B. P. MARSH & PARTNERS PLC

2014 ANNUAL REPORT

COMPANY INFORMATION

Directors
Brian Marsh OBE *(Chairman)*
Jonathan Newman *(Group Director of Finance)*
Daniel Topping *(Director)*
Camilla Kenyon *(Director)*
Natasha Dunbar *(Director)*
Stephen Clarke *(Non-executive)*
Philip Mortlock *(Non-executive)*
Campbell Scoones *(Non-executive)*

Company Secretary
Sinead O'Haire

Company Number
05674962

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

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

Broker And Nominated Adviser
Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Registrar
Capita Asset Services
The Registry, 34 Beckenham Road
Beckenham, Kent BR3 4TU

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GROUP PROFILE

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

The Group typically invests up to £3 million in financial service investment opportunities based in the United Kingdom, but will also consider opportunities in Europe, North America, Australia and occasionally elsewhere. It likes to invest in people businesses with good management.

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

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

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

It is not the power of money that makes an investment a success; it is the power of the ideas behind it.

CHAIRMAN'S STATEMENT

B.P. Marsh & Partners PLC, the niche venture capital provider to early stage businesses, announces its audited Group final results for the year to 31st January 2014.

Highlights

- Sale of 80% of its holding in Hyperion Insurance Group Limited for £29.2m, whilst retaining a 2.79% stake
- Increase in the value of the remaining Portfolio of 14%
- Three new investments made during the period, one in the UK and two separate operations in Australia
- Consolidated profit after tax of £3.8m
- Interim Dividend of 1.25p per share paid; increased and Final Dividend of 2.75p per share declared, reflecting the Group's confidence in the current portfolio and capital position of the Company
- Net Asset Value increase to 202p per share

I am pleased to present the audited Consolidated Financial Statements of B.P. Marsh & Partners Plc for the year ended 31st January 2014.

It has been a busy year for us. During the year we concluded the sale of 80% of our stake in Hyperion Insurance Group Limited ("Hyperion") for £29.2m, retaining a 2.79% stake. The sale of the bulk of this investment, after a partnership of 20 years, has enabled the Group to enter a new phase in its development.

Having successfully navigated the bleak years of the financial downturn, we now find ourselves in the position of having adequate cash in hand to make new investments and reward our shareholders. To this end we have declared, for the first time, an increased dividend for the year, with the aspiration that we will continue to pay a final dividend of at least 2.75p per share in the coming two years.

In addition, in this the Group's 24th year of operation, I am pleased to report that there has again been a steady increase in our Net Asset Value during the year. The Group has achieved an annual compound Net Asset Value growth rate of 11.6% after running costs, realisations, losses and distributions and having made an appropriate allowance for deferred corporation tax since the Group's establishment in 1990 (excluding £10.1m raised on flotation).

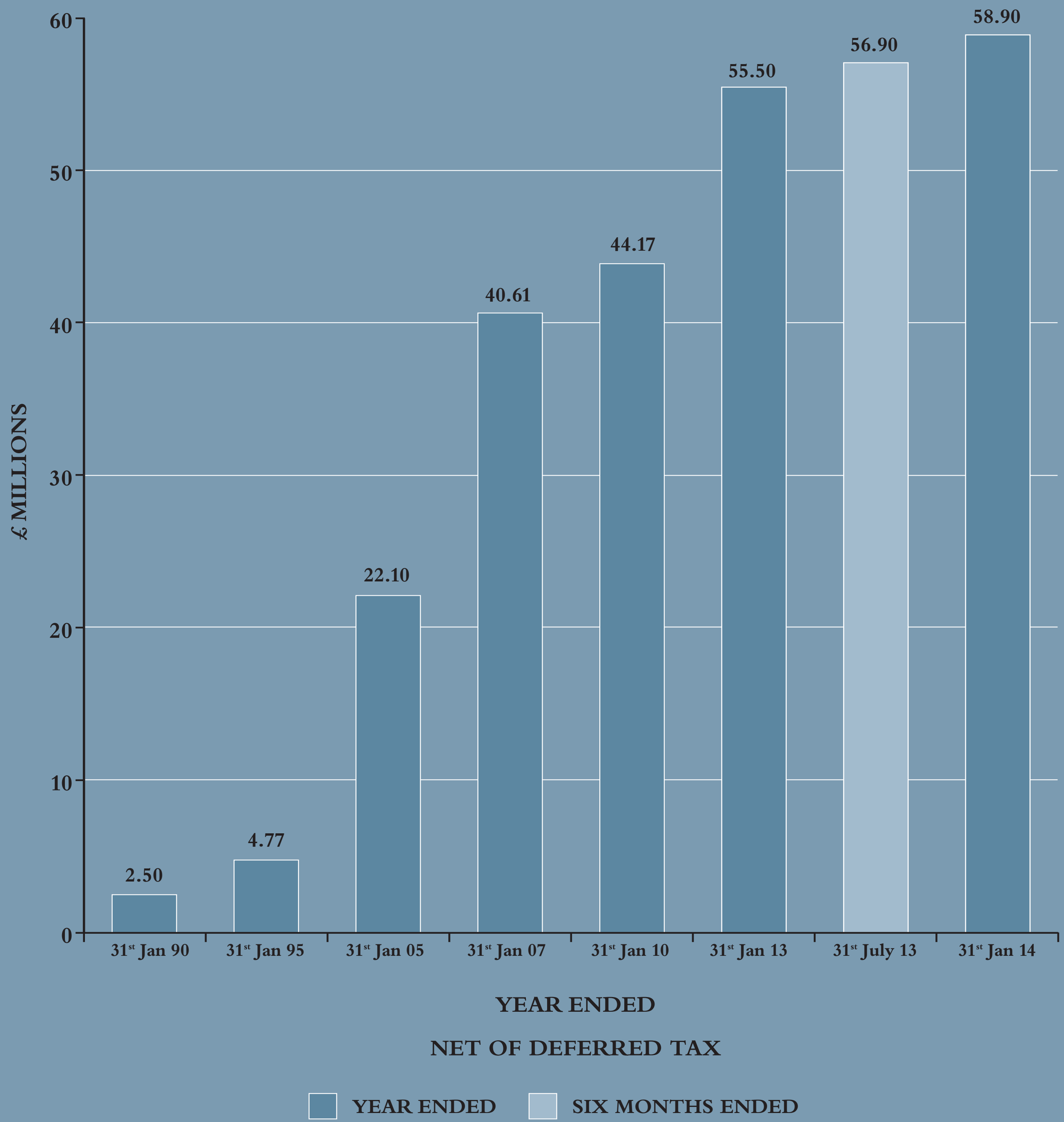
I am also pleased to report that during the year there has been an increase of 14% within our ongoing equity Portfolio of Investments and that we have achieved a consolidated profit after tax of £3.8m, post the sale of Hyperion. Our current higher than normal cash position has, however, reduced overall profitability on a year-on-year comparison while the business reinvests the Hyperion proceeds and returns funds to shareholders. As the Group deploys the capital the overall performance of the Portfolio's Net Asset Value will be expected to improve accordingly.

We have in the year made three new investments, totalling approximately £2.7m in equity financing and £2.0m of follow-on loan funding, all of which fall within our heartland of insurance intermediaries, in Walsingham Motor Insurance Limited in London, plus Sterling Insurance Pty Limited and MB Prestige Holdings Pty Limited, which are both separately based in Sydney, Australia.

Within our existing Portfolio, the Group made a further investment in LEBC Holdings Limited, acquiring an additional 12.02%. We also subscribed for our entitlement in the Randall & Quilter share placing in May 2013, increasing our holding from 667,978 to 948,831 shares, to retain its 1.33% stake.

Subsequent to the year-end we successfully realised our holding in the PDGI businesses, which will inject a further net £1m into our cash reserves after costs. It is an exciting time in the market, with a returning appetite for risk-taking and with good opportunities to invest in interesting businesses with capable management teams who are confident in their prospects.

GROUP VALUATIONS



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

Financial Performance

The Group sold 80% of its shareholding in Hyperion for £29.2m in cash, which delivered the majority of the £20.1m increase in retained earnings for the year. The sale enabled the Group to provide net £15.1m in new financing during the year, of which £4.5m (30%) was utilised to fund new investments.

The net asset value of the Group increased by 6.3% over the year to £58.9m, or 202p per share (2013: £55.5m or 190p per share). Consolidated profit after tax was £3.8m (2013: £6.2m) which was mainly as a result of revaluing the investment portfolio in line with current market conditions. The Group's strategy is to cover expenses from the portfolio yield, and on an underlying basis (excluding portfolio movement) this was achieved with a pre-tax profit of £0.2m for the year (2013: £0.06m).

In 2013 the Group's investment in Hyperion was valued at £35.5m which accounted for 67.3% of the Group's equity portfolio. Despite the realisation of 80% of this holding for cash at the 2013 carrying value, the equity portfolio overall increased at a greater rate than compared to 2013 with a 14% increase for the year (2013: increase of 13.3%). The sale was an excellent achievement for the Group, but converting such a significant holding into cash has led to a short-term impact on overall profitability on a year-on-year comparison as the Group deploys capital into new investment opportunities.

Income from investments increased by 8% from 2013 as the cash from the sale of Hyperion was reinvested into new and existing opportunities. Fees receivable reduced by £0.4m compared to 2013 but was offset by loan arrangement fees being levied on new loans granted such that overall total income from fees and loans receivables was £1.9m for the year, up 6% on 2013 (£1.8m).

Operating expenses, including costs of making new investments, were 1% lower during the year at £1.99m (2013: £2.01m).

The Group paid a 1.25p per share dividend during the year, 25% greater than the previous year (2013: 1p per share). Total shareholder return for the year was therefore 6.9%, excluding the 2.75p per share final dividend declared to be paid in July 2014. The Group has delivered an annual compound growth rate of 11.6% in net asset value after all costs, realisations, losses, distributions and deferred tax since 1990 (excluding the £10.1m raised on flotation).

Summary of Developments in the Portfolio

During the financial year ended 31st January 2014, the following developments took place within the Group and its portfolio.

Sterling Insurance Pty Limited ("Sterling")

The Group acquired an effective 19.7% stake in Sterling, through a joint venture enterprise alongside Besso Insurance Group Limited ("Besso") on 5th June 2013. Sterling is a specialist underwriting agency offering a range of insurance solutions within the Liability sector specialising in niche markets including hard-to-place and complex risks, with offices in Sydney, Perth and Brisbane. Besso has had a commercial relationship with Sterling since 2004.

Since its MBO from International Underwriting Services Pty Limited in 2008, Sterling has grown revenues from AUD 2.7m, to AUD 5.8m and operating profit of AUD 0.5m to a post-tax profit of AUD 1.2m as at its year-end position at 31st December 2012.

Neutral Bay Investments Limited ("Neutral Bay"), the joint venture entity (of which the Group owns 49.9%, the remaining majority stake owned by Besso) purchased a 39.47% shareholding in Sterling from Sterling's founder George Condell for AUD 6.2m, with George Condell retaining a reduced stake going forwards. Daniel Topping has been appointed to the boards of both Neutral Bay and Sterling, as the Group's nominee director.

The Group funded Besso's proportion of this investment by way of a secured £2m loan facility, repayable over the next four years. This investment is in line with Besso's ambitions to expand internationally and acquire businesses which are complementary to Besso's growth strategy, and the Group is pleased that it is able to assist in making this possible by providing additional investment capital commitments.

Walsingham Motor Insurance Limited ("Walsingham")

The Group acquired a 30% stake in Walsingham, a new specialist UK Managing General Agency ("MGA") operating in niche motor insurance markets, for a consideration of £0.3m on 3rd December 2013.

The management team has a proven track record in starting and growing MGA businesses. The team also has considerable underwriting expertise, along with long-term experience of the motor insurance sector. Walsingham commenced trading in July 2013 having secured primary capacity from Calpe, a subsidiary of TransRe, a leading international reinsurer.

In addition to the equity investment, the Group has to date provided loan funding of £1.2m.

MB Prestige Holdings Pty Limited ("MB Group")

The Group acquired a 40% equity position in MB Group on 17th December 2013 for AUD 0.8m.

MB Group is an MGA headquartered in Sydney, Australia and is recognised as a market leader in respect of prestige motor vehicle insurance in Australia.

The Group partnered with MB Group's management team to buy out an existing shareholder, delivering a 60% shareholding to MB Group's management team and 40% to the Group. In addition to the equity investment, the Group provided loan funding of AUD 1.4m.

Hyperion Insurance Group Limited ("Hyperion") – sale of 80%

The transaction to sell 80% of the Group's holding in Hyperion to the global growth equity firm General Atlantic Hawthorn B.V. ("General Atlantic") completed on 8th July 2013 and cash consideration of £29.2m (equating to £5.20 per A Ordinary Share of Hyperion) was received.

The Company retained a 2.79% stake in Hyperion subject to a Call Option arrangement which will allow General Atlantic to purchase this stake at £5.20 per share. The Call Option will expire and fall away on 8th July 2016 or upon Hyperion undertaking an Initial Public Offering ("IPO"), whichever is the earlier. Under the Call Option the Group would receive a further £7.3m in cash and the Group is valuing this holding at this amount.

The Group agreed to provide to Hyperion a loan of £6.0m at an interest rate of Bank of England Base rate + 5%, minimum 7.5% for a minimum term of 12 months to refinance existing shareholder loans (including £2.9m that the Group had previously provided to Hyperion). As such £3.1m in cash from the sale of shares has been used to finance this loan. Unless repaid early, the loan will be repayable on an IPO or a change of control of Hyperion or on 3rd October 2017, whichever is the earlier.

Portfolio Developments

Besso Insurance Group Limited ("Besso")

Turkey

In May 2013 Besso bought a specialist aviation intermediary, HSB Sigorta ve Reasurans Brokerligi ("HSB"), to add to its platform in the Turkish market. Now known as Besso Sigorta ve Reasurans, the Company was established in 2007 and is already assisting Besso in developing its participation in the fast growing Turkish insurance market.

Australia

In June 2013, Besso, alongside the Group, invested in Neutral Bay Investments Limited, an investment vehicle established to acquire a 39.5% shareholding in Sterling, as mentioned above. For a number of years Besso has been the London Market broker for this operation and has helped in its development since Sterling's management buy-out, which was conducted in 2008.

LEBC Holdings Limited ("LEBC")

Additional Investment
On 31st January 2014 the Group acquired an additional 12.02% stake in LEBC from an exiting shareholder for a cash consideration of £1.0m. LEBC's Employee Benefit Trust also acquired a further 12.02% for a cash consideration of £1.0m, provided by the Group by means of a loan facility for the entire amount. The Group's stake in LEBC increased from 22.89% to 34.91%.

Year-End Results as at 30th September 2013
LEBC Group Limited, the trading subsidiary of LEBC, has recently announced its year-end results, as at 30th September 2013, namely an 8% increase in turnover, to £11.3m from £10.4m in 2012. The Edinburgh-headquartered firm, which has 14 branches throughout the UK, also reported a 28% increase in Operating Profit (c. £0.7m in 2013 compared to c. £0.5m in 2012) and has also had a positive start to the new financial year, with continued strong revenue and profit growth.

Sterling
On 8th August 2013, Steadfast Group Limited acquired a 39.5% shareholding in Sterling, for the consideration of AUD 6.2m. Steadfast is Australia's largest network of insurance brokers, with more than 430 offices across Australia and New Zealand, and annually generates around AUD 4.1 billion in insurance sales.

Summa Insurance Brokerage, S.L ("Summa")
Despite the ongoing economic difficulties in Spain, Summa continue to generate solid cash flows and repay debt. During the year the Group assisted in sourcing a new CFO to further improve the infrastructure for growth within this investment.

U.S. Risk (UK) Limited ("U.S. Risk")
U.S. Risk appointed Mike Lobb as CEO in August 2013. Previously Mr Lobb held the role of Managing Director at Howden Insurance Brokers (part of the broking subsidiary of Hyperion).

Events After The Reporting Date

PDGI Sale
The Group announced the sale, to its fellow shareholders, of its respective stakes in Portfolio Design Group International Limited, Morex Commercial Limited, Preferred Asset Management Limited and New Horizons Nominees Limited (together the "PDGI Businesses") for a combined total of £1.25m in cash on 1st May 2014.

This realisation reflects the Company's current valuation of the PDGI Businesses and the Board is confident that this opportunity was well-timed and in keeping with the Company's strategy, delivering an internal rate of return of 24.5% per annum, including all income received.

This divestment also delivered cash to the Group to enable it to pursue new opportunities, and allowed the PDGI Businesses to restructure their shareholder base and pursue new opportunities as they see fit.

Business Strategy
The Group typically invests amounts of up to £3m and only takes minority equity positions, normally acquiring between 15% and 45% of an investee company's total equity. Based on our current portfolio, the average investment has been held for approximately 8 years. The Group requires its investee companies to adopt certain minority shareholder protections and appoint a director to its board. The Group's successful track record is based on a number of factors that includes a robust investment process, management's considerable sector experience and a flexible approach to exit.

At year end, the Group had £14.8m in cash and treasury funds, of which £9.0m was available for new investment opportunities after commitments. Currently the Group has £8.7m available for new investment opportunities after such commitments.

DIVIDEND

The Group declared an interim dividend of 1.25p per share on 22nd July 2013, paid in August 2013.

A final dividend of 2.75p per share was declared on 24th March 2014 and, subject to Shareholder approval at the next AGM, will be paid in July 2014.

This shift towards a regular dividend stream is announced in recognition of the steady growth and consolidation of the Group's investment portfolio and demonstrates that the Group is an attractive capital and income investment. The Management team remains positive about the Company's ability to generate long term returns from the existing investment portfolio, alongside an interesting pipeline of new investment opportunities.

It is the Board's aspiration to maintain a final dividend of at least this level for the years ending 31st January 2015 and 31st January 2016, subject to ongoing review and approval by the Board and the Shareholders.

INVESTMENT OPPORTUNITIES

The Group's well-respected contacts within the insurance intermediary sector ensure access to a wide variety of new investment opportunities and for enabling discussions on these to be initiated at an early stage. At the current time, at a point in the cycle when valuations are high, the Group's sector knowledge and experience, coupled with its reputation within the market, enables it to uncover and move on opportunities judiciously.

The Group received 61 relevant new investment proposals during the year, of which we took 25% to the confidentiality stage, 16% warranted continued detailed investigation, 8% proceeded to Heads of Terms stage and 5% (3 new investments) were completed.

Of the proposals, 52% fell within the insurance sector, the area of the Group's specialism. The opportunities have ranged from start-ups to investments in established businesses and innovative approaches to applying Software as a Service within the sector.

The IFA sector meanwhile continues consolidation in a more measured manner than in the years directly leading up to the major changes in regulations affecting the IFA sector, with 10% of the proposals being from the IFA segment.

SUMMARY

In the Group's 25th year we have cash in hand to make new investments and reward shareholders. We have achieved annual compound growth of 11.6% and our Net Asset Value per share has increased to 202p. The Group looks forward to the year ahead with confidence and this is reflected in our aspiration to pay a dividend of at least 2.75p per share in the coming two years.

Brian Marsh OBE
2nd June 2014

As at 31st January 2014 the Group's equity interests were as follows:

Besso Insurance Group Limited
(www.besso.co.uk)
In February 1995 the Group assisted a specialist team departing from insurance broker Jardine Lloyd Thompson Group in establishing Besso Holdings Limited. The company specialises in insurance broking for the North American wholesale market and changed its name to Besso Insurance Group Limited in June 2011.
Date of investment: February 1995
Equity stake: 37.94%
31st January 2014 valuation: £7,190,000

The Broucour Group Limited
(www.amberglobe.co.uk)
(www.turnerbutler.co.uk)
In March 2008 the Group assisted in establishing Amberglobe, a business sales platform that provides valuation and negotiation services for the sale of SME businesses in the sub £3m sector. In July 2012 Broucour was formed as a new holding company for Amberglobe, and the Group financed the acquisition of Turner Butler.
Date of investment: March 2008
Equity stake: 49.0%
31st January 2014 valuation: £349,000

Hyperion Insurance Group Limited
(www.hyperiongrp.com)
The Group first invested in Hyperion in 1994. Hyperion owns, amongst other things, an insurance broker specialising in directors' and officers' ("D&O") and professional indemnity ("PI") insurance. In 1998 Hyperion set up an insurance managing general agency specialising in developing D&O and PI business in Europe. The Group sold 80% of its holding to General Atlantic in July 2013, with the remaining holding being valued at the agreed option price.
Date of investment: November 1994
Equity stake: 2.79%
31st January 2014 valuation: £7,310,000

LEBC Holdings Limited
(www.lebc-group.com)
In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.
Date of investment: April 2007
Equity stake: 34.91%
31st January 2014 valuation: £5,682,000

MB Prestige Holdings Pty Limited
(www.mbinsurance.com.au)
In December 2013 the Group invested in MB Prestige Holdings Pty Limited, the parent Company of MB Insurance Group Pty Limited 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: 40.0%
31st January 2014 valuation: £819,000

Portfolio Design Group International Limited
(www.surrendalink.co.uk)
In March 1994 the Group invested in the Portfolio Design Group, a company which sells with-profits life endowment policies to large financial institutions. In 2002 the company diversified into investment management.
Date of investment: March 1994
Equity stake: 20.0%
31st January 2014 valuation: £1,238,000

Randall & Quilter Investment Holdings Limited
(www.rqih.com)
Randall & Quilter Investment Holdings is an AIM listed run-off management service provider and acquirer of solvent insurance companies in run-off. The Group invested in Randall & Quilter in January 2010, the result of a share exchange with the Group's shareholding in JMD Specialist Insurance Services Group Limited, which Randall & Quilter wholly acquired.
Date of investment: January 2010
Equity stake: 1.33%
31st January 2014 valuation: £1,708,000

Sterling Insurance Pty Limited
(www.sterlinginsurance.com.au)
In June 2013, in a joint venture enterprise alongside Besso, 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: 19.70%
31st January 2014 valuation: £2,266,000

Summa Insurance Brokerage, S.L.
(www.grupo-summa.com)
In January 2005 the Group provided finance to a Madrid-based Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain. Through acquisition Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining thereby increasing overall value.
Date of investment: January 2005
Equity stake: 48.63%
31st January 2014 valuation: £2,636,000

U.S. Risk (UK) Limited
(www.oxfordinsurancebrokers.co.uk)
(www.jhinternational.co.uk)
In July 2010 the Group completed its investment in U.S. Risk (UK), the parent company of Oxford Insurance Brokers Limited, a London-based Lloyd's insurance and reinsurance broker and James Hampden International Brokers Limited, a specialist international reinsurance and insurance broking company.
Date of investment: July 2010
Equity stake: 29.3%
31st January 2014 valuation: £2,212,000

Walsingham Motor Insurance Limited
(www.walsinghamunderwriting.com)
In December 2013 the Group invested in Walsingham Motor Insurance Limited, a new niche UK Motor Managing General Agency. Walsingham was established in August 2012 and commenced trading in July 2013 having secured primary capacity from Calpe.
Date of investment: December 2013
Equity stake: 30.0%
31st January 2014 valuation: £300,000

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

B.P. Marsh & Partners Plc

Directors' Report, Strategic Report & Consolidated Financial Statements

For The Year Ended 31st January 2014

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

DIRECTORS

Brian Marsh OBE
Chairman, aged 73 (R) (I) (V)
Brian started his career in insurance broking and underwriting in Lloyd's and the London and overseas market over 55 years ago and was, from 1979 to 1990, chairman of Nelson Hurst & Marsh (Holdings) Ltd, before founding the Group. Brian has over 30 years' experience in building, buying and selling financial services businesses particularly in the insurance sector. Brian is a majority shareholder in B.P. Marsh owning 58.4% of the Company.

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director, aged 39 (I) (V)
Jonathan is a Chartered Management Accountant with over 17 years' experience in the financial services industry. He joined the Group in November 1999 and was appointed a director of B.P. Marsh in September 2001 and Group Finance Director in December 2003. Jonathan is responsible for the Group's finance function, evaluates new investment opportunities and is also the Group's nominee director on the boards of three investee companies.

Daniel Topping MCSI, ACIS
Director, aged 30 (I)
Daniel is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate Member of the Institute of Chartered Secretaries and Administrators (ACIS), having graduated from the University of Durham. He joined B.P. Marsh in February 2007 having started his career at WiltonGroup. In 2011, having spent a period of time as Investment Assistant to the Chairman he was appointed as a director of B.P. Marsh and currently has five nominee appointments and evaluates new investment opportunities. Daniel owns 802 ordinary shares in B.P. Marsh.

Camilla Kenyon
Director, aged 41 (I)
Millie was appointed as Head of Investor Relations at B.P. Marsh in February 2009, having 4 years of prior experience with the Company. She is Head of the New Business Department and chairs the New Business Committee. Millie has a background in media and public relations, is a qualified journalist (National Council for the Training of Journalists) and holds a Certificate in Investor Relations. Millie currently has three nominee appointments.

Natasha Dunbar BBA
Director, aged 44 (R)
Natasha has over 19 years' experience in the financial services industry. Having joined the Company in 1994 she was made Managing Director in March 2002, subsequently becoming a non-executive director of the Company in 2008, a position she held for five years. Natasha was reappointed as a director in February 2013, resigning her position upon the Company's Remuneration Committee and subsequently becoming a member of the Company's Investment Committee. Natasha currently holds a non-executive appointment at one of the Group's investee companies. Trustees on behalf of Natasha own 4.9% of the Company.

Stephen Clarke FCA
Non-executive, aged 76 (R) (A)
A Chartered Accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 40 years' experience of the financial services sector. Stephen continues to give specialist advice to B.P. Marsh on the structuring of entry and exit deals.

Philip Mortlock MA, FCA
Non-executive, aged 76 (R) (A) (V)
A Chartered Accountant with over 40 years' insurance experience, Philip entered the Lloyd's insurance world in 1965 and, after some years with Fenchurch Group, joined Nelson Hurst & Marsh group as Finance Director and Company Secretary until 1990. He joined the Group in 1990 and has a great deal of experience of the special nature of broking and underwriting finances. Philip continues to give a broad range of advice to B.P. Marsh and served as the Group's nominee director on the board of Portfolio Design Group International Limited until the Group's disposal of this investment in May 2014 (please refer to Note 28 on page 55).

Campbell Scoones
Non-executive, aged 67 (R)
Campbell joined B.P. Marsh in April 2013 and has over 45 years' experience in the Lloyds and overseas insurance broking and underwriting markets. Having started his career in 1966, Campbell has worked for a number of Lloyd's insurance broking and underwriting firms during this time, including, inter alia, Nelson Hurst & Marsh, Citicorp Investment Limited, Marsh & McLennan Companies and Admiral/Encon Underwriting. Campbell owns 35,800 ordinary shares in B.P. Marsh.

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

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

Directors

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

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

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

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

Board Meetings

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

Committees of the Board

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

Audit Committee

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

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

Remuneration Committee

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

The Report of the Remuneration Committee to the shareholders on how directors are remunerated, together with details of individual directors' remuneration packages, is to be found on pages 15 to 16.

Investment Committee

The Investment Committee is comprised of all the executive directors of the Company and meets whenever significant investment matters arise which are not dealt with in the normal course of Board business.

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

Relations with shareholders

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

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

Internal controls and risk management

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

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

A statement of the directors' responsibilities in respect of the consolidated financial statements is set out on page 17.

By order of the Board

S.C. O'Haire
Company Secretary
2nd June 2014

The Remuneration Committee of the Board (the "Committee") during the year comprised three non-executive directors of the Company, Philip Mortlock, Stephen Clarke and Campbell Scoones (appointed 19th April 2013) as well as the Chairman, Brian Marsh. Natasha Dunbar served on the Committee until her appointment as an executive director on 13th February 2013 (see below). The Committee is responsible for setting the remuneration of the executive directors and other members of staff.

Remuneration Policy

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

The Committee's terms of reference provide that for as long as the Chairman of the Company is executive, he should attend as a member and be invited to express his views on remuneration levels, but should not be present when his own salary is decided or when decisions are taken on performance targets for incentive arrangements in which he participates.

The Board has delegated the review and setting of non-executive director remuneration to a sub-committee of the Board consisting of the Chairman and the Group Finance Director.

The Committee receives advice from external remuneration advisers where appropriate.

Directors' Service Agreements

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

DIRECTOR	DATE OF SERVICE AGREEMENT	TERM	NOTICE PERIOD
B.P. Marsh	30th January 2006	Continuous	6 months
J.S. Newman	30th January 2006	Continuous	6 months
D.J. Topping	1st March 2011	Continuous	6 months
C.S. Kenyon	1st March 2011	Continuous	6 months
J.K.N. Dunbar *	13th February 2013	Continuous	6 months

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

DIRECTOR	DATE OF OFFICE TENURE	INITIAL PERIOD	NOTICE PERIOD
P.J. Mortlock	30th January 2006	12 months	3 months
S.S. Clarke	30th January 2006	12 months	3 months
C.R. Scoones *	19th April 2013	12 months	3 months

* *J.K.N. Dunbar resigned as a non-executive director of the Company on 13th February 2013 and was appointed an executive director on the Board of the Company on the same date. On 19th April 2013 C.R. Scoones was appointed a non-executive director of the Company.*

Audited Information

Aggregate Directors' Remuneration

	2014 (£)	2013 (£)
Emoluments	790,532	882,386
Fees	33,573	43,403
Pension contributions	35,300	26,300

Aggregate Directors' Emoluments

	SALARIES AND FEES (£)	BENEFITS (£)	ANNUAL BONUSES (£)	LONG TERM INCENTIVE PAYMENTS (£)	2014 EMOLUMENTS EXCLUDING PENSION PENSION CONTRIBUTIONS (£)
B.P. Marsh	125,000	1,141	-	-	126,141
J.S. Newman	138,000	4,017	60,000	-	202,017
D.J. Topping	100,000	2,210	35,000	-	137,210
C.S. Kenyon	51,393	3,235	13,500	75,000	143,128
J.K.N. Dunbar	87,000	3,648	13,500	-	104,148
P.J. Mortlock	48,072	-	-	-	48,072
S.S. Clarke	35,500	-	-	-	35,500
C.R. Scoones	27,889	-	-	-	27,889

In addition to the above, Mr S.S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 18 on page 48 of these financial statements.

Directors' Pensions

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

	2014 (£)
B.P. Marsh	-
J.S. Newman	13,800
D.J. Topping	5,000
C.S. Kenyon	7,800
J.K.N. Dunbar	8,700

This report has been approved by the Remuneration Committee and the Board as a whole and has been signed on behalf of the Chairman of the Remuneration Committee, Philip Mortlock, on 2nd June 2014.

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

Directors

B.P. Marsh OBE (Chairman)
J.S. Newman ACMA, CGMA, MCSI
D.J. Topping MCSI, ACIS
C.S. Kenyon
J.K.N. Dunbar BBA (resigned as non-executive director and reappointed as an executive director on 13th February 2013)
S.S. Clarke FCA (non-executive)
P.J. Mortlock FCA (non-executive)
C.R. Scoones (non-executive) (appointed 19th April 2013)

The directors submit their report and the audited financial statements of the Company and the Group for the year ended 31st January 2014.

Statement Of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. 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 period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investments Market.

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.

Disclosure Of Information To The Auditors (continued)

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

Dividends

An interim dividend of £365,375 (1.25p per share) was paid on 23rd August 2013 in respect of the current year (2013: £292,861). The directors have recommended a final dividend of £803,825 (2.75p per share) which will be paid, subject to Shareholder approval, on 25th July 2014 to Shareholders registered at the close of business on 27th June 2014.

Substantial Interests

As at 26th May 2014 the directors have been made aware that the following shareholders held disclosable interests of 3% or more of the issued share capital of the Company:

BENEFICIAL OWNER	NO. OF ORDINARY SHARES OF 10P EACH HELD	% OF ISSUED SHARE CAPITAL
Mr B.P. Marsh	17,084,271	58.4%
James Sharp & Co	1,532,985	5.2%
The Tasha Dunbar Trust	1,424,774	4.9%
Henderson Global Investors	1,400,000	4.8%
ISPartners Investment Solutions	1,172,500	4.0%
Mr Ian C Springhall	963,614	3.3%
AXA Framlington Asset Management	932,720	3.2%

Directors

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

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

	31ST JANUARY 2014 ORDINARY SHARES OF 10P EACH	31ST JANUARY 2013 ORDINARY SHARES OF 10P EACH
Mr B.P. Marsh	17,304,771	17,304,771
The Tasha Dunbar Trust *	1,428,614	1,428,614
Mr C.R. Scoones **	35,800	-
Mr D.J. Topping	802	802

* *The Tasha Dunbar Trust holds shares in trust for J.K.N. Dunbar who is a director of the Company.*
** *C.R. Scoones held shares in the Company prior to being appointed as a director on 19th April 2013.*

Events After The Reporting Date

On 12th February 2014 Mr B.P. Marsh, the Chairman and majority shareholder of the Company, transferred 220,000 ordinary shares in the Company to the Marsh Christian Trust, a grant-making charitable trust of which Mr B.P. Marsh is also Trustee and Settlor, for nil consideration.

On 27th February 2014 the Group provided the remaining £200,000 of an agreed £1,200,000 loan facility to Walsingham Motor Insurance Limited to fund the continued expansion of the business.

On 17th April 2014, the Group provided Besso Insurance Group Limited ("Besso") with a short-term working capital loan of £315,000. The loan is repayable over 12 months, commencing 31st May 2014, with a final repayment date of 30th April 2015.

On 1st May 2014 the Group sold, to its fellow shareholders, its respective 20% stakes in Portfolio Design Group International Limited, Morex Commercial Limited, Preferred Asset Management Limited and New Horizons Nominees Limited (together the "PDGI businesses") for £1,250,000 in cash. As outlined in Note 18, Mr S.S. Clarke, a non-executive Director of the Company, is entitled to 20% of any gain on the sale of the PDGI businesses after the deduction of expenses. Consequently, on 2nd May 2014 the Group paid Mr S.S. Clarke £197,033 in respect of his entitlement due on the sale of the PDGI businesses as per the carried interest agreement between the Group and Mr S.S. Clarke.

On 12th May 2014 the Group provided £68,000 of an agreed £747,000 loan facility to Besso in order to fund the continued expansion of its business in Turkey. This draw down was in addition to the £265,000 already drawn down from the facility as at 31st January 2014 (see Note 24).

On 29th May 2014 the Group subscribed to its pro-rata proportion of a £1,200,000 Rights Issue in U.S. Risk (UK) Limited ("U.S. Risk"). Total consideration paid amounted to £351,000 for 351,000 newly issued B Ordinary shares (£1 per share) with the Group maintaining its 29.28% holding in U.S. Risk as at the date of this report. In addition, on the same date the Group agreed to provide an additional loan facility of £469,515 to U.S. Risk. As at 31st January 2014 U.S. Risk had drawn down £1,800,000 of its previously agreed £1,950,000 loan facility (Note 24). The £469,515 facility provided is in addition to the £1,800,000 already drawn down and brings the total agreed loan facility to £2,269,515. £204,909 of the additional facility was drawn down on completion, taking the total loan drawn down at the date of this report to £2,004,909, leaving a remaining undrawn facility of £264,606. No cash was provided to U.S. Risk in respect of the £204,909 loan drawn down as it was in settlement of existing trade receivables balances owing to the Group. Both the Rights Issue and increase to the loan facility were made for working capital purposes.

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.

Auditors

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

By order of the Board
S.C. O'Haire
Company Secretary
2nd June 2014

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

Business Review

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

On 1st March 2013 the Group acquired a further £50,000 of 14% loan stock in Besso Insurance Group Limited ("Besso"). As at 31st January 2014 the total 14% loan stock held by the Group was £2,750,000.

On 2nd April 2013 the Group provided £1,200,000 of an agreed £1,950,000 loan facility to U.S. Risk (UK) Limited ("U.S. Risk") to fund the continued expansion of the business. On 10th December 2013 a further £600,000 was drawn down in order for U.S. Risk to finance further acquisitions. As at 31st January 2014 the total loan drawn down amounted to £1,800,000, with a remaining undrawn facility of £150,000.

On 1st May 2013, the Group entered into an agreement to provide Besso with a loan facility of £747,000, of which it drew down on £265,000 on 29th May 2013, to enable it to finance its acquisition of HSB Sigorta ve Reasurans Brokerligi Ltd ("HSB"), an Istanbul-based Insurance and Reinsurance broker.

On 13th May 2013 the Group subscribed to its pro-rata proportion of a £25m placing of new shares by Randall & Quilter Investment Holdings Limited ("R&Q") (formerly known as Randall & Quilter Investment Holdings plc, prior to its re-domicile to Bermuda in July 2013) increasing its shareholding from 667,978 to 948,830 shares, but maintaining its overall percentage holding in R&Q. Total consideration paid for the shares amounted to £337,022 (£1.20 per share). As at 31st January 2014 the Group's overall holding in R&Q was 1.33%.

On 5th June 2013 the Group acquired an effective 19.7% stake in Sterling Insurance Pty Ltd ("Sterling"), a specialist underwriting agency based in Australia. This investment was conducted through Neutral Bay Investments Limited ("Neutral Bay"), alongside Besso. Neutral Bay purchased a 39.47% shareholding in Sterling from its founder George Condell for AUD 6,159,571 (£3,898,619). As at 31st January 2014 the Group owned 49.9% of Neutral Bay with the remaining 50.1% majority stake owned by Besso. Total consideration payable for the Group's 49.9% investment in Neutral Bay was £1,945,411 and comprised of 99,800 Ordinary £1 shares and 1,845,611 Redeemable Preferred £1 shares. As at 31st January 2014 the Group had made no future capital commitment in respect of Neutral Bay.

As per its ongoing pledge to support Besso in its expansion plans, the Group funded Besso's proportion of the investment in Sterling by way of a secured £2,000,000 loan facility repayable over 4 years. £1,953,208 of this facility was drawn down on 6th June 2013, with the remaining £46,792 drawn down on 11th June 2013. Together with £2,750,000 of 14% loan stock and other loans of £1,132,575 total loans drawn down by Besso as at 31st January 2014 amounted to £5,882,575, with a remaining undrawn facility of £482,000.

The Group utilised its Directors' Loan Facility (see Note 17) and drew down the full amount of £4,325,000 over several tranches in the period March to May 2013 in order to provide funding for the loans and investments listed above. Following the partial sale of its investment in Hyperion Insurance Group Limited ("Hyperion") in July 2013 (noted below) the Group repaid the Directors' Loan Facility in full, at which time the facility expired.

On 8th July 2013 the Group completed the sale of 5,623,520 shares (80% of its total holding of 7,029,400 shares) in Hyperion to the global growth equity firm General Atlantic for a cash consideration of £29,242,304 (£5.20 per A Ordinary share). The Group's remaining 1,405,880 A Ordinary shares in Hyperion (2.79% as at 31st January 2014) is subject to a Call Option arrangement which will allow General Atlantic to purchase these remaining shares at £5.20 per share. The Call Option will expire and fall away on 8th July 2016 or upon Hyperion undertaking an Initial Public Offering ("IPO"), whichever is the earlier. Under the Call Option the Group could receive a further £7,310,576 in cash if exercised. The Share Purchase Agreement includes an anti-embarrassment provision which provides that if Hyperion undertakes an IPO by 8th July 2014, at a price at or in excess of £6.25 per A Ordinary share, there will be an additional amount payable to the Group, up to a maximum of £0.30 per A Ordinary share. This provision could result in a maximum additional amount of £2,108,820 in consideration becoming payable to the Group; however Hyperion's value would need to have increased to £6.60 per A Ordinary Share, or above, in the 12 months following completion and the right market conditions would need to be in place for a successful IPO, for this maximum additional consideration to become payable. As at the date of this report the Directors consider this additional consideration to be unlikely.

Business Review (continued)

As part of the above agreement the Group also provided a loan of £6,037,361 to Hyperion at an interest rate of Bank of England Base rate plus 5% (minimum 7.5%) for a minimum term of 12 months to refinance existing shareholder loans (including £2,754,392 that the Group had previously provided to Hyperion). The loan will be repayable on either an IPO or a change of control of Hyperion or by 3rd October 2017, whichever is the earlier, but following the first anniversary of this facility Hyperion will be able to pre-pay the loan prior to these events on the giving of one month's notice.

On 25th October 2013 the Group acquired 1.25% (1.46% economic rights) in Besso from Brian Marsh Enterprises Limited for total consideration of £209,485. The purchase price was in line with the Group's valuation of Besso's shares as at 31st January 2013 and increased the Group's holding in Besso from 36.71% as at 31st January 2013 to 37.96% as at 31st January 2014 (economic holding increased from 36.48% to 37.94%).

On 2nd December 2013 the Group acquired a 30% stake in Walsingham Motor Insurance Limited ("Walsingham"), a new specialist UK Motor Managing General Agency ("MGA") operating in niche markets, for a consideration of £300,000. In addition to the equity investment the Group provided Walsingham with £1,000,000 of loan funding on completion and, subject to certain conditions, additional loan funding of £200,000.

On 17th December 2013 the Group acquired a 40% stake in MB Prestige Holdings Pty Limited ("MB Group"), an MGA headquartered in Sydney, Australia, for AUD 873,066 (£479,707). MB Group is recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia. In addition to the equity investment, the Group provided MB Group with loan funding of AUD 1,417,334 (£752,460).

On 24th January 2014 the Group provided an additional €500,000 (£418,927) of loan funding, in cash, to Summa Insurance Brokerage, S.L. ("Summa"). This additional funding was provided as part of an overall refinancing package to incorporate Summa's existing loan balances of €1,971,879 and outstanding fees and interest of €479,361 owing to the Group into one consolidated loan balance of €2,951,240 (£2,421,630 as at 31st January 2014). The new consolidated loan is repayable over the next 10 years with a final repayment date of 31st January 2024.

On 31st January 2014 the Group acquired a further 12.02% equity stake in LEBC Holdings Limited ("LEBC") from an exiting former employee shareholder for consideration of £1,000,000. Following the acquisition the Group's total holding in LEBC increased from 22.89% to 34.91%. In addition to the equity investment the Group also provided LEBC's Employee Benefit Trust with £1,005,000 of funding via a secured short term loan facility (repayable within 12 months) in order to allow the management team to increase their shareholding in LEBC.

Financial Performance

At 31st January 2014, the net asset value of the Group was £58.9m, or 202p per share (2013: £55.5m, or 190p per share) including a provision for deferred tax. This equates to an increase in net asset value of 6.3%, or an increase of 6.9% excluding the dividend payment (2013: increase of 10.6%, 11.2% excluding the dividend payment). The increase in net asset value was mainly as a result of revaluing the portfolio in line with current market conditions, and the underlying business (excluding portfolio movement) showed a pre-tax profit of £0.2m (2013: £0.06m).

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

31st January 2013 Valuation	Acquisitions at Cost	Disposal Proceeds	Impairment Provisions	Adjusted 31st January 2013 Valuation	31st January 2014 Valuation
£52.7m	£4.3m	£(29.2)m	£nil	£27.8m	£31.7m

In 2013, the Group's investment in Hyperion was valued at £35.5m, which accounted for 67.3% of the Group's equity portfolio. Despite the realisation of 80% of this holding for cash at the 2013 carrying value, the equity portfolio overall increased at a greater rate than compared to 2013 with a 14% increase for the year (2013: increase of 13.3%).

BUSINESS REVIEW (CONTINUED)

Financial Performance (continued)

The net asset value of £58.9m at 31st January 2014 represented a total increase in net asset value of £46.3m since the Group was originally formed in 1990 having adjusted for the £10.1m net proceeds raised on AIM and the original capital investment of £2.5m. The directors note that the Group has delivered an annual compound growth rate of 11.6% in Group net asset value after running costs, realisations, losses, distributions and deferred tax since 1990.

The consolidated profit on ordinary activities after taxation was £3.8m (2013: profit of £5.7m). The consolidated profit on ordinary activities before taxation was £4.1m (2013: profit of £6.2m). This profit includes unrealised gains of £3.7m on investment revaluations (2013: unrealised gains of £6.1m). As set out above, the lower profit compared to 2013 is as a result of the partial disposal of Hyperion which represented a significant proportion of the unrealised gains in 2013.

Income from investments increased by 8% from 2013 as the cash from the sale of Hyperion was reinvested into new and existing opportunities. Fees receivable reduced by £0.4m compared to 2013 but was offset by loan arrangement fees being levied on new loans granted such that overall total income from fees and loans receivables was £1.9m for the year, up 6% on 2013 (£1.8m).

Operating expenses, including costs of making new investments, were 1% lower during the year at £1.99m (2013: £2.01m). The Group continued its strategy of covering operational expenses through portfolio yield without the requirement for significant realisations.

Retained earnings increased by £20.1m, principally as a result of the sale of Hyperion (Note 14).

Future Prospects

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

Financial Data and Key Performance Indicators

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

	YEAR TO/AS AT 31ST JANUARY 2014	YEAR TO/AS AT 31ST JANUARY 2013
Net asset value	£ 58.9m	£ 55.5m
Net asset value per share	202p	190p
Equity portfolio increase	14.0%	13.3%
Equity portfolio return	£ 6.1m	£ 8.2m
Equity portfolio return excluding Hyperion	£ 4.7m	£ 1.5m
Dividend per share	1.25p	1.00p
Total shareholder return (including dividends)	£ 3.8m	£ 5.6m
Total shareholder return on opening shareholders' funds	6.9%	11.2%
Annual operating cash profit/(loss)	£ 0.7m	£ 0.01m
Cash investment for the year – Equity	£ 4.3m	£ 0.8m
Cash investment for the year – Loans	£ 13.8m	£ 1.7m
Realisations (net of costs)	£ 29.0m	£ 4.9m
Profit on realisations	£ 20.6m	£ 3.9m
Loans repaid by investee companies in the year	£ 3.0m	£ 0.4m

Financial Risk Management

The Group's operations expose it to a variety of financial risks. The Group manages the risk to limit the adverse effects on the financial performance of the Group by monitoring those risks and acting accordingly. As at 31st January 2014 the Group was debt free (31st January 2013: debt free). During the year, the Group drew down its £4.325m Directors' Loan Facility in full in order to provide funding to existing and new investments. However in July 2013, following the receipt of funds from the partial disposal of an investment (Note 14), the Group repaid the £4.325m Directors' Loan Facility outstanding in full (Notes 17 and 27), at which time the facility expired.

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

Price risk

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

Credit risk

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

Liquidity risk

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

Interest rate cash flow risk

At 31st January 2014, the Group had no interest bearing liabilities but had interest bearing assets. Interest bearing assets are loans made available to investee companies to aid their expansion, and are normally subject to a minimum interest rate to protect the Group from a period of low interest rates.

Currency risk

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

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 28 (2013: 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 following a review of the Group's budget for 2015 and 2016, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue its operation for the foreseeable future.

By order of the Board
S.C. O'Haire
Company Secretary
2nd June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF B.P. MARSH & PARTNERS PLC

We have audited the Group and Company financial statements of B.P. Marsh & Partners Plc for the year ended 31st January 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and 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 EU and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31st January 2014 and of the Group's profit for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Report of the Remuneration Committee to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Group Report of the Directors and the Group Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements and the part of the Report of the Remuneration Committee 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.

Christopher Bliss (Senior Statutory Auditor)
For and on behalf of

RAWLINSON & HUNTER
Statutory Auditor
Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

2nd June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST JANUARY 2014

	NOTES	2014		2013	
		(£'000)	(£'000)	(£'000)	(£'000)
Gains on investments	1				
Realised gains on disposal of equity investments (net of costs)	1,14	12		5	
Unrealised gains on equity investment revaluation	12	3,744		6,130	
Carried interest movement	2,18	97		5	
			3,853		6,140
Income					
Dividends	1,27	368		301	
Income from loans and receivables	1,27	1,402		929	
Fees receivable	1,27	486		855	
			2,256		2,085
Operating Income	2		**6,109**		**8,225**
Operating expenses	2		(1,987)		(2,007)
Operating Profit			**4,122**		**6,218**
Financial income	2,4	138		5	
Financial expenses	2,3	(78)		(65)	
Exchange movements	2,8	(108)		37	
			(48)		(23)
Profit on ordinary activities before taxation	8		**4,074**		**6,195**
Taxation	9		(241)		(518)
Profit on ordinary activities after taxation attributable to equity holders	22		**3,833**		**5,677**
Earnings per share – basic and diluted (pence)	10		13.1p		19.4p

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

The notes on pages 30 to 55 form part of these financial statements.

CONSOLIDATED & COMPANY STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST JANUARY 2014

(Company Number: 05674962)

	NOTES	GROUP 2014 (£'000)	GROUP 2013 (£'000)	COMPANY 2014 (£'000)	COMPANY 2013 (£'000)
Assets					
Non-current assets					
Property, plant and equipment	*11*	18	7	-	-
Investments – equity portfolio	*12*	31,710	52,711	48,767	45,299
Investments – treasury portfolio	*13*	9,289	-	-	-
Loans and receivables	*15*	17,248	8,587	10,155	10,155
		58,265	**61,305**	**58,922**	**55,454**
Current assets					
Trade and other receivables	*16*	2,685	1,174	-	-
Cash and cash equivalents		5,502	1,787	1	1
Total current assets		**8,187**	**2,961**	**1**	**1**
Total Assets		**66,452**	**64,266**	**58,923**	**55,455**
Liabilities					
Non-current liabilities					
Loans and other payables	*17*	-	(100)	-	-
Carried interest provision	*18*	(197)	(294)	-	-
Deferred tax liabilities	*19*	(2,736)	(7,933)	-	-
Total non-current liabilities		**(2,933)**	**(8,327)**	**-**	**-**
Current liabilities					
Trade and other payables	*20*	(558)	(484)	-	-
Corporation tax provision	*20*	(4,038)	-	-	-
Total current liabilities	*20*	**(4,596)**	**(484)**	**-**	**-**
Total liabilities		**(7,529)**	**(8,811)**	**-**	**-**
Net Assets		**58,923**	**55,455**	**58,923**	**55,455**
Capital and reserves - equity					
Called up share capital	*21*	2,923	2,923	2,923	2,923
Share premium account	*22*	9,370	9,370	9,370	9,370
Fair value reserve	*22*	9,743	26,348	46,623	43,155
Reverse acquisition reserve	*22*	393	393	-	-
Capital redemption reserve	*22*	6	6	6	6
Retained earnings	*22*	36,488	16,415	1	1
Shareholders' funds - equity	*22*	**58,923**	**55,455**	**58,923**	**55,455**

The Financial Statements were approved by the Board of Directors and authorised for issue on 2nd June 2014 and signed on its behalf by:

B.P. Marsh & J.S. Newman

The notes on pages 30 to 55 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2014

	NOTES	2014 (£'000)	2013 (£'000)
Cash from operating activities			
Income from loans to investees		1,402	929
Dividends		368	301
Fees received from investment activity		486	855
Operating expenses		(1,987)	(2,007)
Decrease / (increase) in receivables		456	(361)
(Decrease) / increase in payables		(26)	287
Depreciation	11	6	8
Net cash from operating activities		**705**	**12**
Net cash from investing activities			
Purchase of property, plant and equipment	11	(17)	(1)
Purchase of equity investments	12	(4,272)	(822)
Purchase of treasury investments	13	(12,000)	-
Net proceeds from sale of equity investments	12	29,029	4,870
Corporation tax paid on equity investment disposal	20	(1,400)	-
Net proceeds from sale of treasury investments	13	2,777	-
Net cash from investing activities		**14,117**	**4,047**
Net cash used by financing activities			
(Repayment) / advances of borrowings	17	-	(1,250)
Net advances of loans to investee companies		(10,736)	(1,276)
Financial income [1]	4	60	5
Financial expenses [2]	3	(66)	(65)
Dividends paid	7	(365)	(293)
Payments made to repurchase Company shares	22	-	(50)
Net cash used by financing activities		**(11,107)**	**(2,929)**
Change in cash and cash equivalents		3,715	1,130
Cash and cash equivalents at beginning of the period		1,787	666
Exchange movement [3]		-	(9)
Cash and cash equivalents at end of period		**5,502**	**1,787**

[1] *The financial income as noted in the Consolidated Statement of Comprehensive Income is £138k (2013: £5k). The financial income in the Consolidated Statement of Cash Flows excludes realised and unrealised income of £78k (2013: £nil) arising from the Group's treasury investments as this is a non-cash movement.*

[2] *The financial expenses as noted in the Consolidated Statement of Comprehensive Income are £78k (2013: £65k). The financial expenses in the Consolidated Statement of Cash Flows excludes treasury management costs of £12k (2013: £nil) as this is a non-cash movement.*

[3] *The exchange movement as noted in the Consolidated Statement of Comprehensive Income is a loss of £(108)k (2013: gain of £37k). The exchange movement in the Consolidated Statement of Cash Flows excludes an exchange loss of £(108)k (2013: gain of £46k) relating to the revaluation of loans denominated in Euros and Australian Dollars as this is a non-cash movement.*

The notes on pages 30 to 55 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2014

No Company Statement of Cash Flows has been prepared as there has been no cash flow movement in the Company during the current and previous period, other than dividends received from B.P. Marsh & Company Limited ("BPMCL"), a subsidiary company, which were settled via an intercompany adjustment. The ordinary dividend payment to the Company's members during the year was physically made by BPMCL and reflected in the Company through an intercompany adjustment. Accordingly the Company's "cash and cash equivalents" balance as at 31st January 2014 is £1k (2013: £1k).

CONSOLIDATED & COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST JANUARY 2014

	GROUP		COMPANY	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Opening total equity	55,455	50,121	55,455	50,121
Total recognised income and expense for period	3,833	5,677	3,833	5,677
Dividends paid	(365)	(293)	(365)	(293)
Repurchase of Company shares	-	(50)	-	(50)
Total Equity	**58,923**	**55,455**	**58,923**	**55,455**

Refer to Note 22 for detailed analysis of the changes in the components of equity.

The notes on pages 30 to 55 form part of these financial statements.

1. Accounting Policies

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 have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities through profit and loss.

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

New standards effective during the year
None of the new standards, interpretations or amendments, which are effective for the first time in these consolidated financial statements, has had a material impact on these consolidated financial statements.

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

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

All business combinations are accounted for by using the acquisition accounting method. 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 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, 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.

1. Accounting Policies (continued)

Business combinations (continued)
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 £3,833,449, prior to a dividend distribution of £365,375 (2013: profit of £5,676,742 prior to a dividend distribution of £292,861).

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 ("IPEVCV") Committee. 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 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.

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.

1. Accounting Policies (continued)

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.

Carried interest provision
This represents the amount payable to a director in the event of a particular equity investment being sold and is calculated on the fair value of that investment at the end of each reporting period.

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

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

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

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

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

Taxation
The tax expense represents the sum of the tax currently payable and any deferred tax. The tax currently payable is based on the estimated taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the Consolidated Statement of Financial Position.

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

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

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

1. Accounting Policies (continued)

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

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

Pension costs
The Group operates a defined contribution scheme for some of its employees. The contributions payable to the scheme during the period are charged to the Consolidated Statement of Comprehensive Income.

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

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

Financial assets and liabilities
Financial instruments are recognised in the 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.

1. Accounting Policies (continued)

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.

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

	Effective for periods beginning on or after
IFRS 10, 11 & 12 and IAS 27 & 28 – Investment Entities (Amendments)	1st January 2014
IFRS 11 – Joint Arrangements	1st January 2014
IAS 32 – Amendment to Offsetting Financial Assets and Financial Liabilities	1st January 2014
IFRS 9 – Financial Instruments – Classification and Measurement	1st January 2015

The Group is currently assessing the impact of IFRS 10 "Investment Entities (Amendments)". All other standards and interpretations are not expected to have a material impact on the consolidated financial statements.

As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.

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.

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 & Channel Islands and Non-UK & Channel Islands.

If material to the Group overall (where the segment revenues, reported profit or loss or combined assets exceed the quantitative thresholds prescribed by IFRS 8 Operating Segments ("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 unrealised gains and losses on the Group's 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.

2. Segmental Reporting (continued)

	Geographic Segment 1: UK & Channel Islands		Geographic Segment 2: Non-UK & Channel Islands		Group	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Operating income / (loss)	**5,949**	**9,180**	**160**	**(955)**	**6,109**	**8,225**
Operating expenses	(1,679)	(1,558)	(308)	(449)	(1,987)	(2,007)
Segment operating profit / (loss)	**4,270**	**7,622**	**(148)**	**(1,404)**	**4,122**	**6,218**
Financial income	117	4	21	1	138	5
Financial expenses	(66)	(51)	(12)	(14)	(78)	(65)
Exchange movements	-	(9)	(108)	46	(108)	37
Profit / (loss) before tax	**4,321**	**7,566**	**(247)**	**(1,371)**	**4,074**	**6,195**
Income tax	(293)	(834)	52	316	(241)	(518)
Profit / (loss) for the year	**4,028**	**6,732**	**(195)**	**(1,055)**	**3,833**	**5,677**

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		% of total realised operating income		Reportable geographic segment	
	2014 (£'000)	2013 (£'000)	2014	2013	2014	2013
Besso Insurance Group Limited	876	724	39	35	1	1
Hyperion Insurance Group Limited	552	590	24	28	1	1
Summa Insurance Brokerage, S.L.	-	312	-	15	-	2
U.S. Risk (UK) Limited	292	210	13	10	1&2	1&2

2. Segmental Reporting (continued)

	Geographic Segment 1: UK & Channel Islands		Geographic Segment 2: Non-UK & Channel Islands		Group	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Non-current assets						
Property, plant and equipment	15	7	3	-	18	7
Investments – equity portfolio	25,989	49,225	5,721	3,486	31,710	52,711
Investments – treasury portfolio	9,289	-	-	-	9,289	-
Loans and receivables	14,074	6,899	3,174	1,688	17,248	8,587
	49,367	**56,131**	**8,898**	**5,174**	**58,265**	**61,305**
Current assets						
Trade and other receivables	2,460	970	225	204	2,685	1,174
Cash and cash equivalents	5,502	1,787	-	-	5,502	1,787
Deferred tax assets	-	-	40	327	40	327
	7,962	**2,757**	**265**	**531**	**8,227**	**3,288**
Total assets	**57,329**	**58,888**	**9,163**	**5,705**	**66,492**	**64,593**
Non-current liabilities						
Loans and other payables	-	(100)	-	-	-	(100)
Carried interest provision	(197)	(294)	-	-	(197)	(294)
Deferred tax liabilities	(2,776)	(8,260)	-	-	(2,776)	(8,260)
	(2,973)	**(8,654)**	**-**	**-**	**(2,973)**	**(8,654)**
Current liabilities						
Trade and other payables	(558)	(484)	-	-	(558)	(484)
Corporation tax provision	(4,038)	-	-	-	(4,038)	-
Total liabilities	**(7,569)**	**(9,138)**	**-**	**-**	**(7,569)**	**(9,138)**
Net assets	**49,760**	**49,750**	**9,163**	**5,705**	**58,923**	**55,455**
Additions to property, plant and equipment	14	1	3	-	17	1
Depreciation of property, plant and equipment	5	7	1	1	6	8
Impairment of investments and loans	-	-	-	-	-	-
Cash flow arising from:						
Operating activities	684	(29)	21	41	705	12
Investing activities	16,542	4,047	(2,425)	-	14,117	4,047
Financing activities	(9,513)	(2,899)	(1,594)	(30)	(11,107)	(2,929)
Change in cash and cash equivalents	**7,713**	**1,119**	**(3,998)**	**11**	**3,715**	**1,130**

3. Financial Expenses

	2014 (£'000)	2013 (£'000)
Other interest (Note 17)	66	65
Investment management costs (Note 13)	12	-
	78	**65**

4. Financial Income

	2014 (£'000)	2013 (£'000)
Bank interest	60	5
Income from treasury portfolio investments – dividend and similar income (Note 13)	14	-
Income from treasury portfolio investments – net unrealised gains on revaluation (Note 13)	64	-
	138	**5**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 16 (2013: 16). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2014 (£'000)	2013 (£'000)
Wages and salaries	1,125	1,219
Social security costs	141	153
Pension costs	58	43
	1,324	**1,415**

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2014 (£'000)	2013 (£'000)
Management services – remuneration	790	883
Fees	34	43
Pension contributions – remuneration	35	26
	859	**952**

In addition to the above, Mr S.S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 18.

6. Directors' Emoluments (continued)

	2014 (£'000)	2013 (£'000)
Highest paid director		
Emoluments	202	175
Long term incentive payments	-	250
Pension contribution	14	13
	216	**438**

The Company contributes into its defined contribution pension scheme 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 period, 4 directors (2013: 3) accrued benefits under the defined contribution pension scheme.

7. Dividends

	2014 (£'000)	2013 (£'000)
Ordinary dividends		
Interim dividend paid (2013: Final dividend paid):		
1.25 pence each on 29,230,000 Ordinary shares (2013: 1 pence each on 29,286,143 Ordinary shares)	365	293
	365	**293**

8. Profit On Ordinary Activities Before Taxation

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

	2014 (£'000)	2013 (£'000)
Depreciation of owned tangible fixed assets	6	8
Auditors remuneration:		
Audit fees for the Company	24	23
Other services:		
Audit of subsidiaries' accounts	10	9
Taxation	10	8
Other advisory	19	22
Exchange loss / (gain)	108	(37)
Operating lease rentals of land and buildings	84	84

9. Taxation

The charge for tax comprises:

	2014 (£'000)	2013 (£'000)
UK corporation tax charge for the year	-	-
Deferred tax charge for the year (Note 19)	241	518
	241	**518**
Factors affecting the charge for the year		
Profit on ordinary activities before tax	**4,074**	**6,195**
Tax at 23.17% on profit on ordinary activities (2013: 24.33%)	944	1,507
Effects of:		
Expenses not deductible for tax purposes	71	25
Non taxable net unrealised gains	(905)	(1,493)
Capital gains on disposal of investments	5,817	953
Tax payable on realised gains on disposal of investments	(5,438)	-
Other adjustments	(22)	-
Other effects:		
Management expenses utilised	(382)	(919)
Non-taxable income (dividends received)	(85)	(73)
Corporate tax charge for the year	-	-

There are no factors which may affect future tax charges except as set out in Note 19.

10. Earnings Per Share From Continuing Operations Attributable To The Equity Shareholders

	2014 (£'000)	2013 (£'000)
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity shareholders	3,833	5,677
Earnings per share – basic and diluted	**13.1p**	**19.4p**

	NUMBER	NUMBER
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	29,230,000	29,258,072
Number of dilutive shares under option	Nil	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	**29,230,000**	**29,258,072**

In the prior year the Company repurchased 56,143 ordinary shares at a price of 89 pence per ordinary share. These shares were immediately cancelled upon purchase, resulting in a reduction in the number of ordinary shares in issue from 29,286,143 to 29,230,000.

11. Property, Plant And Equipment

Group

	FURNITURE & EQUIPMENT (£'000)	LEASEHOLD FIXTURES & FITTINGS (£'000)	TOTAL (£'000)
Cost			
At 1st February 2012	67	51	118
Additions	1	-	1
Disposals	(10)	-	(10)
At 31st January 2013	**58**	**51**	**109**
At 1st February 2013	58	51	109
Additions	17	-	17
Disposals	(5)	-	(5)
At 31st January 2014	**70**	**51**	**121**
Depreciation			
At 1st February 2012	53	51	104
Eliminated on disposal	(10)	-	(10)
Charge for the year	8	-	8
At 31st January 2013	**51**	**51**	**102**
At 1st February 2013	51	51	102
Eliminated on disposal	(5)	-	(5)
Charge for the year	6	-	6
At 31st January 2014	**52**	**51**	**103**
Net book value			
At 31st January 2014	18	-	18
At 31st January 2013	7	-	7
At 31st January 2012	14	-	14

12. Non-Current Investments – Equity Portfolio

Group

	SHARES IN INVESTEE COMPANIES TOTAL (£'000)
At valuation	
At 1st February 2012	50,624
Additions	822
Disposals	(4,865)
Provisions	-
Unrealised gains in this period	6,130
At 31st January 2013	**52,711**
At 1st February 2013	52,711
Additions	4,272
Disposals	(29,017)
Provisions	-
Unrealised gains in this period	3,744
At 31st January 2014	**31,710**
At cost	
At 1st February 2012	18,264
Additions	822
Disposals	(1,117)
Provisions	-
At 31st January 2013	**17,969**
At 1st February 2013	17,969
Additions	4,272
Disposals	(3,788)
Provisions	-
At 31st January 2014	**18,453**

The principal additions relate to the following transactions in the year:

On 13th May 2013 the Group subscribed to its pro-rata proportion of a £25m placing of new shares by Randall & Quilter Investment Holdings Limited ("R&Q") (formerly known as Randall & Quilter Investment Holdings plc, prior to its re-domicile to Bermuda in July 2013) increasing its shareholding from 667,978 to 948,830 shares, but maintaining its overall percentage holding in R&Q. Total consideration paid for the shares amounted to £337,022 (£1.20 per share). As at 31st January 2014 the Group's overall holding in R&Q was 1.33%.

On 5th June 2013 the Group acquired an effective 19.7% stake in Sterling Insurance Pty Limited ("Sterling"), a specialist underwriting agency based in Australia. This investment was conducted through Neutral Bay Investments Limited ("Neutral Bay"), alongside Besso. Neutral Bay purchased a 39.47% shareholding in Sterling from its founder George Condell for AUD 6,159,571 (£3,898,619). As at 31st January 2014 the Group owned 49.9% of Neutral Bay with the remaining 50.1% majority stake owned by Besso. Total consideration payable for the Group's 49.9% investment in Neutral Bay was £1,945,411 and comprised of 99,800 Ordinary £1 shares and 1,845,611 Redeemable Preferred £1 shares. As at 31st January 2014 the Group had made no future capital commitment in respect of Neutral Bay.

12. Non-Current Investments – Equity Portfolio (continued)

Group (continued)

On 25th October 2013 the Group acquired 1.25% (1.46% economic rights) in Besso Insurance Group Limited ("Besso") from Brian Marsh Enterprises Limited for total consideration of £209,485. The purchase price was in line with the Group's valuation of Besso's shares as at 31st January 2013 and increased the Group's holding in Besso from 36.71% as at 31st January 2013 to 37.96% as at 31st January 2014 (economic holding increased from 36.48% to 37.94%).

On 3rd December 2013 the Group acquired a 30% equity stake in Walsingham Motor Insurance Limited ("Walsingham"), a new specialist UK Motor Managing General Agency ("MGA") operating in niche markets, for consideration of £300,000.

On 17th December 2013 the Group acquired a 40% equity stake in MB Prestige Holdings Pty Limited ("MB Group") for consideration of AUD 873,066 (£479,707). MB Group is a MGA headquartered in Sydney, Australia and is recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia.

On 31st January 2014 the Group acquired a further 12.02% equity stake in LEBC Holdings Limited ("LEBC") from an exiting former employee shareholder for consideration of £1,000,000. Following the acquisition the Group's total holding in LEBC increased from 22.89% to 34.91%.

The principal disposal in the year relates to the following transaction:

On 8th July 2013 the Group completed the sale of 5,623,520 shares (80% of its total holding of 7,029,400 shares) in Hyperion Insurance Group Limited ("Hyperion") to the global growth equity firm General Atlantic for a cash consideration of £29,242,304 (£5.20 per A Ordinary share), or a net cash consideration of £29,028,604 after the deduction of related disposal costs (Note 14). The Group's remaining 1,405,880 A Ordinary shares in Hyperion (2.79% as at 31st January 2014) is subject to a Call Option arrangement which will allow General Atlantic to purchase these remaining shares at £5.20 per share. The Call Option will expire and fall away on 8th July 2016 or upon Hyperion undertaking an Initial Public Offering ("IPO"), whichever is the earlier. Under the Call Option the Group could receive a further £7,310,576 in cash if exercised.

The Share Purchase Agreement includes an anti-embarrassment provision which provides that if Hyperion undertakes an IPO by 8th July 2014, at a price at or in excess of £6.25 per A Ordinary share, there will be an additional amount payable to the Group, up to a maximum of £0.30 per A Ordinary share. This provision could result in a maximum additional amount of £2,108,820 in consideration becoming payable to the Group; however Hyperion's value would need to have increased to £6.60 per A Ordinary Share, or above, within the following 12 months and the right market conditions would need to be in place for a successful IPO, for this maximum additional consideration to become payable. As at the date of this report the directors consider this additional consideration to be unlikely.

12. Non-Current Investments – Equity Portfolio (continued)

Group (continued)

The unquoted investee companies, which are registered in England except Summa Insurance Brokerage S.L. (Spain), Preferred Asset Management Limited (Jersey) and Close Horizons Limited (Isle of Man) 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
The Broucour Group Limited	49.00	30.04.13	(639,935)	149,794	Business transfer agents
Besso Insurance Group Limited	37.94	31.12.13	8,337,249	32,099	Insurance intermediary
Hyperion Insurance Group Limited	2.79	30.09.13	24,812,000	9,874,000	Insurance holding company
LEBC Holdings Limited	34.91	30.09.13	725,568	586,765	Independent financial advisor company
MB Prestige Holdings PTY Limited	40.00	31.12.13	877,661	292,355	Specialist Australian Motor Managing General Agency
Neutral Bay Investments Limited	49.90	-	-	-	Investment holding company
Portfolio Design Group International Limited	20.00	31.12.13	6,702,360	295,276	Fund managers of traded endowment policies
Morex Commercial Limited	20.00	31.12.13	502,893	55,970	Trading in secondary life policies
Preferred Asset Management Limited	20.00	30.09.13	577,514	358,794	Fund management company
Close Horizons Limited	20.00	31.12.13	1,635,051	192,151	Fund management company
Summa Insurance Brokerage, S.L.	48.625	31.12.12	8,860,443	(31,059)	Consolidator of regional insurance brokers
U.S. Risk (UK) Limited	29.28	31.12.13	1,260,455	(619,279)	Holding company for insurance intermediaries
Walsingham Motor Insurance Limited	30.00	30.09.13	(378,118)	(379,118)	Specialist UK Motor Managing General Agency

12. Non-Current Investments – Equity Portfolio (continued)

Group (continued)

In addition, as at 31st January 2014 the Group held 1.33% of the share capital of Randall & Quilter Investment Holdings Limited ("R&Q"). R&Q is an AIM listed company.

Close Horizons Limited ("Close Horizons") is a 100% owned trading subsidiary of New Horizons Nominees Limited ("New Horizons"), a non-trading investment holding company in which the Group owns 20% of the share capital. The results shown above are therefore reflective of the Group's effective 20% ownership in Close Horizons.

On 25th February 2014, following a period of run-off (which commenced in 2011), Paterson Squared, LLC ("Paterson Squared") was formally dissolved. By 31st January 2012 the Group's 22.5% investment valuation had been fully written down and a full provision had been made against the outstanding £100,000 loan due. The directors considered that recovery of any outstanding balances at 31st January 2014 was highly unlikely without further investment in legal costs and on the basis of the subsequent confirmation of the company's dissolution, Paterson Squared has been removed from the Group's ongoing investments.

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 except for those of Hyperion Insurance Group Limited which are prepared under IFRS.

Company

	SHARES IN GROUP UNDERTAKINGS (£'000)
At valuation	
At 1st February 2012	39,965
Additions	-
Unrealised gains in this period	5,334
At 31st January 2013	**45,299**
At 1st February 2013	45,299
Additions	-
Unrealised gains in this period	3,468
At 31st January 2014	**48,767**
At cost	
At 1st February 2012	2,143
Additions	-
At 31st January 2013	**2,143**
At 1st February 2013	2,143
Additions	-
At 31st January 2014	**2,143**

12. Non-Current Investments – Equity Portfolio (continued)

Shares in group undertakings

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

NAME OF COMPANY	% HOLDING OF SHARE CAPITAL	AGGREGATE CAPITAL AND RESERVES AT 31ST JANUARY 2014 (£)	PROFIT/(LOSS) FOR THE YEAR TO 31ST JANUARY 2014 (£)	PRINCIPAL ACTIVITY
B.P. Marsh & Company Limited	100	51,503,183	269,935	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	11,625,866	(124,400)	Investment holding company
B.P. Marsh Asset Management Limited	100	23,854	22,854	Consulting services
B.P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant

13. Non-Current Investments – Treasury Portfolio

Group

	(£'000)
At valuation	
Market value at 1st February 2013	-
Additions at cost	12,000
Disposals	(2,777)
Change in value in the year (Note 3 & Note 4)	66
Market value at 31st January 2014	**9,289**

The treasury portfolio comprises of investment funds managed and valued by the Group's investment managers, GAM London Limited, Rothschild Wealth Management (UK) Limited and Banque Heritage SA. All investments in securities are included at year end market value.

The initial investment into the funds was made following the partial realisation of the Group's investment in Hyperion Insurance Group Limited in July 2013 (see Note 12).

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

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

13. Non-Current Investments – Treasury Portfolio (continued)

As at 31st January 2014 the valuations of the treasury portfolio investments were split by fund as follows:

Investment Fund	Valuation as at 31st January 2014 (£)
At valuation	
GAM London Limited	5,543,754
Rothschild New Court Fund	731,996
Banque Heritage SA	3,013,176
Total	**9,288,926**

Investment management costs of £12,549 (2013: £Nil) were charged to the Consolidated Statement of Comprehensive Income for the current year (Note 3).

14. Realised Gains On Disposal Of Equity Investments

The realised gains on disposal of equity investments comprises of a net gain of £11,604 in respect of the Group's disposal of 80% of its investment in Hyperion Insurance Group Limited ("Hyperion") at its carrying value of £29,017,000 for a consideration of £29,242,304. This resulted in a gross realised gain on disposal of £225,304, reduced by disposal costs totalling £213,700, to give a net realised gain of £11,604 (see Note 12 for further details of this disposal).

The above Hyperion disposal also resulted in a net release to Retained Earnings from the Fair Value Reserve of £19,791,304, comprising of a £25,228,770 release of fair value which has been reduced by tax payable on disposal of £5,437,466 (see Note 9 and Note 22).

The amount included in realised gains on disposal of equity investments for the year ended 31st January 2013 was £4,501 in respect of capital distributions made by Randall & Quilter Investment Holdings Limited.

In addition, during the year ended 31st January 2013 the Group also made partial disposals of its investments in Hyperion and Besso Insurance Group Limited ("Besso") at their respective carrying values. As a result of these disposals being made at carrying value, no material gain or loss was included in the Consolidated Statement of Comprehensive Income for the year ended 31st January 2013, however the disposals did result in a release to Retained Earnings from the Fair Value Reserve of £3,748,321 (see Note 22).

15. Loans And Receivables – Non-Current

	Group		Company	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Trade receivables	–	127	–	–
Loans to investee companies (Note 27)	17,248	8,460	–	–
Amounts due from subsidiary undertakings	–	–	10,155	10,155
	17,248	**8,587**	**10,155**	**10,155**

£127,214 of prior year non-current trade receivables were owed by the Group's participating interests.
See Note 27 for terms of the loans.

16. Trade And Other Receivables – Current

	GROUP		COMPANY	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Trade receivables	217	363	–	–
Less provision for impairment of receivables	–	–	–	–
	217	**363**	**–**	**–**
Loans to investee companies (Note 27)	2,101	261	–	–
Other receivables	13	11	–	–
Prepayments and accrued income	354	539	–	–
	2,685	**1,174**	**–**	**–**

Included within trade receivables is £183,391 (2013: £332,394) owed by the Group's participating interests.

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	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Balance at 1st February	–	123	–	–
Utilisation of provision in the period	–	(123)	–	–
Balance at 31st January	**–**	**–**	**–**	**–**

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 (current and non-current) includes debtors with a carrying amount of £216,382 (2013: £490,046) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired:

	GROUP		COMPANY	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
0 – 30 days	50	238	–	–
31 – 60 days	56	83	–	–
61 – 90 days	51	45	–	–
More than 90 days	60	124	–	–
	217	**490**	**–**	**–**

There were no provisions made against loans to investee companies in both the current or prior year. The total provision against loans relating to existing Non-Current Investments as at 31st January 2014 stands at £685,000 (2013: £785,000).

See Note 27 for terms of the loans and Note 26 for further credit risk information.

17. Loans And Other Payables

During the year, the Group drew down in full its £4,325,000 loan facility, which certain directors, and companies controlled by the directors, or other related parties, agreed to provide to the Group during the year to 31st January 2011. The loan facility was secured on the assets of the Company and accrued interest at a rate of UK Base Rate + 4% (subject to a minimum of 6.5%). Following the partial sale of the Group's investment in Hyperion Insurance Group Limited in July 2013 (see Note 12), the Group repaid the outstanding loan in full, at which time the facility expired.

Interest on this loan facility of £65,608 (2013: £64,760) was charged to the Consolidated Statement of Comprehensive Income for the current year (Note 3).

During the year to 31st January 2013 the Group received an upfront payment of £300,000 in respect of a three year loan arrangement fee from Besso Insurance Group Limited ("Besso"). As at 31st January 2014 none of this fee was included in the Consolidated Statement of Financial Position under 'Non-current liabilities' as a long-term deferred income creditor (as at 31st January 2013: £100,000). The total fee is either included within the Consolidated Statement of Financial Position under 'Current liabilities' or has already been credited to the Consolidated Statement of Comprehensive Income as fees receivable.

18. Carried Interest Provision

	GROUP		COMPANY	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Carried interest provision	197	294	-	-
	197	**294**	**-**	**-**

This carried interest provision represents S.S. Clarke's entitlement to a maximum of 20% of any gain, after deducting expenses and following the repayment of all loans, redemption of all preference shares, loan stock and equivalent finance provided by the Company, on the sale of the Group's equity investments in Portfolio Design Group International Limited, Morex Commercial Limited, Preferred Asset Management Limited and New Horizons Nominees Limited (together the "PDGI businesses").

No amounts were paid under this contract during the year (2013: £Nil). However, on 1st May 2014 the Group sold its entire investment in the PDGI businesses and on 2nd May 2014 the Group paid S.S. Clarke £197,033 in settlement of his carried interest entitlement in respect of this sale (see Note 28 for further details).

19. Deferred Tax Liabilities – Non-Current

	GROUP (£'000)	COMPANY (£'000)
At 1st February 2012	7,415	-
Charged to Statement of Comprehensive Income	518	-
At 31st January 2013	**7,933**	**-**
At 1st February 2013	7,933	-
Charged to Statement of Comprehensive Income	241	-
Release of deferred tax provision (Note 20)	(5,438)	-
At 31st January 2014	**2,736**	**-**

19. Deferred Tax Liabilities – Non-Current (continued)

The directors estimate that, if the Group were to dispose of all its investments at the amount stated in the Consolidated Statement of Financial Position, £2,736,000 (2013: £7,933,000) of tax on capital gains would become payable by the Group at a corporation tax rate of 21% (2013: 23%).

Following the partial disposal of the Group's equity investment in Hyperion Insurance Group Limited (see Note 12 for further details) and the realisation of the gains arising from this disposal in the current year, £5,438,000 of deferred tax previously provided in respect of this investment (and included within the £7,933,000 of deferred tax provided as at 31st January 2013) was released to corporation tax payable in the Statement of Financial Position.

20. Current Liabilities

	GROUP		COMPANY	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Trade and other payables				
Trade payables	65	30	-	-
Other taxation & social security costs	52	31	-	-
Accruals and deferred income	441	423	-	-
	558	**484**	**-**	**-**
Corporation tax provision				
Release of deferred tax provision (Note 19)	5,438	-	-	-
Corporation tax paid on account during the year	(1,400)	-	-	-
	4,038	**-**	**-**	**-**
	4,596	**484**	**-**	**-**

The corporation tax provision relates to tax payable on the partial realisation of the Group's investment in Hyperion Insurance Group Limited (See Note 12 for further details).

21. Called Up Share Capital

	2014 (£'000)	2013 (£'000)
Allotted, called up and fully paid		
29,230,000 Ordinary shares of 10p each (2013: 29,230,000)	2,923	2,923
	2,923	**2,923**

In the prior year the Company repurchased 56,143 ordinary shares at a price of 89 pence per ordinary share. These shares were immediately cancelled upon purchase, resulting in a reduction in the number of ordinary shares in issue from 29,286,143 to 29,230,000.

22. 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)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1st February 2012	2,929	9,370	24,656	393	-	12,773	50,121
Profit for the year	-	-	5,440	-	-	237	5,677
Transfers on sale of investments (Note 14)	-	-	(3,748)	-	-	3,748	-
Dividends Paid (Note 7)	-	-	-	-	-	(293)	(293)
Share repurchase (Note 21)	(6)	-	-	-	6	(50)	(50)
At 31st January 2013	**2,923**	**9,370**	**26,348**	**393**	**6**	**16,415**	**55,455**
At 1st February 2013	2,923	9,370	26,348	393	6	16,415	55,455
Profit for the year	-	-	3,186	-	-	647	3,833
Transfers on sale of investments (Note 14)	-	-	(19,791)	-	-	19,791	-
Dividends Paid (Note 7)	-	-	-	-	-	(365)	(365)
At 31st January 2014	**2,923**	**9,370**	**9,743**	**393**	**6**	**36,488**	**58,923**

Company

	SHARE CAPITAL (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	CAPITAL REDEMPTION RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1st February 2012	2,929	9,370	37,821	-	1	50,121
Profit for the year	-	-	5,334	-	343	5,677
Dividends paid (Note 7)	-	-	-	-	(293)	(293)
Share repurchase (Note 21)	(6)	-	-	6	(50)	(50)
At 31st January 2013	**2,923**	**9,370**	**43,155**	**6**	**1**	**55,455**
At 1st February 2013	2,923	9,370	43,155	6	1	55,455
Profit for the year	-	-	3,468	-	365	3,833
Dividends paid (Note 7)	-	-	-	-	(365)	(365)
At 31st January 2014	**2,923**	**9,370**	**46,623**	**6**	**1**	**58,923**

23. Operating Lease Commitments

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

	2014 LAND AND BUILDINGS (£'000)	2013 LAND AND BUILDINGS (£'000)
Earlier than one year	84	84
Between two and five years	160	244

24. Loan And Equity Commitments

On 22nd July 2010 (as varied on 8th August 2012) the Group entered into an agreement to provide a loan facility of £1,950,000 to U.S. Risk (UK) Limited, an investee company. As at 31st January 2014 £1,800,000 of this facility had been drawn down.

On 1st May 2013 the Group entered into an agreement to provide a loan facility of £747,000 to Besso Insurance Group Limited, an investee company. As at 31st January 2014 £265,000 of this facility had been drawn down. Together with £2,750,000 of 14% loan stock and other loans of £2,867,575, total loans drawn down as at 31st January 2014 amounted to £5,882,575, with a remaining undrawn facility of £482,000.

On 2nd December 2013 the Group entered into an agreement to provide a loan facility of £1,200,000 to Walsingham Motor Insurance Limited, an investee company. As at 31st January 2014 £1,000,000 of this facility had been drawn down.

25. Contingent Liabilities

The Group has entered into long-term incentive arrangements with certain employees and directors. Provided they remain in employment with the Group as at specified dates in the future, the Group has agreed to pay bonuses totalling £60,000 together with the Employers' National Insurance due thereon. £30,000 is due to be paid on 15th May 2015 and £30,000 on 15th May 2016. No amount has been included in these financial statements as the performance conditions relating to these incentives had not been met at the year end

26. Financial Instruments

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

The Group has not entered into any derivatives transactions.

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

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

26. Financial Instruments (continued)

Interest rate profile

The Group has cash balances of £5,502,000 (2013: £1,787,000), 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 2.0% p.a. in the period (2013: deposit rates of interest ranged up to 0.3% p.a.). During the period maturity periods ranged between immediate access and 1 year (2013: maturity periods ranged between immediate access and 1 month).

Currency hedging

During the period, the Group did not engage in any form of currency hedging transaction (2013: None).

Financial liabilities

The Company had no borrowings as at 31st January 2014 (2013: £Nil). Please refer to Note 17 for further details.

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.

The following table presents the Group's assets and liabilities that are measured at fair value at 31st January 2014:

	LEVEL 1 (£'000)	LEVEL 2 (£'000)	LEVEL 3 (£'000)	TOTAL (£'000)
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	1,708	-	30,002	31,710
Treasury portfolio investments	9,289	-	-	9,289
	10,997	**-**	**30,002**	**40,999**

The Group's assets and liabilities that are measured at fair value at 31st January 2013 are presented in the following table:

	LEVEL 1 (£'000)	LEVEL 2 (£'000)	LEVEL 3 (£'000)	TOTAL (£'000)
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	785	-	51,926	52,711
	785	**-**	**51,926**	**52,711**

27. Related Party Disclosures

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

	2014 (£)	2013 (£)
The Broucour Group Limited	1,135,000	1,285,000
Besso Insurance Group Limited	5,882,575	3,678,698
Hyperion Insurance Group Limited	6,037,361	2,754,392
LEBC Holdings Limited	1,005,000	-
U.S. Risk (UK) Limited	1,800,000	-
Walsingham Motor Insurance Limited	1,000,000	-
	(€)	(€)
Summa Insurance Brokerage, S.L.	2,951,240	1,971,879
	(AUD)	(AUD)
MB Prestige Holdings Pty Limited	1,417,334	-

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.

During the year, the Group both drew down and repaid in full its agreed £4,325,000 loan facility with certain directors, companies controlled by the directors, or other related parties (the "Lenders"), including Brian Marsh Enterprises Limited (total £3,500,000 facility drawn down and repaid in full during the year), Ms J.K.N. Dunbar (total facility of £500,000 drawn down and repaid in full during the year), Mr P.J. Mortlock (total facility of £250,000 drawn down and repaid in full during the year) and Mrs M. Newman (total facility of £75,000 drawn down and repaid in full during the year) which was secured on the assets of the Company.

The loan accrued interest at a rate of UK Base Rate + 4%, subject to a minimum of 6.5%. Interest was payable on a quarterly basis and this rolling facility bore a charge of 1% p.a. on any undrawn amount. Following the full repayment of the loan in July 2013 (subsequent to the partial sale of the Group's investment in Hyperion Insurance Group Limited as outlined in Note 12), the facility expired.

Mr B.P. Marsh, the Chairman and majority shareholder of the Company is also the Chairman and majority shareholder of Brian Marsh Enterprises Limited. In addition Ms J.K.N. Dunbar (a director and shareholder of the Company) is a director and minority shareholder of Brian Marsh Enterprises Limited. Ms C.S. Kenyon (a director of the Company) is also a director of Brian Marsh Enterprises Limited.

27. 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 associated companies of the Company and its subsidiaries for the year were as follows:

	2014 (£)	2013 (£)
The Broucour Group Limited	53,490	30,855
Besso Insurance Group Limited	875,550	723,581
Hyperion Insurance Group Limited	551,521	589,843
LEBC Group Limited	128,467	102,249
MB Prestige Holdings Pty Limited	7,586	-
Neutral Bay Investments Limited	94,456	-
Paterson Squared, LLC	-	959
Portfolio Design Group International Limited	34,000	66,000
Summa Insurance Brokerage, S.L.	94,022	311,733
U.S. Risk (UK) Limited and related entities	292,110	209,531
Walsingham Motor Insurance Limited	17,753	-

In addition, the Group made management charges of £34,000 (2013: £35,000) to Marsh Christian Trust. Mr B.P. Marsh, the Chairman and majority shareholder of the Company, is also the Trustee and Settlor of Marsh Christian Trust.

The Group also made management charges of £8,000 (2013: £15,000) to Brian Marsh Enterprises Limited.

On 25th October 2013 the Group acquired 1.25% (1.46% economic rights) in Besso Insurance Group Limited ("Besso") from Brian Marsh Enterprises Limited for total consideration of £209,485. The purchase price was in line with the Group's valuation of Besso's shares as at 31st January 2013 and increased the Group's holding in Besso from 36.71% as at 31st January 2013 to 37.96% as at 31st January 2014 (economic holding increased from 36.48% to 37.94%).

S.S. Clarke is entitled to a maximum of 20% of any gain, after deducting expenses and following the repayment of all loans, redemption of all preference shares, loan stock and equivalent finance provided by the Company, on the sale of the Group's investments in Portfolio Design Group International Limited, Morex Commercial Limited, Preferred Asset Management Limited and New Horizons Nominees Limited (together the "PDGI businesses").

The carried interest provided for at the year end was £197,033 (2013: £294,000).

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

Of the total dividend payments made during the year of £365,375, £234,625 was paid to the directors or parties related to them (2013: total dividend payments of £292,861, of which £187,334 was paid to the directors or parties related to them).

28. Events After The Reporting Date

On 12th February 2014 Mr B.P. Marsh, the Chairman and majority shareholder of the Company, transferred 220,000 ordinary shares in the Company to the Marsh Christian Trust, a grant-making charitable trust of which Mr B.P. Marsh is also Trustee and Settlor, for nil consideration.

On 27th February 2014 the Group provided the remaining £200,000 of an agreed £1,200,000 loan facility to Walsingham Motor Insurance Limited to fund the continued expansion of the business.

On 17th April 2014, the Group provided Besso Insurance Group Limited ("Besso") with a short-term working capital loan of £315,000. The loan is repayable over 12 months, commencing 31st May 2014, with a final repayment date of 30th April 2015.

On 1st May 2014 the Group sold, to its fellow shareholders, its respective 20% stakes in Portfolio Design Group International Limited, Morex Commercial Limited, Preferred Asset Management Limited and New Horizons Nominees Limited (together the "PDGI businesses") for a combined total of £1,250,000 in cash. As outlined in Note 18, Mr S.S. Clarke, a non-executive Director of the Company, is entitled to 20% of any gain on the sale of the PDGI businesses after the deduction of expenses. Consequently, on 2nd May 2014 the Group paid Mr S.S. Clarke £197,033 in respect of his entitlement due on the sale of the PDGI businesses as per the carried interest agreement between the Group and Mr S.S. Clarke.

On 12th May 2014 the Group provided £68,000 of an agreed £747,000 loan facility to Besso in order to fund the continued expansion of its business in Turkey. This draw down was in addition to the £265,000 already drawn down from the facility as at 31st January 2014 (see Note 24).

On 29th May 2014 the Group subscribed to its pro-rata proportion of a £1,200,000 Rights Issue in U.S. Risk (UK) Limited ("U.S. Risk"). Total consideration paid amounted to £351,000 for 351,000 newly issued B Ordinary shares (£1 per share) with the Group maintaining its 29.28% holding in U.S. Risk as at the date of this report. In addition, on the same date the Group agreed to provide an additional loan facility of £469,515 to U.S. Risk. As at 31st January 2014 U.S. Risk had drawn down £1,800,000 of its previously agreed £1,950,000 loan facility (Note 24). The £469,515 facility provided is in addition to the £1,800,000 already drawn down and brings the total agreed loan facility to £2,269,515. £204,909 of the additional facility was drawn down on completion, taking the total loan drawn down at the date of this report to £2,004,909, leaving a remaining undrawn facility of £264,606. No cash was provided to U.S. Risk in respect of the £204,909 loan drawn down as it was in settlement of existing trade receivables balances owing to the Group. Both the Rights Issue and increase to the loan facility were made for working capital purposes.

29. Ultimate Controlling Party

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

NOTES

You never know how good an investment is until you have sold it.

GROWTH, MATURITY

AND A VISION FOR SUCCESS.

B.P. MARSH & PARTNERS PLC
2nd Floor
36 Broadway
London
SW1H 0BH
Tel: +44 (0)207 233 3112
Fax: +44 (0)207 222 0294

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