B. P. MARSH & PARTNERS PLC

2013 ANNUAL REPORT

COMPANY INFORMATION

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

Company Secretary
Sinead O'Haire

Company Number
05674962

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

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

Broker And Nominated Adviser
Panmure Gordon (UK) Limited
One New Change
London, EC4M 9AF

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" or the "Company") 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 2013.

In this, our 23rd year of operations, I am pleased to be able to report that we have again been able to increase our NAV by 10.6%, as more particularly set out below.

Our eight investee companies, large and small, are all in good heart and facing the opportunities and challenges of 2013 with confidence and enthusiasm.

Whilst we expect major developments and changes to take place in our portfolio over the coming months, we have every confidence in the future of our business, which continues to enjoy much diversity and a truly global reach.

Agreement has been reached for a sale of 80% of our shareholding in Hyperion Insurance Group Ltd, however this is still subject to regulatory consent. We are not in the habit of setting out plans until we know with a degree of certainty what will prevail.

Financial Performance

At 31st January 2013, the net asset value of the Group was £55.5m (2012: £50.1m), after making allowance for deferred corporation tax, an increase of 10.6%. This equates to a net asset value of 190p per ordinary share as at 31st January 2013 (2012: 171p).

The Group has therefore achieved an annual compound growth rate of 11.9% 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 £5.7m (2012: profit of £3.6m), an increase of 55.7%. However, excluding portfolio movement the Group made a pre-tax profit of £0.06m (2012: profit of £0.11m). The Group aims each year to at least break even on an underlying basis, before taking into account any portfolio movement.

£3.7m of gains were realised on the sale of investments during the year, as set out below. Due to the value of these investments being included at sale price within the 31st January 2012 portfolio valuation, no profit was shown directly within the Consolidated Statement of Comprehensive Income as the uplift in valuation had been previously reflected as unrealised gains in previous years. On sale the £3.7m realised gains were therefore transferred from the fair value reserve to retained earnings within the Consolidated Statement of Financial Position.

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

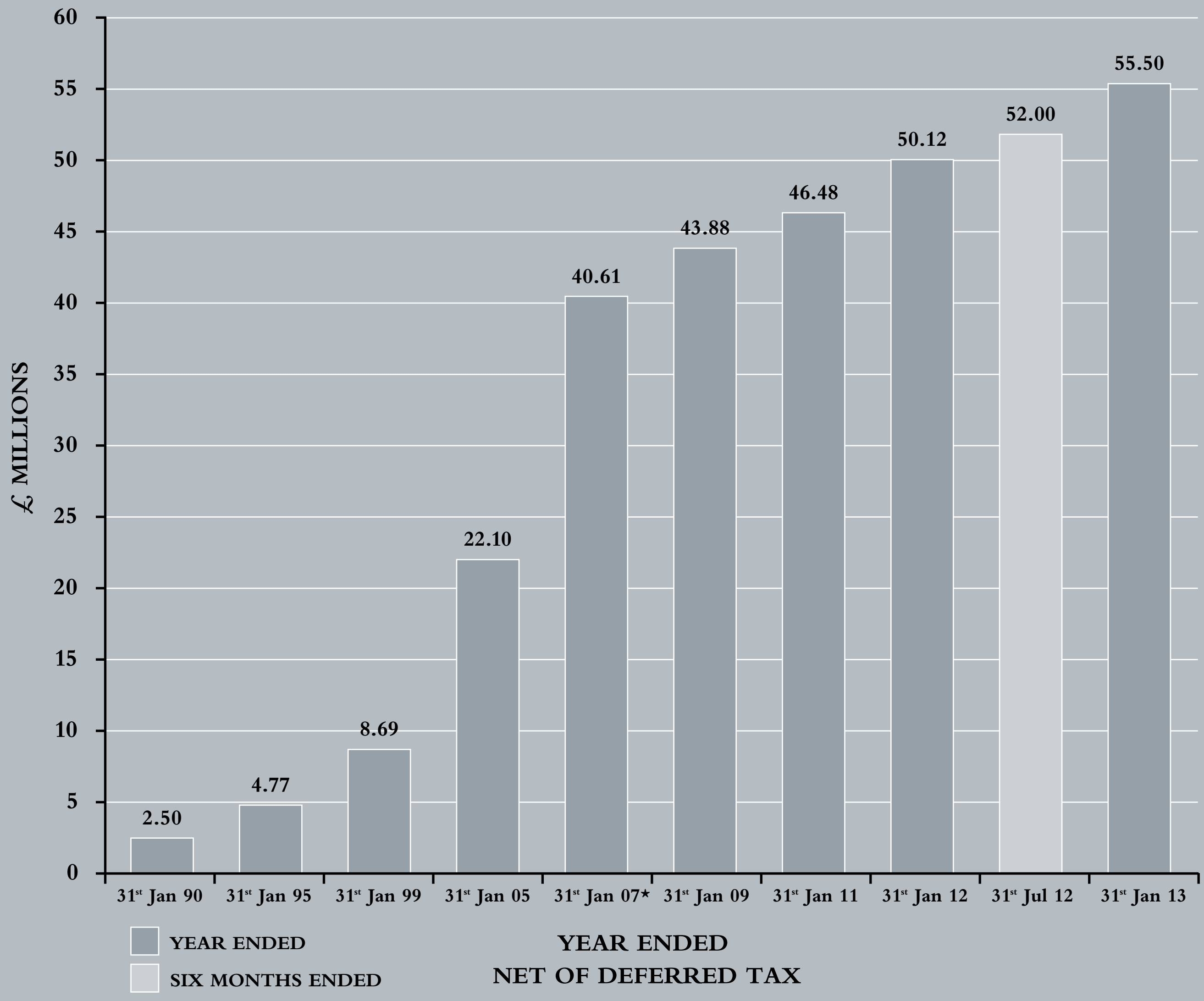
Summary of Developments in the Portfolio

During the financial year ended 31st January 2013, the following developments took place within the Group and its portfolio:

- **Hyperion Insurance Group Limited ("Hyperion")**

  Partial disposal of shares to Murofo Investments SL ("Murofo")
  In May 2012 the Group sold 2.75% of its 18.94% shareholding in Hyperion to a fellow investor, Murofo, for a total consideration of £4.54m, or the equivalent of £3.80 per share.

GROUP VALUATIONS



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

This sale resulted in the Group realising what was its overall equity investment in Hyperion, (£4.35m over 17 years) whilst allowing it to continue with a significant shareholding and the prospect of further growth. This sale delivered £3.7m in profit for the Group.

In July 2012 Hyperion completed the acquisition of Windsor Limited, an international insurance and reinsurance Lloyd's broking group. As a result of this acquisition, the Group's shareholding was diluted from 16.19% to 13.97%.

- **Besso Insurance Group Limited ("Besso")**

Acquisition of further 6.71% shareholding
On 1st November 2012 the Group increased its shareholding by 6.71% for a cash consideration of £0.78m. The Group's equity interest in Besso increased from 30% to 36.71% as a result (with economic rights over 36.48%).

This further investment was made alongside a consortium of American investors, who are well-known to Besso's business, who acquired 5.85% of Besso for a cash consideration of £0.70m.

Subsequent to the above, Besso had a positive 2012 financial year and is in the final stages of negotiations to complete several value accretive acquisitions. The Group, having worked alongside Besso's management team in reviewing these investments, is of the opinion that these would be positive additions to Besso.

- **LEBC Holdings Limited ("LEBC")**

LEBC Group Limited ("LEBC Group"), the trading subsidiary of LEBC, has announced a significant turnaround in its financial performance, which sees the national IFA and employee benefits consultancy secure a year-on-year turnaround in profit before tax of £1.1m (FY2012 profit of £0.5m versus FY2011 loss of £0.6m), on a turnover of £10.2m, for the year ended 30th September 2012.

The Edinburgh-headquartered firm, which has 13 branches throughout the United Kingdom, has also reported a positive start to the new year, with strong revenue and profit growth.

- **Summa Insurance Brokerage SL ("Summa")**

Despite the economic environment in Spain, Summa grew revenue in 2012 and maintained a satisfactory profit margin, which is in stark comparison to many other insurance operations in the Spanish market.

The Group has been working alongside Summa's Management team to develop their interaction with the Lloyd's and London Market, and has made various introductions to augment Summa's service offering to their clients.

The Group has also assisted Summa in the sourcing and recruitment of a new Chief Financial Officer so as to further improve the infrastructure for growth within this investment.

Notwithstanding the above, 2013 is likely to be a challenging year for Summa and the Board have reflected continued uncertainty surrounding the Spanish economy within its valuation of the business.

- **The Broucour Group Limited ("Broucour")**

By 31st January 2013 Turner Butler Limited, a specialist SME business sales agency and a subsidiary of Broucour reached £0.5m revenue in just six months trading since its acquisition for £0.4m on 27th July 2012, over double its budgeted target. This acquisition was funded by loan financing provided by the Group. As a result of this performance the first loan repayment of £0.05m was made in March 2013, over two months ahead of schedule.

Post Balance Sheet Events

- **Hyperion–Partial disposal of shares to General Atlantic**

  On 27th March 2013, the Group reached agreement with General Atlantic to sell 80% of its shareholding in Hyperion (11.04% of Hyperion's issued share capital) alongside 3i, at £5.20 per share. Due to its size in relation to the remainder of the portfolio, this transaction was put before the Company's shareholders at a General Meeting on 16th April 2013 where it was duly approved, and completion is now conditional upon regulatory approvals being granted in Spain, Singapore and Texas, USA. Completion of this transaction will see the Company in receipt of £29.2m pre-tax, and represents an effective uplift of £4.3m upon the Company's 31st July 2012 valuation.

  The Group will continue to hold a 2.76% shareholding in Hyperion, which will be held under a Call Option with General Atlantic, who will be able to purchase the shares at £5.20 for a period of three years, or when Hyperion undertakes an Initial Public Offering, whichever is the sooner. In addition, the Company will no longer benefit from its previous minority protections or a nominee director on the Hyperion Board due to its reduced shareholding.

  One of the terms of the transaction was that the Company provide an ongoing £6m loan to enable Hyperion to refinance a majority of the existing shareholder debt, and this has been agreed at an interest rate of 7.5% (increasing if the Bank of England Base rate increases beyond 2.5%) for a minimum term of 12 months.

  Due to the sale price being agreed and significant due diligence having been carried out prior to the year-end, the valuation of Hyperion as at 31st January 2013 is reflective of this offer.

- **LEBC**

  The Group can confirm that LEBC (the holding company for LEBC Group) has completed the acquisition of Sesame Bankhall Group's remaining 10% stake in LEBC Group, which Sesame has held since its initial investment in LEBC Group in 2000. LEBC Group is now a 100% subsidiary of LEBC.

  The Group is also happy to announce that LEBC Group won the award for Best Retirement Advisor at the Money Marketing Financial Services Awards 2013. This is a fine vindication of the service offering provided by LEBC.

Directors' Loan

The Group repaid the £1.25m drawn down on the £4.325m Directors' Loan facility upon receipt of funds from the sale of Hyperion shares to Murofo, such that at the year-end no amounts were due. Since 31st January 2013 £2.08m of Directors' loans were used to fund a draw down by US Risk (UK) of its loan facility and a new acquisition for Besso, and a further £2.25m has been drawn down to fund a new investment opportunity due to complete shortly. The facility will be repaid in full following completion of the Hyperion disposal to General Atlantic and the facility will thereafter be cancelled.

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 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 £1.79m in cash, plus a further £4.325m Directors' loan facility available. Of the £6.1m, £4.0m is available for new investment opportunities after providing for commitments to loan funding for existing investments.

Board Composition

The Board appointed Natasha Dunbar as an executive director in February 2013, in order to reflect her increased involvement in the Company and the executive duties that she had taken on. Natasha served as Managing Director of the Company between 2002 and 2008, following which she was appointed as a non-executive director.

Pursuant to the above transfer of duties the Board felt that an additional non-executive director would assist to rebalance the Board, and duly invited Campbell Scoones to join the Board as a non-executive director and member of the Remuneration Committee with effect from 19th April 2013.

Investment Opportunities

The Group continued to receive a strong inflow of opportunities in the year ended 31st January 2013 and believes that this trend will continue. The New Business Department gave its detailed consideration to a number of these; including propositions from within the insurance intermediary and wealth management sectors. The Group is currently in the final stages of completing a new investment and hopes to make an announcement regarding this within the next week. 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 sufficient number of investment opportunities with good management and business plans that would fit with our tried and tested business strategy.

Brian Marsh OBE
4th June 2013

As at 31st January 2013 the Group's equity interests were as follows:

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: 36.71%
31st January 2013 valuation: £5,223,000

The Broucour Group Limited

(www.amberglobe.co.uk)
(www.turnerbutler.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. In July 2012 Broucour was formed as a new holding company for Amberglobe, and the Group financed the acquisition of Turner Butler.

Date of investment: March 2008
Equity stake: 49.0%
31st January 2013 valuation: £173,000

Hyperion Insurance Group Limited

(www.hyperiongrp.com)

The Group first invested in Hyperion in 1994. Hyperion owns, amongst other things, an insurance broker specialising in directors' and officers' ("D&O") and professional indemnity ("PI") insurance. 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: 13.84%
31st January 2013 valuation: £35,456,000

LEBC Holdings Limited

(www.lebc-group.com)

In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.

Date of investment: April 2007
Equity stake: 21.95%
31st January 2013 valuation: £3,460,000

Paterson Squared, LLC

(www.paterson2.com)

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

Date of investment: April 2004
Equity stake: 22.5%
31st January 2013 valuation: £0

Portfolio Design Group International Limited

(www.surrendalink.co.uk)

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

Date of investment: March 1994
Equity stake: 20.0%
31st January 2013 valuation: £1,721,000

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 2013 valuation: £785,000

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 2013 valuation: £3,486,000

US Risk (UK) Limited

(www.oxfordinsurancebrokers.co.uk)
(jhinternational.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 and James Hampden International Brokers Ltd, a specialist international reinsurance and insurance broking company.

Date of investment: July 2010
Equity stake: 29.28%
31st January 2013 valuation: £2,407,000

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

B. P. Marsh & Partners Plc
Directors' Report and Consolidated Financial Statements

For The Year Ended 31st January 2013

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 72 (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. Brian is a majority shareholder in B. P. Marsh owning 59.2% of the Company.

Jonathan Newman ACMA, CGMA, MCSI
(Group Finance Director), aged 38 (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 29 (I)
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 40 (I)
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 43 (R)
Natasha has over 18 years' experience in the financial services industry. Having joined the Company in 1994 she was made Managing Director in March 2002, subsequently becoming a non-executive director of the Company in 2008, a position she held for five years. Natasha currently holds non-executive appointments at three of the Group's investee companies. Trustees on behalf of Natasha own 4.9% of the Company.

Stephen Clarke FCA
(Non-executive), aged 75 (R) (A)
A Chartered Accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 40 years' experience of the financial services sector. Stephen continues to give specialist advice to B. P. Marsh on the structuring of entry and exit deals.

Philip Mortlock MA, FCA
(Non-executive), aged 75 (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.

Campbell Scoones
(Non-executive), aged 66
Campbell joined B. P. Marsh in April 2013 and has over 45 years' experience in the Lloyds and overseas insurance broking and underwriting markets. Having started his career in 1966 Campbell has worked for a number of Lloyd's insurance broking and underwriting firms during this time, including, inter alia, Nelson Hurst & Marsh, Citicorp Investment Limited, Marsh & McLennan Companies and Admiral/Encon Underwriting. Campbell is currently a member of the Company's Remuneration Committee. Campbell owns 35,800 ordinary shares in B. P. Marsh.

* *Natasha was reappointed as a director in February 2013, resigning her position upon the Company's Remuneration Committee and subsequently becoming a member of the Company's Investment Committee.*

Key
(R) Member of the Remuneration Committee during the year
(A) Member of the Audit Committee during the year
(I) Member of the Investment Committee during the year
(V) Member of the Valuation Committee during the year

The board of B. P. Marsh ("the Board") is responsible for the Group's corporate governance policies and recognises the importance of high standards of integrity, and consistently seeks to apply the principles set out in the revised UK Corporate Governance Code (the "Code") by the Financial Reporting Council to the extent that they are appropriate for, and applicable to, a company of B. P. Marsh's size quoted on the Alternative Investment Market ("AIM").

Directors

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

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

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

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

Board Meetings

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

Committees of the Board

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

Audit Committee

The Audit Committee is comprised of two of the non-executive directors of the Company and 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 14 to 15.

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 also produces quarterly trading updates, in order to ensure a consistent flow of information throughout the year.

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

Internal controls and risk management

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

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

A statement of the directors' responsibilities in respect of the consolidated financial statements is set out on page 16.

By order of the Board
S. C. O'Haire
Company Secretary
3rd June 2013

The Remuneration Committee of the Board (the "Committee") during the year 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. On 13th February 2013 Natasha resigned from the Remuneration Committee and was replaced by Campbell Scoones on 19th April 2013 (see below).

Remuneration policy

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

The Committee 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

**J. K. N. Dunbar resigned as a non-executive director of the Company on 13th February 2013 and was appointed an executive director on the Board of the Company on the same date. On 19th April 2013 Campbell Scoones was appointed a director of the Company.*

Audited Information

Aggregate Directors' Remuneration

	2013 (£)	2012 (£)
Emoluments	882,386	793,745
Fees	43,403	35,550
Pension contributions	26,300	24,444

Aggregate Directors' Emoluments

	SALARIES AND FEES (£)	BENEFITS (£)	ANNUAL BONUSES (£)	LONG TERM INCENTIVE PAYMENTS (£)	2013 EMOLUMENTS EXCLUDING PENSION CONTRIBUTIONS (£)
B. P. Marsh	140,000	1,439	-	-	141,439
J. S. Newman	132,000	4,056	38,500	250,000	424,556
D. J. Topping	92,000	1,743	23,500	-	117,243
C. S. Kenyon	70,717	3,156	11,500	-	85,373
J. K. N. Dunbar	72,000	775	-	-	72,775
P. J. Mortlock	51,903	-	-	-	51,903
S. S. Clarke	32,500	-	-	-	32,500

In addition to the above, Mr S. S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 17 on page 45 of these financial statements.

Furthermore, one of the executive directors participates in a long-term incentive arrangement, as outlined in Note 24 on page 48 of these financial statements.

Directors' Pensions

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

	2013 (£)
B. P. Marsh	-
J. S. Newman	13,200
D. J. Topping	4,600
C. S. Kenyon	8,500

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 3rd June 2013.

By order of the Board
S. C. O'Haire
Company Secretary
3rd June 2013

Directors

B. P. Marsh OBE (Chairman)
J. S. Newman ACMA, CGMA, MCSI
D. J. Topping MCSI, ACIS
C. S. Kenyon
J. K. N. Dunbar BBA (resigned as non-executive director and reappointed as an executive director on 13th February 2013)
S. S. Clarke FCA (non-executive)
P. J. Mortlock FCA (non-executive)
C. R. Scoones (non-executive) (appointed 19th April 2013)

The directors submit their report and the audited financial statements of the Company and the Group for the year ended 31st January 2013.

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:

- The Group repaid the £1,250,000 directors' loan outstanding (from a total available facility of £4,325,000) as at 31st January 2012. £250,000 and £1,000,000 was repaid on 24th February 2012 and 18th June 2012 respectively (see Notes 16 and 26).
- On 16th March 2012 the Group made a partial disposal of 4.02% of its then 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. Following the exercise of the Call Option and the Group's subsequent subscription on 18th April 2012 to 126,833 2p voting only shares in Besso for consideration of £2,537 (in order, as a founder shareholder, to maintain its voting rights), the Group's overall holding in Besso stood at 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 outstanding as at 31st January 2013 to £978,698, excluding 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 assists 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 the original investment in the company's preference shares 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 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 cash consideration of £4,535,330.
- The Group received loan repayments of £92,250 from Hyperion. In July 2012 the loan was converted from quarterly repayments to full repayment on 3rd October 2017 as part of the agreed terms for Hyperion's acquisition of Windsor Limited. As a result of this acquisition the Group's equity holding at that time in Hyperion was diluted from 16.19% to 13.97%.
- In August 2012 the Company repurchased 56,143 of its ordinary shares at a price of 89 pence per share. These shares were immediately cancelled upon purchase, resulting in a reduction in the number of ordinary shares in issue from 29,286,143 to 29,230,000.
- On 27th July 2012 the Company's wholly owned subsidiary B. P. Marsh & Company Limited entered into a Share Exchange Agreement with The Broucour Group Limited ("the Broucour Group") in respect of its 49% equity investment in Amberglobe Limited ("Amberglobe"). On this date the Broucour Group acquired the entire issued share capital of Amberglobe (£200,000 divided into £130,000 ordinary shares and £70,000 preference shares of £1 each, of which the Group, through its subsidiary undertaking, owned £98,000 divided into £28,000 ordinary shares and £70,000 preference shares). The Broucour Group was incorporated in July 2012 as a holding company to facilitate the acquisition of the assets of Turner Butler Limited ("Turner Butler"). The Group assisted in this acquisition by providing the Broucour Group with a £600,000 loan facility to fund the acquisition cost and associated working capital requirements which was drawn down in full on 27th July 2012 and as at 31st January 2013 remained outstanding. As a result of this transaction, the Group's original investment in Amberglobe is now held in the Broucour Group, with Amberglobe now a wholly owned subsidiary of the Broucour Group.
- On 1st November 2012 the Group, in conjunction with a consortium of American investors, took up the opportunity to increase its equity position in Besso by purchasing Michael Wade's stake (the former Chairman of Besso). The Group increased its shareholding by 6.71% from 30% to 36.71% (with economic rights over 36.48%) for cash consideration of £775,000. On the same date the Group also subscribed for a further £135,000 of 14% loan stock in Besso. This transaction, together with the £25,000 of loan notes subscribed for on 24th May 2012, brings the total amount of loan stock held by the Group to £2,700,000 as at 31st January 2013 together with £978,698 of other loans outstanding.
- On 21st December 2012 the Group entered into an agreement to provide a further €400,000 (£333,238) loan to Summa Insurance Brokerage, S.L. ("Summa").
- The Group also received loan repayments totalling €370,800 (£302,902) in respect of its shareholder loans to Summa. As at 31st January 2013 loans totalling €1,971,879 (£1,688,251) remained outstanding to the Group.
- On 30th January 2013 the Group acquired a further 102 ordinary shares (0.85%) in U.S. Risk (UK) Limited ("U.S. Risk") for consideration of £38,783, increasing its shareholding from 28.43% to 29.28%.

Financial Performance

At 31st January 2013, the net asset value of the Group was £55.5m (2012: £50.1m) including a provision for deferred tax. This equates to an increase in net asset value of 10.6%, or an increase of 11.2% excluding the dividend payment (2012: increase of 7.8%). The increase in net asset value was mainly as a result of revaluing the portfolio in line with current market conditions, and the underlying business (excluding portfolio movement) showed a pre-tax profit of £0.06m (2012: £0.11m).

The net asset value of £55.5m at 31st January 2013 represented a total increase in net asset value of £42.9m since the Group was originally formed in 1990 having adjusted for the £10.1m net proceeds raised on AIM and the original capital investment of £2.5m. The directors note that the Group has delivered an annual compound growth rate of 11.9% 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 2013 was 190p (2012: 171p).

The consolidated profit on ordinary activities after taxation was £5.7m (2012: profit of £3.6m). The consolidated profit on ordinary activities before taxation was £6.2m (2012: profit of £4.4m). This profit includes unrealised gains of £6.1m on investment revaluations (2012: gains of £4.6m), and therefore the increase in profit compared to 2012 is principally as a result of the investment portfolio being valued higher than in 2012 and reflects improvement in investment performance.

Overall income from investments was marginally down on 2012 as a result of reduced dividend yields, although interest and fee earnings increased, reflecting new arrangements made with the Group's existing investee companies during the year. Operating expenses include long term incentive payments of £0.25m (2012: £0.12m). Excluding these, expenses are consistent with 2012. 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 2012 valuation	Acquisitions at cost	Disposals proceeds	Impairment provisions	Adjusted 31st January 2012 valuation	31st January 2013 valuation
£50.6m	£0.8m	£(4.9)m	£nil	£46.5m	£52.7m

This equates to an increase in the portfolio valuation of 13.3% (2012: increase of 10.0%).

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. As at 31st January 2013 the Group was debt free (31st January 2012: £1.25m debt as part of a drawdown of a £4.325m Directors' Loan Facility). During the year, following the receipt of funds from the partial disposal of an investment (Note 12), the Group repaid the £1.25m of the Directors' Loan Facility outstanding as at 31st January 2012 (Notes 16 and 26). The Group has since 31st January 2013 drawn down the facility in full (£4.325m) to fund an agreed loan facility draw down request from one of its investee companies (noted below in the 'Post Balance Sheet Events' section of this report) as well as to finance a new investment which is expected to complete within a week of signing these consolidated financial statements.

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 2013, the Group had no interest bearing liabilities but had interest bearing assets. Interest bearing assets are loans made available to investee companies to aid their expansion, and are normally subject to a minimum interest rate to protect the Group from a period of low interest rates.

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

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

A final dividend of £292,861 (1p per share) was paid on 30th July 2012 in respect of the previous financial year (2012: £nil). The directors do not recommend a final dividend in respect of the current year.

Substantial Interests

As at 16th May 2013 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	59.2%
The Tasha Dunbar Trust	1,428,614	4.9%
The Stephen Crowther Trust	1,428,614	4.9%
Henderson Global Investors	1,400,000	4.8%
IS Partners AG	1,245,000	4.3%
AXA Framlington	966,720	3.3%
James Sharp & Co	955,080	3.3%

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 2013 ORDINARY SHARES OF 10P EACH	31ST JANUARY 2012 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 19 (2012: 21) during the year.

Post Balance Sheet Events

On 1st March 2013 the Group subscribed for a further £50,000 of 14% loan stock in Besso Insurance Group Limited ("Besso"). The loan stock is in addition to the £2,700,000 already held by the Group as at 31st January 2013, bringing the total 14% loan stock held to £2,750,000 as at the date of this report.

On 21st March 2013 the Group utilised £875,000 of the Directors' Loan Facility (see Note 16) in order to ensure that sufficient funds are available to pursue the various new business opportunities that it is currently investigating. On 25th March 2013 the Group utilised a further £1,200,000 of this facility in order to fund a reciprocal loan draw down request from U.S. Risk (UK) Limited (noted below). On 31st May 2013 the Group utilised the remaining £2,250,000 of the facility to finance a new investment which is expected to complete within a week of signing these consolidated financial statements, therefore as at the date of this report the £4,325,000 facility had been drawn down in full.

On 27th March 2013 the Group announced that, subject to FCA and other overseas regulatory approval, it had agreed to sell 5,623,520 shares (from a total holding of 7,029,400 shares) in Hyperion Insurance Group Limited ("Hyperion") to the global growth equity firm General Atlantic for a cash consideration of £29,242,304 (£5.20 per A Ordinary share). On completion the Group will retain a 2.76% stake in Hyperion subject to a Call Option arrangement which will allow General Atlantic to purchase the Group's remaining stake of 1,405,880 A Ordinary shares of Hyperion at £5.20 per share. The Call Option will expire and fall away upon the third anniversary of completion or upon Hyperion undertaking an Initial Public Offering ("IPO"), whichever is the earlier. The Share Purchase Agreement includes an anti-embarrassment provision which provides that if Hyperion undertakes an IPO within twelve months of completion, at a price at or in excess of £6.25 per A Ordinary share, there will be an additional amount payable to the Group, up to a maximum of £0.30 per A Ordinary share.

As part of the above agreement, and subject to banking consent, the Group has also agreed to provide circa £6,100,000 in loan funding to Hyperion at an interest rate of Bank of England Base rate plus 5% (minimum 7.5%) for a minimum term of 12 months to refinance existing shareholder loans (including £2,754,392 that the Group has already provided to Hyperion). The loan will be repayable on an IPO or a change of control of Hyperion or 3rd October 2017, whichever is the earlier, but following the first anniversary of this facility Hyperion will be able to pre-pay the loan prior to these events on the giving of one months' notice.

On 2nd April 2013 the Group provided £1,200,000 of an agreed £1,950,000 loan facility to U.S. Risk (UK) Limited to fund the continued expansion of the business.

On 13th May 2013, following the £25,000,000 placing of new shares by Randall & Quilter Investment Holdings plc ("R&Q") being approved by its shareholders and the shares being admitted to the market, the Group subscribed to its pro-rata proportion at 120p per share (total consideration of £337,022), maintaining its 1.35% shareholding.

On 29th May 2013, the Group provided Besso with a loan facility of £747,000, of which it drew down on £265,000, to enable it to finance a new acquisition. Together with £2,750,000 of 14% loan stock and other loans of £978,698, total loans amounted to £3,993,698 at the reporting date.

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 2014 and 2015, 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
3rd June 2013

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 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the EU and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Consolidated Financial Statements 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 2013 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

3rd June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST JANUARY 2013

	NOTES	2013		2012	
		(£'000)	(£'000)	(£'000)	(£'000)
Gains on investments	1				
Realised gains / (losses) on disposal of investments	1,13	5		(20)	
Impairment of investments and loans	15	-		(339)	
Unrealised gains on investment revaluation	12	6,130		4,592	
Carried interest provision	2,17	5		32	
			6,140		4,265
Income					
Dividends	1,26	301		661	
Income from loans and receivables	1,26	929		859	
Fees receivable	1,26	855		594	
			2,085		2,114
Operating income	2		**8,225**		**6,379**
Operating expenses	2		(2,007)		(1,817)
Operating profit			**6,218**		**4,562**
Financial income	2,4	5		-	
Financial expenses	2,3	(65)		(104)	
Exchange movements	2,8	37		(51)	
			(23)		(155)
Profit on ordinary activities before exceptional items			**6,195**		**4,407**
Exceptional item	5,6		-		(30)
Profit on ordinary activities before taxation	8		**6,195**		**4,377**
Taxation	9		(518)		(732)
Profit on ordinary activities after taxation attributable to equity holders	21		**5,677**		**3,645**
Earnings per share – basic and diluted (pence)	10		19.4p		12.4p

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

The notes on pages 29 to 51 form part of these financial statements.

CONSOLIDATED & COMPANY STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST JANUARY 2013

(COMPANY NUMBER: 05674962)

	NOTES	GROUP 2013 (£'000)	GROUP 2012 (£'000)	COMPANY 2013 (£'000)	COMPANY 2012 (£'000)
Assets					
Non-current assets					
Property, plant and equipment	*11*	7	14	-	-
Investments	*12*	52,711	50,624	45,299	39,965
Loans and receivables	*14*	8,587	5,983	10,155	10,155
		61,305	**56,621**	**55,454**	**50,120**
Current assets					
Trade and other receivables	*15*	1,174	2,093	-	-
Cash and cash equivalents		1,787	666	1	1
Total current assets		**2,961**	**2,759**	**1**	**1**
Total assets		**64,266**	**59,380**	**55,455**	**50,121**
Liabilities					
Non-current liabilities					
Loans and other payables	*16*	(100)	(1,250)	-	-
Carried interest provision	*17*	(294)	(299)	-	-
Deferred tax liabilities	*18*	(7,933)	(7,415)	-	-
Total non-current liabilities		**(8,327)**	**(8,964)**	**-**	**-**
Current liabilities					
Trade and other payables	*19*	(484)	(295)	-	-
Total current liabilities		**(484)**	**(295)**	**-**	**-**
Total liabilities		**(8,811)**	**(9,259)**	**-**	**-**
Net assets		**55,455**	**50,121**	**55,455**	**50,121**
Capital and reserves – equity					
Called up share capital	*20*	2,923	2,929	2,923	2,929
Share premium account	*21*	9,370	9,370	9,370	9,370
Fair value reserve	*21*	26,348	24,656	43,155	37,821
Reverse acquisition reserve	*21*	393	393	-	-
Capital redemption reserve	*21*	6	-	6	-
Retained earnings	*21*	16,415	12,773	1	1
Shareholders' funds – equity	*21*	**55,455**	**50,121**	**55,455**	**50,121**

The Financial Statements were approved by the Board of Directors and authorised for issue on 3rd June 2013 and signed on its behalf by:

B. P. Marsh & J. S. Newman

The notes on pages 29 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2013

	NOTES	2013 (£'000)	2012 (£'000)
Cash from operating activities			
Income from loans to investees		929	859
Dividends		301	661
Fees received from investment activity		855	594
Operating expenses		(2,007)	(1,817)
Exceptional item – termination payment		–	(30)
Increase in receivables		(361)	(95)
Increase in payables		287	20
Depreciation	11	8	23
Net cash from operating activities		**12**	**215**
Net cash from / (used by) investing activities			
Purchase of property, plant and equipment	11	(1)	(4)
Purchase of investments	12	(822)	(735)
Proceeds from investments	12	4,870	51
Net cash from / (used by) investing activities		**4,047**	**(688)**
Net cash (used by) / from financing activities			
(Repayment) / advances of borrowings	16	(1,250)	1,250
Net payments of loans to investee companies		(1,276)	(515)
Financial income	4	5	–
Financial expenses	3	(65)	(104)
Dividends paid	7	(293)	–
Payments made to repurchase Company shares	21	(50)	–
Net cash (used by) / from financing activities		**(2,929)**	**631**
Change in cash and cash equivalents		1,130	158
Cash and cash equivalents at beginning of the period		666	515
Exchange movement		(9)*	(7)*
Cash and cash equivalents at end of period		**£1,787**	**£666**

**The exchange movement as noted in the Consolidated Statement of Comprehensive Income is a gain of £37k (2012: loss of £51k). The exchange movement in the Consolidated Statement of Cash Flows excludes an exchange gain of £46k (2012: loss of £44k) relating to the revaluation of a loan denominated in Euros as this is a non-cash movement.*

The notes on pages 29 to 51 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2013

No Company Statement of Cash Flows has been prepared as there has been no cash flow movement in the Company during the current and previous period, other than dividends received from B. P. Marsh & Company Limited ("BPMCL"), a subsidiary company, which were settled via an intercompany adjustment. The ordinary dividend payment to the Company's members and the share repurchase during the year were physically made by BPMCL and reflected in the Company through an intercompany adjustment. Accordingly the Company's "cash and cash equivalents" balance as at 31st January 2013 is £1k (2012: £1k).

CONSOLIDATED & COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST JANUARY 2013

	GROUP		COMPANY	
	2013 (£'000)	2012 (£'000)	**2013 (£'000)**	2012 (£'000)
Opening total equity	50,121	46,476	50,121	46,476
Total recognised income and expense for period	5,677	3,645	5,677	3,645
Dividends paid	(293)	–	(293)	–
Repurchase of Company shares	(50)	–	(50)	–
Total equity	**55,455**	**50,121**	**55,455**	**50,121**

Refer to Note 21 for detailed analysis of the changes in the components of equity.

The notes on pages 29 to 51 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 £5,676,742, prior to a dividend distribution of £292,861 (2012: profit of £3,644,959).

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 1 – Presentation of items of Other Comprehensive Income (Amendment)	1st July 2012
IFRS 7 – Financial Instruments: Disclosures (Amendments)	1st January 2013
IFRS 13 – Fair Value Measurement	1st January 2013
IFRS 10, 11 & 12 and IAS 27 & 28 – Investment Entities (Amendments)	1st January 2014
IFRS 9 – Financial Instruments	1st January 2015

The Group is currently assessing the impact of IFRS 10 "Investment Entities" (Amendments). All other standards and interpretations are not expected to have a material impact on the consolidated financial statements.

As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.

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	
	2013 (£'000)	2012 (£'000)	2013 (£'000)	2012 (£'000)	2013 (£'000)	2012 (£'000)
Operating income / (loss)	9,180	6,076	(955)	303	8,225	6,379
Operating expenses	(1,558)	(1,307)	(449)	(510)	(2,007)	(1,817)
Segment operating profit / (loss)	**7,622**	**4,769**	**(1,404)**	**(207)**	**6,218**	**4,562**
Financial income	4	-	1	-	5	-
Financial expenses	(51)	(75)	(14)	(29)	(65)	(104)
Exchange movements	(9)	(8)	46	(43)	37	(51)
Exceptional items	-	(30)	-	-	-	(30)
Profit / (loss) before tax	**7,566**	**4,656**	**(1,371)**	**(279)**	**6,195**	**4,377**
Income tax	(834)	(805)	316	73	(518)	(732)
Profit / (loss) for the year	**6,732**	**3,851**	**(1,055)**	**(206)**	**5,677**	**3,645**

Included within the operating income reported above are the following amounts requiring separate disclosure owing to the fact that they are derived from a single investee company and the total revenues attributable to that investee company are 10% or more of the total realised income generated by the Group during the period:

	Total income attributable to the investee company (£'000)		% of total realised operating income		Reportable geographic segment	
	2013	2012	2013	2012	2013	2012
Investee Company						
Besso Insurance Group Limited	724	550	35	26	1	1
Hyperion Insurance Group Limited	590	599	28	28	1	1
Summa Insurance Brokerage, S.L.	312	425	15	20	2	2
U.S. Risk (UK) Limited	210	209	10	10	1&2	1&2

2. Segmental Reporting (continued)

	Geographic segment 1: UK & Channel Islands		Geographic segment 2: Non-UK & Channel Islands		Group	
	2013 (£'000)	2012 (£'000)	2013 (£'000)	2012 (£'000)	2013 (£'000)	2012 (£'000)
Non-current assets						
Property, plant and equipment	7	13	-	1	7	14
Investments	49,225	45,717	3,486	4,907	52,711	50,624
Loans and receivables	6,899	4,833	1,688	1,150	8,587	5,983
	56,131	**50,563**	**5,174**	**6,058**	**61,305**	**56,621**
Current assets						
Trade and other receivables	970	1,404	204	689	1,174	2,093
Cash and cash equivalents	1,787	666	-	-	1,787	666
Deferred tax assets	-	-	327	50	327	50
	2,757	**2,070**	**531**	**739**	**3,288**	**2,809**
Total assets	**58,888**	**52,633**	**5,705**	**6,797**	**64,593**	**59,430**
Non-current liabilities						
Loans and other payables	(100)	(1,250)	-	-	(100)	(1,250)
Carried interest provision	(294)	(299)	-	-	(294)	(299)
Deferred tax liabilities	(8,260)	(7,465)	-	-	(8,260)	(7,465)
	(8,654)	**(9,014)**	**-**	**-**	**(8,654)**	**(9,014)**
Current liabilities						
Trade and other payables	(484)	(295)	-	-	(484)	(295)
Total liabilities	**(9,138)**	**(9,309)**	**-**	**-**	**(9,138)**	**(9,309)**
Net assets	**49,750**	**43,324**	**5,705**	**6,797**	**55,455**	**50,121**
Additions to property, plant and equipment	1	4	-	-	1	4
Depreciation of property, plant and equipment	7	21	1	2	8	23
Impairment of investments and loans	-	239	-	100	-	339
Cash flow arising from:						
Operating activities	(29)	304	41	(89)	12	215
Investing activities	4,047	(688)	-	-	4,047	(688)
Financing activities	(2,899)	936	(30)	(305)	(2,929)	631
Change in cash and cash equivalents	**1,119**	**552**	**11**	**(394)**	**1,130**	**158**

3. Financial Expenses

	2013 (£'000)	2012 (£'000)
Other interest (Note 16)	65	104

4. Financial Income

	2013 (£'000)	2012 (£'000)
Bank interest	5	-

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 16 (2012: 16). All remuneration was paid by B. P. Marsh & Company Limited.

The related staff costs were:

	2013 (£'000)	2012 (£'000)
Wages and salaries	1,219	1,055
Social security costs	153	125
Pension costs	43	37
	1,415	**1,217**

Included within the prior year wages and salaries total above was a one-off compensation payment of £30,000 made to a director who left the Group during the year (see Note 6 below). This was included in the Consolidated Statement of Comprehensive Income as an exceptional item. No such payment was made to any of the employees in the current year.

6. Directors' Emoluments

The aggregate emoluments of the directors were

	2013 (£'000)	2012 (£'000)
Management services – remuneration	883	794
Fees	43	36
Pension contributions – remuneration	26	24
	952	**854**

In addition to the above, Mr S. S. Clarke has an entitlement to a gain based on a carried interest, as outlined in Note 17.

Included within the prior year management services total above was a one-off compensation payment of £30,000 made to a director who left the Group during that year. This was included in the Consolidated Statement of Comprehensive Income as an exceptional item. No such payment was made to any of the directors in the current year.

6. Directors' Emoluments (continued)

	2013 (£'000)	2012 (£'000)
Highest paid director		
Emoluments	175	191
Long term incentive payments	250	-
Pension contribution	13	-
	438	**191**

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, 3 directors (2012: 4) accrued benefits under the defined contribution pension scheme.

7. Dividends

	2013 (£'000)	2012 (£'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 / (crediting):

	2013 (£'000)	2012 (£'000)
Depreciation of owned tangible fixed assets	8	23
Auditors remuneration:		
Audit fees for the Company	23	21
Other services:		
– Audit of subsidiaries' accounts	9	7
– Taxation	8	10
– Other advisory	22	30
Exchange (gain) / loss	(37)	51
Operating lease rentals of land and buildings	84	112

9. Taxation

The charge for tax comprises:

	2013 (£'000)	2012 (£'000)
UK corporation tax charge for the year	-	-
Deferred tax charge for the year (Note 18)	518	732
	518	**732**
Factors affecting the charge for the year		
Profit on ordinary activities before tax	**6,195**	**4,377**
Tax at 24.33% on profit on ordinary activities (2012: 26.32%)	1,507	1,152
Effects of:		
Expenses not deductible for tax purposes	25	20
Non taxable net unrealised gains	(1,493)	(1,217)
Capital gains on disposal of investments	953	5
Other effects:		
Management expenses (utilised) / carried forward	(919)	214
Non-taxable income (dividends received)	(73)	(174)
Corporate tax charge for the year	-	-

There are no factors which may affect future tax charges except as set out in Note 18.

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

	2013 (£'000)	2012 (£'000)
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity shareholders	5,677	3,645
Earnings per share – basic and diluted	19.4p	12.4p

	NUMBER	NUMBER
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	29,258,072	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	**29,258,072**	**29,286,143**

In August 2012 the Company repurchased 56,143 ordinary shares at a price of 89 pence per ordinary share. These shares were immediately cancelled upon purchase, resulting in a reduction in the number of ordinary shares in issue from 29,286,143 to 29,230,000.

11. Property, Plant And Equipment

Group

	FURNITURE & EQUIPMENT (£'000)	LEASEHOLD FIXTURES & FITTINGS (£'000)	TOTAL (£'000)
Cost			
At 1st February 2011	63	51	114
Additions	4	-	4
Disposals	-	-	-
At 31st January 2012	**67**	**51**	**118**
At 1st February 2012	67	51	118
Additions	1	-	1
Disposals	(10)	-	(10)
At 31st January 2013	**58**	**51**	**109**
Depreciation			
At 1st February 2011	44	37	81
Eliminated on disposal	-	-	-
Charge for the year	9	14	23
At 31st January 2012	**53**	**51**	**104**
At 1st February 2012	53	51	104
Eliminated on disposal	(10)	-	(10)
Charge for the year	8	-	8
At 31st January 2013	**51**	**51**	**102**
Net book value			
At 31st January 2013	7	-	7
At 31st January 2012	14	-	14
At 31st January 2011	19	14	33

12. Non-Current Investments

Group

	Shares in investee companies Total (£'000)
At valuation	
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 1st February 2012	50,624
Additions	822
Disposals	(4,865)
Provisions	-
Unrealised gains in this period	6,130
At 31st January 2013	**52,711**
At cost	
At 1st February 2011	19,375
Additions	735
Disposals	(1,846)
Provisions	-
At 31st January 2012	**18,264**
At 1st February 2012	18,264
Additions	822
Disposals	(1,117)
Provisions	-
At 31st January 2013	**17,969**

The principal addition in the year relates to the acquisition on 1st November 2012 of a further 6.71% shareholding in Besso Insurance Group Limited for £775,000.

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

On 16th March 2012 the Group made a partial disposal of 4.02% of its then total 34.02% equity interest in Besso Insurance Group Limited ("Besso") with a carrying value of £279,000 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, and the further 6.71% acquired on 1st November 2012 (noted above), the Group's overall holding in Besso as at 31st January 2013 was 36.71%.

On 17th May 2012 the Group made a disposal of 2.75% of its then 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 £4,535,330. Following a major acquisition by Hyperion on 3rd July 2012 which was part funded by the issue of new shares, as at 31st January 2013 the Group's overall holding in Hyperion stood at 13.84%.

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	30.04.12	(789,729)	(50,789)	Business sales platform
Besso Insurance Group Limited	36.71	31.12.12	6,383,049	14,163	Investment holding company
Hyperion Insurance Group Limited	13.84	30.09.12	37,940,000	20,572,000	Insurance holding company
LEBC Holdings Limited	21.95	30.09.12	619,910	360,006	Independent financial advisor company
Portfolio Design Group International Limited	20.00	31.12.12	6,442,713	(398,801)	Fund managers of traded endowment policies
Morex Commercial Limited	20.00	31.12.12	446,923	44,255	Trading in secondary life policies
Preferred Asset Management Limited	20.00	30.09.12	368,720	139,813	Fund management company
Close Horizons Limited	20.00	31.12.12	1,442,900	153,939	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	31.12.11	9,968,299	1,097,805	Consolidator of regional insurance brokers
U.S. Risk (UK) Limited	29.28	31.12.12	1,879,733	(965,017)	Holding company for insurance intermediaries

12. Non-Current Investments (continued)

Group (continued)
In addition, as at 31st January 2013 the Group held 1.35% of the share capital of Randall & Quilter Investment Holdings Plc ("R&Q"). R&Q is an AIM listed company. During the current year R&Q made two 'return of value' distributions totalling £55,442 to shareholders through the issue and subsequent cancellation of new shares. The Group elected to receive these distributions (£32,731 in June 2012 and £22,711 in November 2012) 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 £4,501 realised gain on disposal of investment (see Note 13) which is reflected in the Consolidated Statement of Comprehensive Income for the year.

On 27th July 2012 the Company's wholly owned subsidiary B. P. Marsh & Company Limited entered into a Share Exchange Agreement with The Broucour Group Limited ("the Broucour Group") in respect of its 49% equity investment in Amberglobe Limited ("Amberglobe"). On this date the Broucour Group acquired the entire issued share capital of Amberglobe (£200,000 divided into £130,000 ordinary shares and £70,000 preference shares of £1 each, of which the Group, through its subsidiary undertaking, owned £98,000 divided into £28,000 ordinary shares and £70,000 preference shares). The Broucour Group was incorporated in July 2012 as a holding company to facilitate the acquisition of the assets of Turner Butler Limited ("Turner Butler"). The Group assisted in this acquisition by providing the Broucour Group with a £600,000 loan facility to fund the acquisition cost and associated working capital requirements which was drawn down in full on 27th July 2012. As a result of this transaction, the Group's original investment in Amberglobe is now held in the Broucour Group, with Amberglobe now a wholly owned subsidiary of the Broucour Group.

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

Company

	SHARES IN GROUP UNDERTAKINGS (£'000)
At valuation	
At 1st February 2011	36,320
Additions	-
Unrealised gains in this period	3,645
At 31st January 2012	**39,965**
At 1st February 2012	39,965
Additions	-
Unrealised gains in this period	5,334
At 31st January 2013	**45,299**
At cost	
At 1st February 2011	2,143
Additions	-
At 31st January 2012	**2,143**
At 1st February 2012	2,143
Additions	-
At 31st January 2013	**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 2013 (£)	PROFIT/(LOSS) FOR THE YEAR TO 31ST JANUARY 2013 (£)	PRINCIPAL ACTIVITY
B. P. Marsh & Company Limited	100	53,232,062	4,519	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	11,082,299	54,836	Investment holding company
B. P. Marsh Asset Management Limited	100	1,000	-	Dormant
B. P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant

13. REALISED GAINS / (LOSSES) ON DISPOSAL OF INVESTMENTS

The realised gains on disposal of investments comprises of a gain of £4,501 in respect of capital distributions made by R&Q in the year (see Note 12). The amount included in realised losses on disposal of investments for the year ended 31st January 2012 was £20,740 which was also in respect of capital distributions made by R&Q.

In addition, during the year the Group also disposed of part of its investment in Hyperion Insurance Group Limited ("Hyperion") at its carrying value of £4,535,000. The Group also disposed of shares held under an option agreement in Besso Insurance Group Limited ("Besso") with a carrying value of £279,000 for consideration of £278,698 (see Note 12 for further details). As a result of these disposals being made at carrying value, no material gain or loss was included in the Consolidated Statement of Comprehensive Income in the current year.

The above Hyperion and Besso disposals did, however, result in a release to Retained Earnings from the Fair Value Reserve of £3,748,321 (see Note 21).

14. Loans And Receivables – Non-Current

	GROUP		COMPANY	
	2013 (£'000)	2012 (£'000)	**2013 (£'000)**	2012 (£'000)
Trade receivables	127	-	-	-
Loans to investee companies (Note 26)	8,460	5,983	-	-
Amounts due from subsidiary undertakings	-	-	10,155	10,155
	£8,587	£5,983	**£10,155**	£10,155

Included within trade receivables is £127,214 (2012: £Nil) owed by the Group's participating interests.

See Note 26 for terms of the loans.

15. Trade And Other Receivables – Current

	GROUP		COMPANY	
	2013 (£'000)	2012 (£'000)	**2013 (£'000)**	2012 (£'000)
Trade receivables	363	388	-	-
Less provision for impairment of receivables	-	(123)	-	-
	363	**265**	**-**	**-**
Loans to investee companies (Note 26)	261	1,415	-	-
Other receivables	11	7	-	-
Prepayments and accrued income	539	406	-	-
	1,174	**2,093**	**-**	**-**

Included within trade receivables is £332,394 (2012: £244,952) owed by the Group's participating interests.

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

Movement in the allowance for doubtful debts:

	GROUP		COMPANY	
	2013 (£'000)	2012 (£'000)	**2013 (£'000)**	2012 (£'000)
Balance at 1st February	123	68	-	-
(Utilisation of) / increase in provision in the period	(123)	55	-	-
Balance at 31st January	**-**	**123**	**-**	**-**

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 (current and non-current) includes debtors with a carrying amount of £490,046 (2012: £263,552) 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	
	2013 (£'000)	2012 (£'000)	**2013 (£'000)**	2012 (£'000)
0 – 30 days	238	63	-	-
31 – 60 days	83	65	-	-
61 – 90 days	45	12	-	-
More than 90 days	124	123	-	-
	490	**263**	**-**	**-**

In the current year there were no provisions made against loans to investee companies (2012: £339,000). The total provision against loans relating to Fixed Asset Investments as at 31st January 2013 stands at £785,000 (2012: £785,000).

See Note 26 for terms of the loans and Note 25 for further credit risk information.

16. Loans And Other Payables

During the year, the Group repaid £1,250,000 of a loan facility totalling £4,325,000, which certain directors and companies controlled by the directors, or other related parties, agreed to provide to the Group during the year to 31st January 2011. 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 2013 none of this facility remained drawn down (as at 31st January 2012: £1,250,000 drawn down).

Interest on this loan facility of £64,760 (2012: £103,524) was charged to the Consolidated Statement of Comprehensive Income for the current year (Note 3).

In addition, during the year the Group received an upfront payment of £300,000 in respect of a three year loan arrangement fee from Besso Insurance Group Limited ("Besso"). As at 31st January 2013 £100,000 of this fee was included in the Consolidated Statement of Financial Position under 'Non-current liabilities' as long-term deferred income. The remaining portion of the fee is included within the Consolidated Statement of Financial Position under 'Current liabilities' or has already been credited to the Consolidated Statement of Comprehensive Income as fees receivable. The receipt of this upfront fee had no cash impact for the Group as it was funded through an increase to a loan facility provided to Besso in March 2012.

17. Carried Interest Provision

	GROUP		COMPANY	
	2013 (£'000)	2012 (£'000)	**2013 (£'000)**	2012 (£'000)
Carried interest provision	294	299	-	-
	294	299	**-**	-

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 (2012: £Nil).

18. Deferred Tax Liabilities – Non-Current

	GROUP (£'000)	COMPANY (£'000)
At 1st February 2011	6,683	-
Charged to Statement of Comprehensive Income	732	-
At 31st January 2012	**7,415**	**-**
At 1st February 2012	7,415	-
Charged to Statement of Comprehensive Income	518	-
At 31st January 2013	**7,933**	**-**

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, £7,933,000 (2012: £7,415,000) of tax on capital gains would become payable by the Group at a corporation tax rate of 23% (2012: 26%).

18. Deferred Tax Liabilities – Non-Current (continued)

The Government recently announced a further 2% reduction in the corporation tax rate from 23% to 21% with effect from 1 April 2014, which is expected to be legislated in the Finance Bill 2013.

As the 21% rate was not substantively enacted at the year end and is not effective until 1st April 2014 at the earliest, this rate has not been used in calculating the deferred tax liabilities arising from the unrealised gains on the revaluation of the Group's investments.

19. Trade And Other Payables – Current

	GROUP		COMPANY	
	2013 (£'000)	2012 (£'000)	**2013 (£'000)**	2012 (£'000)
Trade payables	30	37	-	-
Other taxation & social security costs	31	45	-	-
Accruals and deferred income	423	213	-	-
	484	**295**	**-**	**-**

20. Called Up Share Capital

	2013 (£'000)	2012 (£'000)
Allotted, called up and fully paid		
29,230,000 Ordinary shares of 10p each (2012: 29,286,143)	2,923	2,929
	2,923	**2,929**

In August 2012 the Company repurchased 56,143 ordinary shares at a price of 89 pence per ordinary share. These shares were immediately cancelled upon purchase, resulting in a reduction in the number of ordinary shares in issue from 29,286,143 to 29,230,000.

21. Reconciliation Of Movements In Shareholders' Funds

Group

	SHARE CAPITAL (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	REVERSE ACQUISITION RESERVE (£'000)	CAPITAL REDEMPTION RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
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**
At 1st February 2012	2,929	9,370	24,656	393	-	12,773	50,121
Profit for the year	-	-	5,440	-	-	237	5,677
Transfers on sale of investments (Note 13)	-	-	(3,748)	-	-	3,748	-
Dividends paid (Note 7)	-	-	-	-	-	(293)	(293)
Share repurchase (Note 20)	(6)	-	-	-	6	(50)	(50)
At 31st January 2013	**2,923**	**9,370**	**26,348**	**393**	**6**	**16,415**	**55,455**

Company

	SHARE CAPITAL (£'000)	SHARE PREMIUM ACCOUNT (£'000)	FAIR VALUE RESERVE (£'000)	CAPITAL REDEMPTION RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL (£'000)
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**
At 1st February 2012	2,929	9,370	37,821	-	1	50,121
Profit for the year	-	-	5,334		343	5,677
Dividends paid (Note 7)	-	-	-		(293)	(293)
Share repurchase (Note 20)	(6)	-	-	6	(50)	(50)
At 31st January 2013	**2,923**	**9,370**	**43,155**	**6**	**1**	**55,455**

22. Operating Lease Commitments

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

	2013 LAND AND BUILDINGS (£'000)	2012 LAND AND BUILDINGS (£'000)
Earlier than one year	84	84
Between two and five years	244	329

23. 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, a subsidiary undertaking of The Broucour Group 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 2013 £685,000 of this facility had been drawn down.

On 22nd July 2010 the Group entered into an agreement to provide a loan facility of £1,950,000 to US Risk (UK) Limited, an investee company. As at 31st January 2013 none of this facility had been drawn down.

Refer to Note 27 for details of a loan funding commitment entered into in respect of Hyperion Insurance Group Limited after the balance sheet date.

24. Contingent Liabilities

The Group has entered into long-term incentive arrangements with certain employees and directors. Provided they remain in employment with the Group as at specified dates in the future, the Group has agreed to pay bonuses totalling £135,000 together with the Employers' National Insurance due thereon. £75,000, £30,000 and £30,000 are due to be paid on 1st October 2013, 15th May 2015 and 15th May 2016 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.

25. Financial Instruments

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

The Group has not entered into any derivatives transactions.

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

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

Interest rate profile
The Group has cash balances of £1,787,000 (2012: £666,000), 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 0.3% p.a. in the period (2012: deposit rates of interest ranged up to 0.1% p.a.). During the period maturity periods ranged between immediate access and 1 month (2012: all cash balances were held in immediate access accounts).

Currency hedging
During the period, the Group did not engage in any form of currency hedging transaction (2012: None).

Financial liabilities
The Company had no borrowings as at 31st January 2013 (2012: £1,250,000). Please refer to Note 16 for further details.

25. 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 2013:

	LEVEL 1 (£'000)	LEVEL 2 (£'000)	LEVEL 3 (£'000)	TOTAL (£'000)
Assets				
Investments designated as "fair value through profit or loss" assets	785	-	51,926	52,711
	785	**-**	**51,926**	**52,711**

The Group's assets and liabilities that are measured at fair value at 31st January 2012 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	658	-	49,966	50,624
	658	**-**	**49,966**	**50,624**

26. Related Party Disclosures

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

	2013 (£)	2012 (£)
The Broucour Group Ltd	1,285,000	685,000
Besso Insurance Group Ltd	3,678,698	2,940,000
Hyperion Insurance Group Ltd	2,754,392	2,846,642
Paterson Squared, LLC	100,000	100,000
	(€)	(€)
Summa Insurance Brokerage, S. L.	1,971,879	1,942,678

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

26. Related Party Disclosures (continued)

During the year, the Group repaid part of an agreed £4,325,000 loan facility with certain directors, companies controlled by the directors, or other related parties (the "Lenders"), including Brian Marsh Enterprises Limited (£425,000 of a total £3,500,000 facility drawn down as at 31st January 2012 repaid in full during the year), Ms J. K. N. Dunbar (total facility of £500,000 drawn down as at 31st January 2012 repaid in full during the year), Mr P. J. Mortlock (total facility of £250,000 drawn down as at 31st January 2012 repaid in full during the year) and Mrs M. Newman (total facility of £75,000 drawn down as at 31st January 2012 repaid in full during the year) which was secured on the assets of the Company.

The loan accrued interest at a rate of UK Base Rate + 4%, subject to a minimum of 6.5%, and was repayable in full by 9th June 2013. Interest was payable on a quarterly basis. This rolling facility bears a charge of 1% p.a. on any undrawn amount. As at 31st January 2013 none of this facility remained drawn down (as at 31st January 2012: £1,250,000).

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.

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

	2013 (£)	2012 (£)
The Broucour Group Limited	30,855	46,668
Besso Insurance Group Limited	723,581	549,666
HQB Partners Limited	–	7,575
Hyperion Insurance Group Limited	589,843	599,364
LEBC Group Limited	102,249	129,892
Paterson Squared, LLC	959	15,575
Portfolio Design Group International Limited	66,000	82,000
Summa Insurance Brokerage, S. L.	311,733	424,519
U.S. Risk (UK) Limited and related entities	209,531	208,508

In addition, the Group made management charges of £35,000 (2012: £35,000) 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 (2012: £15,000) 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 £294,000 (2012: £299,000).

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

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

27. Post Balance Sheet Events

On 1st March 2013 the Group subscribed for a further £50,000 of 14% loan stock in Besso Insurance Group Limited ("Besso"). The loan stock is in addition to the £2,700,000 already held by the Group as at 31st January 2013, bringing the total 14% loan stock held to £2,750,000 as at the date of this report.

On 21st March 2013 the Group utilised £875,000 of the Directors' Loan Facility (see Note 16) in order to ensure that sufficient funds are available to pursue the various new business opportunities that it is currently investigating. On 25th March 2013 the Group utilised a further £1,200,000 of this facility in order to fund a reciprocal loan draw down request from U.S. Risk (UK) Limited (noted below). On 31st May 2013 the Group utilised the remaining £2,250,000 of the facility to finance a new investment which is expected to complete within a week of signing these consolidated financial statements, therefore as at the date of this report the £4,325,000 facility had been drawn down in full.

On 27th March 2013 the Group announced that, subject to FCA and other overseas regulatory approval, it had agreed to sell 5,623,520 shares (from a total holding of 7,029,400 shares) in Hyperion Insurance Group Limited ("Hyperion") to the global growth equity firm General Atlantic for a cash consideration of £29,242,304 (£5.20 per A Ordinary share). On completion the Group will retain a 2.76% stake in Hyperion subject to a Call Option arrangement which will allow General Atlantic to purchase the Group's remaining stake of 1,405,880 A Ordinary shares of Hyperion at £5.20 per share. The Call Option will expire and fall away upon the third anniversary of completion or upon Hyperion undertaking an Initial Public Offering ("IPO"), whichever is the earlier. The Share Purchase Agreement includes an anti-embarrassment provision which provides that if Hyperion undertakes an IPO within twelve months of completion, at a price at or in excess of £6.25 per A Ordinary share, there will be an additional amount payable to the Group, up to a maximum of £0.30 per A Ordinary share.

As part of the above agreement, and subject to banking consent, the Group has also agreed to provide circa £6,100,000 in loan funding to Hyperion at an interest rate of Bank of England Base rate plus 5% (minimum 7.5%) for a minimum term of 12 months to refinance existing shareholder loans (including £2,754,392 that the Group has already provided to Hyperion). The loan will be repayable on an IPO or a change of control of Hyperion or 3rd October 2017, whichever is the earlier, but following the first anniversary of this facility Hyperion will be able to pre-pay prior to these events on the giving of one months' notice.

On 2nd April 2013 the Group provided £1,200,000 of an agreed £1,950,000 loan facility to U.S. Risk (UK) Limited to fund the continued expansion of the business.

On 13th May 2013, following the £25,000,000 placing of new shares by Randall & Quilter Investment Holdings plc ("R&Q") being approved by its shareholders and the shares being admitted to the market, the Group subscribed to its pro-rata proportion at 120p per share (total consideration of £337,022), maintaining its 1.35% shareholding.

On 29th May 2013, the Group provided Besso with a loan facility of £747,000, of which it drew down on £265,000, to enable it to finance a new acquisition. Together with £2,750,000 of 14% loan stock and other loans of £978,698, total loans amounted to £3,993,698 at the reporting date.

28. Ultimate Controlling Party

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

NOTES

You Never Know How Good An Investment Is Until You Have Sold It

Growth, maturity

and a vision for success.

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