increase.

Due to the current Covid-19 pandemic, the Group, having taken into consideration its available cash resources and liquidity, and the potential requirements from the investment portfolio, has agreed to declare a dividend of £0.8m (or 2.22p per share), payable on 31 July 2020 to those shareholders registered on 26th June 2020. This dividend represents a distribution of 100% of the underlying realised profits of the business for the year to 31 January 2020.

Covid-19 Impact Assessment

The financial statements to 31 January 2020 have not included any impact of Covid-19 on either the Group or on the valuations of its investment portfolio. This is because, at that time, although it had developed into a major risk in China, it had not established itself in the UK and the rest of the world and had not financially impacted upon either the Group or its investments. As such, it has been determined that Covid-19 is to be treated as a non-adjusting post balance sheet event.

The Group is exposed to the risks associated with Covid-19. Since the outbreak of the virus, the Board has been continually assessing its potential impact on the Group and its underlying investments. The Group has taken all the steps that it can to ensure that the health and safety of its staff, their families and those of the Group's investments is prioritised, whilst also ensuring the continuity of the Group's day to day operations through remote working arrangements.

The Board considers that the largest risk to the Group arising from Covid-19 is that of its underlying investment value and the effects that lockdown restrictions may have on the trading of its individual investee companies. Any negative impact on the trading of the Group's investee companies could cause liquidity issues for those companies, for example due to reduced income, delayed debtor receipts, or restrictions to funding. Furthermore, the Group's income could be potentially reduced if the profits of the investee companies are significantly impacted and cause a reduction to dividend distributions.

However, the Board considers that it has a strong portfolio of well-managed investee companies that are each taking steps to manage the risks to their income and to their liquidity, implementing cost reductions where necessary to mitigate any reduction in income and profitability accordingly.

The Group has also been monitoring its own income and cash collection. Lower dividend income is a risk in not only the current year, but also in the following year as investee companies manage their own liquidity through this pandemic. The Group has taken measures to mitigate this risk, immediately halting discretionary spending before the start of the UK's lockdown, and reviewing all costs going forwards in order to maintain an acceptable level of underlying profit and preserve working capital.

Whilst several of our investee companies have experienced reductions in income as a direct result of Covid-19, in contrast a number of investments are still performing at, or above budget for the year despite the lockdown which is testament to their durability and demonstrates that we have a diversified portfolio, both in terms of products and geographically.

It is too early to ascertain with any degree of certainty the full impact of the risks that Covid-19 is posing to the Group, as the duration of the pandemic, and thus restrictions, is currently unknown. The Board continues to monitor the key threats to the business closely.

The significant fall in the equity markets will undoubtedly put pressure on valuation multiples in the short-term, specifically for any portfolio company that has been directly exposed to the impact of Covid-19. However, the Group has sufficient cash resources, with the recent repayment of £2.0m in loan from Nexus, alongside the availability of a £3.0m loan facility, such that it does not need to realise investments at the current time just to create liquidity, and as such can look to the longer term when it is expected that multiples will return to their pre-Covid-19 levels.

The Board is confident that whilst the Covid-19 risk may have a short-term impact on the Group's overall profitability and growth, it does not consider there to be a risk to the Group's going concern assumption.

Jon Newman
Group Director of Finance
8 June 2020

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:	59.3%
31 January 2020 valuation:	£25,000,000

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:	38.2%
31 January 2020 valuation:	£7,150,000

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 2020 valuation:	£5,288,000

Lilley Plummer Risks Limited
(www.lprisks.co.uk)
In October 2019, the Group invested into Lilley Plummer Risks, the newly formed specialist marine Lloyd's broker. Lilley Plummer Risks was established by Stuart Lilley and Dan Plummer in 2019, and provides products across the marine Insurance market.

Date of investment:	October 2019
Equity stake:	30%
31 January 2020 valuation:	£1,317,000

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:	35.2%
31 January 2020 valuation:	£1,691,000

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:	18.0%
31 January 2020 valuation:	£40,045,000

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%.

In May 2018, the Group acquired a 20% shareholding in Walsingham Holdings Limited, a previously dormant company, which in turn purchased an 11.7% equity holding in Walsingham Motor Insurance Limited from an exiting shareholder.

Date of investment:	December 2013
Equity stake:	42.8%
31 January 2020 valuation:	£2,103,000

Current investments

Stewart Specialty Risk Underwriting Ltd
(www.ssru.ca)
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. SSRU 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 2020 valuation:	£2,534,000

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:	32.1%
31 January 2020 valuation:	£10,951,000

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 2020 valuation:	£0

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:	77.3%
31 January 2020 valuation:	£6,120,000

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:	25%
31 January 2020 valuation:	£830,000

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 2020 valuation:	£2,272,000

Criterion Underwriting Pte Limited
(www.criterionmga.com)

Group helped establish Criterion alongside its Partners in Asiare Holdings Pte Limited and Asia Reinsurance Brokers Pte Limited in July 2018. Criterion is a start-up Singapore-based Managing General Agency providing specialist insurance products to a variety of clients in the Cyber, Financial Lines and Marine sectors in Far East Asia.

Date of investment:	July 2018
Equity stake:	29.4%
31 January 2020 valuation:	£0

ATC Insurance Solutions PTY Limited
(www.atcis.com.au)

Group invested in July 2018 in ATC, an Australian-based MGA and Lloyd's Coverholder, specialising in Accident & Health, Construction & Engineering, Trade Pack and Sports insurance.

Date of investment:	July 2018
Equity stake:	20%
31 January 2020 valuation:	£6,329,000

AG Guard PTY Limited
(www.agguard.com.au)

In July 2019 the Group subscribed for a 36% stake in Agri Services Company PTY Limited, which in turn acquired 100% of the equity in Ag Guard PTY Limited ("Ag Guard"). Ag Guard is a Managing General Agency, which provides insurance to the Agricultural Sector, based in Sydney, Australia.

Date of investment:	July 2019
Equity stake:	36%
31 January 2020 valuation:	£1,320,000

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 2020 valuation:	£2,716,000

Directors and Company Secretary

Brian Marsh OBE
Executive Chairman

Alice Foulk BA (Hons)
Managing Director

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director

Daniel Topping MCSI, ACIS
Chief Investment Officer

Pankaj Lakhani FCCA
Non-executive

Nicholas Carter
Non-executive

Sinead O'Haire LLB (Hons), FCIS
Chief Legal Officer & Group Company Secretary

Directors' Report & Strategic Report & Consolidated Financial Statements

for the year ended 31 January 2020

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' and Group Company Secretary biographies

Brian Marsh OBE
(Executive Chairman), aged 79
(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's considerable experience being Chairman of numerous companies in Financial Services means he is well suited as the Executive Chairman of B.P. Marsh. Brian is a member of the Investment, Valuation, and Nomination Committees. Brian resigned as both Chair and a member of the Disclosure Committee with effect from 7 May 2019. Brian is a significant shareholder in B.P. Marsh with a direct beneficial interest in 39.3% of the Company (in addition to 2.6% held by the Marsh Christian Trust, of which Brian is a trustee and Settlor).

Alice Foulk BA (Hons)
(Managing Director), aged 33
(R) (I) (V) (N) (D)
Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. 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 22,452 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 20,561 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Jonathan Newman ACMA, CGMA, MCSI
(Group Finance Director), aged 45
(I) (V) (D)
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 and was also appointed a member of the Disclosure Committee with effect from 21 August 2019. Jonathan has four nominee directorships across three investee companies. Jonathan has a direct beneficial interest in 18,317 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 21,148 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Daniel Topping MCSI, ACIS (Chief Investment Officer), aged 36 (I) (V) (N)

Daniel was appointed as a director of B.P. Marsh in March 2011 having joined the Group in February 2007, following two years at an independent London accountancy 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 94,546 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 21,148 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust. Daniel has an indirect beneficial interest in 11,434 ordinary shares held by his wife, Claire Topping.

Pankaj Lakhani FCCA (Non-executive), aged 66 (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 36,912 ordinary shares in B.P. Marsh.

Nicholas Carter (Non-executive), aged 77 (R) (A)

Nicholas was appointed to the Board of B.P. Marsh on 1 May 2019 and has over 50 years' experience in the Lloyd's Insurance Market, having held a variety of positions within Nelson Hurst & Marsh Limited, Citicorp Insurance Brokers and Nelson Hurst Plc. Upon joining the Group Nicholas was appointed a member of the Remuneration Committee and the Audit Committee. Nicholas owns 20,000 ordinary shares in B.P. Marsh.

Sinead O'Haire, LLB (Hons), FCIS (Chief Legal Officer & Group Company Secretary) (N) (D)

Sinead joined B.P. Marsh in 2009 and was appointed Group Company Secretary in June 2011. Sinead attends all Board and Committee meetings and works closely with the Chairman's Office and Board in all matters of governance and to oversee the effective functioning and leadership of the Company, as well as ensuring compliance with the stock market regulations. Sinead is responsible for negotiating and finalising the legal aspects of new investments, any follow-on funding and eventually the exit process. Sinead has a direct beneficial interest in 24,695 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 21,148 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

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 'Corporate Governance Code' published by the Quoted Company Alliance 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"). The Company has identified three core stakeholders within its business model; its Shareholders, Investee Companies and Employees.

Strategy & Business Model

Since its inception in 1990, the Company has focused on acquiring minority stakes in Financial Service Intermediary Businesses with no restrictions on their global location, assisting where possible its Investee Companies and selling that stake, in partnership with management, to the benefit of the Shareholders.

As time has gone by, whilst this model has remained unchanged, the size of the potential initial investment has risen to up to £5m as the Company's assets have grown and its business has become better known. In addition, the Company can provide follow-on funding to further enhance growth.

We are debt free and have been able to maintain an average compound annual increase in the Net Asset Value since inception of 10% or more.

We have every reason to believe that the Company's business will continue to grow in size, particularly as a result of the ability to make larger initial investments into larger businesses.

The Board consists of four executive and two non-executive directors and has ultimate oversight over the business of the Company. The Board is responsible for the making and eventual disposal of investments and the continued monitoring of their performance.

Corporate Structure

The Company operates via five main departments reporting to the Board.

Chairman's Office:
Comprised of the Executive Chairman and Managing Director, the Chairman's Office has oversight of the day to day management of the Company's business.

Investment Department:
Headed up by the Chief Investment Officer, the Investment Department is responsible for overseeing the Company's Investment Portfolio. With appointments made to each of the Investee Companies' Boards, the Investment Department monitors the performance of the Investee Companies and reports to the Chairman's Office and ultimately the Board.

Finance Department:
Led by the Group Finance Director, the Finance Department is responsible for the internal finance function of the Company, monitoring the financial performance of the Investee Companies and providing strategic financial support and advice.

Investor Relations Function:
The Investor Relations Function, led by the Chairman and Managing Director, is a collaborative effort of each department. The Investor Relations Function is responsible for communication between the Company and the financial markets. This communication enables the investment community to make an informed judgement about the fair value of the Company's shares and provides the Company with essential feedback from investors and the market on company performance and strategy.

Company Secretarial Department:
Led by the Chief Legal Officer & Group Company Secretary, the Company Secretarial Department ensures that the Group remains compliant with its legal and regulatory obligations. It also acts as the point of contact for the legal departments of the Investee Companies where assistance is required.

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.

It is expected that all directors dedicate as much time as is required during the year to successfully discharge their duties. The Group requires each director to prepare adequately for the four scheduled Board Meetings held each year as well as any time required to provide informed approval for any other matters that arise between Board Meetings.

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 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 Company believes that its two non-executive directors are independent, however it has identified the following factors that could give rise to an argument against the classification as independent, namely that Pankaj Lakhani and Nicholas Carter are shareholders in the Company and that they both have a previous employment history with Executive Chairman Brian Marsh. However, the Group notes that a decision as to the independence of its non-executive directors rests with the Board itself, and upon review it remains comfortable that all of its non-executive directors are independent as they consistently provide independent input and none of the aforementioned factors have compromised their independence in practice.

Board Meetings

The Board meets at least four times a year 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.

Corporate Governance
continued

Committees of the Board

The Board has established six standing formal committees – the Remuneration Committee, the Audit Committee, the Investment Committee, the Valuation Committee, the Nominations Committee and the Disclosure Committee.

Remuneration Committee
The Remuneration Committee is comprised of its Chair, Pankaj Lakhani, and members Campbell Scoones (resigned 2 October 2019), Nicholas Carter and Alice Foulk. 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. Chairman, Brian Marsh, is usually invited to the two formal meetings a year as an observer.

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 32 to 35.

Audit Committee
The Audit Committee is comprised of the two 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.

The Report of the Audit Committee, found on pages 36 to 37, details the role of the Committee and the work carried out by the Committee throughout the year.

Investment Committee
The Investment Committee is comprised of all the executive directors of the Company and the directors of the Company's operating subsidiary, B.P. Marsh & Company Limited, 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 composed 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 composed of at least three directors (including at least one non-executive director) and during the year was composed 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 composed of Alice Foulk, Jonathan Newman (appointed to the Committee on 21 August 2019), Daniel Topping (appointed to the Committee on 25 March 2020) 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. Brian Marsh resigned as Chairman and a member of the Committee, effective as at 7 May 2019 and Camilla Kenyon resigned as an executive director and consequently the Committee on 31 August 2019.

Directors' Attendance Record

	B.P. Marsh & Partners Plc Board Meeting	Audit Committee	Remuneration Committee	Valuation Committee
Brian Marsh	11/11	N/A	N/A	2/2
Alice Foulk	11/11	N/A	N/A	2/2
Daniel Topping	10/11	N/A	N/A	2/2
Camilla Kenyon[1]	5/5	N/A	N/A	N/A
Jonathan Newman	11/11	N/A	N/A	2/2
Campbell Scoones[2]	9/9	N/A	1/1	N/A
Pankaj Lakhani	11/11	2/2	2/2	2/2
Nicholas Carter[3]	9/9	2/2	2/2	N/A

[1] Camilla Kenyon resigned from the Board on 31 August 2019.
[2] Campbell Scoones resigned from the Board on 2 October 2019.
[3] Nicholas Carter was appointed to the Board on 1 May 2019.

Engagement of External Advisers

The Company engages external advisers as and when it feels it necessary for example when there is a skills gap internally, or it is agreed that the matter is important enough that the prudent approach is to ensure that professional advisers have opined on the matter.

Legal and financial advice is sought from selected lawyers and accountants as and when required, including on acquisition and disposal, and is limited to the particular matter which they have been engaged to advise on.

Furthermore, the Company has sought ongoing financial and tax advice during the year from Frank Hirth Plc relating to its recent investments into the United States.

Each Committee of the Board has, contained within its Terms of Reference, the ability to seek external third-party advice on any issue contained within their remit at the expense of the Company.

Each director is able to engage external advisers at the expense of the Company in order to discharge their duties, however this had not been used during the year.

Corporate Governance
continued

Board Evaluation

An annual evaluation is conducted to review the performance and effectiveness of the Board. This evaluation is conducted through a questionnaire which is identical for both executive and non-executive directors requiring a score out of 5 for different areas of the Board's function.

The results are analysed and communicated through a written report compiled by the Company Secretarial Department.

Corporate Culture

Ever since the Company was founded, and hence its name, the Group has advocated and emphasised that it makes its decisions based on the nature, needs and aspirations of the people it employs, or those with whom it goes into Partnership; sinking or swimming together, alongside one another.

As a consequence of the above, the Company pays careful attention to the 'people dimension' whether it is at a nine person strong Lloyd's broker in London or the Management at Nexus, with offices in nine countries and over 250 staff.

In addition, and one of the main differentials between the Company and its peers, is the fact that it often offers flexibility to its Partners where necessary to allow them to develop at their own pace, for example, not requiring personal guarantees to accompany loans, and subordinating its loans behind bank debt.

Likewise, this progressive approach is also demonstrated internally, whereby the executive team is continuingly challenged to develop its skills and responsibilities within the Company, resulting in a motivated management team committed to developing a principled yet sustainable entity, that achieves the best results for all its stakeholders.

Relations with Shareholders

As a company listed on the Alternative Investment Market, B.P. Marsh is responsible for ensuring that it is aware of shareholder needs and expectations. B.P. Marsh attaches great importance to maintaining good relationships with all of its shareholders and interested parties and seeks to ensure that they have access to correct and adequate information at all times.

The Company is aware that as stakeholders, its shareholders play a vital role in the fabric of the Company and therefore regularly engages in dialogue with its shareholders and offers meetings with institutional and major shareholders following the release of B.P. Marsh's Annual and Interim Results.

Much of the Company's shareholder base is comprised of small retail shareholders holding shares through nominee accounts and therefore the identities of the underlying shareholders is not available to B.P. Marsh. The Company welcomes these, and all, shareholders to make contact with the Company and provide any feedback or comments that they may have.

The Company's Annual General Meeting is also open to retail investors who hold their shares in nominee accounts.

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.

The task of reporting on the internal controls and risk management has been delegated to the Audit Committee, the report of which can be read on pages 36 to 37.

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 current position and outlook.

A statement of the directors' responsibilities in respect of the consolidated financial statements is set out on pages 38 and 39.

By order of the Board.

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
8 June 2020

Report of the Remuneration Committee

The Remuneration Committee of the Board (the "Committee") during the year was composed of the non-executive directors of the Company, Pankaj Lakhani, Campbell Scoones (resigned as a non-executive director and consequently the Committee on 2 October 2019) and Nicholas Carter (appointed as a non-executive director to the Board and the Committee on 1 May 2019), as well as the Managing Director of the Group, 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 allow that for as long as the Chairman and the Managing Director of the Company are executive, they can attend either as members or observers 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]	1 March 2011	Continuous	6 months
A.H.D. Foulk	16 February 2015	Continuous	6 months

1 C.S. Kenyon resigned as an executive director of the Company on 31 August 2019.

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, three months prior written notice.

Director	Date of Office tenure	Initial period	Notice period
C.R. Scoones[1]	19 April 2013	12 months	3 months
P.B. Lakhani	21 May 2015	12 months	3 months
N.H. Carter[2]	1 May 2019	12 months	3 months

1 C.R. Scoones resigned as a non-executive director of the Company on 2 October 2019.
2 N.H. Carter was appointed as a non-executive director of the Company on 1 May 2019.

Joint Share Ownership Plan ("JSOP")

During the year to 31 January 2019, B.P. Marsh & Partners Plc entered into joint share ownership agreements ("JSOAs") with certain employees and directors.

On 12 June 2018 1,461,302 new 10p Ordinary shares in the Company were issued and transferred into joint beneficial ownership for 12 employees (including four directors) under the terms of JSOAs. No consideration was paid by the employees for their interests in the jointly-owned shares.

The new Ordinary shares have been issued into the name of RBC cees Trustee Limited ("the Trustee") as trustee of the B.P. Marsh Employees' Share Trust ("the Share Trust") at a subscription price of £2.81, being the mid-market closing price on 12 June 2018.

The jointly-owned shares are beneficially owned by (i) each of the 12 participating employees and (ii) the trustee of the Share Trust upon and subject to the terms of the JSOAs entered into between the participating employee, the Company and the Trustee.

Of the 1,461,302 ordinary shares in respect of which joint interests were granted, the following directors of the Company each acquired, jointly with the Share Trust, and upon and subject to the terms of a JSOA, a beneficial interest (as joint owner) in the number of shares respectively shown below the name of each such director:

Director	Number of jointly-owned shares	% of total jointly-owned shares
A.H.D. Foulk	167,465	11.5%
J.S. Newman	167,465	11.5%
D.J. Topping	167,465	11.5%
C.S. Kenyon[1]	167,465	11.5%
Total	**669,860**	**46.0%**

[1] C.S. Kenyon resigned as an executive director of the Company on 31 August 2019 and consequently forfeited her jointly-owned shares.

Under the terms of the JSOAs, the employees and directors will receive on vesting the growth in value of the shares above a threshold price of £2.81 per share (market value at the date of grant) plus an annual carrying charge of 3.75% per annum (simple interest) to the market value at the date of grant. The Share Trust retains the initial market value of the jointly-owned shares plus the carrying cost.

Alternatively, on vesting, the participant and the Trustee may exchange their respective interests in the jointly-owned shares such that each becomes the sole owner of a number of Ordinary shares of equal value to their joint interests.

Participants will therefore receive value from the jointly-owned shares only if and to the extent that the share value grows above the initial market value plus the carrying cost.

No jointly-owned shares were sold during the year, however 167,465 jointly-owned shares were forfeited on the departure of an executive director. However, the number of jointly-owned shares expected to vest has not been adjusted on the basis that these shares may be redistributed to other employees of the Company. 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.

There has been no movement during the year in terms of the numbers of shares to be exercised.

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

Report of the Remuneration Committee
continued

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 19,218 ordinary shares in the Company, which were held in Treasury as at 31 January 2019 (2019: 21,009 ordinary shares in the Company, which were either repurchased during that year or held in Treasury as at 31 January 2018) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). As a result, together with 14,112 unallocated shares issued to the SIP Trust during the year to 31 January 2019, a total of 33,330 (2019: 47,312) ordinary shares in the Company were available for allocation to the participants of the SIP.

On 13 June 2019, a total of 11 eligible employees (including four executive directors of the Company) applied for the 2019-20 SIP and were each granted 1,212 ordinary shares ("19-20 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 13 June 2019, 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 acquired, the SIP Trust offered two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. All 11 eligible employees (including four executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (606 ordinary shares) and were therefore awarded 1,212 Matching Shares.

The 19-20 Free and Matching Shares are subject to a one year forfeiture period.

A total of 33,330 (2019: 35,222) Free, Matching and Partnership Shares were granted to the 11 (2019: 11) eligible employees during the year, including 12,120 (2019: 12,808) granted to four executive directors of the Company.

Following the resignation of an executive director during the year, a total of 16,143 ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of that director.

£79,054 of the IFRS 2 charges (2019: £76,470) associated with the award of the SIP shares to 11 (2019: 11) eligible directors and employees of the Company has been recognised in the Statement of Comprehensive Income as employment expenses.

As at 31 January 2020 a total of 179,567 Free, Matching and Partnership Shares had been granted to 11 eligible employees under the SIP, including 74,268 granted to four executive directors of the Company.

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

Following the SIP awards and withdrawals, together with the JSOP forfeitures made during the year to 31 January 2020, three 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
A.H.D. Foulk	167,465	18,567
J.S. Newman	167,465	19,154
D.J. Topping	167,465	19,154
Total	**502,395**	**56,875**

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

Aggregate Directors' Remuneration

	2020 £	2019 £
Emoluments	1,492,005	1,256,836
Fees	19,750	72,058
Pension contributions	64,533	60,937

Aggregate Directors' Emoluments

	Salaries and fees £	Benefits £	Annual bonuses £	Termination payments £	2020 Emoluments excluding pension contributions £
B.P. Marsh	237,500	2,973	-	-	240,473
A.H.D. Foulk	150,000	4,939	70,000	-	224,939
J.S. Newman	205,000	7,585	70,000	-	282,585
D.J. Topping	225,000	4,585	70,000	-	299,585
C.S. Kenyon[1]	65,333	7,007	-	270,000	342,340
C.R. Scoones[2]	37,833	-	-	-	37,833
P.B. Lakhani	56,250	-	-	-	56,250
N.H. Carter[3]	27,750	-	-	-	27,750

[1] C.S. Kenyon resigned as an executive director of the Company on 31st August 2019.
[2] C.R. Scoones resigned as a non-executive director of the Company on 2nd October 2019.
[3] N.H. Carter was appointed as a non-executive director of the Company on 1st May 2019.

Directors' Pensions

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

	2020 £
B.P. Marsh	-
A.H.D. Foulk	15,000
J.S. Newman	20,500
D.J. Topping	22,500
C.S. Kenyon[4]	6,533

[4] C.S. Kenyon resigned as an executive director of the Company on 31 August 2019.

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 8 June 2020.

By order of the Board

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary

Report of the Audit Committee

The Audit Committee's role is to provide effective governance over the Group's financial reporting, including the disclosures made in the financial statements, the performance of the external auditors and oversight of the Group's internal financial control function and to report to the Board on these matters. The Company's external auditors are Rawlinson & Hunter Audit LLP ("Rawlinson & Hunter").

The Audit Committee members during the year were Pankaj Lakhani (Chairman) and Nicholas Carter (who was appointed to the Audit Committee on 1 May 2019). The Audit Committee formally met twice in the financial year to 31 January 2020, and remained in frequent contact throughout the period. The external auditors are invited to each meeting, together with the relevant members of the Finance Department as appropriate.

The full responsibilities of the Audit Committee are set out in its Terms of Reference that are available on the Company's Website.

The Audit Committee has reviewed, with both management and the external auditors, the interim and final financial statements, focusing on:

- Changes in accounting policies and practices
- Major judgemental areas
- Significant adjustments resulting from the audit
- The going concern assumption
- Compliance with Accounting Standards
- Compliance with applicable regulatory and legal requirements
- Compliance with best practice in the area of Corporate Governance

The Company adopted the QCA Governance Code ("QCA Code") issued by the Quoted Companies Alliance in September 2018. The QCA Code is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK.

The Audit Committee has agreed that the selection of appropriate accounting policies and practices has not materially changed since the previous year.

The Audit Committee has considered the material risks and exposures faced by the Company, most notably in the current climate being Covid-19. However, the Committee is in agreement that there are no further risks that remain unidentified in the Financial Statements. It was also agreed that there were no material uncertainties related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern.

As Chairman of the Audit Committee, I am pleased to report that we work and communicate well with Rawlinson & Hunter throughout the year and most importantly during the Group's external audit process, which runs smoothly and effectively.

During the year, fees of £27,588 (2019: £16,417) were paid to the external auditors for non-audit work, including tax compliance. This non-audit work was undertaken by independent teams within Rawlinson & Hunter.

Rawlinson & Hunter was appointed as B.P. Marsh's external auditor for the year ended 31 January 2020. There are currently no plans to retender. The Rawlinson & Hunter partner responsible for the B.P. Marsh audit is Kulwarn Nagra, and HAT, an independent audit, accountancy and ICAEW compliance training organisation is the Engagement Quality Control Reviewer.

For the upcoming AGM (20 July 2020), the Committee has recommended to the Board that Rawlinson & Hunter be reappointed, and the Board will propose their reappointment.

The Committee will continue to keep its activities under review to ensure that it complies with any changes in the regulatory environment.

Pankaj Lakhani
Audit Committee Chairman
8 June 2020

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 (resigned 31 August 2019)
C.R. Scoones (non-executive)
(resigned 2 October 2019)
P.B. Lakhani FCCA (non-executive)
N.H. Carter (non-executive)
(appointed 1 May 2019)

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, RHS Midco I LLC, B.P. Marsh US LLC, B.P. Marsh & Co. Trustee Company Limited, Marsh Development Capital Limited, Bastion London Limited, the B.P. Marsh SIP Trust and the B.P. Marsh Employees' Share Trust) for the year ended 31 January 2020.

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.

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 64. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends

A dividend of 4.76p per share (£1,712,185) was paid on 26 July 2019 (31 July 2018: £1,714,418 or 4.76p per share). The directors have recommended a final dividend of 2.22p per share which will be paid, subject to Shareholder approval, on 31 July 2020 to Shareholders registered at the close of business on 26 June 2020. Based upon the current number of shares in issue, and excluding the shares held within the Joint Share Ownership Plan and in Treasury, this would total £800,000.

Group Report of the Directors
continued

Significant Interests

As at 26 May 2020 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 capital
Mr B.P. Marsh[1]	14,680,079	39.3%
PSC UK Pty Limited	7,385,504	19.8%
Hargreaves Lansdown Asset Management	1,520,941	4.1%
RBC Wealth Management	1,461,302	3.9%
Mr Martin Macleish	1,434,945	3.8%
James Sharp & Co	1,181,936	3.2%

[1] In addition, the Marsh Christian Trust, of which Mr B.P. Marsh is a trustee and Settlor, held 982,000 ordinary shares (2.6% 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 2020 Ordinary shares of 10p each	31 January 2019 Ordinary shares of 10p each
Mr B.P. Marsh[1]	15,653,879	16,565,071
Mr D.J. Topping[2]	278,520	259,019
Mr J.S. Newman[3]	204,077	192,734
Ms A.H.D. Foulk[4]	206,148	196,747
Mr P.B. Lakhani	36,912	36,912
Mr N.H. Carter	10,000	-

[1] Total interest includes 982,000 ordinary shares held by the Marsh Christian Trust of which Mr B.P. Marsh is Trustee and Settlor (31 January 2019: Total interest included 1,582,000 ordinary shares held by the Marsh Christian Trust).

[2] Total interest includes 19,154 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with RBC cees Trustee Limited ("RBC") under a Joint Share Ownership Agreement between Mr D.J. Topping, RBC and the Company and 91,901 ordinary shares directly owned by Mr D.J. Topping (31 January 2019: Total interest included 16,124 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with RBC under a Joint Share Ownership Agreement between Mr D.J. Topping, RBC and the Company and 75,430 ordinary shares directly owned by Mr D.J. Topping).

[3] Total interest includes 19,154 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with RBC under a Joint Share Ownership Agreement between Mr J.S. Newman, RBC and the Company and 17,458 ordinary shares directly owned by Mr J.S. Newman (31 January 2019: Total interest included 16,124 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with RBC under a Joint Share Ownership Agreement between Mr J.S. Newman, RBC and the Company and 9,145 ordinary shares directly owned by Mr J.S. Newman).

[4] Total interest includes 18,896 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with RBC under a Joint Share Ownership Agreement between Ms A.H.D. Foulk, RBC and the Company and 19,787 ordinary shares directly owned by Ms A.H.D. Foulk (31 January 2019: Total interest included 15,866 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with RBC under a Joint Share Ownership Agreement between Ms A.H.D. Foulk, RBC and the Company and 13,416 ordinary shares directly owned by Ms A.H.D. Foulk).

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 12 February 2020 the Group drew down £300,000 of its £3,000,000 loan facility with Brian Marsh Enterprises Limited ("BME") to assist with its working capital requirements in advance of anticipated further investment into the existing investee company portfolio. This draw down represented the first advance from the loan facility since its agreement in July 2019. On 1 May 2020, following the repayment of an investee company loan (noted below), the Group repaid the £300,000 outstanding to BME. As at 31 January 2020 the Group was debt free and, following the aforementioned drawdown and repayment, the Group remains debt free at the date of this report.

On 5 March 2020 the Group acquired 50,000 ordinary shares (5.5% equity stake) in Paladin Holdings Limited ("Paladin") from a minority shareholder and exiting employee for consideration of £260,000. 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 from the Group at a fixed price of £5.226 per share (£261,300). This acquisition increased the Group's equity holding in Paladin from 38.2% as at 31 January 2020 to 43.7% at the time of investment and as at the date of this report.

On 17 April 2020 the Group provided The Fiducia MGA Company Limited ("Fiducia") with a further loan facility of £75,000 which was drawn down immediately. This facility was made available to assist with Fiducia's general working capital requirements and is in addition to an existing £2,470,000 loan facility provided in earlier years. As at 31 January 2020 £2,470,000 of loans were outstanding and following the aforementioned drawdown total loans stand at £2,545,000 at the date of this report.

On 27 April 2020 the Group provided LEBC Holdings Limited ("LEBC") with a further loan facility of £1,000,000, of which £500,000 was drawn down on 1 May 2020. This facility was made available to assist with LEBC's general working capital requirements and is in addition to an existing £1,000,000 loan facility provided to LEBC in February 2019 which was fully drawn down at that time. As at 31 January 2020 £1,000,000 of loans were outstanding and following the aforementioned drawdown total loans stand at £1,500,000, with a remaining undrawn facility of £500,000 at the date of this report.

In addition, on 27 April 2020 an agreement was made between the Group and LEBC to restructure LEBC's Articles of Association which would provide the Group with a £25,000,000 preferred capital return on its equity shareholding in the event of any sale.

On 30 April 2020 Nexus Underwriting Management Limited ("Nexus") repaid its £2,000,000 revolving credit facility outstanding to the Group which was originally provided to Nexus in April 2019.

Group Report of the Directors continued

This £2,000,000 facility can be reborrowed up until the final repayment date of 31 December 2020. As at 31 January 2020 total loans outstanding were £6,000,000 and following the aforementioned repayment reduced to £4,000,000, with a remaining undrawn facility of £2,000,000 at the date of this report.

On 22 May 2020 the Group provided Paladin with a further loan facility of £500,000, of which £300,000 was drawn down immediately. This facility was made available to finance a new team hire. As at 31 January 2020 £4,596,500 of loans were outstanding and following the aforementioned drawdown total loans stand at £4,896,500, with a remaining undrawn facility of £200,000 at the date of this report.

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 2020 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:
5 Floor
4 Matthew Parker Street
London
SW1H 9NP

By order of the Board

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
8 June 2020

Group Strategic Report

Business Review

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

On 1 February 2019 the Group provided LEBC Holdings Limited ("LEBC") with a loan facility of £1,000,000 which was drawn down immediately. The loan was provided to assist with LEBC's general working capital requirements. As at 31 January 2020 the total loan outstanding remained at £1,000,000.

On 1 April 2019 the Group provided XPT Group LLC ("XPT") with a loan facility of $2,000,000 (£1,542,534) which was drawn down immediately. The loan was provided to assist XPT with the contractually owed earn out payment due to a former owner in respect of one of its acquisitions, W.E. Love & Associates Inc. As at 31 January 2020 the total loan outstanding remained at $2,000,000.

On 1 April 2019 the Group provided Nexus Underwriting Management Limited ("Nexus") with a £2,000,000 revolving credit facility, as part of Nexus' wider debt fundraising exercise in order to undertake further M&A activity. £1,000,000 was drawn down immediately and further drawdowns of £500,000 each were made on 10 May 2019 and 25 July 2019 respectively. As at 31 January 2020 the total loan outstanding from Nexus, including an existing facility of £4,000,000 provided by the Group during the year to 31 January 2018, was £6,000,000.

On 26 April 2019 the Group agreed to provide further funding of £122,909 to The Fiducia MGA Company Limited ("Fiducia") as part of a rights issue in conjunction with its fellow shareholder Gerry Sheehy, as part of a total fundraising of £350,802. The Group subscribed for a further 48 A ordinary shares in Fiducia which represented its proportional pre-emption rights. As at 31 January 2019 the Group's holding in Fiducia was 35% and following the rights issue this increased to 35.18%. As at 31 January 2020 the Group's equity holding in Fiducia remained unchanged.

On 12 July 2019 the Group acquired a 36% equity stake in Agri Services Company PTY Limited ("Agri Services") for an initial consideration of AUD 1,470,000 (£822,516). Agri Services is the holding company for Ag Guard PTY Limited, which provides insurance solutions for the Australian agricultural sector. Further consideration of AUD 1,130,000 (£605,216) was subsequently paid on 15 January 2020 following Agri Services meeting certain agreed conditions in relation to securing capacity for a new product. As at 31 January 2020 the total consideration paid by the Group was AUD 2,600,000 (£1,427,732) and the Group's equity holding remained at 36%.

On 12 July 2019 the Group provided a further loan facility of £500,000 to Paladin Holdings Limited ("Paladin") which was drawn down immediately and increased both the total facility and total amount drawn down from £4,096,500 as at 31 January 2019 to £4,596,500 as at 31 January 2020.

On 18 July 2019 the Group provided a loan of SGD 60,000 (£36,254) to Criterion Underwriting Pte Limited ("Criterion"). On 6 September 2019 a further loan of SGD 60,000 (£36,116) was provided to Criterion and as at 31 January 2020 the total loan outstanding was SGD 120,000 (£69,154).

Group Strategic Report
continued

On 29 July 2019 the Group entered into a £3,000,000 loan facility provided by Brian Marsh Enterprises Limited, a company in which the Chairman, Brian Marsh, is a director and sole shareholder. The loan facility provides the Group with further liquidity at an interest rate of the higher of 4% or the UK 1-month LIBOR plus 3.25% (capped at 10%) and is available to be drawn down until 29 July 2021.

On 18 September 2019 the Group received an Option Notice in relation to its holding of 100,000 ordinary shares in Paladin Holdings Limited ("Paladin") which were being held by the Group under a three-year call option arrangement that Paladin could call at any time. The terms of the call option arrangement allowed Paladin to buy-back the shares from the Group at a fixed price of £4.02 per share (£402,000). On 2 October 2019, pursuant to the Option Notice being served, the Group received £402,000 as consideration for the shares, after which the shares were cancelled. Following the exercise of the call option and the subsequent cancellation of the shares, the Group's equity holding in Paladin decreased from 44.3% as at 31 January 2019 to 38.2% as at 31 January 2020.

On 21 October 2019 the Group acquired a 30% equity stake in Lilley Plummer Risks Limited ("Lilley Plummer"), a newly formed specialist Marine Lloyd's broker based in London, for a total cash consideration of £1,000,000. The Group's equity holding is through a mixture of 700,000 Redeemable and 300,000 Non-Redeemable Preferred shares of £1 each.

Financial performance summary

The table below summarises the Group's financial results and key performance indicators for the year to 31 January 2020.

	Year to/as at 31 January 2020	Year to/as at 31 January 2019 Restated*
Net asset value	£136.9m	£126.2m
Net asset value per share	380.1p	350.3p
Profit on ordinary activities before tax	£12.3m	£12.2m
Dividend per share paid	4.76p	4.76p
Total shareholder return (including dividends)	£12.4m	£12.5m
Total shareholder return on opening shareholders' funds	9.8%	11.7%
Net cash from operating activities (net of equity investments, realisations and loans)	£1.5m	£(1.5)m
Equity cash investment for the year	£2.6m	£8.7m
Realisations (net of disposal costs)	£0.4m	£Nil
Loans issued in the year	£5.1m	£3.8m
Loans repaid by investee companies in the year	£1.0m	£1.8m
Cash funds (including Treasury) at end of year	£0.8m	£7.9m
Borrowing/Gearing	£Nil	£Nil

* Restated for IFRS 16 lease accounting (refer to Note 29)

Overall, the Group delivered a solid return given the various challenges that it faced this year. The Net Asset Value increased by £10.7m, which matched the previous year's performance (2019: £10.7m). At 31 January 2020, the Net Asset Value of the Group was £136.9m, or 380.1p per share (2019: £126.2m, or 350.3p per share). This equates to an increase in Net Asset Value of 8.5% (2019: 10.0%) for the year.

The Net Asset Value of £136.9m at 31 January 2020 represented a total increase in Net Asset Value of £107.7m since the Group was originally formed in 1990 having adjusted for the original capital investment of £2.5m, the £10.1m net proceeds raised on AIM in 2006 and the £16.6m of net proceeds raised through the Share Placing and Open Offer in July 2018. The Directors note that the Group has delivered an annual compound growth rate of 8.1% in Group Net Asset Value after running costs, realisations, losses, distributions and corporation tax since flotation and 11.8% since 1990.

The results to 31 January 2020 do not reflect any Covid-19 impact. Further details on this are provided later in the report.

Investment performance

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

31 January 2019 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2019 valuation	31 January 2020 valuation
£101.9m	£2.6m	£0.4m	£104.1m	£115.7m

This equates to an increase in the portfolio valuation of 11.1% (2019: 16.1%). Given the significant write down in valuation of one of the Group's largest investments during the year, this result demonstrates the robustness of the investment portfolio.

The Group invested £2.4m (2019: £8.7m) in two new investments during the year – Lilley Plummer Risks Ltd and Agri Services Company Pty Ltd. In addition, the Group provided £5.1m of loans (2019: £3.8m) as follow-on funding to four investee companies to enable them to make acquisitions, or to provide working capital for strategic hires and product development.

In addition, £1.0m of loan repayments were made to the Group by investee companies (2019: £1.8m). Since the year-end, the Group has received a further £2.1m in loan repayments.

Whilst the Group did not make any significant realisations during the year, it did make a partial realisation of its investment in Paladin Holdings Limited ("Paladin"), receiving proceeds of £0.4m. This disposal related to shares that the Group had been warehousing on behalf of Paladin which were held under a specific call option arrangement and the proceeds received were in line with the carrying value of these shares.

Group Strategic Report
continued

Operating income

Net gains from investments were £11.5m, in line with the previous year (2019: £11.5m), based upon the revaluation of the investment portfolio at 31 January 2020.

Overall, income from investments increased by 12.2% to £5.2m (2019: £4.6m). Fees increased by 27.6% over the year to £1.1m (2019: £0.9m) reflecting the increased number of investments within the portfolio. The fees were also bolstered by several one-off transaction fees received. Income from loans increased by 20.5% to £1.3m over the year (2019: £1.1m) due to the provision of both new and further loan funding to the portfolio. Dividend income increased by 3.8% to £2.8m over the year (2019: £2.7m).

Operating expenses

Operating expenses, including costs of making new investments, increased by 7.2% during the year to £4.2m (2019 restated*: £3.9m). This increase was largely due to several exceptional expenses which were included within the 2020 operating costs, including £0.3m of costs relating to a termination payment made to an executive director as well as £0.1m of costs incurred in making new investments which were expensed under IFRS. After excluding these atypical expenses, underlying operating expenses actually decreased by £0.1m (1.4%) over 2019.

Profit on ordinary activities

The consolidated profit on ordinary activities after taxation increased by 0.7% to £12.5m (2019 restated*: profit of £12.4m).

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns, but excluding investment activity (e.g. unrealised gains on equity, provision against loans receivable from investee companies and all underlying treasury portfolio movement), this was achieved with a pre-tax profit of £0.8m for the year (2019: £0.7m).

Liquidity

Cash funds at 31 January 2020 were £0.8m (2019: £7.9m) as a result of continued investment into new opportunities and providing follow-on funding into the portfolio.

During the year, the Group secured a £3.0m loan facility with Brian Marsh Enterprises Ltd, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder. The loan facility provides the Group with further investment funds at an interest rate of the higher of either 4% or the UK 1-month LIBOR plus 3.25%, which are available to be drawn down until 29 July 2021.

At 31 January 2020 and at the date of this report the Group had not drawn down on these funds and has no borrowings (2019: £nil).

Since the year-end, the Group has received a further £2.1m in loan repayments.

Dividend

The Group maintained its dividend payment at £1.7m (or 4.76p per share) during the year (2019: £1.7m or 4.76p per share). Total shareholder return for the year was therefore 9.8% (2019: 11.7%) including the dividend payment and the Net Asset Value increase.

Due to the current Covid-19 pandemic, the Group, having taken into consideration its available cash resources and liquidity, and the potential requirements from the investment portfolio, has agreed to declare a dividend of £0.8m (or 2.22p per share), payable on 31 July 2020 to those shareholders registered on 26 June 2020. This dividend represents a distribution of 100% of the underlying realised profits of the business for the year to 31 January 2020.

Covid-19 impact assessment

The financial statements to 31 January 2020 have not included any impact of Covid-19 on either the Group or on the valuations of its investment portfolio. This is because, at that time, although it had developed into a major risk in China, it had not established itself in the UK and the rest of the world and had not financially impacted upon either the Group or its investments. As such, it has been determined that Covid-19 is to be treated as a non-adjusting post balance sheet event.

The Group is exposed to the risks associated with Covid-19. Since the outbreak of the virus, the Board has been continually assessing its potential impact on the Group and its underlying investments. The Group has taken all the steps that it can to ensure that the health and safety of its staff, their families and those of the Group's investments is prioritised, whilst also ensuring the continuity of the Group's day to day operations through remote working arrangements.

The Board considers that the largest risk to the Group arising from Covid-19 is that of its underlying investment value and the effects that lockdown restrictions may have on the trading of its individual investee companies. Any negative impact on the trading of the Group's investee companies could cause liquidity issues for those companies, for example due to reduced income, delayed debtor receipts, or restrictions to funding. Furthermore, the Group's income could be potentially reduced if the profits of the investee companies are significantly impacted and cause a reduction to dividend distributions.

However, the Board considers that it has a strong portfolio of well-managed investee companies that are each taking steps to manage the risks to their income and to their liquidity, implementing cost reductions where necessary to mitigate any reduction in income and profitability accordingly.

The Group has also been monitoring its own income and cash collection. Lower dividend income is a risk in not only the current year, but also in the following year as investee companies manage their own liquidity through this pandemic. The Group has taken measures to mitigate this risk, immediately halting discretionary spending before the start of the UK's lockdown, and reviewing all costs going forwards in order to maintain an acceptable level of underlying profit and preserve working capital.

Group Strategic Report
continued

Whilst several of our investee companies have experienced reductions in income as a direct result of Covid-19, in contrast a number of investments are still performing at, or above budget for the year despite the lockdown which is testament to their durability and demonstrates that we have a diversified portfolio, both in terms of products and geographically.

It is too early to ascertain with any degree of certainty the full impact of the risks that Covid-19 is posing to the Group, as the duration of the pandemic, and thus restrictions, is currently unknown. The Board continues to monitor the key threats to the business closely.

The significant fall in the equity markets will undoubtedly put pressure on valuation multiples in the short-term, specifically for any portfolio company that has been directly exposed to the impact of Covid-19. However, the Group has sufficient cash resources, with the recent repayment of £2.0m in loan from Nexus, alongside the availability of a £3.0m loan facility, such that it does not need to realise investments at the current time just to create liquidity, and as such can look to the longer term when it is expected that multiples will return to their pre-Covid-19 levels.

The Board is confident that whilst the Covid-19 risk may have a short-term impact on the Group's overall profitability and growth, it does not consider there to be a risk to the Group's going concern assumption.

Financial Risk Management

Effective risk management is integral to the Group's ability to deliver its strategy of achieving returns for its shareholders.

As an investor, the Group is in the business of taking risk and its operations therefore expose the Group to a variety of financial risks. The Group's risk management framework is essential in ensuring that it monitors, manages and mitigates those risks, and acts accordingly, to limit the adverse effects on the financial performance of the Group.

As at 31 January 2020 the Group was debt free (31 January 2019: debt free).

Approach to risk governance

The Board is responsible for risk assessment, the risk management process and for the protection of the Group's reputation and integrity and all employees are expected to meet the Group's high standard of conduct and support effective risk management through a strong control culture.

Risk governance structure

Board

The Board governs and approves the Group's risk appetite and strategy and is responsible for ensuring an effective risk management and oversight process. It is assisted by six standing committees of the Board (outlined on pages 28 to 29 and discussed further below), each with specific responsibility for key risk management areas, ensuring that standards of integrity, financial performance, risk management and internal control are upheld.

Audit Committee

The primary responsibility of this committee is for managing financial reporting risk and internal control, as well as the relationship with the external auditor.

Valuation Committee

The primary responsibility of the Valuation Committee is for determining the valuation of the Group's unquoted equity investment portfolio, comprising 85% of net assets at 31 January 2020 (2019: 81%). The Valuation Committee also provides oversight and challenge of the underlying assumptions and valuation policy which formulate the valuations and directly engages with the Group's external auditor at each reporting period to confirm that the basis of its valuations is reasonable and appropriate based upon the information available to the Group at that time.

Investment Committee

The Investment Committee is the principal committee for managing the Group's investment portfolio and is primarily responsible for considering and approving all significant investment and divestment decisions for recommendation to the Board.

Nominations Committee

The Nominations Committee is responsible for ensuring that the Board has the necessary skills, experience and knowledge to deliver its strategic objectives.

Disclosure Committee

The Disclosure Committee is responsible for overseeing the Group'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 Group.

Remuneration Committee

The Remuneration Committee determines the level and make-up of remuneration (including bonuses and awards) of the executive directors and members of staff.

The activities of the Remuneration Committee and Audit Committee are discussed further in the Report of the Remuneration Committee on pages 32 to 35 and Report of the Audit Committee on pages 36 to 37.

In addition to the standing committees of the Board, regular meetings between the Chairman's Office and the various internal departments of the Company, including the Investment, Finance, Company Secretarial and Investor Relations departments are held to ensure effective communication and transparency of information throughout the Group.

Regular portfolio monitoring is an integral element of the meetings held between the Investment Department and the Chairman's Office to continually manage risks associated with the portfolio.

Group Strategic Report
continued

The specific risks to which the Group is exposed are outlined as follows:

Price risk

The Group is exposed to private equity securities price risk as it invests in unquoted companies. The Group manages the risk by ensuring that a director of the Group 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. Monthly management reports are required to be prepared by investee companies for the review of the appointed director and for reporting to the Group Board.

Credit risk

The Group is subject to credit risk on its unquoted investments, cash and deposits. The credit quality of unquoted investments, which are held at fair value and include debt and equity elements, is based on the financial performance of the individual portfolio companies. The credit risk relating to these assets is based on their enterprise value and is reflected through fair value movements.

The Group is exposed to the risk of default on the loans it has made available to investee companies. The loans rank in preference to the equity shareholding and the majority are secured by a charge over the assets of the investment. The Group manages the risk by ensuring that there is a director of the Group 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. When a loan is assessed to be likely to be in default then the Group will review the probability of recoverability, and if necessary, make a provision for any amount considered irrecoverable.

Liquidity risk

The Group invests in unquoted early stage companies. The timing of the realisation of these investments can be difficult to estimate. 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. A key objective is to ensure that the income from the portfolio covers operating expenses such that funds available for investment are not used for working capital. The Group regularly reviews the cash flow forecast to ensure that it has the ability to meet commitments as they fall due and to manage its working capital. The Board considers that the Group has sufficient liquidity to manage current commitments.

Interest rate risk

Interest rate risk arises from changes in the interest receivable on cash and deposits, on loans issued to investment companies and on certain preferred dividend mechanisms linked to an interest rate. In addition, the risk arises on any borrowings with a variable interest rate. At 31 January 2020, the Group had no interest bearing liabilities but had interest bearing assets. The majority of loans provided by the Group are subject to a minimum interest rate to protect the Group from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate or LIBOR.

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 27).

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 Investment 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 the direct impact on the Group's investment portfolio is not expected to be material. It remains the Group's intention to continue to invest into the international financial services market. 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.

Covid-19 risk

The Group is exposed to the risks associated with the 2020 global coronavirus pandemic ("Covid-19"). Since the outbreak of the virus, the Board has been continually assessing the potential impact of Covid-19 on the Group and its underlying investments. The Group has taken all the steps that it can to ensure that the health and safety of its staff, their families and the Group's associates is prioritised, whilst also ensuring the continuity of the Group's day to day operations through remote working arrangements. Refer to pages 47 and 48 for further details of the Directors' assessment of the Covid-19 impact.

Further analysis of the Group's sensitivity to certain risks outlined above is set out in Note 27 'Financial Risk Management'.

Group Strategic Report
continued

Directors' duties under section 172

The purpose of this statement is to outline how, during the year, the directors of the Company had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duty under section 172.

Under section 172(1):
a director of a company must act in the way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly towards all members of the company.

In order to fulfil their duties under section 172, and promote the success of the Group for the benefit of all its stakeholders, the directors need to ensure that the Group not only acts in accordance with its legal duties but also engages with, and has regard for, all its stakeholders when taking decisions. The Group has a number of key stakeholders that it is committed to maintaining a strong relationship with. Understanding the Group's stakeholders and how they and their interests will impact on the strategy and success of the Group over the long term is a key factor in the decisions that the Board make.

Shareholders
The promotion of the success of the Group is ultimately for the benefit of the Company's shareholders who provide the Company's permanent capital.

As a company listed on the Alternative Investment Market, the Company is responsible for ensuring that it is aware of shareholder needs and expectations. The Company attaches great importance to maintaining good relationships with all of its shareholders and interested parties and seeks to ensure that they have access to correct and adequate information in a timely fashion.

The Company is aware that as stakeholders, its shareholders play a vital role in the fabric of the Company and therefore regularly engages in dialogue with the Company's shareholders and is available for meetings with institutional and major shareholders following the release of the Group's Annual and Interim Results.

Much of the Company's shareholder base is comprised of small retail shareholders holding shares through nominee accounts and therefore the identities of the underlying shareholders are not always available to the Company. The Company welcomes these and all shareholders to make contact with the Company and provide any feedback or comments that they may have and contact details are available on the Company's website.

The Company's Annual General Meeting is also an important opportunity for retail and institutional investors to meet and engage with Directors, and ask questions on the Company and its performance.

Employees
Our employees are key to the success of the Group and recruiting, retaining and developing our team is one of the Group's most important priorities. The Group expects a high standard of integrity and accountability from its employees. In return, the Group rewards and incentivises its staff on the basis of merit, ability and performance. Employee engagement is a key factor of this performance and the Group encourages an open communication forum amongst all members of staff, aided by the Group's small size and relatively flat hierarchical structure.

The Group is committed to promoting diversity and equal opportunities and is a supportive employer, providing training and development where required.

The Group recognises that employee wellbeing is also a fundamental element in maintaining the success of the Group and employees are provided with annual medical insurance and the opportunity to have well person screenings.

Response to the Covid-19 outbreak
The focus of the Group since the Covid-19 outbreak has been on keeping our employees and their families safe. In accordance with the government lockdown restrictions, all employees have been working from home and have been provided with the technology and equipment to do so, where required. Ensuring staff engagement and wellbeing at this difficult time has been of particular importance, and the Group has ensured that regular departmental calls and online meetings have continued to take place during lockdown.

Investee Companies
Engagement with the Group's portfolio of investee companies is critical to delivering the Company's long-term strategy of delivering shareholder return. Whilst the Group does not involve itself in the day to day operations of its investee companies, it does retain formal oversight by placing at least one nominee director on each investee board. Informal oversight and engagement with each investee company is carried out on an ongoing basis by members of the Investment Department in conjunction with other department members.

Regulatory Bodies
Although the Company is not itself directly regulated, it operates within a regulated environment and therefore actively engages with various regulatory bodies and advisory firms to ensure that compliance standards are maintained and that the Company continues to act with the high standards of business conduct that have established its reputation thus far. The Company is also a member of the British Venture Capital Association.

Suppliers
The Company's suppliers are integral to the day to day operation of the Group. Relationships with suppliers are carefully managed to ensure that the Group is always obtaining value for money. The Group seeks to ensure that good relationships are maintained with suppliers through regular contact and the prompt payment of invoices.

Group Strategic Report
continued

Other stakeholders and the wider community
The Company is committed to ensuring that none of its activities have a detrimental impact on the wider community and the environment. The Group actively encourages its employees to participate in charitable work and community projects.

Decision making and section 172 of the Companies Act 2006
The Group's primary strategy is to deliver shareholder value. The key driver of this growth is the investment of the Group's resources into businesses with experienced management teams that have excellent growth potential and where the Group can offer its expertise and add value to.

During the year, the Group continued to fund its existing portfolio of investee companies through the provision of both equity and loan investment, as well as provide investment into two new investee companies. Historically the Group has used funds from past realisations and external fundraising to fund future opportunities both within its current portfolio and to new investments. As the Group has deployed its cash into suitable investments, available funds have subsequently reduced over time. With no imminent realisations expected, the directors have needed to take decisions which allow for the Group to continue its long-term investment strategy. One such decision has been to secure a £3,000,000 loan facility with Brian Marsh Enterprises Limited, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder.

Although the facility had not been drawn down as at 31 January 2020, it provides the Group with the resources to continue to make future investments and to support the existing portfolio until an existing equity investment or loan is realised.

Another key priority for the Group is to ensure that shareholder expectations are being met, not only through the growth in the Group's Net Asset Value, profitability and share price, but through distributions.

The Group takes a responsible approach to dividend distribution and has ensured that its distribution policy strikes a balance between rewarding loyal shareholders and providing sufficient resources for the Group to continue investing in growth opportunities in financial services business to continue its long-term success.

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 22 (2019: 19) 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 specifically considering the implications of Covid-19, and following a review of the Group's budget for 2021 and 2022, 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
Chief Legal Officer &
Group Company Secretary
8 June 2020

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 2020 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.

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 31 January 2020 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 (pages 68 to 75); 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 – December 2018 ('IPEVCV Guidelines'), 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 value of the investment portfolio in the 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.

Independent Auditor's Report
continued

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

Using our knowledge of private company valuation methodologies, historical valuations and specific research guidance from brokers where available, we formed an independent range for the key assumptions used in the valuation of a sample of unquoted investments. 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, 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 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 was determined to be within a reasonable range of fair values. All valuations tested have been recognised in accordance with IFRS and the IPEVCV 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 68 to 75); 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 accruals 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;
- 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 and assessed the recoverability of these debtors or accrued income.

For any realised gains on disposals, which there were none in this year, on a sample basis we would typically have:
- 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.

Independent Auditor's Report
continued

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 or over accrue revenue.

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 had 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 defined as 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 and the Parent Company to be £1,370,000 (2019: £1,260,000) for unrealised investment related 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 Group.

However, due to the much lower net comprehensive income generated each year in comparison with the level of net assets, we have set a lower materiality of £100,000 (2019: £95,000) for the Group and for the Parent Company for realised comprehensive income and amortised cost balance sheet items which represents approximately 2% of realised 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 Group and the Parent Company.

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 2020 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% (2019: 75%) of our planning materiality, namely £1,000,000 (2019: £945,000) for unrealised investment related items and £75,000 (2019: £70,000) for realised comprehensive income and amortised cost balance sheet items. This is at the top end of the range of 50% and 75% typically used. 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 £1,370,000 for unrealised investment related items and £100,000 for comprehensive income and amortised cost balance sheet 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 £68,000 (2019: £63,000) for unrealised investment related items and £5,000 (2019: £5,000) for realised comprehensive income and amortised cost balance sheet items, which is set at approximately 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 (2019: 4) full scope components.

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

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 an equal or 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.

Independent Auditor's Report
continued

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:

- 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;
- the Group Strategic Report and the Group Report of the Directors have been prepared in accordance with applicable legal requirements; and
- the part of the Report of the Remuneration Committee required to be audited by us has been properly prepared in accordance with the Companies Act 2006.

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 and the part of the Directors' Remuneration Report to be audited 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.

Use of our Report

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.

Kulwarn Nagra
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

8 June 2020

Consolidated Statement of Comprehensive Income

for the year ended 31 January 2020

	Notes	£'000	2020 £'000	£'000	2019 Restated* £'000
Gains on investments	1				
Provision against equity investments and loans	15	(69)		(2,595)	
Unrealised gains on equity investment revaluation	12	11,570		14,106	
			11,501		**11,511**
Income					
Dividends	1,25	2,787		2,684	
Income from loans and receivables	1,25	1,299		1,079	
Fees receivable	1,25	1,108		868	
			5,194		**4,631**
Operating income	2		**16,695**		**16,142**
Operating expenses		(4,210)		(3,928)	
	2		(4,210)		(3,928)
Operating profit			**12,485**		**12,214**
Financial income	2,4	16		108	
Financial expenses	2,3	(77)		(88)	
Exchange movements	2,8	(152)		(25)	
			(213)		**(5)**
Profit on ordinary activities before taxation	8		**12,272**		**12,209**
Income taxes	9		258		232
Profit on ordinary activities after taxation attributable to equity holders	20		**£12,530**		**£12,441**
Total comprehensive income for the year	20		**£12,530**		**£12,441**
Earnings per share – basic and diluted (pence)	10		**34.9p**		**37.6p**

* Restated for IFRS 16 (refer to Note 29)

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

The notes on pages 68 to 111 form part of these financial statements.

Consolidated and Parent Company Statements of Financial Position

31 January 2020

	Notes	Group 2020 £'000	Group 2019 Restated* £'000	Company 2020 £'000	Company 2019 Restated* £'000
Assets					
Non-current assets					
Property, plant and equipment	11	151	158	–	–
Right-of-use asset	21	1,286	1,468	–	–
Investments – equity portfolio	12	115,666	101,947	109,804	99,214
Investments – subsidiaries	12	–	–	27,283	27,328
Investments – treasury portfolio	13	–	14	–	–
Loans and receivables	15	16,211	14,509	3,959	3,860
		133,314	**118,096**	**141,047**	**130,402**
Current assets					
Trade and other receivables	16	5,017	2,867	–	–
Cash and cash equivalents		787	7,855	8	8
Total current assets		**5,804**	**10,722**	**8**	**8**
Total assets		**139,118**	**128,818**	**141,054**	**130,410**
Liabilities					
Non-current liabilities					
Lease liabilities	21	(1,204)	(1,372)	–	–
Current liabilities					
Trade and other payables	18	(876)	(1,064)	–	(3)
Lease liabilities	21	(168)	(160)	–	–
Corporation tax provision	18	–	(48)	–	(48)
Total current liabilities	18	**(1,044)**	**(1,272)**	**–**	**(51)**
Total liabilities		**(2,248)**	**(2,644)**	**–**	**(51)**
Net assets		**£136,870**	**£126,174**	**£141,054**	**£130,359**
Capital and reserves – equity					
Called up share capital	19	3,747	3,748	3,747	3,748
Share premium account	20	29,367	29,358	29,367	29,358
Fair value reserve	20	57,696	46,128	107,661	97,071
Reverse acquisition reserve	20	393	393	–	–
Capital redemption reserve	20	7	6	7	6
Capital contribution reserve	20	42	21	–	–
Retained earnings	20	45,618	46,520	272	176
Shareholders' funds – equity	20	**£136,870**	**£126,174**	**£141,054**	**£130,359**
Net asset value per share (pence)	10	**380.1p**	**350.3p**	**376.5p**	**347.8p**

* Restated for IFRS 16 (refer to Note 29)

The Financial Statements were approved by the Board of Directors and authorised for issue on 8 June 2020 and signed on its behalf by:

J.S. Newman & D.J. Topping

The notes on pages 68 to 111 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 January 2020

	Notes	2020 £'000	2019 Restated* £'000
Cash used by operating activities			
Income from loans to investee companies		1,299	1,079
Dividends		2,787	2,684
Fees received		1,108	868
Operating expenses		(4,210)	(3,928)
Net corporation tax repaid/(paid)		261	(1,170)
Purchase of equity investments	12	(2,551)	(8,719)
Net proceeds from sale of equity investments	12,14	402	–
Net payment of loans to investee companies		(4,163)	(1,953)
Adjustment for non-cash share incentive plan		121	104
Decrease/(increase) in receivables		58	(954)
Decrease in payables		(189)	(406)
Depreciation and amortisation	11,21	215	211
Net cash used by operating activities		**(4,862)**	**(12,184)**
Net cash (used by)/from investing activities			
Purchase of property, plant and equipment	11	(26)	(20)
Purchase of treasury investments	13	–	(27)
Net proceeds from sale of treasury investments	13	14	2,828
Net cash (used by)/from investing activities		**(12)**	**2,781**
Net cash (used by)/from financing activities			
Financial income	4	16	45
Financial expenses	21	(77)	(84)
Net decrease in lease liabilities	21	(160)	(152)
Dividends paid	7	(1,712)	(1,714)
Net proceeds on issue of company shares	10,19	–	16,589
Payments made to repurchase company shares	19,20	(243)	(79)
Net cash (used by)/from financing activities		**(2,176)**	**14,605**
Change in cash and cash equivalents		(7,050)	5,202
Cash and cash equivalents at beginning of the year		7,855	2,648
Exchange movement		(18)	5
Cash and cash equivalents at end of year†		**787**	**7,855**

* Restated for IFRS 16 (refer to Note 29)

† The above cash and cash equivalents balance excludes treasury portfolio funds which are referred to in Note 13. Including treasury portfolio balances of £Nil, total available cash and treasury portfolio funds as at 31 January 2020 was £787k (as at 31 January 2019: £7,869k, including £14k 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 68 to 111 form part of these financial statements.

Parent Company Statement of Cash Flows

for the year ended 31 January 2020

	Notes	2020 £'000	2019 £'000
Cash from operating activities			
Dividends received from subsidiary undertakings		1,962	1,794
Net corporation tax paid		(48)	–
(Decrease)/increase in payables		(3)	3
Net cash from operating activities		**1,911**	**1,797**
Net cash used by financing activities			
Decrease/(increase) in amounts owed by group undertakings		45	(17,008)
Adjustment relating to non-cash items		(1)	415
Dividends paid	7	(1,712)	(1,714)
Payments made to repurchase company shares	19,20	(243)	(79)
Net proceeds on issue of company shares	10,19	–	16,589
Net cash used by financing activities		**(1,911)**	**(1,797)**
Change in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of the year		8	8
Cash and cash equivalents at end of the year		**8**	**8**

Consolidated and Parent Company Statements of Changes in Equity

for the year ended 31 January 2020

	Group 2020 £'000	Group 2019 Restated* £'000	Company 2020 £'000	Company 2019 Restated* £'000
Opening total equity	126,174	98,833	130,359	98,833
Comprehensive income for the year	12,530	12,441	12,552	12,455
Dividends paid	(1,712)	(1,714)	(1,712)	(1,714)
Repurchase of company shares	(243)	(79)	(243)	(79)
Share incentive plan	121	104	98	95
New shares issued (net funds raised)	–	16,589	–	16,589
New shares issued to SIP and JSOP	–	–	–	4,180
Total equity	**136,870**	**126,174**	**141,054**	**130,359**

*Restated for IFRS 16 (refer to Note 29)

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

The notes on pages 68 to 111 form part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 January 2020

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 5th Floor, 4 Matthew Parker Street, London SW1H 9NP. The consolidated financial statements for the year ended 31 January 2020 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, 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, the 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, Marsh Insurance Holdings Limited and B.P. Marsh (North America) Limited continue to be consolidated 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.

First time adoption of IFRS 16 Leases

On 1 February 2019, the Group adopted IFRS 16 Leases ("IFRS 16"), which replaces IAS 17 Leases ("IAS 17").

The only impact on the Group relates to leases for use of office space. These were previously classified as operating leases under IAS 17, with lease rentals charged to operating expenses on a straight-line basis over the lease term.

IFRS 16 requires lessees to recognise a lease liability, representing the present value of the obligation to make lease payments, and a related right of use ("ROU") asset. The lease liability is calculated based on expected future lease payments, discounted using the relevant incremental borrowing rate. An incremental borrowing rate of 5% was used to discount the future lease payments when measuring the lease liability on adoption of IFRS 16.

The ROU asset is recognised at cost less accumulated depreciation and impairment losses, with depreciation charged on a straight-line basis over the life of the lease. In determining the value of the ROU asset and lease liabilities, the Group considers whether any leases contain lease extensions or termination options that the Group is reasonably certain to exercise.

The Group has applied the retrospective approach to IFRS 16 and details of the prior year adjustments are in Note 29.

New Accounting Standards

There are no new standards that have been issued, but are not yet effective for the year ended 31 January 2020, which might have a material impact on the Group's financial statements in future periods.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

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 £12,551,785, prior to a dividend distribution of £1,712,185 (2019: restated profit of £12,454,783 prior to a dividend distribution of £1,714,418).

Employee services settled in equity instruments

The Group has entered into a joint share ownership plan ("JSOP") with certain employees and directors. A fair value for the cash settled share awards is measured at the date of grant. The Group measured the fair value using the Expected Return Methodology 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. The level of vesting is assumed to be 100% and will be reviewed annually and the charge is adjusted to reflect actual or estimated levels of vesting with the corresponding entry to capital contribution.

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. In addition, new shares were issued and allocated to the SIP Trust during the year.

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.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

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 ("IPEVCV 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 end are translated at the exchange rate ruling at the reporting period end.

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 credit or expense represents the sum of the tax currently recoverable or payable and any deferred tax. The tax currently recoverable or 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 receivable or 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.

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.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

Income taxes continued
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.

IFRIC 23 has been adopted and applied to the recognition and measurement of uncertain tax provision during the year. However it is noted that the adoption of IFRIC 23 has had no material impact on the tax position as at the year end.

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.

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.

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).

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.

Notes to the consolidated financial statements
continued

2. Segmental Reporting continued

	Geographic segment 1: UK		Geographic segment 2: Non-UK		Group	
	2020 £'000	2019 Restated* £'000	2020 £'000	2019 Restated* £'000	2020 £'000	2019 Restated* £'000
Operating income	**7,019**	**16,882**	**9,676**	**(740)**	**16,695**	**16,142**
Operating expenses	(2,800)	(2,886)	(1,410)	(1,042)	(4,210)	(3,928)
Segment operating profit/(loss)	**4,219**	**13,996**	**8,266**	**(1,782)**	**12,485**	**12,214**
Financial income	11	79	5	29	16	108
Financial expenses	(51)	(65)	(26)	(23)	(77)	(88)
Exchange movements	(33)	8	(119)	(33)	(152)	(25)
Profit/(loss) before tax	**4,146**	**14,018**	**8,126**	**(1,809)**	**12,272**	**12,209**
Income taxes	258	232	–	–	258	232
Profit/(loss) for the year	**4,404**	**14,250**	**8,126**	**(1,809)**	**12,530**	**12,441**

* Restated for IFRS 16 (refer to Note 29)

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	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
LEBC Holdings Limited	1,272	1,464	24	32	1	1
Nexus Underwriting Management Limited	997	788	19	17	1	1
XPT Group LLC[1]	673	–	13	–	2	–
Paladin Holdings Limited[1]	–	449	–	10	–	1

[1] There are no disclosures for Paladin Holdings Limited in the current year as the income derived from this investee company did not exceed the 10% threshold prescribed by IFRS 8. There are also no disclosures shown for XPT Group LLC in the prior year as the income derived from this investee company did not exceed the 10% threshold prescribed by IFRS 8 in that year.

2. Segmental Reporting continued

	Geographic segment 1: UK		Geographic segment 2: Non-UK		Group	
	2020 £'000	2019 Restated* £'000	2020 £'000	2019 Restated* £'000	2020 £'000	2019 Restated* £'000
Non-current assets						
Property, plant and equipment	108	121	43	37	151	158
Right-of-use asset	918	1,128	368	340	1,286	1,468
Investments – equity portfolio	82,594	78,309	33,072	23,638	115,666	101,947
Investments – treasury portfolio	–	14	–	–	–	14
Loans and receivables	12,382	11,856	3,829	2,653	16,211	14,509
	96,002	**91,428**	**37,312**	**26,668**	**133,314**	**118,096**
Current assets						
Trade and other receivables	4,141	1,575	876	1,292	5,017	2,867
Cash and cash equivalents	787	7,855	–	–	787	7,855
	4,928	**9,430**	**876**	**1,292**	**5,804**	**10,722**
Total assets	**100,930**	**100,858**	**38,188**	**27,960**	**139,118**	**128,818**
Non-current liabilities						
Lease liabilities	(860)	(1,054)	(344)	(318)	(1,204)	(1,372)
	(860)	**(1,054)**	**(344)**	**(318)**	**(1,204)**	**(1,372)**
Current liabilities						
Trade and other payables	(873)	(1,061)	(3)	(3)	(876)	(1,064)
Lease liabilities	(120)	(123)	(48)	(37)	(168)	(160)
Corporation tax provision	–	(48)	–	–	–	(48)
	(993)	**(1,232)**	**(51)**	**(40)**	**(1,044)**	**(1,272)**
Total liabilities	**(1,853)**	**(2,286)**	**(395)**	**(358)**	**(2,248)**	**(2,644)**
Net assets	**£99,077**	**£98,572**	**£37,793**	**£27,602**	**£136,870**	**£126,174**
Additions to property, plant and equipment	18	15	8	5	26	20
Depreciation and amortisation of property, plant and equipment	(154)	(162)	(61)	(49)	(215)	(211)
Impairment of investments and loans	–	–	(69)	(2,595)	(69)	(2,595)
Cash flow arising from:						
Operating activities	(2,861)	(3,746)	(2,001)	(8,438)	(4,862)	(12,184)
Investing activities	(12)	2,781	–	–	(12)	2,781
Financing activities	(2,176)	14,605	–	–	(2,176)	14,605
Change in cash and cash equivalents	**(5,049)**	**13,640**	**(2,001)**	**(8,438)**	**(7,050)**	**5,202**

* Restated for IFRS 16 (refer to Note 29)

Notes to the consolidated financial statements
continued

2. Segmental Reporting continued

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 2020 and 2019 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:

	2020 %	2019 %
UK	43	51
Non-UK	57	49
Total	**100**	**100**

3. Financial Expenses

	2020 £'000	2019 Restated* £'000
Investment management costs (Note 13)	–	4
Interest costs on lease liability (Note 21)	77	84
	77	**88**

* Restated for IFRS 16 (refer to Note 29)

4. Financial Income

	2020 £'000	2019 £'000
Bank and similar interest	16	45
Income from treasury portfolio investments – dividend and similar income (Note 13)	–	63
	16	**108**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 17 (2019: 19); 6 of those are in a management role (2019: 6) and 11 of those are in a support role (2019: 13). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2020 £'000	2019 £'000
Wages and salaries	2,447	2,222
Social security costs	316	297
Pension costs	129	118
Other employment costs (Note 24)	100	90
	2,992	**2,727**

During the year to 31 January 2017 the Group 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 the Report of the Remuneration Committee on page 34 and Note 24 for further details.

During the year to 31 January 2019, Joint Share Ownership Agreements were also entered into between certain directors and employees and the Company. Refer to the Report of the Remuneration Committee on page 33 and Note 24 for further details.

Charges of £79,054 (2019: £76,470) relating to the SIP and £21,413 (2019: £13,728) relating to the Joint Share Ownership Agreements are included within 'Other employment costs' above.

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2020 £'000	2019 £'000
Management services – remuneration	1,492	1,257
Fees	20	72
Pension contributions – remuneration	65	61
	1,577	**1,390**

669,860 of the 1,461,302 shares, in respect of which joint interests were granted during the year to 31 January 2019, were issued to directors. Following the resignation of an executive director during the year, 167,465 jointly-owned shares were consequently forfeited. Refer to the Report of the Remuneration Committee on page 33 and Note 24 for further details.

Of the total 33,330 (2019: 35,222) Free, Matching and Partnership Shares granted under the SIP during the year, 12,120 (2019: 12,808) were granted to directors of the Company.

Following the resignation of an executive director during the year, a total of 16,143 ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of that director.

Of the £21,413 (2019: £13,728) charge relating to the Joint Share Ownership Plan and the £79,054 (2019: £76,470) charge relating to the SIP, £9,187 (2019: £6,293) and £28,747 (2019: £27,807) related to the directors respectively.

Refer to the Report of the Remuneration Committee on pages 33 to 35 and Note 24 for further details.

	2020 £'000	2019 £'000
Highest paid director		
Emoluments	342	304
Pension contribution	7	18
	349	**322**

Notes to the consolidated financial statements
continued

6. Directors' Emoluments continued

The highest paid director includes emoluments of £270,000 relating to a settlement paid upon leaving the Company. The highest paid director also owns 16,143 ordinary shares in the Company.

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, four directors (2019: four) accrued benefits under these defined contribution pension schemes.

The key management personnel comprise of the directors.

7. Dividends

	2020 £'000	2019 £'000
Ordinary dividends		
Dividend paid:		
4.76 pence each on 35,970,271 Ordinary shares (2019: 4.76 pence each on 36,016,775 Ordinary shares)	1,712	1,714
	1,712	**1,714**

In the current year a total dividend of £8,703 (2019: £6,961) was payable on the 182,831 (2019: 146,237) ordinary shares held by the B.P. Marsh SIP Trust ("SIP Trust").

No dividend was payable on the 1,461,302 (2019: 1,461,302) ordinary shares held by the B.P. Marsh Employees' Share Trust ("Share Trust") under the Joint Share Ownership Plan and on 46,504 ordinary shares held in Treasury which were unallocated at the dividend record date (2019: no shares held in Treasury at the dividend record date).

8. Profit On Ordinary Activities Before Taxation

The profit for the year is arrived at after charging:

	2020 £'000	2019 Restated* £'000
Depreciation and amortisation of property, plant & equipment, and right-of-use asset	215	211
Auditor's remuneration:		
Audit fees for the Company	29	29
Other services:		
Audit of subsidiaries' accounts	17	17
Taxation	13	14
Other advisory	15	2
Exchange loss	152	25

* Restated for IFRS 16 (refer to Note 29)

9. Income Tax Expense

	2020 £'000	2019 £'000
Current tax:		
Current tax on profits for the year	–	48
Adjustments in respect of prior years	(258)	(312)
Total current tax	**(258)**	**(264)**
Deferred tax (Note 17):		
Origination and reversal of temporary differences	–	32
Total deferred tax	**–**	**32**
Total income taxes credited in the Consolidated Statement of Comprehensive Income	**(258)**	**(232)**

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £'000	2019 Restated* £'000
Profit before tax	**12,272**	**12,209**
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,332	2,320
Tax effects of:		
Expenses not deductible for tax purposes	80	90
Prior year current tax overprovision	(258)	(312)
Other adjustments	–	48
Other effects:		
Deferred tax movement on unrealised loss on treasury portfolio	–	32
Non-taxable income (dividends received)	(530)	(510)
Non-taxable income (unrealised gains on equity portfolio revaluation)	(2,198)	(2,680)
Management expenses unutilised	316	780
Total income taxes credited in the Consolidated Statement of Comprehensive Income	**(258)**	**(232)**

* Restated for IFRS 16 (refer to Note 29)

There are no factors which may affect future tax charges.

Notes to the consolidated financial statements
continued

10. Earnings per Share from continuing operations attributable to the equity shareholders and Net Asset Value per Share

	2020 £'000	2019 Restated* £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share being total comprehensive income attributable to equity shareholders	12,530	12,441
Earnings per share – basic and diluted	34.9p	37.6p

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	35,947,869	33,065,228
Number of dilutive shares under option	Nil	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	35,947,869	33,065,228

* Restated for IFRS 16 (refer to Note 29)

During the year to 31 January 2019 the Company issued a total of 8,252,037 new ordinary shares.

On 12 June 2018 the Company made a Placing Announcement to the market outlining details of a proposed placing of 6,169,194 new ordinary shares (the "Placing") to a new investor, an entity within the PSC Insurance Group ("PSC Group"), at a price of 252 pence per share ("Issue Price"). In addition, in order to provide existing shareholders with an opportunity to participate in the issue of new ordinary shares, the Company launched an open offer (the "Open Offer") to all qualifying shareholders to subscribe for an aggregate of up to 595,238 new ordinary shares at the Issue Price (on the basis of 1 open offer share for every 21 existing ordinary shares held). All new open offer shares were fully subscribed for.

In addition, during that year, 1,461,302 new ordinary shares of 10 pence each were issued and allotted as part of a new joint share ownership plan ("2018 JSOP"), representing 5.00% of the existing issued share capital at the time the awards were made. This was to provide eligible employees of the Group with a joint beneficial ownership in and opportunity to benefit from any possible appreciation in the value of ordinary shares in the Company subject to a hurdle rate. The new ordinary shares were issued in the name of RBC cees Trustee Limited ("RBC") as trustee of the B.P. Marsh Employees' Share Trust ("Share Trust") at a subscription price of 281 pence, being the mid-market closing price on 12 June 2018. The ordinary shares issued to the Share Trust were partly paid for via a loan from the Company to RBC to cover the subscription cost of the aggregate nominal value of the shares, amounting to £146,130. Refer to Note 24 for further details of the joint share ownership plan.

26,303 new ordinary shares, representing 0.09% of the existing issued share capital at that time, were also issued and allotted to the participants of the Company's Share Incentive Plan ("SIP"). Refer to Note 24 for further details.

Both the 1,461,302 and the 26,303 new ordinary shares issued respectively for the purposes of the 2018 JSOP and the SIP were admitted to trading on AIM on 19 June 2018.

On 5 July 2018, at a General Meeting of the Company, all resolutions set out in a Circular dated 13 June 2018 outlining the conditions of the Placing and Open Offer were duly passed.

Both the Placing and the Open Offer raised total gross proceeds of £17,046,369 (net proceeds of £16,580,674 after costs) and 6,764,432 new ordinary shares were admitted to trading on AIM on 9 July 2018.

Following admission of the aforementioned new ordinary shares, the Company's issued share capital increased from 29,226,040 as at 31 January 2018 to 37,478,077 as at 31 January 2019.

The weighted average number of ordinary shares at 31 January 2019 was calculated by proportioning the Placing and Open Offer shares over the period.

During the year the Company paid £243,232 (2019: £79,310) in order to repurchase 87,780 (2019: 28,573) ordinary shares at an average price of 277 pence per share (2019: 278 pence per share). Distributable reserves were reduced by £243,232 (2019: £79,310) as a result during the year.

Ordinary shares held by the Company in Treasury

Movement of ordinary shares held in Treasury:

	2020 Number	2019 Number
Opening total ordinary shares held in Treasury at 1 February	28,573	21,009
Ordinary shares repurchased held in Treasury during the year	87,780	28,573
Ordinary shares transferred to the B.P. Marsh SIP Trust during the year	(19,218)	(21,009)
Ordinary shares cancelled during the year	(12,077)	–
Total ordinary shares held in Treasury at 31 January	**85,058**	**28,573**

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

The Group's policy on the repurchase of ordinary shares has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below a fixed percentage of its published Net Asset Value and place them into Treasury. The threshold was 20% until 11 October 2018 when the Group announced an updated Share Buy-Back Policy confirming that the threshold had been reduced from 20% to 15%.

The weighted average number of shares used for the purposes of calculating the earnings per share, net asset value and net asset value per share of the Group excludes the 1,461,302 shares held under joint share ownership arrangements (Note 24) as these were non-dilutive in the year to 31 January 2020, are subject to performance criteria that have not yet been achieved and are held within an Employee Benefit Trust. The Group net asset value has therefore also excluded the economic right the Group has to the first 281 pence per share (£4,106,259) on vesting for the same reasons. On this basis the current net asset value per share is 380 pence for the Group. If the joint share ownership arrangements were included, this would increase the Group's net asset value by £4,106,259 and the net asset value per share would be 376 pence.

However, as these shares have been issued, the Company accounts for these shares and has therefore included the 1,461,302 shares and the economic right the Company has of £4,106,259 within the net asset value per share calculation. On this basis the net asset value per share is 376 pence for the Company.

Notes to the consolidated financial statements
continued

10. Earnings per Share from continuing operations attributable to the equity shareholders and Net Asset Value per Share continued

The increase to the weighted average number of ordinary shares between 2019 and 2020 is mainly attributable to the increased weighting of the new ordinary shares that were issued from the Placing and Open Offer which occurred during the year ended 31 January 2019.

The 19,218 ordinary shares transferred from Treasury to the SIP Trust in June 2019 have been treated as re-issued for the purposes of calculating earnings per share and have therefore also contributed to the increase to the weighted average number of shares in the current year.

33,330 ordinary shares (comprising the 19,218 ordinary shares transferred from Treasury to the SIP Trust during the year, together with 14,112 of unallocated ordinary shares acquired by the SIP Trust as part of the new issue of shares by the Company during the year ended 31 January 2019) were allocated to the participating employees as Free, Matching and Partnership shares under the share incentive plan arrangement in June 2019 (Note 24).

On 11 December 2019 12,077 ordinary shares in the Company were cancelled. These shares were previously held in Treasury. Following the cancellation, the total number of ordinary shares in issue reduced from 37,478,077 as at 31 January 2019 to 37,466,000 as at 31 January 2020.

11. Property, Plant and Equipment

Group

	Furniture & Equipment £'000	Leasehold Fixtures & Fittings & Others £'000	Total £'000
Cost			
At 1 February 2018	104	152	256
Additions	20	–	20
Disposals	(5)	–	(5)
At 31 January 2019	**119**	**152**	**271**
At 1 February 2019	119	152	271
Additions	26	–	26
Disposals	(8)	–	(8)
At 31 January 2020	**137**	**152**	**289**
Depreciation			
At 1 February 2018	70	19	89
Eliminated on disposal	(5)	–	(5)
Charge for the year	14	15	29
At 31 January 2019	**79**	**34**	**113**
At 1 February 2019	79	34	113
Eliminated on disposal	(8)	–	(8)
Charge for the year	18	15	33
At 31 January 2020	**89**	**49**	**138**
Net book value			
At 31 January 2020	**48**	**103**	**151**
At 31 January 2019	**40**	**118**	**158**
At 31 January 2018	**34**	**133**	**167**

12. Investments – Equity Portfolio

Group

	Shares in investee companies Continuing investments £'000
At valuation	
At 1 February 2018	79,122
Additions	8,719
Disposals	–
Provisions	–
Unrealised gains in this period	14,106
At 31 January 2019	**£101,947**
At 1 February 2019	101,947
Additions	2,551
Disposals	(402)
Provisions	–
Unrealised gains in this period	11,570
At 31 January 2020	**£115,666**
At cost	
At 1 February 2018	47,100
Additions	8,719
Disposals	–
Provisions	–
At 31 January 2019	**£55,819**
At 1 February 2019	55,819
Additions	2,551
Disposals	(400)
Provisions	–
At 31 January 2020	**£57,970**

The additions relate to the following transactions in the year:

On 26 April 2019 the Group agreed to provide further funding of £122,909 to The Fiducia MGA Company Limited ("Fiducia") as part of a rights issue in conjunction with another of its shareholders. The Group subscribed for a further 48 A ordinary shares in Fiducia which represented its proportional pre-emption rights. As at 31 January 2019 the Group's holding in Fiducia was 35% and following the rights issue this increased to 35.18%.

On 12 July 2019 the Group acquired a 36% equity stake in Agri Services Company PTY Limited ("Agri Services") for an initial consideration of AUD 1,470,000 (£822,516). Agri Services is the holding company for Ag Guard PTY Limited, which provides insurance solutions for the Australian agricultural sector. Further consideration of AUD 1,130,000 (£605,216) was subsequently paid on 15 January 2020 following Agri Services meeting certain agreed conditions in relation to securing capacity for a new product. As at 31 January 2020 the total consideration paid by the Group was AUD 2,600,000 (£1,427,732) and the Group's equity holding remained at 36%.

On 21 October 2019 the Group acquired a 30% equity stake in Lilley Plummer Risks Limited ("Lilley Plummer"), a newly formed specialist Marine Lloyd's broker based in London, for a total cash consideration of £1,000,000. The Group's equity holding is through a mixture of 700,000 Redeemable and 300,000 Non-Redeemable Preferred shares of £1 each.

Notes to the consolidated financial statements
continued

12. Investments – Equity Portfolio continued

The disposals relate to the following transaction in the year:

On 18 September 2019 the Group received an Option Notice in relation to its holding of 100,000 ordinary shares in Paladin Holdings Limited ("Paladin") which were being held by the Group under a three-year call option arrangement that Paladin could call at any time. The terms of the call option arrangement allowed Paladin to buy-back the shares from the Group at a fixed price of £4.02 per share (£402,000). On 2 October 2019, pursuant to the Option Notice being served, the Group received £402,000 as consideration for the shares, after which the shares were cancelled. Following the exercise of the call option and the subsequent cancellation of the shares, the Group's equity holding in Paladin decreased from 44.3% as at 31 January 2019 to 38.2% as at 31 January 2020.

The unquoted investee companies, which are registered in England except Summa Insurance Brokerage, S.L. (Spain), MB Prestige Holdings PTY Limited (Australia), Asia Reinsurance Brokers Pte Limited (Singapore), Stewart Specialty Risk Underwriting Ltd (Canada), XPT Group LLC (USA), Mark Edward Partners LLC (USA), ATC Insurance Solutions PTY Limited (Australia), Criterion Underwriting Pte Limited (Singapore) and Agri Services Company PTY Limited (Australia) 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
Agri Services Company PTY Limited[1]	36.00	–	–	–	Holding Company for specialist Australian agricultural Managing General Agency
Asia Reinsurance Brokers Pte Limited	25.00	31.05.19	2,159,593	(235,595)	Specialist reinsurance broker
ATC Insurance Solutions PTY Limited	20.00	30.06.19	3,194,781	1,616,147	Specialist Australian Managing General Agency
Criterion Underwriting Pte Limited[1]	29.40	–	–	–	Specialist Singaporean Managing General Agency
EC3 Brokers Group Limited	20.00	31.12.18	(842,743)	(1,764,893)	Investment holding company
LEBC Holdings Limited	59.34	30.09.19	4,631,046	(357,774)	Independent financial advisor company
Lilley Plummer Risks Limited[1]	30.00	–	–	–	Specialist Marine broker
MB Prestige Holdings PTY Limited	40.00	31.12.19	2,370,399	946,180	Specialist Australian Motor Managing General Agency
Mark Edward Partners LLC	30.00	31.12.17	5,046,643	3,470,754	Specialty insurance broker
Neutral Bay Investments Limited	49.90	31.03.19	4,039,229	218,014	Investment holding company
Nexus Underwriting Management Limited	18.01	31.12.18	20,973,929	1,568,016	Specialist Managing General Agency
Paladin Holdings Limited	38.24	31.12.18	105,677	242,277	Investment holding company
Stewart Specialty Risk Underwriting Limited	30.00	31.12.19	239,094	303,632	Specialist Canadian Casualty Underwriting Agency
Summa Insurance Brokerage, S.L.	77.25	31.12.18	8,382,512	(369,155)	Consolidator of regional insurance brokers
The Fiducia MGA Company Limited	35.18	31.12.18	(2,128,168)	(962,122)	Specialist UK Marine Cargo Underwriting Agency
Walsingham Holdings Limited	20.00	30.09.18	980	(520)	Investment holding company
Walsingham Motor Insurance Limited	40.50	30.09.18	(914,027)	414,950	Specialist UK Motor Managing General Agency
XPT Group LLC	32.07	31.12.18	5,296,639	(1,861,261)	USA Specialty lines insurance distribution company

[1] Agri Services Company PTY Limited, Criterion Underwriting Pte Limited and Lilley Plummer Risks Limited are all newly incorporated companies. Statutory accounts are not available as these are not yet due.

The Group's 35% equity investments in Bastion Reinsurance Brokerage (PTY) Limited and Bulwark Investment Holdings (PTY) Limited and its 42.5% equity investment in Property and Liability Underwriting Managers (PTY) Limited, all of which are based in South Africa, have not been listed above as they were in the process of being wound up as at 31 January 2020 and no recent financial information is available.

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 2018 (restated*)	88,506
Additions	–
Unrealised gains in this period (restated*)	10,708
At 31 January 2019 (restated*)	**99,214**
At 1 February 2019 (restated*)	99,214
Additions	–
Unrealised gains in this period	10,590
At 31 January 2020	**109,804**
At cost	
At 1 February 2018	2,143
Additions	–
At 31 January 2019	**2,143**
At 1 February 2019	2,143
Additions	–
At 31 January 2020	**2,143**

* Restated for IFRS 16 (refer to Note 29)

Notes to the consolidated financial statements
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12. Investments – Equity Portfolio continued

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 2020 £	Profit/(loss) for the year to 31 January 2020 £	Principal activity
B.P. Marsh & Company Limited	100	133,866,476	12,530,372	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	6,099,974	–	Investment holding company – dormant
B.P. Marsh Asset Management Limited	100	1	–	Dormant
B.P. Marsh (North America) Limited[1]	100	(2,515,480)	3,335,313	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 to 31 January 2018 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 to 31 January 2018 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 current or prior year.

In addition, the Group also controls the B.P. Marsh SIP Trust and the B.P. Marsh Employees' Share Trust (Note 24).

Loans to the subsidiaries of £27,282,519 (2019: £27,327,910) are treated as capital contributions.

13. Non-Current Investments – Treasury Portfolio

Group

	2020 £'000	2019 £'000
At valuation		
Market value at 1 February	14	2,756
Additions at cost	–	27
Disposals	(14)	(2,828)
Change in value in the year (Note 3 & Note 4)	–	59
Market value at 31 January	**–**	**14**
Investment fund split:		
GAM London Limited	–	2
Rathbone Investment Management Limited	–	12
Total	**–**	**14**

All the treasury portfolio was disposed of during the year.

Investment management costs of £22 (2019: £4,125) were charged to the Consolidated Statement of Comprehensive Income for the current year (Note 3).

14. Realised Gains on Disposal of Equity Investments

During the year there were no realised gains on disposal of investments (2019: None).

15. Loans and Receivables – Non-Current

		Group		Company
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans to investee companies (Note 25)	16,211	14,509	–	–
Amounts owed by group undertakings	–	–	3,959	3,860
	16,211	**14,509**	**3,959**	**3,860**

A provision of £69,154 (2019: £2,594,874) was made against loans to investee companies in the current year and therefore the total provision as at 31 January 2020 was £4,785,637 (2019: £4,716,483).

The amounts owed to the Company by group undertakings are interest free and repayable on demand.

See Note 25 for terms of the loans.

16. Trade and Other Receivables – Current

		Group		Company
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade receivables	574	631	–	–
Less provision for impairment of receivables	–	(13)	–	–
	574	**618**	**–**	**–**
Loans to investee companies (Note 25)	2,635	376	–	–
Corporation tax repayable	248	299	–	–
Other receivables	15	38	–	–
Prepayments and accrued income	1,545	1,536	–	–
	5,017	**2,867**	**–**	**–**

Included within net trade receivables is a gross amount of £426,497 (2019: £457,618) owed by the Group's participating interests, against which a provision for bad debts of £Nil has been made (2019: £13,254).

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

Movement in the allowance for doubtful debts:

		Group		Company
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Balance at 1 February	13	58	–	–
Decrease in allowance recognised in the Statement of Comprehensive Income	(13)	(45)	–	–
Balance at 31 January	**–**	**13**	**–**	**–**

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16. Trade and Other Receivables – Current continued

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 £573,900 (2019: £618,217), of which £220,036 (2019: £112,058) of debtors are past due at the reporting date for which the Group has not made a provision 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 £158,196 (2019: £85,979) 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
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Not past due	354	506	–	–
Past due: 0 – 30 days	105	44	–	–
Past due: 31 – 60 days	22	1	–	–
Past due: more than 60 days	93	67	–	–
	574	**618**	**–**	**–**

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 2018	(32)	–
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 9)	32	–
Re-measurement upon change in tax rate	–	–
At 31 January 2019	**–**	**–**
At 1 February 2019	–	–
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 9)	–	–
Re-measurement upon change in tax rate	–	–
At 31 January 2020	**–**	**–**

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 (2019: £Nil) would become payable by the Group.

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 on all non-US investments and, as a result, the directors anticipate that on a disposal of shares in the Group's current non-US 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 their disposal.

New tax legislation was introduced in the US in 2018 which taxes at source gains on disposal of any foreign partnership interests in US LLCs. As such, deferred tax will need to be assessed on any potential net gains from the Group's investment interests in the US.

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 investments under the current requirements of the IFRS as the US investments do not currently show a net gain, and the non-US investments are expected to benefit from the SSE rules. As such no deferred tax provision has been made as at 31 January 2020. 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.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This change in tax rate has had no material impact on the Group financial statements for the year ended 31 January 2020 as the directors do not consider there is any deferred tax due at the year end.

18. Current Liabilities

		Group		Company
	2020 £'000	2019 Restated* £'000	2020 £'000	2019 £'000
Trade and other payables				
Trade payables	79	73	–	–
Other taxation & social security costs	63	68	–	–
Accruals and deferred income	734	923	–	3
Lease liabilities (Note 21)	168	160	–	–
	1,044	**1,224**	**–**	**3**
Corporation tax (Note 9)	–	48	–	48
	1,044	**1,272**	**–**	**51**

* Restated for IFRS 16 (refer to Note 29)

The corporation tax as at 31 January 2019 of £47,500 related to the estimated tax charge arising on a participator loan of £146,130 made by the Company to the B.P. Marsh Employees' Share Trust ("Share Trust") during that year in order to facilitate the Share Trust's subscription to the 1,461,302 new shares issued by the Company which are being held under the Joint Share Ownership Plan (Note 19 and Note 24).

All of the above liabilities are measured at amortised cost.

Notes to the consolidated financial statements
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19. Called Up Share Capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
37,466,000 Ordinary shares of 10p each (2019: 37,478,077)	3,747	3,748
	3,747	**3,748**

During the year to 31 January 2019 the Company issued a total of 8,252,037 new ordinary shares.

On 12 June 2018 the Company made a Placing Announcement to the market outlining details of a proposed placing of 6,169,194 new ordinary shares (the "Placing") to a new investor, an entity within the PSC Insurance Group ("PSC Group"), at a price of 252 pence per share ("Issue Price"). In addition, in order to provide existing shareholders with an opportunity to participate in the issue of new ordinary shares, the Company launched an open offer (the "Open Offer") to all qualifying shareholders to subscribe for an aggregate of up to 595,238 new ordinary shares at the Issue Price (on the basis of 1 open offer share for every 21 existing ordinary shares held). All new open offer shares were fully subscribed for.

In addition, during that year, 1,461,302 new ordinary shares of 10 pence each were issued and allotted as part of a new joint share ownership plan ("2018 JSOP"), representing 5.00% of the existing issued share capital at the time the awards were made. This was to provide eligible employees of the Group with a joint beneficial ownership in and opportunity to benefit from any possible appreciation in the value of ordinary shares in the Company subject to a hurdle rate. The new ordinary shares were issued in the name of RBC cees Trustee Limited ("RBC") as trustee of the B.P. Marsh Employees' Share Trust ("Share Trust") at a subscription price of 281 pence, being the mid-market closing price on 12 June 2018. The ordinary shares issued to the Share Trust were partly paid for via a loan from the Company to RBC to cover the subscription cost of the aggregate nominal value of the shares, amounting to £146,130. Refer to Note 24 for further details of the joint share ownership plan.

26,303 new ordinary shares, representing 0.09% of the existing issued share capital at that time, were also issued and allotted to the participants of the Company's Share Incentive Plan ("SIP").

Both the 1,461,302 and the 26,303 new ordinary shares issued respectively for the purposes of the 2018 JSOP and the SIP were admitted to trading on AIM on 19 June 2018.

On 5 July 2018, at a General Meeting of the Company, all resolutions set out in a Circular dated 13 June 2018 outlining the conditions of the Placing and Open Offer were duly passed.

Both the Placing and the Open Offer raised total gross proceeds of £17,046,369 (net proceeds of £16,580,674 after costs) and 6,764,432 new ordinary shares were admitted to trading on AIM on 9 July 2018.

Following admission of the aforementioned new ordinary shares, the Company's issued share capital increased from 29,226,040 as at 31 January 2018 to 37,478,077 as at 31 January 2019.

During the year the Company paid £243,232 (2019: £79,310) in order to repurchase 87,780 (2019: 28,573) ordinary shares at an average price of 277 pence per share (2019: 278 pence per share). Distributable reserves were reduced by £243,232 (2019: £79,310) as a result during the year.

On 11 December 2019 12,077 ordinary shares in the Company were cancelled. These shares were previously held in Treasury. Following the cancellation, the total number of ordinary shares in issue reduced from 37,478,077 as at 31 January 2019 to 37,466,000 as at 31 January 2020.

As at 31 January 2020 a total of 85,058 ordinary shares were held by the Company in Treasury (31 January 2019: 28,573 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 Group's policy on the repurchase of ordinary shares has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below a fixed percentage of its published Net Asset Value and place them into Treasury. The threshold was 20% until 11 October 2018 when the Group announced an updated Share Buy-Back Policy confirming that the threshold had been reduced from 20% to 15%.

20. Reconciliation of Movements in Shareholders' Funds

Group

	Share capital £'000	Share premium account £'000	Fair value reserve £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 February 2018 (restated*)	2,923	9,398	32,022	393	6	7	54,084	98,833
Comprehensive income for the year	–	–	14,106	–	–	14	(1,679)	12,441
Dividends paid (Note 7)	–	–	–	–	–	–	(1,714)	(1,714)
Issue of new shares (Note 10)	825	19,944	–	–	–	–	(74)	20,695
Repurchase of Company shares (Note 19)	–	–	–	–	–	–	(79)	(79)
Share Incentive Plan	–	16	–	–	–	–	88	104
Shares issued to JSOP Trust treated as Treasury shares (Note 10)	–	–	–	–	–	–	(4,106)	(4,106)
At 31 January 2019 (restated*)	**3,748**	**29,358**	**46,128**	**393**	**6**	**21**	**46,520**	**126,174**
At 1 February 2019 (restated*)	3,748	29,358	46,128	393	6	21	46,520	126,174
Comprehensive income for the year	–	–	11,570	–	–	–	960	12,530
Transfers on disposal of investments (Note 12)	–	–	(2)	–	–	–	2	–
Dividends paid (Note 7)	–	–	–	–	–	–	(1,712)	(1,712)
Repurchase of Company shares (Note 19)	–	–	–	–	–	–	(243)	(243)
Cancellation of Company shares (Note 19)	(1)	–	–	–	1	–	–	–
Share Incentive Plan	–	9	–	–	–	21	91	121
At 31 January 2020	**3,747**	**29,367**	**57,696**	**393**	**7**	**42**	**45,618**	**136,870**

* Restated for IFRS 16 (refer to Note 29)

Notes to the consolidated financial statements
continued

20. Reconciliation of Movements in Shareholders' Funds continued

Company

	Share capital £'000	Share premium account £'000	Fair value reserve £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 February 2018 (restated*)	2,923	9,398	86,363	6	–	143	98,833
Comprehensive income for the year	–	–	10,708	–	–	1,747	12,455
Dividends paid (Note 7)	–	–	–	–	–	(1,714)	(1,714)
Issue of new shares (Note 10)	825	19,944	–	–	–	–	20,769
Repurchase of Company shares (Note 19)	–	–	–	–	–	(79)	(79)
Share Incentive Plan	–	16	–	–	–	79	95
At 31 January 2019 (restated*)	**3,748**	**29,358**	**97,071**	**6**	**–**	**176**	**130,359**
At 1 February 2019 (restated*)	3,748	29,358	97,071	6	–	176	130,359
Comprehensive income for the year	–	–	10,590	–	–	1,962	12,552
Dividends paid (Note 7)	–	–	–	–	–	(1,712)	(1,712)
Repurchase of Company shares (Note 19)	–	–	–	–	–	(243)	(243)
Cancellation of Company shares (Note 19)	(1)	–	–	1	–	–	–
Share Incentive Plan	–	9	–	–	–	89	98
At 31 January 2020	**3,747**	**29,367**	**107,661**	**7**	**–**	**272**	**141,054**

* Restated for IFRS 16 (refer to Note 29)

21. Leases

The Group has applied IFRS 16: Leases ("IFRS 16") using the retrospective approach. The impact of the changes is disclosed in Note 29. The revised accounting policies relating to the Group's leases following the adoption of IFRS 16 are set out in Note 1.

The Group has one operating lease, that of its main office premises. Information about this lease, for which the Group is a lessee is presented below.

Right-of-use asset (Group)

	Land and Buildings £'000
At 1 February 2018 (restated*)	1,650
Depreciation charge (restated*)	(182)
At 31 January 2019 (restated*)	**1,468**
At 1 February 2019 (restated*)	1,468
Depreciation charge	(182)
At 31 January 2020	**1,286**

*Refer to Note 29

Lease liabilities (Group)

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

	2020 Land and Buildings £'000	2019 Land and Buildings Restated* £'000
Maturity analysis – contractual undiscounted cash flows:		
Earlier than one year	236	236
Between two and five years	945	945
More than five years	490	726
	1,671	**1,907**
Lease liabilities included in Consolidated Statement of Financial Position at 31 January:	**1,372**	**1,532**
Maturity analysis:		
Current liabilities (Note 18)	168	160
Non-current liabilities	1,204	1,372
	1,372	**1,532**

* Refer to Note 29

Amounts recognised in profit or loss (Group):

	2020 £'000	2019 Restated* £'000
Interest on lease liabilities (Note 3)	77	84

Amounts recognised in the Consolidated Statement of Cash Flows:

	2020 £'000	2019 Restated* £'000
Total cash outflow for leases	(236)	(236)

* Refer to Note 29

There are no right-of-use assets or associated lease liabilities recognised in the Company's Statement of Financial Position.

22. Loan And Equity Commitments

As at 31 January 2020, the Group had no loan or equity commitments.

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

Notes to the consolidated financial statements
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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.

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, political risk and covid-19 risk. The Board reviews and agrees policies for managing each of these risks and they are summarised in the Group Strategic Report under "Financial Risk Management".

Interest rate profile
The Group has cash balances of £787,000 (2019: £7,855,000), 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 0.6% p.a. in the period (2019: deposit rates of interest ranged up to 0.8% p.a.). During the period maturity periods ranged between immediate access and 32 days (2019: maturity periods ranged between immediate access and 32 days).

Currency hedging
During the year the Group engaged in one currency hedging transaction amounting to €1,350,000 (2019: one currency hedging transaction amounting to €1,350,000) to mitigate the exchange rate risk for certain foreign currency receivables. This was settled before the year end. A net gain of £17,721 (2019: net gain of £10,519) 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 two currency hedging transactions amounting to €1,300,000 and USD 1,000,000 which were entered into on 30 January 2020. The fair values of these hedges are not materially different to the transaction costs.

Financial liabilities
The Company had no borrowings as at 31 January 2020 (2019: £Nil), although it did have an undrawn loan facility in place for up to £3,000,000 provided by Brian Marsh Enterprises Limited, a company in which the Chairman, Brian Marsh, is a director and sole shareholder, which was entered into on 29 July 2019. The loan facility provides the Group with further liquidity at an interest rate of the higher of 4% or the UK 1-month LIBOR plus 3.25% (capped at 10%) and is available to be drawn down until 29 July 2021.

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 IPEVCV 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 2020:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	–	–	115,666	115,666
Treasury portfolio investments	–	–	–	–
	–	**–**	**115,666**	**115,666**

The Group's classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2019 are presented as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	–	–	101,947	101,947
Treasury portfolio investments	14	–	–	14
	14	**–**	**101,947**	**101,961**

Level 3 inputs are sensitive to assumptions made when ascertaining fair value. Setting the valuation policy is the responsibility of the Valuations Committee, which is then reviewed by the Board. The policy is to value investments within the portfolio at fair value by applying a consistent approach and ensuring that the valuation methodology is compliant with the IPEVCV Guidelines. Valuations of the investment portfolio of the Group are performed twice a year, and the half-year valuations are subjected to the same level of scrutiny and approach as the audited final year accounts by the Valuations Committee.

Of assets held at 31 January 2020 classified as Level 3, 84% by value (2019: 87%) were valued using a multiple of earnings and 16% (2019: 13%) were valued using alternative valuation methodologies.

Valuation multiple – the valuation multiple is the main assumption applied to a multiple of earnings based valuation. The multiple is derived from comparable listed companies or relevant market transaction multiples. Companies in the same industry and geography and, where possible, with a similar business model and profile are selected and then adjusted for factors including size, growth potential and relative performance. A discount is applied or a reduced multiple used to reflect that the investment being valued is unquoted. The multiple is then applied to the earnings, which may be adjusted to eliminate one-off revenues or costs to better reflect the ongoing position, or to adjust for any minority interests. The resulting value is the enterprise value of the investment, after which certain adjustments are made to calculate the equity value. These adjustments may include debt, working capital requirements, regulatory capital requirements, deferred consideration payable, or anything that could be dilutive which is quantifiable. The Group's investment valuation is then derived from this based upon its shareholding.

The weighted average post discount EBITDA earnings multiple used (based on the valuations derived) when valuing the portfolio at 31 January 2020 was 14.1x (2019: 11.9x). The weighted average post discount Price/Earnings multiple used (based on the valuations derived) when valuing the portfolio at 31 January 2020 was 19.5x (2019: 13.3x).

Notes to the consolidated financial statements
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23. Financial Instruments continued

If the multiple used to value each unquoted investment valued on an earnings basis as at 31 January 2020 moved by 10%, this would have an impact on the investment portfolio of £13.2m (2019: £10.4m) or 10% (2019: 10%).

Alternative valuation methodologies – there are a number of alternative investment valuation methodologies used by the Group, for reasons for specific types of investment. These may include valuing on the basis of an imminent sale where a price has been agreed but the transaction has not yet completed, using a discounted cash flow model, at cost, using specific industry metrics which are common to that industry and comparable market transactions have occurred, and a multiple of revenues where the investments are not yet profitable.

At 31 January 2020 the proportion of the investment portfolio that was valued using these techniques were: 15% using industry metric (2019: 13%), 0% using revenues (2019: 1%), and 1% at cost (2019: 0%).

If the value of all the investments valued under alternative methodologies moved by 10%, this would have an impact on the investment portfolio of £1.7m (2019: £1.4m) or 1% (2019: 1%).

24. Share Based Payment Arrangements

Joint Share Ownership Plan

During the year to 31 January 2019, 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	12 June 2018
Number of instruments granted	1,461,302
Exercise price (pence)	N/A
Share price (market value) at grant (pence)	281.00
Hurdle rate	3.75% 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 three years or earlier resulting from either: a) a change of control resulting from a person, or persons acting together, obtaining control of the Company either (i) as a result of a making a Takeover Offer; (ii) pursuant to a court sanctioned 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 0.01p
Expected volatility	N/A
Risk free rate	1%
Expected dividends expressed as a dividend yield	1.9%
Settlement	Cash settled on sale of shares
% expected to vest (based upon leavers)	100%
Number expected to vest	1,461,302
Valuation model	Expected Return Methodology (ERM)
ERM value (pence)	36.00
Deduction for carry charge (pence)	31.60
Fair value per granted instrument (pence)	4.40
Charge for year ended 31 January 2020	£21,413

On 12 June 2018 1,461,302 new 10p Ordinary shares in the Company were issued and transferred into joint beneficial ownership for 12 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.

The new Ordinary shares have been issued into the name of RBC cees Trustee Limited ("the Trustee") as trustee of the B.P. Marsh Employees' Share Trust ("the Share Trust") at a subscription price of £2.81, being the mid-market closing price on 12 June 2018.

The jointly-owned shares are beneficially owned by (i) each of the 12 participating employees and (ii) the trustee of the Share Trust upon and subject to the terms of the JSOAs entered into between the participating employee, the Company and the Trustee.

Under the terms of the JSOAs, the employees and directors will receive on vesting the growth in value of the shares above a threshold price of £2.81 per share (market value at the date of grant) plus an annual carrying charge of 3.75% per annum (simple interest) to the market value at the date of grant. The Share Trust retains the initial market value of the jointly-owned shares plus the carrying cost.

Alternatively, on vesting, the participant and the Trustee may exchange their respective interests in the jointly-owned shares such that each becomes the sole owner of a number of Ordinary shares of equal value to their joint interests.

Participants will therefore receive value from the jointly-owned shares only if and to the extent that the share value grows above the initial market value plus the carrying cost.

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 the Expected Return Methodology.

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

No jointly-owned shares were sold during the year, however 167,465 jointly-owned shares were forfeited on the departure of an executive director. However, the number of jointly-owned shares expected to vest has not been adjusted on the basis that these shares may be redistributed to other employees of the Company. 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.

There has been no movement during the year in terms of the numbers of shares to be exercised.

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 19,218 ordinary shares in the Company, which were held in Treasury as at 31 January 2019 (2019: 21,009 ordinary shares in the Company, which were either repurchased during that year or held in Treasury as at 31 January 2018) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). As a result, together with 14,112 unallocated shares issued to the SIP Trust during the year to 31 January 2019, a total of 33,330 (2019: 47,312) ordinary shares in the Company were available for allocation to the participants of the SIP.

Notes to the consolidated financial statements
continued

24. Share Based Payment Arrangements continued

On 13 June 2019, a total of 11 eligible employees (including 4 executive directors of the Company) applied for the 2019-20 SIP and were each granted 1,212 ordinary shares ("19-20 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 13 June 2019, 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 acquired, the SIP Trust offered two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. All 11 eligible employees (including four executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (606 ordinary shares) and were therefore awarded 1,212 Matching Shares.

The 19-20 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 33,330 (2019: 35,222) Free, Matching and Partnership Shares were granted to the 11 (2019: 11) eligible employees during the year, including 12,120 (2019: 12,808) granted to 4 executive directors of the Company.

Following the resignation of an executive director during the year, a total of 16,143 ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of that director.

As at 31 January 2020 a total of 179,567 Free, Matching and Partnership Shares had been granted to 11 eligible employees under the SIP, including 74,268 granted to 4 executive directors of the Company.

£79,054 of the IFRS 2 charges (2019: £76,470) associated with the award of the SIP shares to 11 (2019: 11) eligible directors and employees of the Company has 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 effectively 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:

	2020	2019
	£	£
Bastion Reinsurance Brokerage (PTY) Limited	425,831	425,831
Bulwark Investment Holdings (PTY) Limited	665,000	665,000
The Fiducia MGA Company Limited	2,470,000	2,470,000
LEBC Holdings Limited	1,000,000	–
Nexus Underwriting Management Limited	6,000,000	4,000,000
Paladin Holdings Limited	4,596,500	4,096,500
Property and Liability Underwriting Managers (PTY) Limited	1,450,778	1,450,778
Walsingham Holdings Limited	300,000	300,000
Walsingham Motor Insurance Limited	415,000	1,170,000
	€	€
Summa Insurance Brokerage, S.L.	2,389,761	2,440,761
	AUD	AUD
MB Prestige Holdings PTY Limited	555,010	838,959
	CAD	CAD
Stewart Specialty Risk Underwriting Limited	450,000	450,000
	USD	USD
Mark Edward Partners LLC	2,600,000	2,600,000
XPT Group LLC	2,000,000	–
	SGD	SGD
Criterion Underwriting Pte Limited	120,000	–

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.

Notes to the consolidated financial statements
continued

25. Related Party Disclosures continued

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:

	2020 £	2019 £
Agri Services Company PTY Limited	86,268	–
Asia Reinsurance Brokers Pte Limited	114,203	129,321
ATC Insurance Solutions PTY Limited	339,853	184,386
Criterion Underwriting Pte Limited	(7,899)	7,899
EC3 Brokers Group Limited	343,880	343,325
The Fiducia MGA Company Limited	185,701	163,075
LEBC Holdings Limited	1,272,119	1,463,787
Lilley Plummer Risks Limited	74,530	–
MB Prestige Holdings PTY Limited	186,019	178,010
Neutral Bay Investments Limited	116,640	124,302
Nexus Underwriting Management Limited	997,365	788,265
Paladin Holdings Limited	373,122	449,207
Stewart Specialty Risk Underwriting Limited	41,931	35,642
Summa Insurance Brokerage, S.L.	189,710	196,450
Walsingham Holdings Limited	24,000	17,293
Walsingham Motor Insurance Limited	144,234	137,727
XPT Group LLC	672,752	372,280

In addition, the Group made management charges of £34,300 (2019: £33,600) to the Marsh Christian Trust ("the Trust"), a grant making charitable Trust, of which Brian Marsh, the Executive Chairman and a significant shareholder of the Company, is also the Trustee and Settlor.

The Group also made management charges of £5,500 (2019: £1,300) to Brian Marsh Enterprises Limited. Brian Marsh, the Chairman and a significant shareholder of the Company is also the Chairman and majority shareholder of Brian Marsh Enterprises Limited.

On 12 June 2019 Brian Marsh gifted 350,000 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 982,000 at that time. As at 31 January 2020 and at the date of this report, the Trust's holding in the Company remained at 982,000 shares.

On 29 July 2019 the Group entered into a £3,000,000 loan facility provided by Brian Marsh Enterprises Limited, a company in which the Chairman, Brian Marsh, is a director and sole shareholder. The loan facility provides the Group with further liquidity at an interest rate of the higher of 4% or the UK 1-month LIBOR plus 3.25% (capped at 10%) and is available to be drawn down until 29 July 2021.

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

Of the total dividend payments made during the year of £1,712,185, £757,055 was paid to the directors or parties related to them (2019: total dividend payments of £1,714,418, of which £828,318 was paid to the directors or parties related to them).

26. Events after the Reporting Date

On 12 February 2020 the Group drew down £300,000 of its £3,000,000 loan facility with Brian Marsh Enterprises Limited ("BME") to assist with its working capital requirements in advance of anticipated further investment into the existing investee company portfolio. This draw down represented the first advance from the loan facility since its agreement in July 2019. On 1 May 2020, following the repayment of an investee company loan (noted below), the Group repaid the £300,000 outstanding to BME. As at 31 January 2020 the Group was debt free and, following the aforementioned drawdown and repayment, the Group remains debt free at the date of this report.

On 5 March 2020 the Group acquired 50,000 ordinary shares (5.5% equity stake) in Paladin Holdings Limited ("Paladin") from a minority shareholder and exiting employee for consideration of £260,000. 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 from the Group at a fixed price of £5.226 per share (£261,300). This acquisition increased the Group's equity holding in Paladin from 38.2% as at 31 January 2020 to 43.7% at the time of investment and as at the date of this report.

On 17 April 2020 the Group provided The Fiducia MGA Company Limited ("Fiducia") with a further loan facility of £75,000 which was drawn down immediately. This facility was made available to assist with Fiducia's general working capital requirements and is in addition to an existing £2,470,000 loan facility provided in earlier years. As at 31 January 2020 £2,470,000 of loans were outstanding and following the aforementioned drawdown total loans stand at £2,545,000 at the date of this report.

On 27 April 2020 the Group provided LEBC Holdings Limited ("LEBC") with a further loan facility of £1,000,000, of which £500,000 was drawn down on 1 May 2020. This facility was made available to assist with LEBC's general working capital requirements and is in addition to an existing £1,000,000 loan facility provided to LEBC in February 2019 which was fully drawn down at that time. As at 31 January 2020 £1,000,000 of loans were outstanding and following the aforementioned drawdown total loans stand at £1,500,000, with a remaining undrawn facility of £500,000 at the date of this report.

In addition, on 27 April 2020 an agreement was made between the Group and LEBC to restructure LEBC's Articles of Association which would provide the Group with a £25,000,000 preferred capital return on its equity shareholding in the event of any sale.

On 30 April 2020 Nexus Underwriting Management Limited ("Nexus") repaid its £2,000,000 revolving credit facility outstanding to the Group which was originally provided to Nexus in April 2019. This £2,000,000 facility can be reborrowed up until the final repayment date of 31 December 2020. As at 31 January 2020 total loans outstanding were £6,000,000 and following the aforementioned repayment reduced to £4,000,000, with a remaining undrawn facility of £2,000,000 at the date of this report.

On 22 May 2020 the Group provided Paladin with a further loan facility of £500,000, of which £300,000 was drawn down immediately. This facility was made available to finance a new team hire. As at 31 January 2020 £4,596,500 of loans were outstanding and following the aforementioned drawdown total loans stand at £4,896,500, with a remaining undrawn facility of £200,000 at the date of this report.

Notes to the consolidated financial statements
continued

27. Financial Risk Management

A review of the Group's objectives, policies and processes for managing and monitoring risk is set out in the Financial Risk Management section of the Group Strategic Report on pages 48 to 51.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

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

The 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 various internal departments under specific guidelines.

The Group is a selective investor and each investment is subject to an individual risk assessment through an investment approval process. The Group's Investment Committee is part of the overall risk management framework. The risk management processes of the Company are aligned with those of the Group and both the Group and the Company share the same financial risks.

Price risk

The Group is exposed to private equity securities price risk as it invests in unquoted companies. The Group manages the risk by ensuring that a director of the Group 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. Monthly management reports are required to be prepared by investee companies for the review of the appointed director and for reporting to the Group Board.

A 10% change in the fair value of those investments would have the following direct impact on the Consolidated Statement of Comprehensive Income:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 Restated* £'000
Fair value of investments – equity portfolio	115,666	101,947	109,804	99,214
Impact of a 10% change in fair value on Consolidated Statement of Comprehensive Income	11,567	10,195	10,980	9,921

* Restated for IFRS 16 (refer to Note 29)

Credit risk

The Group is subject to credit risk on its unquoted investments, cash and deposits. The maximum exposure is the amount stated in the Consolidated Statement of Financial Position.

The credit quality of unquoted investments, which are held at fair value and include debt and equity elements, is based on the financial performance of the individual portfolio companies. The credit risk relating to these assets is based on their enterprise value and is reflected through fair value movements.

The Group is exposed to the risk of default on the loans it has made available to investee companies. The loans rank in preference to the equity shareholding and the majority are secured by a charge over the assets of the investment. The Group manages the risk by ensuring that there is a director of the Group 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. When a loan is assessed to be likely to be in default then the Group will review the probability of recoverability, and if necessary, make a provision for any amount considered irrecoverable.

The Group's cash is held with a variety of different counterparties with 100% (2019: 100%) held on demand with A rated institutions.

Liquidity risk

The Group invests in unquoted early stage companies. The timing of the realisation of these investments can be difficult to estimate. 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. A key objective is to ensure that the income from the portfolio covers operating expenses such that funds available for investment are not used for working capital. The Group regularly reviews the cash flow forecast to ensure that it has the ability to meet commitments as they fall due and to manage its working capital. The Board considers that the Group has sufficient liquidity to manage current commitments.

As at 31 January 2020 the Group was debt free (31 January 2019: debt free).

Interest rate risk

Interest rate risk arises from changes in the interest receivable on cash and deposits, on loans issued to investment companies and on certain preferred dividend mechanisms linked to an interest rate. In addition, the risk arises on any borrowings with a variable interest rate. At 31 January 2020, the Group had no interest bearing liabilities but had interest bearing assets. The majority of loans provided by the Group are subject to a minimum interest rate to protect the Group from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate or LIBOR.

An increase of 100 basis points, based upon the Group's closing balance sheet position of its interest bearing assets, excluding any future contractual loan repayments and loan balances provided against at the year end, over a 12-month period, would lead to an approximate increase in total comprehensive income of £152,000 for the Group (2019: £139,000 increase).

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.

At 31 January 2019, 73% of the Group's net assets were sterling denominated (2019: 79%). The Group's general policy remains not to hedge its foreign currency denominated investment portfolio.

The Group's net assets in Euro, US Dollar, Australian Dollar and all other currencies combined are shown in the table below. The sensitivity analysis has been undertaken based upon the sensitivity of the Group's net assets to movements in foreign currency exchange rates, assuming a 10% movement in exchange rates against sterling. The sensitivity of the Company to foreign exchange risk is not materially different from the Group.

Notes to the consolidated financial statements

continued

27. Financial Risk Management continued

	Sterling £'000	Euro £'000	Australian dollar £'000	US dollar £'000	Other £'000	Total £'000
As at 31 January 2020						
Net assets	99,734	8,132	12,919	12,463	3,622	136,870
Sensitivity analysis						
Assuming a 10% movement of exchange rates against sterling						
Impact on net assets	N/A	(640)	(1,174)	(1,065)	(329)	(3,208)
As at 31 January 2019 (restated*)						
Net assets	99,688	6,201	10,773	7,705	1,807	126,174
Sensitivity analysis						
Assuming a 10% movement of exchange rates against sterling						
Impact on net assets	N/A	(457)	(979)	(701)	(164)	(2,301)

* Restated for IFRS 16 (refer to Note 29)

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 Investment 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. Quantitative data regarding the concentration risk of the portfolio across geographies can be found in the Segmental Reporting analysis in Note 2.

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 the direct impact on the Group's investment portfolio is not expected to be material. It remains the Group's intention to continue to invest into the international financial services market. 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.

Covid-19 risk

The Group is exposed to the risks associated with the 2020 global coronavirus pandemic ("Covid-19"). Since the outbreak of the virus, the Board has been continually assessing the potential impact of Covid-19 on the Group and its underlying investments. The Group has taken all the steps that it can to ensure that the health and safety of its staff, their families and the Group's associates is prioritised, whilst also ensuring the continuity of the Group's day to day operations through remote working arrangements.

Refer to the Group Strategic Report on pages 47 and 48 for further details of the Directors' assessment of the Covid-19 impact.

28. Ultimate Controlling Party

The directors consider there to be no ultimate controlling party.

29. Prior Year Restatement

As detailed in Note 1 to the financial statements, IFRS 16: Leases ("IFRS 16") was adopted for the first time in this year.

The primary changes to the Group's Statement of Comprehensive Income within these consolidated financial statements are as follows:

a) The Group is no longer recognising rental costs associated with the operating lease on its office premises within its operating expenses. Instead, these rental costs are recognised as an effective repayment of the lease liability included within the Consolidated Statement of Financial Position.
b) The Group is now recognising an amortisation charge on the right-of-use asset which is included within its operating expenses in the Consolidated Statement of Comprehensive Income.
c) The Group is now recognising an interest charge calculated on the lease liability which is included under Financial Expenses within the Consolidated Statement of Comprehensive Income.

Refer to Note 21 'Leases' for further details relating to the Group's recognition of the right-of-use asset and the associated lease liability.

Notes to the consolidated financial statements
continued

29. Prior Year Restatement continued

The prior year adjustments necessary for the adoption of the new IFRS 16 for the Group are detailed below:

Group reconciliation of equity at 31 January 2018

	Consolidated Statement of Financial Position as previously reported £'000	Effect of transition to IFRS 16 £'000	Restated Consolidated Statement of Financial Position £'000
Assets			
Non-current assets			
Property, plant and equipment	167	–	167
Right-of-use asset	–	1,650	1,650
Investments – equity portfolio	79,122	–	79,122
Investments – treasury portfolio	2,756	–	2,756
Loans and receivables	14,421	–	14,421
Deferred tax asset	32	–	32
	96,498	**1,650**	**98,148**
Current assets			
Trade and other receivables	2,393	–	2,393
Cash and cash equivalents	2,648	–	2,648
	5,041	**–**	**5,041**
Liabilities			
Non-current liabilities			
Lease liabilities	–	(1,532)	(1,532)
	–	**(1,532)**	**(1,532)**
Current liabilities			
Trade and other payables	(1,472)	–	(1,472)
Lease liabilities	–	(152)	(152)
Corporation tax provision	(1,200)	–	(1,200)
	(2,672)	**(152)**	**(2,824)**
Net assets	**£98,867**	**£(34)**	**£98,833**
Capital and reserves – equity			
Called up share capital	2,923	–	2,923
Share premium account	9,398	–	9,398
Fair value reserve	32,022	–	32,022
Reverse acquisition reserve	393	–	393
Capital redemption reserve	6	–	6
Capital contribution reserve	7	–	7
Retained earnings	54,118	(34)	54,084
Shareholders' funds – equity	**98,867**	**(34)**	**98,833**

29. Prior Year Restatement continued

Group reconciliation of equity at 31 January 2019

	Consolidated Statement of Financial Position as previously reported £'000	Effect of transition to IFRS 16 £'000	Restated Consolidated Statement of Financial Position £'000
Assets			
Non-current assets			
Property, plant and equipment	158	–	158
Right-of-use asset	–	1,468	1,468
Investments – equity portfolio	101,947	–	101,947
Investments – treasury portfolio	14	–	14
Loans and receivables	14,509	–	14,509
	116,628	**1,468**	**118,096**
Current assets			
Trade and other receivables	2,867	–	2,867
Cash and cash equivalents	7,855	–	7,855
	10,722	**–**	**10,722**
Liabilities			
Non-current liabilities			
Lease liabilities	–	(1,372)	(1,372)
	–	**(1,372)**	**(1,372)**
Current liabilities			
Trade and other payables	(1,064)	–	(1,064)
Lease liabilities	–	(160)	(160)
Corporation tax provision	(48)	–	(48)
	(1,112)	**(160)**	**(1,272)**
Net assets	**126,238**	**(64)**	**126,174**
Capital and reserves – equity			
Called up share capital	3,748	–	3,748
Share premium account	29,358	–	29,358
Fair value reserve	46,128	–	46,128
Reverse acquisition reserve	393	–	393
Capital redemption reserve	6	–	6
Capital contribution reserve	21	–	21
Retained earnings	46,584	(64)	46,520
Shareholders' funds – equity	**126,238**	**(64)**	**126,174**

Group reconciliation of net profits for the year ended 31 January 2019

	£'000	£'000
Total Comprehensive Income as previously reported		**12,471**
Removal of operating lease costs relating to office premises	236	
Amortisation charge relating to right-of-use asset (Note 21)	(182)	
Interest charge relating to lease liability (Note 21)	(84)	
		(30)
Restated Total Comprehensive Income		**£12,441**

Notes to the consolidated financial statements
continued

29. Prior Year Restatement continued

Group reconciliation of movement in retained earnings reserve

	£'000
Adjustment to opening retained earnings as at 31 January 2018	(34)
Adjustment to retained earnings in respect of the year ended 31 January 2019	(30)
Total retained earnings reserve adjustment as at 31 January 2019	**(64)**

The primary changes to the Company's financial statements are as follows:

a) The Company's equity investment in its wholly-owned subsidiary B.P. Marsh & Company Limited ("BPMCL") has been revalued in accordance with the changes reflected in BPMCL resulting from the adoption of IFRS 16 within its single company financial statements, as this is the trading entity that holds the office lease.

b) The revaluation of the Company's equity investment in BPMCL for the prior year is therefore reflected as an adjustment to 'Investments – equity portfolio' within Non-Current Assets and as an adjustment through the Fair Value Reserve within the Company Statement of Financial Position.

c) Although no Statement of Comprehensive Income has been presented for the Company in these financial statements, the prior year Company profit has been restated in Note 1 to reflect the reduction to unrealised gains resulting from the impact of IFRS 16 on the valuation of the Company's equity investment in BPMCL.

The prior year adjustments necessary for the adoption of the new IFRS 16 for the Company are detailed below:

Company reconciliation of equity at 31 January 2018

	Company Statement of Financial Position as previously reported £'000	Effect of transition to IFRS 16 £'000	Restated Company Statement of Financial Position £'000
Assets			
Non-current assets			
Investments – equity portfolio	88,540	(34)	88,506
Investments – subsidiaries	10,320	–	10,320
Loans and receivables	–	–	–
	98,860	**(34)**	**98,826**
Current assets			
Cash and cash equivalents	8	–	8
Liabilities			
Current liabilities			
Trade and other payables	(1)	–	(1)
Corporation tax provision	–	–	–
	(1)	**–**	**(1)**
Net assets	**98,867**	**(34)**	**98,833**
Capital and reserves – equity			
Called up share capital	2,923	–	2,923
Share premium account	9,398	–	9,398
Fair value reserve	86,397	(34)	86,363
Capital redemption reserve	6	–	6
Retained earnings	143	–	143
Shareholders' funds – equity	**98,867**	**(34)**	**98,833**

Company reconciliation of equity at 31 January 2019

	Company Statement of Financial Position as previously reported £'000	Effect of transition to IFRS 16 £'000	Restated Company Statement of Financial Position £'000
Assets			
Non-current assets			
Investments – equity portfolio	99,278	(64)	99,214
Investments – subsidiaries	27,328	–	27,328
Loans and receivables	3,860	–	3,860
	130,466	**(64)**	**130,402**
Current assets			
Cash and cash equivalents	8	–	8
Liabilities			
Current liabilities			
Trade and other payables	(3)	–	(3)
Corporation tax provision	(48)	–	(48)
	(51)	**–**	**(51)**
Net assets	**130,423**	**(64)**	**130,359**
Capital and reserves – equity			
Called up share capital	3,748	–	3,748
Share premium account	29,358	–	29,358
Fair value reserve	97,135	(64)	97,071
Capital redemption reserve	6	–	6
Retained earnings	176	–	176
Shareholders' funds – equity	**130,423**	**(64)**	**130,359**

Company reconciliation of net profits for the year ended 31 January 2019

	£'000
Total Comprehensive Income as previously reported	**12,485**
Reduction to unrealised gains on investment revaluation	(30)
Restated Total Comprehensive Income	**12,455**

Company reconciliation of movement in fair value reserve

	£'000
Adjustment to opening fair value reserve as at 31 January 2018	(34)
Adjustment to fair value reserve in respect of the year ended 31 January 2019	(30)
Total fair value reserve adjustment as at 31 January 2019	**(64)**

Notes

Company Information

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

COMPANY SECRETARY
Sinead O'Haire

COMPANY NUMBER
05674962

REGISTERED OFFICE
4 Matthew Parker Street
London, SW1H 9NP

AUDITORS
Rawlinson & Hunter Audit LLP
8th Floor, 6 New Street Square
London, EC4A 3AQ

BROKER AND NOMINATED ADVISER
Panmure Gordon (UK) Limited
One New Change
London, EC4M 9AF

REGISTRAR
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