

Annual Report 2023

B.P. MARSH
& PARTNERS PLC



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

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

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

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

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

We are farmers, not hunters

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Operating and Financial Highlights

B.P. Marsh & Partners Plc (AIM: BPM), the specialist investor in early stage financial services businesses, announces its audited Group Final Results for the year to 31 January 2023.

19.1%

Increase in equity value of the portfolio over the year

£189.5m

Net Asset Value, a 13.8% increase, net of Dividend

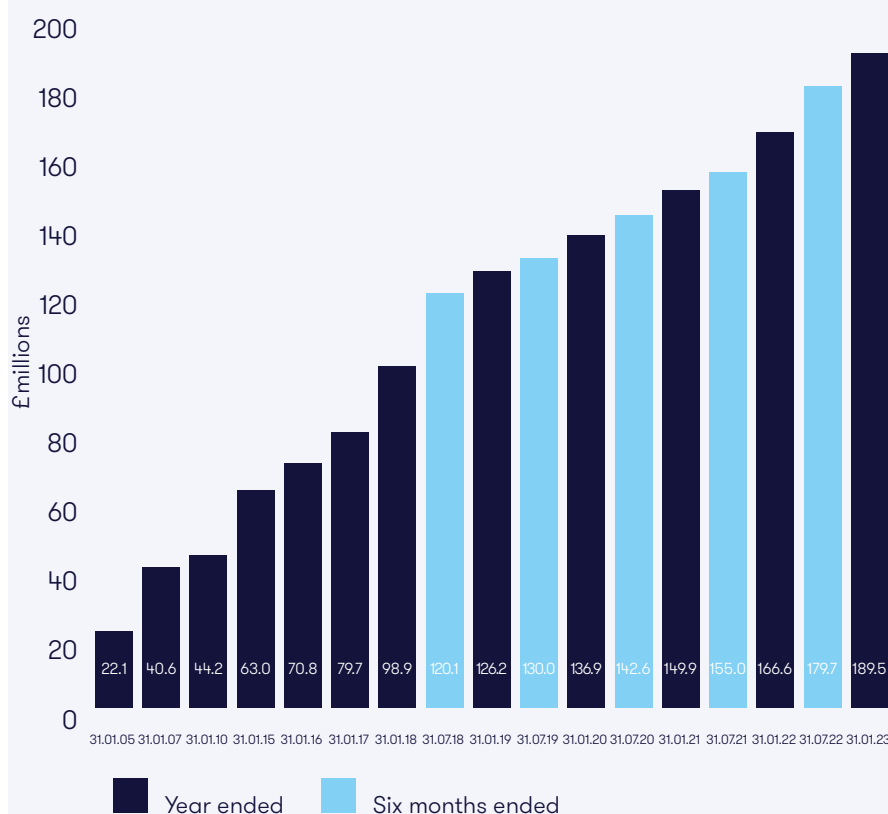
526.2p

Net Asset Value increase to 526.2p per share (31 January 2022: 462.7p)

14.4%

Total return to Shareholders in the year

Group Net Asset Value



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

£14.7m

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

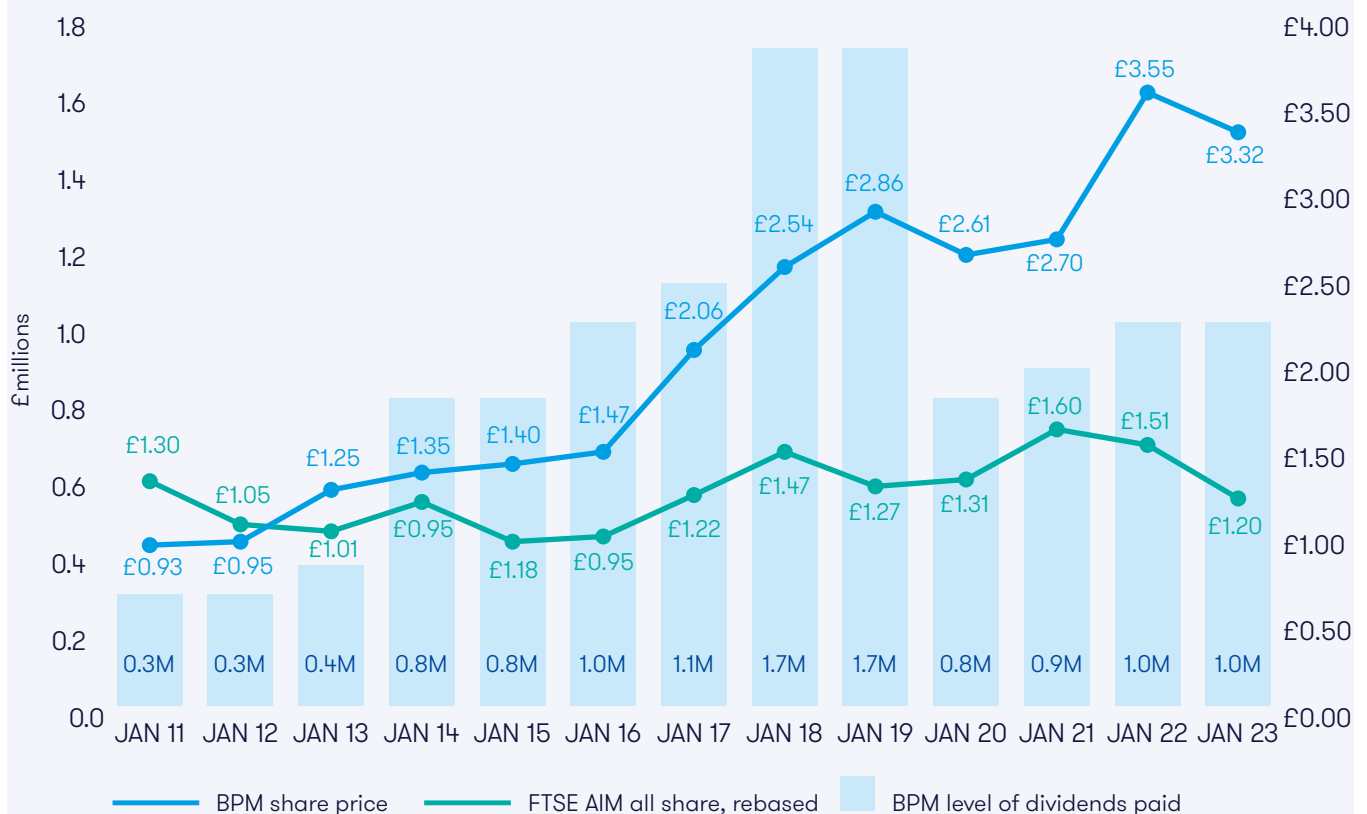
11.7%

Average Net Asset Value annual compound growth rate since 1990

1.39p

Final Dividend of 1.39p per share declared. Interim Dividend of 1.39p paid in February 2023 (31 January 2022: 2.78p)

Historic dividend and share price performance



Joint Statement by the Chairman and Managing Director



Brian Marsh OBE, Chairman



Alice Foulk, Managing Director

“The sale of our interest in Kentro, post year-end, for an expected £51.5 million validates both the strength of our long-term business model and our valuation methodology – producing a multiple on the equity investment at an exit price precisely in line with our valuation. This exit has enabled the Board to put in place a three-year strategy to return £13m to shareholders.

The c.14% increase in NAV (net of dividend) reported in these results demonstrates the strength of our business model which focuses on difficult to replicate opportunities, principally in the growing insurance intermediary markets globally. We look forward to reporting further progress for the current financial year, subject as always to the absence of major macro-economic shocks.”

£171.5m

The value of the investment portfolio

11.7%

Compound annual growth in Net Asset Value since 1990

14.4%

Total shareholder return for the year

We are pleased to present the audited Consolidated Financial Statements of B.P. Marsh & Partners Plc for the year ended 31 January 2023.

Results

For the year under review, the Group has achieved an increase in Net Asset Value (“NAV”) (net of dividend) of 13.8% from £166.6m to £189.5m and an increase in the equity value of our portfolio of £22.2m (19.1% increase adjusting for additions and disposals) from £149.3m to £171.5m.

This equates to an undiluted Net Asset Value per share of 526.2p (2022: 462.7p) or 516.8p on a fully diluted basis following the vesting of the shares in the Group’s Joint Share Ownership Plan (2022: 455.6p).

The Group’s cash and treasury balance as at 31 January 2023 stood at £12.1m, an increase of £3.5m over the previous year, and as at the date of this Report, is £5.2m due to further investment activity post year end.

Dividend

The Group paid an interim Dividend on 28 February 2023 of 1.39p per share. The Group wanted to reward its shareholder base by paying the dividend in two instalments with the balance being paid in July 2023. The Group is recommending a final dividend of 1.39p per share to be paid on 31 July 2023 to all shareholders on the register on 30 June 2023, with the ex-dividend date being 29 June 2023. This final dividend will be subject to Shareholder Approval at the Group’s Annual General Meeting to be held on 26 July 2023.

Post year-end Disposal

As announced on 23 May 2023, B.P. Marsh agreed the sale of its 18.7% shareholding in Kentro Capital Limited (“Kentro”), the London-based insurance industry investment group, pursuant to an agreement by which Brown & Brown, Inc. (“Brown & Brown”), one of the largest US-based insurance intermediaries, has agreed to acquire the entire issued share capital of Kentro.

Completion will be subject to, inter alia, the FCA’s approval of change of control. Upon completion, the Group expects to receive £51.5m in cash (net of all transaction costs), which is consistent with the Group’s £51.5m valuation of the business, underlining our approach to investment valuation.

The Group is pleased once more to be able to demonstrate its successful track record of investing in strong solid management teams and taking a cooperative approach to the relationships that drive successful outcomes. More information on Kentro can be found in the Chief Investment Officer’s report.

New Dividend and Share buy-back Policy

Following the expected receipt of £51.5m from the sale of Kentro, the Group will seek a healthy balance between returning cash

to shareholders and reserving sufficient funds to be able to continue its proven strategy of making successful investments.

As announced on 6 June 2023, once the sale of Kentro has completed and funds have been received, the Group intends to declare a three-year dividend policy for 2024, 2025 and 2026, whereby its aspiration will be to distribute an aggregate cash dividend of £2m each year for the three years. These will be payable in two equal instalments in February and July of each year commencing February 2024, subject to Shareholder Approval at the Company’s Annual General Meeting each year. In addition, the Group intends a special dividend of £1.0m in the aggregate to be paid upon receipt of the proceeds of sale, with further information regarding the proposed payment date to be announced in due course.

Additionally, the Group plans to commit a further £6.0m to share buy-backs, with more information to follow in due course with regard to mechanics and how best to deliver this.

The above represents up to £13m being returned to shareholders via both Dividends and Share Buy-Backs over the next three years.

As announced on 16 January 2023, the Group allocated £1.0m for the purposes of conducting Share buy-backs. These buy-backs are being conducted within the

limits as approved by the Shareholders at the Group's Annual General Meeting held on 25 July 2022 and the Market Abuse Regulation. Since 16 January 2023, the Group has bought back 103,114 shares, for an average of 319p per share, a total aggregate of £0.3m of the £1.0m allocated for this purpose. The Group continues to believe that the existing Share buy-back programme remains an appropriate means of achieving the Group's objective of reducing the discount to NAV and enhancing long term shareholder value.

Per our announcement on 6 June 2023 the Group remains of the view that offering a mixture of dividend and share buy-back transactions is the most effective way of rewarding and returning value to its shareholders.

Portfolio

During the year the Group provided an additional US\$3.5m (£2.8m) to XPT Group LLC ("XPT") through a mixture of redeemable shares and equity to support XPT's ongoing and steep growth trajectory. The Group has also lent more modest amounts to Lilley Plummer Holdings Limited and LEBC Holdings Limited, to assist their respective corporate aspirations and to support working capital requirements.

Throughout the year under review, the Group's Portfolio saw continued growth in key Companies, XPT and Lilley Plummer Risks Limited. The Group's largest US Investment, XPT, has continued its impressive States-wide expansion year on year. XPT produced over US\$400.0m of Gross Written Premium for the year

to 31 December 2022. Further details of the Portfolio's performance is included in the Chief Investment Officer's report.

Post Year-end activity

Post Year-end, the Group provided further loan funding of US\$6.0m to XPT which was utilised to acquire Cal Inspection Bureau Inc ("CAL"). CAL is a California-based physical inspection company that carries out surveys and inspections of sites, on behalf of insurers and insurance intermediaries and is XPT's thirteenth acquisition.

In February 2023, the Group provided a £2.0m loan facility to Paladin Holdings Limited, the holding company of CBC UK Limited ("CBC") to establish a new London Market Property Managing General Agency.

On 28 April 2023, the Group completed a new investment into Verve Risk Services Limited ("Verve"). The Group acquired a 35% holding in the London-based Managing General Agency. Verve specialises in Professional and Management Liability business for the insurance industry in the USA, Canada, Bermuda, Cayman Islands and Barbados.

Business Overview

The Group is pleased with the strong set of results it is able to announce for the year. The year under review is hoped to be the final year where the Covid-19 Pandemic has had a material impact on the global market. Unfortunately, the conflict in Ukraine and the Cost-of-Living crisis has arisen in its place.

The Group has taken steps to mitigate the full effect of the Cost-of-Living crisis on its staff members where possible and is grateful for the continued efforts of all its staff. The war in Ukraine continues to dominate the global economy and the Group is currently satisfied that ongoing sanctions against Russia and its allies do not have a material impact on the Group's business.

Outlook

The Group believes that these results demonstrate the strength of our business model which focuses on early-stage investment in the insurance intermediary market. This market continues to generate attractive opportunities for B.P. Marsh and our leading position within it means that we get first look at many such opportunities.

The recently announced sale of our interest in Kentro provides a compelling example of the returns that can be realised from investing early and supporting our investee companies over the longer term. The Group will finalise what we consider to be the most efficient route to action our announced strategy to allocate an additional £6.0m to share buy-backs and the timing of the dividend payments we have announced for the next three years.

B.P. Marsh will continue to work on producing sustained growth for the coming months and years ahead while at the same time delivering attractive returns for our shareholders.

Brian Marsh, OBE
Chairman
12 June 2023

Alice Foulk
Managing Director
12 June 2023

Chief Investment Officer's Portfolio Update



Daniel Topping, Chief Investment Officer

The Group has performed well for the financial year to 31 January 2023, with the underlying portfolio continuing to adapt well to the ongoing economic challenges facing the UK and the rest of the world.

Over the financial year, the valuation of the Group's equity portfolio has increased by 19.1% adjusting for realisations, with NAV increasing by 13.8%.

The Group's mantra of working closely with the Management Teams of our respective investee companies continues to contribute to long-term growth.

Chief Investment Officer's Portfolio Update

continued

Post year end, the Group announced the disposal of its entire 18.7% shareholding in Kentro, which is expected to deliver £51.5m of cash once regulatory approval has been received.

The Group's current cash balance is £5.2m, and when the funds from the Kentro sale have been received, the Group's liquidity will increase accordingly.

The receipt of these funds does not alter B.P. Marsh's long term strategic goals, which remain to:

- identify businesses with strong management teams and good growth potential; and
- help fund, support, and develop these companies so they can deliver on growth opportunities

Over the course of B.P. Marsh's 33-year history, this strategy has been to the long term benefit of our shareholders. As such, the Group is committed to reinvesting part of the Kentro sale proceeds in both its existing portfolio and in new ventures, as well as provide an appropriate shareholder return strategy.

The Group remains focussed on sourcing new business and has an active pipeline of new business opportunities which are currently being considered. We continue to see a high number of potential new business opportunities, having received 60 new business enquiries in the year to 31 January 2023, increasing from 48 received enquiries in the preceding year.

Post year end, on 28 April 2023 the Group announced its investment in Verve Risk Services Limited ("Verve"), a London-based

Managing General Agency, which specialises in Professional and Management Liability business for the insurance industry in the USA, Canada, Bermuda, Cayman Islands and Barbados.

Current opportunities under consideration include (but are not limited to) the following:

- a start-up MGA/underwriting agency, looking to specialise in underwriting marine lines;
- an established broker, that specialises in insurance for High Net Worth clients and Fine Art & Specie lines; and
- a specialist Lloyd's start up broker.

In view of the Group's favourable cash position, we remain prepared to take advantage of opportunities emanating from the financial services industry generally and the insurance market specifically.

Disposals

Kentro Capital Limited (Post Year End)

As previously announced, the Group has agreed to dispose of its shareholding in Kentro, the London-based insurance industry investment group, to Brown & Brown Inc., one of the largest US based insurance intermediaries following a strategic process run with Morgan Stanley. Completion of the transaction will be subject to FCA approval being granted.

The Transaction

Upon completion, the Group is expected to receive £51.5m in cash (net of all transaction costs), which is consistent with the Group's valuation of the business,

providing a validation of our approach to investment valuation. Subject to adjustments at completion, this would increase the Group's current funds available to approximately £56.2m (after transaction costs and tax), prior to any distributions to shareholders.

The investment and subsequent sale of the Group's holding in Kentro is another example of B.P. Marsh's successful strategy of investing for the long term, in start-up and early stage businesses with ambitious management teams. This allows the Group to work with management to help them grow their business, before disposing of its stake at a beneficial time for management and B.P. Marsh.

This disposal is expected to deliver an Internal Rate of Return of c.25% (inclusive of all income and fees) and a money multiple on the Equity Investment of 3.41x.

Background to the Investment

B.P. Marsh originally invested in Kentro (then known as Nexus Underwriting Management Limited) in August 2014, with an initial equity investment of £1.5m for a 5% shareholding.

B.P. Marsh has overseen Kentro's growth through a longstanding partnership and the further provision of £13.6m of capital, increasing its shareholding to 18.7%, becoming Kentro's largest single investor. This investment, alongside bank financing, allowed Kentro to commence its acquisitive growth strategy, via both Nexus Underwriting Limited ("Nexus"), the underwriting (or "MGA") arm, and Xenia Broking Group ("Xenia"), the broking arm.

Since B.P. Marsh's first investment, Kentro has made 23 acquisitions, growing from Gross Written Premium of c.£55m in its year ending 31 December 2014 to now over £500m.

With B.P. Marsh's support, the underwriting arm, Nexus, underwrites across a diversified portfolio of 20 risk classes, through a network of over 800 retail broker partners in nine countries. Xenia is one of the largest retail trade credit brokers in the UK, with over 1,500 policyholders ranging from large corporates to SME customers. The collective Kentro team is composed of more than 350 insurance professionals operating from offices in the UK, US, Europe, Asia and Dubai.

New Investments

Denison and Partners Limited ("Denison and Partners") – London, United Kingdom

As previously announced in March 2022, the Group acquired a 40% Cumulative Preferred Ordinary shareholding in Denison and Partners, providing funding of up to £0.8m, via equity and debt.

Denison and Partners is a start-up London-based Lloyd's Insurance Broker, established by Alasdair Ritchie, with a focus on delivering (re)insurance delegated authority solutions and services to Managing General Agencies, Coverholders and (re)insurers.

Date of initial investment: March 2022

31 January 2023 valuation: £0.1m

Cost of Equity: £0.1m

Equity stake: 40.0%

Verve Risk Services Limited ("Verve") (Post year end) – London, United Kingdom

Post Year End, the Group announced that it had acquired a 35% Cumulative Preferred Ordinary shareholding in Verve Risk Services Limited ("Verve"), a London-based Managing General Agency.

Verve specialises in Professional and Management Liability business for the insurance industry in the USA, Canada, Bermuda, Cayman Islands and Barbados.

B.P. Marsh has provided £1m of funding via a mixture of equity and a loan facility, which was drawn down in full upon completion as part of a management buyout.

Established in 2016 by Scott Simmons and Alan Lambert, Verve Risk Partners LLP had been an underwriting cell within Castel Underwriting Agencies Limited ("Castel"). Following the exclusive support from B.P. Marsh, Verve has completed a buyout from Castel, with Management owning the remaining 65% of Verve.

Date of initial investment: April 2023

31 January 2023 valuation: N/A

Cost of Equity: £0.4m

Equity stake: 35.0%

Follow-on Investments and Funding

CBC UK Limited/Paladin Holdings Limited – London, United Kingdom

+26.1 pence NAV per share uplift in Year

CBC, the London based Retail and Wholesale Lloyd's insurance broker, continues to perform strongly. In CBC's last financial year to 31 December 2022, CBC achieved an EBITDA of £3.8m, representing a 73% year on year increase.

The Group remains confident that CBC will continue this growth trajectory and will exceed its budget of £5.5m of EBITDA in its current financial year to 31 December 2023.

In February 2023, B.P. Marsh provided a £2.0m loan facility, of which £0.5m was drawn down immediately to fund the build-out of Alchemy Underwriting Limited. Alchemy Underwriting Limited is a new London-market property MGA in which Paladin, the holding company of CBC, has a 22.5% shareholding.

Date of initial investment: February 2017

31 January 2023 valuation: £19.2m

Cost of Equity: £0.8m

Equity stake as at 31 January 2023: 47.1%

Chief Investment Officer's Portfolio Update

continued

XPT Group LLC ("XPT") – New York, USA

+24.0 pence NAV per share uplift in Year

The Group's investment in XPT, the specialty lines insurance distribution company, continues to perform well, with the business on track to produce Gross Written Premium of over US\$700m in its financial year to 31 December 2023 (2022: US\$400m). The Group expects XPT to continue its strong growth, both via its continued acquisition strategy and underlying organic growth.

As previously announced, over the Group's financial year to 31 January 2023, the Group provided XPT with further funds of US\$3.5m.

This was provided via:

- Redeemable shares - US\$2.8m (£2.2m); and
- Equity - US\$0.7m (£0.6m).

Post year-end, the Group lent XPT a further US\$6.0m (£4.9m), via a short term US\$2.0m Revolving Loan facility and a US\$4.0m Term Loan. These facilities were drawn down in full by XPT on completion.

Utilising these funds, alongside its existing resources and bank financing, XPT completed on a number of acquisitions, as per its M&A strategy.

This included the following acquisitions:-

Insurance Brokers, Inc. ("IBI")

In February 2022, XPT acquired IBI, the wholesale insurance broker and general agency, based in Indiana, USA, which offers a broad range of personal, commercial, and E&S insurance products.

IBI was founded in 1974 and is now led by Glen Pomeroy offering specialty insurance throughout the Midwest and surrounding states. IBI will become part of XPT Specialty's Binding and Small Commercial Brokerage division headed by Kyle Stevens.

Cal Inspection Bureau Inc ("CAL")

In February 2023, XPT acquired CAL, a California based physical inspection company that carries out surveys and inspections of sites on behalf of insurers and insurance intermediaries. CAL was established in 1988 by its founder and president Emil Moskowitz, who has joined XPT as part of the acquisition.

CAL is widely regarded as the premier underwriting survey and audit business on the west coast of the USA, working with almost every MGA and wholesale broker in their territory. With CAL as part of Platinum, (XPT's specialist MGA focused on niche product areas, including specific programmes in trucking liability and a Bars and Taverns programme, amongst others) the goal is for CAL to become the premier underwriting survey and audit business throughout the USA.

CAL is a natural adjunct to XPT's current wholesale channel business model, with XPT now being able to offer physical inspection services alongside other third-party claims adjusting administrator offerings.

Craig & Leicht Inc ("C&L")

In February 2023, XPT also acquired C&L, the Texas-based wholesale agency with experience in a wide variety of industries, specialising in contractors, retail, and landlord risks.

C&L specialise in very niche market segments of the industries they support and have intuitive knowledge of high-risk and unusual businesses with a reputation for providing out-of-the-box solutions with a keen eye for gaps in coverage.

The unique and varied manner in which C&L transacts business has resulted in impressive growth, allowing them to reach beyond their Texas roots and earn recognition that transcends state borders.

The acquisition of C&L is XPT's 14th acquisition since formation.

Date of initial investment: June 2017

31 January 2023 valuation: £34.1m

Cost of Equity: £10.1m

Equity stake: 28.5%

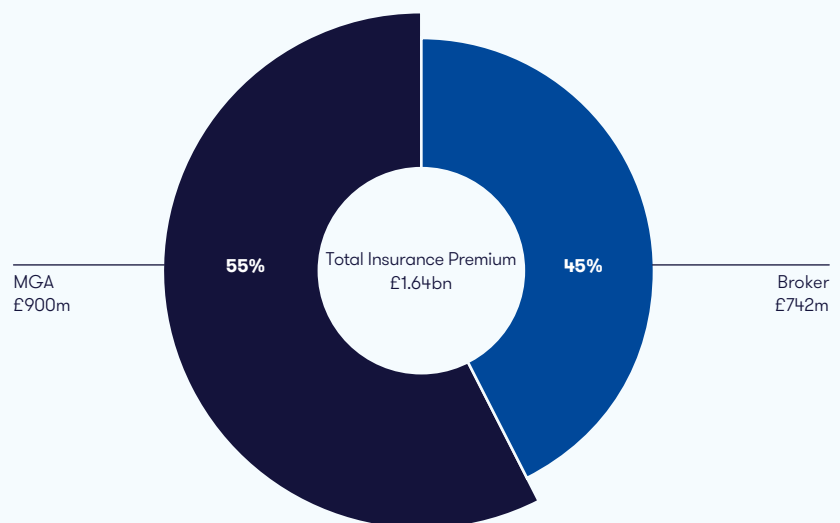
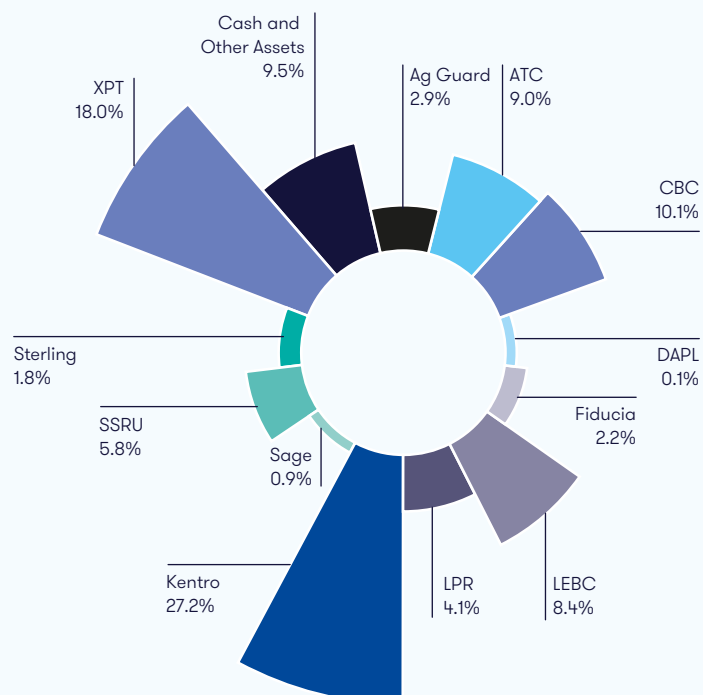
Portfolio Update & Activity

NAV breakdown by portfolio company

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

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

Our current insurance investments are budgeting to produce in aggregate over £1.64bn of insurance premium during 2023 (2022: £1.32bn), and a breakdown between brokers and MGAs is shown on the right.



Insurance Brokers

Brokers	Date of Investment	Jurisdiction	Equity % at 31 January 2023	Cost of Investment	Valuation 31 January 2023	% of NAV at 31 January 2023	Internal rate of return ¹ to 31 January 2023	Current Multiple on Invested Capital
CBC UK Limited	February 2017	UK	47.06%	£803,500	£19,180,000	10.1%	37.5%	23.87x
Lilley Plummer Risks Limited	October 2019	UK	30.00%	£1,008,242	£7,700,000	4.1%	91.5%	7.64x
Denison and Partners	March 2022	UK	40.00%	£132,000	£132,000	0.1%	41.0%	1.0x
Asia Reinsurance Brokers Pte Limited	April 2016	Singapore	25.00%	£1,551,084	£0	0.0%	-23.4%	0.0x

¹ Inclusive of fees, loan interest and dividend income, and based on valuation at 31 January 2023

The Group's Broking investments are budgeting to place over £742m of GWP (2022: £567m), producing over £75m of brokerage income in 2023 (2022: £59m), accessing specialty markets around the world.

Underwriting Agencies/Managing General Agents ("MGAs")

	Date of Investment	Jurisdiction	Equity % at 31 January 2023	Cost of Investment	Valuation at 31 January 2023	% of NAV at 31 January 2023	Internal rate of return ¹ to 31 January 2023	Current Multiple on Invested Capital
Kentro Capital Limited	August 2014	UK	18.98%	£15,126,554	£51,522,000	27.2%	25.9%	3.41x
XPT Group LLC	June 2017	USA	28.54%	£10,138,626	£34,143,000	18.0%	34.8%	3.37x
ATC Insurance Solutions PTY Limited	July 2018	Australia	25.56%	£6,476,595	£17,049,000	9.0%	42.6%	2.63x
Stewart Specialty Risk Underwriting Limited	January 2017	Canada	30.00%	£19	£11,000,000	5.8%	107.4%	(NA – over 1000x)
Ag Guard PTY Limited	July 2019	Australia	41.00%	£1,465,071	£5,494,000	2.9%	54.4%	3.75x
The Fiducia MGA Company Limited	November 2016	UK	35.18%	£227,909	£4,223,000	2.2%	25.3%	18.53x
Sterling Insurance PTY Limited	June 2013	Australia	19.70%	£1,945,411	£3,441,000	1.8%	10.0%	1.77x
Sage Program Underwriters, Inc	June 2020	USA	30.00%	£202,758	£1,630,000	0.9%	127.6%	8.04x
Verve Risk Services Limited ²	April 2023	UK	35.00%	£430,791	N/A	N/A	N/A	N/A

¹ Inclusive of fees, loan interest and dividend income, and based on valuation at 31 January 2023

² Post year-end investment

The Group's MGAs are budgeting to place over £900m of GWP (2022: £785m), producing over £109m of commission income in 2023 (2022: £95m), across many specialist product areas, on behalf of more than 50 insurers.

IFA Investment

	Date of investment	Jurisdiction	Equity % at 31 January 2023	Cost of Investment	Valuation at 31 January 2023	% of NAV at 31 January 2023	Internal rate of return ¹ to 31 January 2023	Current Multiple on Invested Capital
LEBC Holdings Limited	April 2007	UK	59.34%	£12,373,657	£15,947,000	8.4%	8.7%	1.29x

¹ Inclusive of fees, loan interest and dividend income, and based on valuation at 31 January 2023

LEBC Holdings Limited ("LEBC") – London, United Kingdom

-24.2 pence NAV per share reduction in Year

For LEBC's year ending 30 September 2022, LEBC produced an adjusted EBITDA of £3.2m.

B.P. Marsh continue to support LEBC through a period of restructuring, which has continued over the course of 2023.

Whilst this restructuring process has taken longer to implement than expected, in the long run it will deliver a more efficient and effective business.

LEBC has seen strong growth in its corporate advice arm, which continues to grow year on year. However, the continued restructuring has impacted the Group's valuation of LEBC.

Date of initial investment: April 2007

31 January 2023 valuation: £15.9m

Cost of Equity: £12.4m

Equity stake: 59.3%

Other Portfolio Company Highlights

United Kingdom

Lilley Plummer Risks Limited/ Lilley Plummer Holdings Limited ("LPR") – London, United Kingdom

+13.5 pence NAV per share uplift in Year

The Group remains pleased with the continued success of LPR since its inception in late 2019.

Since that time, LPR has grown its underlying marine portfolio and has also expanded into new product lines in new geographic locations taking advantage of market conditions. This has included a number of niche and diverse areas, for example Political Violence, Terrorism and North American P&C insurance.

In LPR's year ending 31 December 2022, LPR achieved revenue of c.£5.0m and EBITDA of c.£2.0m. LPR continues to grow substantially and is on track to deliver considerable year on year growth in respect of revenue and EBITDA.

This performance is due to strong organic growth (with LPR growing its client base and winning new business), LPR continuing to respond to the demand for coverage in war-stricken locations and the performance of new teams across new business lines.

LPR remain actively looking at new opportunities, within and outside of its core marine offering and the Group is confident regarding its performance over the course of the current financial year and beyond.

Date of initial investment: October 2019

31 January 2023 valuation: £7.7m

Cost of Equity: £1.0m

Equity stake as at 31 January 2023: 30.0%

North America

Stewart Specialty Risk Underwriting Ltd ("SSRU")

+7.6 pence NAV per share uplift in Year

Performance of the Group's Canadian investment, SSRU, remains a highlight:

- In SSRU's year to 31 December 2022, Gross Written Premium exceeded CA\$75m, representing an over 50% uplift on prior year results; and
- A similar trend was seen in EBITDA, with SSRU achieving over CA\$7m in 2022, a 51% increase over the prior year.

Growth continues to be achieved via organic growth across its existing commercial casualty and property book and makes SSRU one of Canada's largest MGAs.

Date of initial investment: January 2017

31 January 2023 valuation: £11.0m

Cost of Equity: £19

Equity stake as at 31 January 2023: 30.0%

Chief Investment Officer's Portfolio Update

continued

Australia

Agri Services Company PTY Limited ("Agri Services")

+5.2 pence NAV per share uplift in Year

The performance of Agri Services, one of the Group's Australian investments, remains strong.

Since the Group's initial investment into Agri Services in July 2019, the company has undergone considerable growth:

- Gross Written Premium has increased from c.AU\$5m in 2019 to over AU\$40m in 2022
- EBITDA, in the same time frame, has seen an increase from c.AU\$0.3m to over AU\$1.1m

Such impressive growth has continued into 2023.

Date of initial investment: July 2019

31 January 2023 valuation: £5.5m

Cost of Equity: £1.5m

Equity stake as at 31 January 2023: 41.0%

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

Market Commentary

The insurance industry continues to discuss rate increases across global commercial lines of business. The first quarter of 2023 resulted in an overall rate increase of 4% across all global commercial lines. This increase represented the 22nd consecutive quarter of rate increases, although rate increases are well below the peak, being 22% in the fourth quarter of 2020.

In the UK rates have increased by 25% over the past four quarters, this compares to 22% in the US and 23% in Europe.

Rate increases were highest across property lines, which has been primarily driven by continued restrictions in capacity due to constrained risk appetite in areas with high CAT (Catastrophe) Risk exposure.

Financial and Professional lines have seen a small reduction in rates over the first quarter of 2023. This deceleration, with a particular focus on the D&O market, is prominently due to new capacity providers entering the market and the relative low levels of IPO activity.

Given that most of our portfolio companies provide risk solutions in specialty markets, we have seen rates increasing at a higher rate than average and generally at a higher level than inflation.

Overall, the Group does not anticipate the market returning to the pricing of the last soft market in the short to medium term.

Daniel Topping
Chief Investment Officer
12 June 2023

Financial Review



Jonathan Newman, Group Finance Director

The Group had a strong year, delivering an increase in the NAV of £22.9m (2022: £16.7m). At 31 January 2023 the NAV of the Group was £189.5m which equates to 526.2p per share undiluted (2022: £166.6m, or 462.7p per share). On a diluted basis this equates to 516.8p per share (2022: 455.6p per share). This equates to an increase in NAV of 13.8% (2022: 11.1%) for the year undiluted.

Financial Review

continued



Financial Performance Summary

The table below summarises the Group's financial results and key performance indicators for the year to 31 January 2023:

	Year to/as at 31 January 2023	Year to/as at 31 January 2022
Net asset value	£189.5m	£166.6m
Net asset value per share - undiluted	526.2p	462.7p
Net asset value per share - diluted	516.8p	455.6p
Profit on ordinary activities before tax	£27.6m	£19.4m
Dividend per share paid	2.78p	2.44p
Total shareholder return (including dividends)	£23.9m	£17.6m
Total shareholder return on opening shareholders' funds	14.4%	11.7%
Net cash from operating activities (net of equity investments, realisations and loans)	£0.5m	£1.5m
Equity cash investment for the year	£2.9m	£8.0m
Realisations (net of disposal costs)	£8.2m	£8.8m
Loans issued in the year	£3.0m	£0.3m
Loans repaid by investee companies in the year	£2.0m	£8.1m
Cash and treasury funds at end of year	£12.1m	£8.6m
Borrowing / Gearing	£Nil	£Nil

The Group had a strong year, delivering an increase in the NAV of £22.9m (2022: £16.7m). At 31 January 2023 the NAV of the Group was £189.5m which equates to 526.2p per share undiluted (2022: £166.6m, or 462.7p per share). On a diluted basis this equates to 516.8p per share (2022: 455.6p per share). This equates to an increase in NAV of 13.8% (2022: 11.1%) for the year undiluted.

The NAV of £189.5m at 31 January 2023 represents a total increase in NAV of £160.3m since the Group was originally formed in 1990 having adjusted for the original capital investment of £2.5m, the £10.1m net proceeds raised on AIM in 2006 and the £16.6m of net proceeds raised through the Share Placing and Open Offer in July 2018. The Directors note that the Group has delivered an

annual compound growth rate of 8.7% in Group NAV after running costs, realisations, losses, distributions and corporation tax since flotation and 11.7% since 1990.

Investment performance

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

31 January 2022 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2022 valuation	31 January 2023 valuation
£149.3m	£2.9m	£(8.2)m	£144.0m	£171.5m

This equates to an increase in the portfolio valuation of 19.1% (2022: 14.7%).

The Group invested a total of £2.9m in equity in the portfolio during the year (2022: £8.0m). This mainly related to a follow-on investment of £2.8m in XPT in June 2022.

In addition, the Group provided £3.0m of loans (2022: £0.3m) during the year. £1.5m was provided to LEBC to fund an acquisition, together with £0.7m to Agri Services, £0.5m to Denison and £0.3m to LPH as working capital to further develop the business.

There were £8.2m of investment realisations during the year (2022: £8.8m). £8.1m was realised from the disposal of the Group's holding in Summa Insurance

Brokerage S.L. ("Summa") which completed in March 2022, together with additional consideration received from the sale of MB of £0.1m (sold in September 2021).

£2.0m of loan repayments were received by the Group from investee companies (2022: £8.1m) of which £1.5m was received from Summa repaying their outstanding loan in full on disposal, together with £0.2m from Fiducia and £0.2m from LPH and £0.1m from others.

Operating income

Net gains from investments were £27.5m (2022: £20.3m), a 35.5% increase over the previous year. This included £0.2m in realised gains from the sale of the Group's interests (2022: £2.9m in realised gains and £1.1m in loan repayments where the

loan had previously been provided against in full). £27.3m related to the revaluation of the investment portfolio at 31 January 2023 (2022: £16.2m).

Overall, income from investments increased by £0.8m, or 20.7% to £4.9m (2022: £4.1m). The increase was primarily due to receiving significantly greater dividend income demonstrating the strong underlying performance within the portfolio.

Operating expenses

Operating expenses increased by £0.1m, or 2.5% during the year to £4.9m (2022: £4.8m). Expenses continued to be closely managed to minimise the impact of inflation.

Financial Review

continued

Profit on ordinary activities

The consolidated profit on ordinary activities before taxation increased by £8.2m, or 42.3% to £27.6m (2022: £19.4m).

The consolidated profit on ordinary activities after taxation increased by £6.4m, or 36.4% to £23.8m (2022: £17.5m).

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns and realised gains in cash, but excluding unrealised investment activity (unrealised gains on equity and provision against loans receivable from investee companies), this was achieved with a pre-tax profit of £0.3m for the year (2022: £3.2m). The prior year included £2.9m of realised gains on disposal of investments.

Liquidity

Cash and treasury funds at 31 January 2023 were £12.1m (2022: £8.6m).

Since the year-end the Group completed a new investment in Verve for £1.0m in a combination of equity and debt, and has provided net £4.6m in loans as follow-on funding into the existing portfolio, notably £4.9m to XPT (of which £0.8m has since been repaid) and £0.5m to CBC. In addition, the Group paid a dividend of £0.5m in February 2023 and has bought back £0.3m in shares. Currently the Group has cash funds of £5.2m adjusting for working capital.

As announced on 23 May 2023, the Group has agreed to sell its 18.7% shareholding in Kentro for £51.5m, subject to regulatory approval. Net of adjustments, this is expected to increase funds available to £56.2m, prior to any distributions.

Dividend

The Group paid a dividend of £1.0m (or 2.78p per share) during the year, an increase of 11% over the preceding year (2022: £0.9m or 2.44p per share). The dividend payment reflected the Group's strategy to strike a balance between investing in new opportunities alongside the existing portfolio, whilst also rewarding Shareholders for their continuing loyalty. As announced previously, the Group proposed a dividend of £1.0m (or 2.78p per share) in respect of the year to 31 January 2023, of which £0.5m was paid in February 2023 and £0.5m is payable in July 2023 subject to shareholder approval.

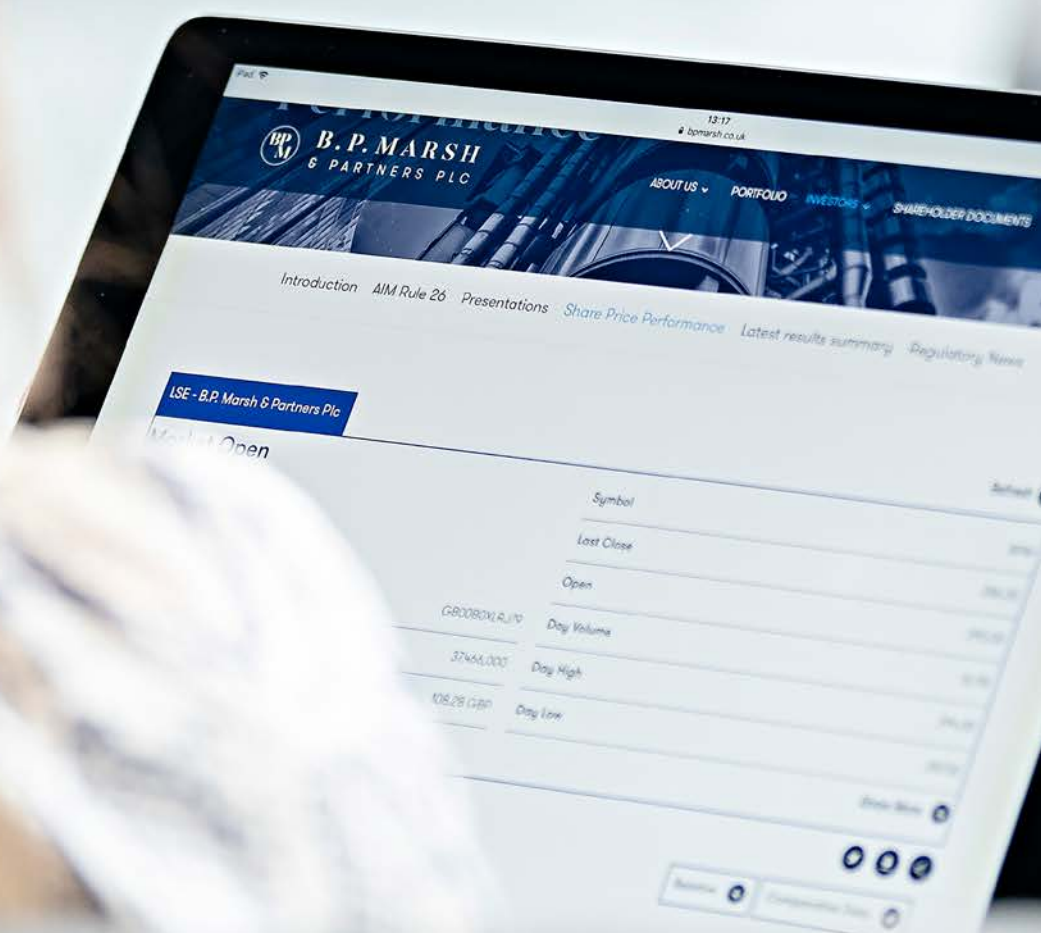
Total shareholder return for the year was therefore 14.4% (2022: 11.7%) including the dividend payment in July 2022 and the NAV increase.

Diluted NAV per share

The NAV per share at 31 January 2023 is 526.2p (2022: 462.7p). A long-term share incentive plan for certain directors and employees of the Group matured on 12 June 2021, with 1,461,302 shares being held within an Employee Benefit Trust. Whilst they remain within the Trust they

do not have voting or dividend rights. However, if the shares are sold in the future in excess of 281 pence per share (noting that the participants only benefit from a sale in excess of 312.6p per share), the Group would be entitled to receive £4,106,259 and these shares would then become entitled to voting and dividend rights and therefore these shares would become dilutive. Overall, this would therefore dilute the NAV per share as at 31 January 2023 to 516.8p (2022: 455.6p).

Jonathan Newman
Group Finance Director
12 June 2023



Current investments

LEBC Holdings Limited **(www.lebc-group.com)**

LEBC is an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.

Date of investment: April 2007

Equity stake: 59.3%

31 January 2023 valuation: £15,947,000

CBC UK Limited

(www.cbcinsurance.co.uk)

CBC is a Retail and Wholesale Lloyd's Insurance Broker, offering a wide range of services to commercial and personal clients as well as broking solutions to intermediaries. The Group holds its investment in CBC through CBC's parent company, Paladin Holdings Limited.

Date of investment: February 2017

Equity stake: 47.1%

31 January 2023 valuation: £19,180,000

Lilley Plummer Risks Limited

(www.lprisks.co.uk)

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

Date of investment: October 2019

Equity stake: 30.0%

31 January 2023 valuation: £7,700,000

Denison and Partners Limited

(www.denisonpartners.com)

Denison and Partners is a start-up London-based Lloyd's Insurance Broker delivering (re)insurance delegated authority solutions and services to MGA's, Coverholders and (re)insurers.

Date of investment: March 2022

Equity stake: 40.0%

31 January 2023 valuation: £132,000

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

United Kingdom

The Fiducia MGA Company Limited
(www.fiduciamga.co.uk)

Fiducia is a UK marine cargo Underwriting Agency and Lloyd's Coverholder which specialises in the provision of insurance solutions across a number of marine risks including, cargo, transit liability, engineering and terrorism Insurance.

Date of investment: November 2016

Equity stake: 35.2%

31 January 2023 valuation: £4,223,000

Kentro Capital Limited
(www.kentrocapiatal.com)

Kentro is an independent Managing General Agency and Broker specialising in the provision of directors & officers, professional indemnity, financial institutions, accident & health, trade credit, political risks insurance, surety, bond and latent defect insurance, both in the UK and globally.

Date of investment: August 2014

Equity stake: 19.0%

31 January 2023 valuation: £51,522,000

Current investments

Stewart Specialty Risk Underwriting Ltd (www.ssrु.ca)

SSRU is a Managing General Agency, providing insurance solutions to a wide array of clients in the construction, manufacturing, onshore energy, public entity and transportation sectors based in Toronto, Canada.

Date of investment: January 2017

Equity stake: 30.0%

31 January 2023 valuation: £11,000,000

Sage Program Underwriters, Inc. (www.sageuw.com)

Sage provides specialist insurance products to niche industries, initially in the inland delivery and field sport sectors based in Bend, Oregon.

Date of Investment: June 2020

Equity Stake: 30.0%

31 January 2023 Valuation: £1,630,000

XPT Group LLC (www.xptspecialty.com)

XPT is a wholesale insurance broking and Underwriting Agency platform across the U.S. Specialty Insurance Sector operating from many locations in the United States of America.

Date of investment: June 2017

Equity stake: 28.5%

31 January 2023 valuation: £34,143,000

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

Rest of the world

Asia Reinsurance Brokers (Pte) Limited (www.arbrokers.asia)

ARB is an independent specialist reinsurance and insurance risk solutions provider headquartered in Singapore.

Date of investment: April 2016
Equity stake: 25.0%
31 January 2023 valuation: £0

Sterling Insurance PTY Limited (www.sterlinginsurance.com.au)

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

Date of investment: June 2013
Equity stake: 19.7%
31 January 2023 valuation: £3,441,000

Criterion Underwriting (Pte) Limited

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

Date of investment: July 2018
Equity stake: 29.4%
31 January 2023 valuation: £0

ATC Insurance Solutions PTY Limited (www.atcis.com.au)

ATC is a Managing General Agency and Lloyd's Coverholder, specialising in accident & health, construction & engineering, trade pack, motor and sports insurance headquartered in Melbourne, Australia.

Date of investment: July 2018
Equity stake: 25.6%
31 January 2023 valuation: £17,049,000

Ag Guard PTY Limited (www.agguard.com.au)

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

Date of investment: July 2019
Equity stake: 41.0%
31 January 2023 valuation: £5,494,000

Directors and Company Secretary



Brian Marsh OBE
Executive Chairman



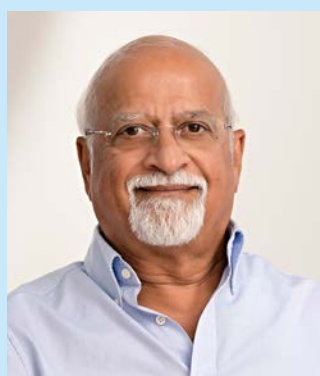
Alice Foulk BA (Hons)
Managing Director



**Jonathan Newman ACMA,
CGMA, MCSI**
Group Finance Director



Daniel Topping MCSI, FCG
Chief Investment Officer



Pankaj Lakhani FCCA
Non-executive



Nicholas Carter
Non-executive



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

Directors' Report & Strategic Report & Consolidated Financial Statements

for the year ended 31 January 2023

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

Directors' and Group Company Secretary biographies

Brian Marsh OBE **Executive Chairman, aged 82** **(R) (I) (V) (N)**

Brian started his career in insurance broking and underwriting in Lloyd's and the London and overseas market over 60 years ago and was, from 1979 to 1990, chairman of Nelson Hurst & Marsh (Holdings) Ltd, before founding the Group. Brian has over 40 years' experience in building, buying and selling financial services businesses particularly in the insurance sector. Brian's considerable experience being Chairman of numerous companies in Financial Services means he is well suited as the Executive Chairman of B.P. Marsh. Brian is a member of the Remuneration (appointed 2 February 2022), Investment, Valuation, and Nomination Committees. Brian is a significant shareholder in B.P. Marsh with a direct beneficial interest in 37.9% of the Company (in addition to 2.5% held by the Marsh Christian Trust, of which Brian is a trustee and Settlor).

Alice Foulk BA (Hons) **Managing Director, aged 36** **(I) (V) (N) (D)**

Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In February 2015 Alice was appointed as a director of B.P. Marsh and in January 2016 was appointed Managing Director where she is responsible for the overall performance of the Company and monitoring the Company's overall progress towards achieving its objectives and goals, as set by the Board. Alice is a member of the Investment, Valuation, Nomination and Disclosure Committees. Alice has a direct beneficial interest in 23,428 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 23,944 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Jonathan Newman ACMA, **CGMA, MCSI** **Group Finance Director, aged 48** **(I) (V) (D)**

Jonathan is a Chartered Management Accountant with over 25 years' experience in the financial services industry. He joined the Group in November 1999, having started his career at Euler Trade Indemnity, and was appointed a director of B.P. Marsh in September 2001 and Group Finance Director in December 2003. Jonathan is responsible for the Group's finance function, provides strategic financial advice to the Group's portfolio, evaluates new investment opportunities and is a member of the Investment, Valuation and Disclosure Committees. Jonathan has four nominee directorships across two investee companies. Jonathan has a direct beneficial interest in 19,645 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 32,651 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Daniel Topping MCSI, FCG
Chief Investment Officer, aged 39
(I) (V) (N) (D) (E)

Daniel was appointed as a director of B.P. Marsh in March 2011 having joined the Group in February 2007, following two years at an independent London accountancy practice. Daniel graduated from the University of Durham in 2005 and is a member of the Securities and Investment Institute and the Chartered Governance Institute UK & Ireland. In January 2016 Daniel was appointed as Chief Investment Officer of the Group and is a member of the Investment, Valuation, Nomination and Disclosure Committees and Chairman of the Environmental, Social and Governance ("ESG") Committee. Daniel is the Senior Executive with overall responsibility for the portfolio and alongside the Board and Investment Directors is instrumental in identifying ways to find, structure, develop, support and monitor the portfolio. Daniel currently has multiple nominee appointments across the investment portfolio. Daniel has a direct beneficial interest in 120,153 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 24,531 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust. Daniel has an indirect beneficial interest in 11,434 ordinary shares held by his wife, Claire Cronin.

Pankaj Lakhani FCCA
Non-executive, aged 69
(R) (A) (V) (N)

Pankaj is a certified accountant and joined B.P. Marsh in May 2015 and has over 40 years' experience within the global insurance sector, having worked at Marsh McLennan Group, Nelson Hurst & Marsh Group, Admiral Underwriting and Victor O. Schinnerer. Pankaj is Chairman of both the Remuneration and Audit Committees and is also a member of the Valuation and Nomination Committees. Pankaj owns 36,912 ordinary shares in B.P. Marsh.

Nicholas Carter
Non-executive, aged 80
(R) (A) (E)

Nicholas was appointed to the Board of B.P. Marsh in May 2019 and has over 50 years' experience in the Lloyd's Insurance Market, having held a variety of positions within Nelson Hurst & Marsh Limited, Citicorp Insurance Brokers and Nelson Hurst Plc. Upon joining the Group Nicholas was appointed a member of the Remuneration and Audit Committees and is also a founding member of the ESG Committee. Nicholas owns 27,584 ordinary shares in B.P. Marsh and also has an indirect beneficial interest in 5,314 ordinary shares held by his wife, Fiona Carter.

Sinead O'Haire, LLB (Hons), FCG
Chief Legal Officer & Group Company Secretary, aged 38
(N) (D) (E)

Sinead joined B.P. Marsh in 2009 and was appointed Group Company Secretary in June 2011. Sinead attends all Board and Committee meetings and works closely with the Chairman's Office and Board in all matters of governance and to oversee the effective functioning and leadership of the Company, as well as ensuring compliance with the stock market regulations. Sinead is responsible for negotiating and finalising the legal aspects of new investments, any follow-on funding and eventually the exit process. Sinead is a founder member of the ESG Committee and also sits on the Nomination Committee. Sinead has a direct beneficial interest in 24,695 ordinary shares in B.P. Marsh, together with a beneficial interest (as joint owner) in 167,465 ordinary shares in B.P. Marsh held as part of the Company's Joint Share Ownership Plan and 32,651 ordinary shares in B.P. Marsh which are held in the Company's SIP Trust.

Key

(R) Member of the Remuneration Committee during the year	(I) Member of the Investment Committee during the year	(N) Member of the Nomination Committee during the year	(E) Member of the Environmental, Social and Governance ("ESG") Committee during the year
(A) Member of the Audit Committee during the year	(V) Member of the Valuation Committee during the year	(D) Member of the Disclosure Committee during the year	

Corporate Governance

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

Strategy & Business Model

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

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

We have been able to maintain an average compound annual increase in the Net Asset Value since inception of over 11%.

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

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

Corporate Structure

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

Chairman’s Office:

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

Investment Department:

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

Finance Department:

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

Investor Relations Department:

The Investor Relations Department, led by the Chairman and Managing Director, is a collaborative effort of each department.

The Investor Relations Department is responsible for communication between the Company and the financial markets. This communication enables the investment community to make an informed judgement about the fair value of the Company's shares and provides the Company with essential feedback from investors and the market on company performance and strategy.

Company Secretarial Department:

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

Directors

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

It is expected that all directors dedicate as much time as is required during the year to successfully discharge their duties.

The Group requires each director to prepare adequately for the four scheduled Board Meetings held each year as well as any time required to provide informed approval for any other matters that arise between Board Meetings.

All the directors have access to the advice and services of the Company Secretary and may, in furtherance of their duties, take independent legal and financial advice at the Company's expense. They also have

access to the minutes of the Board, in which any concerns expressed by them regarding matters pertaining to the Group are recorded.

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

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

Board Meetings

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

Corporate Governance

continued

Committees of the Board

The Board has established seven standing committees - the Remuneration Committee, the Audit Committee, the Investment Committee, the Valuation Committee, the Nomination Committee, the Disclosure Committee and the Environmental, Social and Governance ("ESG") Committee.

Remuneration Committee

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

The Report of the Remuneration Committee to the shareholders on how directors are remunerated, together with details of individual directors' remuneration packages, is to be found on pages 34 to 38.

Audit Committee

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

The Report of the Audit Committee, found on pages 40 to 41, details the role of the Committee and the work carried out by the Committee throughout the year.

Investment Committee

The Investment Committee is comprised of all the executive directors of the Company and the directors of the Company's

operating subsidiary, B.P. Marsh & Company Limited, and meets whenever significant investment matters arise which are not dealt with in the normal course of Board business. During the year the Board of B.P. Marsh & Company Limited, whose constituent membership is exactly the same as the Investment Committee, took responsibility for all matters relating to ongoing portfolio management, with the Investment Committee reserved solely for considering advanced stage new business opportunities.

Valuation Committee

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

Nomination Committee

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

Disclosure Committee

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

Environmental, Social and Governance ("ESG") Committee

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

Directors' Attendance Record

	Board Meeting	Audit Committee	Remuneration Committee	Valuation Committee	ESG Committee	Nomination Committee	Disclosure Committee
Brian Marsh	11/12	N/A	5/5	1/2	N/A	1/1	N/A
Alice Foulk	12/12	N/A	N/A	2/2	N/A	1/1	60/80
Daniel Topping	12/12	N/A	N/A	2/2	2/2	1/1	54/80
Jonathan Newman	12/12	N/A	N/A	2/2	N/A	N/A	60/80
Pankaj Lakhani	11/12	2/2	5/5	2/2	N/A	1/1	N/A
Nicholas Carter	12/12	2/2	5/5	N/A	2/2	N/A	N/A

Engagement of External Advisers

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

Advice is sought from selected lawyers and accountants as and when required, including on financial, tax, acquisition and disposal

matters, and is limited to the particular matter which they have been engaged to advise on.

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

Each director is able to engage external advisers at the expense of the Company in order to discharge their duties.

Corporate Governance

continued

Board Evaluation

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

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

Corporate Culture

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

As a consequence of the above, the Company pays careful attention to the 'people dimension' whether it is at a nine person strong Lloyd's broker in London or the Management at Kentro Capital Limited, with offices in 9 countries and over 350 staff.

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

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

Relations with Shareholders

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

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

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

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

Internal Controls and Risk Management

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

The task of reporting on the internal controls and risk management has been delegated to the Audit Committee, the report of which can be read on pages 40 to 41.

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

A statement of the directors' responsibilities in respect of the consolidated financial statements is set out on pages 42 and 43.

By order of the Board.

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
12 June 2023

Report of the Remuneration Committee

The Remuneration Committee of the Board (the “Committee”) during the year was composed of the non-executive directors of the Company, Pankaj Lakhani and Nicholas Carter, as well as the Chairman of the Group, Brian Marsh (appointed 2 February 2022).

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

Remuneration Policy

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

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

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

The Committee receives advice from external remuneration advisers where appropriate.

Directors’ Service Agreements

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

Director	Date of service agreement	Term	Notice period
B.P. Marsh	30 January 2006	Continuous	6 months
J.S. Newman	30 January 2006	Continuous	6 months
D.J. Topping	1 March 2011	Continuous	6 months
A.H.D. Foulk	16 February 2015	Continuous	6 months

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

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

Joint Share Ownership Plan (“JSOP”)

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

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

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

The jointly-owned shares are beneficially owned by (i) each of the 9 currently participating employees and (ii) the trustee of the Employee Benefit Trust upon and subject to the terms of the JSOAs entered into between the participating employee, the Company and the Trustee.

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

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

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

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

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

Report of the Remuneration Committee

continued

On 12 June 2021 (the “vesting date”) the performance criteria was met, after which the members of the scheme became joint beneficial owners of the shares and therefore became entitled to any gain on sale of the shares in excess of 312.6 pence per share. Whilst these shares remain within the Employee Benefit Trust, they do not have voting or dividend rights. However, if the shares are sold from the Employee Benefit Trust in the future in excess of 281 pence per share, the Group would be entitled to receive £4,106,259 in total. These shares would then, post-sale, have voting and dividend rights attached, such that they would become fully dilutive for the Group.

There were 254,414 shares where the performance criteria was not met on the vesting date that had been forfeited by departing employees and which remained unallocated within the Employee Benefit Trust as at 31 January 2022.

During the current year, 18,155 of the 254,414 unallocated shares within the Employee Benefit Trust were transferred to the B.P. Marsh SIP Trust (“SIP Trust”) to be used as part of the 22-23 SIP awards made on 7 April 2022. Following this transfer and as at 31 January 2023 there were 1,443,147 shares held within the Employee Benefit Trust, of which 236,259 shares were unallocated. The Employee Benefit Trust remains the owner of these unallocated shares.

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

Share Incentive Plan (“SIP”)

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

During the year a total of 9,542 ordinary shares in the Company, which were held in Treasury as at 31 January 2022 (2022: 33,320 ordinary shares in the Company, which were held in Treasury as at 31 January 2021) were transferred to the B.P. Marsh SIP Trust (“SIP Trust”). As a result, together with 4,104 unallocated ordinary shares already held within the SIP Trust as at 31 January 2022 and 18,155 unallocated ordinary shares transferred from the Employee Benefit Trust to the SIP Trust in April 2022, a total of 31,801 ordinary shares in the Company were available for allocation to the participants of the SIP (2022: 35,314 ordinary shares were available for allocation, including 1,994 ordinary shares forfeited by departing employees).

On 7 April 2022, a total of 11 eligible employees (including 3 executive directors of the Company) applied for the 2022-23 SIP and were each granted 1,157 ordinary shares (“22-23 Free Shares”), representing approximately £3,600 at the price of issue.

Additionally, on the same date, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares (“Partnership Shares”). For every Partnership Share that an employee acquired, the SIP Trust offered two ordinary shares in the Company (“Matching Shares”) up to a total of £3,600 worth of shares. All 11 eligible employees (including 3 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (578 ordinary shares) and were therefore awarded 1,156 Matching Shares.

The 22-23 Free and Matching Shares are subject to a 1 year forfeiture period.	recognised in the Statement of Comprehensive Income as employment expenses.
A total of 31,801 (2022: 31,210) Free, Matching and Partnership Shares were granted to the 11 (2022: 10) eligible employees during the year, including 8,673 (2022: 9,363) granted to 3 (2022: 3) executive directors of the Company.	As at 31 January 2023, and after adjusting for a total of 19,951 ordinary shares withdrawn from the SIP Trust by employees on departure and 6,842 ordinary shares forfeited on departure (since inception), a total of 262,829 Free, Matching and Partnership Shares had been granted to 11 eligible employees under the SIP, including 87,252 granted to 3 executive directors of the Company.
No ordinary shares were withdrawn from the SIP Trust during the year (2022: no withdrawals).	
£84,714 of the IFRS 2 charges (2022: £68,070) associated with the award of the SIP shares to 11 (2022: 10) eligible directors and employees of the Company has been	The results of the SIP Trust have been fully consolidated within these financial statements on the basis that the SIP Trust is effectively controlled by the Company.

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

Director	Ordinary shares held under JSOP	Ordinary shares held under SIP
A.H.D. Foulk	167,465	20,964
J.S. Newman	167,465	29,671
D.J. Topping	167,465	21,551
Total	502,395	72,186

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

Aggregate Directors' Remuneration

	2023 £	2022 £
Emoluments	1,600,686	1,717,244
Fees	25,200	23,000
Pension contributions	71,250	63,300

Report of the Remuneration Committee

continued

Aggregate Directors' Emoluments

	Salaries and fees £	Benefits £	Annual bonuses and other one-off remuneration £	2023 Emoluments excluding pension contributions £
B.P. Marsh	275,000	675	–	275,675
A.H.D. Foulk	205,000	4,711	149,065	358,776
J.S. Newman	270,000	6,645	149,875	426,520
D.J. Topping	300,000	7,465	150,250	457,715
P.B. Lakhani	62,200	–	–	62,200
N.H. Carter	45,000	–	–	45,000

Directors' Pensions

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

	2023 £
B.P. Marsh	–
A.H.D. Foulk	17,500
J.S. Newman	27,000
D.J. Topping	26,750

Audit

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

This report has been approved by the Remuneration Committee and the Board as a whole and has been signed on behalf of the Chairman of the Remuneration Committee, Pankaj Lakhani, on 12 June 2023.

By order of the Board

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
12 June 2023



Report of the Audit Committee

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

The Audit Committee members during the year were Pankaj Lakhani (Chairman) and Nicholas Carter, both Non-Executive Directors of the Company. The Audit Committee formally met twice in the financial year to 31 January 2023, and remained in frequent contact throughout the period. The external auditors are invited to each meeting, together with the relevant members of the Finance Department as appropriate.

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

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

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

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

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

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

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

During the year, fees of £23,890 (2022: £49,902) were paid to the external auditors for non-audit work, including tax compliance. This non-audit work was undertaken by independent teams within Rawlinson & Hunter.

Rawlinson & Hunter was appointed as B.P. Marsh's external auditor for the year ended 31 January 2023. There are currently no plans to retender. The Rawlinson & Hunter partner responsible for the B.P. Marsh audit is Kulwam Nagra, and HAT Group, an independent audit, accountancy and ICAEW compliance training organisation is the Engagement Quality Control Reviewer.

For the upcoming AGM (26 July 2023), the Committee has recommended to the Board that Rawlinson & Hunter be reappointed, and the Board will propose their reappointment.

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

P. B. Lakhani
Audit Committee Chairman
12 June 2023

Group Report of the Directors

Directors

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

The directors submit their report and the audited financial statements of the Company and the Group (namely B.P. Marsh & Partners Plc, B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited, B.P. Marsh Asset Management Limited, B.P. Marsh (North America) Limited, RHS Midco I LLC, B.P. Marsh US LLC, B.P. Marsh & Co. Trustee Company Limited, Marsh Development Capital Limited, Bastion London Limited (dissolved 5 July 2022), XPT London Limited, the B.P. Marsh SIP Trust and the B.P. Marsh Employees' Share Trust) for the year ended 31 January 2023.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Company financial statements on the same

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

In preparing financial statements the directors are required to:

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

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

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

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

Disclosure of Information to the Auditors

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

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

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

Principal Activity

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

Country of Incorporation and Registration

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

Results of the Business

The results for the year are set out on page 70. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends

A dividend of 2.78p per share (£1,001,435) was paid on 29 July 2022 (30 July 2021: £878,282 or 2.44p per share). A dividend of 1.39p per share (£500,672) was paid on 28 February 2023 and the directors have recommended a final dividend of 1.39p per share which will be paid, subject to Shareholder approval, on 31 July 2023 to Shareholders registered at the close of business on 30 June 2023. Based upon the current number of shares in issue, and excluding the shares held within the Joint Share Ownership Plan and in Treasury, this would total £499,740.

Group Report of the Directors

continued

Significant Interests

As at 30 May 2023 the directors have been made aware that the following shareholders held disclosable interests of 3% or more of the issued share capital of the Company:

	No. of Ordinary shares of 10p each held	% of issued Share capital
Mr B.P. Marsh ¹	14,184,419	37.9%
PSC UK Pty Limited	7,385,504	19.7%
Mr M. MacLeish	1,800,002	4.8%
Hargreaves Lansdown Asset Management	1,543,595	4.1%
JTC Employer Solutions Trustee Limited	1,443,147	3.9%
Interactive Investor	1,391,944	3.7%
James Sharp & Co	1,358,999	3.6%

¹ The Marsh Christian Trust, of which Mr B.P. Marsh is a trustee and Settlor, held 925,660 ordinary shares (2.5% of the issued share capital) in the Company.

Directors

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

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

	31 January 2023 Ordinary shares of 10p each	31 January 2022 Ordinary shares of 10p each
Mr B.P. Marsh ¹	15,110,079	15,662,079
Mr D.J. Topping ²	309,169	295,572
Mr J.S. Newman ³	216,781	212,562
Ms A.H.D. Foulk ⁴	211,857	208,966
Mr P.B. Lakhani	36,912	36,912
Mr N.H. Carter	25,000	25,000

¹ Total interest includes 925,660 ordinary shares held by the Marsh Christian Trust of which Mr B.P. Marsh is Trustee and Settlor (31 January 2022: Total interest included 1,477,660 ordinary shares held by the Marsh Christian Trust).

² Total interest includes 21,551 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC Employer Solutions Trustee Limited ("JTC") under a Joint Share Ownership Agreement between Mr D.J. Topping, JTC and the Company and 120,153 ordinary shares directly owned by Mr D.J. Topping (31 January 2022: Total interest included 18,660 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Mr D.J. Topping, JTC and the Company and 109,447 ordinary shares directly owned by Mr D.J. Topping).

³ Total interest includes 29,671 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Mr J.S. Newman, JTC and the Company and 19,645 ordinary shares directly owned by Mr J.S. Newman (31 January 2022: Total interest included 26,780 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Mr J.S. Newman, JTC and the Company and 18,317 ordinary shares directly owned by Mr J.S. Newman).

⁴ Total interest includes 20,964 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Ms A.H.D. Foulk, JTC and the Company and 23,428 ordinary shares directly owned by Ms A.H.D. Foulk (31 January 2022: Total interest included 18,073 ordinary shares held within the Company's SIP Trust, 167,465 ordinary shares co-owned with JTC under a Joint Share Ownership Agreement between Ms A.H.D. Foulk, JTC and the Company and 23,428 ordinary shares directly owned by Ms A.H.D. Foulk).

Share Capital

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

Events after the Reporting Date

Group

On 2 February 2023 the Group entered into a new loan agreement to provide a further USD 6,000,000 (£4,925,231) of funding to XPT Group LLC ("XPT") in the form of a short term USD 2,000,000 Revolving Loan Facility and a USD 4,000,000 Term Loan. These facilities were drawn down in full on completion and were utilised by XPT to acquire Cal Inspection Bureau Inc. and are in addition to an existing loan facility of USD 2,000,000 provided by the Group in earlier years. On 1 June 2023 USD 1,000,000 of the Revolving Loan Facility was repaid by XPT. As at 31 January 2023 USD 2,000,000 of loans were outstanding and following the aforementioned drawdown and repayment total loans stand at USD 7,000,000 at the date of this report.

On 15 February 2023 the Group entered into a new loan agreement to provide a further £2,000,000 of funding to Paladin Holdings Limited ("Paladin") for the purposes of funding an investment and is in addition to an existing loan facility of £3,096,500 provided by the Group in earlier years. £500,000 of the new facility was drawn down by Paladin on completion. As at 31 January 2023 £3,096,500 of loans were outstanding and following the aforementioned drawdown total loans stand at £3,596,500, with a remaining undrawn facility of £1,500,000 at the date of this report.

On 23 March 2023 Denison and Partners Limited drew down the remaining £170,000 from its loan facility agreed by the Group in March 2022. As at 31 January 2023 £500,000 of loans were outstanding and following the aforementioned drawdown total loans stand at £670,000, with no remaining undrawn facility at the date of this report.

On 28 April 2023 the Group acquired a 35% cumulative preferred ordinary equity stake in Verve Risk Services Limited ("Verve") for consideration of £430,791. Verve is a London-based Managing General Agency which specialises in Professional and Management Liability business for the insurance industry in the USA, Canada, Bermuda, Cayman Islands and Barbados. The Group also provided Verve with a loan facility of £569,209 which was drawn down in full on completion. The aggregate funding of £1,000,000 was utilised as part of a management buy-out of Verve Risk Partners LLP, an underwriting cell within Castel Underwriting Agencies Limited.

On 22 May 2023 the Group agreed to dispose of its entire shareholding (18.7% at the time of agreement) in Kentro Capital Limited ("Kentro"), pursuant to an agreement by which Brown & Brown, Inc, one of the largest US-based insurance intermediaries, has agreed to acquire the entire issued share capital of Kentro, subject to FCA approval. Upon completion, which is expected to occur by 1 November 2023, the Group expects to receive proceeds of £51,522,000 (net of all transaction costs) which is in line with the carrying value of the Group's investment in Kentro of £51,522,000 as at 31 January 2023 and would represent an overall gain of £36,395,446 above the cost of investment.

Group Report of the Directors

continued

As part of the agreement, on completion the Group will provide a loan facility of at least £287,900 (and subject to a maximum of £1,286,481) to Brown & Brown Holdco UK Limited, alongside other major selling shareholders, in respect of certain identified indemnities under the Sale and Purchase Agreement. Whilst the loan capital could reduce due to potential claims, at this time the Group expects full repayment.

Company

On 30 May 2023 the Company's subsidiary undertaking, B.P. Marsh & Company Limited, paid a dividend of £10,002,653 (3.97 pence per share) to the Company. This distribution was made in order to provide the Company with sufficient aggregate distributable reserves to allow for the payment of future dividends and share buy-backs.

Directors' and Officers' Liability Insurance

The Company has purchased insurance to cover directors' and officers' liability, as permitted by Section 233 of the Companies Act 2006. This insurance was in force throughout the year ended 31 January 2023 and remains in force at the date of this report.

Financial Risk Management

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

Appointment of Auditor

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

Registered Office:

5th Floor
4 Matthew Parker Street
London
SW1H 9NP

By order of the Board

S.C. O'Haire

Chief Legal Officer &
Group Company Secretary
12 June 2023

Group Strategic Report

Business Review

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

On 1 March 2022 the Group sold its entire 77.25% stake in Summa Insurance Brokerage, S.L. ("Summa") to Acrisure España S.L. ("Acrisure"), part of Acrisure LLC, for consideration of €9,700,737 (£8,104,208), net of transaction costs. On 22 July 2022 further consideration of €23,266 (£19,630) was received from Acrisure in respect of over-withheld legal expenses, bringing total consideration received to €9,724,003 (£8,123,838). The consideration received represented a net gain of £19,838 (Note 14 and Note 20) over the carrying value of the Group's investment in Summa of £8,104,000 as at 31 January 2022 and represented an overall gain of £2,027,695 above the cost of investment. Outstanding loans of €1,820,070 (£1,520,526) were also repaid in full on completion.

On 23 March 2022 the Group acquired a 40% cumulative preferred equity stake in Denison and Partners Limited ("Denison and Partners") for consideration of £132,000. Denison and Partners is a start-up London-based Lloyds Insurance Broker with a focus on delivering (re)insurance delegated authority solutions and services to Managing General Agencies, Coverholders and (Re) insurers. The Group also provided Denison and Partners with a loan facility of £670,000 on completion, which was drawn down in tranches during the year in line with their business plan. £150,000 was drawn down on 6 July 2022, £150,000 on 15 September 2022 and £200,000 on 18 January 2023. As at 31 January 2023 total loans outstanding amounted to £500,000, with a remaining undrawn facility of £170,000 (Note 22).

On 11 May 2022 Lilley Plummer Holdings Limited ("Lilley Plummer") drew down the remaining £100,000 of its £300,000 loan facility agreed by the Group in September 2021. On 26 September 2022 the Group agreed to increase the loan facility from £300,000 to £500,000 to assist with working capital requirements and a further £200,000 was drawn down on the same date, increasing the total loan drawn down to £500,000 at that time. On 4 November 2022 Lilley Plummer repaid £200,000 of the loan and as at 31 January 2023 £300,000 was outstanding, with no undrawn facility remaining.

On 1 June 2022 the Group agreed to invest, through its wholly-owned subsidiary company B.P. Marsh (North America) Limited, a further USD 3,500,000 (£2,808,575) in XPT Group LLC ("XPT"). USD 2,780,000 was used to subscribe for a further 2,780 redeemable preference shares in XPT. The remaining USD 720,000 was used to acquire a further 0.97% equity stake in XPT. On completion, the total amount invested by the Group in redeemable preference shares increased from USD 3,220,000 as at 31 January 2022 to USD 6,000,000 as at 31 January 2023 and the Group's equity investment in XPT also increased from 28.18% as at 31 January 2022 to 29.15% at the time of investment. As at 31 January 2023 the Group's shareholding in XPT was 28.54%.

On 1 September 2022 the Group provided Agri Services Company PTY Limited ("Agri Services") with a loan facility of AUD 1,200,000 (£715,564) to assist with its working capital requirements for continued growth and which was drawn down in full on completion.

Group Strategic Report

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On 28 September 2022 the Group agreed to extend the repayment date of the £1,500,000 loan outstanding from LEBC Holdings Limited (“LEBC”) as at 31 January 2022 from 1 October 2022 to 1 October 2023.

On 29 November 2022 the Group provided LEBC with a further loan facility of £1,500,000 in order to make a strategic acquisition. The loan facility was drawn down in full on completion and is in addition to the £1,500,000 of existing loans outstanding as at 31 January 2022. As at 31 January 2023 total loans outstanding amounted to £3,000,000.

Financial performance summary

The table below summarises the Group’s financial results and key performance indicators for the year to 31 January 2023.

	Year to/as at 31 January 2023	Year to/as at 31 January 2022
Net asset value	£189.5m	£166.6m
Net asset value per share - undiluted	526.2p	462.7p
Net asset value per share - diluted	516.8p	455.6p
Profit on ordinary activities before tax	£27.6m	£19.4m
Dividend per share paid	2.78p	2.44p
Total shareholder return (including dividends)	£23.9m	£17.6m
Total shareholder return on opening shareholders’ funds	14.4%	11.7%
Net cash from operating activities (net of equity investments, realisations and loans)	£0.5m	£1.5m
Equity cash investment for the year	£2.9m	£8.0m
Realisations (net of disposal costs)	£8.2m	£8.8m
Loans issued in the year	£3.0m	£0.3m
Loans repaid by investee companies in the year	£2.0m	£8.1m
Cash and treasury funds at end of year	£12.1m	£8.6m
Borrowing / Gearing	£Nil	£Nil

The Group had a strong year, delivering an increase in the NAV of £22.9m (2022: £16.7m). At 31 January 2023 the NAV of the Group was £189.5m which equates to 526.2p per share undiluted (2022: £166.6m, or 462.7p per share). On a diluted basis this equates to 516.8p per share (2022: 455.6p per share). This equates to an increase in NAV of 13.8% (2022: 11.1%) for the year undiluted.

The NAV of £189.5m at 31 January 2023 represents a total increase in NAV of £160.3m since the Group was originally formed in 1990 having adjusted for the original capital investment of £2.5m, the £10.1m net proceeds raised on AIM in 2006 and the £16.6m of net proceeds raised through the Share Placing and Open Offer in July 2018. The Directors note that the Group has delivered an annual compound growth rate of 8.7% in Group NAV after running costs, realisations, losses, distributions and corporation tax since flotation and 11.7% since 1990.

Investment performance

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

31 January 2022 valuation	Acquisitions at cost	Disposal proceeds	Adjusted 31 January 2022 valuation	31 January 2023 valuation
£149.3m	£2.9m	£(8.2)m	£144.0m	£171.5m

This equates to an increase in the portfolio valuation of 19.1% (2022: 14.7%).

The Group invested a total of £2.9m in equity in the portfolio during the year (2022: £8.0m). This mainly related to a follow-on investment in XPT of £2.8m in June 2022.

In addition, the Group provided £3.0m of loans (2022: £0.3m) during the year. £1.5m was provided to LEBC to fund an acquisition, together with £0.7m to Agri Services, £0.5m to Denison and Partners and £0.3m to Lilley Plummer as working capital to further develop the business.

There were £8.2m of investment realisations during the year (2022: £8.8m). £8.1m was realised from the disposal of the Group's holding in Summa which completed in March 2022, together with additional consideration received from the sale of MB Prestige Holdings PTY Limited of £0.1m (sold in September 2021).

£2.0m of loan repayments were received by the Group from investee companies (2022: £8.1m) of which £1.5m was received from Summa repaying their outstanding loan in full on disposal, together with £0.2m from The Fiducia MGA Company Limited, £0.2m from Lilley Plummer and £0.1m from others.

Operating income

Net gains from investments were £27.5m (2022: £20.3m), a 35.5% increase over the previous year. This included £0.2m in realised gains from the sale of the Group's interests (2022: £2.9m in realised gains and £1.1m in loan repayments where the loan had previously been provided against in full). £27.3m related to the revaluation of the investment portfolio at 31 January 2023 (2022: £16.2m).

Overall, income from investments increased by £0.8m, or 20.7% to £4.9m (2022: £4.1m). The increase was primarily due to receiving significantly greater dividend income demonstrating the strong underlying performance within the portfolio.

Operating expenses

Operating expenses increased by £0.1m, or 2.5% during the year to £4.9m (2022: £4.8m). Expenses continued to be closely managed to minimise the impact of inflation.

Profit on ordinary activities

The consolidated profit on ordinary activities before taxation increased by £8.2m, or 42.3% to £27.6m (2022: £19.4m).

The consolidated profit on ordinary activities after taxation increased by £6.4m, or 36.4% to £23.8m (2022: £17.5m).

Group Strategic Report

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The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns and realised gains in cash, but excluding unrealised investment activity (unrealised gains on equity and provision against loans receivable from investee companies), this was achieved with a pre-tax profit of £0.3m for the year (2022: £3.2m). The prior year included £2.9m of realised gains on disposal of investments.

Liquidity

Cash and treasury funds at 31 January 2023 were £12.1m (2022: £8.6m).

Since the year-end the Group completed a new investment in Verve for £1.0m in a combination of equity and debt, and has provided net £4.6m in loans as follow-on funding into the existing portfolio, notably £4.9m to XPT (of which £0.8m has been repaid) and £0.5m to Paladin. In addition, the Group paid a dividend of £0.5m in February 2023 and has bought back £0.3m in shares. Currently the Group has cash funds of £5.2m adjusting for working capital.

As announced on 23 May 2023, the Group has agreed to sell its 18.7% shareholding in Kentro for £51.5m, subject to regulatory approval. Net of adjustments, this is expected to increase funds available to £56.2m, prior to any distributions.

Dividend

The Group paid a dividend of £1.0m (or 2.78p per share) during the year, an increase of 11% over the preceding year (2022: £0.9m or 2.44p per share). The dividend payment reflected the Group's strategy to strike a balance between investing in new

opportunities alongside the existing portfolio, whilst also rewarding Shareholders for their continuing loyalty. As announced previously, the Group proposed a dividend of £1.0m (or 2.78p per share) in respect of the year to 31 January 2023, of which £0.5m was paid in February 2023 and £0.5m is payable in July 2023 subject to shareholder approval.

Total shareholder return for the year was therefore 14.4% (2022: 11.7%) including the dividend payment and the NAV increase.

Diluted NAV per share

The NAV per share at 31 January 2023 is 526.2p (2022: 462.7p). A long-term share incentive plan for certain directors and employees of the Group matured on 12 June 2021, with 1,461,302 shares being held within an Employee Benefit Trust. Whilst they remain within the Trust they do not have voting or dividend rights. However, if the shares are sold in the future in excess of 281 pence per share (noting that the participants only benefit from a sale in excess of 312.6p per share), the Group would be entitled to receive £4,106,259 and these shares would then become entitled to voting and dividend rights and therefore these shares would become dilutive. Overall, this would therefore dilute the NAV per share as at 31 January 2023 to 516.8p (2022: 455.6p).

Financial Risk Management

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

As an investor, the Group is in the business of taking risk and its operations therefore expose the Group to a variety of financial

risks. The Group's risk management framework is essential in ensuring that it monitors, manages and mitigates those risks, and acts accordingly, to limit the adverse effects on the financial performance of the Group.

As at 31 January 2023 the Group was debt free (31 January 2022: debt free).

Approach to risk governance

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

Risk governance structure

Board

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

Audit Committee

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

Valuation Committee

The primary responsibility of the Valuation Committee is for determining the valuation of the Group's unquoted equity investment portfolio, comprising 90% of net assets at 31 January 2023 (2022: 90%). The Valuation Committee also provides oversight and challenge of the underlying assumptions and valuation policy which formulate the valuations and directly engages with the Group's external auditor at each reporting period to confirm that the basis of its valuations is reasonable and appropriate based upon the information available to the Group at that time.

Investment Committee

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

Nomination Committee

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

Disclosure Committee

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

Remuneration Committee

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

Group Strategic Report

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The activities of the Remuneration Committee and Audit Committee are discussed further in the Report of the Remuneration Committee on pages 34 to 38 and Report of the Audit Committee on pages 40 to 41.

Environmental, Social and Governance (“ESG”) Committee

The ESG Committee is responsible for developing and reviewing the strategies, policies and performance of the Company in relation to environmental, social and governance matters and suggesting ways to drive improvement in these areas.

The Committee is also responsible for establishing an appropriate ESG strategy that is integrated with the Company’s core business strategy and that this strategy is embedded across the Group, continues to evolve and is aligned to the culture and values of the Company.

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

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

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

Price risk

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

Credit risk

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

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

Liquidity risk

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

Interest rate risk

Interest rate risk arises from changes in the interest receivable on cash and deposits, on loans issued to investment companies and on certain preferred dividend mechanisms linked to an interest rate. In addition, the risk arises on any borrowings with a variable interest rate. At 31 January 2023, the Group did not have any interest bearing liabilities but did have interest bearing assets. The majority of loans provided by the Group are subject to a minimum interest rate to protect the Group from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate.

Currency risk

In terms of financial risk, the Group currently has substantial exposure to foreign investment and derives income outside the UK. As such some of the Group's income and assets are subject to movement in foreign currencies which will affect the Consolidated Statement of Comprehensive Income in accordance with the Group's accounting

policy. The Board monitors the movements and manages the risk accordingly (see Note 27).

New investment risk

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

Concentration risk

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

Political risk

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

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Ukraine conflict and Inflation risk

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

The Board is continually assessing the wider economic impact of the conflict in Ukraine on the Group and its investment portfolio and whilst there has been price inflation which has led to interest rate increases, and volatility within foreign exchange currency rates, certain investments within the Group's portfolio have seen premium rate increases and thus increased commission. Therefore at the current time the Group does not consider the conflict in Ukraine and inflation to have had a material impact upon the Group.

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

Environmental, Social and Governance ("ESG") Reporting

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

ESG Statement 2023

Over the past 12 months, the Company has steadily increased its focus on environmental, social and governance (ESG) matters to understand its impact on the planet and society while giving due consideration to its ability to create shared value without compromising the needs of future generations. As a Company, we understand that sustainability is the cornerstone of long-term success and as such are committed to doing what we can to minimise any negative impact we might be having on the world and wherever possible ensure that we contribute to the greater good to society or at least to the community within which we operate. The Company sees itself as being in a unique position in the insurance intermediary space, having access to start-up and early stage companies who might not yet have ESG matters on their radar, working together to influence positive change.

As reported in the Company's 2022 Annual Report, the priority focus of the then newly-established ESG Committee was to create a roadmap to embed sustainability within its overall corporate strategy, while prioritising the reporting of key ESG information. We made notable progress on this commitment in the year under review.

Given that B.P. Marsh is a small team with a limited direct footprint, our greatest ability to have a positive impact on sustainable development is through our investment portfolios and supply chain. It is for this reason that we carried out an impact survey of both our portfolio companies and our major suppliers (those advisers and service providers with which we spend over £10,000 per annum) to assess their ESG and sustainability credentials. This covered all three aspects of ESG, including quantitative questions so that these scores can be tracked and compared when the exercise is reviewed year on year. The results of these, whilst varied, showed a pleasing start in that many respondents were already taking a front footed approach to ESG matters, sharing our view of the importance of prioritising sustainability.

In relation to our major suppliers, all had taken steps to reduce their carbon emissions, either by proactively reducing energy consumption or choosing renewable options and only 33% had exposure to environmentally hazardous undertakings, via other clients who operated in these areas. We were pleased to record that all suppliers responding paid at least the official living wage to their employees and offered employees opportunities for personal and professional development. Like many companies there were areas of governance and diversity that could be improved upon and we bear these in mind when determining the suitability of current and future suppliers.

Turning to our portfolio, the responses to the survey were promising in that the majority had also implemented recycling and carbon reduction initiatives and only 20% reported exposure to environmentally hazardous undertakings, via clients who operated in

these sectors. The results also closely followed the feedback that we got from our suppliers in relation to personal and professional development of staff. Moreover the majority also corporately supported at least one charity. We have used the submissions regarding governance matters to review internally and will be supporting our portfolio companies where appropriate in this coming year to make suitable and proportionate improvements.

Further to this, we have recently added an ESG element to our Due Diligence process prior to making new investments. These results are reviewed prior to making an investment decision and if any necessary changes or improvements are considered appropriate and proportionate, they will either be required to be addressed prior to completion or included in a 100-day plan for implementation post investment. This will then form part of ongoing monitoring with a similar review annually thereafter.

The close of the financial year ending 31 January 2023 has provided us with an opportunity for self-reflection, to see how we, as a business of six Directors and 10 wider staff, can continue on our phased approach to embedding ESG within our business.

Environmental

The Company facilitates and encourages its staff to recycle those materials easily recycled by most plants, e.g. plastic, paper etc. Public transport is used by the majority of staff commuting to and from the office and to conduct travel within the United Kingdom, e.g. to attend regional meetings. Use of road travel within London has been identified as an area which could be reduced in favour of using the Tube where appropriate. Air travel is dependent on

Group Strategic Report

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business need. Given the international footprint of our portfolio, air travel is often unavoidable. However, use of teleconferencing software is being increasingly used to limit travel, and when unavoidable we try to arrange matters so that the frequency of long-haul travel is minimised. This includes scheduling meetings to be held in the same week from multiple portfolio companies in the same country.

Whilst holding funds in Treasury, our Treasury Management Committee has not adopted a strict ESG mandate for the investment of these funds. This is due to predominantly focussing on meeting our yield targets and notice period requirements for drawdowns. It is not usually the intention for the Company to hold funds long term within Treasury portfolios, however an ESG mandate for those funds in Treasury is an area that we may look to take into closer focus, depending on the quantum of funds in Treasury at any given time.

Social

The Company is satisfied that it has long promoted the wellbeing of its staff. Each staff member is offered private medical insurance, income protection and life cover when they have completed one year of service. In addition, there is the offer of an annual well person check up by a GP for those that wish them. The Company pays close attention to staff remuneration and up to 10% pension contributions are offered. It also enables all employees access to a pension adviser at a subsidised rate.

The Company encourages its staff to continually develop their knowledge and skillset, whether this is through attendance of industry events, formal qualifications, or informal electronic training sessions.

Of the six members on the Board of the Company, there are five male directors and one female director, however the wider gender demographic is such that the Company's workforce is 53% female and 47% male. On the Board of B.P. Marsh & Company Limited, the Company's operating subsidiary, there is a gender split of 43% female and 57% male.

Governance

The Company follows the Quoted Companies Alliance ("QCA") Corporate Governance Code, and publishes its Compliance Statement annually. However this is the minimum standard we believe we should adhere to and wherever possible wish to adhere to a higher standard. Deviation from the principles of good governance is avoided unless adherence is disproportionate to a Company of our size. For example, with the Company's Share Buy Back Policy enacted on 16 January 2023, the Company remains within the buy back limits as set down by the Market Abuse Regulation.

The ESG Committee has a watching brief over the Company's efforts to adopt best practices that further enhance the Company's commitment to the principles of ESG. During the coming year, the Company will continue to assess its position and review best practice as it arises and adopt those measures it sees as proportionate.

Directors' duties under section 172

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

Under section 172(1):

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

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

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

stakeholders and how they and their interests will impact on the strategy and success of the Group over the long term is a key factor in the decisions that the Board make.

Shareholders

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

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

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

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

Group Strategic Report

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

Employees

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

The Group is committed to promoting diversity in all its forms together with equal opportunities and is a supportive employer, providing training and development where required.

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

Response to the Ukraine conflict and associated inflationary pressures on cost of living

The Group is acutely aware of the impact that current inflationary pressures caused by the fallout from the Ukraine conflict is having on households, particularly in

regard to higher energy and food costs as well as increasing mortgage interest rates. It has taken active steps to assist employees in this regard.

Investee Companies

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

Regulatory Bodies

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

Suppliers

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

Other stakeholders and the wider community

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

Decision making and section 172 of the Companies Act 2006

The Group's primary strategy is to deliver shareholder value through the increase of its Net Assets. The key driver of this growth is the investment of the Group's resources into businesses with experienced management teams that have excellent growth potential to which the Group can offer its expertise and add value. This objective was achieved through growing the Net Asset Value from £166.6m to £189.5m over the year.

During the year, the Group continued to fund its existing portfolio of investee companies through the provision of both follow-on equity investment and loan funding. Historically the Group has used funds from past realisations and external fundraising to fund future opportunities both within its current portfolio and to new investments. During the first half of the year the Group made a successful realisation and it has subsequently agreed to make a further realisation post year end (refer to Note 26) which is expected to provide the Group with significant funds to finance future investment opportunities.

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

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

Policy on Payment of Suppliers

The Group's policy on the payment of suppliers is to settle transactions based upon the supplier's agreed terms of trade. Average supplier days were 26 (2022: 39) during the year.

Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. This is because the directors, after making enquiries and specifically considering the implications of the Ukraine conflict and the wider economic issues arising from it, and following a review of the Group's forecasts for 2024 and 2025 including cash flows, consider that the Group has adequate resources to continue its operation for the foreseeable future.

By order of the Board

S.C. O'Haire
Chief Legal Officer &
Group Company Secretary
12 June 2023

Independent Auditor's Report

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

Opinion

Our opinion on the financial statements is unmodified

We have audited the Group financial statements of B.P. Marsh & Partners Plc ("the Parent Company" or "the Company") and its subsidiaries ("the Group") for the year ended 31 January 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 January 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

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

Conclusions Relating to Going Concern

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

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

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

- obtaining the directors' going concern assessment and the forecasts they have prepared for each of the two years to 31 January 2025 which predict profit and positive cashflows and challenging the rationale for assumptions used in the preparation of these forecasts;
- considering the impact of the Ukraine conflict and the wider economic issues arising from it on the directors' assessment to continue to adopt the going concern basis of accounting; and
- considering the inherent risks to the Group and the Parent Company's business model and how these risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period. We evaluated these risks and concluded that they were not significant enough to require us to perform additional procedures.

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

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

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

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

Key Audit Matters

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

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

Risk 1: Valuation of unquoted equity investments

Refer to the significant accounting policies (pages 74 to 80); and Notes 1 and 12 of the financial statements.

The equity investment portfolio comprises Level 3 instruments in unquoted legal entities. In both the Group and the Parent Company's Statements of Financial Position these are shown under Non-Current Assets, unless the investments are held for resale, in which case they are shown under Current Assets.

Independent Auditor's Report

continued

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

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

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

How we address the Key Audit Matters

We performed the following procedures:

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

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

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

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

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

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

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

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

Key observations communicated to the Audit Committee:

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

Risk 2: Recognition of portfolio income and of realised profits on disposal of investments

Refer to the significant accounting policies (pages 74 to 80); and Notes 1, 12 and 14 of the financial statements

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

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

Market expectations and revenue-based targets may place pressure on management to influence the recognition of portfolio income or realised gains. This

Independent Auditor's Report

continued

may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations.

How we address the Key Audit Matters

We performed the following procedures:

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

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

For portfolio income, on a sample basis, we:

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

For any realised gains on disposals, on a sample basis we would typically have:

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

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

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

Key observations communicated to the Audit Committee

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

Our Application of Materiality

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

Materiality

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

We determined materiality for the Group and the Parent Company to be £1,900,000 (2022: £1,600,000) for unrealised investment related items, which is 1% of net assets. We believe that net assets provide us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the Group.

However, due to the much lower net comprehensive income generated each year in comparison with the level of net assets, we have set a lower materiality of £100,000 (2022: £160,000) for the Group and for the Parent Company for realised comprehensive income and amortised cost balance sheet items which represents approximately 2% of realised income.

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

We calculated materiality during the planning stage of the audit based on the management accounts provided to us which exclude the investment valuation at the year end, and then reassessed it based on the 31 January 2023 revised management accounts updated with the investment valuation at the year end on the basis set out above and adjusted our audit procedures accordingly.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £1,425,000 (2022: £1,200,000) for unrealised investment related items and £75,000 (2022: £120,000) for realised comprehensive income and amortised cost balance sheet items. This is at the top end of the range of 50% and 75% typically used. In arriving at the top range of 75%, we considered the judgmental nature of the valuations in the Consolidated Statement of Financial Position and the relative value of transactions recorded in the other primary statements, to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality of £1,900,000 for unrealised investment related items and £100,000 for comprehensive income and amortised cost balance sheet items.

Independent Auditor's Report

continued

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £95,000 (2022: £80,000) for unrealised investment related items and £5,000 (2022: £8,000) for realised comprehensive income and amortised cost balance sheet items, which is set at approximately 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

An Overview of the Scope of our Audit

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

We performed an audit of the complete financial information of 3 (2022: 4) full scope components.

The Group comprises 3 consolidated subsidiaries and 1 investment entity subsidiary. Monitoring and control over the operations of these subsidiaries, including those located overseas, is centralised in London.

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

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

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

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be

materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

Matters on which we are required to Report by Exception

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

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

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

Responsibilities of Directors

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Group and the industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulations. We considered the extent to which non-compliance might have a material effect on the financial statements.

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

- discussing with the directors and management involved in the risk and compliance functions and the Group and Parent Company's company secretary function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing correspondence between the Group and the investee companies, and discussions with the management responsible for liaising with the investee companies in relation to the investee companies' compliance with laws and regulations;
- reviewing board minutes as well as relevant meeting minutes, including those of the Valuation Committee, Audit Committee and the Disclosure Committee;
- challenging assumptions made by management in arriving at accounting estimates and judgements, in particular in relation to the valuation of unquoted equity investments and recognition of portfolio income as described in the related key audit matters above;

- identifying and testing journal entries, in particular, any journal entries posted with unusual account combinations, such as a credit to revenue and a debit to the statement of financial position (other than to expected accounts), which may be indicative of the overstatement or manipulation of revenue; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of our Report

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

Kulwarn Nagra (Senior Statutory Auditor)

For and on behalf of

Rawlinson & Hunter Audit LLP

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

12 June 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 January 2023

			2023		2022
	Notes	£'000	£'000	£'000	£'000
Gains on investments	1				
Realised gains on disposal of equity investments (net of costs)	14	155		2,938	
Release of provision made against equity investments and loans	15,16	30		1,117	
Unrealised gains on equity investment revaluation	12	27,275		16,204	
			27,460		20,259
Income					
Dividends	1,25	3,119		1,903	
Income from loans and receivables	1,25	749		1,092	
Fees receivable	1,25	1,051		1,082	
			4,919		4,077
Operating income	2		32,379		24,336
Operating expenses		(4,889)		(4,770)	
	2		(4,889)		(4,770)
Operating profit			27,490		19,566
Financial income	2,4	130		–	
Financial expenses	2,3	(88)		(78)	
Exchange movements	2,8	58		(93)	
			100		(171)
Profit on ordinary activities before taxation	8		27,590		19,395
Income taxes	9		(3,747)		(1,911)
Profit on ordinary activities after taxation attributable to equity holders	20		£23,843		£17,484
Total comprehensive income for the year	20		£23,843		£17,484
Earnings per share – basic (pence)	10		66.2p		48.6p
Earnings per share – diluted (pence)	10		63.6p		47.3p

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

Consolidated and Parent Company Statements of Financial Position

31 January 2023

			Group		Company
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Assets					
Non-Current Assets					
Property, plant and equipment	11	79	96	–	–
Right-of-use asset	21	671	836	–	–
Investments – equity portfolio	12	171,461	141,245	158,333	134,490
Investments – subsidiaries	12	–	–	31,274	32,187
Loans and receivables	15	8,120	7,231	4,106	4,106
		180,331	149,408	193,713	170,783
Current Assets					
Investments – Assets held for sale	12	–	8,104	–	–
Investments – Treasury portfolio	13	591	–	–	–
Trade and other receivables	16	5,283	4,974	–	–
Cash and cash equivalents		11,564	8,628	8	8
Total Current Assets		17,438	21,706	8	8
Total Assets		197,769	171,114	193,721	170,791
Liabilities					
Non-Current Liabilities					
Lease liabilities	21	(596)	(772)	–	–
Deferred tax liabilities	17	(5,631)	(1,898)	–	–
Total Non-Current Liabilities		(6,227)	(2,670)	–	–
Current Liabilities					
Trade and other payables		(1,830)	(1,670)	–	–
Lease liabilities	21	(175)	(167)	–	–
Total Current Liabilities	18	(2,005)	(1,837)	–	–
Total Liabilities		(8,232)	(4,507)	–	–
Net Assets		£189,537	£166,607	£193,721	£170,791
Capital And Reserves – Equity					
Called up share capital	19	3,747	3,747	3,747	3,747
Share premium account	20	29,350	29,342	29,350	29,342
Fair value reserve	20	106,509	84,975	156,190	132,347
Reverse acquisition reserve	20	393	393	–	–
Capital redemption reserve	20	7	7	7	7
Capital contribution reserve	20	72	72	–	–
Retained earnings	20	49,459	48,071	4,427	5,348
Shareholders' Funds – Equity	20	£189,537	£166,607	£193,721	£170,791
Net asset value per share – undiluted (pence)	10	526.2p	462.7p	517.1p	455.9p
Net asset value per share – diluted (pence)	10	516.8p	455.6p	517.1p	455.9p

The Financial Statements were approved by the Board of Directors and authorised for issue on 12 June 2023 and signed on its behalf by:

B.P. Marsh & J.S. Newman

Consolidated Statement of Cash Flows

for the year ended 31 January 2023

	Notes	2023 £'000	2022 £'000
Cash from operating activities			
Income from loans to investee companies		749	1,092
Dividends		3,119	1,903
Fees received		1,051	1,082
Operating expenses		(4,889)	(4,770)
Net corporation tax payable	9	(14)	(13)
Purchase of equity investments	12	(2,941)	(8,011)
Net proceeds from sale of equity investments	12,14	8,259	8,755
Net loan (payments to) / repayments from investee companies		(1,039)	7,837
Adjustment for non-cash share incentive plan		104	94
Exchange movement		(36)	(35)
(Increase) / decrease in receivables		(35)	1,248
Increase in payables		160	660
Depreciation and amortisation	11,21	193	198
Net cash from operating activities		4,681	10,040
Net cash used by investing activities			
Purchase of property, plant and equipment	11	(11)	(6)
Purchase of treasury investments net of cash and cash equivalents	13	(8,371)	–
Net proceeds from the sale of treasury investments	13	7,867	–
Net cash used by investing activities		(515)	(6)
Net cash used by financing activities			
Repayment of borrowings		–	(1,000)
Financial income	4	2	–
Financial expenses	3	(47)	(78)
Net decrease in lease liabilities	21	(168)	(159)
Dividends paid	7	(1,001)	(878)
Payments made to repurchase company shares	10	(16)	–
Net cash used by financing activities		(1,230)	(2,115)
Change in cash and cash equivalents		2,936	7,919
Cash and cash equivalents at beginning of the year		8,628	709
Cash and cash equivalents at end of year		£11,564	£8,628

All differences between the amounts stated in the Consolidated Statement of Cash Flows and the Consolidated Statement of Comprehensive Income are attributed to non-cash movements.

Parent Company Statement of Cash Flows

for the year ended 31 January 2023

	Notes	2023 £'000	2022 £'000
Cash from operating activities			
Dividends received from subsidiary undertakings		–	5,750
Net cash from operating activities		–	5,750
Net cash used by financing activities			
Decrease / (increase) in amounts owed by group undertakings		913	(4,910)
Adjustment relating to non-cash items		104	38
Dividends paid	7	(1,001)	(878)
Payments made to repurchase company shares	10	(16)	–
Net cash used by financing activities		–	(5,750)
Change in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of the year		8	8
Cash and cash equivalents at end of year		£8	£8

Consolidated and Parent Company Statements of Changes in Equity

for the year ended 31 January 2023

	2023 £'000	Group 2022 £'000	2023 £'000	Company 2022 £'000
Opening total equity	166,607	149,907	170,791	154,091
Comprehensive income for the year	23,843	17,484	23,843	17,492
Dividends paid	(1,001)	(878)	(1,001)	(878)
Repurchase of company shares	(16)	–	(16)	–
Share incentive plan	104	94	104	86
Total Equity	£189,537	£166,607	£193,721	£170,791

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

Notes to the consolidated financial statements

for the year ended 31 January 2023

1. Accounting Policies

B.P. Marsh & Partners Plc is a public limited company incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom. The address of the Company's registered office is 5th Floor, 4 Matthew Parker Street, London SW1H 9NP. The consolidated financial statements for the year ended 31 January 2023 comprise the financial statements of the Parent Company and its consolidated subsidiaries (collectively "the Group").

Basis of preparation of financial statements

These consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, and in accordance with the Companies Act 2006.

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

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

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

Assessment as an investment entity

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

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

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

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The Board has concluded that B.P. Marsh & Partners Plc and its three trading

subsidiaries, B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited and B.P. Marsh (North America) Limited, which provide investment related services on behalf of B.P. Marsh & Partners Plc, all meet the definition of an investment entity. These conclusions will be reassessed on an annual basis for changes to any of these criteria or characteristics.

Application and significant judgments

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

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

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

New Accounting Standards

There are no new standards that have been issued, but are not yet effective for the year ended 31 January 2023, which might have a material impact on the Group's financial statements in future periods.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- b) exposure, or rights, to variable returns from its involvement with the investee; and
- c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a) rights arising from other contractual arrangements; and
- b) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Notes to the consolidated financial statements

continued

1. Accounting Policies continued

Basis of consolidation continued

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

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group’s investment portfolio are carried in the Consolidated Statement of Financial Position at fair value even though the Group may have significant influence over those companies.

Business combinations

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

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

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

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

No Statement of Comprehensive Income is prepared for the Company, as permitted by Section 408 of the Companies Act 2006. The Company made a profit for the year of £23,843,539, prior to a dividend distribution of £1,001,435 (2022: profit of £17,491,719 prior to a dividend distribution of £878,282).

Employee services settled in equity instruments

The Group has entered into a joint share ownership plan (“JSOP”) with certain employees and directors.

On 12 June 2021 (the “vesting date”) the performance criteria was met for 1,206,888 of 1,461,302 shares held under joint share ownership arrangements within the Employee Benefit Trust, after which the members of the scheme became joint beneficial owners of the shares and became entitled to any gain on sale of the shares in excess of 312.6 pence per share. Whilst these shares remain within the Employee Benefit Trust, they do not have voting or dividend rights. However, if the shares are sold from the Employee Benefit Trust in the future in excess of 281 pence per share, the Group would be entitled to receive £4,106,259 in total. These shares would then, post-sale, have voting and dividend rights attached, such that they would become fully dilutive for the Group.

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

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

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

Investments – equity portfolio

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

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

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

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

Notes to the consolidated financial statements

continued

1. Accounting Policies continued

Investments – equity portfolio continued

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

Income from equity portfolio investments

Income from equity portfolio investments comprises:

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

Investments – treasury portfolio

All treasury portfolio investments are designated as “fair value through profit or loss” assets and are initially recognised at the fair value of the consideration. They are measured at subsequent reporting dates at fair market value as determined from the valuation reports provided by the fund investment manager.

Both realised and unrealised gains and losses arising from changes in fair market value are taken to the Consolidated Statement of Comprehensive Income for the period. In the Consolidated Statement of Financial Position the unrealised gains and losses arising from changes in fair value are shown within the retained earnings as these investments are deemed as being easily convertible into cash. Costs associated with the management of these investments are expensed in the Consolidated Statement of Comprehensive Income.

Income from treasury portfolio investments

Income from treasury portfolio investments comprises of dividends receivable which are either directly reinvested into the funds or received as cash.

Property, plant and equipment

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

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

Right-of-use asset

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

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

Foreign currencies

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

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

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

Income taxes

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

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

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

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

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

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

Notes to the consolidated financial statements

continued

1. Accounting Policies continued

Pension costs

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

Financial assets and liabilities

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

Loans and receivables

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

Loans and borrowings

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

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

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

2. Segmental Reporting

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

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

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

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

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

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

	Geographic segment 1: UK		Geographic segment 2: Non-UK		Group	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Operating income	8,217	6,844	24,162	17,492	32,379	24,336
Operating expenses	(2,759)	(2,242)	(2,130)	(2,528)	(4,889)	(4,770)
Segment operating profit	5,458	4,602	22,032	14,964	27,490	19,566
Financial income	73	-	57	-	130	-
Financial expenses	(50)	(37)	(38)	(41)	(88)	(78)
Exchange movements	30	(40)	28	(53)	58	(93)
Profit before tax	5,511	4,525	22,079	14,870	27,590	19,395
Income taxes	-	-	(3,747)	(1,911)	(3,747)	(1,911)
Profit for the year	£5,511	£4,525	£18,332	£12,959	£23,843	£17,484

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

Investee Company	Total net operating income attributable to the investee company £'000		% of total realised and unrealised operating income		Reportable geographic segment	
	2023	2022	2023	2022	2023	2022
XPT Group LLC	13,594	6,342	42	26	2	2
Paladin Holdings Limited ¹	10,304	-	32	-	1	-
Lilley Plummer Holdings Limited ¹	5,186	-	16	-	1	-
ATC Insurance Solutions PTY Limited	4,726	2,604	15	11	2	2
Stewart Specialty Risk Underwriting Limited	3,211	2,758	10	11	2	2
Kentro Capital Limited ¹	-	7,755	-	32	1	1
Walsingham Motor Insurance Limited ¹	-	2,529	-	10	-	1

¹ There are no disclosures for Kentro Capital Limited and Walsingham Motor Insurance Limited ("Walsingham") in the current year as the income derived from these investee companies either did not exceed the 10% threshold prescribed by IFRS 8, or, in the case of Walsingham, had been sold prior to the start of the current year. There is also no disclosure shown for Paladin Holdings Limited and Lilley Plummer Holdings Limited in the prior year as the income derived from these investee companies did not exceed the 10% threshold prescribed by IFRS 8 in that year.

Notes to the consolidated financial statements

continued

2. Segmental Reporting continued

	Geographic segment 1: UK		Geographic segment 2: Non-UK			Group
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, plant and equipment	45	65	34	31	79	96
Right-of-use asset	386	567	285	269	671	836
Investments – equity portfolio	98,704	93,161	72,757	48,084	171,461	141,245
Loans and receivables	5,712	5,633	2,408	1,598	8,120	7,231
	104,847	99,426	75,484	49,982	180,331	149,408
Current assets						
Investments – Assets held for sale	–	–	–	8,104	–	8,104
Investments – Treasury portfolio	591	–	–	–	591	–
Trade and other receivables	4,777	2,770	506	2,204	5,283	4,974
Cash and cash equivalents	11,564	8,628	–	–	11,564	8,628
	16,932	11,398	506	10,308	17,438	21,706
Total assets	121,779	110,824	75,990	60,290	197,769	171,114
Non-current liabilities						
Lease liabilities	(343)	(523)	(253)	(249)	(596)	(772)
Deferred tax liabilities	–	–	(5,631)	(1,898)	(5,631)	(1,898)
	(343)	(523)	(5,884)	(2,147)	(6,227)	(2,670)
Current liabilities						
Trade and other payables	(1,733)	(1,667)	(97)	(3)	(1,830)	(1,670)
Lease liabilities	(101)	(113)	(74)	(54)	(175)	(167)
	(1,834)	(1,780)	(171)	(57)	(2,005)	(1,837)
Total liabilities	(2,177)	(2,303)	(6,055)	(2,204)	(8,232)	(4,507)
Net assets	£119,602	£108,521	£69,935	£58,086	£189,537	£166,607
Additions to property, plant and equipment	6	4	5	2	11	6
Depreciation and amortisation of property, plant and equipment	(111)	(134)	(82)	(64)	(193)	(198)
Release of provision against investments and loans	30	–	–	1,117	30	1,117
Cash flow arising from:						
Operating activities	(1,812)	8,178	6,493	1,862	4,681	10,040
Investing activities	(515)	(6)	–	–	(515)	(6)
Financing activities	(1,230)	(2,115)	–	–	(1,230)	(2,115)
Change in cash and cash equivalents	(3,557)	6,057	6,493	1,862	2,936	7,919

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

In addition to the segmental analysis disclosure reported above, the Group has undertaken a further assessment of each of its investee companies' underlying revenues, specifically focusing on the geographical origin of this revenue. Geographical analysis of each investee company's 2023 and 2022 revenue budgets was carried out and, based upon this analysis, the directors have determined that on a look-through basis, the Group's portfolio of investee companies can also be analysed as follows:

	2023	2022
	%	%
UK	37	41
Non-UK	63	59
Total	100	100

3. Financial Expenses

	2023	2022
	£'000	£'000
Interest costs on loans and other payables (Note 18)	–	23
Interest costs on lease liability (Note 21)	47	55
Investment management costs (Note 13)	41	–
	£88	£78

4. Financial Income

	2023	2022
	£'000	£'000
Bank and similar interest	2	–
Income from treasury portfolio investments – dividend and similar income (Note 13)	165	–
Income from treasury portfolio investments – net unrealised (losses) / gains on revaluation (Note 13)	(37)	–
	£130	–

5. Staff Costs

The average number of employees, including all directors (executive and non-executive), employed by the Group during the year was 16 (2022: 16); 6 of those are in a management role (2022: 6) and 10 of those are in a support role (2022: 10). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2023	2022
	£'000	£'000
Wages and salaries	3,051	2,992
Social security costs	453	418
Pension costs	162	148
Other employment costs (Note 24)	85	76
	£3,751	£3,634

During the year to 31 January 2017 the Group established a Share Incentive Plan (“SIP”) under which certain eligible directors and employees were granted Ordinary shares in the Company. These shares are being held on behalf of these directors and employees within the B.P. Marsh SIP Trust. Refer to the Report of the Remuneration Committee on pages 36 to 37 and Note 24 for further details.

During the year to 31 January 2019, Joint Share Ownership Agreements were also entered into between certain directors and employees and the Company. Refer to the Report of the Remuneration Committee on pages 35 to 36 and Note 24 for further details.

Charges of £84,714 (2022: £68,070) relating to the SIP are included within ‘Other employment costs’ above. No charges (2022: £7,685) relating to the Joint Share Ownership Agreements are included within ‘Other employment costs’ above as the scheme vested in the prior year.

Notes to the consolidated financial statements

continued

6. Directors' Emoluments

The aggregate emoluments of the directors were:

	2023 £'000	2022 £'000
Management services – remuneration	1,601	1,717
Fees	25	23
Pension contributions – remuneration	71	63
	£1,697	£1,803

502,395 of the 1,461,302 shares, in respect of which joint interests were granted during the year to 31 January 2019, were issued to current directors. Refer to the Report of the Remuneration Committee on pages 35 to 36 and Note 24 for further details.

Of the total 31,801 (2022: 31,210) Free, Matching and Partnership Shares granted under the SIP during the year, 8,673 (2022: 9,363) were granted to directors of the Company.

Of the £Nil (2022: £7,685) charge relating to the Joint Share Ownership Plan and the £84,714 (2022: £68,070) charge relating to the SIP, £Nil (2022: £2,643) and £23,104 (2022: £20,421) related to the directors respectively.

Refer to the Report of the Remuneration Committee on pages 36 to 37 and Note 24 for further details.

	2023 £'000	2022 £'000
Highest paid director		
Emoluments	458	486
Pension contribution	27	24
	£485	£510

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

During the year, 3 directors (2022: 3) accrued benefits under these defined contribution pension schemes.

The key management personnel comprise only the directors.

7. Dividends

	2023 £'000	2022 £'000
Ordinary dividends		
Dividend paid:		
2.78 pence each on 36,022,853 Ordinary shares (2022: 2.44 pence each on 35,995,156 Ordinary shares)	1,001	878
	£1,001	£878

In the current year a total dividend of £5,969 (2022: £5,752) was payable on the 214,696 (2022: 235,719) ordinary shares held by the B.P. Marsh SIP Trust ("SIP Trust").

No dividend was payable on the 1,443,147 (2022: 1,461,302) ordinary shares held by the B.P. Marsh Employees' Share Trust ("Share Trust") under the Joint Share Ownership Plan.

In addition, no dividend is payable on unallocated ordinary shares held in Treasury on the dividend record date. No unallocated ordinary shares were held in Treasury on the dividend record date in the current year (2022: 9,542).

8. Profit on Ordinary Activities Before Taxation

The profit for the year is arrived at after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation and amortisation of property, plant & equipment, and right-of-use asset	193	198
Auditor's remuneration:		
Audit fees for the Company	35	31
Other services:		
Audit of subsidiaries' accounts	17	17
Taxation	15	14
Other advisory	9	36
Exchange (gain)/loss	(58)	93

9. Income Tax Expense

	2023 £'000	2022 £'000
Current tax:		
Current tax on profits for the year	14	13
Adjustments in respect of prior years	–	–
Total current tax	14	13
Deferred tax (Note 17):		
Origination and reversal of temporary differences	3,733	1,898
Total deferred tax	3,733	1,898
Total income taxes charged in the Consolidated Statement of Comprehensive Income	£3,747	£1,911

Notes to the consolidated financial statements

continued

9. Income Tax Expense continued

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2023 £'000	2022 £'000
Profit before tax	27,590	19,395
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	5,242	3,685
Tax effects of:		
Expenses not deductible for tax purposes	25	22
Withholding tax suffered at source on overseas income	14	13
Non-taxable capital gains on disposal of investments	(4)	(518)
Other effects:		
Non-taxable income (dividends received)	(593)	(362)
Non-taxable income (unrealised gains on equity portfolio revaluation)	(1,442)	(1,181)
Management expenses unutilised	505	252
Total income taxes charged in the Consolidated Statement of Comprehensive Income	£3,747	£1,911

The March 2021 Budget announced that the UK corporation tax would increase from 19% to 25% (effective 1 April 2023) and Finance Bill 2021 was considered substantively enacted in May 2021. This change in tax rate has had no material impact on the Group financial statements for the year ended 31 January 2023 and future periods. Refer to Note 17 for details.

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

	2023 £'000	2022 £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share being total comprehensive income attributable to equity shareholders	23,843	17,484
Earnings per share - basic	66.2p	48.6p
Earnings per share - diluted	63.6p	47.3p
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	36,017,964	35,988,766
Number of dilutive shares under option	1,443,147	1,461,302
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	37,461,111	36,925,601

During the year the Company paid a total of £16,191, including commission, in order to repurchase 4,850 ordinary shares at an average price of 330 pence per share (2022: no share repurchases undertaken).

Ordinary shares held by the Company in Treasury

Movement of ordinary shares held in Treasury:

	2023 Number	2022 Number
Opening total ordinary shares held in Treasury at 1 February	9,542	42,862
Ordinary shares repurchased into Treasury during the year	4,850	-
Ordinary shares transferred to the B.P. Marsh SIP Trust during the year	(9,542)	(33,320)
Total ordinary shares held in Treasury at 31 January	4,850	9,542

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

The repurchase of the ordinary shares is borne from the Group's commitment to reduce share price discount to Net Asset Value. Its policy has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below 15% of its published Net Asset Value and place them into Treasury, as outlined in the Group's Share Buy-Back Policy announcement on 17 July 2019. On 16 January 2023 the Group announced a new Share Buy-Back Programme allowing it to repurchase ordinary shares in the Company for up to a maximum aggregate consideration of £1,000,000 and subject to ordinary shares being available to purchase at a price representing a discount of at least 20% to the most recently announced Net Asset Value per share.

On 12 June 2021 (the "vesting date") the performance criteria was met for 1,206,888 of 1,461,302 shares held under joint share ownership arrangements (Note 24) within an Employee Benefit Trust, after which the members of the scheme became joint beneficial owners of the shares and therefore became entitled to any gain on sale of the shares in excess of 312.6 pence per share. There were 254,414 shares where the performance criteria was not met on the vesting date that had been forfeited by departing employees and which remained unallocated within the Employee Benefit Trust as at 31 January 2022.

During the current year, 18,155 of the 254,414 unallocated shares within the Employee Benefit Trust were transferred to the B.P. Marsh SIP Trust ("SIP Trust") to be used as part of the 22-23 SIP awards made on 7 April 2022 (Note 24). Following this transfer and as at 31 January 2023 there were 1,443,147 shares held within the Employee Benefit Trust, of which 236,259 shares were unallocated. The Employee Benefit Trust remains the owner of these unallocated shares.

The weighted average number of shares used for the purposes of calculating the basic earnings per share, net asset value and net asset value per share of the Group excludes the 1,443,147 shares currently held within the Employee Benefit Trust as these shares do not have voting rights or dividend rights whilst they are held within this Employee Benefit Trust. The Group net asset value has also excluded the economic right the Group has to the first 281 pence per share (£4,106,259) on the 1,461,302 shares issued to the Employee Benefit Trust for the same reasons. On this basis the current undiluted net asset value per share is 526.2 pence for the Group. When the joint share ownership arrangements are eventually exercised, although this would increase the number of shares in issue entitled to voting and dividend rights, this would also increase the Group's net asset value by £4,106,259. The diluted net asset value per share is therefore 516.8 pence.

The diluted weighted average number of ordinary shares at 31 January 2023 has been calculated by including the 1,443,147 vested shares held under joint share ownership arrangements.

The increase to the weighted average number of ordinary shares between 2022 and 2023 is mainly attributable to the inclusion of the 9,542 ordinary shares transferred from Treasury to the SIP Trust and 18,155 ordinary shares transferred from the Employee Benefit Trust to the SIP Trust during the year that have been treated as re-issued for the purposes of calculating earnings per share.

31,801 ordinary shares (comprising 9,542 ordinary shares transferred from Treasury to the SIP Trust in March 2022 together with 4,104 of unallocated ordinary shares already held within the SIP Trust and 18,155 unallocated ordinary shares transferred from the Employee Benefit Trust to the SIP Trust in April 2022) were allocated to the participating employees as Free, Matching and Partnership shares under the share incentive plan arrangement on 7 April 2022 (Note 24).

Notes to the consolidated financial statements

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11. Property, Plant and Equipment

Group

	Furniture and Equipment £'000	Leasehold Fixtures and Fittings and Others £'000	Total £'000
Cost			
At 1 February 2021	137	152	289
Additions	6	–	6
Disposals	(1)	–	(1)
At 31 January 2022	142	152	294
At 1 February 2022	142	152	294
Additions	11	–	11
Disposals	(5)	–	(5)
At 31 January 2023	148	152	300
Depreciation			
At 1 February 2021	102	64	166
Eliminated on disposal	(1)	–	(1)
Charge for the year	18	15	33
At 31 January 2022	119	79	198
At 1 February 2022	119	79	198
Eliminated on disposal	(5)	–	(5)
Charge for the year	14	14	28
At 31 January 2023	128	93	221
Net book value			
At 31 January 2023	£20	£59	£79
At 31 January 2022	£23	£73	£96
At 31 January 2021	£35	£88	£123

12. Investments – Equity Portfolio

Group

	Shares in investee companies		
	Continuing investments	Current Assets – Investments held for sale	Total
	£'000	£'000	£'000
At valuation			
At 1 February 2021	130,951	–	130,951
Transfers between categories	(7,435)	7,435	–
Additions	8,011	–	8,011
Disposals	(5,817)	–	(5,817)
Provisions	–	–	–
Unrealised gains in this period	15,535	669	16,204
At 31 January 2022	£141,245	£8,104	£149,349
At 1 February 2022	141,245	8,104	149,349
Additions	2,941	–	2,941
Disposals	–	(8,104)	(8,104)
Provisions	–	–	–
Unrealised gains in this period	27,275	–	27,275
At 31 January 2023	£171,461	£ –	£171,461
At cost			
At 1 February 2021	60,378	–	60,378
Transfers between categories	(6,096)	6,096	–
Additions	8,011	–	8,011
Disposals	(5,913)	–	(5,913)
Provisions	–	–	–
At 31 January 2022	£56,380	£6,096	£62,476
At 1 February 2022	56,380	6,096	62,476
Additions	2,941	–	2,941
Disposals	–	(6,096)	(6,096)
Provisions	–	–	–
At 31 January 2023	£59,321	£ –	£59,321

The additions relate to the following transactions in the year:

On 23 March 2022 the Group acquired a 40% cumulative preferred equity stake in Denison and Partners Limited (“Denison and Partners”) for consideration of £132,000. Denison and Partners is a start-up London-based Lloyds Insurance Broker with a focus on delivering (re)insurance delegated authority solutions and services to Managing General Agencies, Coverholders and (Re)insurers.

On 1 June 2022 the Group agreed to invest, through its wholly-owned subsidiary company B.P. Marsh (North America) Limited, a further USD 3,500,000 (£2,808,575) in XPT Group LLC (“XPT”). USD 2,780,000 was used to subscribe for a further 2,780 redeemable preference shares in XPT. The remaining USD 720,000 was used to acquire a further 0.97% equity stake in XPT. On completion, the total amount invested by the Group in redeemable preference shares increased from USD 3,220,000 as at 31 January 2022 to USD 6,000,000 as at 31 January 2023 and the Group’s equity investment in XPT also increased from 28.18% as at 31 January 2022 to 29.15% at the time of investment. As at 31 January 2023 the Group’s shareholding in XPT was 28.54%.

Notes to the consolidated financial statements

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12. Investments – Equity Portfolio continued

The disposal relates to the following transaction in the year:

On 1 March 2022 the Group sold its entire 77.25% stake in Summa Insurance Brokerage, S.L. (“Summa”) to Acrisure España S.L. (“Acrisure”), part of Acrisure LLC, for consideration of €9,700,737 (£8,104,208), net of transaction costs. On 22 July 2022 further consideration of €23,266 (£19,630) was received from Acrisure in respect of over-withheld legal expenses, bringing total consideration received to €9,724,003 (£8,123,838). The consideration received represented a net gain of £19,838 (Note 14 and Note 20) over the carrying value of the Group’s investment in Summa of £8,104,000 as at 31 January 2022 and represented an overall gain of £2,027,695 above the cost of investment. Outstanding loans of €1,820,070 (£1,520,526) were also repaid in full on completion.

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

Name of company	% holding of share capital	Date information available to	Aggregate capital and reserves £	Post tax profit/(loss) for the year £	Principal activity
Agri Services Company PTY Limited	41.00	30.06.22	1,865,711	359,585	Holding Company for specialist Australian agricultural Managing General Agency
Asia Reinsurance Brokers Pte Limited	25.00	31.05.22	1,936,111	(309,209)	Specialist reinsurance broker
ATC Insurance Solutions PTY Limited	25.56	30.06.22	12,408,535	3,403,228	Specialist Australian Managing General Agency
Criterion Underwriting Pte Limited ¹	29.40	31.05.20	(445,842)	(32,019)	Specialist Singaporean Managing General Agency
Denison and Partners Limited ²	40.00	–	–	–	Specialist reinsurance broker
EC3 Brokers Group Limited	35.00	31.12.20	(9,705,910)	(6,757,003)	Investment holding company
The Fiducia MGA Company Limited	35.18	31.12.21	(938,500)	542,602	Specialist UK Marine Cargo Underwriting Agency
Kentro Capital Limited ³	18.98	31.12.21	22,756,386	(2,285,249)	Specialist Managing General Agency
LEBC Holdings Limited	59.34	30.09.21	5,183,237	992,579	Independent financial advisor company
Lilley Plummer Holdings Limited	30.00	31.12.21	682,197	242,820	Specialist Marine broker
Neutral Bay Investments Limited	49.90	31.03.22	3,918,814	228,720	Investment holding company
Paladin Holdings Limited ⁴	47.06	31.12.21	232,397	1,037,846	Investment holding company
Sage Program Underwriters, Inc. ⁵	30.00	–	–	–	Specialist Managing General Agency
Stewart Specialty Risk Underwriting Limited	30.00	31.12.21	2,721,715	1,954,164	Specialist Canadian Casualty Underwriting Agency
XPT Group LLC	28.54	31.12.21	(3,919,412)	(6,927,053)	USA Specialty lines insurance distribution company

¹ Recent statutory financial information is not available for Criterion Underwriting Pte Limited as the company is not currently trading.

² Denison and Partners Limited is a newly incorporated company. Statutory accounts are not available as these are not yet due.

³ On 22 February 2022, as part of a rebranding exercise, Nexus Underwriting Management Limited rebranded and changed its name to Kentro Capital Limited.

⁴ The Group’s 47.06% equity investment in Paladin Holdings Limited includes 5.88% relating to shares held under option that can be bought back and cancelled. The Group envisages that this shareholding will reduce over time as the options are exercised.

⁵ Sage Program Underwriters, Inc. is a newly incorporated company. Statutory accounts are not available as these are not yet due.

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

Company

	Shares in group undertakings £'000
At valuation	
At 1 February 2021	122,748
Additions	–
Unrealised gains in this period	11,742
At 31 January 2022	£134,490
At 1 February 2022	134,490
Additions	–
Unrealised gains in this period	23,843
At 31 January 2023	£158,333
At cost	
At 1 February 2021	2,143
Additions	–
At 31 January 2022	£2,143
At 1 February 2022	2,143
Additions	–
At 31 January 2023	£2,143

Shares in group undertakings

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

Name of company	% Holding of share capital	Aggregate capital and reserves at 31 January 2023	Profit/(loss) for the year to 31 January 2023	Principal activity
		£	£	
B.P. Marsh & Company Limited	100	189,533,773	23,843,538	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	6,099,974	–	Investment holding company – dormant
B.P. Marsh Asset Management Limited	100	1	–	Dormant
B.P. Marsh (North America) Limited ¹	100	14,990,985	9,161,449	Investment holding company
B.P. Marsh & Co. Trustee Company Limited	100	1,000	–	Dormant
Marsh Development Capital Limited	100	1	–	Dormant
XPT London Limited	100	2	–	Dormant

¹ At the year end B.P. Marsh (North America) Limited held a 100% economic interest in RHS Midco I LLC, a US registered entity incorporated during the year to 31 January 2018 for the purpose of holding the Group's equity investment in XPT Group LLC. In addition, at the year end B.P. Marsh (North America) Limited also held a 100% economic interest in B.P. Marsh US LLC, a US registered entity, which was incorporated during the year to 31 January 2018. There were no profit or loss transactions in either of these two US registered entities during the current or prior year.

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

Bastion London Limited, a dormant UK company and 100% owned subsidiary of B.P. Marsh & Company Limited, was dissolved on 5 July 2022.

Loans to the subsidiaries of £31,274,143 (2022: £32,187,221) are treated as capital contributions.

Notes to the consolidated financial statements

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13. Current Investments – Treasury Portfolio

Group	2023 £'000	2022 £'000
At valuation		
Market value at 1 February	-	-
Additions at cost	19,117	-
Disposals	(7,867)	-
Change in value in the year	87	-
Market value at 31 January	£11,337	£ -
Disclosed as:		
Cash and cash equivalents	10,746	-
Investments – treasury portfolio	591	-
Total	£11,337	£ -
Investment fund split:		
GAM London Limited	3,045	-
Rathbone Investment Management Limited	8,292	-
Total	£11,337	£ -

The treasury portfolio comprises of investment funds managed and valued by the Group's investment managers, GAM London Limited and Rathbone Investment Management Limited. All investments in securities are included at year end market value.

The initial investment into the funds was made following the realisation of the Group's investment in Summa Insurance Brokerage, S.L. during the year.

The purpose of the funds is to hold (and grow) the Group's surplus cash until such time that suitable investment opportunities arise.

The funds are risk bearing and therefore their value not only can increase, but also has the potential to fall below the amount initially invested by the Group. However, the performance of each fund is monitored on a regular basis and the appropriate action is taken if there is a prolonged period of poor performance.

Investment management costs of £40,737 (2022: £Nil) were charged to the Consolidated Statement of Comprehensive Income during the period.

14. Realised Gains on Disposal of Equity Investments

The realised gains on disposal of investments for the year comprises of a net gain of £155,121 (2022: £2,937,985 gains on disposal of investments).

£135,283 of this net gain relates to an additional capital distribution received during the year from the Group's former investment in MB Prestige Holdings PTY Limited ("MB") which was sold during the year to 31 January 2022.

£19,838 of this net gain is in respect of the Group's disposal of its entire 77.25% investment in Summa Insurance Brokerage, S.L. ("Summa") for consideration of £8,123,838, compared to the fair value of £8,104,000 at 1 February 2022 (Note 12). The disposal of Summa resulted in a net release of previously unrealised gains to Retained Earnings from the Fair Value Reserve of £2,007,857 (Note 20).

The amount included in realised gains on disposal of investments for the year to 31 January 2022 comprised of a net gain of £2,937,985.

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

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

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

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

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

The disposal of the Group's entire 30% investment in Mark Edward Partners LLC ("MEP") during the year to 31 January 2022 did not generate any realised gains or losses on disposal as this investment had been fully provided against during the year to 31 January 2019. However, the disposal did result in a net release of unrealised losses to Retained Earnings from the Fair Value Reserve of £4,572,822 (representing the original cost of investment) in that year.

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

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

15. Loans and Receivables – Non-Current

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loans to investee companies (Note 25)	8,120	7,231	–	–
Amounts owed by group undertakings	–	–	4,106	4,106
	£8,120	£7,231	£4,106	£4,106

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

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

Notes to the consolidated financial statements

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16. Trade and Other Receivables – Current

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade receivables	319	356	–	–
Less provision for impairment of receivables	–	–	–	–
	319	356	–	–
Loans to investee companies (Note 25)	3,409	3,135	–	–
Corporation tax repayable	–	–	–	–
Other receivables	6	218	–	–
Prepayments and accrued income	1,549	1,265	–	–
	£5,283	£4,974	–	–

No provisions were made against loans to investee companies in the current or prior year. A provision of £30,000 previously made against a loan was released during the current year due to repayments being received (2022: a provision of £1,116,603 previously made against a loan was released during that year due to a repayment being received). Of total provisions of £3,631,756 at 31 January 2022, £3,470,038 had been written off in full as those companies were in the process of being dissolved or had been sold, with no expectation of further recovery, leaving £161,718 provided against at 31 January 2022 with a potential of recovery. The total provision as at 31 January 2023 was £131,718 with a potential of recovery.

Included within net trade receivables is a gross amount of £247,475 (2022: £293,450) owed by the Group's participating interests. No provision for bad debts has been made in either the current or prior year.

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

Movement in the allowance for doubtful debts:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balance at 1 February	–	–	–	–
Decrease in allowance recognised in the Statement of Comprehensive Income	–	–	–	–
Balance at 31 January	£ –	£ –	£ –	£ –

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

The Group's net trade receivable balance includes debtors with a carrying amount of £318,999 (2022: £355,677), of which £146,543 (2022: £215,436) of debtors are past due at the reporting date for which the Group has not made a provision as all amounts are considered recoverable by the directors. The Group does not hold any collateral over these balances other than over £54,823 (2022: £16,712) included within the net trade receivables balance relating to loan interest due from investee companies which is secured on the assets of the investee company.

Ageing of past due but not impaired:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Not past due	172	140	–	–
Past due: 0 – 30 days	59	15	–	–
Past due: 31 – 60 days	2	–	–	–
Past due: more than 60 days	86	201	–	–
	£319	£356	£ –	£ –

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

17. Deferred Tax Liabilities – Non-Current

	Group	Company
	£'000	£'000
At 1 February 2021	–	–
Tax movement relating to investment revaluation for the year (Note 9)	1,898	–
At 31 January 2022	£1,898	–
At 1 February 2022	1,898	–
Tax movement relating to investment revaluation for the year (Note 9)	3,733	–
At 31 January 2023	£5,631	–

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

New tax legislation was introduced in the US in 2018 which taxes at source gains on disposal of any foreign partnership interests in US limited liability companies (“LLCs”). As such, deferred tax needs to be assessed on any potential net gains from the Group’s investment interests in US LLCs.

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

The requirement for a deferred tax provision is subject to continual assessment of each investment to test whether the SSE conditions continue to be met based upon information that is available to the Group and that there is no change to the accounting treatment in this regard under UK-adopted international accounting standards. It should also be noted that, until the date of the actual disposal, it will not be possible to ascertain if all the SSE conditions are likely to have been met and, moreover, obtaining agreement of the tax position with HM Revenue & Customs may possibly not be forthcoming until several years after the end of a period of accounts.

Having assessed the current US portfolio, the directors anticipate that there is a requirement to provide for deferred tax in respect of the unrealised gains on investments under the current requirements of UK-adopted international accounting standards as the US LLC investments currently show a net gain. As such, a provision of £5,631,000 has been made as at 31 January 2023 (2022: £1,898,000).

Notes to the consolidated financial statements

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17. Deferred Tax Liabilities – Non-Current continued

The deferred tax provision of £5,631,000 as at 31 January 2023 (2022: £1,898,000) has been calculated based upon an assessment of the US tax liability arising from the valuations of the Group's holdings within US LLCs at 31 January 2023, using the US Federal rate of 21% together with US State Tax rates prevailing in the states where the Group's US LLCs operate, which range between 0% and 12%. Adjustments were then made based upon available allowances and taxable losses. Given the complexity, the Group utilised the services of a specialist US tax advisory firm.

The March 2021 Budget announced that the UK corporation tax would increase from 19% to 25% (effective 1 April 2023) and Finance Bill 2021 was considered substantively enacted in May 2021. This change in tax rate has had no material impact on the Group financial statements for the year ended 31 January 2023 and for future periods as the directors do not consider there is any deferred tax due at the period end in respect of its non-US LLC investments due to the SSE rules.

18. Current Liabilities

	2023 £'000	Group 2022 £'000	2023 £'000	Company 2022 £'000
Trade and other payables				
Trade payables	111	116	–	–
Other taxation & social security costs	239	205	–	–
Accruals and deferred income	1,336	1,265	–	–
Amounts owed to participating interests	50	84	–	–
Other payables	94	–	–	–
Lease liabilities (Note 21)	175	167	–	–
	£2,005	£1,837	£ –	£ –

All of the above liabilities are measured at amortised cost.

19. Called Up Share Capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid		
37,466,000 Ordinary shares of 10p each (2022: 37,466,000)	3,747	3,747
	£3,747	£3,747

During the year the Company paid a total of £16,191, including commission, in order to repurchase 4,850 ordinary shares at an average price of 330 pence per share (2022: no share repurchases undertaken).

Distributable reserves have been reduced by £16,191 as a result.

As at 31 January 2023 a total of 4,850 ordinary shares were held by the Company in Treasury (31 January 2022: 9,542 ordinary shares were held by the Company in Treasury).

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

The repurchase of the ordinary shares is borne from the Group's commitment to reduce share price discount to Net Asset Value. Its policy has been throughout the year (and previously) to be able to buy small parcels of shares when the share price is below 15% of its published Net Asset Value and place them into Treasury, as outlined in the Group's Share Buy-Back Policy announcement on 17 July 2019. On 16 January 2023 the Group announced a new Share Buy-Back Programme allowing it to repurchase ordinary shares in the Company for up to a maximum aggregate consideration of £1,000,000 and subject to ordinary shares being available to purchase at a price representing a discount of at least 20% to the most recently announced Net Asset Value per share.

20. Statement of Changes in Equity

Group

	Share capital	Share premium account	Fair value reserve	Reverse acquisition reserve	Capital redemption reserve	Capital contribution reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2021	3,747	29,349	70,573	393	7	64	45,774	149,907
Comprehensive income for the year	-	-	14,306	-	-	-	3,178	17,484
Net transfers on disposal of investments (Note 14)	-	-	96	-	-	-	(96)	-
Dividends paid (Note 7)	-	-	-	-	-	-	(878)	(878)
Share based payment arrangements	-	(7)	-	-	-	8	93	94
At 31 January 2022	£3,747	£29,342	£84,975	£393	£7	£72	£48,071	£166,607
At 1 February 2022	3,747	29,342	84,975	393	7	72	48,071	166,607
Comprehensive income for the year	-	-	23,542	-	-	-	301	23,843
Net transfers on disposal of investments (Note 14)	-	-	(2,008)	-	-	-	2,008	-
Dividends paid (Note 7)	-	-	-	-	-	-	(1,001)	(1,001)
Repurchase of Company shares (Note 10)	-	-	-	-	-	-	(16)	(16)
Share based payment arrangements	-	8	-	-	-	-	96	104
At 31 January 2023	£3,747	£29,350	£106,509	£393	£7	£72	£49,459	£189,537

Company

	Share capital	Share premium account	Fair value reserve	Capital redemption reserve	Capital contribution reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2021	3,747	29,349	120,605	7	-	383	154,091
Comprehensive income for the year	-	-	11,742	-	-	5,750	17,492
Dividends paid (Note 7)	-	-	-	-	-	(878)	(878)
Share based payment arrangements	-	(7)	-	-	-	93	86
At 31 January 2022	£3,747	£29,342	£132,347	£7	£-	£5,348	£170,791
At 1 February 2022	3,747	29,342	132,347	7	-	5,348	170,791
Comprehensive income for the year	-	-	23,843	-	-	-	23,843
Dividends paid (Note 7)	-	-	-	-	-	(1,001)	(1,001)
Repurchase of Company shares (Note 10)	-	-	-	-	-	(16)	(16)
Share based payment arrangements	-	8	-	-	-	96	104
At 31 January 2023	£3,747	£29,350	£156,190	£7	£-	£4,427	£193,721

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21. Leases

Group

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

Right-of-use asset

	Land and Buildings £'000
At 1 February 2021	1,001
Depreciation charge	(165)
At 31 January 2022	£836
At 1 February 2022	836
Depreciation charge	(165)
At 31 January 2023	£671

Lease liabilities

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

	2023 Land and Buildings £'000	2022 Land and Buildings £'000
Maturity analysis – contractual undiscounted cash flows:		
Earlier than one year	214	214
Between two and five years	658	856
More than five years	–	16
	£872	£1,086
Lease liabilities included in Consolidated Statement of Financial Position at 31 January:	£771	£939
Maturity analysis:		
Current liabilities (Note 18)	175	167
Non-current liabilities	596	772
	£771	£939

Amounts recognised in profit or loss:

	2023 £'000	2022 £'000
Interest on lease liabilities (Note 3)	£47	£55

Amounts recognised in the Consolidated Statement of Cash Flows:

	2023 £'000	2022 £'000
Total cash outflow for leases	£(214)	£(214)

Company

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

22. Loan and Equity Commitments

On 26 June 2020 the Group entered into an agreement to provide Sage Program Underwriters, Inc. with a loan facility of USD 250,000. As at 31 January 2023 USD 150,000 had been drawn down, leaving a remaining undrawn facility of USD 100,000. Any drawdown is subject to satisfying certain agreed criteria.

On 23 March 2022 the Group entered into an agreement to provide Denison and Partners Limited with a loan facility of £670,000. As at 31 January 2023 £500,000 had been drawn down, leaving a remaining undrawn facility of £170,000. Any drawdown is subject to satisfying certain agreed criteria.

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

23. Financial Instruments

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

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

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

Interest rate profile

The Group has cash and cash equivalent balances of £11,564,000 (2022: £8,628,000), which are part of the financing arrangements of the Group. The cash and cash equivalent balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged up to 2.65% p.a. in the period (2022: deposit rates of interest ranged up to 0.01% p.a.). During the year all cash and cash equivalent balances were held in immediate access accounts or on short term deposits of up to 14 days (2022: all cash balances were held in immediate access accounts or on short-term deposits of up to 14 days).

Currency hedging

During the year the Group engaged in two currency hedging transactions of €11,500,000 and USD 1,075,000 (2022: five currency hedging transactions ranging from €910,000 to €1,165,000 and USD 1,000,000) to mitigate the exchange rate risk for certain foreign currency receivables. These were settled before the year end. A net loss of £74,547 (2022: net loss of £7,750) relating to these hedging transactions was recognised under Exchange Movements within the Consolidated Statement of Comprehensive Income when the transactions were settled. As at the year end the Group had two currency hedging transactions amounting to USD 1,075,000 and AUD 600,000 which were entered into on 30 January 2023. The fair values of these hedges are not materially different to the transaction costs.

Notes to the consolidated financial statements

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23. Financial Instruments continued

Financial liabilities

The Company had no borrowings as at 31 January 2023 (2022: no borrowings).

Fair values

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

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

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

The following presents the classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2023:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	–	–	171,461	171,461
	£ –	£ –	£171,461	£171,461

The Group's classification of the financial instruments at fair value into the valuation hierarchy at 31 January 2022 are presented as follows:

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

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

Of assets held at 31 January 2023 classified as Level 3, 66% by value (2022: 72%) were valued using a multiple of earnings and 34% (2022: 28%) were valued using alternative valuation methodologies.

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

The weighted average post discount EBITDA earnings multiple used (based on the valuations derived) when valuing the portfolio at 31 January 2023 was 13.8x (2022: 14.4x). There were no valuations using a weighted average post discount Price/Earnings multiple when valuing the portfolio at 31 January 2023 (2022: 19.2x).

If the multiple used to value each unquoted investment valued on an earnings basis as at 31 January 2023 moved by 10%, this would have an impact on the investment portfolio of £13.8m (2022: £11.0m) or 8.1% (2022: 7.3%).

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

At 31 January 2023 the proportion of the investment portfolio that was valued using these techniques were: 25% using industry metric (2022: 22%), 9.3% using forecast cash flow (2022: none), 0.1% at cost (2022: none), none using revenues (2022: 1%) and none at agreed sale value (2022: 5%).

If the value of all the investments valued under alternative methodologies moved by 10%, this would have an impact on the investment portfolio of £4.1m (2022: £3.6m) or 2.4% (2022: 2%).

Notes to the consolidated financial statements

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24. Share Based Payment Arrangements

Joint Share Ownership Plan

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

Nature of the arrangement		Share appreciation rights (joint beneficial ownership)
Date of grant		12 June 2018
Number of instruments granted		1,461,302
Exercise price (pence)		N/A
Share price (market value) at grant (pence)		281.00
Hurdle rate		3.75% p.a. (simple)
Vesting period (years)		3 years
Vesting conditions	<p>There are no performance conditions other than the recipient remaining an employee throughout the vesting period. The awards vest after three years or earlier resulting from either:</p> <p>a) a change of control resulting from a person, or persons acting together, obtaining control of the Company either (i) as a result of a making a Takeover Offer; (ii) pursuant to a court sanctioned Scheme of Arrangement; or (iii) in consequence of a Compulsory Acquisition; or</p> <p>b) a person becoming bound or entitled to acquire shares in the Company pursuant to sections 974 to 991 of the Companies Act 2006; or</p> <p>c) a winding up.</p> <p>If the employee is a bad leaver the co-owner of the jointly-owned share can buy out the employee's interest for 0.01p</p>	
Expected volatility		N/A
Risk free rate		1%
Expected dividends expressed as a dividend yield		1.9%
Settlement		Cash settled on sale of shares
% expected to vest (based upon leavers)		100%
Number expected to vest		1,443,147
Valuation model		Expected Return Methodology (ERM)
ERM value (pence)		36.00
Deduction for carry charge (pence)		31.60
Fair value per granted instrument (pence)		4.40
Charge for year ended 31 January 2023		£Nil

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

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

The jointly-owned shares are beneficially owned by (i) each of the 9 currently participating employees and (ii) the trustee of the Employee Benefit Trust upon and subject to the terms of the JSOAs entered into between the participating employee, the Company and the Trustee.

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

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

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

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

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

On 12 June 2021 (the "vesting date") the performance criteria were met, after which the members of the scheme became joint beneficial owners of the shares and therefore became entitled to any gain on sale of the shares in excess of 312.6 pence per share. Whilst these shares remain within the Employee Benefit Trust, they do not have voting or dividend rights. However, if the shares are sold from the Employee Benefit Trust in the future in excess of 281 pence per share, the Group would be entitled to receive £4,106,259 in total. These shares would then, post-sale, have voting and dividend rights attached, such that they would become fully dilutive for the Group.

There were 254,414 shares where the performance criteria was not met on the vesting date that had been forfeited by departing employees and which remained unallocated within the Employee Benefit Trust as at 31 January 2022.

During the current year, 18,155 of the 254,414 unallocated shares within the Employee Benefit Trust were transferred to the B.P. Marsh SIP Trust ("SIP Trust") to be used as part of the 22-23 SIP awards made on 7 April 2022. Following this transfer and as at 31 January 2023 there were 1,443,147 shares held within the Employee Benefit Trust, of which 236,259 shares were unallocated. The Employee Benefit Trust remains the owner of these unallocated shares.

Share Incentive Plan

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

During the year a total of 9,542 ordinary shares in the Company, which were held in Treasury as at 31 January 2022 (2022: 33,320 ordinary shares in the Company, which were held in Treasury as at 31 January 2021) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). As a result, together with 4,104 unallocated ordinary shares already held within the SIP Trust as at 31 January 2022 and 18,155 unallocated ordinary shares transferred from the Employee Benefit Trust to the SIP Trust in April 2022, a total of 31,801 ordinary shares in the Company were available for allocation to the participants of the SIP (2022: 35,314 ordinary shares were available for allocation, including 1,994 ordinary shares forfeited by departing employees).

On 7 April 2022, a total of 11 eligible employees (including 3 executive directors of the Company) applied for the 2022-23 SIP and were each granted 1,157 ordinary shares ("22-23 Free Shares"), representing approximately £3,600 at the price of issue.

Additionally, on the same date, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares ("Partnership Shares"). For every Partnership Share that an employee acquired, the SIP Trust offered two ordinary shares in the Company ("Matching Shares") up to a total of £3,600 worth of shares. All 11 eligible employees (including 3 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (578 ordinary shares) and were therefore awarded 1,156 Matching Shares.

Notes to the consolidated financial statements

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24. Share Based Payment Arrangements continued

Share Incentive Plan continued

The 22-23 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 31,801 (2022: 31,210) Free, Matching and Partnership Shares were granted to the 11 (2022: 10) eligible employees during the year, including 8,673 (2022: 9,363) granted to 3 (2022: 3) executive directors of the Company.

No ordinary shares were withdrawn from the SIP Trust during the year (2022: no withdrawals).

£84,714 of the IFRS 2 charges (2022: £68,070) associated with the award of the SIP shares to 11 (2022: 10) eligible directors and employees of the Company has been recognised in the Statement of Comprehensive Income as employment expenses (Note 5).

As at 31 January 2023, and after adjusting for a total of 19,951 ordinary shares withdrawn from the SIP Trust by employees on departure and 6,842 ordinary shares forfeited on departure (since inception), a total of 262,829 Free, Matching and Partnership Shares had been granted to 11 eligible employees under the SIP, including 87,252 granted to 3 executive directors of the Company.

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

25. Related Party Disclosures

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

	2023 £	2022 £
Denison and Partners Limited	500,000	-
The Fiducia MGA Company Limited	2,224,500	2,449,000
LEBC Holdings Limited	3,000,000	1,500,000
Lilley Plummer Holdings Limited	300,000	200,000
Paladin Holdings Limited	3,096,500	3,096,500
	2023 AUD	2022 AUD
Agri Services Company PTY Limited	1,200,000	-
	2023 €	2022 €
Summa Insurance Brokerage, S.L.	-	1,820,070
	2023 USD	2022 USD
XPT Group LLC	2,000,000	2,000,000
Sage Program Underwriters, Inc.	150,000	150,000
	2023 SGD	2022 SGD
Criterion Underwriting Pte Limited	120,000	120,000

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

The loans of £425,831 to Bastion Reinsurance Brokerage (PTY) Limited (2022: £425,831), £665,000 to Bulwark Investment Holdings (PTY) Limited (2022: £665,000) and £1,450,778 to Property and Liability Underwriting Managers (PTY) Limited (2022: £1,450,778) have been written off as these businesses are in the process of being dissolved with no expectation of recovery.

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

	2023	2022
	£	£
Agri Services Company PTY Limited	205,902	125,133
Asia Reinsurance Brokers Pte Limited	(82,535)	123,177
ATC Insurance Solutions PTY Limited	617,223	121,362
Denison and Partners Limited	93,624	-
EC3 Brokers Group Limited	35,555	(881,318)
The Fiducia MGA Company Limited	196,366	203,465
Kentro Capital Limited	1,176,956	1,201,425
LEBC Holdings Limited	586,787	479,851
Lilley Plummer Holdings Limited	115,434	116,736
MB Prestige Holdings PTY Limited	-	702,778
Neutral Bay Investments Limited	130,665	119,597
Paladin Holdings Limited	527,907	550,570
Sage Program Underwriters, Inc.	47,776	39,544
Stewart Specialty Risk Underwriting Limited	356,384	283,771
Summa Insurance Brokerage, S.L.	10,564	152,274
Walsingham Holdings Limited	-	20,308
Walsingham Motor Insurance Limited	-	121,906
XPT Group LLC	856,734	557,099

In addition, the Group made management charges of £36,000 (2022: £34,000) to the Marsh Christian Trust ("the Trust"), a grant making charitable Trust, of which Brian Marsh, the Executive Chairman and a significant shareholder of the Company, is also the Trustee and Settlor.

The Group also made management charges of £7,700 (2022: £5,000) to Brian Marsh Enterprises Limited ("BME"). Brian Marsh, the Chairman and a significant shareholder of the Company is also the Chairman and majority shareholder of BME.

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

Of the total dividend payments made during the year of £1,001,435, £443,507 was paid to the directors or parties related to them (2022: total dividend payments of £878,282, of which £389,060 was paid to the directors or parties related to them).

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26. Events After the Reporting Date

Group

On 2 February 2023 the Group entered into a new loan agreement to provide a further USD 6,000,000 (£4,925,231) of funding to XPT Group LLC ("XPT") in the form of a short term USD 2,000,000 Revolving Loan Facility and a USD 4,000,000 Term Loan. These facilities were drawn down in full on completion and were utilised by XPT to acquire Cal Inspection Bureau Inc and are in addition to an existing loan facility of USD 2,000,000 provided by the Group in earlier years. On 1 June 2023 USD 1,000,000 of the Revolving Loan Facility was repaid by XPT. As at 31 January 2023 USD 2,000,000 of loans were outstanding and following the aforementioned drawdown and repayment total loans stand at USD 7,000,000 at the date of this report.

On 15 February 2023 the Group entered into a new loan agreement to provide a further £2,000,000 of funding to Paladin Holdings Limited ("Paladin") for the purposes of funding an investment and is in addition to an existing loan facility of £3,096,500 provided by the Group in earlier years. £500,000 of the new facility was drawn down by Paladin on completion. As at 31 January 2023 £3,096,500 of loans were outstanding and following the aforementioned drawdown total loans stand at £3,596,500, with a remaining undrawn facility of £1,500,000 at the date of this report.

On 23 March 2023 Denison and Partners Limited drew down the remaining £170,000 from its loan facility agreed by the Group in March 2022. As at 31 January 2023 £500,000 of loans were outstanding and following the aforementioned drawdown total loans stand at £670,000, with no remaining undrawn facility at the date of this report.

On 28 April 2023 the Group acquired a 35% cumulative preferred ordinary equity stake in Verve Risk Services Limited ("Verve") for consideration of £430,791. Verve is a London-based Managing General Agency which specialises in Professional and Management Liability business for the insurance industry in the USA, Canada Bermuda, Cayman Islands and Barbados. The Group also provided Verve with a loan facility of £569,209 which was drawn down in full on completion. The aggregate funding of £1,000,000 was utilised as part of a management buy-out of Verve Risk Partners LLP, an underwriting cell within Castel Underwriting Agencies Limited.

On 22 May 2023 the Group agreed to dispose of its entire shareholding (18.7% at the time of agreement) in Kentro Capital Limited ("Kentro"), pursuant to an agreement by which Brown & Brown, Inc ("Brown & Brown"), one of the largest US-based insurance intermediaries, has agreed to acquire the entire issued share capital of Kentro, subject to FCA approval. Upon completion, which is expected to occur by 1 November 2023, the Group expects to receive proceeds of £51,522,000 (net of all transaction costs) which is in line with the carrying value of the Group's investment in Kentro of £51,522,000 as at 31 January 2023 and would represent an overall gain of £36,395,446 above the cost of investment. As part of the agreement, on completion the Group will provide a loan facility of at least £287,900 (and subject to a maximum of £1,286,481) to Brown & Brown Holdco UK Limited, alongside other major selling shareholders, in respect of certain identified indemnities under the Sale and Purchase Agreement. Whilst the loan capital could reduce due to potential claims, at this time the Group expects full repayment.

Company

On 30 May 2023 the Company's subsidiary undertaking, B.P. Marsh & Company Limited, paid a dividend of £10,002,653 (3.97 pence per share) to the Company. This distribution was made in order to provide the Company with sufficient aggregate distributable reserves to allow for the payment of future dividends and to undertake share buy-backs.

27. Financial Risk Management

A review of the Group's objectives, policies and processes for managing and monitoring risk is set out in the Financial Risk Management section of the Group Strategic Report on pages 50 to 54.

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

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

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

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

Price risk

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

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

	2023	Group	2023	Company
	£'000	2022	£'000	2022
		£'000		£'000
Fair value of investments – equity portfolio	171,461	149,349	158,333	134,490
Impact of a 10% change in fair value on Consolidated Statement of Comprehensive Income	17,146	14,935	15,833	13,449

Credit risk

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

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

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27. Financial Risk Management continued

Credit risk continued

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

The Group's cash is held with a variety of different counterparties with 100% (2022: 100%) held with A rated institutions.

Liquidity risk

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

As at 31 January 2023 the Group had no borrowings (31 January 2022: no borrowings).

Interest rate risk

Interest rate risk arises from changes in the interest receivable on cash and deposits, on loans issued to investment companies and on certain preferred dividend mechanisms linked to an interest rate. In addition, the risk arises on any borrowings with a variable interest rate. At 31 January 2023, the Group did not have any interest bearing liabilities but did have interest bearing assets. The majority of loans provided by the Group are subject to a minimum interest rate to protect the Group from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate.

An increase of 100 basis points, based upon the Group's closing balance sheet position of its interest bearing assets, excluding any future contractual loan repayments and loan balances provided against at the year end, over a 12-month period, would lead to an approximate increase in total comprehensive income of £133,000 for the Group (2022: £108,000 increase).

Currency risk

The Group currently has substantial exposure to foreign investment and derives income outside the UK. As such some of the Group's income and assets are subject to movement in foreign currencies which will affect the Consolidated Statement of Comprehensive Income in accordance with the Group's accounting policy. The Board monitors the movements and manages the risk accordingly.

At 31 January 2023, 63% of the Group's net assets were sterling denominated (2022: 64%). The Group's general policy remains not to hedge its foreign currency denominated investment portfolio.

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

	Sterling £'000	Euro £'000	Australian dollar £'000	US dollar £'000	Other £'000	Total £'000
As at 31 January 2023						
Net assets	120,002	–	26,666	31,869	11,000	189,537
Sensitivity analysis						
Assuming a 10% movement of exchange rates against sterling						
Impact on net assets	N/A	–	(2,393)	(2,820)	(1,000)	(6,213)
	Sterling £'000	Euro £'000	Australian dollar £'000	US dollar £'000	Other £'000	Total £'000
As at 31 January 2022						
Net assets	107,300	9,625	19,331	21,745	8,606	166,607
Sensitivity analysis						
Assuming a 10% movement of exchange rates against sterling						
Impact on net assets	NA	(875)	(1,757)	(1,905)	(782)	(5,319)

New investment risk

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

Concentration risk

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

Political risk

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

27. Financial Risk Management continued

Ukraine conflict and Inflation risk

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

Whilst the Group does not have any direct investment in the affected region, the impact on the wider global economy and associated disruption to capital markets, foreign exchange volatility, price inflation and supply chain issues could affect both the Group's operations and those of its investment portfolio, which could, in turn, impact the future performance of the Group.

The Board is continually assessing the wider economic impact of the conflict in Ukraine on the Group and its investment portfolio and whilst there has been price inflation which has led to interest rate increases, and volatility within foreign exchange currency rates, certain investments within the Group's portfolio have seen premium rate increases and thus increased commission.

Therefore at the current time the Group does not consider the conflict in Ukraine and inflation to have had a material impact upon the Group.

28. Ultimate Controlling Party

The directors consider there to be no ultimate controlling party.

Company Information

DIRECTORS

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

COMPANY SECRETARY

Sinead O'Haire

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