B. P. MARSH & PARTNERS PLC

2012 ANNUAL REPORT

COMPANY INFORMATION

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

Company Secretary
Sinead O'Haire

Company Number
05674962

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
Panmure Gordon (UK) Limited
Moorgate Hall, 155 Moorgate
London EC2M 6XB

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

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GROUP PROFILE

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

The Group typically invests up to £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.

We are in the business of planting things, not shooting at them – We are farmers not hunters

I am pleased to present the audited Consolidated Financial Statements of B. P. Marsh & Partners Plc for the year ended 31st January 2012.

We live and work in a world of seemingly wall-to-wall turmoil. Macro-economic news regularly drowns those of us who read it or listen to it in a sense of dismay: Europe and North America seem to stagger from one debt-ridden crisis to another, whilst our own country hovers stubbornly around a state of technical recession.

Financial Services, our particular area of operation, lies at the heart of this storm, it seems, and the media offers little cheering news from which to take heart.

Against this background, we should be much encouraged by the fact that our small Company continues to make steady progress. Our very modest debts (which at 31st January 2012 were £1.25m) are owed, not to any rapacious outside lender, but to our own Directors, who are content enough to expose their own cash to our Company in this way.

We continue to make a profit from our activities, not a loss; and, our net asset values have again risen, this year by 7.8% to a total of £50.1m, for the first time exceeding £50m.

Of our portfolio the largest, Hyperion Insurance Group Limited ("Hyperion"), forges ahead with enviable momentum. We recently took the opportunity to sell approximately 15% of the Group's holding in Hyperion at a cash price of 380p per share. The sale proceeds, which amount to £4.5m, will allow the Company to repay the £1m outstanding Directors' Loan, provide funds for follow-on investment to promote growth and expansion within the Company's portfolio of investee companies and ensure funds are available for new opportunities. The Group has been an investor in Hyperion for 17 years and is very much looking forward to continuing to support management through the Company's remaining, and significant, 16.19% shareholding in Hyperion.

However, we are not immune to the pressures of the global financial outlook and HQB Partners Limited ("HQB"), the proxy solicitation and corporate governance advisory partnership in which the Group held a 27.72% stake, unfortunately entered into administration just before year-end, on 13th January 2012.

Financial Performance

At 31st January 2012, the net asset value of the Group was £50.1m (2011: £46.5m), after making allowance for deferred corporation tax, an increase of 7.8%. This equates to a net asset value of 171p per ordinary share as at 31st January 2012 (2011: 159p).

The Group has therefore achieved an annual compound growth rate of 12.0% after running costs, realisations, losses and distributions and having made an appropriate allowance for deferred corporation tax since the Group's establishment in 1990 (excluding £10.1m raised on flotation).

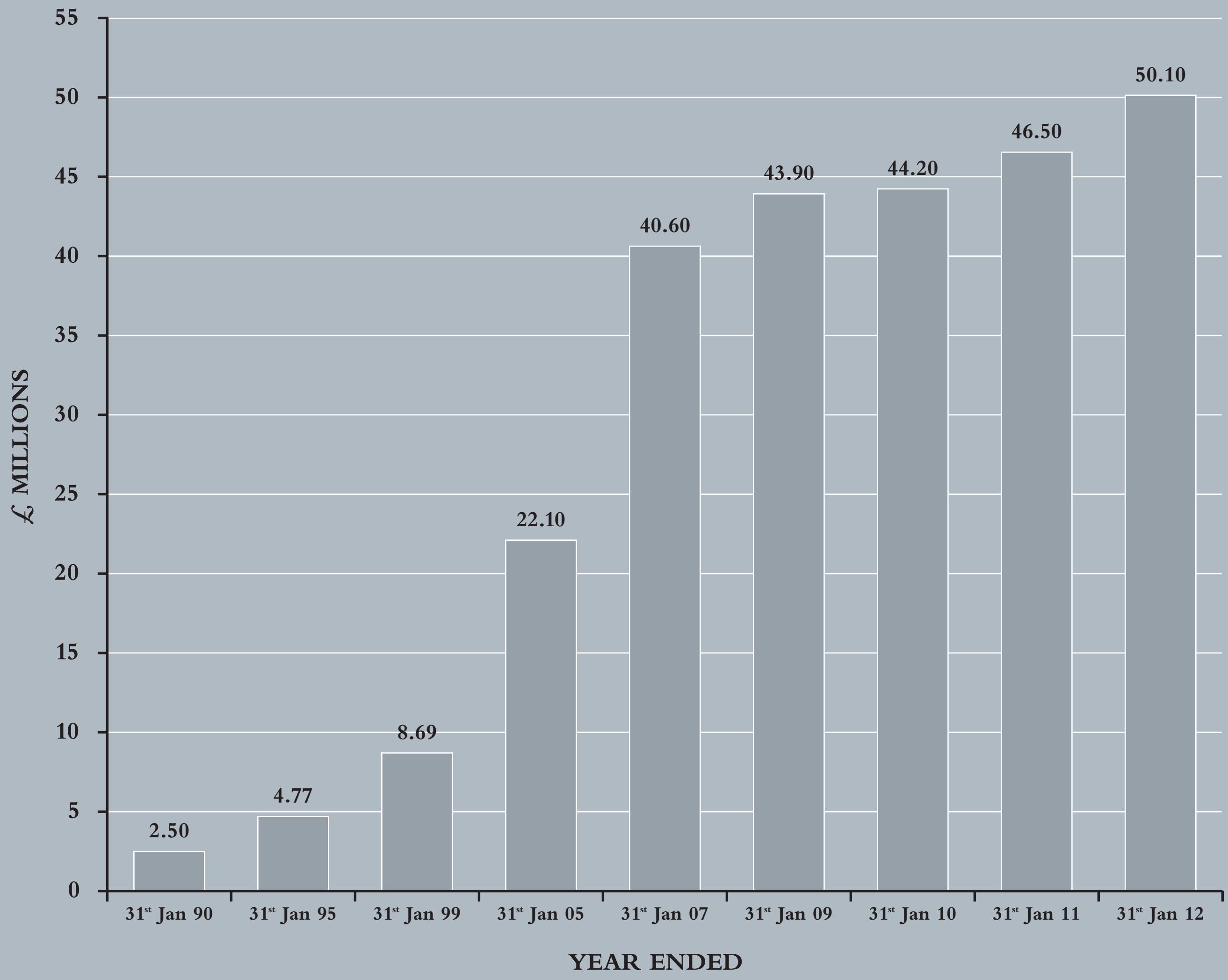
Reflecting investment portfolio movement, including the unrealised increase on revaluation of the portfolio, the consolidated profit on ordinary activities after tax for the year was £3.6m (2011: profit of £2.6m) an increase of 40.3%. However, excluding portfolio movement the Group made a pre-tax profit of £0.11m (2011: profit of £0.15m). 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 Financial Statements to 31st January 2012 do not reflect the Government's recently announced reduction in corporation tax from 26% to 24% with effect from 6th April 2012 as this has not yet been substantively enacted. If this does become substantively enacted, it would reduce deferred tax liabilities by £0.6m based upon the portfolio valuation at 31st January 2012 and therefore increase overall net asset value by the same amount.

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 Consolidated Statement of Financial Position and therefore, for comparative purposes, all prior valuations are shown net of deferred tax.

Shareholders

The Board believes that the Group's prospects remain good, despite the continued bleak outlook for the global economy. The Directors continue to explore all opportunities for realisations and development within the portfolio.

Summary of Developments in the Portfolio

During the financial year ended 31st January 2012, the following developments took place within the Group and its portfolio:

- **Acquisition of further 11% of Besso Insurance Group Limited ("Besso")**

  In April 2011, the Group acquired a further 11.29% shareholding and additional loan stock in Besso for £1.5m, taking its total equity holding in the group to 34%; £1.25m of this further investment was financed from the £4.325m Directors' loan facility that was put in place in June 2010.

  The transaction saw Michael Wade joining Besso as its new Chairman, taking a 15% stake in place of Union Hamilton Reinsurance Limited (part of the Wells Fargo corporation).

- **HQB Administration**

  HQB, the proxy solicitation and corporate governance advisory partnership in which the Group held a 27.72% stake, entered into administration on 13th January 2012.

  By 31st January 2011, the Group had written off its investment value in HQB from an investment cost of £35,000 in February 2005. The outstanding loan of £140,000 (at 31st January 2011) was repaid in full prior to HQB entering administration.

Trading Update:

- **US Risk (UK) Limited**

  Acquisition of James Hampden International Insurance Brokers Limited
  US Risk (UK), in which the Group invested in June 2010, acquired the specialist international reinsurance and insurance broking company James Hampden International Insurance Brokers Ltd, which is headquarted in the City of London and operates in the Lloyd's and international insurance markets. The transaction also involved the acquisition of a 75% stake in Abraxas Insurance AG, the Swiss Underwriting Agency.

  The acquisition, funded by the Group's original equity investment, is in line with US Risk (UK)'s strategy for growth and development, and further adds to its capabilities as a specialist insurance intermediary in the Lloyd's and London Market.

- **Besso Insurance Group Limited**

  Exercise of Call Option
  Under the terms of the transaction announced on 1st April 2011 and described above, the Group acquired an 11.29% stake in Besso, increasing the Group's combined holding to 34%. As part of the transaction the Group entered into a Call Option with Besso, allowing Besso the option to buy-back the equivalent of 4% of these shares at any point during the following 24 months.

  The Call Option was accordingly exercised by Besso on 16th March 2012 in respect of the full 4%. Besso cancelled these shares upon buy-back with the intention of issuing equivalent shares up to the same number to an employee incentive scheme. As a result of the Call Option being exercised, and a subsequent issue of the same amount of shares to management, the Group's overall holding in Besso stands at 30%.

The Group also agreed to provide Besso with a further £578,698 of loan funding in order to facilitate the exercise of the Call Option. This transaction therefore had no cash impact for the Group.

B. P. Marsh supports Besso's aims of aligning senior management with shareholders by the exercise of the Option and believes that this will enable Besso to optimise opportunities for strategic growth and development.

- **Hyperion Insurance Group Limited**

Disposal of stake in CFC Underwriting Limited ("CFC")
In April 2012 Hyperion reached agreement to sell its majority stake in CFC to a consortium of private investors and the management team, subject to FSA approval.

Queen's Award for Enterprise 2012
Hyperion has been awarded the Queen's Award for Enterprise in International Trade for the second time. Hyperion's first Queen's Award was granted in 2007 for outstanding achievement in international trade over a three year period. At this point Hyperion had 25 offices in 13 countries, and in the three year application period its overseas earnings increased by more than £8 million. However, in this, the Jubilee year, Hyperion won the award for continuous achievement over a six year period. Hyperion now has 52 offices in 28 countries, with overseas earnings growth increasing by over 2.5 times, and therefore we believe this award has been rightly deserved in recognition of Hyperion's consistent ability to grow profitably.

Partial Sale
On the 16th May 2012, the Group sold 1,193,500 shares in Hyperion for a cash consideration of £4.54m to Murofo Investments S.L. (an existing Hyperion shareholder), representing an IRR of 40.4% on these shares since they were acquired in November 1994. B. P. Marsh will retain a 16.19% shareholding in Hyperion, having reduced its 18.94% stake by 2.75%. The transaction was pro-rata ex-dividend.

Directors' Loan
£1.25m of loans were used to fund the Besso acquisition in March 2011 as set out above. £0.25m was repaid in February 2012 from working capital, and the remainder will be repaid in full in June 2012 from the sale of shares in Hyperion. The £4.325m facility will remain available for drawdown for investment opportunities.

Dividend
The Directors are pleased that the Group has reached the stage in its development where they are able to recommend the payment of a dividend of 1p per share (£0.3m). The intention of the dividend payment is to reward shareholders for supporting the Group and, whilst no assurances can be given, the Directors hope to be in a position to recommend further dividend payments in future years.

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 9 years. The Group requires its investee companies to adopt certain minority shareholder protections and appoints a director to its board. The Group's successful performance 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 £0.7m in cash, plus a further £3.075m Directors' loan facility available, of which it had committed to provide a further £2.3m of loan funding for its existing investments, leaving £1.5m available for new opportunities.

Following the receipt of £4.5m from the partial sale of Hyperion, and allowing for the £1.0m repayment of the Directors' loan and a £0.3m dividend, the Group currently has £3.5m in cash, plus a further £4.325m Directors' loan facility available. As the Group had made commitments to provide a further £2.3m of funding for its existing investments, this leaves £5.5m available for new opportunities.

Investment Opportunities

Having realigned the Group's approach to seeking out new investment opportunities in early 2011, using a more targeted method and building on existing networks, the Group received a strong inflow of opportunities during the year and believes that this trend will continue.

The New Business Department gave detailed consideration to a number of these; including propositions from within the insurance intermediary and wealth management sectors. The Board will continue to pursue opportunities in the best interests of the Group's shareholders.

The Group's investment strategy remains unchanged; to take minority positions in profitable businesses with strong management teams and good growth potential. The Directors consider that the Group remains unique in its investment sector and 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
30th May 2012

As at 31st January 2012 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: 49.00%
31st January 2012 valuation: £98,000

Besso Insurance Group Limited
(www.besso.co.uk)
In February 1995 the Group assisted a specialist team departing from insurance broker Jardine Lloyd Thompson Group in establishing Besso Holdings Limited. The company specialises in insurance broking for the North American wholesale market and changed its name to Besso Insurance Group Limited in June 2011.
Date of investment: February 1995
Equity stake: 34.02%
31st January 2012 valuation: £4,181,000

HQB Partners Limited
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. HQB entered into administration in January 2012.
Date of investment: January 2005
Equity stake: 27.72%
31st January 2012 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: 19.4%, although this could dilute down to 18.3% with the Group retaining an economic interest of approx. 19.2% post-dilution. (NB: Following the partial disposal of shares the current equity holding is 16.19%, which could dilute down to 15.63%, although the Group would retain an economic interest of approx. 16.4%)
31st January 2012 valuation: £33,888,000

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: 21.94%
31st January 2012 valuation: £3,075,000

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: 22.50%
31st January 2012 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: 20.00%
31st January 2012 valuation: £1,748,000

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: 1.35%
31st January 2012 valuation: £658,000

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 2012 valuation: £4,907,000

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: 30.00%
31st January 2012 valuation: £2,069,000

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

We never imitate anything or anyone.
Our business is not a copy of any other;
it is all of our own making

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

For The Year Ended 31st January 2012

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.

Brian Marsh OBE
Chairman, aged 71 (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 board of one of its investee companies and is also a majority shareholder in B. P. Marsh owning 59.1% of the Company.

Jonathan Newman ACMA, CGMA, MCSI
Group Finance Director, aged 37 (I) (V)

Jonathan is a Chartered Management Accountant with over 15 years' experience in the financial services industry. He joined the Group in November 1999 and was appointed a director of B. P. Marsh in September 2001 and Group Finance Director in December 2003. Jonathan is responsible for the Group's finance function, evaluates new investment opportunities and is also the Group's nominee director on the boards of three investee companies.

Daniel Topping MCSI, ACIS
Director, aged 28 (I) appointment date 1 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 four nominee appointments and evaluates new investment opportunities. Daniel owns 802 ordinary shares in B. P. Marsh.

Camilla Kenyon
Director, aged 39 (I) appointment date 1 March 2011

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

Natasha Dunbar BBA
Non-executive, aged 42 (R)

Natasha has over 17 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 acts as the non-executive Chairman on the board of one of the Group's investee companies. Trustees on behalf of Natasha own 4.9% of the Company.

Stephen Clarke FCA
Non-executive, aged 74 (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 30 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 74 (R) (A) (V)

A Chartered Accountant with over 40 years' insurance experience, Philip entered the Lloyd's insurance world in 1965 and, after some years with Fenchurch Group, joined Nelson Hurst & Marsh group as Finance Director and Company Secretary until 1990. He joined the Group in 1990 and has a great deal of experience of the special nature of broking and underwriting finances. Philip continues to give a broad range of advice to B. P. Marsh and 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 of B. P. Marsh ("the Board") is responsible for the Group's corporate governance policies and recognises the importance of high standards of integrity, and consistently seeks to apply the principles set out in the UK Corporate Governance Code (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 15 to 16.

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

Valuation Committee
The Valuation Committee is comprised of Philip Mortlock, Brian Marsh and Jonathan Newman and, in accordance with its terms of reference, is responsible for preparing investment valuations and reviewing the suitability of the Company's investee company valuation policy 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 its Annual Report and these consolidated financial statements play an important part in presenting all shareholders with an assessment of the Group's position and prospects. The Chairman's Statement included within the Annual Report contains a detailed consideration of the Group's position and prospects.

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

By order of the Board
S. C. O'Haire
Company Secretary
29th May 2012

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
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

	2012 (£)	2011 (£)
Emoluments	793,745	757,687
Fees	35,550	16,460
Pension contributions	24,444	20,800

Aggregate Directors' Emoluments

	Salaries and fees (£)	Benefits (£)	Annual bonuses (£)	Termination payments (£)	Long term incentive payments (£)	2012 emoluments excluding pension contributions (£)
B. P. Marsh	190,000	1,239	-	-	-	191,239
J. S. Newman	125,000	4,007	33,500	-	-	162,507
D. J. Topping	66,458	1,733	13,500	-	100,000	181,691
C. S. Kenyon	59,333	2,032	13,500	-	-	74,865
R. G. King*	35,714	1,128	-	30,000	20,000	86,842
J. K. N. Dunbar	55,500	601	-	-	-	56,101
P. J. Mortlock	45,050	-	-	-	-	45,050
S. S. Clarke	31,000	-	-	-	-	31,000

In addition to the above, Mr S. S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 16 on page 44 of these financial statements.

Furthermore, two of the executive directors participate in a long-term incentive arrangement, as outlined in Note 23 on page 47 of these financial statements.

Directors' Pensions

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

	2012 (£)
B. P. Marsh	-
J. S. Newman	12,500
D. J. Topping	3,094
C. S. Kenyon	5,500
R. G. King*	3,350

*R.G. King resigned as an executive director of the Company on 14th June 2011.

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 29th May 2012.

By order of the Board
S. C. O'Haire
Company Secretary
29th May 2012

Directors

B. P. Marsh OBE (Chairman)
J. S. Newman ACMA, CGMA, MCSI
R. G. King LLB, ACIS (resigned 14th June 2011)
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 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 2012.

Statement Of Directors' Responsibilities

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

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

In preparing financial statements the directors are required to:

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

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

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

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

Disclosure Of Information To The Auditors

Each of the persons who are directors at the time when the Group Report of the Directors is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all steps that ought to have been taken as a director in order to be aware of any information needed by the Company and Group's auditors in connection with preparing their report and to establish that the auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Principal Activity

The principal activity of the Group during the year was the provision of consultancy services to, as well as making and trading investments in, financial services businesses.

Country Of Incorporation And Registration

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

Business Review

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

- 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. This amount was repaid to the Group on 28th February 2011 and subsequently redrawn again on 27th May 2011. As at 31st January 2012 a total of £685,000 had been drawn down.
- On 31st March 2011 the Group's £1,775,000 preferred shares in Besso Insurance Group Limited (formerly known as 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 Insurance Group 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 Notes 15 and 25) to finance the Besso Insurance Group 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. This amount was repaid on 16th June 2011. A further £16,000 was subsequently drawn down on 29th July 2011 and repaid on 8th August 2011. As at 31st January 2012 a total of £100,000 had been drawn down.
- The Group received full repayment of its £140,000 loan to HQB Partners Limited ("HQB"). HQB went into administration on 13th January 2012.
- The Group received repayments totalling £430,500 in respect of its £2,460,000 shareholder loan to Hyperion Insurance Group Limited. As at 31st January 2012 a total of £2,029,500 of this shareholder loan remained outstanding to the Group together with £817,142 of loan notes.
- On 30th January 2012 the Group entered into an agreement to provide a further €364,688 (£302,545) loan to Summa Insurance Brokerage, S.L. for general working capital requirements which was drawn down in full. As at 31st January 2012, total loans of €1,942,678 (£1,611,646) have been provided.

Financial Performance
At 31st January 2012, the net asset value of the Group was £50.1m (2011: £46.5m) including a provision for deferred tax. This equates to an increase in net asset value of 7.8% (2011: increase of 5.2%, or an increase of 5.9% excluding the dividend payment). The increase in net asset value was mainly as a result of revaluing the portfolio in line with current market conditions, despite providing against £0.3m of loans to investments during the year, and the underlying business (excluding portfolio movement) showed a pre-tax items profit of £0.11m (2011: £0.15m).

The net asset value of £50.1m at 31st January 2012 represented a total increase in net asset value of £37.5m 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 12.0% 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 2012 was 171p (2011: 159p).

The consolidated profit on ordinary activities after taxation was £3.6m (2011: profit of £2.6m). The consolidated profit on ordinary activities before taxation was £4.4m (2011: profit of £3.0m). This profit includes unrealised gains of £4.6m on investment revaluations (2011: gains of £3.0m), and therefore the increase in profit compared to 2011 is principally as a result of the investment portfolio being valued higher than in 2011 and reflects improvement in investment performance.

Overall income from investments was up over 2011 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 £0.12m (2011: £0.2m). Excluding these, expenses are consistent with 2011. 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 2011 valuation	Acquisitions at cost	Disposals proceeds	Impairment provisions	Adjusted 31st January 2011 valuation	31st January 2012 valuation
£47.1m	£0.7m	£(1.8)m	£nil	£46.0m	£50.6m

This equates to an increase in the portfolio valuation of 10.0% (2011: increase of 6.6%).

Future Prospects
During the year under review, although no new investments were made, the Group continued to assist and support its investments through follow-on funding to enable continued growth. A number of prospective investments were considered and the Group continues to receive a strong pipeline of opportunities and continues to evaluate them for investment potential.

Financial 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. Prior to the current year the Group was debt free, however as at 31st January 2012 the Group owed £1.25m in loans having utilised part of a £4.325m Directors' Loan Facility to fund an acquisition during the year (see Notes 15 and 25). The Group has since 31st January 2012 repaid £0.25m of this facility.

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 2012, the Group had both interest bearing liabilities (in the form of the Directors' Loan Facility) and interest bearing assets. Interest bearing assets are loans made available to investee companies to aid their expansion, and are normally subject to a minimum interest rate to protect the Group from a period of low interest rates.

Currency risk

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

Results Of The Business

The results for the year are set out on page 25. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends

No dividends were paid for the year (2011: £292,861). The directors recommend a final dividend of £292,861 (1p per share) in respect of the current year, payable on 30th July 2012 to shareholders on the register at the close of business on 6th July 2012.

Substantial Interests

As at 7th May 2012 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	2,440,000	8.3%
Henderson Global Investors	1,749,482	6.0%
The Tasha Dunbar Trust	1,428,614	4.9%
The Stephen Crowther Trust	1,428,614	4.9%
AXA S.A.	966,720	3.3%
Sanlam Asset Management Limited	935,100	3.2%

Directors

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

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

	31ST JANUARY 2012 ORDINARY SHARES OF 10P EACH	31ST JANUARY 2011 ORDINARY SHARES OF 10P EACH
Mr B. P. Marsh	17,304,771	17,304,771
The Tasha Dunbar Trust	1,428,614	1,428,614
Mr D. J. Topping	802	802

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 21 (2011: 18) during the year.

Post Balance Sheet Events

On 24th February 2012 the Group repaid £250,000 of the £1,250,000 directors' loan outstanding as at 31st January 2012. Following the repayment, the balance of the directors' loan stood at £1,000,000 from the total available facility of £4,325,000. On 16th May 2012 the Group gave notice to repay the outstanding loan on 18th June 2012.

On 16th March 2012 the Group made a partial disposal of 4.02% of its total 34.02% equity interest in Besso Insurance Group Limited ("Besso") for consideration of £278,698. The partial disposal was made from an 11.29% equity interest in Besso originally acquired on 31st March 2011 by B. P. Marsh & Company Limited, a wholly owned subsidiary of the Company, which at the time increased the Group's overall holding from 22.73% to 34.02%. The 4.02% disposal represented the proportion of shares which were available for buy-back by Besso following the exercise of a Call Option agreement (entered into on 26th May 2011) for subsequent issue to management under a share incentive scheme. As a result of the Call Option being exercised, the Group's overall holding in Besso currently stands at 30%.

On 19th March 2012, in order to facilitate both the exercise of the Call Option above and the upfront payment of a three year loan arrangement fee to the Group totalling £300,000, the Group agreed to provide £578,698 of further loan funding to Besso (in addition to the £400,000 loan facility already drawn down as at 31st January 2012), bringing the total amount of loans outstanding to date to £978,698, excluding £2,540,000 of loan notes. Both the partial disposal and the provision of further loan funding had no cash impact for the Group.

On 5th April 2012 the Group entered into a Monitoring Agreement with U.S. Risk Insurance Group, Inc. (the USA-domiciled parent company of U.S. Risk (UK) Limited ("U.S. Risk"), an associated company). Under the agreement, the Group will assist in providing certain services to U.S. Risk Insurance Group, Inc. including review, oversight and audit of certain aspects of the day to day operations of U.S. Risk and its subsidiaries, in return for an annual "Monitoring Services Fee" equivalent to the Bank of England base rate plus 4% (subject to a minimum of 11% per annum) of £1,396,417. This fee arrangement replaces the Group's entitlement to a preference dividend of the equivalent amount as set out in the original agreements between the Group and U.S. Risk entered into in July 2010 and is effective retrospectively from 1st January 2011.

On 11th April 2012 Hyperion Insurance Group Limited ("Hyperion"), in which the Group had a 19.36% equity interest as at 31st January 2012, announced that it had reached agreement (subject to FSA approval) to sell its majority stake in CFC Underwriting Ltd ("CFC") to a consortium of private investors and the management team. The net proceeds expected from the sale are £3.5m higher than the net value of CFC included within the Group's 31st January 2011 valuation of Hyperion. This has resulted in the Group's proportionate value of Hyperion increasing by £0.7m at 31st January 2012 as a result.

On 18th April 2012 the Group subscribed to 126,833 2p voting only shares in Besso for consideration of £2,537. The purpose of this subscription was for the Group, as a founder shareholder, to maintain its 30% voting rights in Besso.

On 17th May 2012 the Group made a disposal of 2.75% of its total 18.94% equity interest in Hyperion Insurance Group Limited ("Hyperion"). 1,193,500 shares (from a total holding of 8,222,900 shares) were sold to an existing Hyperion shareholder and co-investor, Murofo Investments S.L., for a cash consideration of £4,535,300. As at the date of this report the Group's overall holding in Hyperion stood at 16.19%.

On 24th May 2012 the Group subscribed for a further £25,000 of 14% loan stock in Besso. The loan stock is in addition to the £2,540,000 already held by the Group as at 31st January 2012, bringing the total held to £2,565,000 at the date of this report.

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 2013 and 2014, 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
S. C. O'Haire
Company Secretary
29th May 2012

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

We have audited the Group and Company financial statements of B. P. Marsh & Partners Plc for the year ended 31st January 2012 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 2012 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

29th May 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST JANUARY 2012

	NOTES	2012 (£'000)	2012 (£'000)	2011 (£'000)	2011 (£'000)
Gains on investments	1				
Realised (losses) / gains on disposal of investments	1,12	(20)		350	
Impairment of investments and loans	14	(339)		(446)	
Unrealised gains on investment revaluation	12	4,592		2,971	
			4,233		2,875
Income					
Dividends	1	661		599	
Income from loans and receivables	1	859		599	
Fees receivable	1	594		820	
			2,114		2,018
Operating income	2		**6,347**		**4,893**
Operating expenses	2		(1,817)		(1,837)
Operating profit			**4,530**		**3,056**
Financial income	2,4	–		2	
Financial expenses	2,3	(104)		(28)	
Carried interest provision	2,16	32		(7)	
Exchange movements	2,8	(51)		(10)	
			(123)		(43)
Profit on ordinary activities before exceptional items			**4,407**		**3,013**
Exceptional item	5,6		(30)		–
Profit on ordinary activities before taxation	8		**4,377**		**3,013**
Taxation	9		(732)		(415)
Profit on ordinary activities after taxation attributable to equity holders	20		**3,645**		**2,598**
Earnings per share – basic and diluted (pence)	10		12.4p		8.9p

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

The notes on pages 29 to 50 form part of these financial statements.

CONSOLIDATED & COMPANY STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST JANUARY 2012

(COMPANY NUMBER: 05674962)

	NOTES	GROUP 2012 (£'000)	GROUP 2011 (£'000)	COMPANY 2012 (£'000)	COMPANY 2011 (£'000)
Assets					
Non-current assets					
Property, plant and equipment	*11*	14	33	-	-
Investments	*12*	50,624	47,143	39,965	36,320
Loans and receivables	*13*	5,983	4,403	10,155	10,155
		56,621	**51,579**	**50,120**	**46,475**
Current assets					
Trade and other receivables	*14*	2,093	1,672	-	-
Cash and cash equivalents		666	515	1	1
Total current assets		**2,759**	**2,187**	**1**	**1**
Total assets		**59,380**	**53,766**	**50,121**	**46,476**
Liabilities					
Non-current liabilities					
Loans and other payables	*15*	(1,250)	-	-	-
Carried interest provision	*16*	(299)	(331)	-	-
Deferred tax liabilities	*17*	(7,415)	(6,683)	-	-
Total non-current liabilities		**(8,964)**	**(7,014)**	**-**	**-**
Current liabilities					
Trade and other payables	*18*	(295)	(276)	-	-
Total current liabilities		**(295)**	**(276)**	**-**	**-**
Total liabilities		**(9,259)**	**(7,290)**	**-**	**-**
Net assets		**50,121**	**46,476**	**50,121**	**46,476**
Capital and reserves - equity					
Called up share capital	*19*	2,929	2,929	2,929	2,929
Share premium account	*20*	9,370	9,370	9,370	9,370
Fair value reserve	*20*	24,656	20,883	37,821	34,176
Reverse acquisition reserve	*20*	393	393	-	-
Retained earnings	*20*	12,773	12,901	1	1
Shareholders' funds - equity	*20*	**50,121**	**46,476**	**50,121**	**46,476**

The Financial Statements were approved by the Board of Directors and authorised for issue on 29th May 2012 and signed on its behalf by:

B. P. Marsh & J. S. Newman

The notes on pages 29 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2012

	NOTES	2012 (£'000)	2011 (£'000)
Cash from operating activities			
Income from loans to investees		859	599
Dividends		661	599
Fees received from investment activity		594	820
Operating expenses		(1,817)	(1,837)
Exceptional item – termination payment		(30)	–
(Increase) / decrease in receivables		(95)	4
Increase / (decrease) in payables		20	(93)
Depreciation	*11*	23	22
Net cash from operating activities		**215**	**114**
Net cash used by investing activities			
Purchase of property, plant and equipment	*11*	(4)	(6)
Purchase of investments	*12*	(735)	(1,437)
Proceeds from investments		51	18
Net cash used by investing activities		**(688)**	**(1,425)**
Net cash from / (used by) financing activities			
Advances of borrowings	*15*	1,250	–
Net payments of loans to investee companies		(515)	(827)
Financial income	*4*	–	2
Financial expenses	*3*	(104)	(28)
Dividends paid	*7*	–	(293)
Net cash from / (used by) financing activities		**631**	**(1,146)**
Change in cash and cash equivalents		158	(2,457)
Cash and cash equivalents at beginning of the period		515	2,972
Exchange movement		(7)*	–*
Cash and cash equivalents at end of period		**666**	**515**

**The exchange movement as noted in the Consolidated Statement of Comprehensive Income is a loss of £51k (2011: loss of £10k). The exchange movement in the Consolidated Statement of Cash Flows excludes an exchange loss of £44k (2011: loss of £10k) relating to the revaluation of a loan denominated in Euros as this is a non-cash movement.*

The notes on pages 29 to 50 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2012

No Company Statement of Cash Flows has been prepared as there has been no cash flow movement in the Company during the current period. The only cash flow movement in the previous period related to dividends received from a subsidiary company, which were then paid to the Company's members. Accordingly the Company's "cash and cash equivalents" balance as at 31st January 2012 is £1k (2011: £1k).

CONSOLIDATED & COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST JANUARY 2012

	GROUP		COMPANY	
	2012 (£'000)	2011 (£'000)	**2012 (£'000)**	2011 (£'000)
Opening total equity	46,476	44,171	46,476	44,171
Total recognised income and expense for period	3,645	2,598	3,645	2,598
Dividends paid	-	(293)	-	(293)
Total equity	**50,121**	**46,476**	**50,121**	**46,476**

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

The notes on pages 29 to 50 form part of these financial statements.

1. Accounting Policies

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

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

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

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

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

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

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

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

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

1. Accounting Policies (continued)

Business combinations (continued)
No Statement of Comprehensive Income is prepared for the Company, as permitted by Section 408 of the Companies Act 2006. The Company made a profit for the year of £3,644,959 (2011: profit of £2,598,106, prior to a dividend distribution of £292,861).

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

Income from investments
Income from investments comprises:

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

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 end of each reporting period.

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

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

1. Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

1. Accounting Policies (continued)

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

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

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

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

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

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

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

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

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 standards, which are effective for annual accounting periods beginning on or after the stated effective date.

	Effective for periods beginning on or after
IAS 12 – Limited Scope Amendment (Recovery of Underlying Assets)	1st January 2012
IFRS 7 – Financial Instruments: Disclosures (Amendment)	1st July 2011
IAS 1 – Presentation of Items of Other Comprehensive Income (Amendment)	1st January 2012
IFRS 10 – Consolidated Financial Statements	1st January 2013
IFRS 13 – Fair Value Measurement	1st January 2013
IFRS 9 – Financial Instruments	1st January 2015

The Group is currently assessing the impact of IFRS 13 and IFRS 9. All other standards and interpretations are not expected to have a material impact on the consolidated financial statements.

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.

2. Segmental Reporting (continued)

	Geographic segment 1: UK & Channel Islands		Geographic segment 2: Non-UK & Channel Islands		Group	
	2012 (£'000)	2011 (£'000)	2012 (£'000)	2011 (£'000)	2012 (£'000)	2011 (£'000)
Operating income / (loss)	6,044	5,524	303	(631)	6,347	4,893
Operating expenses	(1,307)	(1,353)	(510)	(484)	(1,817)	(1,837)
Segment operating profit / (loss)	**4,737**	**4,171**	**(207)**	**(1,115)**	**4,530**	**3,056**
Financial income	–	2	–	–	–	2
Financial expenses	(75)	(21)	(29)	(7)	(104)	(28)
Carried interest provision	32	(7)	–	–	32	(7)
Exchange movements	(8)	–	(43)	(10)	(51)	(10)
Exceptional items	(30)	–	–	–	(30)	–
Profit / (loss) before tax	**4,656**	**4,145**	**(279)**	**(1,132)**	**4,377**	**(3,013)**
Income tax	(805)	(732)	73	317	(732)	(415)
Profit / (loss) for the year	**3,851**	**3,413**	**(206)**	**(815)**	**3,645**	**2,598**
Non-current assets						
Property, plant and equipment	13	29	1	4	14	33
Investments	45,717	41,207	4,907	5,936	50,624	47,143
Loans and receivables	4,833	2,952	1,150	1,451	5,983	4,403
	50,563	**44,188**	**6,058**	**7,391**	**56,621**	**51,579**
Current assets						
Trade and other receivables	1,404	1,361	689	311	2,093	1,672
Cash and cash equivalents	666	515	–	–	666	515
Deferred tax assets	–	–	50	326	50	326
	2,070	**1,876**	**739**	**637**	**2,809**	**2,513**
Total assets	**52,633**	**46,064**	**6,797**	**8,028**	**59,430**	**54,092**
Non-current liabilities						
Loans and other payables	(1,250)	–	–	–	(1,250)	–
Carried interest provision	(299)	(331)	–	–	(299)	(331)
Deferred tax liabilities	(7,465)	(7,009)	–	–	(7,465)	(7,009)
	(9,014)	**(7,340)**	**–**	**–**	**(9,014)**	**(7,340)**
Current liabilities						
Trade and other payables	(295)	(276)	–	–	(295)	(276)
Total liabilities	**(9,309)**	**(7,616)**	**–**	**–**	**(9,309)**	**(7,616)**
Net assets	**43,324**	**38,448**	**6,797**	**8,028**	**50,121**	**46,476**
Additions to property, plant and equipment	4	6	–	–	4	6
Depreciation of property, plant and equipment	21	19	2	3	23	22
Impairment of investments and loans	239	446	100	–	339	446

3. Financial Expenses

	2012 (£'000)	2011 (£'000)
Other interest	104	28

4. Financial Income

	2012 (£'000)	2011 (£'000)
Bank interest	-	2
Other interest	-	-
	-	**2**

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 16 (2011: 16). All remuneration was paid by B. P. Marsh & Company Limited.

The related staff costs were:

	2012 (£'000)	2011 (£'000)
Wages and salaries	1,055	1,021
Social security costs	125	130
Pension costs	37	38
	1,217	**1,189**

In addition, staff were paid £Nil (2011: £60,000) out of the B. P. Marsh Employee Benefit Trust in the year (see Note 6 below). This cost was not reflected in the Consolidated Statement of Comprehensive Income in the prior year as it was funded through prior year contributions.

Included within the wages and salaries total above was a one-off compensation payment of £30,000 made to a director (see Note 6 below) who left the Group during the year. This has been included in the Consolidated Statement of Comprehensive Income as an exceptional item.

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2012 (£'000)	2011 (£'000)
Management services – remuneration	794	758
Fees	36	16
Pension contributions – remuneration	24	21
	854	**795**

In addition to the above, Mr S. S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 16.

Included within the management services total above was a one-off compensation payment of £30,000 made to a director who left the Group during the year. This has been included in the Consolidated Statement of Comprehensive Income as an exceptional item.

6. Directors' Emoluments (continued)

	2012 (£'000)	2011 (£'000)
Highest paid director		
Emoluments	191	95
Long term incentive payments	-	200
Pension contribution	-	9
	191	**304**

The highest paid director disclosure for the prior year includes a payment of £60,000 out of the B. P. Marsh Employee Benefit Trust. This cost was not reflected in the Consolidated Statement of Comprehensive Income in the prior year as it was 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 Consolidated Statement of Comprehensive Income in the period to which they relate.

During the period, 4 directors (2011: 2) accrued benefits under the defined contribution pension scheme.

7. Dividends

	2012 (£'000)	2011 (£'000)
Ordinary dividends		
Final dividend paid:		
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:

	2012 (£'000)	2011 (£'000)
Depreciation of owned tangible fixed assets	23	22
Auditors remuneration:		
Audit fees for the Company	21	23
Other services:		
Audit of subsidiaries' accounts	7	11
Taxation	10	8
Other advisory	30	11
Exchange loss	51	10
Operating lease rentals of land and buildings	112	115

9. Taxation

The charge for tax comprises:

	2012 (£'000)	2011 (£'000)
UK corporation tax charge for the year	-	-
Deferred tax charge for the year (Note 17)	732	415
	732	**415**
Factors affecting the charge for the year		
Profit on ordinary activities before tax	**4,377**	**3,013**
Tax at 26.32% on profit on ordinary activities (2011: 28%)	1,152	844
Effects of:		
Expenses not deductible for tax purposes	20	13
Non taxable net unrealised gains	(1,217)	(830)
Capital losses on disposal of investments	5	-
Other effects:		
Management expenses utilised	214	141
Non-taxable income (dividends received)	(174)	(168)
Corporate tax charge for the year	**-**	-

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

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

	2012 (£'000)	2011 (£'000)
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity shareholders	3,645	2,598
Earnings per share – basic and diluted	12.4p	8.9p

	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 2010	57	51	108
Additions	6	–	6
Disposals	–	–	–
At 31st January 2011	**63**	**51**	**114**
At 1st February 2011	63	51	114
Additions	4	–	4
Disposals	–	–	–
At 31st January 2012	**67**	**51**	**118**
Depreciation			
At 1st February 2010	38	21	59
Eliminated on disposal	–	–	–
Charge for the year	6	16	22
At 31st January 2011	**44**	**37**	**81**
At 1st February 2011	44	37	81
Eliminated on disposal	–	–	–
Charge for the year	9	14	23
At 31st January 2012	**53**	**51**	**104**
Net book value			
At 31st January 2012	14	–	14
At 31st January 2011	19	14	33
At 31st January 2010	19	30	49

12. Non-Current Investments

Group

	SHARES IN INVESTEE COMPANIES TOTAL (£'000)
At valuation	
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 1st February 2011	47,143
Additions	735
Disposals	(1,846)
Provisions	–
Unrealised gains in this period	4,592
At 31st January 2012	**50,624**
At cost	
At 1st February 2010	17,948
Additions	1,437
Disposals	(10)
Provisions	–
At 31st January 2011	**19,375**
At 1st February 2011	19,375
Additions	735
Disposals	(1,846)
Provisions	–
At 31st January 2012	**18,264**

The principal addition in the year relates to the acquisition on 31st March 2011 of a further 11.29% shareholding in Besso Insurance Group Limited (formerly known as Besso Holdings Limited) for £735,000, with a further consideration of £300,000 payable under certain events (Note 23).

The principal disposal in the year relates to the redemption on 31st March 2011 of the Group's £1,775,000 preferred shares (at par) in Besso Insurance Group Limited. The subsequent subscription for £2,540,000 of 14% loan stock on the same date from Besso Insurance Group Limited is included within loans and receivables under non-current assets.

On 13th January 2012 HQB Partners Limited ("HQB"), an associated company, was placed into administration. As at 31st January 2012 the Group had invested a total of £175,000 in HQB (£35,000 equity at cost which was held at a nil fair value and £140,000 loan financing which was repaid in full during the year).

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 Limited (Jersey), Close Horizons Limited (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	30.04.11	(738,940)	(88,008)	Business sales platform
Besso Insurance Group Limited	34.02	31.12.11	7,037,589	(1,776,321)	Investment holding company
HQB Partners Limited	27.72	31.12.10	(42,855)	(164,777)	Investor relations consultants
Hyperion Insurance Group Limited	19.36	30.09.11	47,176,000	7,539,000	Insurance holding company
LEBC Holdings Limited	21.94	30.09.11	220,503	(403,504)	Independent financial advisor company
Portfolio Design Group International Limited	20.00	31.12.11	6,881,966	(460,272)	Fund managers of traded endowment policies
Morex Commercial Limited	20.00	31.12.11	402,668	(89,640)	Trading in secondary life policies
Preferred Asset Management Limited	20.00	30.09.11	228,907	98,790	Fund management company
Close Horizons Limited	20.00	31.12.11	1,288,961	97,589	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	31.12.10	9,105,823	409,057	Consolidator of regional insurance brokers
U.S. Risk (UK) Limited	30.00	31.12.11	2,697,273	(110,157)	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"). In June 2010 the Group acquired 40,000 additional ordinary shares in R&Q and in September 2010, as a result of a 91 for 94 share capital consolidation, the number of ordinary shares held by the Group reduced by 22,022 to 667,978. During the year R&Q made two 'return of value' distributions to shareholders through the issue and subsequent cancellation of new shares. The Group elected to receive these distributions (£29,725 in June 2011 and £21,375 in October 2011) as 'capital' receipts rather than the dividend (income) alternative. The Group has treated these distributions as disposal proceeds and reduced the cost base of this investment accordingly, resulting in a £19,839 realised loss on disposal of investment which is reflected in the Consolidated Statement of Comprehensive Income for the year. As at 31st January 2012 the Group held 1.35% of the share capital of R&Q. R&Q is an AIM listed company.

The aggregate capital and reserves and profit / (loss) for the year shown above are extracted from the relevant local GAAP accounts of the investee companies except for those of Hyperion Insurance Group Limited which are prepared under IFRS.

Under UK GAAP 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 2010	34,015
Additions	-
Unrealised gains in this period	2,305
At 31st January 2011	**36,320**
At 1st February 2011	36,320
Additions	-
Unrealised gains in this period	3,645
At 31st January 2012	**39,965**
At cost	
At 1st February 2010	2,143
Additions	-
At 31st January 2011	**2,143**
At 1st February 2011	2,143
Additions	-
At 31st January 2012	**2,143**

12. Non-Current Investments (continued)

Company (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 2012 (£)	PROFIT/(LOSS) FOR THE YEAR TO 31ST JANUARY 2012 (£)	PRINCIPAL ACTIVITY
B. P. Marsh & Company Limited	100	47,380,300	(363,509)	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	10,751,463	116,462	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	
	2012 (£'000)	2011 (£'000)	2012 (£'000)	2011 (£'000)
Loans to investee companies (Note 25)	5,983	4,403	-	-
Amounts due from subsidiary undertakings	-	-	10,155	10,155
	5,983	**4,403**	**10,155**	**10,155**

See Note 25 for terms of the loans.

14. Trade And Other Receivables - Current

	GROUP		COMPANY	
	2012 (£'000)	2011 (£'000)	2012 (£'000)	2011 (£'000)
Trade receivables	388	221	-	-
Less provision for impairment of receivables	(123)	(68)	-	-
	265	**153**	**-**	**-**
Loans to investee companies (Note 25)	1,415	1,089	-	-
Other receivables	7	6	-	-
Prepayments and accrued income	406	424	-	-
	2,093	**1,672**	**-**	**-**

Included within trade receivables is £244,952 (2011: £153,057) 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	
	2012 (£'000)	2011 (£'000)	2012 (£'000)	2011 (£'000)
Balance at 1st February	68	20	-	-
Increase in allowance recognised in the Statement of Comprehensive Income	55	48	-	-
Balance at 31st January	**123**	**68**	**-**	**-**

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 £263,552 (2011: £153,580) 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	
	2012 (£'000)	2011 (£'000)	2012 (£'000)	2011 (£'000)
0 – 30 days	63	52	-	-
31 – 60 days	65	68	-	-
61 – 90 days	12	17	-	-
More than 90 days	123	16	-	-
	263	**153**	**-**	**-**

£339,000 (2011: £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 £785,000 (2011: £446,000).

See Note 25 for terms of the loans and Note 24 for further credit risk information.

15. Loans And Other Payables

During the year, the Group utilised £1,250,000 of a loan facility totalling £4,325,000, which certain directors agreed to provide to the Group during the year to 31st January 2011 (Note 25). This draw down was used to finance the Besso Insurance Group Limited related transaction as outlined in Note 12 above. The loan facility is secured on the assets of the Company, accrues 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. As at 31st January 2012 £1,250,000 of this facility remained drawn down (2011: £Nil).

Interest on this loan facility of £103,524 (2011: £28,083) was charged to the Consolidated Statement of Comprehensive Income for the current year (Note 3).

16. Carried Interest Provision

	GROUP		COMPANY	
	2012 (£'000)	2011 (£'000)	**2012 (£'000)**	2011 (£'000)
Carried interest provision	299	331	-	-
	299	**331**	**-**	**-**

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 (2011: £Nil).

17. Deferred Tax Liabilities – Non-Current

	GROUP (£'000)	COMPANY (£'000)
At 1st February 2010	6,268	-
Charged to Statement of Comprehensive Income	415	-
At 31st January 2011	**6,683**	**-**
At 1st February 2011	6,683	-
Charged to Statement of Comprehensive Income	732	-
At 31st January 2012	**7,415**	**-**

The directors estimate that, if the Group were to dispose of all its investments at the amount stated in the Consolidated Statement of Financial Position, £7,415,000 (2011: £6,683,000) of tax on capital gains would become payable by the Group at a corporation tax rate of 26% (2011: 27%).

The Government recently announced a reduction in the corporation tax rate from 26% to 24% with effect from 6th April 2012. As this was not substantively enacted at the year end, this rate of 24% 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 consolidated financial statements once substantively enacted.

If the lower rate of 24% had been used in these consolidated financial statements, the deferred tax liabilities would have been reduced from the current £7,415,000 to £6,845,000 resulting in an increase in net assets of £570,000.

18. Trade And Other Payables – Current

	Group 2012 (£'000)	Group 2011 (£'000)	Company 2012 (£'000)	Company 2011 (£'000)
Trade payables	37	37	-	-
Other taxation & social security costs	45	17	-	-
Accruals and deferred income	213	222	-	-
	295	**276**	**-**	**-**

19. Called Up Share Capital

	2012 (£'000)	2011 (£'000)
Allotted, called up and fully paid		
29,286,143 Ordinary shares of 10p each (2011: 29,286,143)	2,929	2,929
	£2,929	**£2,929**

20. 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 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**
At 1st February 2011	2,929	9,370	20,883	393	12,901	46,476
Profit for the year	-	-	3,773	-	(128)	3,645
At 31st January 2012	**2,929**	**9,370**	**24,656**	**393**	**12,773**	**50,121**

20. 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 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**
At 1st February 2011	2,929	9,370	34,176	1	46,476
Profit for the year	–	–	3,645	–	3,645
At 31st January 2012	**2,929**	**9,370**	**37,821**	**1**	**50,121**

21. Operating Lease Commitments

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

	2012 LAND AND BUILDINGS (£'000)	2011 LAND AND BUILDINGS (£'000)
Earlier than one year	84	119
Between two and five years	329	–

On 26th December 2011 the Group entered into a new five year lease on its current office premises.

22. Loan And Equity Commitments

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 2012 £685,000 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 ("LEBC"), an investee company. On 27th January 2012 the Group received notice to cancel this loan facility. As at 31st January 2012 no amounts had been drawn down and following full settlement of the Commitment Fee due for the period to the end of the agreement (1st April 2012) on 3rd February 2012, the agreement was terminated.

On 22nd July 2010 the Group entered into an agreement to provide a loan facility of £1,950,000 to U. S. Risk (UK) Limited, an investee company. As at 31st January 2012 none of this facility had been drawn down.

23. Contingent Liabilities

On 31st March 2011 the Group entered into a Sale and Purchase Agreement with Union Hamilton Reinsurance Limited ("UHRL") to acquire a further 11.29% shareholding in Besso Insurance Group Limited ("Besso") for £735,000 (as outlined in Note 12). Under the terms of the agreement, if the Group decided to sell all or a proportion of the shares acquired on 31st March 2011 to another party, or where a trigger event was to occur (being the sale of Besso to a specified third party), within an 18 month period from 31st March 2011, the Group would become liable to pay UHRL the cash element of any additional consideration receivable for the shares in excess of the amount originally paid by the Group, capped at £300,000. This liability will expire on 30th September 2012.

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 £325,000 together with the Employers' National Insurance due thereon. £250,000 and £75,000 are due to be paid on 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 year end.

24. Financial Instruments

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

The Group has not entered into any derivatives transactions.

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

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

Interest rate profile
The Group has cash balances of £666,000 (2011: £515,000), which are part of the financing arrangements of the Group. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged up to 0.1% p.a. in the period (2011: deposit rates of interest ranged between 0.1% p.a. and 0.3% p.a.). During the period all cash balances were held in immediate access accounts (2011: maturity periods ranged between immediate access and 1 month).

Currency hedging
During the period, the Group did not engage in any form of currency hedging transaction (2011: None).

Financial liabilities
The Company had borrowings amounting to £1,250,000 as at 31st January 2012 (2011: None). Please refer to Note 15 for further details.

24. 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 reporting date. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31st January 2012:

	Level 1 (£'000)	Level 2 (£'000)	Level 3 (£'000)	Total (£'000)
Assets				
Investments designated as "fair value through profit or loss" assets	658	–	49,966	50,624
	658	**–**	**49,966**	**50,624**

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

	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**

25. Related Party Disclosures

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

	2012 (£)	2011 (£)
Amberglobe Ltd	685,000	670,000
Besso Holdings Ltd	2,940,000	400,000
HQB Partners Ltd	–	140,000
Hyperion Insurance Group Ltd	2,846,642	3,277,142
Paterson Squared, LLC	100,000	100,000
	(€)	(€)
Summa Insurance Brokerage S. L.	1,942,678	1,577,990

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.

25. Related Party Disclosures (continued)

During the year, the Group utilised part of an agreed £4,325,000 loan facility with the directors, or other related parties (the "Lenders"), including Mr B. P. Marsh (£425,000 of a total £3,500,000 facility drawn down), Ms J. K. N. Dunbar (£500,000 drawn down in full), Mr P. J. Mortlock (£250,000 drawn down in full) and Mrs M. Newman (£75,000 drawn down in full) which is secured on the assets of the Company. On 1st November 2010 the Group and the Lenders entered into a Deed of Variation to the original Loan Agreement dated 9th June 2010 whereby Brian Marsh Enterprises Limited became the new lender of the £3,500,000 proportion of the loan facility previously provided by Mr B. P. Marsh (as noted above). Mr B. P. Marsh, the Chairman and majority shareholder of the Company is also the Chairman and majority shareholder of Brian Marsh Enterprises Limited. Ms J. K. N. Dunbar (a director and shareholder of the Company) and Ms C. S. Kenyon (a director of the Company) are also directors and minority shareholders of Brian Marsh Enterprises Limited.

The loan accrues 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 rolling facility bears a charge of 1% p.a. on any undrawn amount. As at 31st January 2012 £1,250,000 of this facility had been drawn down (2011: None).

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

	2012 (£)	2011 (£)
Amberglobe Limited	46,668	58,963
Besso Insurance Group Limited	511,199	184,676
HQB Partners Limited	7,575	28,826
Hyperion Insurance Group Limited	366,618	490,591
LEBC Group Limited	98,910	80,177
Oakbridge Insurance Services, LLC	-	52,250
Paterson Squared, LLC	7,392	28,256
Portfolio Design Group International Limited	36,000	36,000
Summa Insurance Brokerage S. L.	119,545	391,510
U.S. Risk (UK) Limited and related entities	208,508	28,756

In addition, the Group made management charges of £35,000 (2011: £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.

The Group also made management charges of £15,000 (2011: £Nil) to Brian Marsh Enterprises Limited.

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 £299,000 (2011: £331,000).

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

Of the total dividend payments in the prior year of £292,861, £187,334 was paid to the directors and/or parties related to them (2012: £Nil).

26. Post Balance Sheet Events

On 24th February 2012 the Group repaid £250,000 of the £1,250,000 directors' loan outstanding as at 31st January 2012. Following the repayment, the balance of the directors' loan stood at £1,000,000 from the total available facility of £4,325,000. On 16th May 2012 the Group gave notice to repay the outstanding loan on 18th June 2012.

On 16th March 2012 the Group made a partial disposal of 4.02% of its total 34.02% equity interest in Besso Insurance Group Limited ("Besso") for consideration of £278,698. The partial disposal was made from an 11.29% equity interest in Besso originally acquired on 31st March 2011 by B. P. Marsh & Company Limited, a wholly owned subsidiary of the Company, which at the time increased the Group's overall holding from 22.73% to 34.02%. The 4.02% disposal represented the proportion of shares which were available for buy-back by Besso following the exercise of a Call Option agreement (entered into on 26th May 2011) for subsequent issue to management under a share incentive scheme. As a result of the Call Option being exercised, the Group's overall holding in Besso currently stands at 30%.

On 19th March 2012, in order to facilitate both the exercise of the Call Option above and the upfront payment of a three year loan arrangement fee to the Group totalling £300,000, the Group agreed to provide £578,698 of further loan funding to Besso (in addition to the £400,000 loan facility already drawn down as at 31st January 2012), bringing the total amount of loans outstanding to date to £978,698, excluding £2,540,000 of loan notes. Both the partial disposal and the provision of further loan funding had no cash impact for the Group.

On 5th April 2012 the Group entered into a Monitoring Agreement with U.S. Risk Insurance Group, Inc. (the USA-domiciled parent company of U.S. Risk (UK) Limited ("U.S. Risk"), an associated company). Under the agreement, the Group will assist in providing certain services to U.S. Risk Insurance Group, Inc. including review, oversight and audit of certain aspects of the day to day operations of U.S. Risk and its subsidiaries, in return for an annual "Monitoring Services Fee" equivalent to the Bank of England base rate plus 4% (subject to a minimum of 11% per annum) of £1,396,417. This fee arrangement replaces the Group's entitlement to a preference dividend of the equivalent amount (effective from 1st January 2011) as set out in the original agreements between the Group and U.S. Risk entered into in July 2010.

On 11th April 2012 Hyperion Insurance Group Limited ("Hyperion"), in which the Group had a 19.36% equity interest as at 31st January 2012, announced that it had reached agreement (subject to FSA approval) to sell its majority stake in CFC Underwriting Ltd ("CFC") to a consortium of private investors and the management team. The net proceeds expected from the sale are £3.5m higher than the net value of CFC included within the Group's 31st January 2011 valuation of Hyperion. This has resulted in the Group's proportionate value of Hyperion increasing by £0.7m at 31st January 2012 as a result.

On 18th April 2012, the Group subscribed to 126,833 2p voting only shares in Besso for consideration of £2,537. The purpose of this subscription was for the Group, as a founder shareholder, to maintain its 30% voting rights in Besso.

On 17th May 2012 the Group made a disposal of 2.75% of its total 18.94% equity interest in Hyperion Insurance Group Limited ("Hyperion"). 1,193,500 shares (from a total holding of 8,222,900 shares) were sold to an existing Hyperion shareholder and co-investor, Murofo Investments S.L., for a cash consideration of £4,535,300. As at the date of this report the Group's overall holding in Hyperion stood at 16.19%.

On 24th May 2012 the Group subscribed for a further £25,000 of 14% loan stock in Besso. The loan stock is in addition to the £2,540,000 already held by the Group as at 31st January 2012, bringing the total held to £2,565,000 at the date of this report.

27. Ultimate Controlling Party

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

NOTES

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.

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