Annual Report 2022

B. P. MARSH
& PARTNERS PLC

B.P. Marsh & Partners PLC is a specialist investor in early stage and growing financial services intermediary businesses. Whilst it is open to proposals to invest in all facets of the non-risk bearing financial services market, the Group considers its focus to be on insurance intermediaries, an area in which it has a great deal of experience. The Group will consider opportunities globally, and currently has a significant presence in North America and Australia.

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

The Group considers this to be achievable through partnering with strong management teams to back credible business opportunities to which the Group can provide strategic and financial assistance. The Group therefore considers the people element of its business as vital to its success.

The Group invests amounts of up to £5m in the first round financings and takes a flexible approach to investment structures, reviewing companies ranging from start-ups to those that have developed to the next stage of growth. 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 2022.

14.7%

Increase in equity value of the portfolio over the year

£166.6m

Net Asset Value, a 11.1% increase, net of Dividend

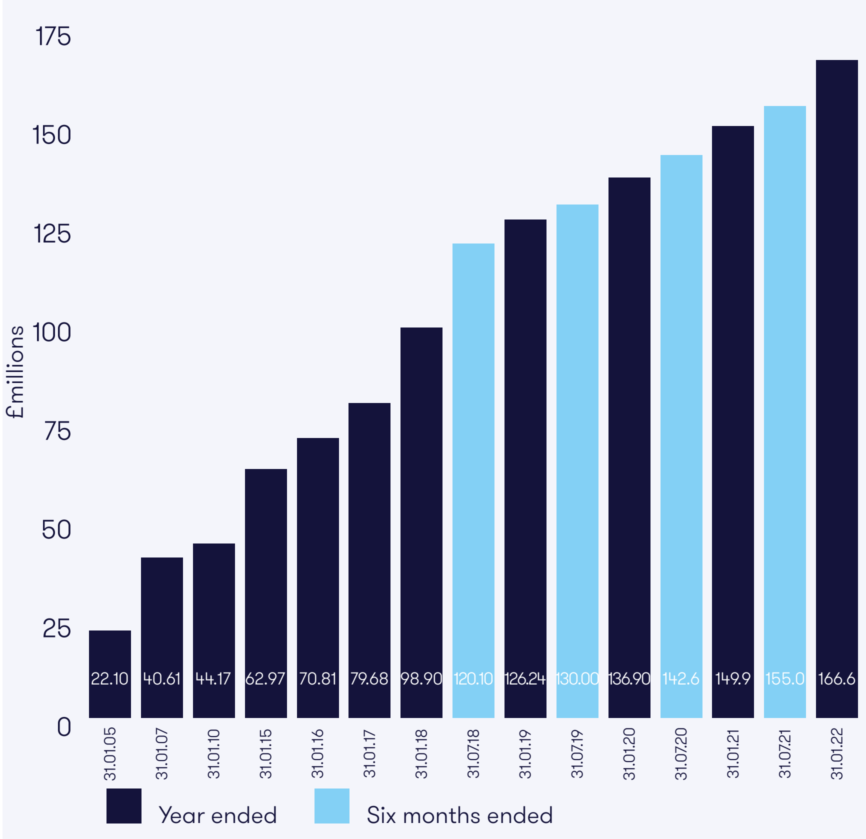
462.7p

Net Asset Value increase to 462.7p per share (31 January 2021: 416.4p)

11.7%

Total return to Shareholders in the year

Group valuations



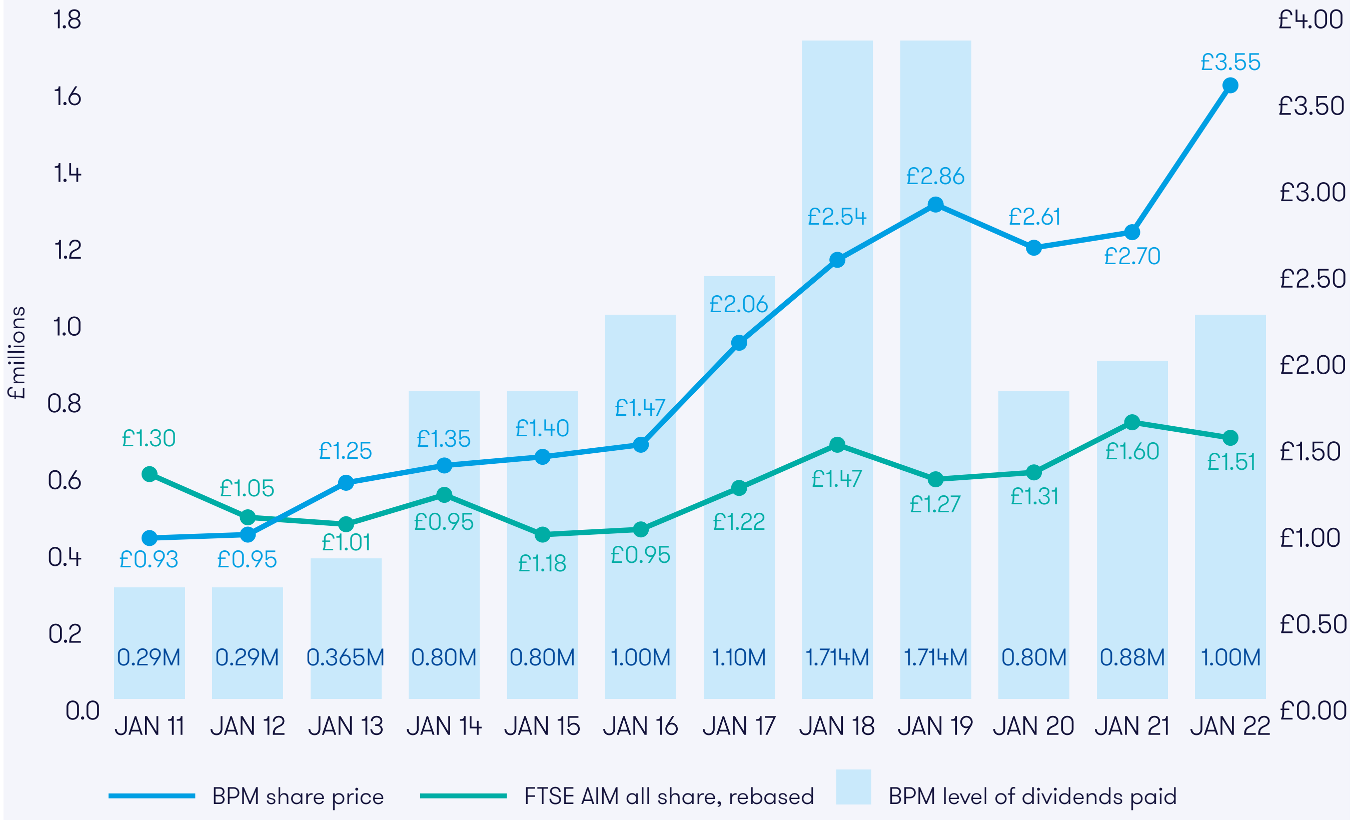
NB: The valuation at 31 January 2007 includes £10.1m net proceeds raised on AIM. The valuations from and including 31 July 2018 include £16.6m net proceeds raised in the July 2018 Share Placing and Open Offer.

£14.7m
Available cash net of £2.8m follow-on investment into XPT

11.6%
Average Net Asset Value annual compound growth rate since 1990

2.78p
Final Dividend of 2.78p per share declared (31 January 2021: 2.44p)

Historic dividend and share price performance



Joint Statement by the Chairman and Managing Director

Brian Marsh OBE, Chairman

Alice Foulk, Managing Director

"The Group has delivered another strong set of results, against a difficult macro-economic environment, namely Covid-19. The Group continues to demonstrate the effectiveness of its investment criteria, and following a number of successful disposals, will be looking for more high-quality investment opportunities to bolster an already high performing portfolio."

£149.3m
The value of the investment portfolio

11.6%
Compound annual growth in Net Asset Value since 1990

11.7%
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 2022.

Results

For the year under review, the Group has achieved an increase in Net Asset Value ("NAV") (net of dividend) of 11.1% from £149.9m to £166.6m and an increase in the equity value of our portfolio of £18.3m (14.0%) from £131.0m to £149.3m.

This equates to an undiluted NAV per share of 462.7p (2021: 416.4p) or 455.6p on a fully diluted basis following the vesting of the shares in the Group's Joint Share Ownership Plan (2021: 416.4p).

The Group's cash balance as at 31 January 2022 stood at £8.6m, up from £0.7m the previous year, and as at the date of this announcement, has increased by a further £8.9m to stand at £17.5m.

The Portfolio

The year under review demonstrates our successful strategy, having realised three investments, each one either at or in excess of the most recently published valuation at 31 July 2021, and £4.1m or 75% greater than at 31 January 2021. The Group also agreed a fourth disposal that completed shortly after the Year End.

In a year that was still dominated by the Covid-19 Pandemic, we saw some great successes in the portfolio.

XPT Group LLC ("XPT"), based in New York, USA, has gone from strength to strength achieving Gross Written Premiums of c. US$400.0m in its year to 31 December 2021 (2020: US$280.0m). Additionally, on 1 June 2022, the Group agreed to invest a further $3.5m (c.£2.8m) in XPT through a mixture of redeemable shares and equity.

In the UK, Nexus Underwriting Management Limited ("Nexus"), successfully negotiated a £70.0m banking facility with Barings LLC ("Barings") and subsequently repaid the Company's £4.0m loan. The Company then reinvested this £4m by acquiring a further 100,000 shares in Nexus from a founding non-executive shareholder, which resulted in the Group's stake increasing to 19.18%, or 19.05% on a fully diluted basis.

Post-Year End, Nexus rebranded as Kentro Capital Limited ("Kentro") to better reflect its position in the market following an internal restructure. It continues to pursue its impressive growth trajectory in the UK and globally.

In a similar vein, Paladin Holdings Limited ("Paladin"), the holding company of CBC UK Limited ("CBC"), the Lloyd's insurance broker, secured a £3.0m loan facility with Coutts & Company following an introduction by the Group, and utilised part of this to repay £2.0m of the Company's £5.1m debt facility, whilst also investing in building out its product offering through the hiring of a number of teams.

As previously announced, ATC Insurance Solutions PTY Limited ("ATC"), based in Melbourne, Australia, successfully acquired another of our portfolio companies, MB Prestige Holdings PTY Limited ("MB") in August 2021. This acquisition, coupled with ATC's consistent growth across the business, means that it has become one of the largest independently owned Managing General Agencies in Australia.

More information on the portfolio is included under the Chief Investment Officer's Report.

We are proud of the results we have achieved in a year which faced challenging circumstances. This has been possible due to the assistance we have been able to offer our portfolio, and this reaffirms the success of our business model and track record.

Business environment

The business environment of the Group continues to be influenced by global issues that dominate all areas of life. The Group does not operate in isolation and is conscious of the impact issues like the conflict in Ukraine and the increasingly difficult environment posed by increasing inflation rates can have on its business. The Group has considered its exposure to the Global Sanctions placed on Russia and has agreed that its business remains largely unaffected.

As the world continues to open up after two years of restrictions due to Covid-19, the Group is taking advantage of being able to safely meet its partners in foreign jurisdictions. The Group has also enjoyed a return to face to face business operations, both internally and externally. Due to the 'people-focussed' dimension of our business this is something that the Group missed in 2020 and 2021, however we will be retaining elements of remote operations that continue to work well with our business practices. Our colleagues have returned to the office environment seamlessly and we thank them all for their hard work during the previous two years.

Dividend

As announced previously on 8 February 2022, the Board has recommended a dividend of 2.78p per share (£1.0m) for the financial year ended 31 January 2022 to be paid on 29 July 2022 to shareholders on the register as at the close of business on 1 July 2022 (the record date) and the corresponding ex-dividend date will be 30 June 2022, subject to Shareholder Approval at the Company's Annual General Meeting.

This represents an increase of 13.9% over the dividend of 2.44p per share (£0.9m) paid in July 2021 in respect of the prior year.

It is the Board's aspiration to maintain a dividend of at least 2.78p per share for the years ending 31 January 2023 and 31 January 2024, subject to ongoing review and approval by the Board and the Company's shareholders. In the event that the Group successfully realises further investments in the portfolio the level of dividend will be revisited by the Board.

Post Year End events

Post Year End, the Group completed a new investment, in Denison and Partners Ltd ("Denison and Partners"), a start-up London-based Lloyd's insurance broker. Denison and Partners was established by Alasdair Ritchie and has a focus on delivering (re)insurance delegated authority solutions and services to Managing General Agencies, Coverholders and (re)insurers.

Furthermore, the sale of Summa Insurance Brokerage S.L. ("Summa"), in Spain, completed on 1 March 2022 and resulted in the Group receiving an aggregate £9.6m for its equity and loans.

Environmental, Social and Governance ("ESG")

The Group is committed to furthering the principles and sustainability goals characterised by what is collectively termed ESG. Whilst these values have always been held in the corporate consciousness, shortly before the Year End the Board established an ESG Committee to formalise its strategy in this ever more important area. The ESG Committee is chaired by Dan Topping, and has been tasked with developing the ESG strategy, its subsequent monitoring and implementation, and to ensure that the Group continues to maintain high standards. The Group will formally report on the ESG Committee's activities in each of its subsequent Reports.

Outlook

The strong cash position of the Group means it is well placed to take advantage of compelling new investment proposals as well as opportunities presenting themselves from the portfolio itself. We have developed an interesting pipeline of new investments and have already completed one investment post Year End, in Denison and Partners. As results have consistently borne out over a number of years, our successful investment strategy has consistently identified high quality investment opportunities to add to our portfolio. We expect to be able to make more successful investments in the remainder of the current year, both within the portfolio and via new business opportunities.

The Chief Investment Officer's report will include more information on our pipeline and areas of interest.

Brian Marsh, OBE
Chairman
10 June 2022

Alice Foulk
Managing Director
10 June 2022

Chief Investment Officer's Portfolio Update

Daniel Topping, Chief Investment Officer

The Group has performed well for the financial year to 31 January 2022, in respect of both the underlying performance of the portfolio and a number of successful disposals, which has significantly increased the Group's liquidity.

Over the financial year, the valuation of the Group's equity portfolio has increased by 14.7% adjusting for realisations, with NAV increasing by 11.1%. Over the last six months, the equity portfolio has increased by 10.2%, with NAV increasing by 7.5%.

Chief Investment Officer's Portfolio Update
continued

During the second half of the financial year to 31 January 2022, we realised our holdings in Walsingham Motor Insurance Limited ("Walsingham") in the UK (net proceeds received: £5.2m including loan), MB in Australia (net proceeds received: £3.6m) and Mark Edward Partners LLC in the USA (net proceeds received: £1.1m). In addition we agreed to sell our holding in Summa in Spain which completed after the Year End (proceeds received: £9.6m including loan).

This has resulted in the Group's current cash balance of £17.5m.

The Group has a healthy pipeline of new business opportunities with a renewed focus on new business following the major shock of Covid-19. Our prudent approach over the past two years and focus on the existing portfolio now means that the Group has the ability to focus on seeking out new investment opportunities, something made easier by the removal of many travel restrictions and the return to more regular business practices globally. One such investment we have recently completed was the start up Lloyd's insurance broker, Denison and Partners.

The Group is well known to the sectors in which we invest and we continue to focus on niche opportunities backed by experienced and capable management teams. We are currently in detailed discussions with a number of new investment opportunities which, whilst there are no guarantees that these discussions will convert into investments, should enable the Group to secure a number of new high growth investments in the coming months.

Overall, the Directors are positive about the prospects for the Company throughout its current financial year to 31 January 2023.

Disposals

Summa Insurance Brokerage, S.L. (Post Year End)

Sale date: Agreed – January 2022, Completed – March 2022

Net equity proceeds received: €9.7m (£8.1m)

In March 2022, the Group sold its 77.25% holding in Summa to Acrisure España S.L., part of Acrisure LLC, the global financial services business.

The Group received cash proceeds of £9.6m in relation to the disposal, comprising of:

- £8.1m net of transaction costs, for its 77.25% shareholding in Summa (valued at £8.0m at 31 July 2021 and at £7.4m at 31 January 2021); and
- £1.5m being the Group's outstanding loan to Summa.

Walsingham Motor Insurance Limited

Sale date: December 2021

Net equity proceeds received: £4.9m

In December 2021, the Group sold its 40.5% stake in Walsingham to Humn.ai Limited ("Humn"), a London-based insurance provider producing real-time data-driven fleet insurance, for cash consideration of c.£4.7m.

The Group also received repayment of its c.£0.3m loan to Walsingham Holdings Limited ("Walsingham Holdings") and also received a further £0.2m in cash from its 20% shareholding in Walsingham Holdings post Year End, which results in total equity proceeds on disposal of £4.9m.

The sale of the Group's shareholding in Walsingham to Humn produced a 23% uplift over the last published valuation in July 2021 and represented an 8x money multiple and an Internal Rate of Return of 22% (inclusive of all income and fees).

This transaction is a good example of the Group's strategy of investing for the long term in start-up and early stage businesses with ambitious management teams, assisting in the growth of a business, before disposing of its stake at a beneficial time for all parties involved.

MB Prestige Holdings PTY Limited

Sale date: August 2021

Proceeds received: AUS$6.8m (£3.6m) in Shares in ATC Insurance Solutions PTY Limited

In August 2021, the Group sold its 40% equity stake in MB for AU$6.8m (£3.6m) to ATC, in which the Group is also a shareholder.

The Group received newly issued shares in ATC in consideration for its stake, increasing its overall shareholding in ATC to 25.5% from 20%.

The acquisition by ATC valued 100% of MB at AU$17.0m (£9.0m), representing a c.20% uplift over the Group's published valuation of MB as at 31 January 2021.

This realisation represented an Internal Rate of Return of 29% since the Group's original investment in MB in 2013 (inclusive of all income and fees) and a money multiple of equity invested of almost 9x.

This transaction demonstrates the Group's bespoke and flexible approach to investing and realising investments within the financial services sector, in terms of both size and structure.

Mark Edward Partners LLC ("MEP")

Sale date: November 2021

Proceeds received: $1.5m (£1.1m)

In November 2021, the Group exited in full from its position in MEP, for a cash consideration of $1.5m (£1.1m).

The Board of B.P. Marsh was not aligned with the strategic direction of the business and therefore negotiated with Management an exit for $1.5m (£1.1m) for its aggregate position in MEP. Such a transaction removed uncertainty with MEP's ongoing valuation for B.P. Marsh and allowed the Management team of MEP to pursue their own strategy going forward. The Group had previously written off the value of this investment.

New Investments

Denison and Partners Ltd (Post Year End)

In March 2022, the Group acquired a 40% Cumulative Preferred Ordinary shareholding in Denison and Partners, providing aggregate funding of £0.8m, part of which was provided via a loan facility.

Established by Alasdair Ritchie, Denison and Partners is a start-up London-based Lloyd's insurance broker.

Denison and Partners will leverage its historic strong foundations and relationships in the Financial and Professional lines sector, primarily across the UK, US and Canada, to deliver (re) insurance delegated authority solutions and services to Managing General Agencies, Coverholders and (re)insurers.

Alasdair Ritchie has over 40 years of experience in the (re)insurance market having held a number of senior roles at Willis Group, now known as Willis Towers Watson (WTW), Marsh McLennan and most recently BMS Group, before establishing Denison and Partners.

Chief Investment Officer's Portfolio Update
continued

Follow-on Investments and Funding

Kentro Capital Limited
Formerly Nexus Underwriting Management Limited

+17.7 pence NAV per share uplift in Year

In February 2022, Nexus announced that it will rebrand as Kentro. Nexus Underwriting Holdings Limited, the specialty MGA, and Xenia Broking Holdings Limited ("Xenia"), the leading credit insurance and surety distribution specialist, will operate as distinct, independent brands under the Kentro holding company.

In October 2021, the Group acquired a further 100,000 shares in Kentro for £4.0m from Ian Whistondale, a founding non-management shareholder. This was an opportunity to allow a founding shareholder to partially realise the value of their equity in Kentro, without the need to exit in full, whilst enabling B.P. Marsh to increase its shareholding in Kentro, to what is now 19.05% on a fully diluted basis.

Also in October 2021, Kentro secured a new £70.0m banking facility from Barings. Kentro used £50.0m of this facility to repay a £40.0m loan facility with HPS Investment Partners LLC and also a £4.0m loan from the Group. The remaining funds were made available to meet upcoming deferred consideration payments and for new acquisitions.

The Group first invested in Kentro in 2014, when the value of the business's Gross Written Premium was c. £55.0m. Kentro has since gown consistently and is now on track to further increase Gross Written Premium to approximately £450.0m in 2022. Over the period in which the Group has been invested in Kentro, it has completed 15 acquisitions and now operates in nine countries having built a successful and distinct brand as a leading independent insurance intermediary.

Date of initial investment: August 2014

31 January 2022 valuation: £51,460,000

Equity stake as at 31 January 2022: 19.05% (fully diluted)

XPT Group LLC

+15.7 pence NAV per share uplift in Year

Overall, the Group's investment in XPT continues on its strong growth trajectory. XPT achieved GWP of c.$400.0m in its financial year to 31 December 2021 and is on track to increase this number beyond $500.0m in its financial year to 31 December 2022, not taking into account new acquisitions that it may complete during this period.

During the course of the Group's financial year, XPT continued to make acquisitions, growing its established footprint in the West and East coasts, as well as growing its position in the Midwest with a diversified book of business.

The most recent acquisition undertaken by XPT was its ninth, being S&H Underwriters, Inc. ("S&H"), an MGA and surplus lines broker based in Barre, Vermont. S&H works with retail clients in Personal and Commercial Excess, Surplus and Speciality lines throughout New England and the Mid-Atlantic States.

This acquisition is a continuation of XPT's strategy of acquiring specialist wholesale brokers that place hard to insure risks through wholesale distribution channels.

Additionally, over the last 18 months, XPT has launched six new programs across various specialty sectors, providing insurance products in Agriculture, Bars & Taverns, Construction, Transportation and Management Liability. XPT have a strong pipeline of new insurance programs that are currently in development which will continue to see XPT grow exponentially.

On 1 June 2022 the Group agreed to invest a further $3.5m (£2.8m) in XPT. $2.8m is in redeemable shares and $0.7m in equity, increasing our shareholding in XPT from 28.18% to 29.15%, subject to approval from XPT's senior lender, Madison Capital. XPT will utilise the investment to repay $1.5m of loan funding from Madison Capital, and for upcoming deferred consideration payments.

Date of initial investment: June 2017

31 January 2022 valuation: £18,597,000

Equity stake as at 31 January 2022: 28.18%

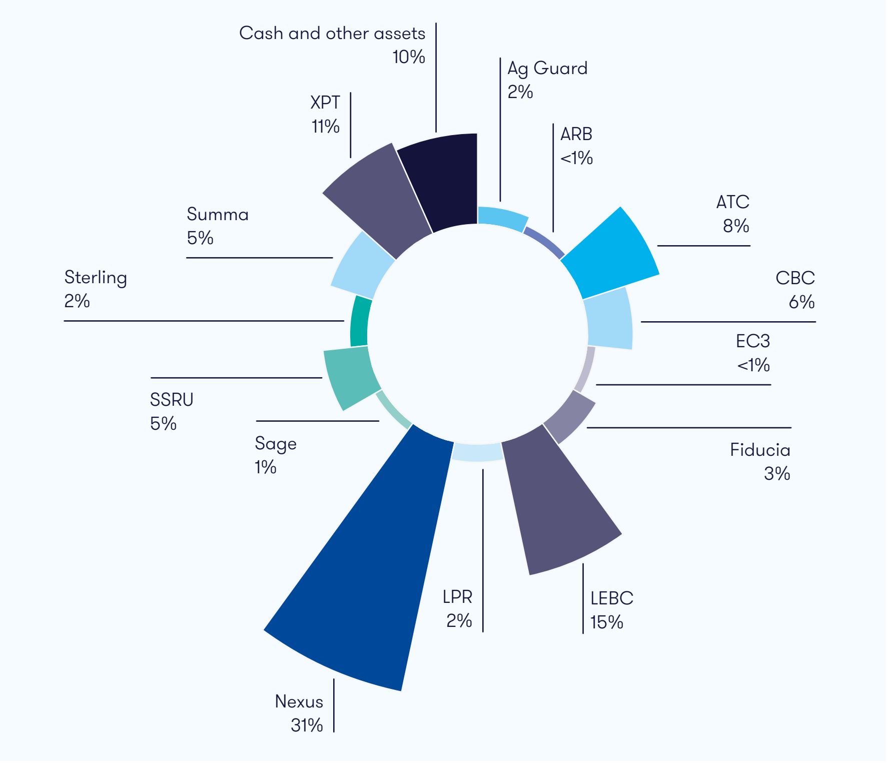
Portfolio Update & Activity

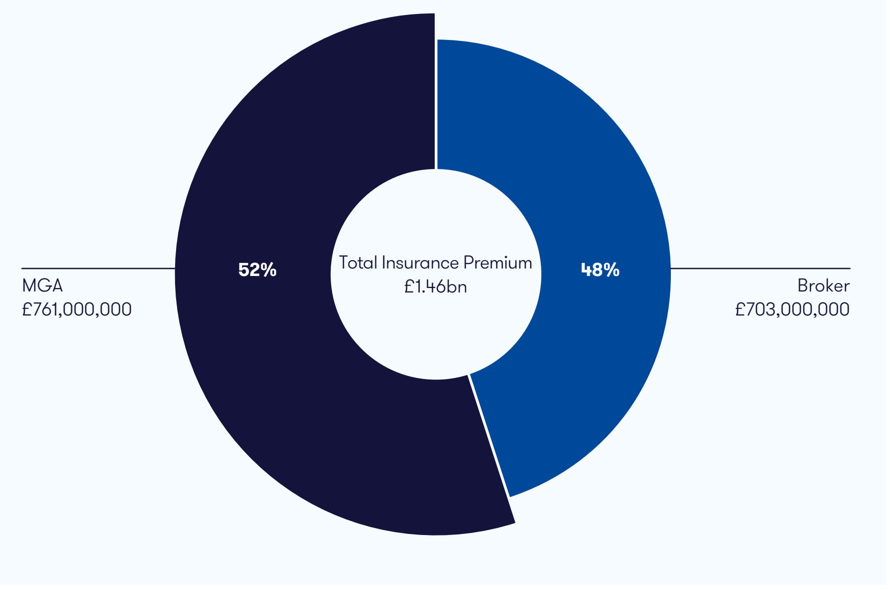
NAV breakdown by portfolio company

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 adviser LEBC.

Our current insurance investments are budgeting to produce in aggregate over £1.46bn of insurance premium during 2022, and a breakdown between brokers and MGAs is shown on the right.





Insurance Brokers

	Date of Investment	Jurisdiction	Equity % at 31 January 2022	Valuation 31 January 2022	Cost of Investment	% of Group Net Asset Value 31 January 2022
Summa Insurance Brokerage, S. L	January 2005	Spain	77.25%	8,104,000	£6,096,143	4.9%
CBC UK Limited	February 2017	UK	47.06%	9,404,000	£803,500	5.6%
Lilley Plummer Risks Limited	October 2019	UK	30.00%	2,629,000	£1,008,242	1.6%
Asia Reinsurance Brokers Pte Limited	April 2016	Singapore	25.00%	461,000	£1,551,084	0.3%
EC3 Brokers Limited	December 2017	UK	35.00%	440,000	£6,500,000	0.3%
Total			-	**21,038,000**	**£15,958,969**	**12.7%**

The Group's Broking investments are budgeting to place over £703.0m of GWP, producing over £59.0m of commission income in 2022, accessing specialty markets around the world.

Underwriting Agencies/Managing General Agents ("MGAs")

	Date of Investment	Jurisdiction	Equity % at 31 January 2022	Valuation at 31 January 2022	Cost of Investment	% of Group Net Asset Value 31 January 2022
Nexus Underwriting Management Limited	August 2014	UK	19.34%	51,460,000	15,126,554	30.9%
XPT Group LLC	June 2017	USA	28.18%	18,597,000	7,330,052	11.2%
ATC Insurance Solutions PTY Limited	July 2018	Australia	25.56%	12,940,000	6,476,595	7.8%
Stewart Specialty Risk Underwriting Limited	January 2017	Canada	30.00%	8,145,000	19	4.9%
The Fiducia MGA Company Limited	November 2016	UK	35.18%	4,228,000	227,909	2.5%
Ag Guard PTY Limited	July 2019	Australia	41.00%	3,562,000	1,465,071	2.1%
Sterling Insurance PTY Limited	June 2013	Australia	19.70%	2,829,000	1,945,411	1.7%
Sage Program Underwriters, Inc	June 2020	USA	30.00%	1,550,000	202,758	0.9%
Total			-	**103,311,000**	**32,774,369**	**62.0%**

The Group's MGAs are budgeting to place over £761.0m of GWP, producing over £74.0m of commission income in 2022, across over many specialist product areas, on behalf of more than 50 insurers.

IFA Investment

	Date of investment	Jurisdiction	Equity % at 31 January 2022	Valuation at 31 January 2022	Cost of Investment	% of Net Asset Value 31 January 2022
LEBC Holdings Limited	April 2007	UK	59.34%	25,000,000	12,373,657	15.0%

LEBC Holdings Limited ("LEBC")

+0 pence NAV per share uplift in Period

B.P. Marsh has been a shareholder in LEBC, the Independent Financial Advisory company, since April 2007. (LEBC is currently the Group's only non-insurance related investment.)

In May 2022, Tavistock Investments Plc acquired 21% of LEBC from the McVitie Estate, following receipt of approval from the Financial Conduct Authority. The consideration paid by Tavistock was £10.0m, implying a 100% equity valuation for LEBC of £44.5m, underpinning the Company's own valuation of LEBC at 31 January 2022 of £25.0m for its 59% shareholding.

This transaction endorses B.P. Marsh's investment mantra of supporting our partners to secure an exit when needed, whilst also supporting our portfolio companies' underlying Management Teams, enabling them to take a business to the next stage in development.

For its year ended 30 September 2021, LEBC produced an adjusted EBITDA of £3.2m, which represented a considerable year on year performance swing of over £3m versus the prior year.

Throughout its current financial year to 30 September 2022 LEBC has built upon the previous year's performance, and the Group expects further year on year growth.

Portfolio Company Highlights

UK Investments

CBC UK Limited/Paladin Holdings Limited

+1.8 pence NAV per share uplift in Year

CBC, the London based Retail and Wholesale Lloyd's insurance broker, continues to perform well.

In their financial year to 31 December 2021, CBC produced an EBITDA of £2.2m, which represented a 35% year on year increase. This positive performance has continued into CBC's current financial year to 31 December 2022 and further growth is expected by the Group.

Within the Group's financial year, CBC secured £3.0m in financing facilities from Coutts & Company. As previously reported, this enabled CBC to repay £2.0m of debt provided by B.P. Marsh. The additional funds are being utilised for growth and within the year CBC have hired a number of new producers and teams. This has included a Global Risk team, led by Mark Winston, who have been together for over 30 years. CBC also appointed Chris Tully to head up their Art & Private Clients division.

CBC continue to be in the market for new teams and producers and have an active pipeline of opportunities to bring about future growth, alongside their organic expectations.

Date of initial investment: February 2017

31 January 2022 valuation: £9,404,000

Cost of Equity: £803,000

Equity stake as at 31 January 2022: 47.06%

The Fiducia MGA Company Limited ("Fiducia")

+2.5 pence NAV per share uplift in Year

The strong growth of Fiducia, the Group's UK Marine Cargo Underwriting Agency based in Leeds, continues, with GWP now in excess of £20.0m over a 12 month period. As Fiducia continues on this growth trajectory, the Group are confident that GWP will exceed £25.0m in Fiducia's current financial year to 31 December.

The Group are pleased with Fiducia's performance since our investment and believe that the business will grow substantially over the coming years. As is customary with B. P. Marsh's MGA investments, Fiducia have in place robust underwriting controls which focus on the underlying profitability of their core book. This is beginning to bear fruit with Fiducia regularly being in receipt of material profit commission payments.

Date of initial investment: November 2016

31 January 2022 valuation: £4,228,000

Cost of Equity: £278,000

Equity stake as at 31 January 2022: 35.2%

Chief Investment Officer's Portfolio Update
continued

North American Investments

Stewart Specialty Risk Underwriting Ltd ("SSRU")

+6.7 pence NAV per share uplift in Year

The Group invested in SSRU in 2017. Since then, SSRU, the Toronto-based independent underwriting agency and coverholder at Lloyd's, has grown significantly.

In its last financial year to 30 December 2021, SSRU hit the milestone of CAD$50.0m of GWP, and outperformed its revenue and EBITDA budget.

This strong performance has continued into 2022, and the Group are confident that SSRU will achieve over CA$70.0m of GWP in their current financial year.

Date of initial investment: January 2017

31 January 2022 valuation: £8,145,000

Cost of Equity: £19

Equity stake as at 31 January 2022: 30.00%

Australian Investments

Agri Services Company PTY Limited/Ag Guard PTY Limited ("Ag Guard")

+5.6 pence NAV per share uplift in Period

Ag Guard continues to perform well, producing significant year on year growth.

During the Year, Ag Guard entered into a new strategic partnership with Elders Insurance (Underwriting Agency) PTY Limited , owned by QBE Insurance Group Limited which has been transformational for Ag Guard with GWP expected to be above AU$40.0m in their year to 30 June 2022. This is in comparison to performance in Ag Guard's year to 30 June 2021 where it wrote GWP of AU$7.0m.

Date of initial investment: July 2019

31 January 2022 valuation: £3,562,000

Cost of Equity: £1,465,000

Equity stake as at 31 January 2022: 41.00%

B.P. Marsh's other investments in Australia (ATC and Sterling Insurance PTY Limited) continue to perform well with premium income and profitability increasing year on year across both entities.

Market Commentary

Discussions regarding rates across the insurance industry continue. Market consensus was that the size of rate increases would start to decline in Q4 2021 and into 2022, following several years of significant rate increases, although this is yet to come into fruition. Whilst most business plans projected low/mid single digit rate increases, in reality rates are increasing at a higher rate than this, especially in the specialty markets and generally at a higher level than inflation.

The effects of Covid-19 on our business and the underlying portfolio have been discussed and we remain of the view that the Group is well positioned to take advantage of opportunities emanating from the world 'returning to normal'.

As with the effects of Covid-19, the performance of the Group, its portfolio and the insurance industry itself will be affected by the conflict in Ukraine, increasing inflation and interest rates. The portfolio had limited exposure to the Russian market itself, however, some areas in which our portfolio operate have been affected given the sanctions imposed on Russia and the impact on foreign exchange markets.

Throughout the first quarter of 2022, a number of insurance companies have started to make provisions for losses related to the conflict in Ukraine, notwithstanding the continuing uncertainty regarding the overall size of such losses. This will continue throughout 2022 as the market's exposure becomes clearer. Projected insurance and reinsurance losses related to the conflict in Ukraine are expected to be significant, which may affect the profitability of the Lloyd's and London markets over the coming years.

Daniel Topping
Chief Investment Officer
10 June 2022

Financial Review

Jonathan Newman, Group Finance Director

The Group had a strong year, delivering an increase in the NAV of £16.7m (2021: £13.0m). At 31 January 2022 the NAV of the Group was £166.6m which equates to 462.7p per share undiluted (2021: £149.9m, or 416.4p per share). On a diluted basis this equates to 455.6p per share (2021: 416.4p per share). This equates to an increase in NAV of 11.1% (2021: 9.5%) for the year undiluted.

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 2022.

	Year to/as at 31 January 2022	Year to/as at 31 January 2021
Net asset value	£166.6m	£149.9m
Net asset value per share – undiluted	462.7p	416.4p
Net asset value per share – diluted	455.6p	416.4p
Profit on ordinary activities before tax	£19.4m	£13.7m
Dividend per share paid	2.44p	2.22p
Total shareholder return (including dividends)	£17.6m	£13.8m
Total shareholder return on opening shareholders' funds	11.7%	10.1%
Net cash from operating activities (net of equity investments, realisations and loans)	£1.5m	£0.6m
Equity cash investment for the year	£8.0m	£2.4m
Realisations (net of disposal costs)	£8.8m	–
Loans issued in the year	£0.3m	£1.1m
Loans repaid by investee companies in the year	£8.1m	£2.9m
Cash funds at end of year	£8.6m	£0.7m
Borrowing/Gearing	£Nil	£1.0m

The NAV of £166.6m at 31 January 2022 represents a total increase in NAV of £137.4m 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 8.4% in Group NAV after running costs, realisations, losses, distributions and corporation tax since flotation and 11.6% since 1990.

Covid-19 and Ukraine conflict impact assessment

The financial statements to 31 January 2022 include the impact of Covid-19. Overall performance within the investment portfolio increased throughout the financial year as Covid-19 restrictions were reduced or withdrawn.

The financial statements to 31 January 2022 do not include any impact of the conflict in Ukraine. This is because the conflict was a specific, defined event which occurred on 24 February 2022, i.e. after the end of the reporting period, and the significant sanctions imposed by the international community were a direct response to that situation. As such it has been determined that this is to be treated as a non-adjusting post-balance sheet event.

Whilst there has been price inflation which has led to interest rate increases, and volatility within foreign exchange currency rates, certain investments within the Group's portfolio have seen premium rate increases and thus increased commission. Notwithstanding this, at the current time the Group does not consider the conflict in Ukraine to have had a material impact upon the Group.

Investment performance

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

31 January 2021 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2021 valuation	31 January 2022 valuation
£131.0m	£8.0m	£(8.8)m	£130.2m	**£149.3m**

This equates to an increase in the portfolio valuation of 14.7% (2021: 10.9%).

The Group invested a total of £8.0m in equity in the portfolio during the year (2021: £2.4m). £4.0m was invested to acquire further shares in Kentro and £0.4m as part of deferred consideration to acquire shares in Paladin. £3.6m of the equity investment in the year related to the Group's sale of MB, which was used to acquire new shares in ATC and was a non-cash investment.

In addition, the Group provided £0.3m of loans (2021: £1.1m) as follow-on funding to two investee companies to provide working capital for strategic hires and product development.

There were £8.8m of investment realisations during the year (2021: £Nil). £4.9m was realised from the disposal of the Group's holdings in Walsingham and Walsingham Holdings (together the "Walsingham Group"), £3.6m from the sale of MB and £0.3m from the sale of shares in Paladin.

£8.1m of loan repayments were made to the Group by investee companies (2021: £2.9m) of which £4.0m was received from Kentro which was subsequently invested in further equity, £2.0m from Paladin and £1.1m from MEP, with the remainder from four other investee companies.

Financial Review
continued

Operating income

Net gains from investments were £20.2m (2021: £12.9m), a 56.9% increase over the previous year. This included £2.9m in realised gains from the sale of the Group's interests in the Walsingham Group and £1.1m received in cash from a loan that was previously provided against in full. £16.2m related to the revaluation of the investment portfolio at 31 January 2022 (2021: £12.9m).

Overall, income from investments decreased by £0.4m, or 9.5% to £4.1m (2021: £4.5m). The reduction was primarily due to receiving lower interest income on loans made to the portfolio, which decreased by 14.1% to £1.1m (2021: £1.3m) which was due to a net £7.8m of loans being repaid. Whilst this led to reduced income, it significantly enhanced the Group's liquidity.

Operating expenses

Operating expenses increased by £1.2m, or 32.7% during the year to £4.8m (2021: £3.6m). This included £0.8m of one-off expenses compared to the prior year. Excluding these, expenses rose by 11.1% as lockdown restrictions eased and the Group commenced a return to normal operations.

Profit on ordinary activities

The consolidated profit on ordinary activities after taxation increased by 27.4% to £17.5m (2021: profit of £13.7m).

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns and realised gains in cash, but excluding unrealised investment activity (unrealised gains on equity and provision against loans receivable from investee companies), this was achieved with a pre-tax profit of £3.2m for the year (2021: £0.9m).

Liquidity

Cash funds at 31 January 2022 were £8.6m (2021: £0.7m) and the Group was debt free (2021: £1.0m of loans borrowed). A net £7.8m of loans to the investment portfolio were repaid during the year (2021: £1.8m net repaid). These funds enabled the Group to repay the £1.0m loan, part of a £3.0m loan facility with Brian Marsh Enterprises Ltd, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder, and be debt free by the Year End. This loan facility ended on 29 January 2022.

Of note, since the year-end the sale of Summa completed whereby the Group received equity proceeds of £8.1m and the outstanding loan to Summa of £1.5m repaid, and the Group completed a new investment in Denison and Partners. Currently the Group has cash funds of £17.5m, or £14.7m net of the £2.8m follow-on investment into XPT that was agreed on 1 June 2022.

Dividend

The Group paid a dividend of £0.9m (or 2.44p per share) during the year, an increase of 10% over the preceding year (2021: £0.8m or 2.22p per share). The 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, and the dividend represented a distribution of 100% of the underlying realised profits of the Group for the year to 31 January 2021. The Group has proposed a dividend of £1.0m (or 2.78p per share), and aspires to maintain the same level of distribution for the next two years, which in aggregate represents almost 100% of the underlying realised profits for the year to 31 January 2022.

Total shareholder return for the year was therefore 11.7% (2021: 10.1%) including the dividend payment and the NAV increase.

Diluted NAV per share

The NAV per share at 31 January 2022 is 462.7p (2021: 416.4p). A long-term share incentive plan for certain directors and employees of the Group matured on 12 June 2021, and 1,461,302 shares are held within an Employee Benefit Trust. Whilst they 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 (noting that the participants only benefit from a sale in excess of 312.6p per share), the Group would be entitled to receive £4,106,259 and these shares would then become entitled to voting and dividend rights and therefore these shares would become dilutive. Overall, this would therefore dilute the NAV per share as at 31 January 2022 to 455.6p.

Jonathan Newman
Group Finance Director
10 June 2022


B.P. MARSH
& PARTNERS PLC
ABOUT US
PORTFOLIO
SHAREHOLDER DOCUMENTS
Introduction
AIM Rule 26
Presentations
Share Price Performance
Latest results summary
LSE - B.P. Marsh & Partners Plc
Symbol
Last Close
Open
Day Volume
Day High
Day Low

Current investments

LEBC Holdings Limited
(www.lebc-group.com)
LEBC is 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 2022 valuation:	£25,000,000

CBC UK Limited
(www.cbcinsurance.co.uk)
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 holds its investment in CBC through CBC's parent company, Paladin Holdings Limited.

Date of investment:	February 2017
Equity stake:	47.1%
31 January 2022 valuation:	£9,404,000

EC3 Brokers Limited
(www.ec3brokers.com)
EC3 is an independent specialist Lloyd's broker and reinsurance broker, that provides services to a wide array of clients across a number of sectors, including construction, casualty and cyber & technology. The Group holds its investment through EC3's Parent Company, EC3 Brokers Group Limited.

Date of investment:	December 2017
Equity Stake:	35%
31 January 2022 valuation:	£440,000

Lilley Plummer Risks Limited
(www.lprisks.co.uk)
Lilley Plummer Risks is a specialist marine Lloyd's broker that provides products across the marine insurance market. The Group holds its investment in Lilley Plummer Risks through its holding company Lilly Plummer Holdings Limited.

Date of investment:	October 2019
Equity stake:	30%
31 January 2022 valuation:	£2,629,000

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

United Kingdom

The Fiducia MGA Company Limited
(www.fiduciamga.co.uk)
Fiducia is a UK marine cargo Underwriting Agency and 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 2022 valuation:	£4,228,000

Nexus Underwriting Management Limited
(www.nexusunderwriting.com)
Nexus is an independent Managing General Agency and Broker specialising 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. In February 2022, after the Year in question ended, Nexus rebranded as Kentro Capital Limited.

Date of investment:	August 2014
Equity stake:	19.3%
31 January 2022 valuation:	£51,460,000

Current investments

Stewart Specialty Risk Underwriting Ltd (www.ssru.ca)v
SSRU is a Managing General Agency, providing insurance solutions to a wide array of clients in the construction, manufacturing, onshore energy, public entity and transportation sectors based in Toronto, Canada.

Date of investment:	January 2017
Equity stake:	30%
31 January 2022 valuation:	£8,145,000

Summa Insurance Brokerage, S. L. (www.grupo-summa.com)
Summa is a consolidator of regional insurance brokers in Spain.

Date of investment:	January 2005
Equity stake:	77.3%
31 January 2022 valuation:	£8,104,000

Sage Program Underwriters, Inc. (www.sageuw.com)
Sage provides specialist insurance products to niche industries, initially in the inland delivery and field sport sectors based in Bend, Oregon.

Date of Investment:	June 2020
Equity Stake:	30%
31 January 2022 valuation:	£1,550,000

XPT Group LLC (www.xptspecialty.com)
XPT is a wholesale insurance broking and Underwriting Agency platform across the U.S. Specialty Insurance Sector operating from many locations in the United States of America.

Date of investment:	June 2017
Equity stake:	28.2%
31 January 2022 valuation:	£18,597,000

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

Rest of the world

Asia Reinsurance Brokers (Pte) Limited
(www.arbrokers.asia)
ARB is an independent specialist reinsurance and insurance risk solutions provider headquartered in Singapore.

Date of investment:	April 2016
Equity stake:	25%
31 January 2022 valuation:	£461,000

Sterling Insurance PTY Limited
(www.sterlinginsurance.com.au)
Sterling is a specialist Underwriting Agency offering a range of insurance solutions within the Liability sector, specialising in niche markets including mining, construction and demolition based in Sydney Australia. The Group holds its investment in Sterling via a joint venture with Besso Insurance Group Limited, Neutral Bay Investments Limited.

Date of investment:	June 2013
Equity stake:	19.7%
31 January 2022 valuation:	£2,829,000

Criterion Underwriting (Pte) Limited
Criterion was established to provide specialist insurance products to a variety of clients in the cyber, financial lines and marine sectors in Far East Asia, based in Singapore.

Date of investment:	July 2018
Equity stake:	29.4%
31 January 2022 valuation:	£0

ATC Insurance Solutions PTY Limited
(www.atcis.com.au)
ATC is a Managing General Agency and Lloyd's Coverholder, specialising in accident & health, construction & engineering, trade pack, motor and sports insurance headquartered in Melbourne, Australia.

Date of investment:	July 2018
Equity stake:	25.56%
31 January 2022 valuation:	£12,940,000

Ag Guard PTY Limited
(www.agguard.com.au)
Ag Guard is a Managing General Agency, which provides insurance to the agricultural sector, based in Sydney, Australia. The Group holds its investment through Ag Guard's Parent Company, Agri Services Company PTY Limited.

Date of investment:	July 2019
Equity stake:	41%
31 January 2022 valuation:	£3,562,000

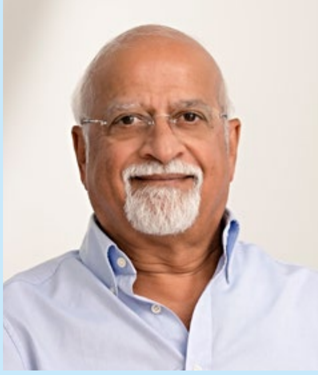
Directors and Company Secretary

Brian Marsh OBE
Executive Chairman

Alice Foulk BA (Hons)
Managing Director

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director

Daniel Topping MCSI, FCG
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 2022

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 81
(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 Remuneration (appointed 2 February 2022), Investment, Valuation, and Nomination Committees. Brian is a significant shareholder in B.P. Marsh with a direct beneficial interest in 37.9% of the Company (in addition to 3.9% held by the Marsh Christian Trust, of which Brian is a trustee and Settlor).

Alice Foulk BA (Hons)
Managing Director, aged 35
(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 Investment, Valuation, Nomination and Disclosure Committees and was a member of the Remuneration Committee until 20 January 2022. Alice has a direct beneficial interest in 23,428 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 20,964 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director, aged 47
(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 four nominee directorships across two investee companies. Jonathan has a direct beneficial interest in 19,645 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 29,671 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Daniel Topping MCSI, FCG
Chief Investment Officer, aged 38
(I) (V) (N) (D) (E)

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 and on 2 December 2021 was appointed a founding member of the Environmental, Social and Governance ("ESG") Committee. 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 112,551 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 21,551 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 Cronin.

Pankaj Lakhani FCCA
Non-executive Director, aged 68
(R) (A) (V) (N)

Pankaj is a certified accountant and 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 79
(R) (A) (E)

Nicholas was appointed to the Board of B.P. Marsh in May 2019 and has over 50 years' experience in the Lloyd's Insurance Market, having held a variety of positions within Nelson Hurst & Marsh Limited, Citicorp Insurance Brokers and Nelson Hurst Plc. Upon joining the Group Nicholas was appointed a member of the Remuneration and Audit Committees and on 2 December 2021 was appointed a founding member of the ESG Committee. Nicholas owns 25,000 ordinary shares in B.P. Marsh and also has an indirect beneficial interest in 5,314 ordinary shares held by his wife, Fiona Carter.

Sinead O'Haire, LLB (Hons), FCG
Chief Legal Officer & Group Company Secretary, aged 37
(N) (D) (E)

Sinead joined B.P. Marsh in 2009 and was appointed Group Company Secretary in June 2011. Sinead attends all Board and Committee meetings and works closely with the Chairman's Office and Board in all matters of governance and to oversee the effective functioning and leadership of the Company, as well as ensuring compliance with the stock market regulations. Sinead is responsible for negotiating and finalising the legal aspects of new investments, any follow-on funding and eventually the exit process. Sinead has a direct beneficial interest in 24,695 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 29,671 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
- (E) Member of the Environmental, Social and Governance ("ESG") 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 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.

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 seven standing committees – the Remuneration Committee, the Audit Committee, the Investment Committee, the Valuation Committee, the Nomination Committee, the Disclosure Committee and the Environmental, Social and Governance ("ESG") Committee (established 2 December 2021).

Remuneration Committee
The Remuneration Committee is comprised of its Chair, Pankaj Lakhani, and members Nicholas Carter, Alice Foulk (resigned 20 January 2022) and Brian Marsh (appointed 2 February 2022). In accordance with its terms of reference, the Committee determines the level and make-up of remuneration (including bonuses and awards) of the executive directors and members of staff.

The Report of the Remuneration Committee to the shareholders on how directors are remunerated, together with details of individual directors' remuneration packages, is to be found on pages 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. During the year the Board of B.P. Marsh & Company Limited, whose constituent membership is exactly the same as the Investment Committee, took responsibility for all matters relating to ongoing portfolio management, with the Investment Committee reserved solely for considering advanced stage new business opportunities, of which there were none.

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 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.

Environmental, Social and Governance ("ESG") Committee

The ESG Committee (established on 2 December 2021) is composed of the founding members, Daniel Topping, Nicholas Carter and the Group's Company Secretary, Sinead O'Haire. In accordance with its terms of reference the Committee is responsible for developing and reviewing the strategies, policies and performance of the Company in relation to environmental, social and governance matters and suggesting ways to drive improvement in these areas. The Committee is also responsible for ensuring the Company has an appropriate ESG strategy that is integrated with the core business strategy and ensuring the strategy is embedded across the Group, continues to evolve and is aligned to the culture and values of the Company.

Directors' Attendance Record

	Board Meeting	Audit Committee	Remuneration Committee	Valuation Committee	ESG Committee[1]	Nomination Committee[2]	Disclosure Committee
Brian Marsh	12/13	N/A	N/A	2/2	N/A	N/A	N/A
Alice Foulk	13/13	N/A	2/2	2/2	N/A	N/A	69/69
Daniel Topping	13/13	N/A	N/A	2/2	N/A	N/A	69/69
Jonathan Newman	13/13	N/A	N/A	2/2	N/A	N/A	69/69
Pankaj Lakhani	13/13	2/2	2/2	2/2	N/A	N/A	N/A
Nicholas Carter	13/13	2/2	2/2	N/A	N/A	N/A	N/A

[1] Committee established December 2021 but did not first meet until February 2022

[2] Whilst no formal meetings of the Nomination Committee took place during the year, discussions regarding Board composition and structure were held by the Board.

Corporate Governance
continued

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. It is conducted in an interview format, which is 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 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 Kentro Capital Limited (formerly Nexus Underwriting Management Limited), with offices in 9 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 are 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 to 41.

By order of the Board.

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
10 June 2022

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 (resigned 20 January 2022).

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 and staff 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 for other executives and staff, 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 Employee Benefit 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 9 currently participating employees and (ii) the trustee of the Employee Benefit 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 Employee Benefit 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 are entitled to 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 to the date of vesting. The Employee Benefit Trust retains the carrying cost, with 281 pence per share due back to the Company.

Alternatively, after 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 to the date of vesting.

On 12 June 2021 (the "vesting date") the performance criteria was met, after which the members of the scheme became joint beneficial owners of the shares and therefore became 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 Employee Benefit 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

Report of the Remuneration Committee
continued

attached, such that they would become fully dilutive for the Group. Whilst 254,414 shares out of 1,461,302 held within the Employee Benefit Trust have been forfeited by departing employees, the trust remains the owner of these shares.

Further details are given in Note 23 to the financial statements.

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

During the year a total of 33,320 ordinary shares in the Company, which were held in Treasury as at 31 January 2021 (2021: 42,196 ordinary shares in the Company, which were held in Treasury as at 31 January 2020) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). As a result, together with 1,994 of unallocated ordinary shares forfeited by departing employees during the prior year, a total of 35,314 ordinary shares in the Company were available for allocation to the participants of the SIP (2021: 47,044 ordinary shares were available for allocation, including 4,848 ordinary shares forfeited by departing employees).

On 12 April 2021, a total of 10 eligible employees (including 3 executive directors of the Company) applied for the 2021-22 SIP and were each granted 1,333 ordinary shares ("21-22 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 21 June 2021, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares"). For every Partnership Share that an employee acquired, the SIP Trust offered two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. All 10 eligible employees (including 3 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (596 ordinary shares) and were therefore awarded 1,192 Matching Shares.

The 21-22 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 31,210 (2021: 47,044) Free, Matching and Partnership Shares were granted to the 10 (2021: 11) eligible employees during the year, including 9,363 (2021: 13,515) granted to 3 (2021: 3) executive directors of the Company.

No ordinary shares were withdrawn from the SIP Trust during the year (2021: 3,808 ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of a departing employee).

£68,070 of the IFRS 2 charges (2021: £74,467) associated with the award of the SIP shares to 10 (2021: 11) eligible directors and employees of the Company has been recognised in the Statement of Comprehensive Income as employment expenses.

As at 31 January 2022, 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 231,028 Free, Matching and Partnership Shares had been granted to 10 eligible employees under the SIP, including 78,579 granted to three 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	18,073
J.S. Newman	167,465	26,780
D.J. Topping	167,465	18,660
Total	**502,395**	**63,513**

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

Aggregate Directors' Remuneration

	2022 £	2021 £
Emoluments	1,717,244	1,228,133
Fees	23,000	19,750
Pension contributions	63,300	62,000

Aggregate Directors' Emoluments

	Salaries and fees £	Benefits £	Annual bonuses £	2022 Emoluments excluding pension contributions £
B.P. Marsh	275,000	-	84,441	359,441
A.H.D. Foulk	185,000	5,610	163,286	353,896
J.S. Newman	242,000	6,008	185,000	433,008
D.J. Topping	270,000	8,514	208,413	486,927
P.B. Lakhani	65,972	–	–	65,972
N.H. Carter	41,000	–	–	41,000

Directors' Pensions

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

	2022 £
B.P. Marsh	–
A.H.D. Foulk	14,800
J.S. Newman	24,200
D.J. Topping	24,300

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 10 June 2022.

By order of the Board

S.C. O'Haire
Chief Legal Officer & Group Company Secretary
10 June 2022

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 2022, 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 £49,902 (2021: £19,265) 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 2022. 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 (25 July 2022), 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
10 June 2022

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, FCG
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, XPT London Limited, the B.P. Marsh SIP Trust and the B.P. Marsh Employees' Share Trust) for the year ended 31 January 2022.

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 UK-adopted international accounting standards 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 UK-adopted international accounting standards 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 2.44p per share (£878,282) was paid on 30 July 2021 (31 July 2020: £798,353 or 2.22p per share). The directors have recommended a final dividend of 2.78p per share which will be paid, subject to Shareholder approval, on 29 July 2022 to Shareholders registered at the close of business on 1 July 2022. 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 £1,001,435.

Group Report of the Directors
continued

Significant Interests

As at 27 May 2022 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]	14,184,419	37.9%
PSC UK Pty Limited	7,385,504	19.7%
Mr M. MacLeish	1,800,002	4.8%
Hargreaves Lansdown Asset Management	1,604,008	4.3%
Marsh Christian Trust[1]	1,477,660	3.9%
JTC Employer Solutions Trustee Limited	1,443,147	3.9%
Interactive Investor	1,390,856	3.7%
James Sharp & Co	1,287,894	3.4%

[1] The Marsh Christian Trust, of which Mr B.P. Marsh is a trustee and Settlor, held 1,477,660 ordinary shares (3.9% 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 2022 Ordinary shares of 10p each	31 January 2021 Ordinary shares of 10p each
Mr B.P. Marsh[1]	15,662,079	15,662,079
Mr D.J. Topping[2]	295,572	293,761
Mr J.S. Newman[3]	212,562	209,441
Ms A.H.D. Foulk[4]	208,966	215,397
Mr P.B. Lakhani	36,912	36,912
Mr N.H. Carter	25,000	20,000

[1] Total interest includes 1,477,660 ordinary shares held by the Marsh Christian Trust of which Mr B.P. Marsh is Trustee and Settlor (31 January 2021: Total interest included 1,272,000 ordinary shares held by the Marsh Christian Trust).

[2] Total interest includes 18,660 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 109,447 ordinary shares directly owned by Mr D.J. Topping (31 January 2021: Total interest included 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 D.J. Topping, JTC and the Company and 102,637 ordinary shares directly owned by Mr D.J. Topping).

[3] Total interest includes 26,780 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 2021: Total interest included 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).

[4] Total interest includes 18,073 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 23,428 ordinary shares directly owned by Ms A.H.D. Foulk (31 January 2021: Total interest included 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).

Share Capital

Information relating to the Company's ordinary share capital (including share repurchases and cancellation) is shown in Note 18 to the financial statements.

Events after the Reporting Date

Group

On 22 February 2022 Nexus Underwriting Management Limited ("Nexus"), an investee company, changed its name to Kentro Capital Limited ("Kentro") as part of a re-branding exercise.

On 1 March 2022 the Group sold its entire 77.25% stake in Summa Insurance Brokerage, S.L. ("Summa") to Acrisure España S.L. ("Acrisure"), part of Acrisure LLC, for consideration of €9,700,737 (£8,104,208), net of transaction costs. The consideration received was in line with the carrying value of the Group's investment in Summa of £8,104,000 as at 31 January 2022 and represented an overall gain of £2,008,065 above the cost of investment. Outstanding loans of €1,820,070 (£1,520,526) were also repaid in full on completion.

On 23 March 2022 the Group acquired a 40% cumulative preferred equity stake in Denison and Partners Limited ("Denison and Partners") for consideration of £132,000. Denison and Partners is a start-up London-based Lloyds Insurance Broker with a focus on delivering (re)insurance delegated authority solutions and services to Managing General Agencies, Coverholders and (Re) insurers. The Group also provided Denison and Partners with a loan facility of £670,000 on completion, which is expected to be drawn down in tranches in line with their business plan. At the date of this report no amounts have been drawn down from the agreed loan facility.

On 11 May 2022 Lilley Plummer Holdings Limited drew down the remaining £100,000 of its £300,000 loan facility agreed by the Group in September 2021. As at 31 January 2022 £200,000 was outstanding.

On 1 June 2022 the Group agreed to invest, through its wholly-owned subsidiary company B.P. Marsh (North America) Limited, a further USD 3,500,000 (c.£2,800,000) in XPT Group LLC ("XPT"), subject to approval from XPT's senior lender Madison Capital. USD 2,780,000 will be used to subscribe for a further 2,780 redeemable preference shares in XPT. The remaining USD 720,000 will be used to acquire a further 0.97% equity stake in XPT. The funding provided will allow XPT to repay an existing revolving credit facility and satisfy certain deferred consideration payments due. On completion, the total amount invested by the Group in redeemable preference shares will increase from USD 3,220,000 as at 31 January 2022 to USD 6,000,000 and the Group's equity investment in XPT will also increase from 28.18% as at 31 January 2022 to 29.15%.

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 2022 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
10 June 2022

Group Strategic Report

Business Review

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

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 2022 total loans outstanding amounted to USD 150,000 (£111,496), with a remaining undrawn facility of USD 100,000 (Note 21).

The Group paid £200,000 on 8 March 2021 and on 8 September 2021 in relation to deferred consideration due to a former minority shareholder in Paladin Holdings Limited ("Paladin"). The payments represented the second and final tranches of consideration due in respect of 250,000 ordinary shares in Paladin acquired from the minority shareholder in August 2020 for initial consideration of £400,000. These shares are being held by the Group under a call option arrangement which Paladin can call at any time up to 24 August 2026 and buy back from the Group for £804,000. These shares were originally acquired as 50,000 ordinary shares, however the Group's holding increased to 250,000 ordinary shares by way of a 5:1 share restructure which Paladin undertook on 15 April 2021. As at 31 January 2022 total consideration paid by the Group in respect of these shares amounted to £800,000, with no further consideration payable.

On 12 May 2021 the Group received an Option Notice in relation to 25,000 of its 250,000 ordinary shares in Paladin which were being held by the Group under a three-year call option arrangement that Paladin could call at any time. These shares were previously acquired in March 2020 as 50,000 ordinary shares from a minority shareholder and exiting employee for a total cost of £260,000, however following the 5:1 share restructure in April 2021 noted above, the Group's holding increased to 250,000 ordinary shares. The terms of the call option arrangement allowed Paladin to buy-back the 250,000 shares from the Group at a fixed price of £1.0452 per share (£261,300). On 24 May 2021, pursuant to the Option Notice being served, the Group received £26,130 as consideration for the part disposal of 25,000 shares, after which the shares were cancelled. On 17 June 2021 a further Option Notice was received in relation to the remaining 225,000 shares held under the aforementioned call option arrangement and on 1 July 2021 the Group received £235,170 as consideration for these shares, after which the shares were cancelled by Paladin. Following the exercise of the call option and the subsequent cancellation of the shares, the Group's equity holding in Paladin decreased from 49.16% as at 31 January 2021 to 47.06% as at 31 January 2022, including the 5.88% relating to the shares held under option. The Group envisages that this shareholding will reduce over time as the options are exercised.

On 18 May 2021 the Group agreed to extend the repayment date of the £1,500,000 loan 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 cancelled the remaining undrawn £500,000 loan facility, reducing the total agreed loan facility from £2,000,000 to £1,500,000 with effect from 1 May 2021. As at 31 January 2022 total loans of £1,500,000 were outstanding from LEBC, with no remaining undrawn facility.

Group Strategic Report
continued

On 30 July 2021 Stewart Specialty Risk Underwriting Ltd ("SSRU") repaid its remaining CAD 300,000 (£172,061) outstanding loan with the Group in full, which was 18 months earlier than originally expected.

On 31 August 2021 ATC Insurance Solutions PTY Limited ("ATC"), acquired 100% of MB Prestige Holdings PTY Limited ("MB") (both being investee companies of the Group) for total consideration of AUD 17,000,000. As part of this transaction the Group sold its entire 40% stake in MB for consideration of AUD 6,800,008 (£3,611,071), for which the Group received newly issued shares in ATC. The Group also received £18,602 in cash, representing the working capital adjustment payable following the completion accounts being finalised. Total consideration for the sale therefore amounted to £3,629,673. This represented a realised gain of £392,673 (Note 13) above the Group's carrying value of MB as at 31 January 2021 of £3,237,000 and an overall gain of £3,149,967 above the cost of investment.

On 31 August 2021, and as outlined above, AUD 6,800,008 (£3,611,071) of the consideration received from the disposal of the Group's equity investment in MB was in the form of newly issued shares in ATC. Following the effective reinvestment of the non-cash proceeds from the sale of MB, the Group's equity investment in ATC increased from 20% to 25.56%.

On 20 September 2021 the Group provided Lilley Plummer Holdings Limited ("Lilley Plummer") with a loan facility of £300,000 to assist with its working capital requirements for continued growth. £200,000 of the loan facility was drawn down on 21 September 2021 and remained outstanding as at 31 January 2022, with a remaining undrawn facility of £100,000 (Note 21).

On 8 October 2021 Kentro, formerly known as Nexus (refer to Note 24), repaid in full its £4,000,000 loan outstanding with the Group as part of a fundraising and refinancing exercise, having secured a new £70,000,000 banking facility from Barings LLC. As part of the refinancing, Kentro also repaid its existing £40,000,000 loan facility with HPS Investment Partners LLC.

Following the aforementioned loan repayment, on 8 October 2021 the Group acquired a further 100,000 ordinary shares (2.49% equity stake) in Kentro from a founding non-management shareholder for consideration of £4,000,000. This increased the Group's fully diluted equity investment in Kentro to 19.18% at the time of investment. As at 31 January 2022 the Group's shareholding in Kentro was 19.34% (19.05% diluted).

On 16 November 2021 the Group agreed to sell its entire 30% existing ownership interest and outstanding debt in Mark Edward Partners LLC ("MEP") to MEP's founder member, and majority shareholder, Mark Freitas for consideration of USD 1,500,000 (£1,116,603). During the year to 31 January 2019 the Group's USD 6,000,000 (£4,572,822) equity investment in MEP together with USD 2,600,000 (£2,045,032) of loans outstanding were fully provided against within the Group's Consolidated Statement of Financial Position. As per the sale agreement, the consideration for the disposal has been attributed to the outstanding loan of USD 2,600,000 and has therefore been treated as a loan repayment (refer to Note 24) and reflected within the Consolidated Statement of Comprehensive Income as a release of provision.

On 19 November 2021 Paladin repaid £2,000,000 of its total outstanding loans with the Group of £5,096,500, having secured a new loan facility of £3,000,000 with Coutts & Co ("Coutts"). The remaining £1,000,000 of Paladin's new loan facility with Coutts will be used to fund further growth. As at 31 January 2022 total loans outstanding to the Group amounted to £3,096,500, with no undrawn facility remaining (refer to Note 24).

On 13 October 2021 the Group repaid £550,000 of its outstanding loan due to Brian Marsh Enterprises Limited ("BME") of £1,000,000. On 29 November 2021 the Group repaid the remaining £450,000 outstanding to BME. On 29 January 2022 the loan facility ended (refer to Note 17).

On 21 December 2021 the Group sold its entire 40.5% equity holding in Walsingham Motor Insurance Limited ("WMIL") for consideration of £4,654,119. WMIL was acquired by Humn.ai Limited ("Humn"), a London-based insurance provider producing real-time data-driven fleet insurance. The Group also disposed of its 20% equity holding in Walsingham Holdings Limited ("WHL"), which was liquidated as part of the transaction and resulted in further cash proceeds of £209,893 payable to the Group post year end. The Group also received full repayment of its outstanding loan with WHL of £285,975 on completion. Total equity consideration receivable (including deferred amounts due) for the combined disposals of WMIL and WHL therefore amounted to £4,864,012. This represented a realised gain of £2,544,012 (Note 13) above the Group's combined carrying value of WMIL and WHL as at 31 January 2021 of £2,320,000 and an overall gain of £4,263,712 above the cost of investment. Since 31 January 2022 the Group has received the deferred consideration amounts due in respect of its disposals of WMIL and WHL amounting to £215,983 (£6,089 in respect of WMIL and £209,893 in respect of WHL), which were included within 'Trade and other receivables' within the Consolidated Statement of Financial Position as at 31 January 2022 (refer to Note 15).

Financial performance summary

The table below summarises the Group's financial results and key performance indicators for the year to 31 January 2022.

	Year to/as at 31 January 2022	Year to/as at 31 January 2021
Net asset value	£166.6m	£149.9m
Net asset value per share – undiluted	462.7p	416.4p
Net asset value per share – diluted	455.6p	416.4p
Profit on ordinary activities before tax	£19.4m	£13.7m
Dividend per share paid	2.44p	2.22p
Total shareholder return (including dividends)	£17.6m	£13.8m
Total shareholder return on opening shareholders' funds	11.7%	10.1%
Net cash from operating activities (net of equity investments, realisations and loans)	£1.5m	£0.6m
Equity cash investment for the year	£8.0m	£2.4m
Realisations (net of disposal costs)	£8.8m	-
Loans issued in the year	£0.3m	£1.1m
Loans repaid by investee companies in the year	£8.1m	£2.9m
Cash funds at end of year	£8.6m	£0.7m
Borrowing/Gearing	£Nil	£1.0m

Group Strategic Report
continued

The Group had a strong year, delivering an increase in the Net Asset Value of £16.7m (2021: £13.0m). At 31 January 2022 the Net Asset Value of the Group was £166.6m which equates to 462.7p per share undiluted (2021: £149.9m, or 416.4p per share). On a diluted basis this equates to 455.6p per share (2021: 416.4p per share). This equates to an increase in Net Asset Value of 11.1% (2021: 9.5%) for the year undiluted.

The Net Asset Value of £166.6m at 31 January 2022 represents a total increase in Net Asset Value of £137.4m 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 8.4% in Group Net Asset Value after running costs, realisations, losses, distributions and corporation tax since flotation and 11.6% since 1990.

Covid-19 and Ukraine conflict impact assessment

The financial statements to 31 January 2022 include the impact of Covid-19. Overall performance within the investment portfolio increased throughout the financial year as Covid-19 restrictions were reduced or withdrawn.

The financial statements to 31 January 2022 do not include any impact of the conflict in Ukraine. This is because the conflict was a specific, defined event which occurred on 24 February 2022, i.e. after the end of the reporting period, and the significant sanctions imposed by the international community were a direct response to that situation. As such it has been determined that this is to be treated as a non-adjusting post-balance sheet event.

Whilst there has been price inflation which has led to interest rate increases, and volatility within foreign exchange currency rates, certain investments within the Group's portfolio have seen premium rate increases and thus increased commission. Therefore at the current time the Group does not consider the conflict in Ukraine to have had a material impact upon the Group.

Investment performance

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

31 January 2021 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2021 valuation	31 January 2022 valuation
£131.0m	£8.0m	£(8.8)m	£130.2m	£149.3m

This equates to an increase in the portfolio valuation of 14.7% (2021: 10.9%).

The Group invested a total of £8.0m in equity in the portfolio during the year (2021: £2.4m). £4.0m was invested to acquire further shares in Kentro and £0.4m as part of deferred consideration to acquire shares in Paladin. £3.6m of the equity investment in the year related to the Group's sale of MB, which was used to acquire new shares in ATC and was a non-cash investment.

In addition, the Group provided £0.3m of loans (2021: £1.1m) as follow-on funding to two investee companies to provide working capital for strategic hires and product development.

There were £8.8m of investment realisations during the year (2021: £Nil). £4.9m was realised from the disposal of the Group's holdings in WMIL and WHL, £3.6m from the sale of MB and £0.3m from the sale of shares in Paladin.

£8.1m of loan repayments were made to the Group by investee companies (2021: £2.9m) of which £4.0m was received from Kentro which was subsequently invested in further equity, £2.0m from Paladin and £1.1m from MEP, with the remainder from four investee companies.

Operating income

Net gains from investments were £20.2m (2021: £12.9m), a 56.9% increase over the previous year. This included £2.9m in realised gains from the sale of the Group's interests in WMIL and WHL and £1.1m received in cash from MEP for a loan that was previously provided against in full. £16.2m related to the revaluation of the investment portfolio at 31 January 2022 (2021: £12.9m).

Overall, income from investments decreased by £0.4m, or 9.5% to £4.1m (2021: £4.5m). The reduction was primarily due to receiving lower interest income on loans made to the portfolio, which decreased by 14.1% to £1.1m (2021: £1.3m) which was due to a net £7.8m of loans being repaid. Whilst this led to reduced income, it significantly enhanced the Group's liquidity.

Operating expenses

Operating expenses increased by £1.2m, or 32.7% during the year to £4.8m (2021: £3.6m). This included £0.8m of one-off expenses compared to the prior year. Excluding these, expenses rose by 11.1% as lockdown restrictions eased and the Group commenced a return to normal operations.

Profit on ordinary activities

The consolidated profit on ordinary activities after taxation increased by 27.4% to £17.5m (2021: profit of £13.7m).

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including realised gains in cash, but excluding unrealised investment activity (unrealised gains on equity and provision against loans receivable from investee companies), this was achieved with a pre-tax profit of £3.2m for the year (2021: £0.9m).

Liquidity

Cash funds at 31 January 2022 were £8.6m (2021: £0.7m) and the Group was debt free (2021: £1.0m of loans borrowed). A net £7.8m of loans to the investment portfolio were repaid during the year (2021: £1.8m net repaid). These funds enabled the Group to repay the £1.0m loan, part of a £3.0m loan facility with BME, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder, and be debt free by the year end. This loan facility ended on 29 January 2022.

Of note, since the year-end the sale of Summa Insurance Brokerage S.L. ("Summa") completed whereby the Group received equity proceeds of £8.1m and the outstanding loan to Summa of £1.5m repaid, and the Group completed a new investment in Denison and Partners. Currently the Group has

Group Strategic Report
continued

cash funds of £14.7m, net of the £2.8m follow-on investment into XPT that was agreed on 1 June 2022.

Dividend
The Group paid a dividend of £0.9m (or 2.44p per share) during the year, an increase of 10% over the preceding year (2021: £0.8m or 2.22p per share). The 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, and the dividend represented a distribution of 100% of the underlying realised profits of the Group for the year to 31 January 2021. The Group has proposed a dividend of £1.0m (or 2.78p per share), and aspires to maintain the same level of distribution for the next two years, which represents almost 100% of the underlying realised profits for the year to 31 January 2022.

Total shareholder return for the year was therefore 11.7% (2021: 10.1%) including the dividend payment and the Net Asset Value increase.

Diluted NAV per share
The Net Asset Value per share at 31 January 2022 is 462.7p (2021: 416.4p). A long-term share incentive plan for certain directors and employees of the Group matured on 12 June 2021, and 1,461,302 shares are held within an Employee Benefit Trust. Whilst they 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 (noting that the participants only benefit from a sale in excess of 312.6p per share), the Group would be entitled to receive £4,106,259 and these shares would then become entitled to voting and dividend rights and therefore these shares would become dilutive. Overall, this would therefore dilute the Net Asset Value per share as at 31 January 2022 to 455.6p.

Financial Risk Management

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

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

As at 31 January 2022 the Group was debt free (31 January 2021: the Group owed £1.0m in loans). Refer to Notes 17 and 24 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 seven 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 90% of net assets at 31 January 2022 (2021: 87%). 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.

Environmental, Social and Governance ("ESG") Committee

The ESG Committee (established on 2 December 2021) is responsible for developing and reviewing the strategies, policies and performance of the Company in relation to environmental, social and governance matters and suggesting ways to drive improvement in these areas. The Committee is also responsible for establishing an appropriate ESG strategy that is integrated with the Company's core business strategy and that this strategy is embedded across the Group, continues to evolve and is aligned to the culture and values of the Company.

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.

Group Strategic Report
continued

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.

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 2022, the Group did not have any interest bearing liabilities but did have 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.

Currency risk

In terms of financial risk, the Group 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 26).

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. Since early 2022 our employees have returned to working in the office on a near full-time basis.

Ukraine conflict risk

The Group is exposed to the risks associated with the conflict in Ukraine, which intensified on 24 February 2022. Since then, the Board has been continually assessing the potential impact of the intensifying military action and associated significant economic sanctions imposed by the international community, and the potential impact on

Group Strategic Report
continued

the Group and its underlying investments. Whilst the Group does not have any direct investment in the affected region, the impact on the wider global economy and associated disruption to capital markets, foreign exchange volatility, price inflation and supply chain issues could affect both the Group's operations and those of its investment portfolio, which could, in turn, impact the future performance of the Group. Refer to page 48 for further details of the Directors' assessment of the impact of the conflict in Ukraine.

Further analysis of the Group's sensitivity to certain risks outlined above is set out in Note 26 'Financial Risk Management'.

Environmental, Social and Governance ("ESG") Reporting

The Group is exempt from the requirements of the Regulation 7, Part 2 – Amendments to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, to report on its energy and carbon consumptions.

ESG Statement

What we used to consider as Corporate Social Responsibility has, in recent years, evolved into Environmental, Social and Governance (ESG) and we are pleased to take the opportunity to bring this matter to the forefront of the Company's focus. In December 2021 the Group established an ESG Committee, chaired by Dan Topping, the Group's Chief Investment Officer, and the Committee has since been engaged in creating a roadmap for the Board to meet its obligations in shaping a brighter future for society, and the planet that we all share, in line with its overall corporate strategy.

The Committee is in the process of considering the next steps that will be taken on B.P. Marsh's ESG journey. As a small team with a limited direct footprint, we are acutely aware of the constraints of our impact purely on a per capita basis. Therefore, whilst we will continue to internally implement measures to use fewer resources to reduce our corporate environmental impact and to encourage greater societal good, we feel that our greatest tool in targeting these goals is to act via who we choose to partner with in terms of suppliers and initiatives within our portfolio entities. Accordingly, the Group is in the process of conducting an audit into our existing suppliers and partners, in order to identify and prioritise businesses which align themselves with our ESG values.

Whilst we are not in a position to give a full report on the Company's ESG initiatives and targets and its plans to meet these within this year's report, we are enthusiastic about the ongoing work that is being done in this area and this is something that we look forward to reporting on in further detail in our annual report for the year ending 31 January 2023.

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.

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.

Group Strategic Report
continued

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 in all its forms together with 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 medical insurance and the opportunity to have annual 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 worked from home when required and were 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 ensured that regular departmental calls and online meetings continued to take place during lockdown. Since early 2022 our employees have returned to working in the office on a near full-time basis.

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. This objective was achieved through growing the Net Asset Value from £149.9m to £166.6m over the year.

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. 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. During the second half of the year the Group made three successful realisations and it has subsequently made a further realisation post year end (refer to Note 25) which have provided the Group with significant funds to both repay its outstanding loan of £1.0m with Brian Marsh Enterprises Limited ("BME"), a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder, and also finance future investment opportunities. Following the Group's repayment of the BME loan during the year, the £3.0m loan facility ended and no amounts were owed at the year end (refer to Note 17).

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 39 (2021: 52) during the year. There was an unusually larger number of high value invoices at 31 January 2021 which skewed the prior year 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 for 2021 was comparable with the current 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 the Ukraine conflict, and following a review of the Group's forecasts for 2023 and 2024 including cash flows, 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
10 June 2022

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 2022 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 UK-adopted international accounting standards 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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; 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 2024 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 and the Ukraine conflict 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, unless the investments are held for resale, in which case they are shown under 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 International Financial Reporting Standard ("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 13 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, on a sample basis we would typically have:

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

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

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 UK-adopted international accounting standards. 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 £1,600,000 (2021: £1,500,000) 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 £160,000 (2021: £90,000) 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 2022 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% (2021: 75%) of our planning materiality, namely £1,200,000 (2021: £1,125,000) for unrealised investment related items and £120,000 (2021: £68,000) 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 £1,600,000 for unrealised investment related items and £160,000 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 £80,000 (2021: £75,000) for unrealised investment related items and £8,000 (2021: £4,500) 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 (2021: 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 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:

- discussing 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

10 June 2022

Consolidated Statement of Comprehensive Income

for the year ended 31 January 2022

	Notes	£'000	2022 £'000	£'000	2021 £'000
Gains on investments	1				
Realised gains on disposal of equity investments (net of costs)	13	2,938		–	
Release of provision made against equity investments and loans	14,15	1,117		37	
Unrealised gains on equity investment revaluation	12	16,204		12,877	
			20,259		**12,914**
Income					
Dividends	1,24	1,903		1,999	
Income from loans and receivables	1,24	1,092		1,271	
Fees receivable	1,24	1,082		1,234	
			4,077		**4,504**
Operating income	2		**24,336**		**17,418**
Operating expenses		(4,770)		(3,595)	
	2		**(4,770)**		**(3,595)**
Operating profit			**19,566**		**13,823**
Financial income	2,4	–		3	
Financial expenses	2,3	(78)		(67)	
Exchange movements	2,8	(93)		(24)	
			(171)		**(88)**
Profit on ordinary activities before taxation	8		**19,395**		**13,735**
Income taxes	9		(1,911)		(14)
Profit on ordinary activities after taxation attributable to equity holders	19		**£17,484**		**£13,721**
Total comprehensive income for the year	19		**£17,484**		**£13,721**
Earnings per share – basic (pence)	10		48.6p		38.2p
Earnings per share – diluted (pence)	10		47.3p		38.2p

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 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Assets					
Non-Current Assets					
Property, plant and equipment	11	96	123	–	–
Right-of-use asset	20	836	1,001	–	–
Investments – equity portfolio	12	141,245	130,951	134,490	122,748
Investments – subsidiaries	12	–	–	32,187	27,277
Loans and receivables	14	7,231	15,833	4,106	4,058
		149,408	**147,908**	**170,783**	**154,083**
Current Assets					
Investments – Assets held for sale	12	8,104	–	–	–
Trade and other receivables	15	4,974	4,398	–	–
Cash and cash equivalents		8,628	709	8	8
Total Current Assets		**21,706**	**5,107**	**8**	**8**
Total Assets		**171,114**	**153,015**	**170,791**	**154,091**
Liabilities					
Non-Current Liabilities					
Lease liabilities	20	(772)	(939)	–	–
Deferred tax liabilities	16	(1,898)	–	–	–
Total Non-Current Liabilities		**(2,670)**	**(939)**	**-**	**-**
Current Liabilities					
Trade and other payables	17	(1,670)	(1,010)	–	–
Lease liabilities	20	(167)	(159)	–	–
Loans and other payables	17	–	(1,000)	–	–
Total Current Liabilities	17	**(1,837)**	**(2,169)**	**-**	**-**
Total Liabilities		**(4,507)**	**(3,108)**	**-**	**-**
Net Assets		**£166,607**	**£149,907**	**£170,791**	**£154,091**
Capital And Reserves – Equity					
Called up share capital	18	3,747	3,747	3,747	3,747
Share premium account	19	29,342	29,349	29,342	29,349
Fair value reserve	19	84,975	70,573	132,347	120,605
Reverse acquisition reserve	19	393	393	–	–
Capital redemption reserve	19	7	7	7	7
Capital contribution reserve	19	72	64	–	–
Retained earnings	19	48,071	45,774	5,348	383
Shareholders' Funds – Equity	19	**£166,607**	**£149,907**	**£170,791**	**£154,091**
Net asset value per share – undiluted (pence)	10	**462.7p**	**416.4p**	**455.9p**	**411.3p**
Net asset value per share – diluted (pence)	10	**455.6p**	**416.4p**	**455.9p**	**411.3p**

The Financial Statements were approved by the Board of Directors and authorised for issue on 10 June 2022 and signed on its behalf by:

B.P. Marsh & J.S. Newman

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

Consolidated Statement of Cash Flows
for the year ended 31 January 2022

	Notes	2022 £'000	2021 £'000
Cash from / (used by) operating activities			
Income from loans to investee companies		1,092	1,271
Dividends		1,903	1,999
Fees received		1,082	1,234
Operating expenses		(4,770)	(3,595)
Net corporation tax (paid) / repaid		(13)	234
Purchase of equity investments	12	(8,011)	(2,408)
Net proceeds from sale of equity investments	12,13	8,755	–
Net repayment of loans from investee companies		7,837	1,796
Adjustment for non-cash share incentive plan		94	114
Exchange movement		(35)	(81)
Decrease / (increase) in receivables		1,248	(954)
Increase in payables		660	134
Depreciation and amortisation	11,20	198	205
Net cash from / (used by) operating activities		**10,040**	**(51)**
Net cash used by investing activities			
Purchase of property, plant and equipment	11	(6)	(5)
Net cash used by investing activities		**(6)**	**(5)**
Net cash used by financing activities			
(Repayment) / advances of borrowings	17	(1,000)	1,000
Financial income	4	–	3
Financial expenses	3	(78)	(67)
Net decrease in lease liabilities	20	(159)	(160)
Dividends paid	7	(878)	(798)
Net cash used by financing activities		**(2,115)**	**(22)**
Change in cash and cash equivalents		7,919	(78)
Cash and cash equivalents at beginning of the year		709	787
Cash and cash equivalents at end of year		**£8,628**	**£709**

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.

Parent Company Statement of Cash Flows

for the year ended 31 January 2022

	Notes	2022 £'000	2021 £'000
Cash from operating activities			
Dividends received from subsidiary undertakings		5,750	798
Net cash from operating activities		**5,750**	**798**
Net cash used by financing activities			
(Increase) / decrease in amounts owed by group undertakings		(4,910)	5
Adjustment relating to non-cash items		38	(5)
Dividends paid	7	(878)	(798)
Net cash used by financing activities		**(5,750)**	**(798)**
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 2022

		Group		Company
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening total equity	149,907	136,870	154,091	141,054
Comprehensive income for the year	17,484	13,721	17,492	13,743
Dividends paid	(878)	(798)	(878)	(798)
Share incentive plan	94	114	86	92
Total Equity	**£166,607**	**£149,907**	**£170,791**	**£154,091**

Refer to Note 19 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 2022

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 2022 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 UK-adopted international accounting standards, 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 UK-adopted international accounting standards 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 2022, 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 Consolidated 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 £17,491,719, prior to a dividend distribution of £878,282 (2021: profit of £13,743,101 prior to a dividend distribution of £798,353).

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

On 12 June 2021 (the "vesting date") the performance criteria were met, after which the members of the scheme became joint beneficial owners of the shares and therefore became 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 Employee Benefit 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. Whilst 254,414 shares out of 1,461,302 held within the Employee Benefit Trust have been forfeited by departing employees, the trust remains the owner of these shares.

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:

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

Investments – equity portfolio continued

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

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

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

Notes to the consolidated financial statements
continued

1. Accounting Policies continued

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

Financial assets and liabilities
Financial instruments are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. De-recognition occurs when rights to cash flows from a financial asset expire, or when a liability is extinguished.

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

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

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

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

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

2. Segmental Reporting

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

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

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

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

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

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

	Geographic segment 1: UK		Geographic segment 2: Non-UK		Group	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Operating income	**6,844**	**6,892**	**17,492**	**10,526**	**24,336**	**17,418**
Operating expenses	(2,242)	(2,122)	(2,528)	(1,473)	(4,770)	(3,595)
Segment operating profit	**4,602**	**4,770**	**14,964**	**9,053**	**19,566**	**13,823**
Financial income	–	2	–	1	–	3
Financial expenses	(37)	(40)	(41)	(27)	(78)	(67)
Exchange movements	(40)	(57)	(53)	33	(93)	(24)
Profit before tax	**4,525**	**4,675**	**14,870**	**9,060**	**19,395**	**13,735**
Income taxes	–	–	(1,911)	(14)	(1,911)	(14)
Profit for the year	**£4,525**	**£4,675**	**£12,959**	**£9,046**	**£17,484**	**£13,721**

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:

Investee Company	Total net operating income attributable to the investee company £'000		% of total realised and unrealised operating income		Reportable geographic segment	
	2022	2021	2022	2021	2022	2021
Kentro Capital Limited	7,755	1,755	32	10	1	1
XPT Group LLC	6,342	2,497	26	14	2	2
Stewart Specialty Risk Underwriting Limited	2,758	3,227	11	19	2	2
ATC Insurance Solutions PTY Limited[1]	2,604	–	11	–	2	–
Walsingham Motor Insurance Limited[1]	2,529	–	10	–	1	–
The Fiducia MGA Company Limited[1]	–	1,824	–	10	–	1

[1] There are no disclosures for The Fiducia MGA Company Limited in the current year as the income derived from this investee company did not exceed the 10% threshold prescribed by IFRS 8. There are also no disclosures shown for ATC Insurance Solutions PTY Limited and Walsingham Motor Insurance Limited in the prior year as the income derived from these investee companies 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	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, plant and equipment	65	84	31	39	96	123
Right-of-use asset	567	680	269	321	836	1,001
Investments – equity portfolio	93,161	88,959	48,084	41,992	141,245	130,951
Loans and receivables	5,633	12,776	1,598	3,057	7,231	15,833
	99,426	**102,499**	**49,982**	**45,409**	**149,408**	**147,908**
Current assets						
Investments – Assets held for sale	–	–	8,104	–	8,104	–
Trade and other receivables	2,770	2,528	2,204	1,870	4,974	4,398
Cash and cash equivalents	8,628	709	–	–	8,628	709
	11,398	**3,237**	**10,308**	**1,870**	**21,706**	**5,107**
Total assets	**110,824**	**105,736**	**60,290**	**47,279**	**171,114**	**153,015**
Non-current liabilities						
Lease liabilities	(523)	(638)	(249)	(301)	(772)	(939)
Deferred tax liabilities	–	–	(1,898)	–	(1,898)	–
	(523)	**(638)**	**(2,147)**	**(301)**	**(2,670)**	**(939)**
Current liabilities						
Trade and other payables	(1,667)	(1,007)	(3)	(3)	(1,670)	(1,010)
Lease liabilities	(113)	(108)	(54)	(51)	(167)	(159)
Loans and other payables	–	(1,000)	–	–	–	(1,000)
	(1,780)	**(2,115)**	**(57)**	**(54)**	**(1,837)**	**(2,169)**
Total liabilities	**(2,303)**	**(2,753)**	**(2,204)**	**(355)**	**(4,507)**	**(3,108)**
Net assets	**£108,521**	**£102,983**	**£58,086**	**£46,924**	**£166,607**	**£149,907**
Additions to property, plant and equipment	4	3	2	2	6	5
Depreciation and amortisation of property, plant and equipment	(134)	(138)	(64)	(66)	(198)	(204)
Release of provision against investments and loans	–	37	1,117	–	1,117	37
Cash flow arising from:						
Operating activities	8,178	(4)	1,862	(47)	10,040	(51)
Investing activities	(6)	(5)	–	–	(6)	(5)
Financing activities	(2,115)	(22)	–	–	(2,115)	(22)
Change in cash and cash equivalents	**6,057**	**(31)**	**1,862**	**(47)**	**7,919**	**(78)**

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 2022 and 2021 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:

	2022	**2021**
	%	**%**
UK	41	42
Non-UK	59	58
Total	**£100**	**£100**

3. Financial Expenses

	2022	**2021**
	£'000	**£'000**
Interest costs on loans and other payables (Note 17)	23	4
Interest costs on lease liability (Note 20)	55	63
	£78	**£67**

4. Financial Income

	2022	**2021**
	£'000	**£'000**
Bank and similar interest	–	3
	£ –	**£3**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 16 (2021: 16); 6 of those are in a management role (2021: 6) and 10 of those are in a support role (2021: 10). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2022	**2021**
	£'000	**£'000**
Wages and salaries	2,992	2,083
Social security costs	418	300
Pension costs	148	129
Other employment costs (Note 23)	76	96
	£3,634	**£2,608**

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 23 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 23 for further details.

Charges of £68,070 (2021: £74,467) relating to the SIP and £7,685 (2021: £21,472) 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:

	2022 £'000	2021 £'000
Management services – remuneration	1,717	1,228
Fees	23	20
Pension contributions – remuneration	63	62
	£1,803	**£1,310**

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 23 for further details.

Of the total 31,210 (2021: 47,044) Free, Matching and Partnership Shares granted under the SIP during the year, 9,363 (2021: 13,515) were granted to directors of the Company.

Of the £7,685 (2021: £21,472) charge relating to the Joint Share Ownership Plan and the £68,070 (2021: £74,467) charge relating to the SIP, £2,643 (2021: £7,382) and £20,421 (2021: £20,309) related to the directors respectively.

Refer to the Report of the Remuneration Committee on pages 35 and 36 and Note 23 for further details.

	2022 £'000	2021 £'000
Highest paid director		
Emoluments	486	327
Pension contribution	24	23
	£510	**£350**

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 (2021: 3) accrued benefits under these defined contribution pension schemes.

The key management personnel comprise only the directors.

7. Dividends

	2022 £'000	2021 £'000
Ordinary dividends		
Dividend paid:		
2.44 pence each on 35,995,156 Ordinary shares (2021: 2.22 pence each on 35,961,836 Ordinary shares)	878	798
	£878	**£798**

In the current year a total dividend of £5,752 (2021: £4,519) was payable on the 235,719 (2021: 203,573) ordinary shares held by the B.P. Marsh SIP Trust ("SIP Trust").

No dividend was payable on the 1,461,302 (2021: 1,461,302) ordinary shares held by the B.P. Marsh Employees' Share Trust ("Share Trust") under the Joint Share Ownership Plan and on 9,542 ordinary shares held in Treasury which were unallocated at the dividend record date (2021: 42,862).

8. Profit on Ordinary Activities Before Taxation

The profit for the year is arrived at after charging:

	2022 £'000	2021 £'000
Depreciation and amortisation of property, plant & equipment, and right-of-use asset	198	204
Auditor's remuneration :-		
Audit fees for the Company	31	28
Other services:		
Audit of subsidiaries' accounts	17	17
Taxation	14	11
Other advisory	36	8
Exchange loss	93	24

9. Income Tax Expense

	2022 £'000	2021 £'000
Current tax:		
Current tax on profits for the year	13	5
Adjustments in respect of prior years	–	9
Total current tax	**13**	**14**
Deferred tax (Note 16):		
Origination and reversal of temporary differences	1,898	–
Total deferred tax	**1,898**	**–**
Total income taxes charged in the Consolidated Statement of Comprehensive Income	**£1,911**	**£14**

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £'000	2021 £'000
Profit before tax	**19,395**	**13,735**
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	3,685	2,610
Tax effects of:		
Expenses not deductible for tax purposes	22	29
Withholding tax suffered at source on overseas income	13	14
Non-taxable capital gains on disposal of investments	(518)	–
Other effects:		
Non-taxable income (dividends received)	(362)	(380)
Non-taxable income (unrealised gains on equity portfolio revaluation)	(1,181)	(2,447)
Management expenses unutilised	252	188
Total income taxes charged in the Consolidated Statement of Comprehensive Income	**£1,911**	**£14**

There are no factors which may affect future tax charges.

Notes to the consolidated financial statements
continued

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

	2022 £'000	2021 £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share being total comprehensive income attributable to equity shareholders	17,484	13,721
Earnings per share – basic	48.6p	38.2p
Earnings per share – diluted	47.3p	38.2p

Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings per share	35,988,766	35,948,587
Number of dilutive shares under option	1,461,302	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	36,925,601	35,948,587

No share repurchases were undertaken during both the current and prior year.

Ordinary shares held by the Company in Treasury

Movement of ordinary shares held in Treasury:

	2022 Number	2021 Number
Opening total ordinary shares held in Treasury at 1 February	42,862	85,058
Ordinary shares transferred to the B.P. Marsh SIP Trust during the year	(33,320)	(42,196)
Total ordinary shares held in Treasury at 31 January	**9,542**	**42,862**

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

On 12 June 2021 (the "vesting date") the performance criteria were met for 1,206,888 of 1,461,302 shares held under joint share ownership arrangements (Note 23) within an Employee Benefit Trust, after which the members of the scheme became joint beneficial owners of the shares and therefore became entitled to any gain on sale of the shares in excess of 312.6 pence per share. There were 254,414 shares where the performance criteria were not met on the vesting date that remain unallocated within the Employee Benefit Trust.

The weighted average number of shares used for the purposes of calculating the basic earnings per share, net asset value and net asset value per share of the Group excludes the 1,461,302 shares held within the Employee Benefit Trust as these shares do not have voting rights or dividend rights whilst they are held within this 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 undiluted net asset value per share is 462.7 pence for the Group. When the joint share ownership arrangements are eventually exercised, although this would increase the number of shares in issue entitled to voting and dividend rights, this would also increase the Group's net asset value by £4,106,259. The diluted net asset value per share is therefore 455.6 pence.

The diluted weighted average number of ordinary shares at 31 January 2022 has been calculated by proportioning the 1,461,302 shares held under joint share ownership arrangements from the vesting date over the year.

The increase to the weighted average number of ordinary shares between 2021 and 2022 is mainly attributable to the inclusion of the 33,320 ordinary shares transferred from Treasury to the SIP Trust during the year that have been treated as re-issued for the purposes of calculating earnings per share.

13,330 ordinary shares (comprising 11,336 of the 33,320 ordinary shares transferred from Treasury to the SIP Trust in April 2021 together with 1,994 of unallocated ordinary shares forfeited by a departing employee during the year to 31 January 2021) were allocated to the participating employees as Free shares under the share incentive plan arrangement on 12 April 2021 (Note 23).

A further 17,880 ordinary shares (also part of the 33,320 ordinary shares transferred from Treasury to the SIP Trust in April 2021) were allocated to the participating employees as Matching and Partnership shares under the share incentive plan arrangement on 21 June 2021 (Note 23).

11. Property, Plant and Equipment

Group

	Furniture and Equipment £'000	Leasehold Fixtures and Fittings and Others £'000	Total £'000
Cost			
At 1 February 2020	137	152	289
Additions	5	–	5
Disposals	(5)	–	(5)
At 31 January 2021	**137**	**152**	**289**
At 1 February 2021	137	152	289
Additions	6	–	6
Disposals	(1)	–	(1)
At 31 January 2022	**142**	**152**	**294**
Depreciation			
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**
At 1 February 2021	102	64	166
Eliminated on disposal	(1)	–	(1)
Charge for the year	18	15	33
At 31 January 2022	**119**	**79**	**198**
Net book value			
At 31 January 2022	**23**	**73**	**96**
At 31 January 2021	35	88	123
At 31 January 2020	48	103	151

Notes to the consolidated financial statements
continued

12. Investments – Equity Portfolio

Group

	Shares in investee companies		
	Continuing investments	Current Assets – Investments held for sale	Total
	£'000	£'000	£'000
At valuation			
At 1 February 2020	115,666	–	115,666
Additions	2,408	–	2,408
Disposals	–	–	–
Provisions	–	–	–
Unrealised gains in this period	12,877	–	12,877
At 31 January 2021	**£130,951**	**£ -**	**£130,951**
At 1 February 2021	130,951	–	130,951
Transfers between categories	(7,435)	7,435	–
Additions	8,011	–	8,011
Disposals	(5,817)	–	(5,817)
Provisions	–	–	–
Unrealised gains in this period	15,535	669	16,204
At 31 January 2022	**£141,245**	**£8,104**	**£149,349**
At cost			
At 1 February 2020	57,970	–	57,970
Additions	2,408	–	2,408
Disposals	–	–	–
Provisions	–	–	–
At 31 January 2021	**£60,378**	**£ -**	**£60,378**
At 1 February 2021	60,378	–	60,378
Transfers between categories	(6,096)	6,096	–
Additions	8,011	–	8,011
Disposals	(5,913)	–	(5,913)
Provisions	–	–	–
At 31 January 2022	**£56,380**	**£6,096**	**£62,476**

The additions relate to the following transactions in the year:

The Group paid £200,000 on 8 March 2021 and on 8 September 2021 in relation to deferred consideration due to a former minority shareholder in Paladin Holdings Limited ("Paladin"). The payments represented the second and final tranches of consideration due in respect of 250,000 ordinary shares in Paladin acquired from the minority shareholder in August 2020 for initial consideration of £400,000. These shares are being held by the Group under a call option arrangement which Paladin can call at any time up to 24 August 2026 and buy back from the Group for £804,000. These shares were originally acquired as 50,000 ordinary shares, however the Group's holding increased to 250,000 ordinary shares by way of a 5:1 share restructure which Paladin undertook on 15 April 2021. As at 31 January 2022 total consideration paid by the Group in respect of these shares amounted to £800,000, with no further consideration payable.

On 31 August 2021, and as outlined under the disposal transactions below, as part of the transaction whereby ATC Insurance Solutions PTY Limited ("ATC") acquired 100% of MB Prestige Holdings PTY Limited ("MB"), including the Group's entire 40% equity stake in MB, AUD 6,800,008 (£3,611,071) of the consideration received from the disposal of the Group's equity investment in MB was in the form of newly issued shares in ATC. Following the effective reinvestment of the non-cash proceeds from the sale of MB, the Group's equity investment in ATC increased from 20% to 25.56%.

On 8 October 2021 the Group acquired a further 100,000 ordinary shares (2.49% equity stake) in Kentro Capital Limited ("Kentro") from a founding non-management shareholder for consideration of £4,000,000. This increased the Group's fully diluted equity investment in Kentro to 19.18% at the time of investment. As at 31 January 2022 the Group's shareholding in Kentro was 19.34% (19.05% diluted).

The disposals relate to the following transactions in the year:

On 12 May 2021 the Group received an Option Notice in relation to 25,000 of its 250,000 ordinary shares in Paladin which were being held by the Group under a three-year call option arrangement that Paladin could call at any time. These shares were previously acquired in March 2020 as 50,000 ordinary shares from a minority shareholder and exiting employee for a total cost of £260,000, however following the 5:1 share restructure in April 2021 noted above, the Group's holding increased to 250,000 ordinary shares. The terms of the call option arrangement allowed Paladin to buy-back the 250,000 shares from the Group at a fixed price of £1.0452 per share (£261,300). On 24 May 2021, pursuant to the Option Notice being served, the Group received £26,130 as consideration for the part disposal of 25,000 shares, after which the shares were cancelled. On 17 June 2021 a further Option Notice was received in relation to the remaining 225,000 shares held under the aforementioned call option arrangement and on 1 July 2021 the Group received £235,170 as consideration for these shares, after which the shares were cancelled by Paladin. Following the exercise of the call option and the subsequent cancellation of the shares, the Group's equity holding in Paladin decreased from 49.16% as at 31 January 2021 to 47.06% as at 31 January 2022.

On 31 August 2021 ATC acquired 100% of MB (both being investee companies of the Group) for total consideration of AUD 17,000,000. As part of this transaction the Group sold its entire 40% stake in MB for consideration of AUD 6,800,008 (£3,611,071), for which the Group received newly issued shares in ATC. The Group also received £18,602 in cash, representing the working capital adjustment payable following the completion accounts being finalised. Total consideration for the sale therefore amounted to £3,629,673. This represented a realised gain of £392,673 (Note 13) above the Group's carrying value of MB as at 31 January 2021 of £3,237,000 and an overall gain of £3,149,967 above the cost of investment.

On 16 November 2021 the Group agreed to sell its entire 30% existing ownership interest and outstanding debt in Mark Edward Partners LLC ("MEP") to MEP's founder member, and majority shareholder, Mark Freitas for consideration of USD 1,500,000 (£1,116,603). During the year to 31 January 2019 the Group's USD 6,000,000 (£4,572,822) equity investment in MEP together with USD 2,600,000 (£2,045,032) of loans outstanding were fully provided against within the Group's Consolidated Statement of Financial Position. As per the sale agreement, the consideration for the disposal has been attributed to the outstanding loan of USD 2,600,000 and has therefore been treated as a loan repayment and reflected within the Consolidated Statement of Comprehensive Income as a release of provision. However, the original cost of investment of £4,572,822 has been included in the above table within the disposals at cost and the associated transfer of unrealised losses to realised losses has been reflected within the Statement of Changes in Equity (Note 19) under 'Net transfers on disposal of investments' as a transfer from the Fair Value Reserve to Retained Earnings.

Notes to the consolidated financial statements
continued

12. Investments – Equity Portfolio continued

Group continued
On 21 December 2021 the Group sold its entire 40.5% equity holding in Walsingham Motor Insurance Limited ("WMIL") for consideration of £4,654,117. WMIL was acquired by Humn.ai Limited ("Humn"), a London-based insurance provider producing real-time data-driven fleet insurance. The Group also disposed of its 20% equity holding in Walsingham Holdings Limited ("WHL"), which was liquidated as part of the transaction and resulted in further cash proceeds of £209,893 payable to the Group post year end. The Group also received full repayment of its outstanding loan with WHL of £285,975 on completion. Total equity consideration receivable (including deferred amounts due) for the combined disposals of WMIL and WHL therefore amounted to £4,864,010. This represented a realised gain of £2,544,010 (Note 13) above the Group's combined carrying value of WMIL and WHL as at 31 January 2021 of £2,320,000 and an overall gain of £4,263,710 above the cost of investment. Since 31 January 2022 the Group has received the deferred consideration amounts due in respect of its disposals of WMIL and WHL amounting to £215,983 (£6,089 in respect of WMIL and £209,893 in respect of WHL), which were included within 'Trade and other receivables' within the Consolidated Statement of Financial Position as at 31 January 2022 (refer to Note 15).

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

Name of company	% holding of share capital	Date information available to	Aggregate capital and reserves £	Post tax profit/(loss) for the year £	Principal activity
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	31.05.21	2,208,110	173,422	Specialist reinsurance broker
ATC Insurance Solutions PTY Limited	25.56	30.06.21	5,238,361	2,158,688	Specialist Australian Managing General Agency
Criterion Underwriting Pte Limited[1]	29.40	–	–	–	Specialist Singaporean Managing General Agency
EC3 Brokers Group Limited	35.00	31.12.20	(9,705,910)	(6,757,003)	Investment holding company
The Fiducia MGA Company Limited	35.18	31.12.20	(1,481,102)	55,518	Specialist UK Marine Cargo Underwriting Agency
Kentro Capital Limited[2]	19.34	31.12.20	22,185,426	(2,791,028)	Specialist Managing General Agency
LEBC Holdings Limited	59.34	30.09.21	5,183,237	992,579	Independent financial advisor company
Lilley Plummer Holdings Limited[3]	30.00	–	–	–	Specialist Marine broker
Neutral Bay Investments Limited	49.90	31.03.21	3,952,778	236,567	Investment holding company
Paladin Holdings Limited[4]	47.06	31.12.20	96,641	374,939	Investment holding company
Sage Program Underwriters, Inc.[5]	30.00	–	–	–	Specialist Managing General Agency
Stewart Specialty Risk Underwriting Limited	30.00	31.12.20	1,627,086	1,512,722	Specialist Canadian Casualty Underwriting Agency
Summa Insurance Brokerage, S.L.	77.25	31.12.20	8,229,763	(46,385)	Consolidator of Spanish regional insurance brokers
XPT Group LLC	28.18	31.12.21	(3,919,412)	(6,927,053)	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 On 22 February 2022, as part of a rebranding exercise, Nexus Underwriting Management Limited rebranded and changed its name to Kentro Capital Limited (Note 25).
3 On 28 July 2021 the Group's 30% investment in Lilley Plummer Risks Limited was rolled up into a newly incorporated holding company, Lilley Plummer Holdings Limited, via a share-for-share exchange. On 10 September 2021 the Group's 30% investment in LPR Insurance Brokers Limited was also rolled up into Lilley Plummer Holdings Limited through a share-for-share exchange. It is expected that the results of both Lilley Plummer Risks Limited and LPR Insurance Brokers Limited will be presented within the consolidated statutory accounts of Lilley Plummer Holdings Limited when these become due.
4 The Group's 47.06% equity investment in Paladin Holdings Limited includes 5.88% 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.
5 Sage Program Underwriters, Inc. is a newly incorporated company. Statutory accounts are not available as these are not yet due.

The Group's 35% equity investments in Bastion Reinsurance Brokerage (PTY) Limited and Bulwark Investment Holdings (PTY) Limited and its 42.5% equity investment in Property and Liability Underwriting Managers (PTY) Limited, all of which are based in South Africa, have not been listed above as they were in the process of being wound up as at 31 January 2022 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 2020	109,804
Additions	–
Unrealised gains in this period	12,944
At 31 January 2021	**£122,748**
At 1 February 2021	122,748
Additions	–
Unrealised gains in this period	11,742
At 31 January 2022	**£134,490**
At cost	
At 1 February 2020	2,143
Additions	–
At 31 January 2021	**£2,143**
At 1 February 2021	2,143
Additions	–
At 31 January 2022	**£2,143**

Notes to the consolidated financial statements
continued

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 UK-adopted international accounting standards 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 2022 £	Profit/(loss) for the year to 31 January 2022 £	Principal activity
B.P. Marsh & Company Limited	100	166,603,313	17,484,033	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	6,099,974	–	Investment holding company – dormant
B.P. Marsh Asset Management Limited	100	1	–	Dormant
B.P. Marsh (North America) Limited[1]	100	5,829,536	5,395,569	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
XPT London Limited	100	2	–	Dormant

[1] At the year end B.P. Marsh (North America) Limited held a 100% economic interest in RHS Midco I LLC, a US registered entity incorporated during the year to 31 January 2018 for the purpose of holding the Group's equity investment in XPT Group LLC. In addition, at the year end B.P. Marsh (North America) Limited also held a 100% economic interest in B.P. Marsh US LLC, a US registered entity, which was incorporated during the year to 31 January 2018. 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 23).

Loans to the subsidiaries of £32,187,221 (2021: £27,277,332) are treated as capital contributions.

13. Realised Gains on Disposal of Equity Investments

The realised gains on disposal of investments comprises of a net gain of £2,937,985.

£1,300 of this net gain is in respect of the Group's disposal of 250,000 ordinary shares (c.5.5% at the time of divestment) in Paladin Holdings Limited ("Paladin") which were held under a call option arrangement, for consideration of £261,300, compared to the fair value of £260,000 at 1 February 2021.

£392,673 of this net gain is in respect of the Group's disposal of its entire 40% investment in MB Prestige Holdings PTY Limited ("MB") at its carrying value of £3,237,000 for consideration of £3,629,673.

£2,407,119 of this net gain is in respect of the Group's disposal of its entire 40.5% investment in Walsingham Motor Insurance Limited ("WMIL") for consideration of £4,654,119, compared to the fair value of £2,247,000 at 1 February 2021.

£136,893 of this net gain is in respect of the capital distribution from liquidating the Group's 20% investment in Walsingham Holdings Limited ("WHL") for consideration of £209,893, compared to the fair value of £73,000 at 1 February 2021.

In aggregate, the above disposals resulted in a net release of previously unrealised gains to Retained Earnings from the Fair Value Reserve of £4,476,991.

The disposal of the Group's entire 30% investment in Mark Edward Partners LLC ("MEP") did not generate any realised gains or losses on disposal as this investment had been fully provided against during the year to 31 January 2019. However, the disposal did result in a net release of unrealised losses to Retained Earnings from the Fair Value Reserve of £4,572,822 (representing the original cost of investment).

The above releases of fair value resulted in a net transfer of £95,831 from the Fair Value Reserve to the Retained Earnings Reserve.

Refer to Note 12 for further details relating to the above disposals.

There were no realised gains on disposal of investments in the prior year.

14. Loans and Receivables – Non-Current

		Group		Company
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Loans to investee companies (Note 24)	7,231	15,833	–	–
Amounts owed by group undertakings	–	–	4,106	4,058
	£7,231	**£15,833**	**£4,106**	**£4,058**

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

See Note 15 for the provisions against loans to investee companies and Note 24 for terms of the loans.

15. Trade and Other Receivables – Current

		Group		Company
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Trade receivables	356	848	–	–
Less provision for impairment of receivables	–	–	–	–
	356	**848**	**–**	**–**
Loans to investee companies (Note 24)	3,135	1,273	–	–
Corporation tax repayable	–	–	–	–
Other receivables (Note 12)	218	38	–	–
Prepayments and accrued income	1,265	2,239	–	–
	£4,974	**£4,398**	**–**	**–**

No provisions were made against loans to investee companies in the current or prior year. A provision of £1,116,603 previously made against a loan was released during the year due to a repayment being received (2021: a provision of £37,278 was released). The total provision as at 31 January 2022 was therefore £3,631,756 (2021: £4,748,359).

Included within net trade receivables is a gross amount of £293,450 (2021: £762,233) owed by the Group's participating interests. No provision for bad debts has been made in either the current or prior year.

Notes to the consolidated financial statements

continued

15. Trade and Other Receivables – Current continued

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
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Balance at 1 February	–	–	–	–
Decrease in allowance recognised in the Statement of Comprehensive Income	–	–	–	–
Balance at 31 January	**£ –**	**£ –**	**£ –**	**£ –**

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

The Group's net trade receivable balance includes debtors with a carrying amount of £355,677 (2021: £847,621), of which £215,436 (2021: £520,320) 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 £16,712 (2021: £229,712) 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
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Not past due	140	327	–	–
Past due: 0 – 30 days	15	242	–	–
Past due: 31 – 60 days	–	4	–	–
Past due: more than 60 days	201	275	–	–
	£356	**£848**	**£ –**	**£ –**

See Note 24 for terms of the loans and Note 22 for further credit risk information.

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

	Group £'000	Company £'000
At 1 February 2020	–	–
Tax movement relating to investment revaluation for the year (Note 9)	–	–
At 31 January 2021	**–**	**–**
At 1 February 2021	–	–
Tax movement relating to investment revaluation for the year (Note 9)	1,898	–
At 31 January 2022	**£1,898**	**£ –**

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, £1,898,000 tax on capital gains (2021: £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. 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 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 limited liability companies ("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 is a requirement to provide for deferred tax in respect of the unrealised gains on investments under the current requirements of UK-adopted international accounting standards as the US investments currently show a net gain. As such, a provision of £1,898,000 has been made as at 31 January 2022.

The deferred tax provision of £1,898,000 as at 31 January 2022 has been calculated based upon an assessment of the US tax liability arising from the valuations of the Group's holdings within US LLCs at 31 January 2022, using the US Federal rate of 21% together with US State Tax rates prevailing in the states where the Group's US LLCs operate, which range between 0% and 10%. Adjustments were then made based upon available allowances and taxable losses. Given the complexity, the Group utilised the services of a specialist US tax advisory firm.

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 UK-adopted international accounting standards. 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) and Finance Bill 2021 was considered substantively enacted in May 2021. This change in tax rate has had no material impact on the Group financial statements for the year ended 31 January 2022 as the directors do not consider there is any deferred tax due at the year end in respect of its non-US investments due to the SSE rules.

Notes to the consolidated financial statements
continued

17. Current Liabilities

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade and other payables				
Trade payables	116	152	–	–
Other taxation & social security costs	205	85	–	–
Accruals and deferred income	1,265	765	–	–
Amounts owed to participating interests	84	8	–	–
Lease liabilities (Note 20)	167	159	–	–
	1,837	**1,169**	**-**	**-**
Loans and other payables	–	1,000	–	–
	£1,837	**£2,169**	**£ -**	**£ -**

The loans and other payables as at 31 January 2021 of £1,000,000 related 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. This amount was fully repaid during the current year on 29 November 2021 and the loan facility ended on 29 January 2022.

The loan facility provided 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%). During the prior year, BME agreed to an interest free period from 2 October 2020 until 1 April 2021 subject to a fee of £20,000 being paid by the Group to BME in the current year.

All of the above liabilities are measured at amortised cost.

18. Called Up Share Capital

	2022	2021
	£'000	£'000
Allotted, called up and fully paid		
37,466,000 Ordinary shares of 10p each (2021: 37,466,000)	3,747	3,747
	£3,747	**£3,747**

During the year no share repurchases were undertaken.

As at 31 January 2022 a total of 9,542 ordinary shares were held by the Company in Treasury (31 January 2021: 42,862 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.

19. Statement of Changes in Equity

Group

	Share capital £'000	Share premium account £'000	Fair value reserve £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 February 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**
At 1 February 2021	3,747	29,349	70,573	393	7	64	45,774	149,907
Comprehensive income for the year	–	–	14,306	–	–	–	3,178	17,484
Net transfers on disposal of investments (Note 13)	–	–	96	–	–	–	(96)	–
Dividends paid (Note 7)	–	–	–	–	–	–	(878)	(878)
Share based payment arrangements	–	(7)	–	–	–	8	93	94
At 31 January 2022	**£3,747**	**£29,342**	**£84,975**	**£393**	**£7**	**£72**	**£48,071**	**£166,607**

Company

	Share capital £'000	Share premium account £'000	Fair value reserve £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 February 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**
At 1 February 2021	3,747	29,349	120,605	7	–	383	154,091
Comprehensive income for the year	–	–	11,742	–	–	5,750	17,492
Dividends paid (Note 7)	–	–	–	–	–	(878)	(878)
Share based payment arrangements	–	(7)	–	–	–	93	86
At 31 January 2022	**£3,747**	**£29,342**	**£132,347**	**£7**	**£ -**	**£5,348**	**£170,791**

Notes to the consolidated financial statements
continued

20. 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 2020	1,286
Modification of lease adjustment[1]	(114)
Depreciation charge	(171)
At 31 January 2021	**£1,001**
At 1 February 2021	1,001
Depreciation charge	(165)
At 31 January 2022	**£836**

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

	2022 Land and Buildings £'000	2021 Land and Buildings £'000
Maturity analysis – contractual undiscounted cash flows:		
Earlier than one year	214	214
Between two and five years	856	856
More than five years	16	230
	£1,086	**£1,300**
Lease liabilities included in Consolidated Statement of Financial Position at 31 January:	**£939**	**£1,098**
Maturity analysis:		
Current liabilities (Note 17)	167	159
Non-current liabilities	772	939
	£939	**£1,098**

[1] During the prior year to 31 January 2021, 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.

Amounts recognised in profit or loss (Group):

	2022 £'000	2021 £'000
Interest on lease liabilities (Note 3)	£55	£63

Amounts recognised in the Consolidated Statement of Cash Flows:

	2022 £'000	2021 £'000
Total cash outflow for leases	£(214)	£(223)

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

21. Loan and Equity Commitments

On 26 June 2020 the Group entered into an agreement to provide Sage Program Underwriters, Inc. with a loan facility of USD 250,000. As at 31 January 2022 USD 150,000 had been drawn down, leaving a remaining undrawn facility of USD 100,000. Any drawdown is subject to satisfying certain agreed criteria.

On 20 September 2021 the Group entered into an agreement to provide Lilley Plummer Holdings Limited with a loan facility of £300,000. As at 31 January 2022 £200,000 had been drawn down, leaving a remaining undrawn facility of £100,000.

Please refer to Note 25 for details of equity payments made together with loan facilities offered and amounts drawn down after the year end.

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

Interest rate profile
The Group has cash balances of £8,628,000 (2021: £709,000), 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 0.01% p.a. in the period (2021: deposit rates of interest ranged up to 0.6% p.a.). During the period all cash balances were held in immediate access accounts or on short-term deposit of up to 14 days (2021: all cash balances were held in immediate access accounts).

Currency hedging
During the year the Group engaged in five currency hedging transactions ranging from €910,000 to €1,165,000 and USD 1,000,000 (2021: two currency hedging transactions amounting to €1,300,000 and USD 1,000,000) to mitigate the exchange rate risk for certain foreign currency receivables. These were settled before the year end. A net loss of £7,750 (2021: net loss of £57,011) 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 one currency hedging transaction amounting to USD 1,075,000 which was entered into on 28 January 2022. The fair values of these hedges are not materially different to the transaction costs.

Notes to the consolidated financial statements
continued

22. Financial Instruments continued

Financial liabilities
The Company had no borrowings as at 31 January 2022 (2021: £1,000,000). The balance as at 31 January 2021 had been drawn down from the Company's 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 and was repaid in full during the current year on 29 November 2021 (Note 17). The loan facility provided 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 was available until its expiry on 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 2022:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	–	–	149,349	149,349
	£ –	**£ –**	**£149,349**	**£149,349**

The Group's classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2021 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	–	–	130,951	130,951
	£ –	**£ –**	**£130,951**	**£130,951**

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 2022 classified as Level 3, 72% by value (2021: 79%) were valued using a multiple of earnings and 28% (2021: 21%) 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 2022 was 14.4x (2021: 13.6x). The weighted average post discount Price/Earnings multiple used (based on the valuations derived) when valuing the portfolio at 31 January 2022 was 19.2x (2021: 16.9x).

If the multiple used to value each unquoted investment valued on an earnings basis as at 31 January 2022 moved by 10%, this would have an impact on the investment portfolio of £11.0m (2021: £9.8m) or 7.3% (2021: 7.5%).

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 2022 the proportion of the investment portfolio that was valued using these techniques were: 22% using industry metric (2021: 19%), 1% using revenues (2021: 1%), 5% at agreed sale value (2021: none) and none at cost (2021: 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 £3.6m (2021: £2.5m) or 2% (2021: 2%).

Notes to the consolidated financial statements
continued

23. Share Based Payment Arrangements

Joint Share Ownership Plan

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

Nature of the arrangement	Share appreciation rights (joint beneficial ownership)
Date of grant	12 June 2018
Number of instruments granted	1,461,302
Exercise price (pence)	N/A
Share price (market value) at grant (pence)	281.00
Hurdle rate	3.75% p.a. (simple)
Vesting period (years)	3 years
Vesting conditions	There are no performance conditions other than the recipient remaining an employee throughout the vesting period. The awards vest after three years or earlier resulting from either: a) a change of control resulting from a person, or persons acting together, obtaining control of the Company either (i) as a result of a making a Takeover Offer; (ii) pursuant to a court sanctioned Scheme of Arrangement; or (iii) in consequence of a Compulsory Acquisition; or b) a person becoming bound or entitled to acquire shares in the Company pursuant to sections 974 to 991 of the Companies Act 2006; or c) a winding up. If the employee is a bad leaver the co-owner of the jointly-owned share can buy out the employee's interest for 0.01p
Expected volatility	N/A
Risk free rate	1%
Expected dividends expressed as a dividend yield	1.9%
Settlement	Cash settled on sale of shares
% expected to vest (based upon leavers)	100%
Number expected to vest	1,461,302
Valuation model	Expected Return Methodology (ERM)
ERM value (pence)	36.00
Deduction for carry charge (pence)	31.60
Fair value per granted instrument (pence)	4.40
Charge for year ended 31 January 2022	£7,685

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 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 9 currently participating employees and (ii) the trustee of the Employee Benefit 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 are entitled to 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 to the date of vesting. The Employee Benefit 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 to the date of vesting.

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.

On 12 June 2021 (the "vesting date") the performance criteria were met, after which the members of the scheme became joint beneficial owners of the shares and therefore became 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 Employee Benefit 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. Whilst 254,414 shares out of 1,461,302 held within the Employee Benefit Trust have been forfeited by departing employees, the trust remains the owner of these shares.

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 33,320 ordinary shares in the Company, which were held in Treasury as at 31 January 2021 (2021: 42,196 ordinary shares in the Company, which were held in Treasury as at 31 January 2020) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). As a result, together with 1,994 of unallocated ordinary shares forfeited by departing employees during the prior year, a total of 35,314 ordinary shares in the Company were available for allocation to the participants of the SIP (2021: 47,044 ordinary shares were available for allocation, including 4,848 ordinary shares forfeited by departing employees).

On 12 April 2021, a total of 10 eligible employees (including 3 executive directors of the Company) applied for the 2021-22 SIP and were each granted 1,333 ordinary shares ("21-22 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on 21 June 2021, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares"). For every Partnership Share that an employee acquired, the SIP Trust offered two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. All 10 eligible employees (including 3 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (596 ordinary shares) and were therefore awarded 1,192 Matching Shares.

The 21-22 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 31,210 (2021: 47,044) Free, Matching and Partnership Shares were granted to the 10 (2021: 11) eligible employees during the year, including 9,363 (2021: 13,515) granted to 3 (2021: 3) executive directors of the Company.

No ordinary shares were withdrawn from the SIP Trust during the year (2021: 3,808 ordinary shares in the Company were withdrawn from the SIP Trust and transferred into the direct beneficial ownership of a departing employee).

Notes to the consolidated financial statements
continued

23. Share Based Payment Arrangements continued

Share Incentive Plan continued
£68,070 of the IFRS 2 charges (2021: £74,467) associated with the award of the SIP shares to 10 (2021: 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 2022, 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 231,028 Free, Matching and Partnership Shares had been granted to 10 eligible employees under the SIP, including 78,579 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.

24. 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:

	2022	2021
	£	£
Bastion Reinsurance Brokerage (PTY) Limited	425,831	425,831
Bulwark Investment Holdings (PTY) Limited	665,000	665,000
The Fiducia MGA Company Limited	2,449,000	2,545,000
Kentro Capital Limited	–	4,000,000
LEBC Holdings Limited	1,500,000	1,500,000
Lilley Plummer Holdings Limited	200,000	–
Paladin Holdings Limited	3,096,500	5,096,500
Property and Liability Underwriting Managers (PTY) Limited	1,450,778	1,450,778
Walsingham Holdings Limited	–	285,975
	2022	**2021**
	€	**€**
Summa Insurance Brokerage, S.L.	1,820,070	2,329,761
	2022	**2021**
	CAD	**CAD**
Stewart Specialty Risk Underwriting Limited	–	300,000
	2022	**2021**
	USD	**USD**
Mark Edward Partners LLC	–	2,600,000
XPT Group LLC	2,000,000	2,000,000
Sage Program Underwriters, Inc.	150,000	–
	2022	**2021**
	SGD	**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:

	2022	2021
	£	£
Agri Services Company PTY Limited	125,133	135,873
Asia Reinsurance Brokers Pte Limited	123,177	145,243
ATC Insurance Solutions PTY Limited	121,362	174,486
Criterion Underwriting Pte Limited	–	–
EC3 Brokers Group Limited	(881,318)	327,754
The Fiducia MGA Company Limited	203,465	201,641
Kentro Capital Limited	1,201,425	894,156
LEBC Holdings Limited	479,851	421,767
Lilley Plummer Holdings Limited	116,736	115,336
MB Prestige Holdings PTY Limited	702,778	282,057
Neutral Bay Investments Limited	119,597	132,080
Paladin Holdings Limited	550,570	538,168
Sage Program Underwriters, Inc.	39,544	61,142
Stewart Specialty Risk Underwriting Limited	283,771	90,326
Summa Insurance Brokerage, S.L.	152,274	188,583
Walsingham Holdings Limited	20,308	23,920
Walsingham Motor Insurance Limited	121,906	98,589
XPT Group LLC	557,099	636,019

In addition, the Group made management charges of £34,000 (2021: £31,000) 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 £5,000 (2021: £5,800) to Brian Marsh Enterprises Limited ("BME"). Brian Marsh, the Chairman and a significant shareholder of the Company is also the Chairman and majority shareholder of BME.

On 3 August 2021 Brian Marsh gifted 205,660 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 1,477,660 at that time. As at 31 January 2022 and at the date of this report, the Trust's holding in the Company remained at 1,477,660 shares.

On 13 May 2021, the Group repaid £550,000 of its £1,000,000 outstanding loan to BME. On 29 November 2021 the Group repaid the remaining £450,000 outstanding. On 29 January 2022 the loan facility ended.

The original loan facility of £3,000,000 provided 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 was available to be drawn down until, and repayable by, 29 January 2022, after which the facility ended. 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 £878,282, £389,060 was paid to the directors or parties related to them (2021: total dividend payments of £798,353, of which £353,596 was paid to the directors or parties related to them).

Notes to the consolidated financial statements
continued

25. Events After the Reporting Date

On 22 February 2022 Nexus Underwriting Management Limited, an investee company, changed its name to Kentro Capital Limited as part of a re-branding exercise.

On 1 March 2022 the Group sold its entire 77.25% stake in Summa Insurance Brokerage, S.L. ("Summa") to Acrisure España S.L. ("Acrisure"), part of Acrisure LLC, for consideration of €9,700,737 (£8,104,208), net of transaction costs. The consideration received was in line with the carrying value of the Group's investment in Summa of £8,104,000 as at 31 January 2022 and represented an overall gain of £2,008,065 above the cost of investment. Outstanding loans of €1,820,070 (£1,520,526) were also repaid in full on completion.

On 23 March 2022 the Group acquired a 40% cumulative preferred equity stake in Denison and Partners Limited ("Denison and Partners") for consideration of £132,000. Denison and Partners is a start-up London-based Lloyds Insurance Broker with a focus on delivering (re)insurance delegated authority solutions and services to Managing General Agencies, Coverholders and (Re) insurers. The Group also provided Denison and Partners with a loan facility of £670,000 on completion, which is expected to be drawn down in tranches in line with their business plan. At the date of this report no amounts have been drawn down from the agreed loan facility.

On 11 May 2022 Lilley Plummer Holdings Limited drew down the remaining £100,000 of its £300,000 loan facility agreed by the Group in September 2021. As at 31 January 2022 £200,000 was outstanding.

On 1 June 2022 the Group agreed to invest, through its wholly-owned subsidiary company B.P. Marsh (North America) Limited, a further USD 3,500,000 (c.£2,800,000) in XPT Group LLC ("XPT"), subject to approval from XPT's senior lender Madison Capital. USD 2,780,000 will be used to subscribe for a further 2,780 redeemable preference shares in XPT. The remaining USD 720,000 will be used to acquire a further 0.97% equity stake in XPT. The funding provided will allow XPT to repay an existing revolving credit facility and satisfy certain deferred consideration payments due. On completion, the total amount invested by the Group in redeemable preference shares will increase from USD 3,220,000 as at 31 January 2022 to USD 6,000,000 and the Group's equity investment in XPT will also increase from 28.18% as at 31 January 2022 to 29.15%.

26. 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 50 to 54.

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
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Fair value of investments – equity portfolio	149,349	130,951	134,490	122,748
Impact of a 10% change in fair value on Consolidated Statement of Comprehensive Income	14,935	13,095	13,449	12,275

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

26. 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% (2021: 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 2022 the Group had no borrowings (31 January 2021: £1,000,000).

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 2022, the Group did not have any interest bearing liabilities but did have 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.

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 £108,000 for the Group (2021: £157,000 increase).

Currency risk
The Group 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 2022, 64% of the Group's net assets were sterling denominated (2021: 70%). 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 2022						
Net assets	107,300	9,625	19,331	21,745	8,606	166,607
Sensitivity analysis						
Assuming a 10% movement of exchange rates against sterling						
Impact on net assets	N/A	(875)	(1,757)	(1,905)	(782)	(5,319)

	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)

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.

26. 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. Since early 2022 our employees have returned to working in the office on a near full-time basis.

Ukraine conflict risk
The Group is exposed to the risks associated with the conflict in Ukraine, which intensified on 24 February 2022. Since then, the Board has been continually assessing the potential impact of the intensifying military action and associated significant economic sanctions imposed by the international community, and the potential impact on the Group and its underlying investments. Whilst the Group does not have any direct investment in the affected region, the impact on the wider global economy and associated disruption to capital markets, foreign exchange volatility, price inflation and supply chain issues could affect both the Group's operations and those of its investment portfolio, which could, in turn, impact the future performance of the Group. Refer to the Group Strategic Report on page 48 for further details of the Directors' assessment of the impact of the conflict in Ukraine.

27. 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
Sinead O'Haire

COMPANY NUMBER
05674962

REGISTERED OFFICE
4 Matthew Parker Street
London, SW1H 9NP

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

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

REGISTRAR
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Designed by **Graphical**
www.graphicalagency.com

B.P. Marsh & Partners plc
4 Matthew Parker Street
London, SW1H 9NP

T +44 (0)20 7233 3112
E enquiries@bpmarsh.co.uk

www.bpmarsh.co.uk