B. P. MARSH & PARTNERS PLC

2011 ANNUAL REPORT

COMPANY INFORMATION

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

Company Secretary
Robert King

Company Number
5674962

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

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

Broker And Nominated Adviser
Arbuthnot Securities Limited
Arbuthnot House, 20 Ropemaker Street
London, EC2Y 9AR

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

CONTENTS

GROUP PROFILE

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

The Group typically invests up to £2.5 million in financial service investment opportunities based in the United Kingdom, but will also consider opportunities in Europe, North America and occasionally elsewhere. It likes to invest in people businesses with good management.

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

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

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

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

CHAIRMAN'S STATEMENT

I am pleased to present the audited Consolidated Accounts of B. P. Marsh & Partners Plc for the year ended 31st January 2011.

Over the past year the portfolio has witnessed a number of areas of strong performance, and has also experienced individual challenges. The year to 30th September 2010 saw revenue growth at Hyperion of 26% while EBITDA grew by 41% and continued strong growth in both revenue and EBITDA is predicted to continue for 2011. LEBC, too, saw significant revenue growth, with an increase of 25% achieved for the year to 30th September 2010 and further growth is forecast for 2011.

However, some of our other investments have found the economic climate more challenging, particularly the smaller investments. Larger investments face similar issues, albeit usually on a different scale. For example, the recent deterioration of the Spanish economy has been well documented, but in the face of this our Spanish Insurance broking investee company, Summa, did well to achieve 90% of its budgeted profit for 2010.

The Group believes that it has weathered the recent collapse of the financial markets with a steady and robust performance and we look forward to building upon this in the current year and beyond.

Given that the Group has drawn down on part of its loan facility, no dividends will be paid from the year to 31st January 2011. As successful realisations are made and loan funds are repaid, the Board hopes to be able to reconsider this position in future years.

Financial Performance

At 31st January 2011, the net asset value of the Group was £46.5m (2010: £44.2m), after making allowance for deferred corporation tax, an increase of 5.2% (+5.9% excl. dividend). This equates to a net asset value of 159p per ordinary share as at 31st January 2011 (2010: 151p).

The Group has therefore achieved an annual compound growth rate of 10.3% after running costs, realisations, losses and distributions and having made an appropriate allowance for deferred corporation tax since the Group's establishment in 1990.

Reflecting investment portfolio movement, including the unrealised increase on revaluation of the portfolio, the consolidated profit on ordinary activities after tax for the year was £2.6m (2010: profit of £0.3m). However, excluding portfolio movement the Group made a pre-tax profit of £0.15m (2010: profit of £0.18m). The Group aims each year to at least break even on an underlying basis, before taking into account any portfolio movement.

Deferred Tax

The Consolidated Accounts to 31st January 2011 do not reflect the Government's recently announced reduction in corporation tax from 27% to 26% with effect from 6th April 2011 as this was not substantially enacted by 31st January 2011. If this does become substantially enacted, it would reduce deferred tax liabilities by £0.25m based upon the portfolio valuation at 31st January 2011 and therefore increase overall net asset value by the same amount.

Shareholders

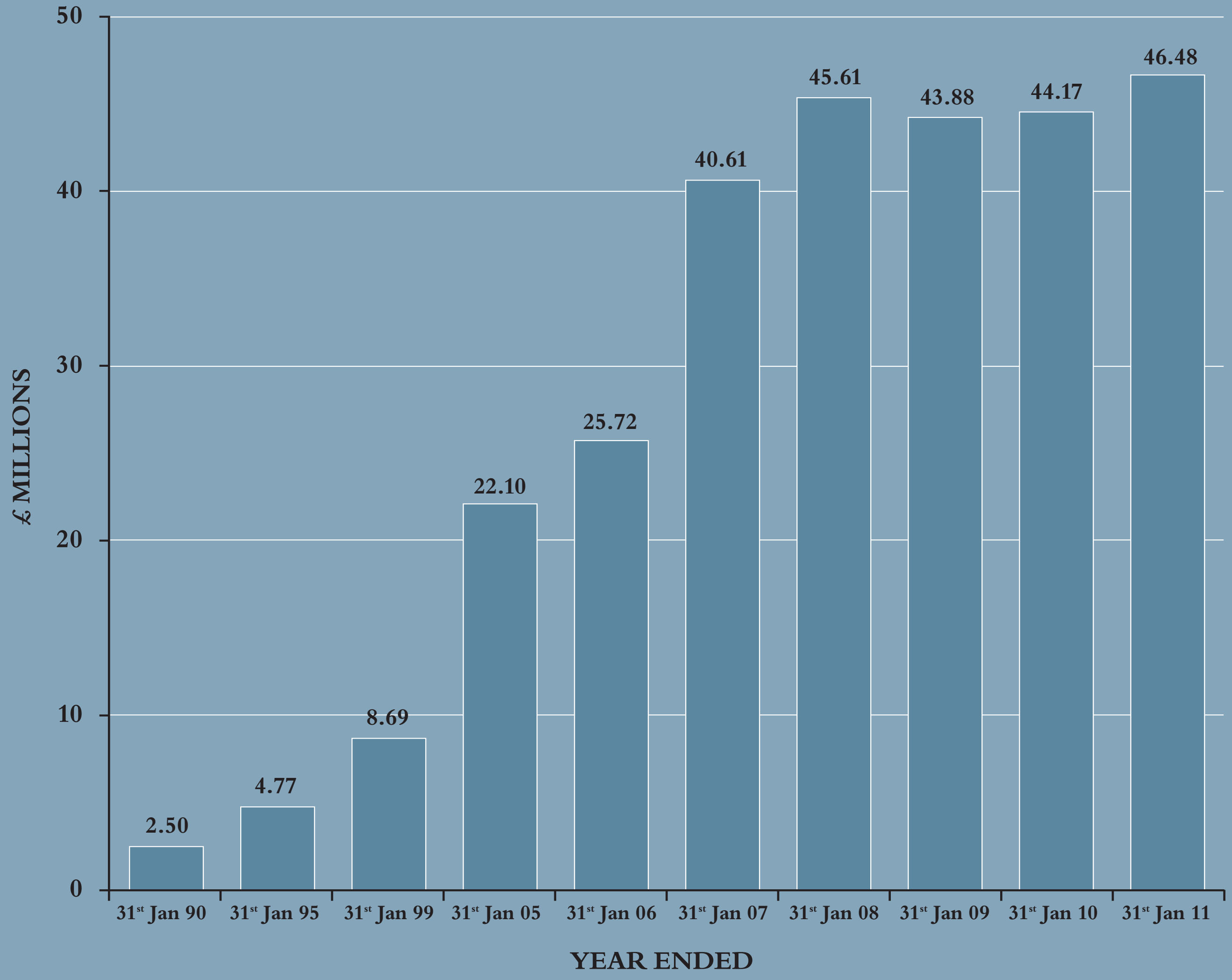
On this, the Group's 21st anniversary year, I am pleased to report to Shareholders that my colleagues and I believe that our companies and our investments remain strongly positioned for the future. We are looking forward to the current year and beyond in the firm expectation of a further period of growth.

Shareholders should also be fully aware that the Board always has one eye on the weather and is constantly on the lookout for fresh growth and development opportunities, including the possibilities of acquisitions, mergers or disposals within the portfolio.

It is in the nature of things that no such opportunities ever come ready made, but on our Shareholders' behalf, we regularly and rigorously review every prospect that emerges.

GROUP VALUATIONS

The valuation as at 31st January 2007 includes £10.1m net proceeds raised on AIM.



NB: The valuations to 31st January 2007 were originally prepared under UK GAAP and were reflective of the Net Asset position at the reporting period excluding any deferred tax provision. From 31st January 2008 the provision is now included within the Statement of Financial Position and therefore, for comparative purposes, all prior valuations are shown net of deferred tax.

As set out above, my fellow Directors and I are fully aware of the fact that we are responsible for securing and growing Shareholders' Net Asset Value and we have every intention of continuing to do so – whatever the weather. We further recognise that the share price of B. P. Marsh has, in the past, failed to reflect the Group's underlying value. Whilst this is not an unusual problem in investment companies, the Board remains determined to narrow the discount between the share price and NAV.

Summary of Developments in the Portfolio

During the financial year ended 31st January 2011, the Group made the following investment:

U.S. Risk (UK) Limited ("US Risk")

We completed an investment in US Risk, the parent company of Oxford Insurance Brokers, a London-based Lloyd's insurance and reinsurance broker, on 22nd July 2010. We acquired a 30% stake in US Risk for a cash consideration of £1.40m together with an agreement to provide additional funding of up to £1.95m, subject to conditions. The equity investment was funded from existing cash resources.

We saw this as an excellent investment opportunity, falling within the heartland of our skills and experiences, with a compelling business plan, good management and strong investment partners. The majority shareholder in US Risk is US Risk Inc, a Dallas-based insurance intermediary focusing on wholesale brokerage and speciality insurance products that is one of the largest in the US, with eleven domestic and international branches.

Both we and our partners in Dallas are very supportive of management's growth targets for Oxford Insurance Brokers and are working with them to achieve their ambitions. Our investment will be used to further diversify core areas of the business; Professional Indemnity, North American property and specialty lines, special risk and reinsurance and to develop new areas and territories.

Other notable developments within the portfolio during the year were as follows:

Hyperion Insurance Group Ltd ("Hyperion")

Hyperion, in which the Group has a 19.5% stake, continues to grow at an impressive rate, with revenue growth of 26% and EBITDA growth of 41% in the year to 30th September 2010. Hyperion has again been nominated in the IMAS Top 50 Brokers list as one of the fastest growing insurance broking companies in the UK.

During the course of 2010, Hyperion announced that it has agreed to acquire Singapore's Accette Insurance Group, subject to regulatory approval. The acquisition will give Hyperion a strong footing in Asia, with Accette trading from offices in Hong Kong, Indonesia, Malaysia, the Philippines, Thailand as well as Singapore, where Hyperion has recently secured a reinsurance licence. The acquisition continues Hyperion's penetration into the Asian market.

Besso Holdings Ltd ("Besso")

During the course of last year Besso developed an in-house underwriting agency, Gladstone Underwriting Agency Limited. The focus of this agency is commercial liability insurance for small and middle-sized enterprises and this venture will further add to Besso's service offering and boost its position in this sector.

Besso has further expanded its international reach with the establishment of offices in Hong Kong and Turkey, as well as developing business relationships in Qatar. Besso's management believes that these developments will diversify Besso's income stream and enable them to look beyond their primary focus on North American wholesale business.

Post-Balance Sheet Events

Besso Holdings Ltd ("Besso")

On 31st March 2011 the Group acquired a further 11.3% equity stake in Besso from Union Hamilton Reinsurance Limited ("Union Hamilton") for a cash consideration of £0.74m. Further consideration of up to £0.3m may be payable by the Group in the event that 50% or more of the voting shares in Besso are acquired within 18 months, at a higher price per share. This investment was made alongside two other parties, namely, Brian Marsh Enterprises Limited and Mr Michael Wade, who acquired the remaining 26.3% stake from Union Hamilton for an aggregate consideration of £1.72m. These acquiring parties are also subject to the same anti-embarrassment provisions as described above.

As a result of this transaction, the Group's equity interest in Besso has increased from 22.7% to 34% and Brian Marsh Enterprises Limited and Mr Michael Wade hold 11.3% and 15% respectively.

In addition, the Group subscribed for £0.77m of loan stock, part of a refinancing of Union Hamilton's preference shareholding of £2.55m.

Directors' Loan

As previously announced, during the period the Group secured a loan facility of £4.32m from several of its Directors. The line of credit is intended to enable the Group to take advantage of further investment opportunities as and when they arise. The Directors are confident in the Group's future prospects and believe that their willingness to provide their own funds in this way demonstrates this confidence.

£1.25m of this loan was used to fund the Besso acquisition after the year end as set out above.

Business Strategy

The Group typically invests amounts of up to £2.5m and only takes minority equity positions, normally acquiring between 15% and 45% of an investee company's total equity. Based on our current portfolio, the average investment has been held for approximately six years. The Group requires its investee companies to adopt certain minority shareholder protections and appoints a director to its board. The Group's successful track record is based upon a number of factors that include, amongst other things, a robust investment process, the management's considerable experience of the Financial Services sector and a flexible approach towards exit-strategies.

At the year-end, the Group had £0.5m in cash, plus a further £4.32m loan facility available, of which it had committed to provide a further £2.4m of loan funding for its existing investments.

After taking this into consideration, together with £1.5m relating to the Besso acquisition, the Group currently has approximately £0.9m of funds available for further investments, excluding any realisations.

Investment Opportunities

The Group realigned its approach to seeking new investment opportunities at the beginning of the year and moved to a more selective approach. By placing the emphasis on renewing and maintaining relationships with key corporate and individual contacts, we succeeded in increasing the number of enquiries directly applicable to our investment strategy by 25%.

The Group's investment goal remains unchanged; to take minority positions in profitable businesses with strong management teams and good growth potential. In the insurance industry, global M&A activity increased in 2010 and this looks set to continue in 2011, with recent announcements in the London market including the acquisition of Heath Lambert by AJ Gallagher and the agreement by Ryan Speciality Group to buy Jubilee Group Holdings. The influx of enquiries from the sector remains strong.

The forthcoming regulatory requirements of the Retail Distribution Review continue to cause movement and consolidation within the wealth management sector, resulting in a steady flow of enquiries.

The Directors consider that the Group remains unique in its investment sector. We continue to see a large number of investment opportunities with good management and business plans that fit with our tried and tested business strategy.

Brian Marsh OBE
1st June 2011

As at 31st January 2011 the Group's equity interests were as follows:

Amberglobe Limited
(www.amberglobe.co.uk)
In March 2008 the Group assisted in establishing Amberglobe, a business sales platform that provides valuation and negotiation services for the sale of SME businesses in the sub £3m sector.
Date of investment: March 2008
Equity stake: 49.0%
31st January 2011 valuation: £98,000

Besso Holdings Limited
(www.besso.co.uk)
In February 1995 the Group assisted a specialist team departing from insurance broker Jardine Lloyd Thompson Group in establishing Besso Holdings. The company specialises in insurance broking for the North American wholesale market.
Date of investment: February 1995
Equity stake: 22.73%
31st January 2011 valuation: £5,005,000

HQB Partners Limited
(www.hqbpartners.com)
In January 2005 the Group made an investment in HQB Partners, a company which provides strategic transaction advice, proxy solicitation services, voting analysis and investor relations services.
Date of investment: January 2005
Equity stake: 27.72%
31st January 2011 valuation: £0

Hyperion Insurance Group Limited
(www.hyperiongrp.com)
The Group first invested in Hyperion in 1994. Hyperion owns, amongst other things, an insurance broker specialising in directors' and officers' ("D&O") and professional indemnity ("PI") insurance. A subsidiary of Hyperion became a registered Lloyd's insurance broker. In 1998 Hyperion set up an insurance managing general agency specialising in developing D&O and PI business in Europe.
Date of investment: November 1994
Equity: 19.5%
31st January 2011 valuation: £29,368,000

LEBC Holdings Limited
(www.lebc-group.com)
In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.
Date of investment: April 2007
Equity stake: 21.95%
31st January 2011 valuation: £3,277,000

Paterson Squared, LLC

(www.paterson2.com)

Paterson Squared was founded by a group of professionals from the actuarial, capital markets and reinsurance advisory sectors in conjunction with the Group. The company uses sophisticated modelling techniques to assess risk, with a view to providing counter-party risk transaction advice.

Date of investment: April 2004
Equity stake: 22.5%
31st January 2011 valuation: £0

Portfolio Design Group International Limited

(www.surrendalink.co.uk)

In March 1994 the Group invested in the Portfolio Design Group, a company which sells with-profits life endowment policies to large financial institutions. In 2002 the company diversified into investment management.

Date of investment: March 1994
Equity stake: 20.0%
31st January 2011 valuation: £1,906,000

Randall & Quilter Investment Holdings plc

(www.rqih.com)

Randall & Quilter Investment Holdings is an AIM listed run-off management service provider and acquirer of solvent insurance companies in run-off. The Group invested in Randall & Quilter in January 2010, the result of a share exchange with the Group's shareholding in JMD Specialist Insurance Services Group Limited, which Randall & Quilter have now wholly acquired.

Date of investment: January 2010
Equity stake: 1.23%
31st January 2011 valuation: £610,000

Summa Insurance Brokerage, S. L.

(www.grupo-summa.com)

In January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain.

Date of investment: January 2005
Equity stake: 48.63%
31st January 2011 valuation: £5,098,000

US Risk (UK) Limited

(www.oxfordinsurancebrokers.co.uk)

In July 2010 the Group completed its investment in US Risk (UK), the parent company of Oxford Insurance Brokers Limited, a London-based Lloyd's insurance and reinsurance broker.

Date of investment: July 2010
Equity stake: 30%
31st January 2011 valuation: £1,781,000

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

B. P. Marsh & Partners Plc Annual Report & Accounts

For The Year Ended 31st January 2011

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

DIRECTORS

Brian Marsh OBE

Chairman, aged 70 (R) (I) (V)

Brian started his career in insurance broking and underwriting in Lloyd's and the London and overseas market 50 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. He is the Group's nominee director on the boards of two investee companies and is also a majority shareholder in B. P. Marsh owning 59.1% of the Company.

Jonathan Newman ACMA, MCSI

Group Finance Director, aged 36 (I) (V)

Jonathan is a Chartered Management Accountant with over 14 years' experience in the financial services industry. He joined the Group in November 1999 and was appointed a director of B. P. Marsh in September 2001 and Group Finance Director in December 2003. Jonathan is responsible for the Group's finance function, evaluates new investment opportunities and is also the Group's nominee director on the boards of several investee companies.

Robert King LLB, ACIS

Director and Group Company Secretary, aged 32 (I)

Robert is a Chartered Secretary and joined the Group in 2003 having started his career at PricewaterhouseCoopers. He was appointed a director of B. P. Marsh in November 2007 and continues to be responsible for the Group's legal, compliance and secretarial functions.

Daniel Topping MCSI, ACIS

Director, aged 27 (I) appointment date 1st March 2011

Daniel is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate Member of the Institute of Chartered Secretaries and Administrators (ACIS), having graduated from the University of Durham. He joined B. P. Marsh in February 2007 having started his career at WiltonGroup. In 2011, having spent a period of time as Investment Assistant to the Chairman he was appointed as a director of B. P. Marsh and currently has 3 nominee appointments and evaluates new investment opportunities. Daniel owns 802 ordinary shares in B. P. Marsh.

Camilla Kenyon

Director, aged 38 (I) appointment date 1st March 2011

Millie was appointed as Head of Investor Relations at B. P. Marsh in February 2009, having four years of prior experience with the Company. She is Head of the New Business Department and chairs the New Business Committee. Millie has a background in media and public relations, is a qualified journalist (National Council for the Training of Journalists) and holds a Certificate in Investor Relations. Millie currently has 2 nominee appointments.

Natasha Dunbar BBA

Non-executive, aged 41 (R)

Natasha has over 16 years' experience in the financial services industry. Having joined the Company in 1994 she was made Managing Director in March 2002. In February 2008 Natasha stepped down as Managing Director and became a non-executive director on the board of B. P. Marsh. Natasha continues to act as the Group's nominee director on the board of one of its investee companies. Trustees on behalf of Natasha own 4.9% of the Company.

Stephen Clarke FCA

Non-executive, aged 73 (R) (A)

A Chartered Accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 27 years' experience of the financial services sector. Stephen continues to give specialist advice to B. P. Marsh on the structuring of entry and exit deals.

Philip Mortlock MA, FCA

Non-executive, aged 73 (R) (A) (V)

A Chartered Accountant with over 27 years' insurance experience, Philip entered the Lloyd's insurance world in 1965 and, after some years with Fenchurch Group, joined Nelson Hurst & Marsh group as Finance Director and Company Secretary until 1990. He joined the Group in 1990 and has a great deal of experience of the special nature of broking and underwriting finances. Philip continues to give a broad range of advice to B. P. Marsh and is also the Group's nominee director on the board of one of its investee companies.

Key

(R) Member of the Remuneration Committee during the year

(A) Member of the Audit Committee during the year

(I) Member of the Investment Committee during the year

(V) Member of the Valuation Committee during the year

The Board 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 Combined Code on Corporate Governance (the "Code") to the extent that they are appropriate for, and applicable to, a company of B. P. Marsh's size quoted on the Alternative Investment Market ("AIM").

Directors

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

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

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

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

Board Meetings

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

Committees Of The Board

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

Audit Committee

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

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

Remuneration Committee

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

The Report of the Remuneration Committee to the shareholders on how directors are remunerated, together with details of individual directors' remuneration packages, is to be found on pages 13 to 14.

Investment Committee

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

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

Relations With Shareholders

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

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

Internal Controls And Risk Management

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

The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects. The Chairman's Statement contains a detailed consideration of the Group's position and prospects.

A statement of the directors' responsibilities in respect of the financial statements is set out on page 15.

By order of the Board
R. G. King
Company Secretary
1st June 2011

The Remuneration Committee of the Board (the "Committee") is comprised of three non-executive directors of the Company, Philip Mortlock, Stephen Clarke and Natasha Dunbar as well as the chairman, Brian Marsh. The Committee is responsible for setting the remuneration of the executive directors and other members of staff.

Remuneration Policy

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

The Committee receives advice from external remuneration advisers where appropriate.

Directors' Service Agreements

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

DIRECTOR	DATE OF SERVICE AGREEMENT	TERM	NOTICE PERIOD
B. P. Marsh	30th January 2006	Continuous	6 months
J. S. Newman	30th January 2006	Continuous	6 months
R. G. King	27th November 2007	Continuous	6 months
D. J. Topping	1st March 2011	Continuous	6 months
C. S. Kenyon	1st March 2011	Continuous	6 months

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

DIRECTOR	DATE OF OFFICE TENURE	INITIAL PERIOD	NOTICE PERIOD
P. J. Mortlock	30th January 2006	12 months	3 months
S. S. Clarke	30th January 2006	12 months	3 months
J. K. N. Dunbar	1st December 2009	12 months	3 months

Audited Information

Aggregate Directors' Remuneration

	2011 (£)	2010 (£)
Emoluments	757,687	574,037
Fees	16,460	19,655
Pension contributions	20,800	20,250

Aggregate Directors' Emoluments

	SALARIES AND FEES	BENEFITS	ANNUAL BONUSES	LONG TERM INCENTIVE PAYMENTS	2011 EMOLUMENTS EXCLUDING PENSION PENSION CONTRIBUTIONS
B. P. Marsh	185,000	535	–	–	185,535
J. S. Newman	118,000	3,044	33,500	–	154,544
R. G. King *	90,000	1,537	3,500	200,000	295,037
J. K. N. Dunbar	54,000	571	–	–	54,571
P. J. Mortlock	48,960	–	–	–	48,960
S. S. Clarke	35,500	–	–	–	35,500

* R.G. King received a long term incentive payment of £200,000 during the year, of this, £60,000 was funded by B. P. Marsh Employee Benefit Trust, with the remaining funded by the Group.

In addition to the above, Mr S. S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 15 on page 41 of these financial statements.

Furthermore, two of the executive directors participate in a long-term incentive arrangement, as outlined in Note 22 on page 44 of these financial statements.

Directors' Pensions

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

	2011 (£)
B. P. Marsh	–
J. S. Newman	11,800
R. G. King	9,000

This report has been approved by the Remuneration Committee and the Board as a whole and has been signed on behalf of the Chairman of the Remuneration Committee, Philip Mortlock on 1st June 2011.

By order of the Board
R. G. King
Company Secretary
1st June 2011

Directors

B. P. Marsh OBE (Chairman)
J. S. Newman BA, ACMA, MCSI
R. G. King LLB, ACIS
D. J Topping MCSI, ACIS (appointed 1st March 2011)
C. S. Kenyon (appointed 1st March 2011)
J. K. N. Dunbar BBA (non-executive)
S. S. Clarke FCA (non-executive)
P. J. Mortlock MA, FCA (non-executive)

The directors submit their report and the audited financial statements of the Company and the Group for the year ended 31st January 2011.

Statement Of Directors' Responsibilities

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the Group's profit or loss for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investments Market.

In preparing financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The director's responsibility also extends to the ongoing 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 service businesses.

Country Of Incorporation And Registration

B. P. Marsh & Partners Plc was incorporated and is registered in England and Wales.

Business Review

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

- On 22nd July 2010 the Group acquired a 30% stake in US Risk (UK) Limited, the parent company of Oxford Insurance Brokers Limited, a London-based Lloyd's insurance and reinsurance broker, for £1,396,417. In addition, the Group entered into an agreement to provide a loan facility of up to £1,950,000, subject to conditions. As at 31st January 2011 none of this facility had been drawn down.
- The Group provided a further €300,000 (£272,183) of an agreed €900,000 loan note facility to Hyperion Insurance Group Limited in order to fund an acquisition. This was the final draw down of the facility, being part of a €4,500,000 loan note issue alongside other shareholders.
- The Group provided a further £60,000 of an agreed £140,000 loan facility to HQB Partners Limited for general working capital requirements. This facility has now been drawn down in full.
- On 31st December 2010 the Group entered into an agreement to provide a further €650,000 (£556,936) loan to Summa Insurance Brokerage, S.L. for general working capital requirements which was drawn down in full. This is in addition to the €2,000,000 loan facility previously agreed, of which €927,990 (£804,918) had been previously drawn down. As at 31st January 2011, a total of €1,577,990 (£1,350,556) had been drawn down to date.

Financial Performance

At 31st January 2011, the net asset value of the Group was £46.5m (2010: £44.2m) including a provision for deferred tax. This equates to an increase in net asset value of 5.2%, or excluding the dividend payment during the year, an increase of 5.9% (2010: increase of 0.7%). The increase in net asset value was mainly as a result of revaluing the portfolio in line with current market conditions, despite providing against £0.4m of loans to investments during the year, and the underlying business (excluding portfolio movement) showed a pre-tax items profit of £0.15m (2010: £0.18m).

The net asset value of £46.5m at 31st January 2011 represented a total increase in net asset value of £33.9m since the Group was originally formed in 1990 having adjusted for the £10.1m net proceeds raised on AIM and the original capital investment of £2.5m. The directors note that the Group has delivered an annual compound growth rate of 10.3% in Group net asset value after running costs, realisations, losses, distributions and deferred tax since 1990.

Based upon the above figures the Group's net asset value per share as at 31st January 2011 was 159p (2010: 151p).

The Consolidated profit on ordinary activities after taxation was £2.6m (2010: profit of £0.3m). The Consolidated profit on ordinary activities before taxation was £3.0m (2010: profit of £0.06m). This profit includes unrealised gains of £3.0m on investment revaluations (2010: gains of £0.02m), and therefore the increase in profit compared to 2010 is principally as a result of the investment portfolio being valued higher than in 2010 and reflects improvement in the financial markets, compared to the turbulence experienced in 2009.

Overall income from investments was up over 2010 as a result of dividend yields and interest earnings increasing and reflecting new investments made during the year. Operating expenses include long term incentive payments of £0.2m, and deal costs of £0.1m. Excluding these, expenses are consistent with 2010. The Group continued its strategy of covering operational expenses through portfolio yield without the requirement for significant realisations.

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

31st JANUARY 2010 VALUATION	ACQUISITIONS AT COST	DISPOSALS PROCEEDS	IMPAIRMENT PROVISIONS	ADJUSTED 31st JANUARY 2010 VALUATION	31st JANUARY 2011 VALUATION
£42.8m	£1.4m	£nil	£nil	£44.2m	£47.1m

This equates to an increase in the portfolio valuation of 6.6% (2010: increase of 0.7%).

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

Financial Risk Management

The Group's operations expose it to a variety of financial risks. The Group manages the risk to limit the adverse effects on the financial performance of the Group by monitoring those risks and acting accordingly. At 31st January 2011, the Group was debt free, but has since drawn down on loan financing (see Note 24) to fund an acquisition.

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

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

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

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

Interest rate cash flow risk
At 31st January 2011, the Group had no interest bearing liabilities but had interest bearing assets. Interest bearing assets are loans made available to investee companies to aid their expansion, and are normally subject to a minimum interest rate to protect the Group from a period of low interest rates.

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

Results Of The Business

The results for the year are set out on page 22. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends

A final dividend of £292,861 (1p per share) was paid on 30th July 2010 in respect of the previous financial year (2010: £nil). The directors do not recommend a final dividend in respect of the current year.

Substantial Interests

As at 23rd May 2011 the directors have been made aware that the following shareholders held disclosable interests of 3% or more of the issued share capital of the Company:

BENEFICIAL OWNER	NO. OF ORDINARY SHARES OF 10P EACH HELD	% OF ISSUED SHARE CAPITAL
Mr B. P. Marsh	17,304,771	59.1%
SVM Asset Management Limited	2,565,000	8.8%
Gartmore Investment Management Limited	2,003,635	6.8%
AXA S.A.	1,633,299	5.6%
The Tasha Dunbar Trust	1,428,614	4.9%
The Stephen Crowther Trust	1,428,614	4.9%
Sanlam Asset Management Limited	1,200,000	4.1%

Directors

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

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

	31ST JANUARY 2011 ORDINARY SHARES OF 10P EACH	31ST JANUARY 2010 ORDINARY SHARES OF 10P EACH
Mr B. P. Marsh	17,304,771	17,304,771
The Tasha Dunbar Trust	1,428,614	1,428,614

The Tasha Dunbar Trust holds shares in trust for Natasha Dunbar who is a director of the Company.

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 18 (2010: 28) during the year.

Post Balance Sheet Events

On 18th February 2011 the Group provided a further £15,000 of an agreed £695,000 loan facility to Amberglobe Limited for general working capital requirements. A total of £685,000 has been drawn down to date.

On 31st March 2011 the Group's £1,775,000 preferred shares in Besso Holdings Limited were redeemed and the Group subscribed for £2,540,000 of 14% loan stock. In addition the Group acquired a further 11.3% shareholding in Besso Holdings Limited for £735,000 with a further consideration of £300,000 payable under certain events.

On 31st March 2011 the Group utilised £1,250,000 of the Directors Loan facility (see Note 24) to finance the Besso Holdings Limited related transaction noted above.

On 1st April 2011 the Group provided a further £50,000 of an agreed £250,000 loan facility to Paterson Squared, LLC for general working capital requirements. A total of £150,000 has been drawn down to date.

On 6th April 2011 the Group paid a bonus of £20,000, together with Employers' National Insurance due thereon, to one of its employees (who is also a director of the Company) as part of the Group's long-term incentive arrangements.

Directors' And Officers' Liability Insurance

The Company has purchased insurance cover to cover directors' and officers' liability, as permitted by Section 233 of the Companies Act 2006.

Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. This is because the directors, after making enquiries and following a review of the Group's budget for 2012 and 2013, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue its operation for the foreseeable future.

Auditors

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

By order of the Board
R. G. King
Company Secretary
1st June 2011

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

Independent Auditor's Report To The Members Of B. P. Marsh & Partners Plc

We have audited the Group and Company financial statements of B. P. Marsh & Partners Plc for the year ended 31st January 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the EU and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31st January 2011 and of the Group's profit for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

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

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

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

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

1st June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST JANUARY 2011

	NOTES	2011		2010	
		(£'000)	(£'000)	(£'000)	(£'000)
Gains / (Losses) on investments	1				
Realised gains on disposal of investments	1, 17	350		99	
Impairment of investments and loans	14	(446)		(652)	
Unrealised gains on investment revaluation	12	2,971		23	
			2,875		(530)
Income					
Dividends	1	599		328	
Income from loans and receivables	1	599		474	
Fees receivable	1	820		910	
			2,018		1,712
Operating income	2		**4,893**		**1,182**
Operating expenses	2		(1,837)		(1,562)
Operating Profit / (Loss)			**3,056**		**(380)**
Financial income	2, 4	2		25	
Financial expenses	2, 3	(28)		–	
Carried interest provision	2, 15	(7)		412	
Exchange movements	2, 8	(10)		–	
			(43)		437
Profit on ordinary activities before taxation	8		**3,013**		**57**
Taxation	9		(415)		230
Profit on ordinary activities after taxation attributable to equity holders	19		**2,598**		**287**
Earnings per share – basic and diluted (pence)	10		8.9p		1.0p

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

The notes on pages 26 to 47 form part of these financial statements.

CONSOLIDATED & COMPANY STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST JANUARY 2011

	NOTES	GROUP 2011 (£'000)	GROUP 2010 (£'000)	COMPANY 2011 (£'000)	COMPANY 2010 (£'000)
Assets					
Non-current assets					
Property, plant and equipment	*11*	33	49	-	-
Investments	*12*	47,143	42,745	36,320	34,015
Loans and receivables	*13*	4,403	4,613	10,155	10,155
		51,579	**47,407**	**46,475**	**44,170**
Current assets					
Trade and other receivables	*14*	1,672	1,085	-	-
Cash and cash equivalents		515	2,972	1	1
Total current assets		**2,187**	**4,057**	**1**	**1**
Total Assets		**53,766**	**51,464**	**46,476**	**44,171**
Liabilities					
Non-current liabilities					
Carried interest provision	*15*	(331)	(324)	-	-
Deferred tax liabilities	*16*	(6,683)	(6,268)	-	-
Total non-current liabilities		**(7,014)**	**(6,592)**	**-**	**-**
Current liabilities					
Trade and other payables	*17*	(276)	(701)	-	-
Total current liabilities		**(276)**	**(701)**	**-**	**-**
Total liabilities		**(7,290)**	**(7,293)**	**-**	**-**
Net Assets		**46,476**	**44,171**	**46,476**	**44,171**
Capital and reserves - equity					
Called up share capital	*18*	2,929	2,929	2,929	2,929
Share premium account	*19*	9,370	9,370	9,370	9,370
Fair value reserve	*19*	20,883	18,057	34,176	31,871
Reverse acquisition reserve	*19*	393	393	-	-
Retained earnings	*19*	12,901	13,422	1	1
Shareholders' funds - equity	*19*	**46,476**	**44,171**	**46,476**	**44,171**

The Financial Statements were approved by the Board of Directors and authorised for issue on 1st June 2011 and signed on its behalf by:

B. P. Marsh & J. S. Newman

The notes on pages 26 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2011

	NOTES	2011 (£'000)	2010 (£'000)
Cash from operating activities			
Income from loans to investees		599	474
Dividends		599	328
Fees received from investment activity		820	910
Operating expenses		(1,837)	(1,562)
Decrease in receivables		4	38
(Decrease) / increase in payables		(93)	2
Depreciation	*11*	22	23
Net cash from operating activities		**114**	**213**
Net cash (used by) / from investing activities			
Purchase of property, plant and equipment	*11*	(6)	–
Purchase of investments	*12*	(1,437)	(2,005)
Proceeds from investments		18	703
Net cash (used by) / from investing activities		**(1,425)**	**(1,302)**
Net cash (used by) / from financing activities			
Net payments of loans to investee companies		(827)	(3,325)
Financial income	*4*	2	25
Financial expenses	*3*	(28)	–
Dividends paid	*7*	(293)	–
Net cash (used by) / from financing activities		**(1,146)**	**(3,300)**
Change in cash and cash equivalents		(2,457)	(4,389)
Cash and cash equivalents at beginning of the period		2,972	7,341
Exchange movement		–*	20*
Cash and cash equivalents at end of period		**515**	**2,972**

* *The exchange movement as noted in the Consolidated Statement of Comprehensive Income is £10k (2010: £nil). The exchange movement in the Consolidated Statement of Cash Flows excludes an exchange loss of £10k (2010: loss of £20k) relating to the revaluation of a loan denominated in Euros as this is a non-cash movement.*

The notes on pages 26 to 47 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2011

No Company Statement of Cash Flows has been prepared as there has been no cash flow movement in the Company during the current period other than dividends received from a subsidiary company which were then paid to the Company's members. There was no cash flow movement in the previous period. Accordingly the Company's "cash and cash equivalents" balance as at 31st January 2011 is £1k (2010: £1k).

CONSOLIDATED & COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST JANUARY 2011

	GROUP		COMPANY	
	2011 (£'000)	2010 (£'000)	2011 (£'000)	2010 (£'000)
Opening total equity	44,171	43,884	44,171	43,884
Total recognised income and expense for period	2,598	287	2,598	287
Dividends paid	(293)	-	(293)	-
Total equity	**46,476**	**44,171**	**46,476**	**44,171**

Refer to Note 19, for detailed analysis of the changes in the components of equity.

The notes on pages 26 to 47 form part of these financial statements.

1. Accounting Policies

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

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

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

IFRS 3 Business Combinations (revised) – The revised standard is required to be adopted for any acquisitions made in the year but had no impact on these financial statements.

IFRS 7 (revised) Financial Instruments Disclosure – The amendment requires enhanced disclosure about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of hierarchy, further details which can be found in Note 23.

IAS 24 (revised) Related Party Disclosures – This revision is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The Group has adopted the revised IAS 24 in these financial statements.

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

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

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

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

1. Accounting Policies (continued)

Business Combinations (continued)
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the Statement of Financial Position at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 Investment in Associates ("IAS 28"), which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the profit and 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 £2,598,106 (2010: profit of £287,231), prior to a dividend distribution of £292,861 (2010: £nil).

Employee services settled in equity instruments
Where the Group issues equity settled share-based awards to certain employees and advisors, a fair value for the equity settled share awards is measured at the date of grant. The Group measures the fair value using the valuation technique most appropriate to value each class of award, either the Black-Scholes or a Trinomial valuation method.

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

Cancellation of the rights to the equity settled share-based awards by the employees is accounted for as if the relevant employees have left the Group with the related amounts recorded previously in reserves being transferred to retained earnings.

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

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

Both realised and unrealised gains and losses arising from changes in fair value are taken to the Statement of Comprehensive Income for the year. In the 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 investments are expensed in the Statement of Comprehensive Income.

1. Accounting Policies (continued)

Income from investments
Income from investments comprises:

a) gross interest from loans, which is taken to the Statement of Comprehensive Income on an accruals basis;
b) dividends from equity investments are recognised in the 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.

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

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

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

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

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

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

Taxation
The tax expense represents the sum of the tax currently payable and any deferred tax. The tax currently payable is based on the estimated taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the date of the 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 Statement of Financial Position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. Accounting Policies (continued)

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

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

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

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

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

Financial assets and liabilities
Financial instruments are recognised in the 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. These are classified as non-current assets.

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 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 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 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 Statement of Financial Position.

1. Accounting Policies (continued)

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

As part of the IASB's preparation to replace IAS 39 "Financial Instruments: Recognition and Measurements", in November 2009, the IASB issued the first phase of IFRS 9 "Financial Instruments", dealing with the classification and measurement of financial assets. In October 2010, the IASB updated IFRS 9 by incorporating the requirements for the accounting for financial liabilities. The new standard is effective for annual periods beginning on or after 1st January 2013 with transitional arrangements depending on the date of initial application. The Group has not yet decided the date of adoption of this standard and has not yet completed its evaluation of the effect of adoption. The new standard has not yet been adopted by the EU.

Other standards, amendments and interpretations have been issued but are not yet effective, and are not expected to have a material effect on the reported income or net assets of the Group. These are not referred to above.

2. Segmental Reporting

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

The Group identifies its reportable operating segments based on the geographical location in which each of its investments is incorporated and primarily operates. For management purposes, the Group is organised and reports its performance by two geographic segments: UK & Channel Islands and Non-UK & Channel Islands.

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

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

Each reportable segment derives its revenues from three main sources. These are described in further detail in Note 1 under 'Income from investments'.

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

The transition from the provisions of IAS 14 Segment Reporting ("IAS 14") to IFRS 8, which became mandatory for accounting periods beginning on or after 1st January 2009, did not given rise to any specific changes in the way the Group reports on its operating segments.

2. Segmental Reporting (continued)

	Geographic Segment 1: UK & Channel Islands		Geographic Segment 2: Non-UK & Channel Islands		Group	
	2011 (£'000)	2010 (£'000)	2011 (£'000)	2010 (£'000)	2011 (£'000)	2010 (£'000)
Operating income / (loss)	5,524	574	(631)	608	4,893	1,182
Operating expenses	(1,353)	(1,270)	(484)	(292)	(1,837)	(1,562)
Segment operating profit / (loss)	**4,171**	**(696)**	**(1,115)**	**316**	**3,056**	**(380)**
Financial income	2	20	–	5	2	25
Financial expenses	(21)	–	(7)	–	(28)	–
Carried interest provision	(7)	412	–	–	(7)	412
Exchange movements	–	(5)	(10)	5	(10)	–
Profit before tax	**4,145**	**(269)**	**(1,132)**	**326**	**(3,013)**	**57**
Income tax	(732)	321	317	(91)	(415)	230
Profit for the year	**3,413**	**52**	**(815)**	**235**	**2,598**	**287**
Non-current assets						
Property, plant and equipment	29	42	4	7	33	49
Investments	41,207	36,484	5,936	6,261	47,143	42,745
Loans and receivables	2,952	4,155	1,451	458	4,403	4,613
	44,188	**40,681**	**7,391**	6,726	**51,579**	**47,407**
Current assets						
Trade and other receivables	1,361	329	311	756	1,672	1,085
Cash and cash equivalents	515	2,972	–	–	515	2,972
	1,876	**3,301**	**311**	**756**	**2,187**	**4,057**
Total assets	**46,064**	**43,982**	**7,702**	**7,482**	**53,766**	**51,464**
Non-current liabilities						
Carried interest provision	(331)	(324)	–	–	(331)	(324)
Deferred tax liabilities	(7,009)	(6,187)	326	(81)	(6,683)	(6,268)
	(7,340)	**(6,511)**	**326**	**(81)**	**(7,014)**	**(6,592)**
Current liabilities						
Trade and other payables	(276)	(701)	–	–	(276)	(701)
Total liabilities	**(7,616)**	**(7,212)**	**326**	**(81)**	**(7,290)**	**(7,293)**
Net assets	**38,448**	**36,770**	**8,028**	**7,401**	**46,476**	**44,171**
Additions to property, plant and equipment	6	–	–	–	6	–
Depreciation of property, plant and equipment	19	20	3	3	22	23
Impairment of investments and loans	446	652	–	–	446	652

3. Financial Expenses

	2011 (£'000)	2010 (£'000)
Other interest	28	–

4. Financial Income

	2011 (£'000)	2010 (£'000)
Bank interest	2	25
Other interest	–	–
	2	**25**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 16 (2010: 15). All remuneration was paid by B. P. Marsh & Company Limited.

The related staff costs were:

	2011 (£'000)	2010 (£'000)
Wages and salaries	1,021	856
Social security costs	130	100
Pension costs	38	40
	1,189	**996**

In addition staff were paid £60,000 (2010: £nil) out of the B. P. Marsh Employee Benefit Trust in the year (see Note 6 below). This cost is not reflected in the Statement of Comprehensive Income in the current year as it is funded through prior year contributions.

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2011 (£'000)	2010 (£'000)
Management services – remuneration	758	574
Fees	16	20
Pension contributions – remuneration	21	20
	795	**614**

In addition to the above, Mr S. S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 15.

6. Directors' Emoluments (continued)

	2011 (£'000)	2010 (£'000)
Highest paid director		
Emoluments	95	185
Long term incentive payments	200	-
Pension contribution	9	-
	304	**185**

The highest paid director disclosure for the current year includes a payment of £60,000 out of the B. P. Marsh Employee Benefit Trust. This cost is not reflected in the Statement of Comprehensive Income in the current year as it is funded through prior year contributions.

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

During the period, 2 directors (2010: 2) accrued benefits under the defined contribution pension scheme.

7. Dividends

	2011 (£'000)	2010 (£'000)
Ordinary dividends		
Final dividend paid on:		
1 pence each on 29,286,143 Ordinary shares	293	-
	293	**-**

8. Profit On Ordinary Activities Before Taxation

The profit for the period is arrived at after charging:

	2011 (£'000)	2010 (£'000)
Depreciation of owned tangible fixed assets	22	23
Auditors remuneration:		
Audit fees for the Company	23	20
Other services:		
Audit of subsidiaries' accounts	11	10
Taxation	8	6
Other advisory	11	14
Exchange loss	10	-
Operating lease rentals of land and buildings	115	106

9. Taxation

The charge / (credit) for tax comprises:

	2011 (£'000)	2010 (£'000)
UK corporation tax charge for the year	-	-
Deferred tax charge / (credit) for the year (Note 16)	415	(230)
	415	**(230)**
Factors affecting the charge for the year		
Profit on ordinary activities before tax	**3,013**	**57**
Tax at 28% on profit on ordinary activities (2010: 28%)	844	16
Effects of:		
Expenses not deductible for tax purposes	13	17
Non taxable (income, impairments and unrealised gains)	(830)	(122)
Capital (gains) on disposal of investments	-	(28)
Other effects:		
Management expenses unutilised	141	110
Provisions against investments not allowable for tax	-	99
Non-taxable income (dividends received)	(168)	(92)
Corporate tax charge for the year	**-**	**-**

There are no factors which may affect future tax charges.

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

	2011 (£'000)	2010 (£'000)
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity shareholders	2,598	287
Earnings per share – basic and diluted	8.9p	1.0p

	NUMBER	NUMBER
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	29,286,143	29,286,143
Number of dilutive shares under option	Nil	Nil
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	**29,286,143**	**29,286,143**

11. Property, Plant And Equipment

Group

	FURNITURE & EQUIPMENT (£'000)	LEASEHOLD FIXTURES & FITTINGS (£'000)	TOTAL (£'000)
Cost			
At 1st February 2009	57	51	108
Additions	–	–	–
Disposals	–	–	–
At 31st January 2010	**57**	**51**	**108**
At 1st February 2010	57	51	108
Additions	6	–	6
Disposals	–	–	–
At 31st January 2011	**63**	**51**	**114**
Depreciation			
At 1st February 2009	31	5	36
Eliminated on disposal	–	–	–
Charge for the year	7	16	23
At 31st January 2010	**38**	**21**	**59**
At 1st February 2010	38	21	59
Eliminated on disposal	–	–	–
Charge for the year	6	16	22
At 31st January 2011	**44**	**37**	**81**
Net book value			
At 31st January 2011	19	14	33
At 31st January 2010	19	30	49
At 31st January 2009	26	46	72

12. Non-Current Investments

Group

	SHARES IN INVESTEE COMPANIES TOTAL (£'000)
At valuation	
At 1st February 2009	41,673
Additions	2,005
Disposals	(604)
Provisions	(352)
Unrealised gains in this period	23
At 31st January 2010	**42,745**
At 1st February 2010	42,745
Additions	1,437
Disposals	(10)
Provisions	-
Unrealised gains in this period	2,971
At 31st January 2011	**47,143**
At cost	
At 1st February 2009	17,043
Additions	2,005
Disposals	(600)
Provisions	(500)
At 31st January 2010	**17,948**
At 1st February 2010	17,948
Additions	1,437
Disposals	(10)
Provisions	-
At 31st January 2011	**19,375**

The principal addition in the year relates to the acquisition on 22nd July 2010 of 30% equity holding in US Risk (UK) Limited for £1,396,417.

12. Non-Current Investments (continued)

Group (continued)

The unquoted investee companies, which are registered in England except Summa Insurance Brokerage S. L. (Spain), Preferred Asset Management Ltd (Jersey), New Horizons Ltd (Isle of Man) and Paterson Squared, LLC (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
Amberglobe Limited	49.00	30.04.10	(650,932)	(288,358)	Business sales platform
Besso Holdings Limited	22.73	31.12.09	9,605,838	(91,777)	Investment holding company
HQB Partners Limited	27.72	31.12.10	(42,855)	(164,777)	Investor relations consultants
Hyperion Insurance Group Limited	19.50	30.09.10	41,444,000	4,390,000	Insurance holding company
LEBC Holdings Limited	21.95	30.09.10	671,419	9,334	Independent financial advisor company
Portfolio Design Group International Limited	20.00	31.12.09	7,827,121	(1,356,340)	Fund managers of traded endowment policies
Morex Commercial Limited	20.00	31.12.09	367,254	28,824	Trading in secondary life policies
Preferred Asset Management Limited	20.00	30.09.09	816,451	368,135	Fund management company
New Horizons Limited (formerly Surrenda-Link Nominees Limited)	20.00	31.12.08	1,595,863	66,732	Investment holding company
Paterson Squared, LLC	22.50	31.12.10	364,411	279,575	Independent reinsurance transaction consultants
Summa Insurance Brokerage, S. L.	48.625	31.12.09	10,292,415	104,242	Consolidator of regional insurance brokers
US Risk (UK) Limited	30.00	31.12.09	1,654,073	556,716	Holding company for insurance intermediaries

12. Non-Current Investments (continued)

Group (continued)

In addition, as a result of the disposal of the Group's interest in JMD Specialist Insurance Services Group Limited in the year to 31st January 2010, the Group acquired an investment of £698,750 in respect of 650,000 ordinary shares in Randall & Quilter Investment Holdings Plc ("R&Q"), which represents 1.16% of the share capital of R&Q. In June 2010 the Group acquired 40,000 additional ordinary shares in R&Q for £40,800, which increased the holding to 1.23% of the share capital of R&Q. R&Q is listed on the AIM Market.

In November 2007 the Group acquired a 20% equity holding in London Endowments Limited. On 22nd December 2010 the Group disposed its holding for £9,538, which approximated its carrying value.

The aggregate capital and reserves and profit / (loss) for the year shown above are extracted from the relevant local GAAP accounts of the investee companies except for those of Hyperion Group Limited which are prepared under IFRS with effect from its year ended 30th September 2010.

On 3rd September 2009 Trillium Partners Limited, an associated company, was placed into administration. Full provision was made against this investment in the prior year. During the year a distribution of £17,990 was recovered from the liquidation proceeds. No further amounts are anticipated.

Under FRS 25 the HQB Partners Limited accounts have included the Group's 27.72% interest as a long-term creditor. As this is in reality an equity investment the aggregate capital and reserves shown have therefore been adjusted to include this as equity and the profit has been adjusted by the dividend paid out.

Company

	SHARES IN GROUP UNDERTAKINGS (£'000)
At valuation	
At 1st February 2009	33,728
Additions	-
Unrealised gains in this period	287
At 31st January 2010	**34,015**
At 1st February 2010	34,015
Additions	-
Unrealised gains in this period	2,305
At 31st January 2011	**36,320**
At cost	
At 1st February 2009	2,143
Additions	-
At 31st January 2010	**2,143**
At 1st February 2010	2,143
Additions	-
At 31st January 2011	**2,143**

12. Non-Current Investments (continued)

Shares in group undertakings

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

NAME OF COMPANY	% HOLDING OF SHARE CAPITAL	AGGREGATE CAPITAL AND RESERVES AT 31ST JANUARY 2011 (£)	PROFIT/(LOSS) FOR THE YEAR TO 31ST JANUARY 2011 (£)	PRINCIPAL ACTIVITY
B. P. Marsh & Company Limited	100	43,003,408	13,378	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	11,035,001	35,847	Investment holding company
B. P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant

13. Loans And Receivables – Non-Current

	GROUP		COMPANY	
	2011 (£'000)	2010 (£'000)	2011 (£'000)	2010 (£'000)
Loans to investee companies (Note 24)	4,403	4,613	-	-
Amounts due from subsidiary undertakings	-	-	10,155	10,155
	4,403	**4,613**	**10,155**	**10,155**

See Note 24 for terms of the loans.

14. Trade And Other Receivables - Current

	GROUP		COMPANY	
	2011 (£'000)	2010 (£'000)	2011 (£'000)	2010 (£'000)
Trade receivables	221	177	-	-
Less provision for impairment of receivables	(68)	(20)	-	-
	153	**157**	**-**	**-**
Loans to investee companies (Note 24)	1,089	497	-	-
Other receivables	6	20	-	-
Prepayments and accrued income	424	411	-	-
	1,672	**1,085**	**-**	**-**

Included within trade receivables is £153,057 (2010: £128,760) owed by the Group's participating interests.

14. 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	
	2011 (£'000)	2010 (£'000)	2011 (£'000)	2010 (£'000)
Balance at 1st February	20	10	-	-
Increase in allowance recognised in the Statement of Comprehensive Income	48	10	-	-
Balance at 31st January	**68**	**20**	**-**	**-**

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 £153,580 (2010: £154,493) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired:

	Group		Company	
	2011 (£'000)	2010 (£'000)	2011 (£'000)	2010 (£'000)
0 – 30 days	52	108	-	-
31 – 60 days	68	35	-	-
61 – 90 days	17	-	-	-
More than 90 days	16	11	-	-
	153	**154**	**-**	**-**

£446,000 has been provided against loans to investee companies in the year. The total provision against loans relating to Fixed Asset investments therefore stands at £446,000 (2010: £694,875).

See Note 24 for terms of the loans and Note 23 for further credit risk information.

15. Carried Interest Provision

	Group 2011 (£'000)	Group 2010 (£'000)	Company 2011 (£'000)	Company 2010 (£'000)
Carried interest provision	331	324	-	-
	331	**324**	**-**	**-**

This carried interest provision represents S. S. Clarke's entitlement to a maximum of 20% of any gain, after deducting expenses and following the repayment of all loans, redemption of all preference shares, loan stock and equivalent finance provided by the Company, on the sale of certain agreed investments of the Company and its subsidiaries.

No amounts were paid under this contract during the year (2010: £nil).

16. Deferred Tax Liabilities – Non-Current

	Group (£'000)	Company (£'000)
At 1st February 2009	6,498	-
Credited to Statement of Comprehensive Income	(230)	-
At 31st January 2010	**6,268**	**-**
At 1st February 2010	6,268	-
Charged to Statement of Comprehensive Income	415	-
At 31st January 2011	**6,683**	**-**

The directors estimate that, if the Group were to dispose of all its investments at the amount stated in the Statement of Financial Position, £6,683,000 (2010: £6,268,000) of tax on capital gains would become payable by the Group at a corporation tax rate of 27% (2010: 28%).

The Government recently announced a reduction in the corporation tax rate from 27% to 26% with effect from 6th April 2011. As this was not substantially enacted at the year end, this rate of 26% has not been used in calculating the deferred tax liabilities arising from the unrealised gains on the revaluation of the Group's investments. This rate is expected to be used in next year's financial statements once substantially enacted.

If the lower rate of 26% had been used in these financial statements, the deferred tax liabilities would have been reduced from the current £6,683,000 to £6,436,000 resulting in an increase in net assets of £247,000.

17. Trade And Other Payables - Current

	GROUP 2011 (£'000)	GROUP 2010 (£'000)	COMPANY 2011 (£'000)	COMPANY 2010 (£'000)
Trade payables	37	47	-	-
Other taxation & social security costs	17	73	-	-
Other loans	-	332	-	-
Accruals and deferred income	222	249	-	-
	276	**701**	**-**	**-**

The other loan due within one year related to an unsecured, interest free loan repayable on the finalisation of the liquidation of Whitmar Holdings Limited ("Whitmar") (formerly Glenvaal Dewar Rand Limited). During the year it was confirmed on finalisation of the liquidation of Whitmar that no amount was payable to Whitmar, the amount having been settled by a dividend in specie in prior years. Accordingly, this amount together with the related exchange gain has been included in realised gains in the Consolidated Statement of Comprehensive Income.

18. Called Up Share Capital

	2011 (£'000)	2010 (£'000)
Allotted, called up and fully paid		
29,286,143 Ordinary shares of 10p each (2010: 29,286,143)	2,929	2,929
	2,929	**2,929**

19. Reconciliation Of Movements In Shareholders' Funds

Group

	SHARE CAPITAL (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	REVERSE ACQUISITION RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1st February 2009	2,929	9,370	17,396	393	13,796	43,884
Profit for the year	-	-	665	-	(378)	287
Transfers on sale of investments	-	-	(4)	-	4	-
At 31st January 2010	**2,929**	**9,370**	**18,057**	**393**	**13,422**	**44,171**
At 1st February 2010	2,929	9,370	18,057	393	13,422	44,171
Profit for the year	-	-	2,826	-	(228)	2,598
Dividends Paid	-	-	-	-	(293)	(293)
At 31st January 2011	**2,929**	**9,370**	**20,883**	**393**	**12,901**	**46,476**

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

Company

	SHARE CAPITAL (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
At 1st February 2009	2,929	9,370	31,584	1	43,884
Profit for the year	-	-	287	-	287
At 31st January 2010	**2,929**	**9,370**	**31,871**	**1**	**44,171**
At 1st February 2010	2,929	9,370	31,871	1	44,171
Profit for the year	-	-	2,305	293	2,598
Dividends paid	-	-	-	(293)	(293)
At 31st January 2011	**2,929**	**9,370**	**34,176**	**1**	**46,476**

20. Operating Lease Commitment

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

	2011 LAND AND BUILDINGS (£'000)	2010 LAND AND BUILDINGS (£'000)
Earlier than one year	119	132
Between two and five years	-	121

21. Loan And Equity Commitments

On 7th February 2005 the Group entered into an agreement to provide a loan facility of £140,000 to HQB Partners Limited, an investee company. As at 31st January 2011, this facility has been drawn down in full.

On 10th March 2008 the Group entered into an agreement to provide a loan facility of £630,000 to Amberglobe Limited, an investee company. An additional loan facility of £65,000 was agreed on 30th November 2009 increasing the total facility to £695,000. As at 31st January 2011, £670,000 of this facility had been drawn down.

On 1st April 2009 the Group entered into an agreement to provide a loan facility of £400,000 to LEBC Group Limited, an investee company. As at 31st January 2011, no amounts had been drawn down.

On 2nd June 2009 the Group provided a £2,460,000 loan to Hyperion Insurance Group Limited ("Hyperion"), which was drawn down in full. On the same date the Group entered into a further agreement with Hyperion to subscribe for €900,000 in loan notes to fund an acquisition, being part of a €4,500,000 loan note issue alongside other shareholders. As at 31st January 2011, this facility has been drawn down in full.

On 22nd July 2010 the Group entered into an agreement to provide a loan facility of £1,950,000 to US Risk (UK) Limited, an investee company. As at 31st January 2011 none of this facility had been drawn down.

21. Loan And Equity Commitments (continued)

On 31st December 2010 the Group entered into an agreement to provide a further €650,000 (£556,936) loan to Summa Insurance Brokerage, S.L. for general working capital requirements. This is in addition to the €2,000,000 loan facility previously agreed, of which €927,990 (£804,918) had been previously drawdown. As at 31st January 2011, a total of €1,577,990 (£1,350,556) had been drawn down to date.

22. Contingent Liabilities

The Group has entered into long-term incentive arrangements with certain employees and directors. Provided they remain in employment with the Group as at specified dates in the future, the Group has agreed to pay bonuses totalling £445,000 together with the Employers' National Insurance due thereon. £20,000, £100,000, £250,000 and £75,000 are due to be paid on 6th April 2011, 1st October 2011, 1st October 2012 and 1st October 2013 respectively.

No amount has been included in these financial statements as the performance conditions relating to these incentives had not been met at the time of the reporting period.

23. Financial Instruments

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

The Group has not entered into any derivatives transactions.

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

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

Interest rate profile
The Group has cash balances of £515,000 (2010: £2,972,000), which are part of the financing arrangements of the Company. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged between 0.1% p.a. and 0.3% p.a. in the period (2010: ranged between 0.2% p.a. and 1.4% p.a.). Maturity periods ranged between immediate access and 1 month in both the current and prior years.

Currency hedging
During the period, the Group did not engage in any form of currency hedging transaction (2010: none).

Financial liabilities
The Company had no borrowings during the period (2010: none).

23. Financial Instruments (continued)

Fair values

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31st January 2011:

	LEVEL 1 (£'000)	LEVEL 2 (£'000)	LEVEL 3 (£'000)	TOTAL (£'000)
Assets				
Investments designated as "fair value through profit or loss" assets	610	-	46,533	47,143
	610	**-**	**46,533**	**47,143**

24. Related Party Disclosures

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

	2011 (£)	2010 (£)
Amberglobe Ltd	670,000	670,000
Besso Holdings Ltd	400,000	400,000
HQB Partners Ltd	140,000	80,000
Hyperion Insurance Group Ltd	3,277,142	3,004,959
Paterson Squared, LLC	100,000	150,000
	(€)	(€)
Summa Insurance Brokerage S. L.	1,577,990	927,990

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

During the year, the Group agreed a loan facility with the directors, or other related parties, including Mr B. P. Marsh (£3,500,000), Ms J. K. N. Dunbar (£500,000), Mr P. J. Mortlock (£250,000) and Mrs M. Newman (£75,000) which is secured on the assets of the Company. The loan will accrue interest at a rate of UK Base Rate + 4%, subject to a minimum of 6.5%, and is repayable in full by 9th June 2013. Interest is payable on a quarterly basis. This new facility bears a charge of 1% p.a. on any undrawn amount. As at 31st January 2011 none of this facility had been drawn down.

24. Related Party Disclosures (continued)

Income receivable, consisting of consultancy fees and interest on loans credited to the Statement of Comprehensive Income in respect of the associated companies of the Company and its subsidiaries for the year were as follows:

	2011 (£)	2010 (£)
Amberglobe Ltd	58,963	68,873
Berkeley (Insurance) Holdings Ltd	-	6,053
Besso Holdings Ltd	184,676	184,174
HQB Partners Ltd	28,826	28,185
Hyperion Insurance Group Ltd	490,591	500,810
JMD Specialist Insurance Services Group Ltd	-	138,034
LEBC Group Ltd	80,177	44,161
Oakbridge Insurance Services, LLC	52,250	51,479
Paterson Squared, LLC	28,256	36,458
Portfolio Design Group International Ltd	36,000	36,000
Summa Insurance Brokerage S. L.	391,510	232,204
Trillium Partners Ltd	-	18,290
US Risk (UK) Limited	28,756	-

In addition, the Group made management charges of £39,000 (2010: £39,000) to Marsh Christian Trust. Mr B. P. Marsh, the Chairman and majority shareholder of the Company, is also the Trustee and Settlor of Marsh Christian Trust.

S. S. Clarke is entitled to a maximum of 20% of any gain, after deducting expenses and following the repayment of all loans, redemption of all preference shares, loan stock and equivalent finance provided by the Company, on the sale of certain agreed investments of the Company and its subsidiaries. The carried interest provided for at the year end was £331,000 (2010: £324,000).

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

Of the total dividend payments in the year of £292,861, £187,334 were paid to the directors and/or parties related to them.

25. Post Balance Sheet Events

On 18th February 2011 the Group provided a further £15,000 of an agreed £695,000 loan facility to Amberglobe Limited for general working capital requirements. A total of £685,000 has been drawn down to date.

On 31st March 2011 the Group's £1,775,000 preferred shares in Besso Holdings Limited were redeemed and the Group subscribed for £2,540,000 of 14% loan stock. In addition the Group acquired a further 11.3% shareholding in Besso Holdings Limited for £735,000 with a further consideration of £300,000 payable under certain events.

On 31st March 2011 the Group utilised £1,250,000 of the Directors Loan facility (see Note 24) to finance the Besso Holdings Limited related transaction noted above.

On 1st April 2011 the Group provided a further £50,000 of an agreed £250,000 loan facility to Paterson Squared, LLC for general working capital requirements. A total of £150,000 has been drawn down to date.

25. Post Balance Sheet Events (continued)

On 6th April 2011 the Group paid a bonus of £20,000, together with Employers' National Insurance due thereon, to one of its employees (who is also a director of the Company) as part of the Group's long-term incentive arrangements.

26. Ultimate Controlling Party

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

NOTES

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

Growth, maturity

and a vision for success.

B. P. Marsh & Partners Plc
2nd Floor
36 Broadway
London
SW1H 0BH
Tel: +44 (0)207 233 3112
Fax: +44 (0)207 222 0294
www.bpmarsh.co.uk

designed and produced by kurtz limited

photography by rodney smith