B. P. MARSH & PARTNERS PLC

2016 ANNUAL REPORT

COMPANY INFORMATION

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

COMPANY SECRETARY
Sinead O'Haire

COMPANY NUMBER
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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.

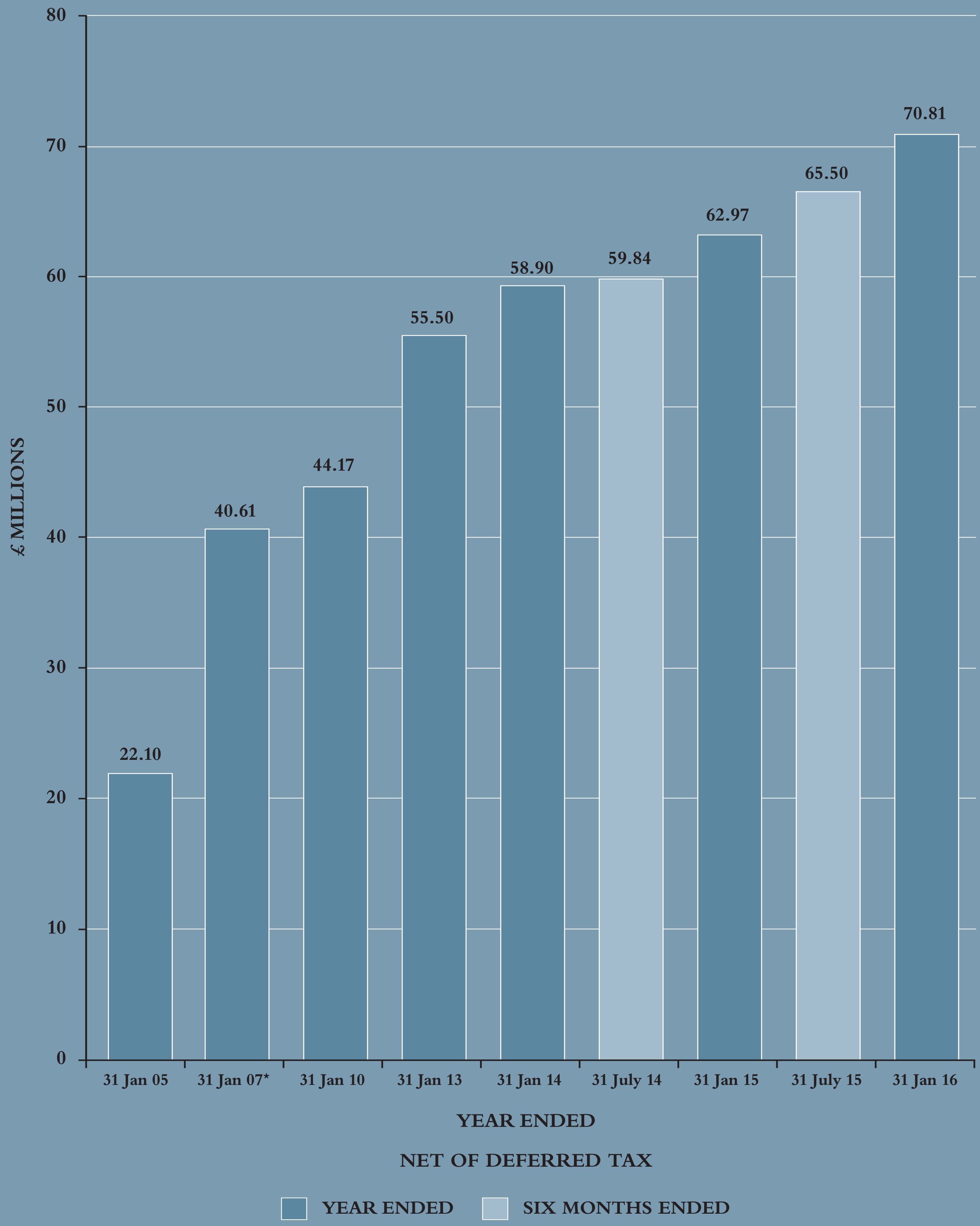
The Group does not seek to impose exit pressures on its investee companies, but prefers to work with management to develop a mutually acceptable exit route.

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.

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

GROUP VALUATIONS



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

B.P. Marsh & Partners PLC ("B.P. Marsh", "Group" or "Company"), the niche venture capital provider to early stage Financial Services businesses, announces its audited Group final results for the year to 31 January 2016.

The highlights of the results are:

- Increase in the Equity Value of the Portfolio of 23.8% over the year
- Net Asset Value of £70.8m (31 January 2015: £63.0m), a 12.4% increase, net of Dividend
- Net Asset Value increase to 243p per share (31 January 2015: 216p)
- Total return to Shareholders in the year of 13.7% (2015: 8.2%)
- Consolidated profit after tax of £8.7m (31 January 2015: £4.9m), a 76% increase
- Average Net Asset Value annual compound growth rate of 11.4% since 1990
- Final Dividend of 3.42p per share declared (31 January 2015: 2.75p), a 24.4% increase
- Cash and treasury funds balance of £5.3m, with additional cash of £7.3m expected in July
- New investment in South Africa
- Additional investment in Nexus
- Post year-end investment in Asia

"We have concluded a year in which our Company has developed considerable confidence. The portfolio businesses are performing well as we support them in their development, we have interesting new investment opportunities in the pipeline and a healthy supply of cash." **Brian Marsh OBE, Chairman**

Chairman's Statement

I am pleased to present the audited Consolidated Financial Statements of B.P. Marsh & Partners Plc for the year ended 31 January 2016.

In February we celebrated the tenth anniversary of our Admission to AIM, which gave us pause to reflect on our progress over those ten years.

During the past decade the Group has endured the global financial crisis and emerged from those difficult times with a renewed intent to grow our portfolio, to deliver positive returns to our shareholders and position the business for the years to come.

I believe we have been making good progress and I am gratified, therefore, to report a strong set of results for the year to 31 January 2016.

At the current time, we have a portfolio of 13 investments. Amongst them are some very strong performers and some interesting growth opportunities and this is demonstrated by the increase in value of the equity portfolio of 23.8% in the year to January 2016. The inflow of interesting new proposals and opportunities to grow our portfolio businesses is currently very strong and we have taken steps in recent months to dispose of some non-core holdings in order to redeploy the capital more effectively. In addition, we expect to receive further cash from realisations of £7.3m in July, so we are well-placed to act on these opportunities.

In the past three years we have expanded geographically and now hold investments across four continents, in Australia, South Africa, Europe and Asia. Our overseas investing strategy is focused on those areas where we see opportunity for businesses to grow in partnership with a London-based investor, coupled with a suitably developed regulatory and compliance environment. We give careful thought, of course, to our resource and ability to properly manage overseas investments, to ensure that we are able to devote sufficient time and energy to enabling them to grow, given that as much as 75% of the underlying revenues of our portfolio companies emanate from overseas.

We have maintained our record in increasing NAV and the average annual compound growth rate since 1990 is 11.4%. Our management team have, in the main, been with us throughout the decade and between them have developed considerable experience in our industry.

Four years ago we began taking steps to reduce the discount to NAV by beginning to offer a dividend, by instituting modest share buy-backs and by ensuring our story is heard more widely to attract new investors. It is pleasing to note that we have rewarded our loyal shareholders with a total shareholder return of 13.7% in the year, in comparison with 8.2% in the previous year.

Following discussions with the Board and our advisors and in recognition of the Company's recent growth and development I have begun a programme of gifting shares to the Marsh Christian Trust, the grant-making charity, in order that the Trust has these shares available for sale, which should increase liquidity in the Company's shares.

Business Update

Summary of Developments in the Portfolio

During the financial year ended 31 January 2016 and in the ensuing months to date, the following developments have taken place within the Group and its portfolio:

New Investments

The Group made two further investments in the South African group of businesses that it is building in partnership with Bastion Reinsurance Brokerage (PTY) Ltd ("Bastion").

Bulwark Investment Holdings (PTY) Ltd ("Bulwark")

On 27 May 2015 the Group announced that it had subscribed for a 35% Cumulative Preferred Ordinary shareholding in Bulwark.

The new venture is the holding company for various Managing General Agents ("MGAs") in South Africa. It sits alongside the Group's existing South African partners within Bastion.

Funded via a £0.6m loan facility from the Company, Bulwark has drawn down upon £0.59m to support the establishment of a number of MGAs, which we expect to gain traction within their respective specialist markets over the year ahead.

PLUM

On 1 July 2015 the Group announced that it had acquired a 20% shareholding in Property And Liability Underwriting Managers (PTY) Ltd ("PLUM"), an MGA based in Johannesburg, South Africa.

The Group acquired this stake in PLUM from existing shareholders for an initial consideration of £0.3m. The total consideration could increase to £0.6m subject to PLUM achieving EBITDA of ZAR 8,300,000 (c. £0.43m) over the first year of the Group's investment. This would be achievable if PLUM hits its budget over the same period:

Gross Written Premium income: ZAR 150,000,000 (c. £7.9m)
Commission income: ZAR 15,000,000 (c. £0.79m)

PLUM specialises in large corporate property insurance risks in South Africa. The underwriting team with PLUM has over 40 years' experience in the insurance sector in South Africa, with the lead underwriter having held senior positions in the reinsurance and insurance sector there over a 20-year period.

PLUM is supported by both domestic South African insurance capacity and A-rated international reinsurance capacity.

Portfolio Developments

United Kingdom

Nexus Underwriting Management Limited ("Nexus")

During the year the Group completed two further subscriptions in Nexus.

Nexus is one of the largest independent specialty MGAs in the London Market with a forecast Premium Income in excess of £110m for 2016. It operates across the major insurance sectors, including Financial Lines, Trade Credit & Political Risk, Accident & Health, Surety and Life and various other niche areas of insurance. The Group acquired an initial shareholding in Nexus of 5% in August 2014, with the intention to increase its shareholding over time.

On 17 June 2015 the Group made a further investment in Nexus for a total consideration of £1,554,000, subscribing for new Preferred Ordinary shares representing 5% of the enlarged share capital of Nexus, and taking its shareholding to 9.8% for an aggregate consideration of £3,108,000. This financing was provided to enable Nexus to acquire EBA Insurance Ltd

("EBA") in August 2015. EBA, founded in 1999, is an MGA with offices in the UK, France and Italy offering clients a wide range of insurance products.

In December 2015 the Group subscribed for a further investment of 111,850 new Preferred Ordinary shares for a total consideration of £1,470,000, with this further investment taking B.P. Marsh's shareholding in Nexus to 13.7%, for an aggregate consideration of £4,570,000.

This enabled Nexus to acquire Millstream Underwriting Ltd ("Millstream") in December 2015. Millstream is a London Market based MGA that specialises in the underwriting and management of travel, personal accident and sickness insurance programs, primarily in the corporate sector and is the preferred travel insurance provider for Hiscox and Wesleyan Assurance.

The Group's strategy is to continue to increase its shareholding in Nexus over time to support its growth ambitions.

Besso Insurance Group Limited ("Besso")
On 17 December 2015 Besso completed a refinancing deal with Clydesdale Bank to support its continued growth. Since 2011, when Besso reported revenue of £22m, it has grown to a 2016 forecast of £37m revenue and over £6m of underlying EBITDA.

The additional funding will assist Besso in continuing its growth trajectory and building on its recent expansion into new regions. In addition, a proportion of the funding was used to repay longstanding Loan Notes provided in 2011 by Besso Management and Besso shareholders (including the Company) to buy out certain shareholders at the time, in particular Wells Fargo.

Hyperion Insurance Group Limited ("Hyperion")
In July 2016 the Group is expecting to realise its remaining 1.6% stake in Hyperion for £7.3m cash.

LEBC Holdings Limited ("LEBC")
LEBC, the Independent Financial Advisory company, with 15 branches across the United Kingdom, reported year-end results to 30 September 2015 that saw operating profit increase by 66% over the previous year to £1.8m. Turnover increased in the period by 22% to £15m from £12.3m.

This growth was driven by a significant increase in activity resulting from the introduction of pension freedoms, as well as auto-enrolment and defined benefit consultancy work and LEBC expects this momentum to be maintained during 2016.

LEBC is looking to develop a robo-advice proposition (combining technology with human involvement), which will involve building a technology system to work alongside advisers. The first step in this process was announced in May 2016, being a joint venture with Belfast-based advice firm Kerr Henderson, in which the two firms have developed software to make it easier for advisers to use technology to complete fact-finding and report writing for clients.

Europe

For the year ended 31 December 2015 Summa Insurance Brokerage, S.L. ("Summa") performed in line with expectation, reporting revenue of €5.3m and EBITDA of €1.19m. During 2015 Summa successfully refinanced a number of its banking arrangements with Spanish Banking Institutions, which resulted in Summa reducing its indebtedness to the Group by €0.5m.

The Spanish economy's GDP grew by 3.3% in 2015, with 2016's growth forecast to be c. 2.8%, making Spain one of the fastest-growing countries in the Eurozone, growing twice as fast as the Eurozone average in 2015.

In the first quarter of 2016 the Spanish economy grew by 0.8%, which was in keeping with the last quarter of 2015 and above the expected 0.7% increase. Although current political uncertainty raises questions about the stability of the Spanish economy's recovery, the better than expected performance is more promising and is Spain's eleventh consecutive period of growth.

In regard to the Spanish Insurance sector, the first quarter of 2016 saw the Non-Life insurance sector grow by c. 4.4% over that of the same period in 2015, with this growth mainly coming from Motor, Health and SME insurance.

Australia

The Group's two investments in Australia, Sterling Insurance Holdings (PTY) Limited and MB Prestige Holdings (PTY) Limited, continue to perform in line with or above the Group's expectations at the current time.

This is notwithstanding the fact that competition remains strong in the Australian market with recent market entrants looking to establish themselves whilst the larger players continue to focus on both driving operational efficiencies and growth, against a backdrop of rate reductions in the liability sector.

Nevertheless the Group's investments in Australia benefit from it being a safe and secure domicile in which to transact business with a transparent tax and legal system.

South Africa

Bastion Reinsurance Brokerage (PTY) Limited ("Bastion")

The Group's broking investment (Bastion) is also developing well and is assisting in the placement of underwriting agreements on behalf of underwriting agencies. The Board sees these operations as natural adjuncts that should drive solid investment returns.

2016 is expected to be a positive year for Bastion and Bulwark from both an increasing revenue and profitability standpoint.

Post Year End Investments and Disposals

Investment in Asia Reinsurance Brokers

On 21 April 2016 the Group acquired a 20% shareholding in Asia Reinsurance Brokers Pte Limited ("ARB"), the Singapore-headquartered independent specialist reinsurance and insurance risk solutions provider, for a total consideration of SGD $2,398,424.

The Group may increase its shareholding in ARB to 25% for an additional cash consideration of up to SGD $500,000. The consideration paid by the Group will be dependent on the performance of ARB in its financial year ending 31 December 2017.

ARB was established in 2008, following a management buy-out of the business from AJ Gallagher, led by the CEO, Richard Austen. ARB specialises in the provision of long-term reinsurance and insurance solutions to a wide range of insurance and reinsurance companies throughout Asia and has offices across the region, including in Malaysia, the Philippines and Indonesia.

The Group considered this an exciting opportunity to invest in a well-established and profitable business with an experienced and respected management team and strong growth potential. The investment will be used to build on ARB's position in the Asian market and to assist them with their growth ambitions.

Disposals

The Broucour Group

On 22 April 2016 the Group sold its 49% stake in The Broucour Group Limited ("Broucour") to the Founder and Managing Director Mr. Rupert Cattell for consideration of up to £341,000, which equates to the Company's most recent published valuation. The outstanding loan (£330,000) will likewise be repaid in full.

Randall & Quilter

On 4 May 2016 the Group sold its 1.32% stake in Randall & Quilter Investment Holdings Ltd ("R&Q") to Brian Marsh Enterprises Limited for consideration of £1,020,000, resulting in a realised gain for the Company of £247,000, a 25% increase to the year-end valuation of £773,000. The Board took the view that the realised funds would be better utilised in an opportunity to which the Group could add value. Brian Marsh Enterprises Limited is owned by Brian Marsh, Chairman and majority shareholder of the Company.

Share Buybacks

As part of the Group's efforts to reduce the Share Price discount to Net Asset Value, during the financial year the Group undertook a number of low volume daily share buybacks, taking advantage of the window of opportunity when the Group's Share Price represented a significant discount to Net Asset Value. During the year the Group acquired 38,612 shares for a total cash consideration of £56,580. The Board believes that these buybacks, whilst low-volume, are a useful stabilising mechanism and proved to be so particularly during the recent period of market volatility.

Dividend

The Group is pleased to announce that the Board has recommended a final dividend of 3.42p per share for the year ended 31 January 2016, subject to Shareholder approval at the Company's next Annual General Meeting. If approved the recommended dividend will be payable on 29 July 2016 to all the shareholders on the register of members at the close of business on the record date of 1 July 2016.

It remains the Board's aspiration to maintain at least this level of dividend for the current year ending 31 January 2017, subject to ongoing review and approval by the Board and the Shareholders.

Investment Strategy and new opportunities

The Group typically invests amounts of up to £3.5m and 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 six years. The Group requires its investee companies to adopt certain minority shareholder protections and appoint a director to its board.

The Group's network of well-respected contacts ensure access to a wide variety of new investment opportunities and enable discussions on these to be initiated at an early stage. Value creation is driven by partnering with ambitious, highly-skilled entrepreneurs seeking a long-term partnership that will provide them not only with growth capital but also access to a team that brings a substantial knowledge base in mergers, acquisitions, business sales, business growth and transformation, as well as the financial and legal aspects inherent in growing a business.

During the year the Group saw an increased flow of new business opportunities that fall within its heartland of interest and this increase is continuing to date. In addition, the pipeline includes opportunities for bolt-ons to existing portfolio companies and several referrals have been made.

The Group received 71 relevant new investment proposals during the year (59 in previous year), of which 66% proceeded to NDA stage and 28% warranted continued detailed investigation.

Of the proposals 34% fell within the insurance sector, the area of the Group's specialism. The opportunities have ranged from start-ups to investments in established businesses. These have included brokers and MGAs, as well as other intermediary businesses such as claims administrators. The Group has also looked at IFA and advisory businesses, as well as marketplace lending platforms and software-as-a-service enquiries.

At year end the Group had £5.3m in cash and treasury funds, of which £3.6m is currently available for new investment opportunities after commitments. In July 2016 the Group is expecting a return of £7.3m cash from a realisation.

Financial Performance

At 31 January 2016 the net asset value of the Group was £70.8m, or 243p per share (2015: £63.0m, or 216p per share) including a provision for deferred tax. This equates to an increase in net asset value of 12.4% (2015: 6.9%) for the year.

The Group continued to maintain a £0.8m (or 2.75p per share) dividend payment during the year, as announced previously (2015: £0.8m or 2.75p per share). Total shareholder return for the year was therefore 13.7% (2015: 8.2%) including the dividend payment and the net asset value increase.

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

31 January 2015 valuation	Acquisitions at cost	Disposal proceeds	Impairment provisions	Adjusted 31 January 2015 valuation	31 January 2016 valuation
£38.6m	£5.2m	£(0.1)m	£nil	£43.7m	£54.1m

Including a £7.3m holding in Hyperion Insurance Group Limited ("Hyperion") which is capped, this equates to an increase in the portfolio valuation of 23.8% (2015: increase of 15.5%). Excluding the holding in Hyperion, the remaining portfolio increased by 28.2% over the year (2015: 19.5% increase).

The net asset value of £70.8m at 31 January 2016 represented a total increase in net asset value of £58.2m 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 11.4% in Group net asset value after running costs, realisations, losses, distributions and deferred tax since 1990.

The consolidated profit on ordinary activities after taxation increased by 76.3% to £8.7m (2015: profit of £4.9m). The consolidated profit on ordinary activities before taxation was £10.7m (2015: profit of £5.9m), of which £10.3m was derived from unrealised gains on revaluing the equity investment portfolio in line with current market conditions, an increase of 102.0% on the previous year (2015: net unrealised gains of £5.1m). The Group's strategy is to cover expenses from the portfolio yield, and on an underlying basis (excluding equity and treasury portfolio movement) this was achieved with a pre-tax profit of £0.4m for the year (2015: £0.4m).

The Group invested £6.9m in new investments and follow-on financing to its existing portfolio during the year. Repayment of loans by the portfolio amounted to £4.6m in the year (2015 £1.2m). Cash funds (including treasury funds) at 31 January 2016 were £5.3m.

Income from investments remained consistent with 2015 at £2.8m for the year (2015: £2.8m). Dividend income increased by 48% over the year due to the strengthening performance of the portfolio companies, whilst income from loans fell by 10%, which was largely the result of the portfolio repaying debt in accordance with agreed repayment schedules. Fees were 6% lower mainly due to one-off fees received in 2015 which were not repeated in 2016.

The Group continues to invest in new and existing opportunities. Operating expenses, including costs of making new investments, were 9% higher during the year at £2.4m (2015: £2.2m) in line with the increase in value of the portfolio.

Due to challenging market conditions, the Group's treasury funds decreased by 0.4% over the year (net of fund management charges). Although this was disappointing, it compared favourably with the FTSE 100, which decreased by 9.9% over the same period.

Internal Appointments

The Board was pleased to promote Alice Foulk to Managing Director and Dan Topping to Chief Investment Officer in January 2016. These changes seek to formalise developments in their roles within the Company.

Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman's Office and established herself as a central part of the management team. In February 2015 she was appointed as a Director of B.P. Marsh and a member of the Investment Committee.

Dan joined B.P. Marsh in February 2007, having started his career at a specialist London accountancy practice. In 2011 he was appointed a Director of B.P. Marsh and is the Senior Executive with overall responsibility for the portfolio and investment strategy for B.P. Marsh, working alongside the Board and the Investment Directors to structure, develop, support and monitor the portfolio.

Outlook

Despite the economic and political uncertainty caused by the forthcoming EU Referendum and the prospect of volatile markets ahead, we believe we are well-placed to meet these challenges. The portfolio businesses are performing well as we support them in their development, we have interesting new investment opportunities in the pipeline and a healthy supply of cash. The Board, therefore, looks forward to the year ahead with confidence.

Brian Marsh OBE
7 June 2016

As at 31 January 2016 the Group's equity interests were as follows:

Bastion Reinsurance Brokerage (PTY) Limited
(www.bastionre.co.za)
In December 2014 the Group invested in Bastion Reinsurance Brokerage (PTY) Limited ("Bastion"), a start-up Reinsurance Broker based in South Africa. Established in May 2013 by its CEO and Chairman, Bastion specialises in the provision of reinsurance solutions over a number of complex issues, engaged by various insurance companies and managing general agents.
Date of investment: December 2014
Equity stake: 35%
31 January 2016 valuation: £100,000

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: 44.97%*
31 January 2016 valuation: £19,720,000*

* *This includes 7.03% that is being held by the Group on behalf of Besso. Besso can invoke a share purchase transaction to buy back and cancel the shares and these are therefore stated at cost within the valuation.*

Bulwark Investment Holdings (PTY) Limited
In April 2015 the Group, alongside its existing South African Partners, established a new venture, Bulwark Investment Holdings (PTY) Limited ("Bulwark"), a South African based holding company which establishes Managing General Agents in South Africa. To date Bulwark has established two new Managing General Agents: Preferred Liability Underwriting Managers (PTY) Limited and Mid-Market Risk Acceptances (PTY) Limited.
Date of investment: April 2015
Equity stake: 35%
31 January 2016 valuation: N/A

The Broucour Group Limited
(www.turnerbutler.co.uk)
In March 2008 the Group assisted in establishing 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, and the Group financed the acquisition of Turner Butler.
Date of investment: March 2008
Equity stake: 49%
31 January 2016 valuation: £341,000

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 DUAL International, an insurance managing general agency specialising in developing D&O and PI business in Europe. In July 2012 Hyperion acquired Windsor and in July 2013 the Group sold 80% of its holding to General Atlantic in July 2013, with the remaining holding being valued at the agreed option price. In April 2015 Hyperion completed a merger with R K Harrison Holdings Limited, and following this merger Hyperion became the world's largest employee-owned insurance and reinsurance intermediary group.
Date of investment: November 1994
Equity: 1.66%
31 January 2016 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: 34.66%
31 January 2016 valuation: £9,497,000

MB Prestige Holdings PTY Limited

(www.mbinsurance.com.au)
In December 2013 the Group invested in MB Prestige Holdings PTY Ltd, the parent Company of MB Insurance Group PTY a Managing General Agent, headquartered in Sydney, Australia. MB Group is recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia.
Date of investment: December 2013
Equity stake: 40%
31 January 2016 valuation: £1,440,000

Nexus Underwriting Management Limited

(www.nexusunderwriting.com)
In August 2014 the Group invested in Nexus Underwriting Management Limited ("Nexus"), an independent specialty Managing General Agency, founded in 2008. Through its two operating subsidiaries, Nexus Underwriting Limited and Nexus CIFS Limited, Nexus specialises in Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health and Trade Credit Insurance.
Date of investment: August 2014
Equity stake: 13.48%
31 January 2016 valuation: £5,999,000

Property & Liability Underwriting Managers (PTY) Limited

(www.plumsa.co.za)
In June 2015 the Group completed an investment in Property And Liability Underwriting Managers (PTY) Limited ("PLUM"), a Managing General Agent based in Johannesburg, South Africa. PLUM specialises in large corporate property insurance risks in South Africa and is supported by both domestic South African insurance capacity and A-rated international reinsurance capacity.
Date of investment: June 2015
Equity stake: 20%
31 January 2016 valuation: £307,000

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: 1.32%
31 January 2016 valuation: £773,000

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: 19.7%
31 January 2016 valuation: £1,917,000

Summa Insurance Brokerage, S. L.

(www.grupo-summa.com)

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

Date of investment: January 2005
Equity stake: 77.25%
31 January 2016 valuation: £4,331,000

Trireme Insurance Group Limited

(www.oxfordinsurancebrokers.co.uk)
(www.jhinternational.co.uk)

In July 2010 the Group completed an investment in Trireme Insurance Group Limited (formerly known as US Risk (UK) Ltd), the parent company of Oxford Insurance Brokers Ltd and James Hampden International Insurance Brokers Ltd, London-based Lloyd's specialist international reinsurance and insurance intermediaries. Trireme Insurance Group Limited is also the parent company of Abraxas Insurance AG, a Swiss-based underwriting agency specialising in Directors & Officers Liability Insurance, Professional Liability Insurance, Insurance for Financial Institutions, Medical malpractice Insurance, Property Insurance and Event Insurance.

Date of investment: July 2010
Equity stake: 30.44%
31 January 2016 valuation: £2,116,000

Walsingham Motor Insurance Limited

(www.walsinghamunderwriting.com)

In December 2013 the Group invested in Walsingham Motor Insurance Limited ("WMIL"), a niche UK Motor Managing General Agency. WMIL was established in August 2012 and commenced trading in July 2013 having secured primary capacity from Calpe. Post year-end the Group acquired a further 10.5% equity, taking the current shareholding to 40.5%, and subsequently WMIL launched a £15m fleet facility with capacity from New India.

Date of investment: December 2013
Equity stake: 40.5%
31 January 2016 valuation: £200,000

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

Investments made after the year end:

Asia Reinsurance Brokers (PTE) Limited

(www.arbrokers.asia)

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

Date of investment: April 2016
Equity stake: 20%
31 January 2016 valuation: N/A

B.P. Marsh & Partners Plc

(Company No: 05674962)

Directors' Report, Strategic Report & Consolidated Financial Statements

For The Year Ended 31 January 2016

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

Brian Marsh OBE

Executive Chairman, aged 75 (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 55.3% of the Company (excluding 2.1% held by the Marsh Christian Trust, of which Brian is a trustee and Settlor), with a beneficial interest (as joint owner) in a further 4.9% of the Company through his 100% holding in B.P. Marsh Management Limited.

Alice Foulk BA (Hons)

Managing Director, aged 29 (I) appointment date 16 February 2015

Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman's Office and established herself as a central part of the management team. In February 2015 Alice was appointed as a director of B.P. Marsh and a member of the Investment Committee. In January 2016 Alice was appointed Managing Director where she is responsible for the overall performance of the Company and monitoring the Company's overall progress towards achieving its objectives and goals, as set by the Board. Alice has a beneficial interest (as joint owner) in 127,901 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan. In March 2016 Alice was also gifted 2,408 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Jonathan Newman ACMA, CGMA, MCSI

Group Finance Director, aged 41 (I) (V)

Jonathan is a Chartered Management Accountant with over 19 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, provides senior financial advice to all companies within the Group's portfolio, evaluates new investment opportunities and is also the Group's nominee director on the board of one of its investee companies. Jonathan has a beneficial interest (as joint owner) in 355,283 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan. In March 2016 Jonathan was also gifted 2,408 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Daniel Topping MCSI, ACIS

Chief Investment Officer, aged 32 (I) (V)

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 in January 2016 was appointed as Chief Investment Officer. In his position as Chief Investment Officer Daniel has overall responsibility for the portfolio and investment strategy for B.P. Marsh, working alongside the Board and the Investment Directors to structure, develop, support and monitor the portfolio. In May 2015 Daniel was appointed as a member of the Valuation Committee and is a member of the Investment Committee, evaluates new investment opportunities and currently has seven nominee appointments across the portfolio. Daniel has a direct beneficial interest in 33,253 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 355,283 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan. In March 2016 Daniel was also gifted 2,408 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Camilla Kenyon

Director, aged 43 (I)

Camilla Kenyon was appointed as Head of Investor Relations at B.P. Marsh in February 2009, having four years' prior experience with the Company. She was appointed to the main board in 2011. Camilla is Head of the New Business Department and Chair of the New Business Committee evaluating new investment opportunities. She has a number of nominee directorships over two investee companies and is a member of the Investment Committee. She holds a Certificate in Investor Relations and is a Member of the Investor Relations Society. Camilla has a beneficial interest (as joint owner) in 241,592 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan. In March 2016 Camilla was also gifted 2,408 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Campbell Scoones

Non-executive Deputy Chairman, aged 69 (R)

Campbell joined B.P. Marsh in April 2013 and has over 45 years' experience in the Lloyds and overseas insurance broking and underwriting markets. Having started his career in 1966, Campbell has worked for a number of Lloyd's insurance broking and underwriting firms during this time, including, inter alia, Nelson Hurst & Marsh Group, Admiral Underwriting, Marsh & McLennan Companies and Encon Underwriting. Campbell currently has one nominee appointment and in January 2015 Campbell was appointed the Group's Non-Executive Deputy Chairman. Campbell owns 46,000 ordinary shares in B.P. Marsh.

Stephen Clarke FCA

Non-executive, aged 78 (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.

Pankaj Lakhani FCCA

Non-executive, aged 62 (R) (V) appointment date 21 May 2015

Pankaj joined B.P. Marsh in May 2015 and has over 30 years' experience within the global insurance sector, having worked at Marsh McLennan Group, Nelson Hurst & Marsh Group, Admiral Underwriting and Victor O. Schinnerer. Upon joining the Group Pankaj was appointed a member of the Remuneration Committee and the Valuation Committee. In May 2016 Pankaj was also appointed a member of the Audit Committee. Pankaj owns 18,800 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 during the year was chaired by Philip Mortlock. Following the resignation of Philip Mortlock on 7 April 2016, Pankaj Lakhani was appointed as Chairman of the Committee. The external auditor, together with the Group Finance Director and other financial staff, are invited to attend these meetings.

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

Remuneration Committee

During the year the Remuneration Committee was comprised of the four non-executive directors of the Company and Brian Marsh and was chaired by Philip Mortlock. Following the resignation of Philip Mortlock on 7 April 2016, Pankaj Lakhani was appointed as Chairman of the Committee. 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 18 to 20.

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

Valuation Committee
During the year the Valuation Committee was comprised of Brian Marsh, Jonathan Newman, Daniel Topping, Philip Mortlock (resigned 7 April 2016) and Pankaj Lakhani and, in accordance with its terms of reference, is responsible for preparing investment valuations and reviewing the suitability of the Company's investee company valuation policy.

Relations with shareholders

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

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

Internal controls and risk management

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

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 21.

By order of the Board

S.C. O'Haire
Company Secretary
6 June 2016

The Remuneration Committee of the Board (the "Committee") during the year comprised of the non-executive directors of the Company, Philip Mortlock (resigned 7 April 2016), Stephen Clarke, Campbell Scoones and Pankaj Lakhani, as well as the Chairman, Brian Marsh. The Committee is responsible for setting the remuneration of the executive directors and other members of staff.

Remuneration Policy

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

The Committee'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 Brian Marsh, Jonathan Newman and Daniel Topping.

The Committee receives advice from external remuneration advisers where appropriate.

Directors' Service Agreements

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

DIRECTOR	DATE OF SERVICE AGREEMENT	TERM	NOTICE PERIOD
B.P. Marsh	30 January 2006	Continuous	6 months
J.S. Newman	30 January 2006	Continuous	6 months
D.J. Topping	1 March 2011	Continuous	6 months
C.S. Kenyon	1 March 2011	Continuous	6 months
A.H.D. Foulk	16 February 2015	Continuous	6 months

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**	30 January 2006	12 months	3 months
S.S. Clarke	30 January 2006	12 months	3 months
C.R. Scoones	19 April 2013	12 months	3 months
P.B. Lakhani	21 May 2015	12 months	3 months

**P.J. Mortlock resigned as a non-executive director of the Company on 7 April 2016.

Audited information

Joint Share Ownership Plan ("JSOP")

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

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

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

DIRECTOR	NUMBER OF JOINTLY-OWNED SHARES	% OF TOTAL JOINTLY-OWNED SHARES
J.S. Newman	355,283	25%
D.J. Topping	355,283	25%
C.S. Kenyon	241,592	17%
A.H.D. Foulk	127,901	9%
Total	1,080,059	76%

The form of JSOA used on this occasion was approved by the Remuneration Committee on 6 November 2014 and provides for the acquisition by the employee of a beneficial interest as joint owner (with BPMM) of ordinary shares in the Company. This acquisition provides, inter alia, that if jointly-owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that BPMM receives at least 140 pence per jointly-owned share ("IMV") plus an amount representing interest of 3.5% per cent per annum on the IMV and the employee is entitled to the balance (if any). Jointly-owned shares will normally vest if the employee remains employed with the B.P. Marsh group of companies for a minimum period of three years.

No jointly-owned shares were sold or forfeited during the year. The number of jointly-owned shares expected to vest has therefore not been adjusted. In accordance with IFRS 2 (Share-based Payment) the fair value of the expected cost of the award (measured at the date of grant) has been spread over the three year vesting period.

Further details are given in Note 25 to the financial statements.

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

Aggregate Directors' Remuneration

	2016 (£)	2015 (£)
Emoluments	846,542	796,195
Fees	37,750	23,250
Pension contributions	36,325	40,500

Aggregate Directors' Emoluments

	SALARIES AND FEES (£)	BENEFITS (£)	ANNUAL BONUSES (£)	2016 EMOLUMENTS EXCLUDING PENSION CONTRIBUTIONS (£)
B.P. Marsh	115,000	2,114	-	117,114
J.S. Newman	160,000	5,150	30,000	195,150
D.J. Topping	144,000	5,149	50,000	199,149
C.S. Kenyon	51,953	5,761	23,000	80,714
A.H.D. Foulk†	60,000	2,582	40,000	102,582
P.J. Mortlock**	35,500	-	-	35,500
S.S. Clarke	36,000	-	-	36,000
C.R. Scoones	77,000	-	-	77,000
P.B. Lakhani	41,083	-	-	41,083

Directors' Pensions
The executive directors received the following pension contributions during the year:

	2016 (£)
B.P. Marsh	-
J.S. Newman	15,900
D.J. Topping	9,500
C.S. Kenyon	8,300
A.H.D. Foulk†	2,625

** P.J. Mortlock resigned as a non-executive director of the Company on 7 April 2016.

† The directors' emoluments and pension for A.H.D. Foulk are for the full year, although her appointment as a director of the Company was from 16 February 2015.

This report has been approved by the Remuneration Committee and the Board as a whole and has been signed on behalf of the Chairman of the Remuneration Committee, Pankaj Lakhani, on 6 June 2016.

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
A.H.D. Foulk BA (Hons) (appointed 16 February 2015)
C.R. Scoones (Non-executive Deputy Chairman)
S.S. Clarke FCA (non-executive)
P.B. Lakhani FCCA (non-executive) (appointed 21 May 2015)
P.J. Mortlock MA, FCA (non-executive) (resigned 7 April 2016)

The directors submit their report and the audited financial statements of the Company and the Group (namely B.P. Marsh & Partners Plc, B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited, B.P. Marsh Asset Management Limited, B.P. Marsh & Co. Trustee Company Limited, Marsh Development Capital Limited and Bastion London Limited) for the year ended 31 January 2016.

Statement Of Directors' Responsibilities

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. 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.

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

Dividends

A dividend of £802,093 (2.75p per share) was paid on 24 July 2015 (25 July 2014: £803,825 or 2.75p per share). The directors have recommended a final dividend of 3.42p per share which will be paid, subject to Shareholder approval, on 29 July 2016 to Shareholders registered at the close of business on 1 July 2016.

Significant Interests

As at 19 May 2016 the directors have been made aware that the following shareholders held disclosable interests of 3% or more of the issued share capital of the Company:

	No. of ordinary shares of 10p each held	% of issued share capital
Mr B.P. Marsh†	16,149,271	55.3%
IS Partners Investment Solutions	1,842,500	6.3%
James Sharp & Co	1,443,073	4.9%
B.P. Marsh Management Limited*	1,421,130	4.9%

† In addition the Marsh Christian Trust, of which Mr B.P. Marsh is a trustee and Settlor, held 614,000 ordinary shares (2.1% of the issued share capital) in the Company.
* Jointly-owned beneficial interest with six employees of the Company, of whom four are directors.

Directors

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

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

	31 January 2016 Ordinary shares of 10p each	31 January 2015 Ordinary shares of 10p each
Mr B.P. Marsh[1]	18,184,401	18,505,401
Mr D.J. Topping[2]	385,219	356,085
Mr J.S. Newman[3]	355,283	355,283
Ms C.S. Kenyon[4]	241,592	241,592
Ms A.H.D. Foulk[5]	127,901	-
Mr C.R. Scoones	46,000	46,000
Mr P.B. Lakhani	18,800	-

Directors (continued)

[1] Total interest includes 1,421,130 ordinary shares held (under joint ownership with six employees of the Company, of whom four are directors) by B.P. Marsh Management Limited ("BPMM"), a company wholly owned by Mr B.P. Marsh, and 30,000 ordinary shares held by the Marsh Christian Trust of which Mr B.P. Marsh is Trustee and Settlor.

[2] Total interest includes 355,283 ordinary shares co-owned with BPMM under a Joint Share Ownership Agreement between Mr D.J. Topping, BPMM and the Company dated 6 November 2014 and 29,936 ordinary shares directly owned by Mr D.J. Topping.

[3] Shares co-owned with BPMM under a Joint Share Ownership Agreement between Mr J.S. Newman, BPMM and the Company dated 6 November 2014.

[4] Shares co-owned with BPMM under a Joint Share Ownership Agreement between Ms C.S. Kenyon, BPMM and the Company dated 6 November 2014.

[5] Shares co-owned with BPMM under a Joint Share Ownership Agreement between Ms A.H.D. Foulk, BPMM and the Company dated 6 November 2014.

The beneficial interests of Ms A.H.D. Foulk (appointed as a director of the Company on 16 February 2015) and Mr P.B. Lakhani (appointed as a director of the Company on 21 May 2015) are not shown in the 31 January 2015 disclosure as they were not appointed as directors until after this date.

Share Capital

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

Events After The Reporting Date

In February and March 2016 the Group provided the remaining £101,376 of an agreed £500,000 loan facility (£398,624 drawn down as at 31 January 2016) to Bulwark Investment Holdings (PTY) Limited ("Bulwark"); £73,073 provided on 15 February 2016 and £28,303 on 17 March 2016. On 13 April 2016 the loan facility to Bulwark was increased by a further £100,000 to £600,000, with £50,000 of this facility drawn down immediately and a further £35,000 drawn down on 25 May 2016. At the date of this report the total loans drawn down by Bulwark amount to £585,000, leaving a remaining undrawn facility of £15,000.

On 29 March 2016 the Group established an HMRC sanctioned Share Incentive Plan ("SIP"). A total of 97,652 ordinary shares in the Company (which were held in Treasury as at 31 January 2016) were transferred to the B.P. Marsh SIP Trust. A total of 9 employees (including 4 executive directors of the Company) were eligible and applied for the 2015-16 SIP and were each granted 2,408 ordinary shares ("15-16 Free Shares"), representing £3,600 at the share price on the date of grant. The 15-16 Free Shares are subject to a 1 year forfeiture period. Additionally, a total of 9 eligible employees (including 4 executive directors of the Company) applied for the 2016-17 SIP and will each be granted a number of ordinary shares ("16-17 Free Shares"), representing £3,600 at the price of issue. All eligible employees have been invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares") and for every Partnership Share that an employee acquires, the SIP Trust will offer two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. The 16-17 Free, Partnership and Matching Shares will be awarded on 27 June 2016, with the 16-17 Free and Matching Shares being subject to a 1 year forfeiture period.

On 6 April 2016 Mr B.P. Marsh, the Chairman and majority shareholder of the Company, transferred 584,000 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. This transfer takes the total number of shares held by the Marsh Christian Trust in the Company to 614,000 at the date of this report.

On 15 April 2016 the Group sold its entire 49% stake in The Broucour Group Limited ("Broucour") to the founder and managing director, Mr Rupert Cattell, for consideration of up to £341,000, which equates to the Group's 31 January 2016 valuation of its investment in Broucour. The outstanding loan (£356,500 as at 31 January 2016 and £329,834 at the date of sale) will be repaid in full in instalments.

On 20 April 2016 the Group acquired a 20% shareholding in Asia Reinsurance Brokers Pte Limited ("ARB"), a Singapore headquartered independent specialist reinsurance and insurance risk solutions provider, for a total consideration of SGD 2,398,424 (£1,268,336). The Group may increase its shareholding in ARB to 25% for an additional cash consideration of SGD 500,000 dependent on the performance of ARB in its financial year ending 31 December 2017.

On 4 May 2016 the Group sold its entire 1.32% stake (948,830 ordinary shares) in Randall & Quilter Investment Holdings Limited ("R&Q") to Brian Marsh Enterprises Limited, a company owned by Mr B.P. Marsh, the Chairman and majority shareholder of the Company. The total consideration of £1,019,992 represents a realised gain of £246,992 on the investment when compared to the carrying value of £773,000 as at 31 January 2016.

Directors' and Officers' Liability Insurance

The Company has purchased insurance cover to cover directors' and officers' liability, as permitted by Section 233 of the Companies Act 2006. This insurance was in force throughout the year ended 31 January 2016 and remains in force at the date of this report.

Financial Risk Management

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

Auditor

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

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

By order of the Board
S.C. O'Haire
Company Secretary
6 June 2016

Business Review

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

On 20 February 2015 the Group acquired a further 10.5% stake in Walsingham Motor Insurance Limited ("Walsingham") for total consideration of £300,000. This increased the Group's holding in Walsingham from 30% as at 31 January 2015 to 40.5% as at 31 January 2016.

In February and March 2015 the Group provided the remaining £130,000 of an agreed £341,831 loan facility (£211,831 drawn down as at 31 January 2015) to Bastion Reinsurance Brokerage (PTY) Limited ("Bastion"); £50,000 provided on 9 February 2015, £42,500 on 18 February 2015 and £37,500 on 19 March 2015. As at 31 January 2016 total loans drawn down by Bastion amounted to £341,831.

On 15 April 2015 the Group subscribed for a 35% preferred equity stake in Bulwark Investment Holdings (PTY) Limited ("Bulwark"), based in South Africa, for consideration of £1. On the same date the Group also provided Bulwark with a loan facility of £500,000 in order to fund start-up Managing General Agencies ("MGAs"). £120,000 of this facility was drawn down immediately in order to fund two new MGAs, and a further £278,624 was drawn down in various instalments during the year. As at 31 January 2016 total loans drawn down by Bulwark amounted to £398,624, leaving a remaining undrawn facility of £101,376 (see Note 22).

On 17 June 2015 the Group acquired a further 5% preferred equity stake in Nexus Underwriting Management Limited ("Nexus") for a total consideration of £1,554,000. The investment took the Group's shareholding in Nexus to 9.8% of its enlarged share capital and enabled Nexus to fund a new acquisition as well as to continue the Group's strategy of increasing its shareholding over time to support Nexus's growth aspirations. On 7 December 2015, in furtherance of this strategy, the Group acquired an additional preferred equity holding for consideration of £1,467,472. As at 31 January 2016 the Group's equity investment in Nexus stood at 13.48%.

On 26 June 2015 the Group acquired a 20% preferred equity stake in Property and Liability Underwriting Managers (PTY) Limited ("PLUM"), a Managing General Agent based in South Africa and specialising in large corporate property insurance risks, for an initial consideration of £306,463. The total consideration could increase to £600,000 subject to PLUM achieving EBITDA of ZAR 8,300,000 over the first year of the Group's investment.

On 10 September 2015, following the departure of a minority shareholder and director of Besso Insurance Group Limited ("Besso"), the Group entered into an agreement to acquire the exiting director's 7.03% equity stake in Besso for a total consideration of £1,581,147. The shares are being held by the Group on behalf of Besso. Besso can invoke a share purchase transaction to buy back and cancel the shares. As at 31 January 2016 the Group's equity investment in Besso was 44.97%, including this 7.03% held on behalf of Besso which is stated at cost within the valuation.

On 18 December 2015 Besso redeemed its £2,750,000 of loan notes outstanding with the Group as part of a refinancing deal with Clydesdale Bank to support its growth strategy. On the same date the Group provided a further loan facility of £1,000,000 to Besso, alongside Clydesdale Bank, as part of this refinancing. As at 31 January 2016 total loans drawn down by Besso amounted to £2,341,540, with a remaining undrawn facility of £414,000 (see Note 22).

Financial Performance

At 31 January 2016, the net asset value of the Group was £70.8m, or 243p per share (2015: £63.0m, or 216p per share) including a provision for deferred tax. This equates to an increase in net asset value of 12.4% (2015: 6.9%) for the year.

The Group continued to maintain a £0.8m (or 2.75p per share) dividend payment during the year, as announced previously (2015: £0.8m or 2.75p per share). Total shareholder return for the year was therefore 13.7% (2015: 8.2%) including the dividend payment and the net asset value increase.

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

31 January 2015 Valuation	Acquisitions at Cost	Disposal Proceeds	Impairment Provisions	Adjusted 31 January 2015 Valuation	31 January 2016 Valuation
£38.6m	£5.2m	£(0.1)m	£nil	£43.7m	£54.1m

Including a £7.3m holding in Hyperion Insurance Group Limited ("Hyperion") which is capped, this equates to an increase in the portfolio valuation of 23.8% (2015: increase of 15.5%). Excluding the holding in Hyperion, the remaining portfolio increased by 28.2% over the year (2015: 19.5% increase).

The net asset value of £70.8m at 31 January 2016 represented a total increase in net asset value of £58.2m 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 11.4% in Group net asset value after running costs, realisations, losses, distributions and deferred tax since 1990.

The consolidated profit on ordinary activities after taxation increased by 76.3% to £8.7m (2015: profit of £4.9m). The consolidated profit on ordinary activities before taxation was £10.7m (2015: profit of £5.9m), of which £10.3m was derived from unrealised gains on revaluing the equity investment portfolio in line with current market conditions, an increase of 102.0% on the previous year (2015: net unrealised gains of £5.1m). The Group's strategy is to cover expenses from the portfolio yield, and on an underlying basis (excluding equity and treasury portfolio movement) this was achieved with a pre-tax profit of £0.4m for the year (2015: £0.4m).

The Group invested £0.3m in new equity investments and £4.9m for follow-on equity financing to its existing portfolio during the year. In addition the Group provided new loans for working capital to the portfolio of £1.7m. Repayment of loans by the portfolio amounted to £4.6m in the year. Cash funds (including treasury funds) at 31 January 2016 were £5.3m.

Income from investments remained consistent with 2015 at £2.8m for the year (2015: £2.8m). Dividend income increased by 48% over the year due to the strengthening performance of the portfolio companies, whilst income from loans fell by 10%, which was largely the result of the portfolio repaying debt in accordance with agreed repayment schedules. Fees were 6% lower mainly due to one-off fees received in 2015 which were not repeated in 2016.

The Group continues to invest in new and existing opportunities. Operating expenses, including costs of making new investments, were 9% higher during the year at £2.4m (2015: £2.2m) in line with the increase in value of the portfolio.

Due to challenging market conditions, the Group's treasury funds decreased by 0.4% over the year (net of fund management charges). Although this was disappointing, it compared strongly against the FTSE 100, which decreased by 9.9% over the same period.

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 31 January 2016	Year to/as at 31 January 2015
Net asset value	£70.8m	£63.0m
Net asset value per share	243p	216p
Equity portfolio increase	23.8%	15.5%
Equity portfolio increase excluding Hyperion	28.2%	19.5%
Dividend per share	2.75p	2.75p
Total shareholder return (including dividends)	£8.6m	£4.9m
Total shareholder return on opening shareholders' funds	13.7%	8.2%
Annual operating cash surplus	£0.3m	£0.2m
Cash investment for the year – Equity	£5.2m	£3.1m
Cash investment for the year – Loans	£1.7m	£1.6m
Realisations (net of costs)	£0.1m	£1.0m
Profit on realisations	-	£0.8m
Loans repaid by investee companies in the year	£4.6m	£1.2m

Financial Risk Management

The Group's operations expose it to a variety of financial risks. The Group manages the risk to limit the adverse effects on the financial performance of the Group by monitoring those risks and acting accordingly. As at 31 January 2016 the Group was debt free (31 January 2015: debt free).

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

Price risk

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

Credit risk

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

Liquidity risk

The 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 31 January 2016, the Group had no interest bearing liabilities but had interest bearing assets. Interest bearing assets are loans made available to investee companies to aid their expansion, and are normally subject to a minimum interest rate to protect the Group from a period of low interest rates.

Currency risk

Although the Group's investments are predominantly within the UK it also makes investments and derives income outside the UK. As such some of the Group's income and assets are subject to movement in foreign currencies which will affect the Consolidated Statement of Comprehensive Income in accordance with the Group's accounting policy. The Board monitors the movements and manages the risk accordingly (see Note 24).

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 37 (2015: 42) during the year.

Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. This is because the directors, after making enquiries and following a review of the Group's budget for 2017 and 2018, 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
6 June 2016

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 31 January 2016 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing that audit. 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 31 January 2016 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 AUDIT LLP
Statutory Auditor
Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

6 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2016

	NOTES	2016 (£'000)	2016 (£'000)	2015 (£'000)	2015 (£'000)
Gains on investments	*1*				
Realised gains on disposal of equity investments (net of costs)	*12,14*	6		-	
Unrealised gains on equity investment revaluation	*12*	10,269		5,109	
			10,275		5,109
Income					
Dividends	*1,26*	639		432	
Income from loans and receivables	*1,26*	1,619		1,789	
Fees receivable	*1,26*	541		575	
			2,799		2,796
Operating Income	*2*		**13,074**		**7,905**
Operating expenses	*2*		(2,354)		(2,160)
Operating Profit			**10,720**		**5,745**
Financial income	*2,4*	18		450	
Financial expenses	*2,3*	(31)		(51)	
Exchange movements	*2,8*	(12)		(244)	
			(25)		155
Profit on ordinary activities before share based provision			**10,695**		**5,900**
Share based payment provision	*20,25*		(2)		(1)
Profit on ordinary activities before taxation	*8*		**10,693**		**5,899**
Income tax expense	*9*		(1,993)		(964)
Profit on ordinary activities after taxation attributable to equity holders	*20*		**8,700**		**4,935**
Earnings per share – basic and diluted (pence)	*10*		29.8p		16.9p

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

The notes on pages 34 to 63 form part of these financial statements.

CONSOLIDATED & COMPANY
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JANUARY 2016

(Company Number: 05674962)

	NOTES	GROUP 2016 (£'000)	GROUP 2015 (£'000)	COMPANY 2016 (£'000)	COMPANY 2015 (£'000)
Assets					
Non-current assets					
Property, plant and equipment	*11*	15	18	–	–
Investments – equity portfolio	*12*	54,051	38,647	60,656	52,815
Investments – treasury portfolio	*13*	3,482	6,319	–	–
Loans and receivables	*15*	14,660	14,717	10,170	10,155
		72,208	**59,701**	**70,826**	**62,970**
Current assets					
Trade and other receivables	*16*	3,054	5,908	–	–
Cash and cash equivalents		1,814	1,531	1	1
Total current assets		**4,868**	**7,439**	**1**	**1**
Total assets		**77,076**	**67,140**	**70,827**	**62,971**
Liabilities					
Non-current liabilities					
Deferred tax liabilities	*17*	(5,625)	(3,661)	–	–
Total non-current liabilities		**(5,625)**	**(3,661)**	**–**	**–**
Current liabilities					
Trade and other payables	*18*	(588)	(446)	(15)	–
Corporation tax provision	*18*	(51)	(62)	–	–
Total current liabilities	*18*	**(639)**	**(508)**	**(15)**	**–**
Total liabilities		**(6,264)**	**(4,169)**	**(15)**	**–**
Net Assets		**70,812**	**62,971**	**70,812**	**62,971**
Capital and reserves – equity					
Called up share capital	*19*	2,923	2,923	2,923	2,923
Share premium account	*20*	9,370	9,370	9,370	9,370
Fair value reserve	*20*	22,524	13,992	58,512	50,671
Reverse acquisition reserve	*20*	393	393	–	–
Capital redemption reserve	*20*	6	6	6	6
Capital contribution reserve	*20*	3	1	–	1
Retained earnings	*20*	35,593	36,286	1	–
Shareholders' Funds – equity	*20*	**70,812**	**62,971**	**70,812**	**62,971**
Net asset value per share (pence)	*10*	243p	216p	243p	216p

The Financial Statements were approved by the Board of Directors and authorised for issue on 6 June 2016 and signed on its behalf by:

B.P. Marsh & J.S. Newman

The notes on pages 34 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2016

	NOTES	2016 (£'000)	2015 (£'000)
Cash from operating activities			
Income from loans to investees		1,619	1,789
Dividends		639	432
Fees received from investment activity		541	575
Operating expenses		(2,354)	(2,160)
Increase in receivables		(189)	(302)
Increase / (decrease) in payables		142	(111)
Corporation tax paid in respect of prior year profits		(56)	-
Depreciation	*11*	7	7
Net cash from operating activities		**349**	**230**
Net cash from / (used by) investing activities			
Purchase of property, plant and equipment	*11*	(4)	(7)
Purchase of equity investments	*12*	(5,209)	(3,066)
Purchase of treasury investments	*13*	(3,084)	(2,763)
Net proceeds from sale of equity investments	*12,14*	80	1,041
Corporation tax repaid / (paid) on equity investment disposal		201	(4,216)
Net repayments / (advances) of loans from / (to) investee companies		2,905	(424)
Net proceeds from sale of treasury investments	*13*	5,902	6,088
Net cash from / (used by) investing activities		**791**	**(3,347)**
Net cash used by financing activities			
Financial income	*4*	6	44
Financial expenses	*3*	-	-
Dividends paid	*7*	(802)	(804)
Payments made to repurchase company shares	*19,20*	(57)	(83)
Net cash used by financing activities		**(853)**	**(843)**
Change in cash and cash equivalents		287	(3,960)
Cash and cash equivalents at beginning of the period		1,531	5,502
Exchange movement		(4)	(11)
Cash and cash equivalents at end of period		**1,814**	**1,531**

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

The notes on pages 34 to 63 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2016

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 paid directly by BPMCL and reflected in the Company through an intercompany adjustment. Accordingly the Company's "cash and cash equivalents" balance as at 31 January 2016 is £1k (2015: £1k).

CONSOLIDATED & COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2016

	GROUP		COMPANY	
	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)
Opening total equity	62,971	58,923	62,971	58,923
Profit for the year	8,700	4,935	8,700	4,935
Dividends paid	(802)	(804)	(802)	(804)
Repurchase of company shares	(57)	(83)	(57)	(83)
Total Equity	**70,812**	**62,971**	**70,812**	**62,971**

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

The notes on pages 34 to 63 form part of these financial statements.

1. Accounting Policies

B.P. Marsh & Partners Plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is 2nd Floor, 36 Broadway, London SW1H 0BH.

Basis of preparation of financial statements

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

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

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

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

Assessment as an investment entity

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

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

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

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

Application and significant judgments

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

1. Accounting Policies (continued)

Basis of preparation of financial statements (continued)

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

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

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

Standards that have been issued, but are not yet effective for the year ended 31 January 2016 include:

Annual improvements to IFRSs 2010-2012 Cycle (1 Feb 2015)
Annual improvements to IFRSs 2011-2013 Cycle (1 Jan 2015)
Annual improvements to IFRSs 2012-2014 Cycle (1 Jan 2016)
IFRS 15 Revenue from Contracts with Customers (1 Jan 2018)
IFRS 9 Financial Instruments (1 Jan 2018)
Disclosure Initiative: Amendments to IAS 1 (1 Jan 2016)

The Board is currently assessing the impact of IFRS 9. All other standards and interpretations are not expected to have a material impact on the financial statements.

Basis of consolidation

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

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

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

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

1. Accounting Policies (continued)

Basis of consolidation (continued)

(ii) Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the statement of financial position at fair value even though the Group may have significant influence over those companies.

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

All business combinations are accounted for by using the acquisition accounting method. This involves recognising identifiable assets and liabilities of the acquired business at fair value. Goodwill represents the excess of the fair value of the purchase consideration for the interests in subsidiary undertakings over the fair value to the Group of the net assets and any contingent liabilities acquired. The one exception to the use of the acquisition accounting method was in 2006 when B.P. Marsh & Partners Plc became the legal parent company of B.P. Marsh & Company Limited in a share for share exchange transaction. This was accounted for as a reverse acquisition, such that no goodwill arose, and a merger reserve was created reflecting the difference between the book value of the shares issued by B.P. Marsh & Partners Plc as consideration for the acquisition of the share capital of B.P. Marsh & Company Limited. This compliance with IFRS 3: Business Combinations ("IFRS 3") also represented a departure from the Companies Act.

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

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

No Statement of Comprehensive Income is prepared for the Company, as permitted by Section 408 of the Companies Act 2006. The Company made a profit for the year of £8,700,450, prior to a dividend distribution of £802,093 (2015: profit of £4,934,864 prior to a dividend distribution of £803,825).

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

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

1. Accounting Policies (continued)

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

The Board conducts the valuations of equity portfolio investments. In valuing equity portfolio investments, the Board applies guidelines issued by the International Private Equity and Venture Capital Valuation ("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.

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.

1. Accounting Policies (continued)

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.

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.

1. Accounting Policies (continued)

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.

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 there are no IFRS or International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations or amendments issued but not yet effective that would be expected to have a material impact on the Group.

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.

	Geographic Segment 1: UK & Channel Islands		Geographic Segment 2: Non UK & Channel Islands		Group	
	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)
Operating income	**12,588**	**6,056**	**486**	**1,849**	**13,074**	**7,905**
Operating expenses	(1,740)	(1,670)	(614)	(490)	(2,354)	(2,160)
Segment operating profit / (loss)	**10,848**	**4,386**	**(128)**	**1,359**	**10,720**	**5,745**
Financial income	13	348	5	102	18	450
Financial expenses	(23)	(39)	(8)	(12)	(31)	(51)
Exchange movements	(6)	(6)	(6)	(238)	(12)	(244)
Share based payment provision	(2)	(1)	-	-	(2)	(1)
Profit / (loss) before tax	**10,830**	**4,688**	**(137)**	**1,211**	**10,693**	**5,899**
Income tax (expense) / credit	(2,020)	(722)	27	(242)	(1,993)	(964)
Profit / (loss) for the year	**8,810**	**3,966**	**(110)**	**969**	**8,700**	**4,935**

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	
	2016 (£'000)	2015 (£'000)	2016	2015	2016	2015
Besso Insurance Group Limited	609	849	22	30	1	1
Hyperion Insurance Group Limited	453	509	16	18	1	1
Trireme Insurance Group Limited	407	391	15	14	1&2	1&2
LEBC Holdings Limited*	351	-	13	-	1	-

*There are no disclosures shown for LEBC Holdings Limited in the prior year as the total realised income derived from this investee company did not exceed the 10% threshold prescribed by IFRS 8 Operating Segments.

2. Segmental Reporting (continued)

	Geographic segment 1: UK & Channel Islands		Geographic segment 2: Non UK & Channel Islands		Group	
	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)
Non-current assets						
Property, plant and equipment	13	14	2	4	15	18
Investments – equity portfolio	45,956	30,613	8,095	8,034	54,051	38,647
Investments – treasury portfolio	3,482	6,319	-	-	3,482	6,319
Loans and receivables	11,129	11,466	3,531	3,251	14,660	14,717
	60,580	**48,412**	**11,628**	**11,289**	**72,208**	**59,701**
Current assets						
Trade and other receivables	2,705	5,588	349	320	3,054	5,908
Cash and cash equivalents	1,814	1,531	-	-	1,814	1,531
Deferred tax assets	-	-	49	-	49	-
	4,519	**7,119**	**398**	**320**	**4,917**	**7,439**
Total assets	**65,099**	**55,531**	**12,026**	**11,609**	**77,125**	**67,140**
Non-current liabilities						
Deferred tax liabilities	(5,674)	(3,406)	-	(255)	(5,674)	(3,661)
	(5,674)	**(3,406)**	**-**	**(255)**	**(5,674)**	**(3,661)**
Current liabilities						
Trade and other payables	(588)	(446)	-	-	(588)	(446)
Corporation tax provision	(51)	(62)	-	-	(51)	(62)
Total liabilities	**(6,313)**	**(3,914)**	**-**	**(255)**	**(6,313)**	**(4,169)**
Net assets	**58,786**	**51,617**	**12,026**	**11,354**	**70,812**	**62,971**
Additions to property, plant and equipment	3	6	1	1	4	7
Depreciation of property, plant and equipment	6	6	1	1	7	7
Impairment of investments and loans	-	-	-	-	-	-
Cash flow arising from:						
Operating activities	366	73	(17)	157	349	230
Investing activities	1,283	(1,836)	(492)	(1,511)	791	(3,347)
Financing activities	(853)	(843)	-	-	(853)	(843)
Change in cash and cash equivalents	**796**	**(2,606)**	**(509)**	**(1,354)**	**287**	**(3,960)**

3. Financial Expenses

	2016 (£'000)	2015 (£'000)
Investment management costs (Note 13)	31	51
	31	**51**

4. Financial Income

	2016 (£'000)	2015 (£'000)
Bank interest	6	44
Income from treasury portfolio investments – dividend and similar income (Note 13)	389	208
Income from treasury portfolio investments – net unrealised (losses) / gains on revaluation (Note 13)	(377)	198
	18	**450**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 17 (2015: 17). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2016 (£'000)	2015 (£'000)
Wages and salaries	1,368	1,220
Social security costs	174	154
Pension costs	61	63
	1,603	**1,437**

In addition, during the year to 31 January 2015, Joint Share Ownership Agreements were entered into between certain directors and employees, the Company and B.P. Marsh Management Limited, a company wholly owned by the Executive Chairman and majority shareholder, Mr B.P. Marsh. Refer to the Report of the Remuneration Committee on page 18 and Note 25 for further details.

6. Directors' Emoluments

	2016 (£'000)	2015 (£'000)
The aggregate emoluments of the directors were:		
Management services – remuneration	847	796
Fees	38	23
Pension contributions – remuneration	36	41
	921	**860**

In addition to the above, during the year to 31 January 2015 an amount of £197,033 was paid to Mr S.S. Clarke in settlement of a carried interest entitlement which had existed as at 31 January 2014.

Of the 1,421,130 shares in respect of which joint interests were granted in the prior year, 1,080,059 shares were issued to directors (952,158 shares to directors serving during the year ended 31 January 2015 and 127,901 to an employee who was appointed a director in the current year). Refer to the Report of the Remuneration Committee on page 18 and Note 25 for further details.

6. Directors' Emoluments (continued)

	2016 (£'000)	2015 (£'000)
Highest paid director		
Emoluments	199	205
Pension contribution	10	15
	209	**220**

The highest paid director also has a joint interest in 355,283 shares pursuant to a Joint Share Ownership Agreement entered into in the prior year. Refer to the Report of the Remuneration Committee on page 18 and Note 25 for further details.

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

During the year, 4 directors (2015: 4) accrued benefits under these defined contribution pension schemes.

7. Dividends

	2016 (£'000)	2015 (£'000)
Ordinary dividends		
Dividend paid:		
2.75 pence each on 29,167,000 Ordinary shares		
(2015: 2.75 pence each on 29,230,000 Ordinary shares)	802	804
	802	**804**

In the current year no dividend was payable on the 59,040 ordinary shares held by the Company in Treasury. In the prior year there were no ordinary shares held by the Company in Treasury at the time when the dividend was payable on 25 July 2014.

8. Profit On Ordinary Activities Before Taxation

	2016 (£'000)	2015 (£'000)
The profit for the year is arrived at after charging:		
Depreciation of owned tangible fixed assets	7	7
Auditor's remuneration:		
Audit fees for the Company	26	25
Other services:		
Audit of subsidiaries' accounts	12	12
Taxation	10	9
Other advisory	60	24
Exchange loss	12	244
Operating lease rentals of land and buildings	84	84

9. Income Tax Expense

	2016 (£'000)	2015 (£'000)
Current tax:		
Current tax on profits for the year	51	62
Adjustments in respect of prior years	(22)	(23)
Total current tax	**29**	**39**
Deferred tax (Note 17):		
Origination and reversal of temporary differences	1,964	1,032
Re-measurement upon change in tax rate	-	(130)
Adjustment in respect of previous periods	-	23
Total deferred tax	**1,964**	**925**
Income tax expense	**1,993**	**964**
The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK. The differences are explained below:		
Profit before tax	**10,693**	**5,899**
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.17% (2015: 21.33%)	2,157	1,258
Tax effects of:		
Expenses not deductible for tax purposes	20	22
Prior year current tax overprovision	(22)	(23)
Re-measurement of deferred tax upon change in tax rate	-	(130)
Tax payable on realised gains on disposal of investments	-	-
Capital gains on disposal of investments	(1)	-
Other adjustments	(33)	(71)
Other effects:		
Management expenses utilised	-	-
Non-taxable income (dividends received)	(128)	(92)
Tax charge for the year	**1,993**	**964**

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

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

	2016 (£'000)	2015 (£'000)
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity shareholders	8,700	4,935
Earnings per share – basic and diluted	**29.8p**	**16.9p**

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	29,165,774	29,218,815
Number of dilutive shares under option	Nil	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	**29,165,774**	**29,218,815**

During the year the Company paid a total of £56,414 (2015: £82,450) in order to repurchase 38,612 (2015: 63,000) ordinary shares at an average price of 146 pence per share (2015: 131 pence per share). All 38,612 ordinary shares are being held by the Company in Treasury (2015: 3,960 ordinary shares were immediately cancelled upon purchases and the remaining 59,040 ordinary shares were held by the Company in Treasury. The repurchase and subsequent cancellations of 3,960 ordinary shares during the year ended 31 January 2015 resulted in a reduction in the number of ordinary shares in issue from 29,230,000 to 29,226,040).

Distributable reserves have been reduced by £56,414 as a result (2015: reduction of £82,054 with the amount of £396, being the nominal value of the cancelled 3,960 ordinary shares, transferred to the Capital Redemption Reserve).

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

As at 31 January 2016 a total of 97,652 ordinary shares were held by the Company in Treasury (31 January 2015: 59,040 ordinary shares).

11. Property, Plant And Equipment

Group

	FURNITURE & EQUIPMENT (£'000)	LEASEHOLD FIXTURES & FITTINGS (£'000)	TOTAL (£'000)
Cost			
At 1 February 2014	70	51	121
Additions	7	-	7
Disposals	(12)	-	(12)
At 31 January 2015	**65**	**51**	**116**
At 1 February 2015	65	51	116
Additions	4	-	4
Disposals	-	-	-
At 31 January 2016	**69**	**51**	**120**
Depreciation			
At 1 February 2014	52	51	103
Eliminated on disposal	(12)	-	(12)
Charge for the year	7	-	7
At 31 January 2015	**47**	**51**	**98**
At 1 February 2015	47	51	98
Eliminated on disposal	-	-	-
Charge for the year	7	-	7
At 31 January 2016	**54**	**51**	**105**
Net book value			
At 31 January 2016	15	-	15
At 31 January 2015	18	-	18
At 31 January 2014	18	-	18

12. Non-Current Investments – Equity Portfolio

Group

	SHARES IN INVESTEE COMPANIES TOTAL (£'000)
At valuation	
At 1 February 2014	31,710
Additions	3,066
Disposals	(1,238)
Provisions	-
Unrealised gains in this period	5,109
At 31 January 2015	**38,647**
At 1 February 2015	38,647
Additions	5,209
Disposals	(74)
Provisions	-
Unrealised gains in this period	10,269
At 31 January 2016	**54,051**
At cost	
At 1 February 2014	18,453
Additions	3,066
Disposals	(703)
Provisions	-
At 31 January 2015	**20,816**
At 1 February 2015	20,816
Additions	5,209
Disposals	(74)
Provisions	-
At 31 January 2016	**25,951**

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

On 20 February 2015 the Group acquired a further 10.5% stake in Walsingham Motor Insurance Limited ("Walsingham") for total consideration of £300,000. This increased the Group's holding in Walsingham from 30% as at 31 January 2015 to 40.5% as at 31 January 2016.

On 15 April 2015 the Group subscribed for a 35% preferred equity stake in Bulwark Investment Holdings (PTY) Limited ("Bulwark"), based in South Africa, for consideration of £1.

On 17 June 2015 the Group acquired a further 5% preferred equity stake in Nexus Underwriting Management Limited ("Nexus") for a total consideration of £1,554,000, taking the Group's shareholding in Nexus to 9.8% of its enlarged share capital. On 7 December 2015 the Group acquired an additional preferred equity holding for consideration of £1,467,472. As at 31 January 2016 the Group's equity investment in Nexus stood at 13.48%.

On 26 June 2015 the Group acquired a 20% preferred equity stake in Property and Liability Underwriting Managers (PTY) Limited ("PLUM"), a Managing General Agent based in South Africa and specialising in large corporate property insurance risks, for an initial consideration of £306,463. The total consideration could increase to £600,000 subject to PLUM achieving EBITDA of ZAR 8,300,000 over the first year of the Group's investment.

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

Group (continued)

On 10 September 2015, following the departure of a minority shareholder and director of Besso Insurance Group Limited ("Besso"), the Group entered into an agreement to acquire the exiting director's 7.03% equity stake in Besso for a total consideration of £1,581,147. The shares are being held by the Group on behalf of Besso. Besso can invoke a share purchase transaction to buy back and cancel the shares. As at 31 January 2016 the Group's equity investment in Besso was 44.97%, including this 7.03% held on behalf of Besso which is stated at cost within the valuation.

The unquoted investee companies, which are registered in England except Summa Insurance Brokerage S.L. (Spain), MB Prestige Holdings PTY Limited (Australia), Bastion Reinsurance Brokerage (PTY) Limited (South Africa), Bulwark Investment Holdings (PTY) Limited (South Africa) and Property and Liability Underwriting Managers (PTY) Limited (South Africa) 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
Bastion Reinsurance Brokerage (PTY) Limited	35.00	31.12.14	30,042	(49,281)	Reinsurance broker
Besso Insurance Group Limited	37.94 7.03*	31.12.14	5,230,393	(301,299)	Insurance intermediary
Bulwark Investment Holdings (PTY) Limited	35.00	-	-	-	Holding company for South African Managing General Agents
Hyperion Insurance Group Limited	1.66	30.09.15	(27,613,000)	(81,425,000)	Insurance holding company
LEBC Holdings Limited	34.66	30.09.15	1,171,692	1,359,232	Independent financial advisor company
MB Prestige Holdings PTY Limited	40.00	31.12.15	1,021,966	315,107	Specialist Australian Motor Managing General Agency
Neutral Bay Investments Limited	49.90	31.03.15	3,905,577	190,163	Investment holding company
Nexus Underwriting Management Limited	13.48	31.12.14	4,338,453	1,829,533	Specialist Managing General Agency
Property and Liability Underwriting Managers (PTY) Limited	20.00	-	-	-	Specialist South African Property Managing General Agency
Summa Insurance Brokerage, S.L.	77.25	31.12.14	8,358,239	84,660	Consolidator of regional insurance brokers
The Broucour Group Limited	49.00	30.04.15	(761,027)	(50,405)	Business transfer agents
Trireme Insurance Group Limited	30.44	31.12.14	448,452	(2,030,999)	Holding company for insurance intermediaries
Walsingham Motor Insurance Limited†	40.50	30.09.14	(723,184)	(645,066)	Specialist UK Motor Managing General Agency

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

Group (continued)

In addition, as at 31 January 2016 the Group held 1.32% of the share capital of Randall & Quilter Investment Holdings Limited ("R&Q"). R&Q is an AIM listed company. During the current year R&Q made two 'return of value' distributions totalling £79,702 to shareholders through the issue and subsequent cancellation of new shares. These amounts (£47,442 in August 2015 and £32,260 in November 2015) were paid to the Group as 'capital' distributions. The Group has treated these distributions as disposal proceeds and reduced the cost base of this investment accordingly, resulting in a £6,141 realised gain on disposal of investment (see Note 14) which is reflected in the Consolidated Statement of Comprehensive Income for the year.

* The Group's economic participation in Besso as at 31 January 2016 was 37.94%. The additional 7.03% held by the Group on behalf of Besso is a capped participation and is stated within the Group's valuation of Besso at cost (£1,581,147).

† By virtue of its interest in Walsingham Motor Insurance Limited, the Group has also acquired a 50% equity holding in Walsingham Holdings Limited, a company incorporated during the year, for £1 consideration and which remains dormant at the year end.

Financial data for Bulwark Investment Holdings (PTY) Limited and Property and Liability Underwriting Managers (PTY) Limited is not yet available as these companies were incorporated and commenced trading in 2015.

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 1 February 2014	48,767
Additions	-
Unrealised gains in this period	4,048
At 31 January 2015	**52,815**
At 1 February 2015	52,815
Additions	-
Unrealised gains in this period	7,841
At 31 January 2016	**60,656**
At cost	
At 1 February 2014	2,143
Additions	-
At 31 January 2015	**2,143**
At 1 February 2015	2,143
Additions	-
At 31 January 2016	**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 held throughout the year, which are extracted from the IFRS accounts of B.P. Marsh & Company Limited and Marsh Insurance Holdings Limited and the UK GAAP accounts for the other companies, are as follows:

NAME OF COMPANY	% HOLDING OF SHARE CAPITAL	AGGREGATE CAPITAL AND RESERVES AT 31 JANUARY 2016 (£)	PROFIT/(LOSS) FOR THE YEAR TO 31 JANUARY 2016 (£)	PRINCIPAL ACTIVITY
B.P. Marsh & Company Limited	100	60,656,234	8,698,438	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	15,994,862	3,307,772	Investment holding company
B.P. Marsh Asset Management Limited	100	23,485	-	Consulting services
B.P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant

In addition, Bastion London Limited, a company 100% owned by the Group, was incorporated during the year. This company was dormant at the year end.

13. Non-Current Investments – Treasury Portfolio

Group

	2016 (£'000)	2015 (£'000)
At valuation		
Market value at 1 February	6,319	9,289
Additions at cost	3,084	2,763
Disposals	(5,902)	(6,088)
Change in value in the year (Note 3 & Note 4)	(19)	355
Market value at 31 January	**3,482**	**6,319**
Investment fund split:		
GAM London Limited	3,377	4,538
Banque Heritage SA	105	1,781
Total	**3,482**	**6,319**

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

The treasury portfolio comprises of investment funds managed and valued by the Group's investment managers, GAM London 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 the year to 31 January 2014.

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.

Investment management costs of £31,257 (2015: £51,480) were charged to the Consolidated Statement of Comprehensive Income for the current year (Note 3).

14. Realised Gains On Disposal Of Equity Investments

The realised gains on disposal of investments comprises of a gain of £6,141 in respect of capital distributions made by R&Q in the year (see Note 12).

The amount included in realised gains on disposal of equity investments in the year to 31 January 2015 was £Nil. However, during that year, the Group disposed of its investments in Portfolio Design Group International Limited, Morex Commercial Limited, Preferred Asset Management Limited and New Horizons Nominees Limited (together the "PDGI businesses") at their combined carrying value of £1,238,000 for a consideration of £1,250,000. This resulted in a gross realised gain on disposal of £12,000, reduced by disposal costs totalling £12,000, to give a net realised gain of £Nil for the year ended 31 January 2015.

The above disposal of the PDGI businesses also resulted in a net release to Retained Earnings from the Fair Value Reserve of £332,173, comprising of a £534,967 release of fair value which was reduced by estimated tax payable on disposal of £5,761 and £197,033 of carried interest paid as at 31 January 2015. In the year to 31 January 1999 an intra-group transfer had already recognised a £450,000 release of fair value in relation to this investment.

Additionally, in the year to 31 January 2015 the tax payable on the partial disposal of the Group's investment in Hyperion Insurance Group Limited ("Hyperion") made in the year to 31 January 2014 was re-evaluated following finalisation of the Group's corporation tax returns, resulting in a reduction of £22,538. This reduction subsequently resulted in a further net release to Retained Earnings from the Fair Value Reserve of the same amount (see Note 9 and Note 17).

As a result of the above disposal of the PDGI businesses and the re-evaluation of the tax payable on the Hyperion disposal in the prior year, the aggregate net release to Retained Earnings from the Fair Value Reserve in the year to 31 January 2015 amounted to £354,711 (Note 20).

15. Loans And Receivables – Non-Current

	Group 2016 (£'000)	Group 2015 (£'000)	Company 2016 (£'000)	Company 2015 (£'000)
Loans to investee companies (Note 26)	14,660	14,717	-	-
Amounts due from subsidiary undertakings	-	-	10,170	10,155
	14,660	**14,717**	**10,170**	**10,155**

See Note 26 for terms of the loans.

16. Trade And Other Receivables – Current

	Group 2016 (£'000)	Group 2015 (£'000)	Company 2016 (£'000)	Company 2015 (£'000)
Trade receivables	592	533	-	-
Less provision for impairment of receivables	-	-	-	-
	592	**533**	**-**	**-**
Loans to investee companies (Note 26)	1,965	4,822	-	-
Corporation tax repayable	15	201	-	-
Other receivables	21	24	-	-
Prepayments and accrued income	461	328	-	-
	3,054	**5,908**	**-**	**-**

Included within trade receivables is £535,560 (2015: £501,493) 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.

During the year there were no provisions made for doubtful debts (2015: None).

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

The Group's net trade receivable balance includes debtors with a carrying amount of £591,532 (2015: £532,877), of which £514,865 (2015: £361,323) of debtors are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

16. Trade And Other Receivables – Current (continued)

Ageing of past due but not impaired:

	Group		Company	
	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)
Not past due	77	172	-	-
Past due: 0 – 30 days	215	122	-	-
Past due: 31 – 60 days	55	5	-	-
Past due: more than 60 days	245	234	-	-
	592	**533**	**-**	**-**

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 31 January 2016 stands at £685,000 (2015: £685,000).

See Note 26 for terms of the loans and Note 24 for further credit risk information.

17. Deferred Tax Liabilities – Non-Current

	GROUP (£'000)	COMPANY (£'000)
At 1 February 2014	2,736	-
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 9)	1,032	-
Re-measurement upon change in tax rate (Note 9)	(130)	-
Adjustment in respect of previous periods (Note 9)	23	-
At 31 January 2015	**3,661**	**-**
At 1 February 2015	3,661	-
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 9)	1,964	-
Re-measurement upon change in tax rate (Note 9)	-	-
Adjustment in respect of previous periods (Note 9)	-	-
At 31 January 2016	**5,625**	**-**

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, £5,625,000 (2015: £3,661,000) of tax on capital gains would become payable by the Group at a corporation tax rate of 20% (2015: 20%).

As at 31 January 2016 the enacted tax rate was 19% from April 2017. If 19% is used to calculate the deferred tax liability it would be reduced by some £280,000.

During the year ended 31 January 2015 there was a re-evaluation of the tax payable on the partial disposal of the Group's investment in Hyperion Insurance Group Limited ("Hyperion") in the year to 31 January 2014 (which resulted from the finalisation of the Group's corporation tax returns for that year and a subsequent reduction to the actual corporation tax payable on the disposal of £23,000). £23,000 of the £5,438,000 of deferred tax previously released in the year to 31 January 2014 was included in the year ended 31 January 2015 as an adjustment in respect of the previous period.

18. Current Liabilities

	Group 2016 (£'000)	Group 2015 (£'000)	Company 2016 (£'000)	Company 2015 (£'000)
Trade and other payables				
Trade payables	127	95	–	–
Other taxation & social security costs	52	38	–	–
Accruals and deferred income	409	313	15	–
	588	**446**	**15**	**–**
Corporation tax (Note 9)	51	62	–	–
	639	**508**	**15**	**–**

The corporation tax of £51,227 as at 31 January 2016 relates to the estimated tax payable on the Group's underlying profit for the current year of £51,101 and £126 of tax payable in respect of the prior year.

The corporation tax as at 31 January 2015 of £61,779 related to the estimated tax payable on the disposal of the Group's investment in in the PDGI businesses in May 2014 of £5,761 and estimated tax payable on the Group's underlying profit for that year of £56,018.

19. Called Up Share Capital

	2016 (£'000)	2015 (£'000)
Allotted, called up and fully paid		
29,226,040 Ordinary shares of 10p each (2015: 29,230,000)	2,923	2,923
	2,923	**2,923**

During the year the Company paid a total of £56,414 (2015: £82,450) in order to repurchase 38,612 (2015: 63,000) ordinary shares at an average price of 146 pence per share (2015: 131 pence per share). All 38,612 ordinary shares are being held by the Company in Treasury (2015: 3,960 ordinary shares were immediately cancelled upon purchases and the remaining 59,040 ordinary shares were held by the Company in Treasury. The repurchase and subsequent cancellations of 3,960 ordinary shares during the year ended 31 January 2015 resulted in a reduction in the number of ordinary shares in issue from 29,230,000 to 29,226,040).

Distributable reserves have been reduced by £56,414 as a result (2015: reduction of £82,054 with the amount of £396, being the nominal value of the cancelled 3,960 ordinary shares, transferred to the Capital Redemption Reserve).

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

As at 31 January 2016 a total of 97,652 ordinary shares were held by the Company in Treasury (31 January 2015: 59,040 ordinary shares).

20. Reconciliation Of Movements In Shareholders' Funds

Group

	SHARE CAPITAL (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	REVERSE ACQUISITION RESERVE (£'000)	CAPITAL REDEMPTION RESERVE (£'000)	CAPITAL CONTRIBUTION RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1 February 2014	2,923	9,370	9,743	393	6	-	36,488	58,923
Profit for the year	-	-	4,604	-	-	-	331	4,935
Transfers on sale of investments (Note 14)	-	-	(355)	-	-	-	355	-
Dividends paid (Note 7)	-	-	-	-	-	-	(804)	(804)
Share repurchase (Note 19)	-	-	-	-	-	-	(83)	(83)
Share based payments (Note 25)	-	-	-	-	-	1	(1)	-
At 31 January 2015	**2,923**	**9,370**	**13,992**	**393**	**6**	**1**	**36,286**	**62,971**
At 1 February 2015	2,923	9,370	13,992	393	6	1	36,286	62,971
Profit for the year	-	-	8,532	-	-	-	168	8,700
Dividends paid (Note 7)	-	-	-	-	-	-	(802)	(802)
Share repurchase (Note 19)	-	-	-	-	-	-	(57)	(57)
Share based payments (Note 25)	-	-	-	-	-	2	(2)	-
At 31 January 2016	**2,923**	**9,370**	**22,524**	**393**	**6**	**3**	**35,593**	**70,812**

20. Reconciliation Of Movements In Shareholders' Funds (continued)

Company

	SHARE CAPITAL (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	CAPITAL REDEMPTION RESERVE (£'000)	CAPITAL CONTRIBUTION RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1 February 2014	2,923	9,370	46,623	6	-	1	58,923
Profit for the year	-	-	4,048	-	-	887	4,935
Dividends paid (Note 7)	-	-	-	-	-	(804)	(804)
Share repurchase (Note 19)	-	-	-	-	-	(83)	(83)
Share based payments (Note 25)	-	-	-	-	1	(1)	-
At 31 January 2015	**2,923**	**9,370**	**50,671**	**6**	**1**	**-**	**62,971**
At 1 February 2015	2,923	9,370	50,671	6	1	-	62,971
Profit for the year	-	-	7,841	-	-	859	8,700
Dividends paid (Note 7)	-	-	-	-	-	(802)	(802)
Share repurchase (Note 19)	-	-	-	-	-	(57)	(57)
Share based payments (Note 25)	-	-	-	-	(1)	1	-
At 31 January 2016	**2,923**	**9,370**	**58,512**	**6**	**-**	**1**	**70,812**

21. Operating Lease Commitments

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

	2016 LAND AND BUILDINGS (£'000)	2015 LAND AND BUILDINGS (£'000)
Earlier than one year	76	84
Between two and five years	-	76

22. Loan And Equity Commitments

On 22 July 2010 (as varied on 8 August 2012, 29 May 2014 and 23 September 2014) the Group entered into an agreement to provide a loan facility of £2,419,515 to Trireme Insurance Group Limited, an investee company. Following a repayment of £240,000 during the year, as at 31 January 2016 the total loan drawn down amounted to £2,155,113, leaving a remaining undrawn facility of £24,402.

On 1 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 31 January 2015 £333,000 of this facility had been drawn down. Following repayments made during the year on this facility amounting to £125,000 and together with other loans of £2,196,540, total loans drawn down as at 31 January 2016 amounted to £2,341,540, with a remaining undrawn facility of £414,000.

On 15 April 2015 the Group entered into an agreement to provide a loan facility of £500,000 to Bulwark Investment Holdings (PTY) Limited, an investee company. As at 31 January 2016 £398,624 of this facility had been drawn down, leaving a remaining undrawn facility of £101,376.

Please refer to Note 27 for details of loan amounts drawn down after the year end.

23. Contingent Liabilities

The Group has entered into a long-term incentive arrangement with an employee. 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. The conditions for the first £30,000 due to be paid on 15 May 2015 were met during the year and the amount was paid to the employee on this date. A further £30,000 was due on 15 May 2016. This amount has been included in these financial statements on the basis that as at 31 January 2016 an undertaking had been received by the employee to remain in the employment of the Company until at least 15 May 2016 and therefore would meet the performance conditions relating to this incentive. The £30,000 was paid to the employee on the due date of 15 May 2016.

24. Financial Instruments

The Group's financial instruments comprise loans to participating interests, cash and liquid resources and various other items, such as trade debtors, trade creditors, 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".

Interest rate profile
The Group has cash balances of £1,814,000 (2015: £1,531,000), which are part of the financing arrangements of the Group. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged up to 0.85% p.a. in the period (2015: deposit rates of interest ranged up to 2.0% p.a.). During the period maturity periods ranged between immediate access and 32 days (2015: maturity periods ranged between immediate access and 1 year).

Currency hedging
During the period, the Group did not engage in any form of currency hedging transaction (2015: None).

24. Financial Instruments (continued)

Financial liabilities
The Company had no borrowings as at 31 January 2016 (2015: £Nil).

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

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

The following presents the Group's assets and liabilities that are measured at fair value at 31 January 2016:

	Level 1 (£'000)	Level 2 (£'000)	Level 3 (£'000)	Total (£'000)
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	773	-	53,278	54,051
Treasury portfolio investments	3,482	-	-	3,482
	4,255	**-**	**53,278**	**57,533**

The Group's assets and liabilities that are measured at fair value at 31 January 2015 are presented as follows:

	Level 1 (£'000)	Level 2 (£'000)	Level 3 (£'000)	Total (£'000)
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	1,243	-	37,404	38,647
Treasury portfolio investments	6,319	-	-	6,319
	7,562	**-**	**37,404**	**44,966**

25. Share Based Payment Arrangements

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

Nature of the arrangement	Share appreciation rights (joint beneficial ownership)
Date of grant	6 November 2014
Number of instruments granted	1,421,130
Exercise price (pence)	140.00
Share price (market value) at grant (pence)	138.00
Hurdle rate	3.5% p.a. (simple)
Vesting period (years)	3 years
Vesting conditions	There are no performance conditions other than the recipient remaining an employee throughout the vesting period. The awards vest after 3 years or earlier resulting from either: a) a change of control resulting from a person, other than a member of the Company, obtaining control of the Company either (i) as a result of a making a Takeover Offer; (ii) pursuant to a Scheme of Arrangement; or (iii) in consequence of a Compulsory Acquisition); or b) a person becoming bound or entitled to acquire shares in the Company pursuant to sections 974 to 991 of the Companies Act 2006; or c) a winding up. If the employee is a bad leaver the co-owner of the jointly-owned share can buy out the employee's interest for 1p.
Expected volatility	20%
Risk free rate	1%
Expected dividends expressed as a dividend yield	2%
Settlement	Cash settled on sale of shares
% expected to vest (based upon leavers)	85%
Number expected to vest	1,207,960
Valuation model	Black-Scholes
Black-Scholes value (pence)	15.00
Deduction for carry charge (pence)	14.50
Fair value per granted instrument (pence)	0.50
Charge for year ended 31 January 2016	£2,013

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

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

25. Share Based Payment Arrangements (continued)

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

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

No jointly-owned shares were sold or forfeited during the year. The number of jointly-owned shares expected to vest has therefore not been adjusted. In accordance with IFRS 2: Share-based Payment, the fair value of the expected cost of the award (measured at the date of grant) has been spread over the three year vesting period.

26. Related Party Disclosures

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

	2016 (£)	2015 (£)
The Broucour Group Limited	1,041,500	1,097,500
Bastion Reinsurance Brokerage (PTY) Limited	341,831	211,831
Besso Insurance Group Limited	2,341,540	5,135,393
Bulwark Investment Holdings (PTY) Limited	398,624	-
Hyperion Insurance Group Limited	6,037,361	6,037,361
LEBC Holdings Limited	1,005,000	1,005,000
Trireme Insurance Group Limited	2,155,113	2,395,113
Walsingham Motor Insurance Limited	1,200,000	1,200,000
	(€)	(€)
Summa Insurance Brokerage, S.L.	2,731,434	3,203,064
	(AUD)	(AUD)
MB Prestige Holdings PTY Limited	1,417,334	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.

26. 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 (including their subsidiaries and other related entities) of the Company and its subsidiaries for the year were as follows:

	2016 (£)	2015 (£)
The Broucour Group Limited	43,458	45,885
Bastion Reinsurance Brokerage (PTY) Limited	64,989	10,016
Besso Insurance Group Limited	608,906	848,694
Bulwark Investment Holdings (PTY) Limited	39,961	-
Hyperion Insurance Group Limited	452,802	509,037
LEBC Holdings Limited	350,876	230,975
MB Prestige Holdings PTY Limited	129,232	100,629
Neutral Bay Investments Limited	106,505	111,257
Nexus Underwriting Management Limited	194,889	50,520
Portfolio Design Group International Limited	-	3,000
Property & Liability Underwriting Managers (PTY) Limited	31,971	-
Summa Insurance Brokerage, S.L.	204,605	258,114
Trireme Insurance Group Limited	407,150	390,640
Walsingham Motor Insurance Limited	121,000	119,998

In addition, the Group made management charges of £34,000 (2015: £32,000) to the Marsh Christian Trust, a grant making charitable Trust of which Mr B.P. Marsh, the Executive Chairman and majority shareholder of the Company, is also the Trustee and Settlor.

The Group also made management charges of £8,900 (2015: £5,100) to Brian Marsh Enterprises Limited.

On 4 May 2016 the Group also sold its entire 1.32% stake (948,830 ordinary shares) in Randall & Quilter Investment Holdings Limited ("R&Q") to Brian Marsh Enterprises Limited. The total consideration of £1,019,992 represents a realised gain of £246,992 on the investment when compared to the carrying value of £773,000 as at 31 January 2016 (Note 27).

Mr B.P. Marsh, the Chairman and majority shareholder of the Company is also the Chairman and majority shareholder of Brian Marsh Enterprises Limited. Ms C.S. Kenyon (a director of the Company) was also a director of Brian Marsh Enterprises Limited until her resignation from this company on 8 October 2015.

On 24 November 2015 the Marsh Christian Trust sold 171,000 ordinary shares in the Company that had originally been gifted to it for nil consideration in the year to 31 January 2015 for 152.25p per share.

On 17 December 2015 Mr B.P. Marsh gifted 180,000 ordinary shares in the Company to the Marsh Christian Trust for nil consideration. On 22 December 2015 the Marsh Christian Trust sold 150,000 of these shares for 153.00p per share, retaining an interest in 30,000 shares as at 31 January 2016.

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

Of the total dividend payments made during the year of £802,093, £510,703 was paid to the directors or parties related to them (2015: total dividend payments of £803,825, of which £509,905 was paid to the directors or parties related to them).

27. Events After The Reporting Date

In February and March 2016 the Group provided the remaining £101,376 of an agreed £500,000 loan facility (£398,624 drawn down as at 31 January 2016) to Bulwark Investment Holdings (PTY) Limited ("Bulwark"); £73,073 provided on 15 February 2016 and £28,303 on 17 March 2016. On 13 April 2016 the loan facility to Bulwark was increased by a further £100,000 to £600,000, with £50,000 of this facility drawn down immediately and a further £35,000 drawn down on 25 May 2016. At the date of this report the total loans drawn down by Bulwark amount to £585,000, leaving a remaining undrawn facility of £15,000.

On 29 March 2016 the Group established an HMRC sanctioned Share Incentive Plan ("SIP"). A total of 97,652 ordinary shares in the Company (which were held in Treasury as at 31 January 2016) were transferred to the B.P. Marsh SIP Trust. A total of 9 employees (including 4 executive directors of the Company) were eligible and applied for the 2015-16 SIP and were each granted 2,408 ordinary shares ("15-16 Free Shares"), representing £3,600 at the share price on the date of grant. The 15-16 Free Shares are subject to a 1 year forfeiture period. Additionally, a total of 9 eligible employees (including 4 executive directors of the Company) applied for the 2016-17 SIP and will each be granted a number of ordinary shares ("16-17 Free Shares"), representing £3,600 at the price of issue. All eligible employees have been invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares") and for every Partnership Share that an employee acquires, the SIP Trust will offer two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. The 16-17 Free, Partnership and Matching Shares will be awarded on 27 June 2016, with the 16-17 Free and Matching Shares being subject to a 1 year forfeiture period.

On 6 April 2016 Mr B.P. Marsh, the Chairman and majority shareholder of the Company, transferred 584,000 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. This transfer takes the total number of shares held by the Marsh Christian Trust in the Company to 614,000 at the date of this report.

On 15 April 2016 the Group sold its entire 49% stake in The Broucour Group Limited ("Broucour") to the founder and managing director, Mr Rupert Cattell, for consideration of up to £341,000, which equates to the Group's 31 January 2016 valuation of its investment in Broucour. The outstanding loan (£356,500 as at 31 January 2016 and £329,834 at the date of sale) will be repaid in full in instalments.

On 20 April 2016 the Group acquired a 20% shareholding in Asia Reinsurance Brokers Pte Limited ("ARB"), a Singapore headquartered independent specialist reinsurance and insurance risk solutions provider, for a total consideration of SGD 2,398,424 (£1,268,336). The Group may increase its shareholding in ARB to 25% for an additional cash consideration of SGD 500,000 dependent on the performance of ARB in its financial year ending 31 December 2017.

On 4 May 2016 the Group sold its entire 1.32% stake (948,830 ordinary shares) in Randall & Quilter Investment Holdings Limited ("R&Q") to Brian Marsh Enterprises Limited, a company owned by Mr B.P. Marsh, the Chairman and majority shareholder of the Company. The total consideration of £1,019,992 represents a realised gain of £246,992 on the investment when compared to the carrying value of £773,000 as at 31 January 2016.

28. Ultimate Controlling Party

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

NOTES

If good people work hard on good business
for long enough, a good harvest can be expected.
That is what is meant by prosperity

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