Annual Report 2021

B.P. MARSH

& PARTNERS PLC

BPM

B.P. Marsh & Partners PLC is a specialist investor in early stage Financial Services intermediary businesses, including insurance intermediaries, financial advisors, wealth and fund managers and specialist advisory and consultancy firms. It considers investment opportunities based in various parts of the world.

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

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

B.P. Marsh has invested in over 50 businesses since it was founded in 1990 and its management team has a wealth of experience and a well-developed network within the Financial Services sector.

We are farmers, not hunters

Contents

Operating and Financial Highlights

B.P. Marsh & Partners Plc (AIM: BPM), the specialist investor in early stage financial services businesses, announces its audited Group final results for the year to 31 January 2021.

10.9%

Increase in equity value of the portfolio over the year

£149.9m

Net Asset Value, a 9.5% increase, net of Dividend

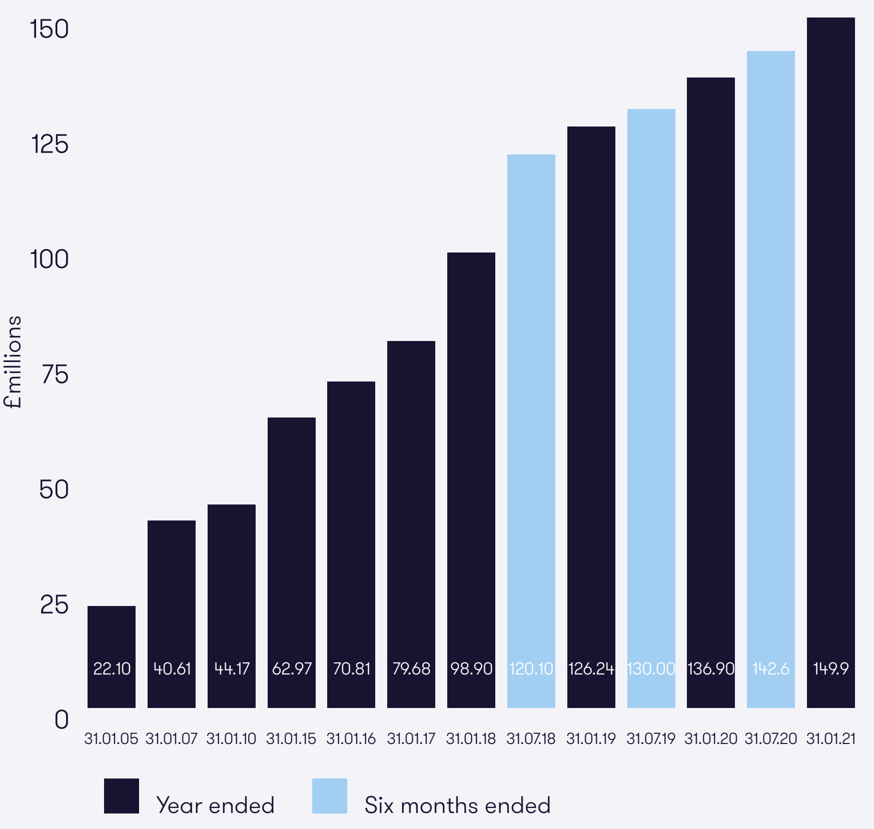
416.4p

Net Asset Value increase to 416.4p per share (31 January 2020: 380.1p)

10.1%

Total return to Shareholders in the year

Group valuations



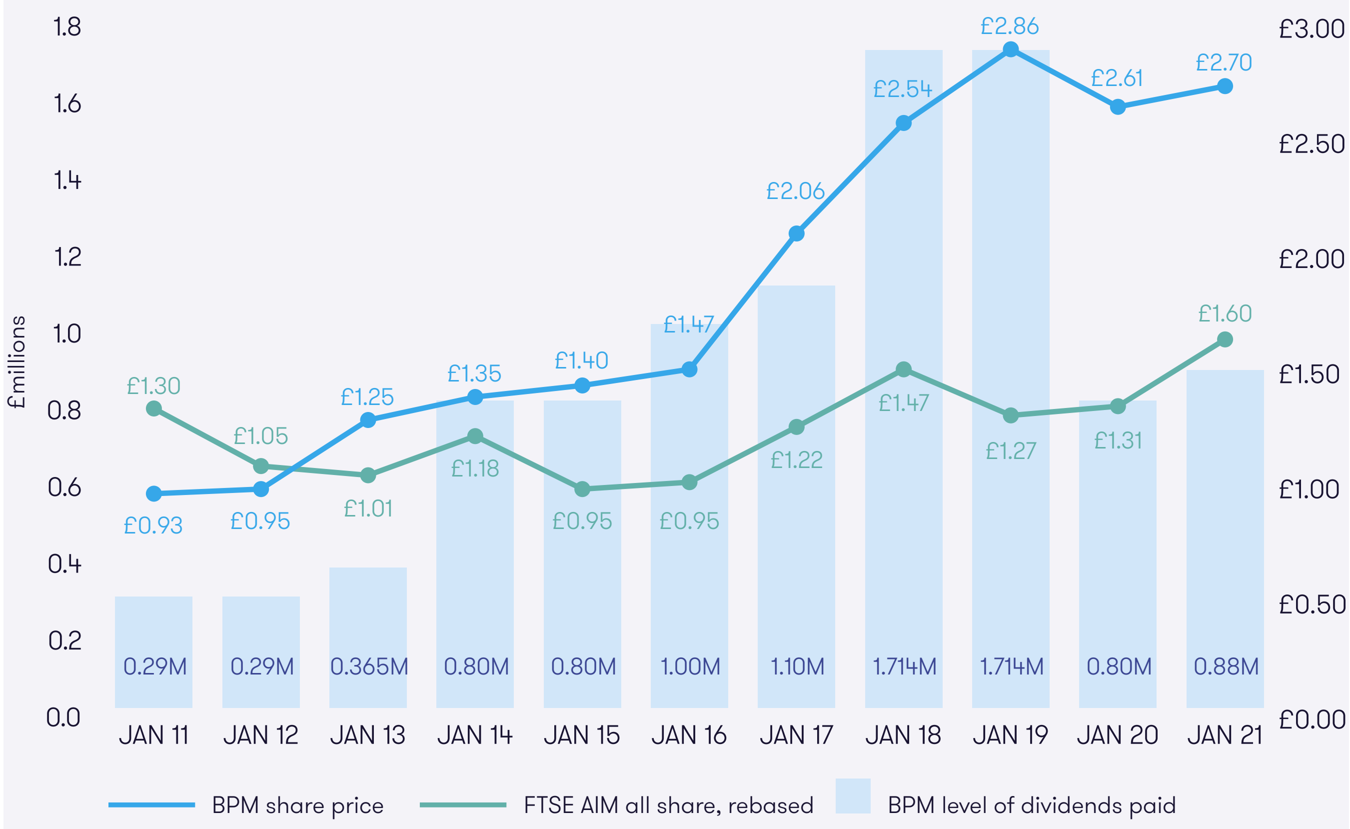
NB: The valuation at 31 January 2007 includes £10.1m net proceeds raised on AIM. The valuations from and including 31 July 2018 include £16.6m net proceeds raised in the July 2018 Share Placing and Open Offer.

£2.7m
Available cash

11.7%
Average Net Asset Value annual compound growth rate since 1990

2.44p
Final Dividend of 2.44p per share declared (31 January 2020: 2.22p)

Historic dividend and share price performance



Joint Statement by the Chairman and Managing Director

Brian Marsh OBE, Chairman

Alice Foulk, Managing Director

"This year is a testament to our hardworking team who have all demonstrated the flexibility and commitment required to see the Group through this difficult time"

£131.0m

The value of the investment portfolio

11.7%

Compound annual growth in Net Asset Value

10.1%

Total shareholder return for the year

We are pleased to present the audited Consolidated Financial Statements of B.P. Marsh & Partners Plc for the year ended 31 January 2021.

Results

For the year under review, the Group has achieved a 9.5% increase in Net Asset Value (net of dividend) and an increase in the equity value of the Portfolio of £12.9m to £131.0m. In addition to our loan book of £17.1m (2020: £18.8m), we are pleased therefore to be able to report that our Net Asset Value stood at £149.9m or 416.4p per share, as at 31 January 2021.

As at 31 January 2021, the Company had available cash of £2.7m, comprised of a free cash balance of £0.7m together with access to a further £2.0m by way of a loan facility with Brian Marsh Enterprises Limited. Net of the dividend payable in July 2021 and other commitments, current available cash, including the loan facility, is £2.5m.

For the year ended 31 January 2021, the Board are recommending a distribution of 2.44p per share to Shareholders (prior year 2.22p). It remains important to the Group to reward its loyal Shareholders with dividends when circumstances allow, and this year the Board is pleased that it is able to increase the distribution by 10% above that of the previous financial year. Like many other companies at this time, the Board has decided that it is prudent to limit its borrowings and conserve cash within the business, with this approach being kept under continuous review.

As Shareholders will understand, the year under review, ending 31 January 2021, was dominated by the Coronavirus Pandemic which struck all the territories in which we operate.

We and our Investee Companies faced rapid and total change in all our working environments. Management and Staff rose to the occasion and, as can be seen, have succeeded in delivering the Group's objectives.

Not only is this a testament to our hardworking team who have all demonstrated the flexibility and commitment required to see the Group through this difficult time, but we feel it also lies in our simple business model of investing in good quality businesses. These are themselves led by entrepreneurial and committed management teams. Additionally, we have deliberately created a diverse portfolio, and one which has so far been able to weather this particular storm.

In light of this, we were particularly pleased to have been able to complete a 30% investment in Sage Program Underwriters Inc. ("Sage") in June 2020, partnering with Sage's Founder and Chief Executive Officer, Chuck Holdren. Sage is a provider of specialist niche insurance products based in Oregon in the United States.

This addition to the portfolio adds to the Group's existing list of North American investments, and we are confident that this will be a successful partnership.

Covid-19

As has been reported previously, all members of staff adapted to remote working on 9 March 2020 and this has been achieved both swiftly and with few obstacles. Our current view is that this will continue for the time being with periodic access to the office being granted to those who require it. Any change in policy will be done in line with Government advice at the time.

Within the Portfolio, Covid-19's impact has been variable. Some of our investments witnessed improved performance whilst others experienced challenges. Throughout the Pandemic, our Investment Department have been on hand to assist and support the Management Teams within the Portfolio. We are confident that the set of Results which we have released today demonstrates that, even faced with serious adverse conditions, our diverse portfolio is still able to deliver a solid performance.

The Portfolio

As noted above, it is the belief of the Group that our portfolio has shown commendable resilience on the whole, and there are a number of highlights within the portfolio as well as updates to bring to our Shareholders' attention. Further updates on the portfolio are provided in the Chief Investment Officer's report.

Nexus Underwriting Management Limited ("Nexus") remains the Group's largest investment, and its growth continues to date. As announced previously, in December 2020 Nexus acquired the Hiscox MGA Marine business. Nexus had Gross Written Premiums for its 2020 Financial Year of £308m.

XPT Group LLC ("XPT"), headquartered in New York, has experienced commendable performance in difficult circumstances and is aiming to produce Gross Written Premiums of US$400m for its 2021 financial year. During the year, XPT acquired two new businesses, taking the total to eight acquisitions in its four years of trading. Additionally, XPT launched a new trucking programme via its subsidiary, W.E. Love & Associates.

As announced previously, the Group's Canadian Investment, Stewart Specialty Risks Underwriting Limited ("SSRU") has experienced significant growth since the Group invested in it as a start-up, in January 2017. Since it was established it has grown Gross Written Premiums to CA$33m (£19m) in 2020, with a budget to increase this to CA$55m (£31m) for its 2021 Financial Year.

In September 2020, the Group provided additional funding of £1.5m to EC3 Brokers Group Limited ("EC3") by way of subscription of further Preference Shares, taking its shareholding to 35%. EC3 has faced a challenging year with Covid-19, felt most by its Event Cancellation business.

In troubled times it is more than usually difficult to predict future results, but every effort will be made to maintain our growth objectives.

Brian Marsh, OBE	**Alice Foulk**
Chairman	**Managing Director**
7 June 2021	**7 June 2021**

Chief Investment Officer's Portfolio Update

Daniel Topping, Chief Investment Officer

At the outset of Covid-19, the Group believed that its portfolio was well positioned to cope with the unprecedented times it was facing.

Whilst no one imagined the longevity of the pandemic, the statement above has held true with our portfolio showing consistent growth over our financial year to 31 January 2021, with the equity valuation of the portfolio increasing in value by £12.9m to £131.0m, or by 10.9%, adjusting for new equity investment.

The Group's mantra of investing in a diverse portfolio across the insurance sector, both in the lines of business written and the geographic location, has been a key component of the portfolio's resilience throughout this time.

Chief Investment Officer's Portfolio Update
continued

During the pandemic, our emphasis has been on our existing portfolio, ensuring stability during an ever- changing environment. As we begin to see a return to partial normality and as the vaccination programs in the UK and worldwide gain momentum, this focus is now shifting towards assisting the portfolio to take advantage of any new opportunities that may transpire as the world's economy recovers from the pandemic.

The financial year closed with a total of 50 new Investment opportunities having been presented to the Group during the year, in comparison with 117 in the previous year. Since the year end, there has been an increase in new Investment opportunities received, giving us plenty to consider. We remain optimistic that we will be able to secure scalable and high growth investments, which will deliver substantial shareholder returns over time.

New Investments

Sage Program Underwriters, Inc. ("Sage")

+ 2.8 pence 2021 NAV per share uplift

In June 2020, the Group acquired a 30% shareholding in Sage, for an equity consideration of US$ 250,000 (£203,000).

Sage was established in 2019 by CEO Chuck Holdren and is based in Bend, Oregon, USA. Sage provides Workers Compensation insurance to niche industries, including ground delivery and field sport sectors.

Since investment Sage has performed well, exceeding its first-year budget. The niche industries in which Sage operates experienced strong growth in 2020, and Sage is well-positioned to take advantage of this growth as it has continued into 2021.

Sage has a nationwide network of agents and brokers and is able to offer exclusive top rated and stable capacity partners at competitive rates.

Throughout 2021, Sage will look to expand its product offering to both the ground delivery and field sport sectors.

Since the year end, the Group has provided Sage with a loan of US$ 150,000 (£110,000), as part of a US$ 250,000 (£203,000) loan facility provided at investment. This loan is being utilised to drive Sage's growth, with Chuck Holdren building a team to enable Sage to achieve its expansion plans.

Date of Investment: June 2020
31 January 2021 valuation: £1,207,000
Equity Stake: 30%

Follow-on Investments and Funding

EC3 Brokers Limited ("EC3")

+ 0 pence 2021 NAV per share uplift

On 12 October 2020, the Group provided a further £1.5m in funding to EC3, increasing its preferred shareholding from 20% to 35%.

Covid-19 has had a significant impact on a part of EC3's business, namely its Event Cancellation Insurance portfolio. However, as countries begin to ease lockdown restrictions, EC3 expect that this contingency insurance space will begin to recover.

In the interim, the provision of our funding, alongside the refinancing of EC3's Bank Debt, is intended to allow EC3 to position itself to take advantage of opportunities as they arise over the coming months. Such funding also demonstrates the Group's investment mantra, namely to support its investee companies over the long term.

In the meantime, over the past 18 months, EC3 has invested in new teams in order to diversify their business and are now beginning to see the benefits of these arrangements.

EC3 should be well positioned to grow its business over the next few years and we see our acquisition of a further 15% preferred shareholding for a cash consideration of £1.5m, as fair value for both the Group and EC3.

Date of initial investment: December 2017
31 January 2021 valuation: £6,500,000
Equity Stake: 35%

Chief Investment Officer's Portfolio Update
continued

Portfolio Update & Activity

NAV breakdown by portfolio company

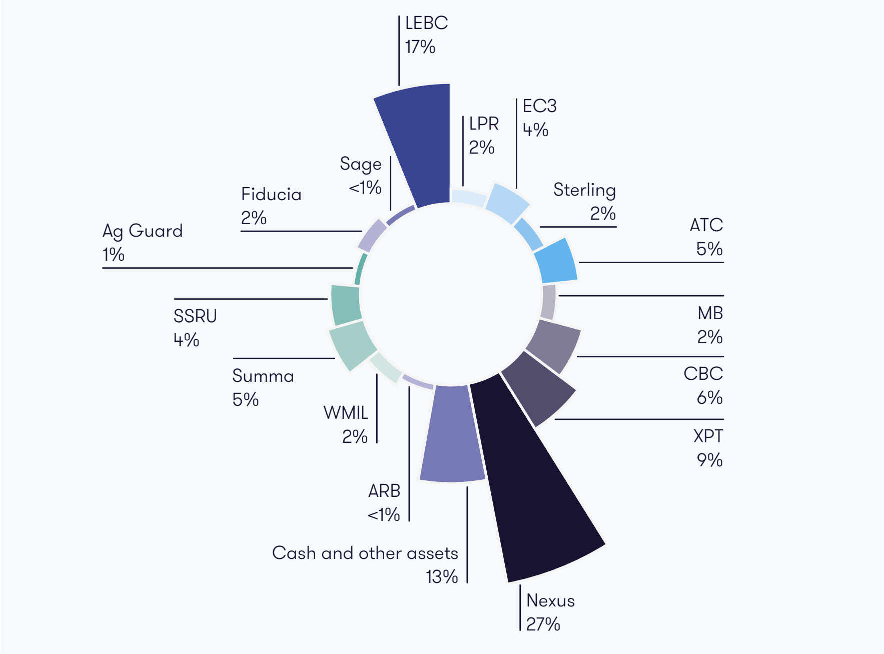
The composition of B. P. Marsh's underlying portfolio companies is shown in the chart on the right.

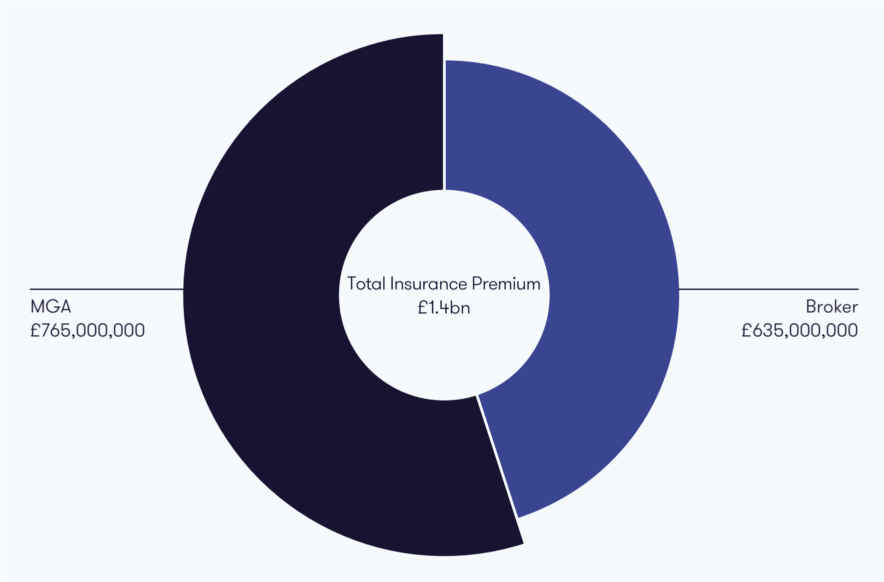
The Group's current investments are in the Insurance Intermediary sector, with the exception of the independent financial advisor LEBC.

Whilst our portfolio consists almost entirely of Insurance Intermediaries, it is diverse in nature, being invested in a number of very different classes of business in many geographic locations.

Our Insurance Intermediary investments are separated into two areas: Insurance Brokers and Underwriting Agencies / Managing General Agents ("MGAs").

Our insurance investments produce approaching £1.4bn (c. US$1.9bn) of insurance premium, and a breakdown between brokers and MGAs is shown on the right.





Insurance Brokers

	Jurisdiction	% Shareholding 31 January 2021	Valuation 31 January 2021 £'000s	Cost of Investment £'000s	% of Group Net Asset Value 31 January 2021
CBC UK Limited	UK	49.2%	8,616	664	5.7%
Summa Insurance Brokerage, S. L	Spain	77.3%	7,435	6,096	5.0%
EC3 Brokers Limited	UK	35.0%	6,500	6,500	4.3%
Lilley Plummer Risks Limited	UK	30.0%	2,304	1,008	1.5%
Asia Reinsurance Brokers Pte Limited	Singapore	25.0%	545	1,551	0.4%
Mark Edward Partners LLC	USA	30.0%	-	4,573	0.0%
Total	**-**	**-**	**£25,400**	**£20,392**	**16.9%**

Our Broking Investments are, in aggregate, budgeting to place over £635m of insurance premiums, producing over £40m of commission income during their respective financial years ending in 2021, accessing the specialty markets of, inter alia, Lloyd's and London, North America, Asia Pacific and Bermuda.

Underwriting Agencies/Managing General Agents ("MGAs")

	Jurisdiction	% Shareholding 31 January 2021	Valuation 31 January 2021 £'000s	Cost of Investment £'000s	% of Group Net Asset Value 31 January 2021
Nexus Underwriting Management Limited	UK	17.5%	40,906	11,127	27.3%
XPT Group LLC	USA	29.8%	12,812	7,330	8.5%
ATC Insurance Solutions PTY Limited	Australia	20.0%	6,846	2,866	4.6%
Stewart Specialty Risk Underwriting Limited	Canada	30.0%	5,671	-	3.8%
The Fiducia MGA Company Limited	UK	35.2%	3,313	228	2.2%
MB Prestige Holdings PTY Limited	Australia	40.0%	3,237	480	2.2%
Sterling Insurance PTY Limited	Australia	19.7%	2,749	1,945	1.8%
Walsingham Motor Insurance Limited	UK	40.5%	2,247	600	1.5%
Walsingham Holdings Limited	UK	20.0%	73	-	0.0%
Ag Guard PTY Limited	Australia	41.0%	1,490	1,465	1.0%
Sage Program Underwriters, Inc	USA	30.0%	1,207	203	0.8%
Criterion Underwriting Pte Limited	Singapore	29.4%	-	50	0.0%
Total	**-**	**-**	**80,551**	**26,294**	**53.7%**

Our MGA investments are, in aggregate, budgeting to produce insurance premiums of over £765m, which represents £77m of commission income during their respective financial years ending in 2021. They operate in excess of 30 product areas, on behalf of more than 50 insurers.

IFA Investment

	Jurisdiction	% Shareholding 31 January 2021	Valuation 31 January 2021 £'000s	Cost of Investment £'000s	% of Net Asset Value 31 January 2021
LEBC Holdings Limited	UK	59.3%	25,000	12,374	16.7%

LEBC Holdings Limited ("LEBC")

+ 0 pence 2021 NAV per share uplift

Presently, the Group has one non-insurance related investment, LEBC.

As the Group has previously announced, LEBC has been through a difficult trading period over the past 18 months, and now has in place a new management team leading the reconfiguration of the business.

LEBC's financial planning service and centralised investment proposition offers value to its longstanding client base.

LEBC also offers complementary employee benefit consulting services to corporates including workplace guidance and advice to their employees, which continues to grow.

The performance of LEBC's core Independent Financial Advisory business has held up well in a Covid-19 trading environment and during this time of change, LEBC has built a platform for accelerated growth through increased penetration of its client base, technology deployment and adviser recruitment. As such, the Group anticipates that in its current year to 30 September 2021, LEBC will produce an acceptable profit for a business of LEBC's size, and for the seven months year to date has achieved an adjusted EBITDA of £1.8m.

Portfolio Company Highlights

Stewart Specialty Risk Underwriting Ltd ("SSRU"), Toronto, Canada

+ 8.7 pence 2021 NAV per share uplift

SSRU has grown substantially since the Group's investment in January 2017. From a standing start, SSRU is budgeting to write Gross Written Premiums of c. £31m (CA$55m) in the year to 31 December 2021.

Our latest valuation of £5.7m is a significant increase over the nominal amount invested in the four- year period since our partnership with SSRU began.

When SSRU was founded by its President and CEO, Stephen Stewart, its long-term aim was to become a 'one stop shop' for insurance services to the Canadian commercial property and casualty market, within the Natural Resources, Manufacturing and Construction sectors.

SSRU has achieved this and has established itself as a key player in this sector, emerging as an innovative and robust business, with excellent trading relationships and a stable source of domestic, A- rated lead capacity.

Date of initial investment: January 2017
31 January 2021 valuation: £5,671,000
Equity stake: 30.0%

XPT Group LLC ("XPT"), New York, USA

+ 5.2 pence 2021 NAV per share uplift

During the Group's financial year to 31 January 2021, XPT completed three further acquisitions, taking it to a total of eight acquisitions since being founded in 2017.

Most recently, XPT acquired International Property & Casualty Brokers of Nevada, Inc., an MGA specialising in excess and surplus lines insurance.

In May 2020, XPT acquired Houston Surplus Lines, an excess and surplus lines MGA based in Houston, which became part of Western Security Surplus, XPT's boutique wholesale broker division.

Earlier in the year, XPT acquired LP Risk, Inc., an MGA and surplus lines Broker headquartered in Houston, Texas, which specialises in transportation, hospitality, contractors, marine, oil and gas, and manufacturing.

XPT also launched Platinum Specialty Underwriters, an MGA specialising in a number of niche product areas, including specific programmes in trucking liability and a Bars and Taverns programme, amongst others.

Moving into 2021 and beyond, XPT is well positioned in the market to continue its expansion plans, both via organic growth and via acquisition.

Date of initial investment: June 2017
31 January 2021 valuation: £12,812,000
Equity stake: 29.8%

The Fiducia MGA Company Limited ("Fiducia")

+ 4.5 pence 2021 NAV per share uplift

Fiducia continues its growth trajectory and is on track to produce Gross Written Premium in excess of £20m for the current financial year, having launched just five years ago.

Fiducia's growth has been facilitated by developing multiple lines of business, from initially starting out as a Marine Cargo MGA, it now has facilities across a number of markets to underwrite Engineering, Marine Trades, Terrorism, Fine Art and Specie and Marine Equipment business.

The latest valuation of £3.3m marks a significant increase over the 12-month period.

Date of initial investment: November 2016
31 January 2021 valuation: £3,313,000
Equity stake: 35.2%

Nexus Underwriting Management Limited ("Nexus")

+ 2.4 pence 2021 NAV per share uplift

Nexus performed well in its year to 31 December 2020 and is budgeting significant growth into 2021. This is notwithstanding considerable challenges due to Covid-19, especially in the aviation sector.

Since B.P. Marsh first invested in Nexus in August 2014, its business has grown from a Gross Written Premium of £50m to a projected figure of over £400m in 2021. Given this impressive growth, the Group's equity valuation of its stake in Nexus has increased to £40.9m, which represents a £30m increase over the amount the Group has invested.

In December 2020, Nexus acquired the MGA Marine business from Hiscox Ltd the listed international specialist (re)insurer. This expert team provides yacht and marine trades insurance and will become an integral part of Millstream Underwriting Limited, a Nexus Group company which specialises in consumer insurance.

In March 2020, Nexus established Xenia Holdings Limited ("Xenia"), uniting all elements of Nexus's independent broking divisions, including Credit Risk Solutions and Credit and Business Finance. Xenia is among the largest independent specialist trade credit and surety brokers in the UK, with a c.20% market share of trade credit insurance distribution.

In April 2021, Nexus was ranked at number 72 on the 22nd annual Sunday Times BDO Profit Track 100. This list is a prestigious group of the fastest growing private companies in the UK across all sectors. The 22nd list was a unique Covid-19 edition which recognised the impressive performance of the featured companies, and the contribution they have made

Chief Investment Officer's Portfolio Update
continued

to the economy and to society during the pandemic.

The Group expects Nexus to continue to target high levels of growth moving forward, especially given the continuing hardening market, the scale of which has not been seen for the last two decades. This hardening market, alongside the hopeful return to areas of business affected by Covid-19, should see Nexus in a strong position to grow in 2021 and beyond.

Date of initial investment: August 2014
31 January 2021 valuation: £40,906,000
Equity stake: 17.5%

CBC UK Limited ("CBC")
+ 2.2 pence 2021 NAV per share uplift

When the Group assisted in the management buyout of CBC in 2017, it had been loss making. Management's strategy, supported by the Group, was to see the business return to profitability and then grow substantially thereafter.

CBC returned to profitability in their financial year ending 31 December 2017 and has continued to grow organically, by securing new hires to expand its product offering.

CBC performed well in 2020, notwithstanding the effects of the Covid-19 pandemic, producing Revenues of £8.7m and an EBITDA of £1.6m in its year ending 31 December 2020. This represented a substantial year-on-year increase, and the Group anticipates that this growth will continue into 2021.

With the support of the Group, CBC continues to be active in the market, seeking new hires to expand its product offering. This follows CBC hiring a team dedicated to International Financial products and establishing CBC Healthcare Limited, which provides all forms of North American Healthcare insurance.

Date of initial investment: February 2017
31 January 2021 valuation: £8,616,000
Equity stake: 49.2%

Market Commentary

As previously reported, overall, the Group's insurance investments have continued to see pricing increases across the sectors in which they operate.

Covid-19 has intensified these premium pricing increases but has also led to many insurers reducing their risk appetite for new business and seeking to mitigate their existing exposures, presenting opportunities for our portfolio companies to fill the gaps this may create.

This has continued into 2021 and the Group does not see any change on the horizon as the year progresses.

The Group does not have any exposure to balance sheet risk via its investment portfolio and is therefore unaffected directly by insurance losses. However, our MGA investments do in effect borrow the balance sheets of their insurance partners to provide insurance coverage. As such, they are extremely conscious of the importance of protecting and growing their partners' balance sheets.

The ongoing consolidation activity within the Insurance Market continues to provide opportunities for the Group, both in terms of new investments and also as activity within our underlying portfolio. Whilst we have been cautious in respect of new investments over the past year, we believe that we are well positioned to make new investments over our current financial year.

The Group's appetite for investment remains the same, being from financing start-ups to a maximum of £5m as an initial investment amount.

Daniel Topping
Chief Investment Officer
7 June 2021

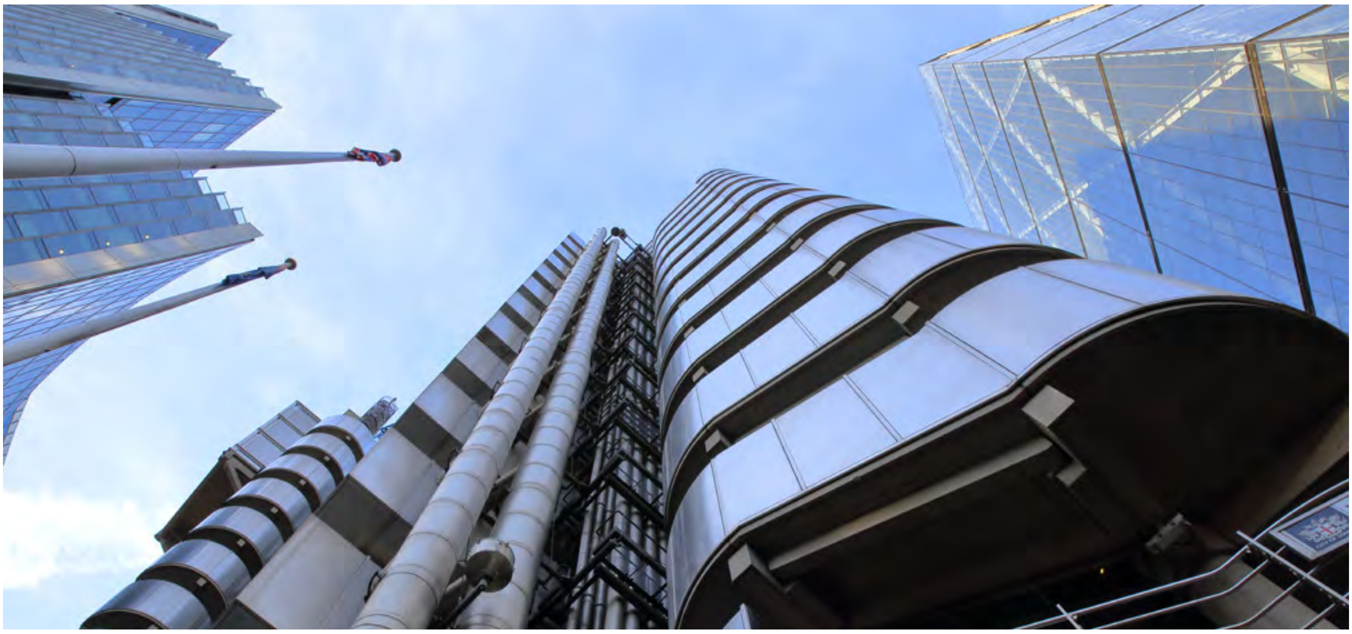
Financial Review

Jon Newman, Group Finance Director

Overall, the Group delivered an excellent return given the various challenges that it faced this year. The Net Asset Value increased by £13.0m (2020: £10.7m).

At 31 January 2021, the Net Asset Value of the Group was £149.9m, or 416.4p per share (2020: £136.9m, or 380.1p per share). This equates to an increase in Net Asset Value of 9.5% (2020: 8.5%) for the year.

Financial Review
continued



Financial Performance Summary

The table below summarises the Group's financial results and key performance indicators for the year to 31 January 2021.

	Year to/as at 31 January 2021	Year to/as at 31 January 2020
Net asset value	£149.9m	£136.9m
Net asset value per share	416.4p	380.1p
Profit on ordinary activities before tax	£13.7m	£12.3m
Dividend per share paid	2.22p	4.76p
Total shareholder return (including dividends)	£13.8m	£12.4m
Total shareholder return on opening shareholders' funds	10.1%	9.8%
Net cash from operating activities (net of equity investments, realisations and loans)	£0.6m	£1.5m
Equity cash investment for the year	£2.4m	£2.6m
Realisations (net of disposal costs)	-	£0.4m
Loans issued in the year	£1.1m	£5.1m
Loans repaid by investee companies in the year	£2.9m	£1.0m
Cash funds at end of year	£0.7m	£0.8m
Borrowing / Gearing	£1.0m	£Nil

The Net Asset Value of £149.9m at 31 January 2021 represents a total increase in Net Asset Value of £120.7m since the Group was originally formed in 1990 having adjusted for the original capital investment of £2.5m, the £10.1m net proceeds raised on AIM in 2006 and the £16.6m of net proceeds raised through the Share Placing and Open Offer in July 2018. The Directors note that the Group has delivered an annual compound growth rate of 8.2% in Group Net Asset Value after running costs, realisations, losses, distributions and corporation tax since flotation and 11.7% since 1990.

The financial statements to 31 January 2021 reflect the impact of Covid-19 on the Group and its investment portfolio (2020: no Covid-19 impact was reflected).

Whilst several of our investee companies experienced reductions in income as a direct consequence of Covid-19, in contrast a number of investments performed above budget for the year despite local and national lockdowns. The result for the year therefore demonstrates the diversified nature of the portfolio, both in product lines and geographically, despite being focussed on the financial services sector and insurance intermediaries in particular.

Diluted Net Asset Value per share

The Net Asset Value per share at 31 January 2021 was 416.4p (2020: 380.1p). As part of a long-term share incentive plan for certain directors and employees of the Group, in June 2018 1,461,302 shares were issued to an employee share trust at 281p per share. On 12 June 2021 certain performance criteria of the shares are expected to be met, after which the members of the scheme will become joint beneficial owners, and will be entitled to any gain on sale of the shares in excess of 312.6p per share.

Whilst these shares remain within the trust, they do not have voting or dividend rights. However, if the shares are sold in the future in excess of 281p/share, the Group would be entitled to receive £4,106,259. Overall this would dilute the Net Asset Value per share to 411.3p.

This potential dilution is not shown at 31 January 2021 as the performance criteria were not met at that time.

Investment Performance

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

31 January 2020 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2020 valuation	31 January 2021 valuation
£115.7m	£2.4m	-	£118.1m	**£131.0m**

This equates to an increase in the portfolio valuation of 10.9% (2020: 11.1%).

The Group invested a total of £2.4m in equity in the portfolio during the year (2020: £2.6m). Of this, £0.2m was in a new investment – Sage Program Underwriters, Inc. and £2.2m in follow-on equity funding into four existing investee companies. In addition, the Group provided £1.1m of loans (2020: £5.1m) as follow-on funding to three investee companies to provide working capital for strategic hires and product development.

£2.9m of loan repayments were made to the Group by investee companies (2020: £1.0m). Since the year-end, the Group has received a further £0.2m in loan repayments.

Operating income

Net gains from investments were £12.9m (2020: £11.5m), a 12.3% increase on the net gain from the previous year, based upon the revaluation of the investment portfolio at 31 January 2021.

Overall, income from investments decreased by £0.7m, or 13.4% to £4.5m (2020: £5.2m). The reduction was primarily due to lower dividend income from the portfolio, which decreased by 28.3% to £2.0m (2020: £2.8m) as portfolio companies prioritised cash retention amidst the pandemic. However, this reduction was offset by increased fees of 11.4% over the year to £1.2m (2020: £1.1m) reflecting the increased number of investments within the portfolio and fees generated from additional management services provided to some portfolio companies. Income from loans was maintained at £1.3m in line with the previous year (2020: £1.3m).

Operating expenses

Operating expenses, including costs of making new investments, decreased by £0.6m, or 14.6% during the year to £3.6m (2020: £4.2m). This decrease reflects a combination of reduced expenses implemented by the Group in order to mitigate the impact of Covid-19 on the Group's income, alongside some exceptional costs incurred in 2020 that were not repeated during this year.

Financial Review
continued

Profit on ordinary activities

The consolidated profit on ordinary activities after taxation increased by 9.5% to £13.7m (2020: profit of £12.5m).

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns, but excluding investment activity (unrealised gains on equity and provision against loans receivable from investee companies), this was achieved with a pre-tax profit of £0.9m for the year (2020: £0.8m).

Liquidity

Cash funds at 31 January 2021 were £0.7m (2020: £0.8m), and borrowings were £1.0m (2020: £nil). During the year, the Group drew down £1.0m from its £3.0m loan facility with Brian Marsh Enterprises Ltd, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder. The loan facility provides the Group with further investment funds at an interest rate of the higher of either 4% or the UK 1-month LIBOR plus 3.25%, which are available to be drawn down until 29 January 2022.

Since the year-end, the Group has received a further £0.2m in loan repayments. Currently the Group has cash funds of £1.8m and total borrowings of £1.0m. Net of the dividend payable in July 2021 and other commitments, the Group currently has £2.5m in cash available for investment including the remaining loan facility.

Share Buy-Backs

As has been stated previously, the Group has an overarching strategy for undertaking small market buy-backs of its shares at times when the discount to Net Asset Value, based upon the most recently announced NAV, is greater than 15%.

For the avoidance of doubt, notwithstanding that the discount to NAV at which the Group's shares are currently trading is greater than 15%, the Group remains restricted in its ability to buy back shares since, given that Brian Marsh, together with persons acting in concert with Brian Marsh for the purposes of the City Code on Takeovers and Mergers (the "City Code"), has an interest in approximately 41.85% of the Group's voting rights, any such purchase of shares would result in an obligation for Brian Marsh to make a general offer for the Group in accordance with Rule 9 of the City Code

Dividend

The Group paid a dividend of £0.8m (or 2.22p per share) during the year (2020: £1.7m or 4.76p per share), reflecting a distribution of 100% of the underlying profit from the year to 31 January 2020. The reduced dividend payment reflected the Group's requirement to strike a balance between the need to conserve cash to ensure that it could continue to prosper and develop during the Covid-19 pandemic and beyond, whilst also rewarding Shareholders for their continuing loyalty. Total shareholder return for the year was therefore 10.1% (2020: 9.8%) including the dividend payment and the Net Asset Value increase.

Due to the continuing Covid-19 pandemic, the Group, having taken into consideration its available cash resources, liquidity and the potential requirements from the investment portfolio, is proposing to declare a dividend of £0.9m (or 2.44p per share), payable on 30 July 2021 to those shareholders registered on 25 June 2021. This dividend represents a distribution of 100% of the underlying realised profits of the Group for the year to 31 January 2021.

Jonathan Newman
Group Finance Director
7 June 2021

Current investments

LEBC Holdings Limited
(www.lebc-group.com)
In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.

Date of investment:	April 2007
Equity stake:	59.3%
31 January 2021 valuation:	£25,000,000

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

Date of investment:	February 2017
Equity stake:	49.2%
31 January 2021 valuation:	£8,616,000

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

Date of investment:	December 2017
Equity Stake:	35%
31 January 2021 valuation:	£6,500,000

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

Date of investment:	October 2019
Equity stake:	30%
31 January 2021 valuation:	£1,317,000

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

United Kingdom

The Fiducia MGA Company Limited
(www.fiduciamga.co.uk)
Fiducia, founded in November 2016, is a UK Marine Cargo Underwriting Agency, established by its CEO Gerry Sheehy. Fiducia is a Lloyd's Coverholder which specialises in the provision of insurance solutions across a number of Marine risks including, Cargo, Transit Liability, Engineering and Terrorism Insurance.

Date of investment:	November 2016
Equity stake:	35.2%
31 January 2021 valuation:	£3,313,000

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

Date of investment:	August 2014
Equity stake:	17.5%
31 January 2021 valuation:	£40,906,000

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

Date of investment:	December 2013
Equity stake:	40.5%
31 January 2021 valuation:	£2,247,000

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

Date of investment:	May 2018
Equity stake:	20%
31 January 2021 valuation:	£73,000

Current investments

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

Date of investment:	January 2017
Equity stake:	30%
31 January 2021 valuation:	£5,671,000

Sage Program Underwriters, Inc.
(www.sageuw.com)
Based in Bend, Oregon, Sage provides specialist insurance products to niche industries, initially in the inland delivery and field sport sectors, established in 2019 by CEO Chuck Holdren. Mr. Holdren has three decades of experience in the industry and has prior experience of establishing and managing two national underwriting agencies from start-up to successful trade sale.

Date of Investment:	June 2020
Equity Stake:	30%
31 January 2021 Valuation:	£1,207,000

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

Date of investment:	June 2017
Equity stake:	29.8%
31 January 2021 valuation:	£12,812,000

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:	77.3%
31 January 2021 valuation:	£7,435,000

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

Date of investment:	October 2017
Equity stake:	30%
31 January 2021 valuation:	£0

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

Rest of the world

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

Date of investment:	April 2016
Equity stake:	25%
31 January 2021 valuation:	£545,000

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

Date of investment:	July 2018
Equity stake:	29.4%
31 January 2021 valuation:	£0

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

Date of investment:	June 2013
Equity stake:	19.7%
31 January 2021 valuation:	£2,749,000

ATC Insurance Solutions PTY Limited
(www.atcis.com.au)
In July 2018, the Group invested in ATC, an Australian-based MGA and Lloyd's Coverholder, specialising in Accident & Health, Construction & Engineering, Trade Pack and Sports insurance.

Date of investment:	July 2018
Equity stake:	20%
31 January 2021 valuation:	£6,846,000

MB Prestige Holdings PTY Limited
(www.mbinsurance.com.au)
In December 2013 the Group invested in MB, the parent Company of MB Insurance Group PTY a Managing General Agent, headquartered in Sydney, Australia. MB 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 2021 valuation:	£3,237,000

Ag Guard PTY Limited
(www.agguard.com.au)
In July 2019 the Group invested in Agri Services Company PTY Limited, which in turn acquired 100% of the equity in Ag Guard. Ag Guard is a Managing General Agency, which provides insurance to the Agricultural Sector, based in Sydney, Australia.

Date of investment:	July 2019
Equity stake:	41%
31 January 2021 valuation:	£1,490,000

Directors and Company Secretary

Brian Marsh OBE
Executive Chairman

Alice Foulk BA (Hons)
Managing Director

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director

Daniel Topping MCSI, ACG
Chief Investment Officer

Pankaj Lakhani FCCA
Non-executive

Nicholas Carter
Non-executive

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

Directors' Report & Strategic Report & Consolidated Financial Statements

for the year ended 31 January 2021

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

Directors’ and Group Company Secretary biographies

Brian Marsh OBE
Executive Chairman, aged 80
(I) (V) (N)

Brian started his career in insurance broking and underwriting in Lloyd’s and the London and overseas market over 55 years ago and was, from 1979 to 1990, chairman of Nelson Hurst & Marsh (Holdings) Ltd, before founding the Group. Brian has over 30 years’ experience in building, buying and selling financial services businesses particularly in the insurance sector. Brian’s considerable experience being Chairman of numerous companies in Financial Services means he is well suited as the Executive Chairman of B.P. Marsh. Brian is a member of the Investment, Valuation, and Nomination Committees.

Brian is a significant shareholder in B.P. Marsh with a direct beneficial interest in 38.4% of the Company (in addition to 3.4% held by the Marsh Christian Trust, of which Brian is a trustee and Settlor).

Alice Foulk BA (Hons)
Managing Director, aged 34
(R) (I) (V) (N) (D)

Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In February 2015 Alice was appointed as a director of B.P. Marsh and in January 2016 was appointed Managing Director where she is responsible for the overall performance of the Company and monitoring the Company’s overall progress towards achieving its objectives and goals, as set by the Board. Alice is a member of the Remuneration, Investment, Valuation, Nomination and Disclosure Committees.

Alice has a direct beneficial interest in 24,860 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company’s Joint Share Ownership Plan and 24,405 ordinary shares in B.P. Marsh which are held in the Company’s SIP Trust.

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director, aged 46
(I) (V) (D)

Jonathan is a Chartered Management Accountant with over 20 years’ experience in the financial services industry. He joined the Group in November 1999, having started his career at Euler Trade Indemnity, and was appointed a director of B.P. Marsh in September 2001 and Group Finance Director in December 2003. Jonathan is responsible for the Group’s finance function, provides strategic financial advice to the Group’s portfolio, evaluates new investment opportunities and is a member of the Investment, Valuation and Disclosure Committees. Jonathan has six nominee directorships across three investee companies.

Jonathan has a direct beneficial interest in 18,317 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company’s Joint Share Ownership Plan and 24,992 ordinary shares in B.P. Marsh which are held in the Company’s SIP Trust.

Daniel Topping MCSI, ACG
Chief Investment Officer, aged 37
(I) (V) (N) (D)

Daniel was appointed as a director of B.P. Marsh in March 2011 having joined the Group in February 2007, following two years at an independent London accountancy practice. Daniel graduated from the University of Durham in 2005 and is a member of the Securities and Investment Institute and the Chartered Governance Institute UK & Ireland. In January 2016 Daniel was appointed as Chief Investment Officer of the Group and is a member of the Investment, Valuation, Nomination and Disclosure Committees. Daniel is the Senior Executive with overall responsibility for the portfolio and investment strategy for the Group, working alongside the Board and Investment Directors to find, structure, develop, support and monitor the portfolio. Daniel currently has multiple nominee appointments across the investment portfolio.

Daniel has a direct beneficial interest in 105,687 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 24,992 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust. Daniel has an indirect beneficial interest in 11,434 ordinary shares held by his wife, Claire Topping.

Pankaj Lakhani FCCA
Non-executive Director, aged 67
(R) (A) (V) (N)

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

Pankaj owns 36,912 ordinary shares in B.P. Marsh.

Nicholas Carter
Non-executive Director, aged 78
(R) (A)

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

Nicholas owns 28,323 ordinary shares in B.P. Marsh.

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

Sinead joined B.P. Marsh in 2009 and was appointed Group Company Secretary in June 2011. Sinead attends all Board and Committee meetings and works closely with the Chairman's Office and Board in all matters of governance and to oversee the effective functioning and leadership of the Company, as well as ensuring compliance with the stock market regulations. Sinead is also a member of the New Business Committee and is responsible for negotiating and finalising the legal aspects of new investments, any follow-on funding and eventually the exit process.

Sinead has a direct beneficial interest in 24,695 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 24,992 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Key

(R) Member of the Remuneration Committee during the year

(A) Member of the Audit Committee during the year

(I) Member of the Investment Committee during the year

(V) Member of the Valuation Committee during the year

(N) Member of the Nomination Committee during the year

(D) Member of the Disclosure Committee during the year

Corporate Governance

The board of B.P. Marsh ("the Board") is responsible for the Group's corporate governance policies and recognises the importance of high standards of integrity, and consistently seeks to apply the principles set out in the 'Corporate Governance Code' published by the Quoted Company Alliance to the extent that they are appropriate for, and applicable to, a company of B.P. Marsh's size quoted on the Alternative Investment Market ("AIM"). The Company has identified three core stakeholders within its business model; its Shareholders, Investee Companies and Employees.

Strategy & Business Model

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

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

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

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

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

Corporate Structure

The Company operates via five main departments reporting to the Board of B.P. Marsh & Partners Plc.

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

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

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

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

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

Directors

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

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

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

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

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

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, financial performance, investment opportunities, disposals and corporate strategy. All major decisions affecting the Group are taken at Board level and all the directors are free to bring any matter to the attention of the Board at any time.

Corporate Governance
continued

Committees of the Board

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

Remuneration Committee
The Remuneration Committee is comprised of its Chair, Pankaj Lakhani, and members Nicholas Carter and Alice Foulk. In accordance with its terms of reference, the Committee determines the level and make-up of remuneration (including bonuses and awards) of the executive directors and members of staff. Chairman, Brian Marsh, is usually invited to the two formal meetings a year as an observer.

The Report of the Remuneration Committee to the shareholders on how directors are remunerated, together with details of individual directors' remuneration packages, is to be found on pages 34 to 37.

Audit Committee
The Audit Committee is comprised of the two non-executive directors of the Company and during the year was chaired by Pankaj Lakhani. The external auditor, together with the Group Finance Director and other financial staff, are invited to attend these meetings.

The Report of the Audit Committee, found on pages 38 to 39, details the role of the Committee and the work carried out by the Committee throughout the year.

Investment Committee
The Investment Committee is comprised of all the executive directors of the Company and the directors of the Company's operating subsidiary, B.P. Marsh & Company Limited, and meets whenever significant investment matters arise which are not dealt with in the normal course of Board business.

Valuation Committee
During the year the Valuation Committee was composed of Brian Marsh, Alice Foulk, Jonathan Newman, Daniel Topping and Pankaj Lakhani and, in accordance with its terms of reference, is responsible for preparing investment valuations and reviewing the suitability of the Company's investee company valuation policy.

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

Disclosure Committee

The Disclosure Committee (regarding Market Abuse Regulation Disclosure) is composed of Alice Foulk, Jonathan Newman, Daniel Topping (appointed to the Committee on 25 March 2020) and the Group's Company Secretary, Sinead O'Haire. In accordance with its terms of reference the Committee is responsible for overseeing the Company's compliance with its obligations (as laid down by the AIM Rules, Disclosure and Transparency Rules and the Market Abuse Regulation) in respect of the disclosure and control of inside information directly concerning the Company.

Directors' Attendance Record

	B.P. Marsh & Partners Plc Board Meeting	Audit Committee	Remuneration Committee	Valuation Committee
Brian Marsh	10/13	N/A	N/A	1/3
Alice Foulk	13/13	N/A	2/2	3/3
Daniel Topping	13/13	N/A	N/A	3/3
Jonathan Newman	13/13	N/A	N/A	3/3
Pankaj Lakhani	13/13	2/2	2/2	3/3
Nicholas Carter	13/13	2/2	2/2	N/A

Engagement of External Advisers

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

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

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

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

Board Evaluation

An annual evaluation is conducted to review the performance and effectiveness of the Board. This evaluation is conducted through a questionnaire which is identical for both executive and non-executive directors covering the performance of the Chairman, the Board and its Committees. This year for the first time the Company trialled the use of an interview format, which was felt a more effective way of obtaining more detailed feedback.

The results of all the interviews were analysed and communicated through a written report compiled by the Company Secretarial Department, with recommendations made where relevant.

Corporate Governance
continued

Corporate Culture

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

As a consequence of the above, the Company pays careful attention to the 'people dimension' whether it is at a nine-person strong Lloyd's broker in London or the Management at Nexus, with offices in eight countries and over 300 staff.

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

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

Relations with Shareholders

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

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

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

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

Internal Controls and Risk Management

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

The task of reporting on the internal controls and risk management has been delegated to the Audit Committee, the report of which can be read on pages 38 to 39.

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

A statement of the directors' responsibilities in respect of the consolidated financial statements is set out on pages 40 and 41.

By order of the Board.

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
7 June 2021

Report of the Remuneration Committee

The Remuneration Committee of the Board (the "Committee") during the year was composed of the non-executive directors of the Company, Pankaj Lakhani and Nicholas Carter, as well as the Managing Director of the Group, Alice Foulk.

The Committee is responsible for setting the remuneration of the executive directors and other members of staff, as detailed in the Remuneration policy below.

Remuneration Policy

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

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

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

The Committee receives advice from external remuneration advisers where appropriate.

Directors' Service Agreements

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

Director	Date of service agreement	Term	Notice period
B.P. Marsh	30 January 2006	Continuous	6 months
J.S. Newman	30 January 2006	Continuous	6 months
D.J. Topping	1 March 2011	Continuous	6 months
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, three months prior written notice.

Director	Date of Office tenure	Initial period	Notice period
P.B. Lakhani	21 May 2015	12 months	3 months
N.H. Carter	1 May 2019	12 months	3 months

Joint Share Ownership Plan ("JSOP")

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

On 12 June 2018 1,461,302 new 10p Ordinary shares in the Company were issued and transferred into joint beneficial ownership for 12 employees (including 4 directors) under the terms of JSOAs. No consideration was paid by the employees for their interests in the jointly-owned shares.

The new Ordinary shares have been issued into the name of RBC cees Trustee Limited ("the Trustee") as trustee of the B.P. Marsh Employees' Share Trust ("the Share Trust") at a subscription price of 281 pence per share, being the mid-market closing price on 12 June 2018. Following the acquisition of the Trustee by JTC Plc on 10 December 2020, the Trustee has since been rebranded to JTC Employer Solutions Trustee Limited.

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

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

Director	Number of jointly-owned shares	% of total jointly-owned shares
A.H.D. Foulk	167,465	11.5%
J.S. Newman	167,465	11.5%
D.J. Topping	167,465	11.5%
Total	**502,395**	**34.5%**

Under the terms of the JSOAs, the employees and directors will receive on vesting the growth in value of the shares above a threshold price of 281 pence per share (market value at the date of grant) plus an annual carrying charge of 3.75% per annum (simple interest) to the market value at the date of grant. The Share Trust retains the initial market value of the jointly-owned shares plus the carrying cost.

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

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

No jointly-owned shares were sold during the year, however 59,183 jointly-owned shares were forfeited on the departure of an employee (2020: 167,465 jointly-owned shares were forfeited on the departure of an executive director). However, the number of jointly-owned shares expected to vest has not been adjusted on the basis that these shares may be redistributed to other employees of the Company. In accordance with IFRS 2: Share-based Payment, the fair value of the expected cost of the award (measured at the date of grant) has been spread over the three-year vesting period.

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

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

Report of the Remuneration Committee
continued

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

During the year a total of 42,196 ordinary shares in the Company, which were held in Treasury as at 31 January 2020 (2020: 19,218 ordinary shares in the Company, which were held in Treasury as at 31 January 2019) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). As a result, together with 4,848 of unallocated ordinary shares forfeited by departing employees during both the current and prior year, a total of 47,044 (2020: 33,330) ordinary shares in the Company were available for allocation to the participants of the SIP.

On 23 April 2020, a total of 11 eligible employees (including 3 executive directors of the Company) applied for the 2020-21 SIP and were each granted 1,994 ordinary shares ("20-21 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 26 June 2020, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares"). For every Partnership Share that an employee acquired, the SIP Trust offered two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. Ten of the 11 eligible employees (including three executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (837 ordinary shares) and were therefore awarded 1,674 Matching Shares.

The 20-21 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 47,044 (2020: 33,330) Free, Matching and Partnership Shares were granted to the 11 (2020: 11) eligible employees during the year, including 13,515 (2020: 12,120) granted to 3 (2020: 4) executive directors of the Company.

Following the resignation of an employee during the year, a total of 3,808 (2020: 16,143) ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of that employee.

£74,467 of the IFRS 2 charges (2020: £79,054) associated with the award of the SIP shares to 11 (2020: 11) eligible directors and employees of the Company has been recognised in the Statement of Comprehensive Income as employment expenses.

As at 31 January 2021, and after adjusting for a total of 19,951 ordinary shares withdrawn from the SIP Trust by employees on departure and 6,842 ordinary shares forfeited on departure (since inception), a total of 199,818 Free, Matching and Partnership Shares had been granted to 11 eligible employees under the SIP, including 69,216 granted to 3 executive directors of the Company.

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

Following the SIP awards and withdrawals, 3 executive directors have a beneficial interest in the ordinary shares of the Company (specifically held within its share plans) as follows:

Director	Ordinary shares held under JSOP	Ordinary shares held under SIP
A.H.D. Foulk	167,465	23,072
J.S. Newman	167,465	23,659
D.J. Topping	167,465	23,659
Total	**502,395**	**70,390**

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

Aggregate Directors' Remuneration

	2021 £	2020 £
Emoluments	1,228,133	1,492,005
Fees	19,750	19,750
Pension contributions	62,000	64,533

Aggregate Directors' Emoluments

	Salaries and fees £	Benefits £	Annual bonuses £	2021 Emoluments excluding pension contributions £
B.P. Marsh	275,000	3,675	-	278,675
A.H.D. Foulk	170,000	3,629	71,000	244,629
J.S. Newman	225,000	5,737	71,000	301,737
D.J. Topping	250,000	6,092	71,000	327,092
P.B. Lakhani	57,250	-	-	57,250
N.H. Carter	38,500	-	-	38,500

Directors' Pensions

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

	2021 £
B.P. Marsh	-
A.H.D. Foulk	17,000
J.S. Newman	22,500
D.J. Topping	22,500

Audit

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

This report has been approved by the Remuneration Committee and the Board as a whole and has been signed on behalf of the Chairman of the Remuneration Committee, Pankaj Lakhani, on 7 June 2021.

By order of the Board

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
7 June 2021

Report of the Audit Committee

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

The Audit Committee members during the year were Pankaj Lakhani (Chairman) and Nicholas Carter, both Non-Executive Directors of the Company. The Audit Committee formally met twice in the financial year to 31 January 2021, and remained in frequent contact throughout the period. The external auditors are invited to each meeting, together with the relevant members of the Finance Department as appropriate.

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

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

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

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

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

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

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

During the year, fees of £19,265 (2020: £27,588) were paid to the external auditors for non-audit work, including tax compliance. This non-audit work was undertaken by independent teams within Rawlinson & Hunter.

Rawlinson & Hunter was appointed as B.P. Marsh's external auditor for the year ended 31 January 2021. There are currently no plans to retender. The Rawlinson & Hunter partner responsible for the B.P. Marsh audit is Kulwarn Nagra, and HAT Group, an independent audit, accountancy and ICAEW compliance training organisation is the Engagement Quality Control Reviewer.

For the upcoming AGM (14 July 2021), the Committee has recommended to the Board that Rawlinson & Hunter be reappointed, and the Board will propose their reappointment.

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

P. B. Lakhani
Audit Committee Chairman
7 June 2021

Group Report of the Directors

Directors

B.P. Marsh OBE (Chairman)
A.H.D. Foulk BA (Hons)
J.S. Newman ACMA, CGMA, MCSI
D.J. Topping MCSI, ACG
P.B. Lakhani FCCA (non-executive)
N.H. Carter (non-executive)

The directors submit their report and the audited financial statements of the Company and the Group (namely B.P. Marsh & Partners Plc, B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited, B.P. Marsh Asset Management Limited, B.P. Marsh (North America) Limited, RHS Midco I LLC, B.P. Marsh US LLC, B.P. Marsh & Co. Trustee Company Limited, Marsh Development Capital Limited, Bastion London Limited, the B.P. Marsh SIP Trust and the B.P. Marsh Employees' Share Trust) for the year ended 31 January 2021.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom and have elected to prepare the Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the Group's profit or loss for that year.

In preparing financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the United Kingdom 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 68. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends

A dividend of 2.22p per share (£798,353) was paid on 31 July 2020 (26 July 2019: £1,712,185 or 4.76p per share). The directors have recommended a final dividend of 2.44p per share which will be paid, subject to Shareholder approval, on 30 July 2021 to Shareholders registered at the close of business on 25 June 2021. Based upon the current number of shares in issue, and excluding the shares held within the Joint Share Ownership Plan and in Treasury, this would total £878,282.

Group Report of the Directors
continued

Significant Interests

As at 27 May 2021 the directors have been made aware that the following shareholders held disclosable interests of 3% or more of the issued share capital of the Company:

	No. of Ordinary shares of 10p each held	% of issued Share capital
Mr B.P. Marsh[1]	14,390,079	38.4%
PSC UK Pty Limited	7,385,504	19.7%
Mr Martin Macleish	1,602,490	4.3%
Hargreaves Lansdown Asset Management	1,591,345	4.3%
JTC Employer Solutions Trustee Limited	1,461,302	3.9%
James Sharp & Co	1,230,443	3.3%
Interactive Investor	1,113,174	3.0%

[1] In addition, the Marsh Christian Trust, of which Mr B.P. Marsh is a trustee and Settlor, held 1,272,000 ordinary shares (3.4% of the issued share capital) in the Company.

Directors

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

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

	31 January 2021 Ordinary shares of 10p each	31 January 2020 Ordinary shares of 10p each
Mr B.P. Marsh[1]	15,662,079	15,653,879
Mr D.J. Topping[2]	293,761	278,520
Mr J.S. Newman[3]	209,441	204,077
Ms A.H.D. Foulk[4]	215,397	206,148
Mr P.B. Lakhani	36,912	36,912
Mr N.H. Carter	20,000	10,000

[1] Total interest includes 1,272,000 ordinary shares held by the Marsh Christian Trust of which Mr B.P. Marsh is Trustee and Settlor (31 January 2020: Total interest included 982,000 ordinary shares held by the Marsh Christian Trust).

[2] Total interest includes 23,659 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC Employer Solutions Trustee Limited ("JTC") under a Joint Share Ownership Agreement between Mr D.J. Topping, JTC and the Company and 102,637 ordinary shares directly owned by Mr D.J. Topping (31 January 2020: Total interest included 19,154 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Mr D.J. Topping, JTC and the Company and 91,901 ordinary shares directly owned by Mr D.J. Topping).

[3] Total interest includes 23,659 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Mr J.S. Newman, JTC and the Company and 18,317 ordinary shares directly owned by Mr J.S. Newman (31 January 2020: Total interest included 19,154 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Mr J.S. Newman, JTC and the Company and 17,458 ordinary shares directly owned by Mr J.S. Newman).

[4] Total interest includes 23,072 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Ms A.H.D. Foulk, JTC and the Company and 24,860 ordinary shares directly owned by Ms A.H.D. Foulk (31 January 2020: Total interest included 18,896 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Ms A.H.D. Foulk, JTC and the Company and 19,787 ordinary shares directly owned by Ms A.H.D. Foulk).

Share Capital

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

Events After the Reporting Date

Group
On 5 February 2021 Sage Program Underwriters, Inc. ("Sage") drew down USD 150,000 (£109,998) from its loan facility of USD 250,000 agreed by the Group in June 2020. As at 31 January 2021 no loans were outstanding and following the aforementioned drawdown total loans stand at USD 150,000, with a remaining undrawn facility of USD 100,000 at the date of this report.

On 8 March 2021 the Group paid £200,000 in respect of deferred consideration due to a former minority shareholder in Paladin Holdings Limited ("Paladin"). The payment represented the second tranche of consideration due in respect of 50,000 ordinary shares in Paladin acquired from the minority shareholder in August 2020, which are being held by the Group under a call option arrangement with Paladin. As at 31 January 2021 total consideration paid by the Group in respect of these shares amounted to £400,000 and, including the aforementioned payment made on 8 March 2020, total consideration of £600,000 had been paid at the date of this report. Further consideration of £200,000 is due to be paid in September 2021, subject to certain employment conditions being met by the former minority shareholder (refer to the Business Review section of the Group Strategic Report on page 45 and Note 12 for further detail).

On 18 May 2021 the Group agreed to extend the repayment date of the £1,500,000 loans outstanding from LEBC Holdings Limited ("LEBC") as at 31 January 2021 from 29 April 2021 to 1 October 2022. As part of this agreement the Group also cancelled LEBC's remaining £500,000 undrawn facility, reducing its total agreed loan facility from £2,000,000 to £1,500,000 with effect from 1 May 2021 (Note 22). At the date of this report total loans of £1,500,000 were outstanding from LEBC, with no remaining undrawn facility.

Company
On 20 May 2021 the Company's subsidiary undertaking, B.P. Marsh & Company Limited, paid a dividend of £500,000 to the Company. This distribution was made in order to provide the Company with sufficient aggregate distributable reserves to allow for the payment of the recommended final dividend to Shareholders of 2.44 pence per share (£878,282) expected to be made on 30 July 2021, subject to Shareholder approval. Refer to the Group Report of the Directors on page 41 for further details.

Group Report of the Directors
continued

Directors' and Officers' Liability Insurance

The Company has purchased insurance 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 2021 and remains in force at the date of this report.

Financial Risk Management

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

Appointment of Auditor

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

Registered Office:
5 Floor
4 Matthew Parker Street
London
SW1H 9NP

By order of the Board

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
7 June 2021

Group Strategic Report

Business Review

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

On 12 February 2020 the Group drew down £300,000 of its £3,000,000 loan facility with Brian Marsh Enterprises Limited ("BME") to assist with its working capital requirements in advance of anticipated further investment into the existing investee company portfolio. This drawdown represented the first advance from the loan facility since its agreement in July 2019. On 1 May 2020, following the repayment of an investee company loan (noted below), the Group repaid the £300,000 outstanding to BME. On 29 September 2020 the Group drew down a further £1,000,000 from the loan facility to finance an equity investment. As at 31 January 2021 the Group owed £1,000,000 to BME (refer to Note 18).

On 5 March 2020 the Group acquired 50,000 ordinary shares (5.5% equity stake) in Paladin Holdings Limited ("Paladin") from a minority shareholder and exiting employee for consideration of £260,000. These shares are being held by the Group under a call option arrangement which Paladin can call at any time during the next three years and buy-back from the Group at a fixed price of £5.226 per share (£261,300). This acquisition increased the Group's equity holding in Paladin from 38.2% as at 31 January 2020 to 43.7% at the time of purchase. In addition, on 24 August 2020 the Group acquired 50,000 ordinary shares (5.5% equity stake) in Paladin from another minority shareholder for an initial consideration of £400,000. Further consideration of up to £400,000 (up to a maximum total consideration of £800,000) is payable in instalments on these shares during the course of 2021 and is subject to certain employment conditions being met by the minority shareholder. These shares are also being held by the Group under a call option arrangement which Paladin can call at any time during the next three years and buy-back from the Group at an amount equivalent to the total amount paid for the shares at the date of exercise of the option, plus £4,000 (maximum of £804,000). As at 31 January 2021 the Group's equity holding in Paladin was 49.16%, including the 10.93% relating to the shares held under option. The Group envisages that this shareholding will reduce over time as the options are exercised.

On 17 April 2020 the Group provided The Fiducia MGA Company Limited ("Fiducia") with a further loan facility of £75,000 which was drawn down immediately. This facility was made available to assist with Fiducia's general working capital requirements and is in addition to an existing £2,470,000 loan facility provided previously. As at 31 January 2021 total loans outstanding amounted to £2,545,000, with no undrawn facility remaining.

On 29 April 2020 the Group provided LEBC Holdings Limited ("LEBC") with a further loan facility of £1,000,000, of which £500,000 was drawn down on 1 May 2020. This facility was made available to assist with LEBC's general working capital requirements and is in addition to an existing £1,000,000 loan facility provided to LEBC in February 2019 which was fully drawn down at that time. As at 31 January 2021 total loans outstanding amounted to £1,500,000, with a remaining undrawn facility of £500,000.

Group Strategic Report
continued

In addition, on 29 April 2020 an agreement was made between the Group and LEBC to restructure LEBC's Articles of Association which would provide the Group with a £25,000,000 preferred capital return on its equity shareholding in the event of any sale.

On 30 April 2020 Nexus Underwriting Management Limited ("Nexus") repaid its £2,000,000 revolving credit facility outstanding to the Group which was originally provided to Nexus in April 2019. The availability of this revolving facility ceased on 31 December 2020. As at 31 January 2021 total loans outstanding (including those provided to Nexus previously) amounted to £4,000,000, with no undrawn facility remaining.

On 22 May 2020 the Group provided Paladin with a further loan facility of £500,000, of which £300,000 was drawn down immediately and a further £200,000 was drawn down on 26 October 2020. This facility was made available to finance a new team hire. As at 31 January 2021 total loans outstanding (including those provided to Paladin previously) amounted to £5,096,500, with no undrawn facility remaining.

On 29 June 2020 the Group acquired a 30% cumulative preferred equity stake in Sage Program Underwriters, Inc. ("Sage") for consideration of USD 250,000 (£202,758). Sage, based in Oregon, USA, provides specialist insurance products to niche industries, initially in the inland delivery and field sports sectors. In addition to the equity consideration, the Group also provided Sage with a loan facility of USD 250,000. As at 31 January 2021 none of the agreed loan facility had been drawn down.

On 12 October 2020 the Group subscribed for a further 15% equity holding in EC3 Brokers Group Limited ("EC3") for consideration of £1,500,000, increasing its shareholding from 20% to 35%. The acquisition was part of a rights issue and associated restructuring of capital within EC3 and the Group acquired a mix of 1,285,400 'A1' Preference shares and 214,600 preferred Ordinary 'C' shares. As part of the capital restructuring, the Group's existing 4,800,000 'A' Preference shares were converted to A1 Preference Shares and the Group's aggregate equity investment (£6,500,000 as at 31 January 2021) is subject to a preferred capital return and now ranks ahead of other shareholders of EC3 on a sale, listing or winding up.

On 23 November 2020 the Group acquired a further 5% equity stake in Agri Services Company PTY Limited ("Agri Services") from a minority shareholder and exiting director for consideration of AUD 66,482 (£37,339), increasing its shareholding from 36% to 41%.

Financial performance summary

The table below summarises the Group's financial results and key performance indicators for the year to 31 January 2021.

	Year to/as at 31 January 2021	Year to/as at 31 January 2020
Net asset value	£149.9m	£136.9m
Net asset value per share	416.4p	380.1p
Profit on ordinary activities before tax	£13.7m	£12.3m
Dividend per share paid	2.22p	4.76p
Total shareholder return (including dividends)	£13.8m	£12.4m
Total shareholder return on opening shareholders' funds	10.1%	9.8%
Net cash from operating activities (net of equity investments, realisations and loans)	£0.6m	£1.5m
Equity cash investment for the year	£2.4m	£2.6m
Realisations (net of disposal costs)	-	£0.4m
Loans issued in the year	£1.1m	£5.1m
Loans repaid by investee companies in the year	£2.9m	£1.0m
Cash funds at end of year	£0.7m	£0.8m
Borrowing/Gearing	£1.0m	£Nil

Overall, the Group delivered an excellent return given the various challenges that it faced this year. The Net Asset Value increased by £13.0m (2020: £10.7m). At 31 January 2021, the Net Asset Value of the Group was £149.9m, or 416.4p per share (2020: £136.9m, or 380.1p per share). This equates to an increase in Net Asset Value of 9.5% (2020: 8.5%) for the year.

The Net Asset Value of £149.9m at 31 January 2021 represents a total increase in Net Asset Value of £120.7m since the Group was originally formed in 1990 having adjusted for the original capital investment of £2.5m, the £10.1m net proceeds raised on AIM in 2006 and the £16.6m of net proceeds raised through the Share Placing and Open Offer in July 2018. The Directors note that the Group has delivered an annual compound growth rate of 8.2% in Group Net Asset Value after running costs, realisations, losses, distributions and corporation tax since flotation and 11.7% since 1990.

The financial statements to 31 January 2021 reflect the impact of Covid-19 on the Group and its investment portfolio (2020: no Covid-19 impact was reflected). Whilst several of our investee companies experienced reductions in income as a direct consequence of Covid-19, in contrast a number of investments performed above budget for the year despite local and national lockdowns. The result for the year therefore demonstrates the diversified nature of the portfolio, both in product lines and geographically, despite being focussed on the financial services sector and insurance intermediaries in particular.

Diluted Net Asset Value per share

The Net Asset Value per share at 31 January 2021 was 416.4p (2020: 380.1p). As part of a long-term share incentive plan for certain directors and employees of the Group, in June 2018 1,461,302 shares were issued to an employee share trust at 281 pence per share. On 12 June 2021 certain performance criteria are expected to be met, after which

Group Strategic Report
continued

the members of the scheme will become joint beneficial owners of the shares and will be entitled to any gain on sale of the shares in excess of 312.6 pence per share. Whilst these shares remain within the trust, they do not have voting or dividend rights. However, if the shares are sold in the future in excess of 281 pence per share, the Group would be entitled to receive £4,106,259. Overall, this would dilute the Net Asset Value per share to 411.3 pence.

This potential dilution is not shown at 31 January 2021 as the performance criteria were not met at that time.

Investment performance

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

31 January 2020 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2020 valuation	31 January 2021 valuation
£115.7m	£2.4m	-	£118.1m	£131.0m

This equates to an increase in the portfolio valuation of 10.9% (2020: 11.1%).

The Group invested a total of £2.4m in equity in the portfolio during the year (2020: £2.6m). Of this, £0.2m was in a new investment – Sage Program Underwriters, Inc. and £2.2m in follow-on equity funding into four existing investee companies. In addition, the Group provided £1.1m of loans (2020: £5.1m) as follow-on funding to three investee companies to provide working capital for strategic hires and product development.

£2.9m of loan repayments were made to the Group by investee companies (2020: £1.0m). Since the year-end, the Group has received a further £0.2m in loan repayments.

Operating income

Net gains from investments were £12.9m (2020: £11.5m), a 12.3% increase on the net gain from the previous year, based upon the revaluation of the investment portfolio at 31 January 2021.

Overall, income from investments decreased by £0.7m, or 13.4% to £4.5m (2020: £5.2m). The reduction was primarily due to lower dividend income from the portfolio, which decreased by 28.3% to £2.0m (2020: £2.8m) as portfolio companies prioritised cash retention amidst the pandemic. However, this reduction was offset by increased fees of 11.4% over the year to £1.2m (2020: £1.1m) reflecting the increased number of investments within the portfolio and fees generated from additional management services provided to some portfolio companies. Income from loans was maintained at £1.3m in line with the previous year (2020: £1.3m).

Operating expenses

Operating expenses, including costs of making new investments, decreased by £0.6m, or 14.6% during the year to £3.6m (2020: £4.2m). This decrease reflects a combination of reduced expenses implemented by the Group in order to mitigate the impact of Covid-19 on the Group's income, alongside some exceptional costs incurred in 2020 that were not repeated during this year.

Profit on ordinary activities
The consolidated profit on ordinary activities after taxation increased by 9.5% to £13.7m (2020: profit of £12.5m).

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, excluding investment activity (unrealised gains on equity and provision against loans receivable from investee companies), this was achieved with a pre-tax profit of £0.9m for the year (2020: £0.8m).

Liquidity
Cash funds at 31 January 2021 were £0.7m (2020: £0.8m), and borrowings were £1.0m (2020: £nil). During the year, the Group drew down £1.0m from its £3.0m loan facility with Brian Marsh Enterprises Ltd, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder. The loan facility provides the Group with further investment funds at an interest rate of the higher of either 4% or the UK 1-month LIBOR plus 3.25%, which are available to be drawn down until 29 January 2022.

Since the year-end, the Group has received a further £0.2m in loan repayments. Currently the Group has cash funds of £1.8m and total borrowings of £1.0m. Net of the dividend payable in July 2021 and other commitments, the Group currently has £2.5m in cash available for investment including the remaining loan facility.

Dividend
The Group paid a dividend of £0.8m (or 2.22p per share) during the year (2020: £1.7m or 4.76p per share), reflecting a distribution of 100% of the underlying profit from the year to 31 January 2020. The reduced dividend payment reflected the Group's requirement to strike a balance between the need to conserve cash to ensure that it could continue to prosper and develop during the Covid-19 pandemic and beyond, whilst also rewarding Shareholders for their continuing loyalty. Total shareholder return for the year was therefore 10.1% (2020: 9.8%) including the dividend payment and the Net Asset Value increase.

Due to the continuing Covid-19 pandemic, the Group, having taken into consideration its available cash resources and liquidity, and the potential requirements from the investment portfolio, has agreed to declare a dividend of £0.9m (or 2.44p per share), payable on 30 July 2021 to those shareholders registered on 25 June 2021. This dividend represents a distribution of 100% of the underlying realised profits of the Group for the year to 31 January 2021.

Financial Risk Management

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

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

Prior to the current year the Group was debt free, however as at 31 January 2021 the Group owed £1.0m in loans, having utilised part of its £3.0m Loan Facility with Brian Marsh Enterprises Limited ("BME"), a company in which the Chairman, Brian Marsh, is a director and sole shareholder,

Group Strategic Report
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to fund further investment into the portfolio during the year (refer to Notes 18 and 25 for further detail).

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

Risk governance structure

Board
The Board governs and approves the Group's risk appetite and strategy and is responsible for ensuring an effective risk management and oversight process. It is assisted by six standing committees of the Board (outlined on pages 30 to 31 and discussed further below), each with specific responsibility for key risk management areas, ensuring that standards of integrity, financial performance, risk management and internal control are upheld.

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

Valuation Committee
The primary responsibility of the Valuation Committee is for determining the valuation of the Group's unquoted equity investment portfolio, comprising 87% of net assets at 31 January 2021 (2020: 85%). The Valuation Committee also provides oversight and challenge of the underlying assumptions and valuation policy which formulate the valuations and directly engages with the Group's external auditor at each reporting period to confirm that the basis of its valuations is reasonable and appropriate based upon the information available to the Group at that time.

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

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

Disclosure Committee
The Disclosure Committee is responsible for overseeing the Group's compliance with its obligations (as laid down by the AIM Rules, Disclosure and Transparency Rules and the Market Abuse Regulation) in respect of the disclosure and control of inside information directly concerning the Group.

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

The activities of the Remuneration Committee and Audit Committee are discussed further in the Report of the Remuneration Committee on pages 34 to 37 and Report of the Audit Committee on pages 38 to 39.

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

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

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

Price risk

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

Credit risk

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

The Group is exposed to the risk of default on the loans it has made available to investee companies. The loans rank in preference to the equity shareholding and the majority are secured by a charge over the assets of the investment. The Group manages the risk by ensuring that there is a director of the Group appointed to the board of each of its investee companies. In this capacity, the appointed director can advise the Group's Board of investee companies' activities and prompt action can be taken to protect the value of the loan, such that the directors believe the credit risk to the Group is adequately managed. When a loan is assessed to be likely to be in default then the Group will review the probability of recoverability, and if necessary, make a provision for any amount considered irrecoverable.

Liquidity risk

The Group invests in unquoted early stage companies. The timing of the realisation of these investments can be difficult to estimate. The directors assess and review the Group's liquidity position and funding requirements on a regular basis and this is an agenda item for its Board meetings. A key objective is to ensure that the income from the portfolio covers operating expenses such that funds available for investment are not used for working capital. The Group regularly reviews the cash flow forecast to ensure that it has the ability to meet commitments as they fall due and to manage its working capital. The Board considers that the Group has sufficient liquidity to manage current commitments.

Group Strategic Report
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Interest rate risk
Interest rate risk arises from changes in the interest receivable on cash and deposits, on loans issued to investment companies and on certain preferred dividend mechanisms linked to an interest rate. In addition, the risk arises on any borrowings with a variable interest rate. At 31 January 2021, the Group had both interest bearing liabilities (in the form of its loan facility with Brian Marsh Enterprises Limited as set out in Note 18 and Note 25) and interest bearing assets. The majority of loans provided by the Group are subject to a minimum interest rate to protect the Group from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate or LIBOR.

Currency risk
Although the Group's investments have historically been predominantly within the UK, in terms of financial risk, it currently has substantial exposure to foreign investment and derives income outside the UK. As such some of the Group's income and assets are subject to movement in foreign currencies which will affect the Consolidated Statement of Comprehensive Income in accordance with the Group's accounting policy. The Board monitors the movements and manages the risk accordingly (see Note 27).

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

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

Political risk
As a UK domiciled business, the Group is exposed to the risks associated with the UK's decision to leave the European Union ("Brexit"). The Board is continually assessing the impact of Brexit on the Group and its underlying investments, however the direct impact on the Group's investment portfolio is not expected to be material. It remains the Group's intention to continue to invest into the international financial services market. As outlined under 'Currency risk' above, the Group continues to monitor the movements in its foreign currency denominated income and assets and manages this risk accordingly.

Covid-19 risk
The Group is exposed to the risks associated with the global coronavirus pandemic ("Covid-19"). Since the outbreak of the virus, the Board has been continually assessing the potential impact of Covid-19 on the Group and its underlying investments. The Group has taken all the steps that it can to ensure that the health

and safety of its staff, their families and the Group's associates is prioritised, whilst also ensuring the continuity of the Group's day to day operations through remote working arrangements.

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

Energy and Carbon Reporting

The directors have reviewed the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the Group is responsible and the annual quantity of emissions resulting from the purchase of electricity, heat, steam or cooling by the Group for its own use in the United Kingdom during the year. They have concluded that the Group consumed less than 40,000 kWh of energy during this reporting period.

Therefore the directors have taken advantage of the exemption in S20D(7) (a) of the Regulation 7, Part 2 – Amendments to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, not to report further details on the energy and carbon consumptions by the Group for the year.

Directors' duties under section 172

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

Under section 172(1):
a director of a company must act in the way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the company's business relationships with suppliers, customers and others;
d) the impact of the company's operations on the community and the environment;
e) the desirability of the company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly towards all members of the company.

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

Group Strategic Report
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Shareholders

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

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

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

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

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

Employees

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

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

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

Response to the Covid-19 outbreak

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

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

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

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

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

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

During the year, the Group continued to fund its existing portfolio of investee companies through the provision of both follow-on equity investment and loan funding, as well as provide investment into one new investee company. Historically the Group has used funds from past realisations and external fundraising to fund future opportunities both within its current portfolio and to new investments. As the Group has deployed its cash into suitable investments, available funds have subsequently reduced over time. In order to continue to finance such investment opportunities, pending a future investment realisation or substantial loan repayment, the Group decided to secure a £3,000,000 loan facility with Brian Marsh Enterprises Limited, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder. £1,000,000 of this loan facility had been drawn down at the year end.

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

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

Policy on Payment of Suppliers

The Group's policy on the payment of suppliers is to settle transactions based upon the supplier's agreed terms of trade. Average supplier days were 52 (2020: 20) during the year. There was an unusually larger number of high value invoices at 31 January 2021 which has skewed this figure. The Group has consistently ensured that suppliers have been paid within the agreed terms throughout the year, such that the true number of supplier days is comparable with the prior year.

Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. This is because the directors, after making enquiries and specifically considering the implications of Covid-19, and following a review of the Group's forecasts for 2022 and 2023, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue its operation for the foreseeable future.

By order of the Board

S.C. O'Haire
Chief Legal Officer & Group Company Secretary
7 June 2021

Independent Auditor's Report

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

Opinion

Our opinion on the financial statements is unmodified

We have audited the Group financial statements of B.P. Marsh & Partners Plc ("the Parent Company" or "the Company") and its subsidiaries ("the Group") for the year ended 31 January 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 January 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the UK; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

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

Conclusions relating to Going Concern

The directors have prepared the Group's and the Parent Company's financial statements on the going concern basis as they have concluded that there are no material uncertainties that could have cast significant doubt over the Group's and the Parent Company's ability to continue as a going concern for at least one year from the date of the approval of the Group's and the Parent Company's financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this auditor's report.

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the directors' going concern assessment and the forecasts they have prepared for each of the two years to 31 January 2023 which predict profit and positive cashflows and challenging the rationale for assumptions used in the preparation of these forecasts;
- considering the impact of Covid-19 on the directors' assessment to continue to adopt the going concern basis of accounting; and
- considering the inherent risks to the Group and the Parent Company's business model and how these risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period. We evaluated these risks and concluded that they were not significant enough to require us to perform additional procedures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the Group financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key Audit Matters

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

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

Risk 1: Valuation of unquoted equity investments
Refer to the significant accounting policies (pages 72 to 78); and Notes 1 and 12 of the financial statements.

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

Independent Auditor's Report
continued

The Group adopts various valuation methodologies based on the International Private Equity and Venture Capital Valuation Guidelines – December 2018 ('IPEVCV Guidelines'), in conformity with IFRS 13 – Fair Value Measurement. Owing to the unquoted and illiquid nature of these investments, the assessment of fair valuation is subjective and requires a number of significant and complex judgments to be made by the Valuation Committee. The exit value will be determined by the market at the time of realisation and therefore despite the valuation policy adopted and judgments made by the Valuation Committee, the final sales value on realisation may differ materially from the valuation at the year end date.

There is the risk that inaccurate judgments made in the assessment of fair value, particularly in respect of earnings multiples, the application of liquidity discounts, calculation of discount rates and the estimation of future maintainable earnings, could lead to the incorrect valuation of the unquoted equity investment portfolio. In turn, this could materially misstate the value of the investment portfolio in the Statement of Financial Position, the gross investment return and total return in the Consolidated Statement of Comprehensive Income and the net asset value per share.

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

How we address the Key Audit Matters

We performed the following procedures:

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

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

Using our knowledge of private company valuation methodologies, historical valuations and specific research guidance from brokers where available, we formed an independent range for the key assumptions used in the valuation of a sample of unquoted investments. We derived a range of fair values using our assumptions and other qualitative risk factors. We compared these ranges to management's fair values and discussed our results with the Valuation Committee.

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

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

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

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

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

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

Risk 2: Recognition of portfolio income and of realised profits on disposal of investments
Refer to the significant accounting policies (pages 72 to 78); and Notes 1, 12 and 14 of the financial statements

Portfolio income is directly attributable to the return from investments. This includes: dividends from investee companies which are recognised when the Group's rights to receive payments have been established, gross interest income from loans which is recognised on an accruals basis and advisory fees from management services provided to investee companies which are recognised on an accruals basis in accordance with the substance of the relevant investment advisory agreement.

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

Independent Auditor's Report
continued

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

How we address the Key Audit Matters

We performed the following procedures:

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

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

For portfolio income, on a sample basis, we:

- agreed dividends from the underlying investment agreements and the dividend notices where available;
- reperformed the calculation of interest income based on the terms of the underlying agreements;
- agreed advisory fees to the relevant investment advisory agreements; and
- agreed the receipts of the income to the bank statements, or, if not yet received at the year end, agreed to the debtors or accrued income and assessed the recoverability of these debtors or accrued income.

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

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

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

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

Key observations communicated to the Audit Committee

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

Our Application of Materiality

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

Materiality

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

We determined materiality for the Group and the Parent Company to be £1,500,000 (2020: £1,370,000) for unrealised investment related items, which is 1% of net assets. We believe that net assets provide us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the Group.

However, due to the much lower net comprehensive income generated each year in comparison with the level of net assets, we have set a lower materiality of £90,000 (2020: £100,000) for the Group and for the Parent Company for realised comprehensive income and amortised cost balance sheet items which represents approximately 2% of realised income.

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

We calculated materiality during the planning stage of the audit based on the management accounts provided to us which exclude the investment valuation at the year end, and then reassessed it based on the 31 January 2021 revised management accounts updated with the investment valuation at the year end on the basis set out above and adjusted our audit procedures accordingly.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £1,125,000 (2020: £1,000,000) for unrealised investment related items and £68,000 (2020: £75,000) for realised comprehensive income and amortised cost balance sheet items. This is at the top end of the range of 50% and 75% typically used. In arriving at the top range of 75%, we considered the judgmental nature of the valuations in the Consolidated Statement of Financial Position and the relative value of transactions recorded in the other primary statements, to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality of £1,500,000 for unrealised investment related items and £90,000 for comprehensive income and amortised cost balance sheet items.

Independent Auditor's Report
continued

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £75,000 (2020: £68,000) for unrealised investment related items and £4,500 (2020: £5,000) for realised comprehensive income and amortised cost balance sheet items, which is set at approximately 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

An overview of the scope of our Audit

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

We performed an audit of the complete financial information of 4 (2020: 4) full scope components.

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

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

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

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

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

Independent Auditor's Report
continued

assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and the industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulations. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to inflate revenue of the Group and the Parent Company, and management bias in accounting estimates and judgemental areas of the financial statements, such as investment valuations and provisions. Audit procedures performed by us included:

- discussions with the directors and management involved in the risk and compliance functions and the Group and Parent Company's company secretary function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing correspondence between the Group and the investee companies, and discussions with the management responsible for liaising with the investee companies in relation to the investee companies' compliance with laws and regulations;
- reviewing board minutes as well as relevant meeting minutes, including those of the Valuation Committee, Audit Committee and the Disclosure Committee;
- challenging assumptions made by management in arriving at accounting estimates and judgements, in particular in relation to the valuation of unquoted equity investments and recognition of portfolio income as described in the related key audit matters above;
- identifying and testing journal entries, in particular, any journal entries posted with unusual account combinations, such as a credit to revenue and a debit to the statement of financial position (other than to expected accounts), which may be indicative of the overstatement or manipulation of revenue; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

Because of the inherent limitations of an audit and the audit procedures described above, there is an unavoidable risk that we will not have detected all irregularities, including some leading to material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our Report

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

Kulwarn Nagra
(Senior Statutory Auditor)
For and on behalf of

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

7 June 2021

Consolidated Statement of Comprehensive Income

for the year ended 31 January 2021

	Notes	£'000	2021 £'000	£'000	2020 £'000
Gains on investments	1				
Release of provision made/(provision) against equity investments and loans	15,16	37		(69)	
Unrealised gains on equity investment revaluation	12	12,877		11,570	
			12,914		11,501
Income					
Dividends	1,25	1,999		2,787	
Income from loans and receivables	1,25	1,271		1,299	
Fees receivable	1,25	1,234		1,108	
			4,504		5,194
Operating income	2		17,418		16,695
Operating expenses		(3,595)		(4,210)	
	2		(3,595)		(4,210)
Operating profit			13,823		12,485
Financial income	2,4	3		16	
Financial expenses	2,3	(67)		(77)	
Exchange movements	2,8	(24)		(152)	
			(88)		(213)
Profit on ordinary activities before taxation	8		13,735		12,272
Income taxes	9		(14)		258
Profit on ordinary activities after taxation attributable to equity holders	20		13,721		12,530
Total comprehensive income for the year	20		13,721		12,530
Earnings per share – basic and diluted (pence)	10		38.2p		34.9p

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

The notes on pages 72 to 108 form part of these financial statements.

Consolidated and Parent Company Statements of Financial Position

31 January 2021

		Group		Company	
		2021	2020	2021	2020
	Notes	£'000	£'000	£'000	£'000
Assets					
Non-Current Assets					
Property, plant and equipment	11	123	151	–	–
Right-of-use asset	21	1,001	1,286	–	–
Investments – equity portfolio	12	130,951	115,666	122,748	109,804
Investments – subsidiaries	12	–	–	27,277	27,283
Investments – treasury portfolio	13	–	–	–	–
Loans and receivables	15	15,833	16,211	4,058	3,959
		147,908	**133,314**	**154,083**	**141,047**
Current Assets					
Trade and other receivables	16	4,398	5,017	–	–
Cash and cash equivalents		709	787	8	8
Total Current Assets		**5,107**	**5,804**	**8**	**8**
Total Assets		**153,015**	**139,118**	**154,091**	**141,054**
Liabilities					
Non-Current Liabilities					
Lease liabilities	21	(939)	(1,204)	–	–
Current Liabilities					
Trade and other payables	18	(1,010)	(876)	–	–
Lease liabilities	21	(159)	(168)	–	–
Loans and other payables	18	(1,000)	–	–	–
Total Current Liabilities	18	**(2,169)**	**(1,044)**	**-**	**-**
Total Liabilities		**(3,108)**	**(2,248)**	**-**	**-**
Net Assets		**149,907**	**136,870**	**154,091**	**141,054**
Capital And Reserves - Equity					
Called up share capital	19	3,747	3,747	3,747	3,747
Share premium account	20	29,349	29,367	29,349	29,367
Fair value reserve	20	70,573	57,696	120,605	107,661
Reverse acquisition reserve	20	393	393	–	–
Capital redemption reserve	20	7	7	7	7
Capital contribution reserve	20	64	42	–	–
Retained earnings	20	45,774	45,618	383	272
Shareholders' Funds - Equity	20	**£149,907**	**£136,870**	**£154,091**	**£141,054**
Net asset value per share (pence)	10	**416.4p**	**380.1p**	**411.3p**	**376.5p**

The Financial Statements were approved by the Board of Directors and authorised for issue on 7 June 2021 and signed on its behalf by:

J.S. Newman & D.J. Topping

The notes on pages 72 to 108 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 January 2021

	Notes	2021 £'000	2020 £'000
Cash from/(used by) operating activities			
Income from loans to investee companies		1,271	1,299
Dividends		1,999	2,787
Fees received		1,234	1,108
Operating expenses		(3,595)	(4,210)
Net corporation tax repaid		234	261
Purchase of equity investments	*12*	(2,408)	(2,551)
Net proceeds from sale of equity investments	*12,14*	–	402
Net repayment from/(payment of loans to) investee companies		1,796	(4,163)
Adjustment for non-cash share incentive plan		114	121
(Increase)/decrease in receivables		(954)	58
Increase/(decrease) in payables		134	(189)
Depreciation and amortisation	*11,21*	205	215
Net cash from/(used by) operating activities		**30**	**(4,862)**
Net cash used by investing activities			
Purchase of property, plant and equipment	*11*	(5)	(26)
Net proceeds from sale of treasury investments	*13*	–	14
Net cash used by investing activities		**(5)**	**(12)**
Net cash used by financing activities			
Advances of borrowings	*18*	1,000	–
Financial income	*4*	3	16
Financial expenses	*3*	(67)	(77)
Net decrease in lease liabilities	*21*	(160)	(160)
Dividends paid	*7*	(798)	(1,712)
Payments made to repurchase company shares	*19,20*	–	(243)
Net cash used by financing activities		**(22)**	**(2,176)**
Change in cash and cash equivalents		3	(7,050)
Cash and cash equivalents at beginning of the year		787	7,855
Exchange movement		(81)	(18)
Cash and cash equivalents at end of year		**£709**	**£787**

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 72 to 108 form part of these financial statements.

Parent Company Statement of Cash Flows

for the year ended 31 January 2021

	Notes	2021 £'000	2020 £'000
Cash from operating activities			
Dividends received from subsidiary undertakings		798	1,962
Net corporation tax paid		–	(48)
(Decrease)/increase in payables		–	(3)
Net cash from operating activities		**798**	**1,911**
Net cash used by financing activities			
Decrease in amounts owed by group undertakings		5	45
Adjustment relating to non-cash items		(5)	(1)
Dividends paid	*7*	(798)	(1,712)
Payments made to repurchase company shares	*19,20*	–	(243)
Net cash used by financing activities		**(798)**	**(1,911)**
Change in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of the year		8	8
Cash and cash equivalents at end of year		**8**	**8**

Consolidated and Parent Company Statements of Changes in Equity

for the year ended 31 January 2021

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Opening total equity	136,870	126,174	141,054	130,359
Comprehensive income for the year	13,721	12,530	13,743	12,552
Dividends paid	(798)	(1,712)	(798)	(1,712)
Repurchase of company shares	–	(243)	–	(243)
Share incentive plan	114	121	92	98
Total Equity	**£149,907**	**£136,870**	**£154,091**	**£141,054**

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

The notes on pages 72 to 108 form part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 January 2021

1. Accounting Policies

B.P. Marsh & Partners Plc is a public limited company incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom. The address of the Company's registered office is 5 Floor, 4 Matthew Parker Street, London SW1H 9NP. The consolidated financial statements for the year ended 31 January 2021 comprise the financial statements of the Parent Company and its consolidated subsidiaries (collectively "the Group").

Basis of preparation of financial statements

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

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

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

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

Assessment as an investment entity

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

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

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

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

Application and significant judgments

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

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

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

New Accounting Standards

There are no new standards that have been issued, but are not yet effective for the year ended 31 January 2021, which might have a material impact on the Group's financial statements in future periods.

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.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

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

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

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

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

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

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

No Statement of Comprehensive Income is prepared for the Company, as permitted by Section 408 of the Companies Act 2006. The Company made a profit for the year of £13,743,101, prior to a dividend distribution of £798,353 (2020: profit of £12,551,785 prior to a dividend distribution of £1,712,185).

Employee services settled in equity instruments

The Group has entered into a joint share ownership plan ("JSOP") with certain employees and directors. A fair value for the cash settled share awards is measured at the date of grant. The Group measured the fair value using the Expected Return Methodology which was considered to be the most appropriate valuation technique to value the awards.

The fair value of the award is recognised as an expense over the vesting period on a straight-line basis. The level of vesting is assumed to be 100% and will be reviewed annually and the charge is adjusted to reflect actual or estimated levels of vesting with the corresponding entry to capital contribution.

The Group has established an HMRC approved Share Incentive Plan ("SIP"). Ordinary shares in the Company, previously repurchased and held in Treasury by the Company, have been transferred to The B.P. Marsh SIP Trust ("the SIP Trust"), an employee share trust, in order to be issued to eligible employees. In addition, new shares were issued and allocated to the SIP Trust during the year.

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

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

Investments – equity portfolio

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

The Board conducts the valuations of equity portfolio investments. In valuing equity portfolio investments, the Board applies guidelines issued by the International Private Equity and Venture Capital Valuation Committee ("IPEVCV Guidelines"). The following valuation methodologies have been used in reaching the fair value of equity portfolio investments, some of which are in early stage companies:

a) at cost, unless there has been a significant round of new equity finance in which case the investment is valued at the price paid by an independent third party. Where subsequent events or changes to circumstances indicate that an impairment may have occurred, the carrying value is reduced to reflect the estimated extent of impairment;
b) by reference to underlying funds under management;
c) by applying appropriate multiples to the earnings and revenues and/or premiums of the investee company; or
d) by reference to expected future cash flow from the investment where a realisation or flotation is imminent.

Both realised and unrealised gains and losses arising from changes in fair value are taken to the Consolidated Statement of Comprehensive Income for the year. In the Consolidated Statement of Financial Position the unrealised gains and losses arising from changes in fair value are shown within a "fair value reserve" separate from retained earnings. Transaction costs on acquisition or disposal of equity portfolio investments are expensed in the Consolidated Statement of Comprehensive Income.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

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

Income from equity portfolio investments
Income from equity portfolio investments comprises:

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

Property, plant and equipment
Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the property, plant and equipment cost less their estimated residual value, over their expected useful lives on the following bases:
• Furniture & equipment - 5 years
• Leasehold fixtures and fittings and other costs – over the life of the lease

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

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

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

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

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

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

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

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

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

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

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

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

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.

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets. They are stated at their cost less impairment losses.

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

Trade and other receivables
Trade and other receivables in the Consolidated Statement of Financial Position are initially measured at original invoice amount and subsequently measured after deducting any provision for impairment.

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

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

2. Segmental Reporting

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

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

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

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

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

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

	Geographic segment 1: UK		Geographic segment 2: Non-UK		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Operating income	6,892	7,019	10,526	9,676	17,418	16,695
Operating expenses	(2,122)	(2,800)	(1,473)	(1,410)	(3,595)	(4,210)
Segment operating profit	4,770	4,219	9,053	8,266	13,823	12,485
Financial income	2	11	1	5	3	16
Financial expenses	(40)	(51)	(27)	(26)	(67)	(77)
Exchange movements	(57)	(33)	33	(119)	(24)	(152)
Profit before tax	4,675	4,146	9,060	8,126	13,735	12,272
Income taxes	–	258	(14)	–	(14)	258
Profit for the year	£4,675	£4,404	£9,046	£8,126	£13,721	£12,530

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 and unrealised income generated by the Group during the period:

	Total net operating income attributable to the investee company £'000		% of total realised and unrealised net operating income		Reportable geographic segment	
Investee Company	2021	2020	2021	2020	2021	2020
Stewart Specialty Risk Underwriting Limited	3,227	1,843	19	11	2	2
XPT Group LLC	2,497	3,919	14	23	2	2
The Fiducia MGA Company Limited[1]	1,824	–	10	–	1	–
Nexus Underwriting Management Limited	1,755	10,917	10	65	1	1
Paladin Holdings Limited[1]	–	3,018	–	18	–	1
Summa Insurance Brokerage, S.L.[1]	–	2,232	–	13	–	2

[1] There are no disclosures for Paladin Holdings Limited and Summa Insurance Brokerage, S.L. in the current year as the income derived from these investee companies did not exceed the 10% threshold prescribed by IFRS 8. There are also no disclosures shown for The Fiducia MGA Company Limited in the prior year as the income derived from this investee company did not exceed the 10% threshold prescribed by IFRS 8 in that year.

Notes to the consolidated financial statements
continued

2. Segmental Reporting continued

	Geographic segment 1: UK		Geographic segment 2: Non-UK			Group
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, plant and equipment	84	108	39	43	123	151
Right-of-use asset	680	918	321	368	1,001	1,286
Investments – equity portfolio	88,959	82,594	41,992	33,072	130,951	115,666
Loans and receivables	12,776	12,382	3,057	3,829	15,833	16,211
	102,499	**96,002**	**45,409**	**37,312**	**147,908**	**133,314**
Current assets						
Trade and other receivables	2,528	4,141	1,870	876	4,398	5,017
Cash and cash equivalents	709	787	–	–	709	787
	3,237	**4,928**	**1,870**	**876**	**5,107**	**5,804**
Total assets	**105,736**	**100,930**	**47,279**	**38,188**	**153,015**	**139,118**
Non-current liabilities						
Lease liabilities	(638)	(860)	(301)	(344)	(939)	(1,204)
	(638)	**(860)**	**(301)**	**(344)**	**(939)**	**(1,204)**
Current liabilities						
Trade and other payables	(1,007)	(873)	(3)	(3)	(1,010)	(876)
Lease liabilities	(108)	(120)	(51)	(48)	(159)	(168)
Loans and other payables	(1,000)	–		–	(1,000)	–
	(2,115)	**(993)**	**(54)**	**(51)**	**(2,169)**	**(1,044)**
Total liabilities	**(2,753)**	**(1,853)**	**(355)**	**(395)**	**(3,108)**	**(2,248)**
Net assets	**£102,983**	**£99,077**	**£46,924**	**£37,793**	**£149,907**	**£136,870**
Additions to property, plant and equipment	3	18	2	8	5	26
Depreciation and amortisation of property, plant and equipment	(138)	(154)	(66)	(61)	(204)	(215)
Release of provision/(provision made) against investments and loans	37	–	–	(69)	37	(69)
Cash flow arising from:						
Operating activities	(4)	(2,861)	34	(2,001)	30	(4,862)
Investing activities	(5)	(12)	–	–	(5)	(12)
Financing activities	(22)	(2,176)	–	–	(22)	(2,176)
Change in cash and cash equivalents	**(31)**	**(5,049)**	**34**	**(2,001)**	**3**	**(7,050)**

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

In addition to the segmental analysis disclosure reported above, the Group has undertaken a further assessment of each of its investee companies' underlying revenues, specifically focusing on the geographical origin of this revenue. Geographical analysis of each investee company's 2021 and 2020 revenue budgets was carried out and, based upon this analysis, the directors have determined that on a look-through basis, the Group's portfolio of investee companies can also be analysed as follows:

	2021	2020
	%	%
UK	42	43
Non-UK	58	57
Total	**100**	**100**

3. Financial Expenses

	2021 £'000	2020 £'000
Interest costs on loans and other payables (Note 18)	4	–
Interest costs on lease liability (Note 21)	63	77
	67	**77**

4. Financial Income

	2021 £'000	2020 £'000
Bank and similar interest	3	16
	3	**16**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 16 (2020: 17); 6 of those are in a management role (2020: 6) and 10 of those are in a support role (2020: 11). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2021 £'000	2020 £'000
Wages and salaries	2,083	2,447
Social security costs	300	316
Pension costs	129	129
Other employment costs (Note 24)	96	100
	2,608	**2,992**

During the year to 31 January 2017 the Group established a Share Incentive Plan ("SIP") under which certain eligible directors and employees were granted Ordinary shares in the Company. These shares are being held on behalf of these directors and employees within the B.P. Marsh SIP Trust. Refer to the Report of the Remuneration Committee on page 36 and Note 24 for further details.

During the year to 31 January 2019, Joint Share Ownership Agreements were also entered into between certain directors and employees and the Company. Refer to the Report of the Remuneration Committee on page 35 and Note 24 for further details.

Charges of £74,467 (2020: £79,054) relating to the SIP and £21,472 (2020: £21,413) relating to the Joint Share Ownership Agreements are included within 'Other employment costs' above.

Notes to the consolidated financial statements
continued

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2021 £'000	2020 £'000
Management services – remuneration	1,228	1,492
Fees	20	20
Pension contributions – remuneration	62	65
	1,310	**1,577**

502,395 of the 1,461,302 shares, in respect of which joint interests were granted during the year to 31 January 2019, were issued to current directors. Refer to the Report of the Remuneration Committee on page 35 and Note 24 for further details.

Of the total 47,044 (2020: 33,330) Free, Matching and Partnership Shares granted under the SIP during the year, 13,515 (2020: 12,120) were granted to directors of the Company.

Following the resignation of an executive director during the prior year, a total of 16,143 ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of that director in that year. In addition, interests in 167,465 jointly-owned shares held by the executive director within the Joint Share Ownership Plan were also forfeited in that year.

Of the £21,472 (2020: £21,413) charge relating to the Joint Share Ownership Plan and the £74,467 (2020: £79,054) charge relating to the SIP, £7,382 (2020: £9,187) and £20,309 (2020: £28,747) related to the directors respectively.

Refer to the Report of the Remuneration Committee on pages 35 to 36 and Note 24 for further details.

	2021 £'000	2020 £'000
Highest paid director		
Emoluments	327	342
Pension contribution	23	7
	350	**349**

In the prior year, the highest paid director included emoluments of £270,000 relating to a settlement paid upon leaving the Company.

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

During the year, 3 directors (2020: 4) accrued benefits under these defined contribution pension schemes.

The key management personnel comprise only the directors.

7. Dividends

	2021 £'000	2020 £'000
Ordinary dividends		
Dividend paid:		
2.22 pence each on 35,961,836 Ordinary shares (2020: 4.76 pence each on 35,970,271 Ordinary shares)	798	1,712
	£ 798	**£ 1,712**

In the current year a total dividend of £4,519 (2020: £8,703) was payable on the 203,573 (2020: 182,831) ordinary shares held by the B.P. Marsh SIP Trust ("SIP Trust").

No dividend was payable on the 1,461,302 (2020: 1,461,302) ordinary shares held by the B.P. Marsh Employees' Share Trust ("Share Trust") under the Joint Share Ownership Plan and on 42,862 ordinary shares held in Treasury which were unallocated at the dividend record date (2020: 46,504).

8. Profit on Ordinary Activities Before Taxation

The profit for the year is arrived at after charging:

	2021 £'000	2020 £'000
Depreciation and amortisation of property, plant & equipment, and right-of-use asset	204	215
Auditor's remuneration :-		
Audit fees for the Company	28	29
Other services:		
Audit of subsidiaries' accounts	17	17
Taxation	11	13
Other advisory	8	15
Exchange loss	24	152

9. Income Tax Expense

	2021 £'000	2020 £'000
Current tax:		
Current tax on profits for the year	5	–
Adjustments in respect of prior years	9	(258)
Total current tax	**14**	**(258)**
Deferred tax (Note 17):		
Origination and reversal of temporary differences	–	–
Total deferred tax	**–**	**–**
Total income taxes charged/(credited) in the Consolidated Statement of Comprehensive Income	**14**	**(258)**

Notes to the consolidated financial statements
continued

9. Income Tax Expense continued

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	**13,735**	**12,272**
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,610	2,332
Tax effects of:		
Expenses not deductible for tax purposes	29	80
Withholding tax suffered at source on overseas income	14	–
Prior year current tax overprovision	–	(258)
Other effects:		
Non-taxable income (dividends received)	(380)	(530)
Non-taxable income (unrealised gains on equity portfolio revaluation)	(2,447)	(2,198)
Management expenses unutilised	188	316
Total income taxes charged/(credited) in the Consolidated Statement of Comprehensive Income	**14**	**(258)**

There are no factors which may affect future tax charges.

10. Earnings per Share from Continuing Operations Attributable to the Equity Shareholders and Net Asset Value per Share

	2021 £'000	2020 £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share being total comprehensive income attributable to equity shareholders	13,721	12,530
Earnings per share – basic and diluted	38.2p	34.9p

Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings per share	35,948,587	35,947,869
Number of dilutive shares under option	Nil	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	35,948,587	35,947,869

During the year no share repurchases were undertaken.

During the year to 31 January 2020 the Company paid £243,232 in order to repurchase 87,780 ordinary shares at an average price of 277 pence per share. Distributable reserves were reduced by £243,232 as a result during that year.

Ordinary shares held by the Company in Treasury

Movement of ordinary shares held in Treasury:

	2021 Number	2020 Number
Opening total ordinary shares held in Treasury at 1 February	85,058	28,573
Ordinary shares repurchased held in Treasury during the year	–	87,780
Ordinary shares transferred to the B.P. Marsh SIP Trust during the year	(42,196)	(19,218)
Ordinary shares cancelled during the year	–	(12,077)
Total ordinary shares held in Treasury at 31 January	**42,862**	**85,058**

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

The repurchase of the ordinary shares is borne from the Group's commitment to reduce share price discount to net asset value. Its policy has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below a fixed percentage of its published Net Asset Value and place them into Treasury. The threshold throughout both the current and prior year was 15%. Notwithstanding that at the date of this report the discount to Net Asset Value at which the Company's shares are trading at is greater than 15%, the Company is currently restricted in its ability to buy back shares as the Chairman, Mr. Brian Marsh, together with persons acting in concert with Mr. Marsh for the purposes of the City Code on Takeovers and Mergers (the "City Code"), has an interest in approximately 41.8% of the Company's voting rights and any such purchase of shares would result in an obligation for Mr. Marsh to make a general offer for the Company in accordance with Rule 9 of the City Code.

The weighted average number of shares used for the purposes of calculating the earnings per share, net asset value and net asset value per share of the Group excludes the 1,461,302 shares held under joint share ownership arrangements (Note 24) as these were non-dilutive in the year to 31 January 2021, are subject to performance criteria that have not yet been achieved and are held within an Employee Benefit Trust. The Group net asset value has therefore also excluded the economic right the Group has to the first 281 pence per share (£4,106,259) on vesting for the same reasons. On this basis the current net asset value per share is 416 pence for the Group. If the joint share ownership arrangements were included, this would increase the Group's net asset value by £4,106,259 and the net asset value per share would be 411 pence.

However, as these shares have been issued, the Company accounts for these shares and has therefore included the 1,461,302 shares and the economic right the Company has of £4,106,259 within the net asset value per share calculation. On this basis the net asset value per share is 411 pence for the Company.

The 1,461,302 shares held under joint share ownership arrangements are expected to become potentially dilutive for the purposes of the Group's earnings per share and net asset value per share calculations shortly after the date of this report, on 12 June 2021 (the "vesting date"). On this date certain performance criteria are expected to be met, after which the members of the scheme will become joint beneficial owners of the shares, and will be entitled to any gain on sale of the shares in excess of 312.6 pence per share.

Whilst these shares remain within the Employee Benefit Trust, they do not have voting or dividend rights. However, if the shares are sold from the trust in the future in excess of 281 pence per share, the Group would be entitled to receive £4,106,259 in total. These shares would then, post sale, have voting and dividend rights attached, such that they would become fully dilutive for the Group. As such, the Group is expecting that on 12 June 2021 the Net Asset Value per share will remain at 416 pence, but the dilutive Net Asset Value per share will be 411 pence.

The increase to the weighted average number of ordinary shares between 2020 and 2021 is mainly attributable to the 42,196 ordinary shares transferred from Treasury to the SIP Trust during the year (17,086 ordinary shares transferred in April 2020 and 25,110 ordinary shares transferred in June 2020) which have been treated as re-issued for the purposes of calculating earnings per share.

Notes to the consolidated financial statements
continued

10. Earnings per Share from Continuing Operations Attributable to the Equity Shareholders and Net Asset Value per Share continued

21,934 ordinary shares (comprising the 17,086 ordinary shares transferred from Treasury to the SIP Trust in April 2020 together with 4,848 of unallocated ordinary shares forfeited by departing employees during both the current and prior year) were allocated to the participating employees as Free shares under the share incentive plan arrangement on 23 April 2020 (Note 24).

A further 25,110 ordinary shares (transferred from Treasury to the SIP Trust in June 2020) were allocated to the participating employees as Matching and Partnership shares under the share incentive plan arrangement on 26 June 2020 (Note 24).

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

11. Property, Plant and Equipment

Group

	Furniture and Equipment £'000	Leasehold Fixtures and Fittings and Others £'000	Total £'000
Cost			
At 1 February 2019	119	152	271
Additions	26	–	26
Disposals	(8)	–	(8)
At 31 January 2020	**137**	**152**	**289**
At 1 February 2020	137	152	289
Additions	5	–	5
Disposals	(5)	–	(5)
At 31 January 2021	**137**	**152**	**289**
Depreciation			
At 1 February 2019	79	34	113
Eliminated on disposal	(8)	–	(8)
Charge for the year	18	15	33
At 31 January 2020	**89**	**49**	**138**
At 1 February 2020	89	49	138
Eliminated on disposal	(5)	–	(5)
Charge for the year	18	15	33
At 31 January 2021	**102**	**64**	**166**
Net book value			
At 31 January 2021	**35**	**88**	**123**
At 31 January 2020	48	103	151
At 31 January 2019	40	118	158

12. Investments – Equity Portfolio

Group

	Shares in investee companies £'000
At valuation	
At 1 February 2019	101,947
Additions	2,551
Disposals	(402)
Provisions	–
Unrealised gains in this period	11,570
At 31 January 2020	**£115,666**
At 1 February 2020	115,666
Additions	2,408
Disposals	–
Provisions	–
Unrealised gains in this period	12,877
At 31 January 2021	**£130,951**
At cost	
At 1 February 2019	55,819
Additions	2,551
Disposals	(400)
Provisions	–
At 31 January 2020	**£57,970**
At 1 February 2020	57,970
Additions	2,408
Disposals	–
Provisions	–
At 31 January 2021	**£60,378**

The additions relate to the following transactions in the year:

On 5 March 2020 the Group acquired 50,000 ordinary shares (5.5% equity stake) in Paladin Holdings Limited ("Paladin") from a minority shareholder and exiting employee for consideration of £260,000. These shares are being held by the Group under a call option arrangement which Paladin can call at any time during the next three years and buy-back from the Group at a fixed price of £5.226 per share (£261,300). This acquisition increased the Group's equity holding in Paladin from 38.2% as at 31 January 2020 to 43.7% at the time of purchase. In addition, on 24 August 2020 the Group acquired 50,000 ordinary shares (5.5% equity stake) in Paladin from another minority shareholder for an initial consideration of £400,000. Further consideration of up to £400,000 (up to a maximum total consideration of £800,000) is payable in instalments on these shares during the course of 2021 and is subject to certain employment conditions being met by the minority shareholder. These shares are also being held by the Group under a call option arrangement which Paladin can call at any time during the next three years and buy-back from the Group at an amount equivalent to the total amount paid for the shares at the date of exercise of the option, plus £4,000 (maximum of £804,000). As at 31 January 2021 the Group's equity holding in Paladin was 49.16%, including the 10.93% relating to the shares held under option. The Group envisages that this shareholding will reduce over time as the options are exercised.

Notes to the consolidated financial statements
continued

12. Investments – Equity Portfolio continued

On 29 June 2020 the Group acquired a 30% cumulative preferred equity stake in Sage Program Underwriters, Inc. ("Sage"), a newly established Oregon based provider of specialist insurance products to niche industries, for consideration of USD 250,000 (£202,758).

On 11 September 2020 the Group acquired a 30% ordinary equity holding in LPR Insurance Brokers Limited ("LPR Cyprus"), a Cypriot domiciled company, for consideration of €9,000 (£8,242). The company was formed to assist Lilley Plummer Risks Limited (an existing investee company of the Group) in the administration of its European business post-Brexit.

On 12 October 2020 the Group subscribed for a further 15% equity holding in EC3 Brokers Group Limited ("EC3") for consideration of £1,500,000, increasing its shareholding from 20% to 35%. The acquisition was part of a rights issue and associated restructuring of capital within EC3 and the Group acquired a mix of 1,285,400 'A1' Preference shares and 214,600 preferred Ordinary 'C' shares. As part of the capital restructuring, the Group's existing 4,800,000 'A' Preference shares were converted to A1 Preference Shares and the Group's aggregate equity investment (£6,500,000 as at 31 January 2021) is subject to a preferred capital return and now ranks ahead of other shareholders of EC3 on a sale, listing or winding up.

On 23 November 2020 the Group acquired a further 5% equity stake in Agri Services Company PTY Limited ("Agri Services") from a minority shareholder and exiting director for consideration of AUD 66,482 (£37,339), increasing its shareholding from 36% to 41%.

The unquoted investee companies, which are registered in England except Summa Insurance Brokerage, S.L. (Spain), MB Prestige Holdings PTY Limited (Australia), Asia Reinsurance Brokers Pte Limited (Singapore), Stewart Specialty Risk Underwriting Ltd (Canada), XPT Group LLC (USA), Mark Edward Partners LLC (USA), ATC Insurance Solutions PTY Limited (Australia), Criterion Underwriting Pte Limited (Singapore), Agri Services Company PTY Limited (Australia), Sage Program Underwriters, Inc. (USA) and LPR Insurance Brokers Limited (Cyprus) are as follows:

Name of company	% holding of share capital	Date information available to	Aggregate capital and reserves £	Post tax profit/(loss) for the year £	Principal activity
Agri Services Company PTY Limited	41.00	30.06.20	1,446,314	9,356	Holding Company for specialist Australian agricultural Managing General Agency
Asia Reinsurance Brokers Pte Limited	25.00	31.05.20	2,319,017	161,779	Specialist reinsurance broker
ATC Insurance Solutions PTY Limited	20.00	30.06.20	3,814,041	1,455,299	Specialist Australian Managing General Agency
Criterion Underwriting Pte Limited[1]	29.40	–	–	–	Specialist Singaporean Managing General Agency
EC3 Brokers Group Limited	35.00	31.12.19	(3,219,895)	(2,380,450)	Investment holding company
LEBC Holdings Limited	59.34	30.09.20	4,208,686	(422,360)	Independent financial advisor company
LPR Insurance Brokers Limited[2]	30.00	–	–	–	Cypriot domiciled Specialist Marine broker
Lilley Plummer Risks Limited[2]	30.00	–	–	–	Specialist Marine broker
MB Prestige Holdings PTY Limited	40.00	31.12.20	2,998,663	1,210,433	Specialist Australian Motor Managing General Agency
Mark Edward Partners LLC	30.00	31.12.18	6,285,211	920,026	Specialty insurance broker
Neutral Bay Investments Limited	49.90	31.03.20	3,930,133	184,306	Investment holding company
Nexus Underwriting Management Limited	17.51	31.12.19	24,002,045	2,055,681	Specialist Managing General Agency

Name of company	% holding of share capital	Date information available to	Aggregate capital and reserves £	Post tax profit/(loss) for the year £	Principal activity
Paladin Holdings Limited[3]	49.16	31.12.19	212,998	106,970	Investment holding company
Sage Program Underwriters, Inc.[2]	30.00	–	–	–	Specialist Managing General Agency
Stewart Specialty Risk Underwriting Limited	30.00	31.12.19	239,094	303,632	Specialist Canadian Casualty Underwriting Agency
Summa Insurance Brokerage, S.L.	77.25	31.12.19	7,638,345	(55,929)	Consolidator of regional insurance brokers
The Fiducia MGA Company Limited	35.18	31.12.19	(1,536,620)	240,746	Specialist UK Marine Cargo Underwriting Agency
Walsingham Holdings Limited	20.00	30.09.19	1,496	516	Investment holding company
Walsingham Motor Insurance Limited	40.50	30.09.19	(223,733)	690,294	Specialist UK Motor Managing General Agency
XPT Group LLC	29.80	31.12.20	2,042,789	(7,514,408)	USA Specialty lines insurance distribution company

1 Statutory financial information is not available for Criterion Underwriting Pte Limited as the company is not currently trading.
2 Lilley Plummer Risks Limited, LPR Insurance Brokers Limited and Sage Program Underwriters, Inc. are all newly incorporated companies. Statutory accounts are not available as these are not yet due.
3 The Group's 49.16% equity investment in Paladin Holdings Limited includes 10.93% relating to shares held under option that can be bought back and cancelled. The Group envisages that this shareholding will reduce over time as the options are exercised.

The Group's 35% equity investments in Bastion Reinsurance Brokerage (PTY) Limited and Bulwark Investment Holdings (PTY) Limited and its 42.5% equity investment in Property and Liability Underwriting Managers (PTY) Limited, all of which are based in South Africa, have not been listed above as they were in the process of being wound up as at 31 January 2021 and no recent financial information is available.

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

Company

	Shares in group undertakings £'000
At valuation	
At 1 February 2019	99,214
Additions	–
Unrealised gains in this period	10,590
At 31 January 2020	**£ 109,804**
At 1 February 2020	109,804
Additions	–
Unrealised gains in this period	12,944
At 31 January 2021	**£ 122,748**
At cost	
At 1 February 2019	2,143
Additions	–
At 31 January 2020	**£ 2,143**
At 1 February 2020	2,143
Additions	–
At 31 January 2021	**£ 2,143**

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

Shares in group undertakings

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

Name of company	% Holding of share capital	Aggregate capital and reserves at 31 January 2021 £	Profit/(loss) for the year to 31 January 2021 £	Principal activity
B.P. Marsh & Company Limited	100	149,903,748	13,721,631	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	6,099,974	–	Investment holding company – dormant
B.P. Marsh Asset Management Limited	100	1	–	Dormant
B.P. Marsh (North America) Limited*	100	433,967	2,949,447	Investment holding company
B.P. Marsh & Co. Trustee Company Limited	100	1,000	–	Dormant
Marsh Development Capital Limited	100	1	–	Dormant
Bastion London Limited	100	1	–	Dormant

* At the year end B.P. Marsh (North America) Limited held a 100% economic interest in RHS Midco I LLC, a US registered entity incorporated during the year to 31 January 2018 for the purpose of holding the Group's equity investment in XPT Group LLC. In addition, at the year end B.P. Marsh (North America) Limited also held a 100% economic interest in any gain on realisation of Mark Edward Partners LLC, held via B.P. Marsh US LLC, a US registered entity, which was incorporated during the year to 31 January 2018. There were no profit or loss transactions in either of these two US registered entities during the current or prior year.

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

Loans to the subsidiaries of £27,277,332 (2020: £27,282,519) are treated as capital contributions.

13. Non-Current Investments – Treasury Portfolio

Group

	2021 £'000	2020 £'000
At valuation		
Market value at 1 February	–	14
Additions at cost	–	–
Disposals	–	(14)
Change in value in the year (Note 3 & Note 4)	–	–
Market value at 31 January	**–**	**–**
Investment fund split:		
GAM London Limited	–	–
Rathbone Investment Management Limited	–	–
Total	**–**	**–**

All the treasury portfolio was disposed of during the year to 31 January 2020.

No investment management costs (2020: £22) were charged to the Consolidated Statement of Comprehensive Income during the year.

14. Realised Gains on Disposal of Equity Investments

During the year there were no realised gains on disposal of investments (2020: None).

15. Loans and Receivables – Non-Current

		Group		Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans to investee companies (Note 25)	15,833	16,211	–	–
Amounts owed by group undertakings	–	–	4,058	3,959
	£ 15,833	**£ 16,211**	**£ 4,058**	**£ 3,959**

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

See Note 16 for the provisions against loans to investee companies and Note 25 for terms of the loans.

16. Trade and Other Receivables – Current

		Group		Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade receivables	848	574	–	–
Less provision for impairment of receivables	–	–	–	–
	848	**574**	**–**	**–**
Loans to investee companies (Note 25)	1,273	2,635	–	–
Corporation tax repayable	–	248	–	–
Other receivables	38	15	–	–
Prepayments and accrued income	2,239	1,545	–	–
	£ 4,398	**£ 5,017**	**–**	**–**

No provision (2020: £69,154) was made against loans to investee companies in the current year. A provision of £37,278 previously made against a loan was released during the year due to repayments being received after the year-end. The total provision as at 31 January 2021 was therefore £4,748,359 (2020: £4,785,637).

Included within net trade receivables is a gross amount of £762,233 (2020: £426,497) owed by the Group's participating interests. No provision for bad debts has been made in either the current or prior year.

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

Movement in the allowance for doubtful debts:

		Group		Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Balance at 1 February	–	13	–	–
Decrease in allowance recognised in the Statement of Comprehensive Income	–	(13)	–	–
Balance at 31 January	**£ –**	**£ –**	**£ –**	**£ –**

Notes to the consolidated financial statements
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16. Trade and Other Receivables – Current continued

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

The Group's net trade receivable balance includes debtors with a carrying amount of £847,621 (2020: £573,900), of which £520,320 (2020: £220,036) of debtors are past due at the reporting date for which the Group has not made a provision as all amounts have subsequently been received since the year-end. The Group does not hold any collateral over these balances other than over £229,712 (2020: £158,196) included within the net trade receivables balance relating to loan interest due from investee companies which is secured on the assets of the investee company.

Ageing of past due but not impaired:

		Group		Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Not past due	327	354	–	–
Past due: 0 – 30 days	242	105	–	–
Past due: 31 – 60 days	4	22	–	–
Past due: more than 60 days	275	93	–	–
	£ 848	**£ 574**	**£ -**	**£ -**

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

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

Group and Company

No deferred tax assets or liabilities have been recognised during the current or previous period.

The directors estimate that, under the current taxation rules and the current investment profile, if the Group were to dispose of all its investments at the amount stated in the Consolidated Statement of Financial Position, no tax on capital gains (2020: £Nil) would become payable by the Group.

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

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

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

Having assessed the current portfolio, the directors anticipate that there should currently be no requirement to provide for deferred tax in respect of unrealised gains on investments under the current requirements of the IFRS as the US investments do not currently show a net gain, and the non-US investments are expected to benefit from the SSE rules. As such no deferred tax provision has been made as at 31 January 2021. The requirement for a deferred tax provision is subject to continual assessment of each investment to test whether the SSE conditions continue to be met based upon information that is available to the Group and that there is no change to the accounting treatment in this regard under IFRS. It should also be noted that, until the date of the actual disposal, it will not be possible to ascertain if all the SSE conditions are likely to have been met and, moreover, obtaining agreement of the tax position with HM Revenue & Customs may possibly not be forthcoming until several years after the end of a period of accounts.

The March 2021 Budget announced that the UK corporation tax would increase from 19% to 25% (effective 1 April 2023). This change in tax rate has had no material impact on the Group financial statements for the year ended 31 January 2021 as the directors do not consider there is any deferred tax due at the year end and the rate has not yet been substantively enacted.

18. Current Liabilities

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade and other payables				
Trade payables	152	79	–	–
Other taxation & social security costs	85	63	–	–
Accruals and deferred income	765	734	–	–
Amounts owed to participating interests	8	–		
Lease liabilities (Note 21)	159	168	–	–
	1,169	**1,044**	**–**	**–**
Loans and other payables	1,000	–	–	–
	£ 2,169	**£ 1,044**	**£ -**	**£ -**

The loans and other payables as at 31 January 2021 of £1,000,000 relates to amounts drawn down from the Group's £3,000,000 loan facility with Brian Marsh Enterprises Limited ("BME"), a company in which the Chairman, Brian Marsh, is a director and sole shareholder.

On 12 February 2020 the Group drew down £300,000 from the loan facility to assist with its working capital requirements in advance of anticipated further investment into the existing investee company portfolio. This drawdown represented the first advance from the loan facility since its agreement in July 2019. On 1 May 2020, following the repayment of an investee company loan, the Group repaid the £300,000 outstanding to BME. On 29 September 2020 the Group drew down a further £1,000,000 from the loan facility to finance an equity investment which remained outstanding at 31 January 2021.

The loan facility provides the Group with further liquidity at an interest rate of the higher of 4% or the UK 1-month LIBOR plus 3.25% (capped at 10%) and is available to be drawn down until, and repayable by, 29 January 2022. BME agreed to an interest free period from 2 October 2020 until 1 April 2021 subject to a fee of £20,000 being payable by the Group to BME on 2 April 2021.

All of the above liabilities are measured at amortised cost.

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

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
37,466,000 Ordinary shares of 10p each (2020: 37,466,000)	3,747	3,747
	£ 3,747	**£ 3,747**

During the year no share repurchases were undertaken.

During the year to 31 January 2020 the Company paid £243,232 in order to repurchase 87,780 ordinary shares at an average price of 277 pence per share. Distributable reserves were reduced by £243,232 as a result during that year.

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

As at 31 January 2021 a total of 42,862 ordinary shares were held by the Company in Treasury (31 January 2020: 85,058 ordinary shares were held by the Company in Treasury).

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

The repurchase of the ordinary shares is borne from the Group's commitment to reduce share price discount to net asset value. Its policy has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below a fixed percentage of its published Net Asset Value and place them into Treasury. The threshold throughout both the current and prior year was 15%. Notwithstanding that at the date of this report the discount to Net Asset Value at which the Company's shares are trading at is greater than 15%, the Company is currently restricted in its ability to buy back shares as the Chairman, Mr. Brian Marsh, together with persons acting in concert with Mr. Marsh for the purposes of the City Code on Takeovers and Mergers (the "City Code"), has an interest in approximately 41.8% of the Company's voting rights and any such purchase of shares would result in an obligation for Mr. Marsh to make a general offer for the Company in accordance with Rule 9 of the City Code.

20. Statement of Changes in Equity

Group

	Share capital	Share premium account	Fair value reserve	Reverse acquisition reserve	Capital redemption reserve	Capital contribution reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2019	3,748	29,358	46,128	393	6	21	46,520	126,174
Comprehensive income for the year	–	–	11,570	–	–	–	960	12,530
Transfers on disposal of investments (Note 12)	–	–	(2)	–	–	–	2	–
Dividends paid (Note 7)	–	–	–	–	–	–	(1,712)	(1,712)
Repurchase of Company shares (Note 19)	–	–	–	–	–	–	(243)	(243)
Cancellation of Company shares (Note 19)	(1)	–	–	–	1	–	–	–
Share based payment arrangements	–	9	–	–	–	21	91	121
At 31 January 2020	**£3,747**	**£29,367**	**£57,696**	**£393**	**£7**	**£42**	**£45,618**	**£136,870**
At 1 February 2020	3,747	29,367	57,696	393	7	42	45,618	136,870
Comprehensive income for the year	–	–	12,877	–	–	–	844	13,721
Dividends paid (Note 7)	–	–	–	–	–	–	(798)	(798)
Share based payment arrangements	–	(18)	–	–	–	22	110	114
At 31 January 2021	**£3,747**	**£29,349**	**£70,573**	**£393**	**£7**	**£64**	**£45,774**	**£149,907**

Company

	Share capital	Share premium account	Fair value reserve	Capital redemption reserve	Capital contribution reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2019	3,748	29,358	97,071	6	–	176	130,359
Comprehensive income for the year	–	–	10,590	–	–	1,962	12,552
Dividends paid (Note 7)	–	–	–	–	–	(1,712)	(1,712)
Repurchase of Company shares (Note 19)	–	–	–	–	–	(243)	(243)
Cancellation of Company shares (Note 19)	(1)	–	–	1	–	–	–
Share based payment arrangements	–	9	–	–	–	89	98
At 31 January 2020	**£3,747**	**£29,367**	**£107,661**	**£7**	**£ –**	**£272**	**£141,054**
At 1 February 2020	3,747	29,367	107,661	7	–	272	141,054
Comprehensive income for the year	–	–	12,944	–	–	799	13,743
Dividends paid (Note 7)	–	–	–	–	–	(798)	(798)
Share based payment arrangements	–	(18)	–	–	–	110	92
At 31 January 2021	**£3,747**	**£29,349**	**£120,605**	**£7**	**£ –**	**£383**	**£154,091**

Notes to the consolidated financial statements
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21. Leases

Group
The Group has applied IFRS 16: Leases ("IFRS 16") using the retrospective approach. The Group has one lease, that of its main office premises. Information about this lease, for which the Group is a lessee, is presented below.

Right-of-use asset

	Land and Buildings £'000
At 1 February 2019	1,468
Depreciation charge	(182)
At 31 January 2020	**£ 1,286**
At 1 February 2020	1,286
Modification of lease adjustment[1]	(114)
Depreciation charge	(171)
At 31 January 2021	**£ 1,001**

[1] During the year, the Group negotiated a rent free period on its office lease from 24 June 2020 to 23 January 2021. The present value of the lease payments was recalculated and a modification of lease adjustment of £113,915 was applied to both the right-of-use asset and the lease liability balances brought forward.

Lease liabilities
The Group was committed to making the following future aggregate minimum payments under its leases:

	2021 Land and Buildings £'000	2020 Land and Buildings £'000
Maturity analysis – contractual undiscounted cash flows:		
Earlier than one year	214	236
Between two and five years	856	945
More than five years	230	490
	£ 1,300	**£ 1,671**
Lease liabilities included in Consolidated Statement of Financial Position at 31 January:	**£ 1,098**	**£ 1,372**
Maturity analysis:		
Current liabilities (Note 18)	159	168
Non-current liabilities	939	1,204
	£ 1,098	**£ 1,372**

Amounts recognised in profit or loss (Group)

	2021 £'000	2020 £'000
Interest on lease liabilities (Note 3)	£ 63	£ 77

Amounts recognised in the Consolidated Statement of Cash Flows:

	2021 £'000	2020 £'000
Total cash outflow for leases	£ (223)	£ (236)

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

22. Loan and Equity Commitments

On 27 April 2020 the Group entered into an agreement to provide LEBC Holdings Limited ("LEBC"), an investee company, with a further loan facility of £1,000,000, of which £500,000 was drawn down on 1 May 2020. This facility is in addition to an existing £1,000,000 loan facility provided to LEBC during the year to 31 January 2020 (which was fully drawn down during that year), increasing LEBC's total aggregate loan facility to £2,000,000. As at 31 January 2021 £1,500,000 of loans were outstanding, leaving a remaining undrawn facility of £500,000. Any drawdown is subject to satisfying certain agreed criteria. Since 31 January 2021 the Group has agreed to extend the repayment date of the outstanding loans from 29 April 2021 to 1 October 2022 and as part of this agreement the Group has cancelled the remaining £500,000 undrawn facility with effect from 1 May 2021. Refer to Note 26 for further details.

On 26 June 2020 the Group entered into an agreement to provide Sage Program Underwriters, Inc., an investee company, with a loan facility of USD 250,000. As at 31 January 2021 no loans had been drawn down, leaving a remaining undrawn facility of USD 250,000. Any drawdown is subject to satisfying certain agreed criteria.

On 24 August 2020 the Group acquired 50,000 ordinary shares (5.5% equity stake) in Paladin Holdings Limited, from a minority shareholder for an initial consideration of £400,000. As at 31 January 2021 a total of £400,000 had been paid for these shares. Further consideration of up to £400,000 (up to a maximum total consideration of £800,000) is payable in instalments on these shares during the course of 2021 and is subject to certain employment conditions being met by the minority shareholder.

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

23. Financial Instruments

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

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken unless there are economic reasons for doing so, as determined by the directors.

The main risks arising from the Group's financial instruments are price risk, credit risk, liquidity risk, interest rate risk, currency risk, new investment risk, concentration risk, political risk and Covid-19 risk. The Board reviews and agrees policies for managing each of these risks and they are summarised in the Group Strategic Report under "Financial Risk Management".

Notes to the consolidated financial statements
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23. Financial Instruments continued

Interest rate profile
The Group has cash balances of £709,000 (2020: £787,000), which are part of the financing arrangements of the Group. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged up to 0.6% p.a. in the period (2020: deposit rates of interest ranged up to 0.6% p.a.). During the period all cash balances were held in immediate access accounts (2020: maturity periods ranged between immediate access and 32 days).

Currency hedging
During the year the Group engaged in two currency hedging transactions amounting to €1,300,000 and USD 1,000,000 (2020: one currency hedging transaction amounting to €1,350,000) to mitigate the exchange rate risk for certain foreign currency receivables. These were settled before the year end. A net loss of £57,011 (2020: net gain of £17,721) relating to these hedging transactions was recognised under Exchange Movements within the Consolidated Statement of Comprehensive Income when the transactions were settled. As at the year end the Group had two currency hedging transactions amounting to €1,165,000 and USD 1,000,000 which were entered into on 29 January 2021. The fair values of these hedges are not materially different to the transaction costs.

Financial liabilities
The Company had borrowings of £1,000,000 as at 31 January 2021 (2020: £Nil), drawn down from its agreed £3,000,000 loan facility provided by Brian Marsh Enterprises Limited, a company in which the Chairman, Brian Marsh, is a director and sole shareholder, which was entered into on 29 July 2019. The loan facility provides the Group with further liquidity at an interest rate of the higher of 4% or the UK 1-month LIBOR plus 3.25% (capped at 10%) and is available to be drawn down until 29 January 2022.

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

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

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

The following presents the classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2021:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	–	–	130,951	130,951
	–	**–**	**£130,951**	**£ 130,951**

The Group's classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2020 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	–	–	115,666	115,666
	–	**–**	**£115,666**	**£ 115,666**

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

Of assets held at 31 January 2021 classified as Level 3, 79% by value (2020: 84%) were valued using a multiple of earnings and 21% (2020: 16%) were valued using alternative valuation methodologies.

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

The weighted average post discount EBITDA earnings multiple used (based on the valuations derived) when valuing the portfolio at 31 January 2021 was 13.6x (2020: 14.1x). The weighted average post discount Price/Earnings multiple used (based on the valuations derived) when valuing the portfolio at 31 January 2021 was 16.9x (2020: 19.5x).

If the multiple used to value each unquoted investment valued on an earnings basis as at 31 January 2021 moved by 10%, this would have an impact on the investment portfolio of £9.8m (2020: £13.2m) or 7.5% (2020: 10%).

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

At 31 January 2021 the proportion of the investment portfolio that was valued using these techniques were: 19% using industry metric (2020: 15%), 1% using revenues (2020: 0%), and 1% at cost (2020: 1%).

If the value of all the investments valued under alternative methodologies moved by 10%, this would have an impact on the investment portfolio of £2.5m (2020: £1.7m) or 2% (2020: 1%).

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24. Share Based Payment Arrangements

Joint Share Ownership Plan
During the year to 31 January 2019, B.P. Marsh & Partners Plc entered into joint share ownership agreements ("JSOAs") with certain employees and directors. The details of the arrangements are described in the following table:

Nature of the arrangement	Share appreciation rights (joint beneficial ownership)
Date of grant	12 June 2018
Number of instruments granted	1,461,302
Exercise price (pence)	N/A
Share price (market value) at grant (pence)	281.00
Hurdle rate	3.75% p.a. (simple)
Vesting period (years)	3 years
Vesting conditions	There are no performance conditions other than the recipient remaining an employee throughout the vesting period. The awards vest after 3 years or earlier resulting from either: a) a change of control resulting from a person, or persons acting together, obtaining control of the Company either (i) as a result of a making a Takeover Offer; (ii) pursuant to a court sanctioned Scheme of Arrangement; or (iii) in consequence of a Compulsory Acquisition); or b) a person becoming bound or entitled to acquire shares in the Company pursuant to sections 974 to 991 of the Companies Act 2006; or c) a winding up. If the employee is a bad leaver the co-owner of the jointly-owned share can buy out the employee's interest for 0.01p
Expected volatility	N/A
Risk free rate	1%
Expected dividends expressed as a dividend yield	1.9%
Settlement	Cash settled on sale of shares
% expected to vest (based upon leavers)	100%
Number expected to vest	1,461,302
Valuation model	Expected Return Methodology (ERM)
ERM value (pence)	36.00
Deduction for carry charge (pence)	31.60
Fair value per granted instrument (pence)	4.40
Charge for year ended 31 January 2021	£21,472

On 12 June 2018 1,461,302 new 10p Ordinary shares in the Company were issued and transferred into joint beneficial ownership for 12 employees (4 of whom are directors) under the terms of joint share ownership agreements. No consideration was paid by the employees for their interests in the jointly-owned shares.

The new Ordinary shares have been issued into the name of RBC cees Trustee Limited ("the Trustee") as trustee of the B.P. Marsh Employees' Share Trust ("the Share Trust") at a subscription price of 281 pence per share, being the mid-market closing price on 12 June 2018. Following the acquisition of the Trustee by JTC Plc on 10 December 2020, the Trustee has since been rebranded to JTC Employer Solutions Trustee Limited.

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

Under the terms of the JSOAs, the employees and directors will receive on vesting the growth in value of the shares above a threshold price of 281 pence per share (market value at the date of grant) plus an annual carrying charge of 3.75% per annum (simple interest) to the market value at the date of grant. The Share Trust retains the carrying cost, with 281 pence per share due back to the Company.

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

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

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

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

No jointly-owned shares were sold during the year, however 59,183 jointly-owned shares were forfeited on the departure of an employee (2020: 167,465 jointly-owned shares were forfeited on the departure of an executive director). However, the number of jointly-owned shares expected to vest has not been adjusted on the basis that these shares may be redistributed to other employees of the Company. In accordance with IFRS 2: Share-based Payment, the fair value of the expected cost of the award (measured at the date of grant) has been spread over the three-year vesting period.

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

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

During the year a total of 42,196 ordinary shares in the Company, which were held in Treasury as at 31 January 2020 (2020: 19,218 ordinary shares in the Company, which were held in Treasury as at 31 January 2019) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). As a result, together with 4,848 of unallocated ordinary shares forfeited by departing employees during both the current and prior year, a total of 47,044 (2020: 33,330) ordinary shares in the Company were available for allocation to the participants of the SIP.

On 23 April 2020, a total of 11 eligible employees (including 3 executive directors of the Company) applied for the 2020-21 SIP and were each granted 1,994 ordinary shares ("20-21 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 26 June 2020, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares"). For every Partnership Share that an employee acquired, the SIP Trust offered two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. 10 of the 11 eligible employees (including 3 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (837 ordinary shares) and were therefore awarded 1,674 Matching Shares.

The 20-21 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 47,044 (2020: 33,330) Free, Matching and Partnership Shares were granted to the 11 (2020: 11) eligible employees during the year, including 13,515 (2020: 12,120) granted to 3 (2020: 4) executive directors of the Company.

Following the resignation of an employee during the year, a total of 3,808 (2020: 16,143) ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of that employee.

Notes to the consolidated financial statements
continued

24. Share Based Payment Arrangements continued

£74,467 of the IFRS 2 charges (2020: £79,054) associated with the award of the SIP shares to 11 (2020: 11) eligible directors and employees of the Company has been recognised in the Statement of Comprehensive Income as employment expenses (Note 5).

As at 31 January 2021, and after adjusting for a total of 19,951 ordinary shares withdrawn from the SIP Trust by employees on departure and 6,842 ordinary shares forfeited on departure (since inception), a total of 199,818 Free, Matching and Partnership Shares had been granted to 11 eligible employees under the SIP, including 69,216 granted to 3 executive directors of the Company.

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

25. Related Party Disclosures

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

	2021 £	2020 £
Bastion Reinsurance Brokerage (PTY) Limited	425,831	425,831
Bulwark Investment Holdings (PTY) Limited	665,000	665,000
The Fiducia MGA Company Limited	2,545,000	2,470,000
LEBC Holdings Limited	1,500,000	1,000,000
Nexus Underwriting Management Limited	4,000,000	6,000,000
Paladin Holdings Limited	5,096,500	4,596,500
Property and Liability Underwriting Managers (PTY) Limited	1,450,778	1,450,778
Walsingham Holdings Limited	285,975	300,000
Walsingham Motor Insurance Limited	–	415,000

	2021 €	2020 €
Summa Insurance Brokerage, S.L.	2,329,761	2,389,761

	2021 AUD	2020 AUD
MB Prestige Holdings PTY Limited	–	555,010

	2021 CAD	2020 CAD
Stewart Specialty Risk Underwriting Limited	300,000	450,000

	2021 USD	2020 USD
Mark Edward Partners LLC	2,600,000	2,600,000
XPT Group LLC	2,000,000	2,000,000

	2021 SGD	2020 SGD
Criterion Underwriting Pte Limited	120,000	120,000

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

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

	2021	2020
	£	£
Agri Services Company PTY Limited	135,873	86,268
Asia Reinsurance Brokers Pte Limited	145,243	114,203
ATC Insurance Solutions PTY Limited	174,486	339,853
Criterion Underwriting Pte Limited	–	(7,899)
EC3 Brokers Group Limited	327,754	343,880
The Fiducia MGA Company Limited	201,641	185,701
LEBC Holdings Limited	421,767	1,272,119
Lilley Plummer Risks Limited	115,336	74,530
MB Prestige Holdings PTY Limited	282,057	186,019
Neutral Bay Investments Limited	132,080	116,640
Nexus Underwriting Management Limited	894,156	997,365
Paladin Holdings Limited	538,168	373,122
Sage Program Underwriters, Inc.	61,142	–
Stewart Specialty Risk Underwriting Limited	90,326	41,931
Summa Insurance Brokerage, S.L.	188,583	189,710
Walsingham Holdings Limited	23,920	24,000
Walsingham Motor Insurance Limited	98,589	144,234
XPT Group LLC	636,019	672,752

In addition, the Group made management charges of £31,000 (2020: £34,300) to the Marsh Christian Trust ("the Trust"), a grant making charitable Trust, of which Brian Marsh, the Executive Chairman and a significant shareholder of the Company, is also the Trustee and Settlor.

The Group also made management charges of £5,800 (2020: £5,500) to Brian Marsh Enterprises Limited. Brian Marsh, the Chairman and a significant shareholder of the Company is also the Chairman and majority shareholder of Brian Marsh Enterprises Limited.

On 11 August 2020 Brian Marsh gifted 290,000 ordinary shares in the Company to the Marsh Christian Trust for £Nil consideration, taking the total number of shares held by the Trust in the Company to 1,272,000 at that time. As at 31 January 2021 and at the date of this report, the Trust's holding in the Company remained at 1,272,000 shares.

On 29 July 2019 the Group entered into a £3,000,000 loan facility provided by Brian Marsh Enterprises Limited, a company in which the Chairman, Brian Marsh, is a director and sole shareholder.

On 12 February 2020 the Group drew down £300,000 from the loan facility to assist with its working capital requirements in advance of anticipated further investment into the existing investee company portfolio. This drawdown represented the first advance from the loan facility since its agreement in July 2019. On 1 May 2020, following the repayment of an investee company loan, the Group repaid the £300,000 outstanding to BME. On 29 September 2020 the Group drew down a further £1,000,000 from the loan facility to finance an equity investment which remained outstanding at 31 January 2021.

Notes to the consolidated financial statements
continued

25. Related Party Disclosures continued

The loan facility provides the Group with further liquidity at an interest rate of the higher of 4% or the UK 1-month LIBOR plus 3.25% (capped at 10%) and is available to be drawn down until, and repayable by, 29 January 2022. BME agreed to an interest free period from 2 October 2020 until 1 April 2021 subject to a fee of £20,000 being payable by the Group to BME on 2 April 2021.

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

Of the total dividend payments made during the year of £798,353, £353,596 was paid to the directors or parties related to them (2020: total dividend payments of £1,712,185, of which £757,055 was paid to the directors or parties related to them).

26. Events After the Reporting Date

Group
On 5 February 2021 Sage Program Underwriters, Inc. ("Sage") drew down USD 150,000 (£109,998) from its loan facility of USD 250,000 agreed by the Group in June 2020. As at 31 January 2021 no loans were outstanding and following the aforementioned drawdown total loans stand at USD 150,000, with a remaining undrawn facility of USD 100,000 at the date of this report.

On 8 March 2021 the Group paid £200,000 in respect of deferred consideration due to a former minority shareholder in Paladin Holdings Limited ("Paladin"). The payment represented the second tranche of consideration due in respect of 50,000 ordinary shares in Paladin acquired from the minority shareholder in August 2020, which are being held by the Group under a call option arrangement with Paladin. As at 31 January 2021 total consideration paid by the Group in respect of these shares amounted to £400,000 and, including the aforementioned payment made on 8 March 2020, total consideration of £600,000 had been paid at the date of this report. Further consideration of £200,000 is due to be paid in September 2021, subject to certain employment conditions being met by the former minority shareholder (refer to the Business Review section of the Group Strategic Report on page 45 and Note 12 for further detail).

On 18 May 2021 the Group agreed to extend the repayment date of the £1,500,000 loans outstanding from LEBC Holdings Limited ("LEBC") as at 31 January 2021 from 29 April 2021 to 1 October 2022. As part of this agreement the Group also cancelled LEBC's remaining £500,000 undrawn facility, reducing its total agreed loan facility from £2,000,000 to £1,500,000 with effect from 1 May 2021 (Note 22). At the date of this report total loans of £1,500,000 were outstanding from LEBC, with no remaining undrawn facility.

Company
On 20 May 2021 the Company's subsidiary undertaking, B.P. Marsh & Company Limited, paid a dividend of £500,000 to the Company. This distribution was made in order to provide the Company with sufficient aggregate distributable reserves to allow for the payment of the recommended final dividend to Shareholders of 2.44 pence per share (£878,282) expected to be made on 30 July 2021, subject to Shareholder approval. Refer to the Group Report of the Directors on page 41 for further details.

27. Financial Risk Management

A review of the Group's objectives, policies and processes for managing and monitoring risk is set out in the Financial Risk Management section of the Group Strategic Report on pages 49 to 53.

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

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

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

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

Price risk

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

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

		Group		Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fair value of investments – equity portfolio	130,951	115,666	122,748	109,804
Impact of a 10% change in fair value on Consolidated Statement of Comprehensive Income	13,095	11,567	12,275	10,980

Credit risk

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

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

Notes to the consolidated financial statements
continued

27. Financial Risk Management continued

Credit risk continued
The Group is exposed to the risk of default on the loans it has made available to investee companies. The loans rank in preference to the equity shareholding and the majority are secured by a charge over the assets of the investment. The Group manages the risk by ensuring that there is a director of the Group appointed to the board of each of its investee companies. In this capacity, the appointed director can advise the Group's board of investee companies' activities and prompt action can be taken to protect the value of the loan, such that the directors believe the credit risk to the Group is adequately managed. When a loan is assessed to be likely to be in default then the Group will review the probability of recoverability, and if necessary, make a provision for any amount considered irrecoverable.

The Group's cash is held with a variety of different counterparties with 100% (2020: 100%) held on demand with A rated institutions.

Liquidity risk
The Group invests in unquoted early stage companies. The timing of the realisation of these investments can be difficult to estimate. The directors assess and review the Group's liquidity position and funding requirements on a regular basis and this is an agenda item for its Board meetings. A key objective is to ensure that the income from the portfolio covers operating expenses such that funds available for investment are not used for working capital. The Group regularly reviews the cash flow forecast to ensure that it has the ability to meet commitments as they fall due and to manage its working capital. The Board considers that the Group has sufficient liquidity to manage current commitments.

As at 31 January 2021 the Group had borrowings of £1,000,000 (31 January 2020: debt free).

Interest rate risk
Interest rate risk arises from changes in the interest receivable on cash and deposits, on loans issued to investment companies and on certain preferred dividend mechanisms linked to an interest rate. In addition, the risk arises on any borrowings with a variable interest rate. At 31 January 2021, the Group had both interest bearing liabilities (in the form of its loan facility with Brian Marsh Enterprises Limited as set out in Note 18 and Note 25) and interest bearing assets. The majority of loans provided by the Group are subject to a minimum interest rate to protect the Group from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate or LIBOR.

An increase of 100 basis points, based upon the Group's closing balance sheet position of its interest bearing assets, excluding any future contractual loan repayments and loan balances provided against at the year end, over a 12-month period, would lead to an approximate increase in total comprehensive income of £157,000 for the Group (2020: £152,000 increase).

Currency risk
Although the Group's investments have historically been predominantly within the UK, in terms of financial risk, it currently has substantial exposure to foreign investment and derives income outside the UK. As such some of the Group's income and assets are subject to movement in foreign currencies which will affect the Consolidated Statement of Comprehensive Income in accordance with the Group's accounting policy. The Board monitors the movements and manages the risk accordingly.

At 31 January 2021, 70% of the Group's net assets were sterling denominated (2020: 73%). The Group's general policy remains not to hedge its foreign currency denominated investment portfolio.

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

	Sterling £'000	Euro £'000	Australian dollar £'000	US dollar £'000	Other £'000	Total £'000
As at 31 January 2021						
Net assets	104,236	9,491	14,322	15,471	6,387	149,907
Sensitivity analysis						
Assuming a 10% movement of exchange rates against sterling						
Impact on net assets	N/A	(769)	(1,302)	(1,341)	(581)	(3,993)

	Sterling £'000	Euro £'000	Australian dollar £'000	US dollar £'000	Other £'000	Total £'000
As at 31 January 2020						
Net assets	99,734	8,132	12,919	12,463	3,622	136,870
Sensitivity analysis						
Assuming a 10% movement of exchange rates against sterling						
Impact on net assets	N/A	(640)	(1,174)	(1,065)	(329)	(3,208)

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

Concentration risk
Although the Group only invests in financial service businesses, and specifically insurance intermediaries, the Group has a wealth of experience in this specific sector. It seeks to manage concentration risk by making investments across a variety of geographic areas, development stages of business and classes of product. Quantitative data regarding the concentration risk of the portfolio across geographies can be found in the Segmental Reporting analysis in Note 2.

Political risk
As a UK domiciled business, the Group is exposed to the risks associated with the UK's decision to leave the European Union ("Brexit"). The Board is continually assessing the impact of Brexit on the Group and its underlying investments, however the direct impact on the Group's investment portfolio is not expected to be material. It remains the Group's intention to continue to invest into the international financial services market. As outlined under 'Currency risk' above, the Group continues to monitor the movements in its foreign currency denominated income and assets and manages this risk accordingly.

Notes to the consolidated financial statements
continued

27. Financial Risk Management continued

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

28. Ultimate Controlling Party

The directors consider there to be no ultimate controlling party.

Company Information

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

COMPANY SECRETARY
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