B.P. MARSH & COMPANY LIMITED

(Company No: 02455191)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

B.P. MARSH & COMPANY LIMITED

INDEX

B.P. MARSH & COMPANY LIMITED

REPORT OF THE DIRECTORS

Directors:	B.P. Marsh OBE (Chairman)
	J.S. Newman ACMA, CGMA, MCSI
	D.J. Topping MCSI, ACIS
	C.S. Kenyon
	A.H.D. Foulk BA (Hons)
	F.L. Lowley ACCA (appointed 14th June 2018)
	O.C.J. Bogue BA (Hons) GradICSA (appointed 14th June 2018)
	A.L. Barber BA (Hons), ACSI (appointed 14th June 2018)

The directors submit their report and the audited financial statements of B.P. Marsh & Company Limited ("the Company") for the year ended 31st January 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who are directors at the time when this 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 the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's 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.

B.P. MARSH & COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

PRINCIPAL ACTIVITY

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

RESULTS AND REVIEW OF THE BUSINESS

The results for the year are set out on page 9. The directors consider the current state of affairs of the Company to be satisfactory.

A total dividend of £1,794,418 (0.712p per share) was paid in respect of the current financial year (2018: dividend of £1,153,889, or 0.458p per share) in order to allow the Company's parent undertaking, B.P. Marsh & Partners Plc, to pay an interim dividend to its shareholders and also to allow it to continue its share buy-back programme. The directors have recommended a final dividend of £1,714,418 (0.680p per share) in respect of the current year which will be paid on 26th July 2019 in order for the Company's parent undertaking to pay a final dividend to its shareholders.

The directors have taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006 in preparing this report.

COUNTRY OF INCORPORATION AND REGISTRATION

B.P. Marsh & Company Limited was incorporated and is registered in England and Wales.

DIRECTORS

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

SHARE CAPITAL

Information relating to the Company's ordinary share capital is shown in Note 17 to the financial statements.

EVENTS AFTER THE REPORTING DATE

On 1st February 2019 the Company provided LEBC Holdings Limited ("LEBC") with a loan facility of £1,000,000 which was drawn down immediately. The loan was provided to assist with LEBC's general working capital requirements. As at 31st January 2019 no loans were outstanding and following the aforementioned drawdown total loans stand at £1,000,000 at the date of this report.

On 1st April 2019 the Company provided Nexus Underwriting Management Limited ("Nexus") with a £2,000,000 revolving credit facility, as part of Nexus' wider debt fundraising exercise in order to undertake further M&A activity. £1,000,000 was drawn down immediately and a further £500,000 was drawn down on 10th May 2019. As at 31st January 2019 the total loan outstanding from Nexus, relating to an existing facility provided by the Company during the year to 31st January 2018, was £4,000,000 and following the aforementioned drawdowns increased to £5,500,000, with a remaining undrawn facility of £500,000 at the date of this report.

On 26th April 2019 the Company agreed, as part of a rights issue in conjunction with its fellow shareholder Gerry Sheehy, to provide further funding of £122,909 to The Fiducia MGA Company Limited ("Fiducia") as part of a total fundraising of £350,802. The Company subscribed for a further 48 A ordinary shares in Fiducia which represented its proportional pre-emption rights. As at 31st January 2019 the Company's holding in Fiducia was 35% and following the rights issue this increased to 35.18%.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased insurance cover to cover directors' and officers' liability, as permitted by Section 233 of the Companies Act 2006. This insurance was in force throughout the year ended 31st January 2019 and remains in force at the date of this report.

AUDITOR

The auditor, Rawlinson & Hunter Audit LLP, will be proposed for reappointment in accordance with relevant legislation.

FINANCIAL RISK MANAGEMENT

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

As an investor, the Company is in the business of taking risk and its operations therefore expose the Company to a variety of financial risks. The Company'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 Company.

As at 31st January 2019 the Company was debt free (31st January 2018: debt free), other than amounts owed to its group undertakings (Note 15).

Approach to risk governance

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

Risk governance structure

The Board governs and approves the Company's risk appetite and strategy and is responsible for ensuring an effective risk management and oversight process and also for ensuring that that standards of integrity, financial performance, risk management and internal control are upheld.

In addition, regular meetings between the Chairman's Office of the parent undertaking and the various internal departments of the Company, including the Investment, Finance and Company Secretarial departments are held to ensure effective communication and transparency of information throughout the Company.

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 Company is exposed are outlined as follows:

Price risk

The Company is exposed to private equity securities price risk as it invests in unquoted companies. The Company manages the risk by ensuring that a director of the Company is appointed to the board of each investee company. In this capacity, the appointed director can advise the Company'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 Company's Board.

FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The Company 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 Company 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 Company manages the risk by ensuring that there is a director of the Company appointed to the board of each of its investee companies. In this capacity, the appointed director can advise the Company'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 Company is adequately managed. When a loan is assessed to be likely to be in default then the Company will review the probability of recoverability, and if necessary, make a provision for any amount considered irrecoverable.

Liquidity risk

The Company 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 Company'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 Company 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 Company 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 31st January 2019, the Company had no interest bearing liabilities but had interest bearing assets. The majority of loans provided by the Company are subject to a minimum interest rate to protect the Company from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate or LIBOR.

Currency risk

Although the Company's investments are predominantly within the UK it also makes investments and derives income outside the UK. As such some of the Company's income and assets are subject to movement in foreign currencies which will affect the Statement of Comprehensive Income in accordance with the Company's accounting policy. The Board monitors the movements and manages the risk accordingly (see Note 26).

New investment risk

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

Concentration risk

Although the Company only invests in financial service businesses, and specifically insurance intermediaries, the Company 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.

B.P. MARSH & COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

FINANCIAL RISK MANAGEMENT (continued)

Political risk

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

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

POLICY ON PAYMENT OF SUPPLIERS

The Company's policy on the payment of suppliers is to settle transactions based upon the supplier's agreed terms of trade. Average supplier days were 19 (2018: 21) 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 following a review of the Company's forecasts for 2020 and 2021, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue its operation for the foreseeable future.

By order of the Board
J S Newman
Director

Registered Office:
5th Floor
4 Matthew Parker Street
London
SW1H 9NP

Date: 10th June 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF B.P. MARSH & COMPANY LIMITED

Opinion

We have audited the financial statements of B.P. Marsh & Company Limited ("the Company") for the year ended 31st January 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st January 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 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, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF B.P. MARSH & COMPANY LIMITED (continued)

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Report of the Directors and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF B.P. MARSH & COMPANY LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. 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.

Rawlinson & Hunter Audit LLP,

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

10th June 2019

B.P. MARSH & COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST JANUARY 2019

	Notes	2019		2018	
		£	£	£	£
GAINS ON INVESTMENTS	1				
Realised gains on disposal of equity investments (net of costs)	12	-		299,115	
Provision against equity investments and loans		(549,842)		(2,121,609)	
Unrealised gains on equity investment revaluation	10	11,995,577		9,557,583	
			11,445,735		7,735,089
INCOME					
Dividends	1,22	2,675,002		10,688,128	
Income from loans and receivables	1,22	1,078,715		1,169,726	
Fees receivable	1,22	942,693		1,154,091	
			4,696,410		13,011,945
OPERATING INCOME	2		16,142,145		20,747,034
Operating expenses		(3,981,735)		(4,147,501)	
Provision against deferred consideration		-		(341,000)	
	2		(3,981,735)		(4,488,501)
OPERATING PROFIT			12,160,410		16,258,533
Financial income	2,3	108,096		582,248	
Financial expenses	2,4	(4,125)		(110,811)	
Exchange movements	2,7	(25,132)		(41,739)	
			78,839		429,698
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7		12,239,249		16,688,231
Income taxes	8		279,011		3,560,874
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION ATTRIBUTABLE TO EQUITY HOLDERS	18		£12,518,260		£20,249,105
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18		£12,518,260		£20,249,105

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

B.P. MARSH & COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31ST JANUARY 2019

(COMPANY NUMBER 02455191)

	Notes	2019 £	2018 Restated* £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	157,454	165,891
Investments – equity portfolio	10	94,515,672	76,340,507
Investments – treasury portfolio	11	14,470	2,756,451
Loans and receivables	13	14,509,168	14,421,384
Deferred tax assets	16	-	31,638
		109,196,764	93,715,871
CURRENT ASSETS			
Trade and other receivables	14	16,430,843	11,306,591
Cash and cash equivalents		7,842,615	2,631,511
TOTAL CURRENT ASSETS		24,273,458	13,938,102
TOTAL ASSETS		133,470,222	107,653,973
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		(1,061,983)	(1,471,404)
Loans repayable		(6,122,679)	(7,178,086)
Corporation tax provision		-	(145,045)
TOTAL CURRENT LIABILITIES	15	(7,184,662)	(8,794,535)
TOTAL LIABILITIES		(7,184,662)	(8,794,535)
NET ASSETS		£126,285,560	£98,859,438
CAPITAL AND RESERVES - EQUITY			
Called up share capital	17	2,519,560	2,519,560
Share premium account	18	16,584	16,584
Fair value reserve	18	44,074,641	32,079,064
Capital redemption reserve	18	10	10
Capital contribution reserve	18	27,029,012	10,326,732
Retained earnings	18	52,645,753	53,917,488
SHAREHOLDERS' FUNDS - EQUITY	18	£126,285,560	£98,859,438

*£457,282 owed to the Company by group undertakings, and previously included within Trade and other receivables, has now been reclassified and netted off against Loans repayable within Current Liabilities.

Approved and authorised for issue by the Board on 10th June 2019
and signed on its behalf by:

B P Marsh

J S Newman

The notes on pages 13 to 47 form part of these financial statements

B.P. MARSH & COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST JANUARY 2019

	Notes	2019 £	2018 £
Cash (used by) / from operating activities			
Income from loans to investees		1,078,715	1,169,726
Dividends		2,675,002	10,688,128
Fees received		942,693	1,154,091
Operating expenses		(3,981,735)	(4,488,501)
Net corporation tax paid		(109,026)	(820,620)
Purchase of equity investments	10	(6,179,588)	(12,290,024)
Net proceeds from sale of equity investments	10	-	11,750,115
Net loan repayments from / (loan payments to) investee companies		92,249	(6,695,320)
Adjustment for non-cash share incentive plan and JSOP		90,197	71,891
(Increase) / decrease in receivables		(922,560)	31,706
(Decrease) / increase in payables		(409,418)	753,402
Depreciation and amortisation	9	28,813	27,567
Net cash (used by) / from operating activities		(6,694,658)	1,352,161
Net cash from investing activities			
Purchase of property, plant and equipment	9	(20,478)	(179,463)
Purchase of treasury investments	11	(27,000)	(35,858,396)
Net proceeds from sale of treasury investments	11	2,827,910	38,784,298
Net cash from investing activities		2,780,432	2,746,439
Net cash from / (used by) financing activities			
Increase in amounts owed by group undertakings	14	(4,680,956)	(9,376,765)
(Decrease) / increase in amounts owed to group undertakings	15	(1,055,407)	1,759,056
Increase in capital contributions from parent company	18	16,702,280	-
Adjustment for non-cash items		(96,292)	-
Financial income	3	45,042	19,258
Dividends paid	25	(1,794,418)	(1,153,899)
Net cash from / (used by) financing activities		9,120,249	(8,752,350)
Change in cash and cash equivalents		5,206,023	(4,653,750)
Cash and cash equivalents at beginning of period		2,631,511	7,323,688
Exchange movement		5,081	(38,427)
Cash and cash equivalents at end of year†		£7,842,615	£2,631,511

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

†The above cash and cash equivalents balance excludes treasury portfolio funds which are referred to in Note 11. Including treasury portfolio balances of £14,470 (2018: £2,756,451), total available cash and treasury portfolio funds as at 31st January 2019 was £7,857,085 (as at 31st January 2018: £5,387,962).

The notes on pages 13 to 47 form part of these financial statements

B.P. MARSH & COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST JANUARY 2019

	Notes	2019	2018
		£	£
Opening total equity		98,859,438	79,680,380
Profit for the year		12,518,260	20,249,105
Capital contribution	18	16,702,280	83,852
Dividends paid	25	(1,794,418)	(1,153,899)
TOTAL EQUITY		£126,285,560	£98,859,438

Refer to Note 18 for detailed analysis of the changes in the components of equity.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

1. ACCOUNTING POLICIES

B.P. Marsh & Company Limited is a private 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.

Basis of preparation of financial statements

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

The Company is exempt from the requirement to prepare group accounts by virtue of Section 400 of the Companies Act 2006 on the basis that its parent, B.P. Marsh & Partners Plc, prepares group accounts which include the results of this Company. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The financial statements are presented in sterling, the functional currency of the Company.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Application and significant judgments

The most significant estimates relate to the fair valuation of the equity investment portfolio. 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 financial statements.

New Accounting Standards

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

Standards that have been issued, but are not yet effective for the year ended 31st January 2019 include:

IFRS 16: Leases – effective 1st January 2019

IFRS 16 was issued on 13th January 2016 and replaces IAS 17: Leases. The standard is effective for annual periods beginning on or after 1st January 2019 with early adoption permitted.

IFRS 16 requires all operating leases in excess of one year, where the Company is the lessee, to be included in the Company's Statement of Financial Position and recognised as a right-to-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset will be amortised on a straight-line basis with the lease liability being amortised using the effective interest method.

On adoption of IFRS 16 at 1st February 2019 the Company will recognise an additional £1,468,202 right-of-use asset and a £1,538,710 lease liability, and as such it is not anticipated to have a material impact on net assets or total return.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

1. **ACCOUNTING POLICIES (continued)**

Employee services settled in equity investments

The Company's parent undertaking, B.P. Marsh & Partners Plc ("the parent company"), has issued cash settled share-based awards to certain employees employed by this Company. A fair value for the cash settled share awards is measured at the date of grant. The Company measured the fair value using the Black-Scholes method which was considered to be the most appropriate valuation technique to value the awards.

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

During the period the parent company also established an HMRC approved Share Incentive Plan ("SIP"). Ordinary shares in the parent company (previously repurchased and held in Treasury by the parent 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 in the parent company ("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 in the parent company ("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 parent 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, including investments in subsidiaries, 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.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

1. **ACCOUNTING POLICIES (continued)**

Investments - equity portfolio (continued)

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

Equity portfolio investments are treated as 'Non-current Assets' within the 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 a 'Non-current asset as held for sale' under 'Current Assets' within the 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 Statement of Comprehensive Income on an accruals basis;

b) dividends from equity investments are recognised in the Statement of Comprehensive Income when the shareholders rights to receive payment have been established; and

c) advisory fees from management services provided to investee companies, which are recognised on an accruals basis in accordance with the substance of the relevant investment advisory agreement.

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 Statement of Comprehensive Income for the year. In the Statement of Financial Position the unrealised gains and losses arising from changes in fair value are shown within the Retained Earnings Reserve as these investments are deemed as being easily convertible into cash. Costs associated with the management of these investments are expensed in the 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

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

1. **ACCOUNTING POLICIES (continued)**

Foreign currencies

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

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

Income taxes

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

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

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

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

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

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

Pension costs

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

Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period of the lease.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

1. ACCOUNTING POLICIES (continued)

Financial assets and liabilities

Financial instruments are recognised in the Statement of Financial Position when the Company 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 Statement of Financial Position are initially measured at original invoice amount and subsequently measured after deducting any provision for impairment.

Cash and cash equivalents

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

Trade and other payables

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

2. SEGMENTAL REPORTING

The Company 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 Company 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 Company is organised and reports its performance by two geographic segments: UK and Non-UK.

If material to the Company 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.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

2. SEGMENTAL REPORTING (continued)

The Company 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 Company revenue (excluding any realised and unrealised gains and losses on the Company'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*		**Company**	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Operating income	11,595,026	22,808,164	4,547,119	(2,061,130)	16,142,145	20,747,034
Operating expenses	(2,945,500)	(4,071,387)	(1,036,235)	(417,114)	(3,981,735)	(4,488,501)
Segment operating profit/(loss)	8,649,526	18,736,777	3,510,884	(2,478,244)	12,160,410	16,258,533
Financial income	79,964	528,140	28,132	54,108	108,096	582,248
Financial expenses	(3,051)	(100,513)	(1,074)	(10,298)	(4,125)	(110,811)
Exchange movements	8,336	(4,100)	(33,468)	(37,639)	(25,132)	(41,739)
Profit/(loss) before tax	8,734,775	19,160,304	3,504,474	(2,472,073)	12,239,249	16,688,231
Income tax credit	279,011	3,091,180	-	469,694	279,011	3,560,874
Profit/(loss) for the year	**£9,013,786**	**£22,251,484**	**£3,504,474**	**£(2,002,379)**	**£12,518,260**	**£20,249,105**

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

2. SEGMENTAL REPORTING (continued)

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

Investee Company	Total income attributable to the investee company 2019 £	2018 £	% of total realised operating income 2019	2018	Reportable geographic segment 2019	2018
LEBC Holdings Limited	1,463,787	835,693	32	22	1	1
Nexus Underwriting Management Limited	788,265	749,021	17	20	1	1
Paladin Holdings Limited[1]	449,207	-	10	-	1	-

[1]There are no disclosures shown for Paladin Holdings Limited in the prior year as the income derived from this investee company did not exceed the 10% threshold prescribed by IFRS 8 in that year.

	Geographic Segment 1: *UK* 2019 £	2018 £	**Geographic Segment 2:** *Non-UK* 2019 £	2018 £	**Company** 2019 £	2018 £
Non-current assets						
Property, plant and equipment	130,911	146,692	26,543	19,199	157,454	165,891
Investments – equity portfolio	78,582,672	67,505,507	15,933,000	8,835,000	94,515,672	76,340,507
Investments – treasury portfolio	14,470	2,756,451	-	-	14,470	2,756,451
Loans and receivables	11,856,500	11,770,745	2,652,668	2,650,639	14,509,168	14,421,384
Deferred tax assets	-	31,638	-	-	-	31,638
	90,584,553	82,211,033	18,612,211	11,504,838	109,196,764	93,715,871
Current assets						
Trade and other receivables	15,183,949	10,368,561	1,246,894	938,030	16,430,843	11,306,591
Cash and cash equivalents	7,842,615	2,631,511	-	-	7,842,615	2,631,511
	23,026,564	13,000,072	1,246,894	938,030	24,273,458	13,938,102
Total assets	113,611,117	95,211,105	19,859,105	12,442,868	133,470,222	107,653,973
Current liabilities						
Trade and other payables	(1,059,214)	(1,471,404)	(2,769)	-	(1,061,983)	(1,471,404)
Loans repayable	(6,122,679)	(7,178,086)	-	-	(6,122,679)	(7,178,086)
Corporation tax provision	-	(145,045)	-	-	-	(145,045)
Total liabilities	(7,181,893)	(8,794,535)	(2,769)	-	(7,184,662)	(8,794,535)
Net assets	**£106,429,224**	**£86,416,570**	**£19,856,336**	**£12,442,868**	**£126,285,560**	**£98,859,438**

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

2. SEGMENTAL REPORTING (continued)

	Geographic Segment 1: *UK*		**Geographic Segment 2:** *Non-UK*		**Company**	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Additions to property, plant and equipment	17,026	158,693	3,452	20,770	20,478	179,463
Depreciation and amortisation of property, plant and equipment	(23,956)	(24,377)	(4,857)	(3,190)	(28,813)	(27,567)
Impairment of investments and loans	-	-	(549,842)	(2,121,609)	(549,842)	(2,121,609)
Cash flow arising from:						
Operating activities	(2,894,189)	1,627,325	(3,800,469)	(275,164)	(6,694,658)	1,352,161
Investing activities	2,780,432	2,746,439	-	-	2,780,432	2,746,439
Financing activities	9,120,249	(8,752,350)	-	-	9,120,249	(8,752,350)
Change in cash and cash equivalents	**9,006,492**	**(4,378,586)**	**(3,800,469)**	**(275,164)**	**5,206,023**	**(4,653,750)**

As outlined previously, under IFRS 8 the Company 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 Company 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 2019 and 2018 revenue budgets was carried out and, based upon this analysis, the directors have determined that on a look-through basis, the Company's portfolio of investee companies can also be analysed as follows:

	2019 %	2018 %
UK	58	62
Non-UK	42	38
Total	100	100

3. FINANCIAL INCOME

	2019 £	2018 £
Bank and similar interest	45,042	19,258
Income from treasury portfolio investments – dividend and similar income (Note 11)	63,108	844,021
Income from treasury portfolio investments – net unrealised losses on revaluation (Note 11)	(54)	(281,031)
	£ 108,096	£ 582,248

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

4. FINANCIAL EXPENSES

	2019 £	2018 £
Investment management costs (Note 11)	4,125	110,811
	£ 4,125	£ 110,811

5. STAFF COSTS

The average number of employees, including all directors (executive and non-executive), employed during the period was 19 (2018: 19); 9 of those are in a management role (2018: 6) and 10 of those are in a support role (2018: 13). All remuneration was paid by B.P. Marsh & Company Limited.

The related staff costs were:

	2019 £	2018 £
Wages and salaries - remuneration	2,222,166	2,307,568
Social security costs	296,728	297,831
Pension costs	118,490	105,531
Other employment costs (Note 23)	90,197	71,891
	£2,727,581	£2,782,821

During the year to 31st January 2017 the Company's parent company B.P. Marsh & Partners Plc ("the parent company") also established a Share Incentive Plan ("SIP") under which certain eligible directors and employees were granted Ordinary shares in the parent company. These shares are being held on behalf of these directors and employees within the B.P. Marsh SIP Trust. Refer to Note 23 for further details.

During the year, Joint Share Ownership Agreements were also entered into between certain directors and employees and the Company's parent company. Refer to Note 23 for further details.

Charges of £76,470 (2018: £69,315) relating to the SIP and £13,727 (2018: £2,576) relating to the Joint Share Ownership Agreements are included within 'Other employment costs' above.

6. DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors were:	2019 £	2018 £
Management services – remuneration	1,532,129	1,264,226
Fees	72,058	74,872
Pension contributions	74,221	55,700
	£ 1,678,408	£ 1,394,798

1,088,522 of the 1,461,302 shares, in respect of which joint interests were granted during the year, were issued to directors. Refer to Note 23 for further details.

Of the total 35,222 (2018: 37,935) Free, Matching and Partnership Shares granted under the SIP during the year, 22,414 (2018: 16,860) were granted to directors of the Company.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

6. DIRECTORS' EMOLUMENTS (continued)

Of the £13,727 (2018: £2,576) charge relating to the Joint Share Ownership Plan and the £76,470 (2018: £69,315) charge relating to the SIP, £10,226 (2018: £1,958) and £48,663 (2018: £30,807) related to the directors respectively.

Refer to Note 23 for further details.

	2019 £	2018 £
Highest paid director		
Emoluments	304,217	317,533
Pension contribution	17,937	18,000
	£ 322,154	£ 335,533

The highest paid director also has a beneficial interest in 16,124 shares held within the SIP and 167,465 shares held within the Joint Share Ownership Plan. Refer to Note 23 for further details.

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

During the year, 7 directors (2018: 4) accrued benefits under these defined contribution pension schemes.

The key management personnel comprises of the directors.

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2019 £	2018 £
The profit for the year is arrived at after charging:		
Depreciation and amortisation of owned tangible and intangible fixed assets	28,813	27,567
Auditors remuneration:		
Audit fees for the Company and its subsidiaries	17,000	13,000
Other advisory*	16,417	39,409
Exchange loss	25,132	41,739
Operating lease rentals of land and buildings	236,328	256,186

*Charges relating to the prior year included additional review work relating to the change in the Substantial Shareholding Exemption regulations and the impact on the Company's deferred tax position (Note 16).

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

8. INCOME TAX CREDIT

	2019	2018
	£	£
Current tax:		
Current tax on profits for the year	-	935,516
Adjustments in respect of prior years	(310,649)	(18,352)
Total current tax	(310,649)	917,164
Deferred tax (Note 16):		
Origination and reversal of temporary differences	31,638	(4,476,107)
Re-measurement upon change in tax rate	-	(1,931)
Total deferred tax	31,638	(4,478,038)
Total income taxes credited in the Statement of Comprehensive Income	£(279,011)	£(3,560,874)

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019	2018
	£	£
Profit before tax	12,239,249	16,688,231
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018: 19.17%)	2,325,457	3,198,578
Tax effects of:		
Expenses not deductible for tax purposes	55,572	145,455
Prior year current tax overprovision	(310,649)	(18,352)
Re-measurement of deferred tax upon change in tax rate	-	(1,931)
Capital gains on disposal of investments	-	1,418,057
Release of deferred tax provision on investment disposals and current equity investment valuation (Note 16)	-	(4,478,039)
Other effects:		
Deferred tax movement on unrealised loss on treasury portfolio	31,638	-
Non-taxable income (dividends received)	(508,250)	(2,048,594)
Non-taxable income (unrealised gains on equity portfolio revaluation)	(2,279,149)	(1,776,049)
Management expenses unutilised	406,370	-
Tax credit for the year	£(279,011)	£(3,560,874)

There are no factors which may affect future tax charges.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and Equipment	Leasehold Fixtures and Fittings and Others	Total
	£	£	£
Cost			
At 1st February 2017	71,585	51,321	122,906
Additions	32,212	147,251	179,463
Disposals	-	(46,365)	(46,365)
At 31st January 2018	103,797	152,207	256,004
At 1st February 2018	103,797	152,207	256,004
Additions	20,478	-	20,478
Disposals	(5,497)	-	(5,497)
At 31st January 2019	118,778	152,207	270,985
Depreciation			
At 1st February 2017	57,590	51,321	108,911
Charge for the year	12,842	14,725	27,567
Eliminated on disposal	-	(46,365)	(46,365)
At 31st January 2018	70,432	19,681	90,113
At 1st February 2018	70,432	19,681	90,113
Charge for the year	14,088	14,725	28,813
Eliminated on disposal	(5,395)	-	(5,395)
At 31st January 2019	79,125	34,406	113,531
Net book value			
At 31st January 2019	£ 39,653	£ 117,801	£ 157,454
At 31st January 2018	£ 33,365	£ 132,526	£ 165,891
At 31st January 2017	£ 13,995	£ -	£ 13,995

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

10. NON-CURRENT INVESTMENTS – EQUITY PORTFOLIO

	Shares in investee companies			
	Shares in group undertakings	Continuing investments	Non-current investments as held for sale	Total
	£	£	£	£
At valuation				
At 1st February 2017	15,142,897	39,350,003	11,451,000	65,943,900
Additions	1	12,290,023	-	12,290,024
Disposals	-	-	(11,451,000)	(11,451,000)
Unrealised (losses)/gains in this period	(9,486,394)	19,043,977	-	9,557,583
At 31st January 2018	£5,656,504	£70,684,003	£ -	£76,340,507
At 1st February 2018	5,656,504	70,684,003	-	76,340,507
Additions	-	6,179,588	-	6,179,588
Disposals	-	-	-	-
Unrealised (losses)/gains in this period	(5,382,835)	17,378,412	-	11,995,577
At 31st January 2019	£273,669	£94,242,003	£ -	£94,515,672
At cost				
At 1st February 2017	6,524,327	25,447,092	3,314,990	35,286,409
Additions	1	12,290,023	-	12,290,024
Disposals	-	-	(3,314,990)	(3,314,990)
At 31st January 2018	£6,524,328	£37,737,115	£ -	£44,261,443
At 1st February 2018	6,524,328	37,737,115	-	44,261,443
Additions	-	6,179,588	-	6,179,588
Disposals	-	-	-	-
At 31st January 2019	£6,524,328	£43,916,703	£ -	£50,441,031

The additions relate to the following transactions in the year:

On 9th April 2018 the Company subscribed for a further 10% equity in The Fiducia MGA Company Limited for consideration of £30,000, increasing the Company's holding from 25% as at 31st January 2018 to 35% as at 31st January 2019.

On 18th April 2018 the Company acquired 100,000 ordinary shares (10% equity stake) in Paladin Holdings Limited ("Paladin") from a minority shareholder and director for consideration of £400,000. These shares are being held by the Company under a call option arrangement which Paladin can call at any time during the next three years and buy-back from the Company at a fixed price of £4.02 per share (£402,000). This acquisition increased the Company's equity holding in Paladin from 35% as at 31st January 2018 to 45% at the time of investment. Following a small amount of dilution (resulting from the issue of new shares following an acquisition made by Paladin) the Company's holding stood at 44.3% as at 31st January 2019.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

10. NON-CURRENT INVESTMENTS – EQUITY PORTFOLIO (continued)

On 14th May 2018 the Company subscribed, alongside other Walsingham Motor Insurance Limited ("Walsingham") shareholders, for 299 (of a total 1,498) new ordinary shares in Walsingham Holdings Limited ("Walsingham Holdings") for consideration of £300. Following this share reorganisation, the Company's equity holding in Walsingham Holdings reduced from 50% as at 31st January 2018 to 20% at 31st January 2019, however the Company retained its 40.5% holding in Walsingham. On the same date the Company also provided a £300,000 loan facility to Walsingham Holdings which was provided to allow Walsingham Holdings, a previously dormant company, to acquire an 11.7% equity holding in Walsingham from an exiting shareholder. The loan from the Company is secured on the acquired Walsingham shares via a debenture containing a cross guarantee with Walsingham.

On 3rd July 2018 the Company subscribed for a further 5% equity stake in Asia Reinsurance Brokers Pte Limited ("ARB") for consideration of SGD 500,000 (£282,747), increasing the Company's equity holding from 20% as at 31st January 2018 to 25% as at 31st January 2019.

On 10th July 2018 the Company acquired a 20% equity stake in ATC Insurance Solutions PTY Limited ("ATC"), for total cash consideration of AUD 5,080,000 (£2,865,523). ATC, headquartered in Melbourne, Australia, is a Managing General Agency which provides insurance services to a wide array of clients across a number of sectors, including Accident & Health, Construction & Engineering, Plant & Equipment and Sports Liability.

On 11th July 2018 the Company acquired a 29.4% equity stake in Criterion Underwriting Pte Limited ("Criterion"), a start-up Singapore-based Financial Lines, Cyber and Marine Managing General Agency, for total consideration of SGD 88,200 (£49,935).

On 29th October 2018 the Company acquired a further 1.9% equity stake in Nexus Underwriting Management Limited ("Nexus") for consideration of £2,551,082, increasing the Company's equity holding to 18.5% at that time. As at 31st January 2019 the Company's fully diluted equity stake in Nexus stood at 18.14%.

The unquoted investee companies, which are registered in England except Summa Insurance Brokerage S.L. (Spain), MB Prestige Holdings PTY Limited (Australia), Bastion Reinsurance Brokerage (PTY) Limited (South Africa), Bulwark Investment Holdings (PTY) Limited (South Africa), Property and Liability Underwriting Managers (PTY) Limited (South Africa), Asia Reinsurance Brokers Pte Limited (Singapore), Stewart Specialty Risk Underwriting Limited (Canada), ATC Insurance Solutions PTY Limited (Australia) and Criterion Underwriting Pte Limited (Singapore) 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
Asia Reinsurance Brokers Pte Limited	25.00	31.12.17	2,377,299	(227,666)	Specialist reinsurance broker
ATC Insurance Solutions PTY Limited	20.00	30.06.18	1,690,468	1,065,772	Specialist Australian Managing General Agency
Bastion Reinsurance Brokerage (PTY) Limited	35.00	31.12.17	(618,839)	(292,069)	Reinsurance broker
Bulwark Investment Holdings (PTY) Limited	35.00	31.12.16	(466,434)	(354,827)	Holding company for South African Managing General Agents

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

10. NON-CURRENT INVESTMENTS – EQUITY PORTFOLIO (continued)

Name of company	% holding of share capital	Date information available to	Aggregate capital and reserves £	Post tax profit/(loss) for the year £	Principal activity
Criterion Underwriting Pte Limited[1]	29.40	-	-	-	Specialist Singaporean Managing General Agency
EC3 Brokers Group Limited[1]	20.00	31.12.17	893,851	(7,695)	Investment holding company
LEBC Holdings Limited	59.34	30.09.18	7,423,355	3,560,187	Independent financial advisor company
MB Prestige Holdings PTY Limited	40.00	31.12.18	1,884,343	630,641	Specialist Australian Motor Managing General Agency
Neutral Bay Investments Limited	49.90	31.03.18	4,014,882	86,330	Investment holding company
Nexus Underwriting Management Limited	18.14	31.12.17	20,664,585	3,715,665	Specialist Managing General Agency
Paladin Holdings Limited	44.33	31.12.17	68,396	140,334	Investment holding Company
Property and Liability Underwriting Managers (PTY) Limited	42.50	31.12.17	(306,965)	(255,986)	Specialist South African Property Managing General Agency
Stewart Specialty Risk Underwriting Limited	30.00	31.12.18	(58,072)	35,352	Specialist Canadian Casualty Underwriting Agency
Summa Insurance Brokerage, S.L.	77.25	31.12.17	8,718,704	(445,306)	Consolidator of regional insurance brokers
The Fiducia MGA Company Limited	35.00	31.12.17	(1,196,046)	(1,098,549)	Specialist UK Marine Cargo Underwriting Agency
Walsingham Holdings Limited[1]	20.00	-	-	-	Investment holding company
Walsingham Motor Insurance Limited	40.50	30.09.17	(1,328,977)	375,268	Specialist UK Motor Managing General Agency

[1]Criterion Underwriting Pte Limited and Walsingham Holdings Limited are both newly incorporated companies. Statutory accounts are not available as these are not yet due.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

10. NON-CURRENT INVESTMENTS – EQUITY PORTFOLIO (continued)

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.

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 IFRS accounts of 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 31st January 2019 £	Profit/(loss) for the year to 31st January 2019 £	Principal activity
Marsh Insurance Holdings Limited*	100	6,099,974	(421,900)	Investment holding company
B.P. Marsh Asset Management Limited	100	23,485	-	Consulting services
B.P. Marsh (North America) Limited*	100	(5,850,793)	(4,960,935)	Investment holding company
B.P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant
Bastion London Limited	100	1	-	Dormant

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

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

11. NON-CURRENT INVESTMENTS – TREASURY PORTFOLIO

At valuation	2019 £	2018 £
Market value at 1st February	2,756,451	5,230,174
Additions at cost	27,000	35,858,396
Disposals	(2,827,910)	(38,784,298)
Change in value in the year (Note 3 & Note 4)	58,929	452,179
Market value at 31st January	£14,470	£2,756,451
Investment fund split:		
GAM London Limited	2,001	1,517,621
Rathbone Investment Management Limited	12,469	1,238,830
Total	£14,470	£2,756,451

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

The purpose of the funds is to hold (and grow) a proportion of the Company'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 Company. 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 £4,125 (2018: £110,811) were charged to the Statement of Comprehensive Income for the current year (Note 4).

12. REALISED GAINS ON DISPOSAL OF INVESTMENTS

During the year there were no realised gains on disposal of investments.

The amount included in realised gains on disposal of investments for the prior year ended 31st January 2018 comprised of a net gain of £299,115. £279,841 of this net gain was in respect of the Company's disposal of its entire 15.21% investment in Besso Insurance Group Limited ("Besso") at its carrying value of £8,543,000 for a consideration of £8,822,841. The remaining net gain of £19,274 was in respect of the Company's disposal of its entire 29.94% investment in Trireme Insurance Group Limited ("Trireme") at its carrying value of £2,908,000 for a consideration of £2,908,350 as well as an additional net payment of £18,924.

In aggregate, during the year to 31st January 2018, the above disposals resulted in a net release to Retained Earnings from the Fair Value Reserve of £6,660,622, comprising of a £8,136,010 release of fair value which was reduced by estimated tax payable on disposal (gross of management expenses available for tax relief) of £1,475,388 (Refer to Note 18).

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

13. LOANS AND RECEIVABLES – NON-CURRENT

	2019 £	2018 £
Loans to investee companies (Note 22)	14,509,168	14,421,384
Other receivables (Note 22)	-	341,000
Less provision for impairment of other receivables	-	(341,000)
	-	-
	£14,509,168	£14,421,384

Included within net other receivables in the prior year is a gross amount of £341,000 relating to deferred consideration owed to the Company by a former investee company, against which a provision of £341,000 was made during the year to 31st January 2018.

A provision of £549,842 (2018: £2,121,609) was made against loans to investee companies in the current year and therefore the total provision as at 31st January 2019 was £2,671,451 (2018: £2,121,609).

See Note 22 for terms of the loans.

14. TRADE AND OTHER RECEIVABLES – CURRENT

	2019 £	2018 Restated* £
Trade receivables	595,979	358,586
Less: provision for impairment of receivables	(13,254)	(57,655)
	582,725	300,931
Loans to investee companies (Note 22)	375,772	1,135,860
Corporation tax repayable	299,177	18,352
Other receivables	46,097	23,928
Prepayments and accrued income	1,526,633	908,037
Amounts owed by group undertakings	13,600,439	8,919,482
	£16,430,843	£11,306,591

*£457,282 owed to the Company by group undertakings, and previously included within Trade and other receivables, has now been reclassified and netted off against Amounts owed to group undertakings within Trade and other payables (Note 15).

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

Included within net trade receivables is a gross amount of £422,127 (2018: £353,071) owed by the Company's participating interests, against which a provision for bad debts of £13,254 has been provided for (2018: £57,655).

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

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

14. TRADE AND OTHER RECEIVABLES – CURRENT (continued)

Movement in the allowance for doubtful debts:

	2019 £	2018 £
Balance at 1st February	57,655	178,018
Decrease in allowance recognised in the Statement of Comprehensive Income	(44,401)	(120,363)
Balance at 31st January	£ 13,254	£ 57,655

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

The Company's net trade receivable balance includes debtors with a carrying amount of £582,726 (2018: £300,931), of which £112,058 (2018: £185,671) of debtors are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances other than over £85,979 (2018: £117,549) 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:

	2019 £	2018 £
Not past due	470,668	115,260
Past due: 0 – 30 days	44,387	34,114
Past due: 31 – 60 days	1,209	-
Past due: more than 60 days	66,462	151,557
	£ 582,726	£ 300,931

See Note 22 for terms of the loans and Note 21 for further credit risk information.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

15. CURRENT LIABILITIES

	2019	2018 Restated*
	£	£
Trade and other payables		
Trade payables	72,767	82,746
Other taxation and social security costs	68,537	51,544
Accruals and deferred income	920,679	1,337,114
Amounts owed to group undertakings	6,122,679	7,178,086
	7,184,662	8,649,490
Corporation tax (Note 8)	-	145,045
	£7,184,662	£8,794,535

*£457,282 owed to the Company by group undertakings, and previously included within Trade and other receivables (Note 14), has now been reclassified and netted off against Amounts owed to group undertakings within Trade and other payables above.

The corporation tax as at 31st January 2018 of £145,045 related to the estimated tax payable on the disposal of the Company's investments in Besso and Trireme during that year of £1,475,388, less £784,657 of quarterly instalment payments on account already made, £5,814 of foreign withholding tax deducted at source and £539,872 of estimated tax credit arising from surplus management expenses which exceeded the Company's underlying taxable income for that year.

The amounts owed to group undertakings are interest free and unsecured and are repayable on demand, although the subsidiary companies have each given an undertaking not to request repayment of the amounts owed for at least 12 months from the date of the Financial Statements for the year being signed and until the Company is in a position to do so.

All of the above liabilities are measured at amortised cost.

16. DEFERRED TAX (ASSETS) / LIABILITIES – NON-CURRENT

	£
At 1st February 2017	4,446,400
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 8)	(4,476,107)
Re-measurement upon change in tax rate	(1,931)
At 31st January 2018	£(31,638)
At 1st February 2018	(31,638)
Tax movement relating to investment revaluation and disposal of revalued investments for the year (Note 8)	31,638
Re-measurement upon change in tax rate	-
At 31st January 2019	£ -

The directors estimate that, under the current taxation rules and the current investment profile, if the Company were to dispose of all its investments at the amount stated in the Statement of Financial Position, no tax on capital gains (2018: £Nil) would become payable by the Company.

16. DEFERRED TAX (ASSETS) / LIABILITIES – NON-CURRENT (continued)

The deferred tax asset of £31,638 included within the Statement of Financial Position as at 31st January 2018 related to the estimated tax credit arising on the accumulated net unrealised losses within the Company's Treasury Portfolio (Note 3).

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

Having reviewed the Company's current investment portfolio, the directors consider that the Company should benefit from this reform to the SSE rules and, as a result, the directors would anticipate that on a disposal of shares in the Company's current investments, so long as the shares have been held for 12 months, they should qualify for SSE and no corporation tax charge should arise on their disposal.

As such, and having assessed the current portfolio, the directors anticipate that there should currently be no requirement to provide for deferred tax in respect of unrealised gains on those investments under the current requirements of the IFRS. As such no deferred tax provision has been made as at 31st January 2019. 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 Company and that there is no change to the accounting treatment in this regard under IFRS. 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.

17. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
251,956,000 Ordinary shares of 1p each (2018: 251,956,000)	£2,519,560	£2,519,560
	£2,519,560	£2,519,560

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Share premium account £	Fair value reserve £	Capital redemption reserve £	Capital contribution reserve £	Retained earnings £	Total £
At 1st February 2017	2,519,560	16,584	26,249,707	10	10,242,880	40,651,639	79,680,380
Comprehensive income for the year	-	-	12,489,979	-	-	7,759,126	20,249,105
Transfers on sale of investments (Note 12)	-	-	(6,660,622)	-	-	6,660,622	-
Dividends paid (Note 25)	-	-	-	-	-	(1,153,899)	(1,153,899)
Loans from parent company treated as capital contributions	-	-	-	-	11,961	-	11,961
Share based payments (Note 23)	-	-	-	-	2,576	-	2,576
Share Incentive Plan (Note 23)	-	-	-	-	69,315	-	69,315
At 31st January 2018	£ 2,519,560	£ 16,584	£32,079,064	£ 10	£10,326,732	£53,917,488	£98,859,438

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (continued)

	Share capital £	Share premium account £	Fair value reserve £	Capital redemption reserve £	Capital contribution reserve £	Retained earnings £	Total £
At 1st February 2018	2,519,560	16,584	32,079,064	10	10,326,732	53,917,488	98,859,438
Comprehensive income for the year	-	-	11,995,577	-	-	522,683	12,518,260
Dividends paid (Note 25)	-	-	-	-	-	(1,794,418)	(1,794,418)
Loans from parent company treated as capital contributions	-	-	-	-	16,612,082	-	16,612,082
Share based payments (Note 23)	-	-	-	-	13,728	-	13,728
Share Incentive Plan (Note 23)	-	-	-	-	76,470	-	76,470
At 31st January 2019	£ 2,519,560	£ 16,584	£44,074,641	£ 10	£27,029,012	£52,645,753	£126,285,560

19. OPERATING LEASE COMMITMENTS

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

	2019 Land and buildings £	2018 Land and buildings £
Earlier than one year	£ 236,328	£ 236,328
Between two and five years	£ 945,314	£ 945,314
More than five years	£ 726,467	£ 962,796

20. LOAN AND EQUITY COMMITMENTS

On 27th January 2017 the Company entered into an agreement to provide a loan facility of CAD 850,000 (subject to certain conditions) to Stewart Specialty Risk Underwriting Limited ("SSRU"), an investee company. As at 31st January 2019 CAD 450,000 (£260,477) of this facility had been drawn down, leaving a remaining undrawn facility of CAD 400,000.

Please refer to Note 24 for details of loan facilities offered and amounts drawn down after the year end.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

21. FINANCIAL INSTRUMENTS

The Company'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 Company's operations.

The Company has not entered into any derivatives transactions.

It is, and has been throughout the period under review, the Company'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 Company's financial instruments are price risk, credit risk, liquidity risk, interest rate risk, currency risk, new investment risk, concentration risk and political risk. The Board reviews and agrees policies for managing each of these risks and they are summarised in the Report of the Directors under "Financial Risk Management".

Interest rate profile
The Company has cash balances of £7,842,615 (2018: £2,631,511), which are part of the financing arrangements of the Company. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged up to 0.8% p.a. in the period (2018: deposit rates of interest ranged up to 1.0% p.a.). During the period maturity periods ranged between immediate access and 32 days (2018: maturity periods ranged between immediate access and 9 months).

Currency hedging
During the year the Company engaged in one currency hedging transaction amounting to €1,350,000 (2018: one currency hedging transaction amounting to €1,350,000) to mitigate the exchange rate risk for certain foreign currency receivables. This was settled before the year end. A net gain of £10,519 (2018: net loss of £30,369) relating to this hedging transaction was recognised under Exchange Movements within the Statement of Comprehensive Income when the transaction was settled. As at the year end the Company had one currency hedging transaction amounting to €1,350,000 which was entered into on 30th January 2019. The fair value of this hedge is not materially different to the transaction cost.

Financial liabilities
The Company had no borrowings other than amounts owed to group undertakings as at 31st January 2019 (2018: £Nil). Please refer to Note 15 for further details.

Fair values
The Company 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).

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

21. FINANCIAL INSTRUMENTS (continued)

The following presents the classification of the financial instruments at fair value into the valuation hierarchy at 31st January 2019:

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	-	-	94,515,672	94,515,672
Treasury portfolio investments	14,470	-	-	14,470
	£14,470	£ -	£94,515,672	£94,530,142

The Company's classification of the financial instruments at fair value into the valuation hierarchy at 31st January 2018 are presented as follows:

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Equity portfolio investments designated as "fair value through profit or loss" assets	-	-	76,340,507	76,340,507
Treasury portfolio investments	2,756,451	-	-	2,756,451
	£2,756,451	£ -	£76,340,507	£79,096,958

Level 3 inputs are sensitive to assumptions made when ascertaining fair value. Setting the valuation policy is the responsibility of the Valuations Committee, a standing committee of the Company's parent undertaking, B.P. Marsh & Partners Plc, 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 Company 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 31st January 2019 classified as Level 3, 86% by value (2018: 85%) were valued using a multiple of earnings and 14% (2018: 15%) 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 Company's investment valuation is then derived from this based upon its shareholding.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

21. FINANCIAL INSTRUMENTS (continued)

The weighted average post discount EBITDA earnings multiple used (based on the valuations derived) when valuing the portfolio at 31st January 2019 was 12.2x (2018: 11.4x). The weighted average post discount Price/Earnings multiple used (based on the valuations derived) when valuing the portfolio at 31st January 2019 was 13.3x (2018: 15.5x).

If the multiple used to value each unquoted investment valued on an earnings basis as at 31st January 2019 moved by 10%, this would have an impact on the investment portfolio of £9.3m (2018: £7.1m) or 10% (2018: 10%).

Alternative valuation methodologies - there are a number of alternative investment valuation methodologies used by the Company, 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 31st January 2019 the proportion of the investment portfolio that was valued using these techniques were: 13% using industry metric (2018: 7%), 1% using revenues (2018: 1%), and 0% at cost (2018: 7%).

If the value of all the investments valued under alternative methodologies moved by 10%, this would have an impact on the investment portfolio of £1.4m (2018: £0.6m) or 2% (2018: 1%).

22. RELATED PARTY DISCLOSURES

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

	2019	2018
	£	£
Bastion Reinsurance Brokerage (PTY) Limited	425,831	341,831
Bulwark Investment Holdings (PTY) Limited	665,000	665,000
The Fiducia MGA Company Limited	2,470,000	1,619,400
LEBC Holdings Limited	-	1,500,000
Nexus Underwriting Management Limited	4,000,000	4,000,000
Paladin Holdings Limited	4,096,500	3,996,500
Property and Liability Underwriting Managers (PTY) Limited	1,450,778	1,114,778
Walsingham Holdings Limited	300,000	-
Walsingham Motor Insurance Limited	1,170,000	1,200,000
	€	€
Summa Insurance Brokerage S.L.	2,440,761	2,606,133
	AUD	AUD
MB Prestige Holdings PTY Limited	838,959	1,058,649
	CAD	CAD
Stewart Specialty Risk Underwriting Limited	450,000	350,000

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

22. RELATED PARTY DISCLOSURES (continued)

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

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

	2019 £	2018 £
Asia Reinsurance Brokers Pte Limited	129,321	39,504
ATC Insurance Solutions PTY Limited	184,386	-
Bastion Reinsurance Brokerage (PTY) Limited	-	56,448
Besso Insurance Group Limited	-	76,350
The Broucour Group Limited	5,373	8,078
Bulwark Investment Holdings (PTY) Limited	-	83,359
Criterion Underwriting Pte Limited	7,899	
EC3 Brokers Group Limited	343,325	43,134
The Fiducia MGA Company Limited	163,075	141,200
Hyperion Insurance Group Limited	-	74,433
LEBC Holdings Limited	1,463,787	835,693
Mark Edward Partners LLC	-	169,917
MB Prestige Holdings PTY Limited	178,010	176,991
Neutral Bay Investments Limited	124,302	124,987
Nexus Underwriting Management Limited	788,265	749,021
Paladin Holdings Limited	449,207	342,164
Property & Liability Underwriting Managers (PTY) Limited	-	36,509
Stewart Specialty Risk Underwriting Limited	35,642	52,220
Summa Insurance Brokerage, S.L	196,450	211,892
Trireme Insurance Group Limited	-	41,122
Walsingham Holdings Limited	17,293	-
Walsingham Motor Insurance Limited	137,727	213,283
XPT Group LLC	341,158	295,576

In addition, the Company made management charges of £33,600 (2018: £34,000) to the Marsh Christian Trust ("the Trust"), a grant making charitable Trust of which Mr B.P. Marsh, a director of the Company and the Chairman and majority shareholder of the parent company, is also the Trustee and Settlor.

The Company also made management charges of £1,300 (2018: £20,300) to Brian Marsh Enterprises Limited. Mr B.P. Marsh is also the Chairman and majority shareholder of Brian Marsh Enterprises Limited.

The Company also charged its subsidiary, B.P. Marsh (North America) Limited, £96,292 (2018: £35,763) for operating expenses incurred on behalf of this subsidiary company for the year.

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

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

22. **RELATED PARTY DISCLOSURES (continued)**

Of the total dividend payments in the year of £1,794,418, £826,022 was ultimately paid to the directors or parties related to them (2018: total dividend payments of £1,153,899, of which £682,667 was ultimately paid to the directors or parties related to them).

Finally, at the year end the Company owed £Nil (2018: £Nil) to its parent undertaking, B.P. Marsh & Partners Plc, £6,099,194 (2018 restated: £7,154,601) to its subsidiary, Marsh Insurance Holdings Limited ("MIH"), £22,484 (2018: £22,484) to its subsidiary, B.P. Marsh Asset Management Limited, £1,000 (2018: £1,000) to its subsidiary B.P. Marsh & Co. Trustee Company Limited and £1 (2018: £1) to its subsidiary Bastion London Limited. For the terms of the loans refer to Note 15.

At the year end the Company was owed £13,600,439 (2018 restated: £8,919,482) by its subsidiary, B.P. Marsh (North America) Limited. For the terms of the loan, refer to Note 14.

The Company received no dividend during the year from MIH (2018: £9,150,000).

The directors consider the parent undertaking to be B.P. Marsh & Partners Plc which is registered in England and Wales as at 31st January 2019. Copies of the Accounts for B.P. Marsh & Partners Plc can be obtained from its registered office at 5th Floor, 4 Matthew Parker Street, London SW1H 9NP.

The directors consider there to be no ultimate controlling party.

23. SHARE BASED PAYMENT ARRANGEMENTS

Joint Share Ownership Plan

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

Nature of the arrangement	Share appreciation rights (joint beneficial ownership)
Date of grant	12th June 2018
Number of instruments granted	1,461,302
Exercise price (pence)	N/A
Share price (market value) at grant (pence)	281.00
Hurdle rate	3.75% p.a. (simple)
Vesting period (years)	3 years
Vesting conditions	There are no performance conditions other than the recipient remaining an employee throughout the vesting period. The awards vest after 3 years or earlier resulting from either: a) a change of control resulting from a person, or persons acting together, obtaining control of the parent company either (i) as a result of a making a Takeover Offer; (ii) pursuant to a court sanctioned Scheme of Arrangement; or (iii) in consequence of a Compulsory Acquisition); or b) a person becoming bound or entitled to acquire shares in the parent company pursuant to sections 974 to 991 of the Companies Act 2006; or c) a winding up. If the employee is a bad leaver the co-owner of the jointly-owned share can buy out the employee's interest for 0.01p
Expected volatility	N/A
Risk free rate	1%
Expected dividends expressed as a dividend yield	1.9%
Settlement	Cash settled on sale of shares
% expected to vest (based upon leavers)	100%
Number expected to vest	1,461,302
Valuation model	Expected Return Methodology (ERM)
ERM value (pence)	36.00
Deduction for carry charge (pence)	31.60
Fair value per granted instrument (pence)	4.40
Charge for year ended 31st January 2019 (charged to the Company's Statement of Comprehensive Income)	£13,727

On 12th June 2018 1,461,302 new 10p Ordinary shares in the parent company were issued and transferred into joint beneficial ownership for 12 employees of the Company (7 of whom are directors) under the terms of joint share ownership agreements. No consideration was paid by the employees for their interests in the jointly-owned shares.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

23. SHARE BASED PAYMENT ARRANGEMENTS (continued)

The new Ordinary shares in the parent company have been issued into the name of RBC cees Trustee Limited ("the Trustee") as trustee of the B.P. Marsh Employees' Share Trust ("the Share Trust") at a subscription price of £2.81, being the mid-market closing price on 12th June 2018.

The jointly-owned shares are beneficially owned by (i) each of the 12 participating employees and (ii) the trustee of the Share Trust upon and subject to the terms of the JSOAs entered into between the participating employee, the parent company and the Trustee.

Under the terms of the JSOAs, the employees and directors will receive on vesting the growth in value of the shares above a threshold price of £2.81 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. The Share Trust retains the initial market value of the jointly-owned shares plus the carrying cost.

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

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

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.

No jointly-owned shares were sold or forfeited during the year. The number of jointly-owned shares expected to vest has therefore not been adjusted. In accordance with IFRS 2: Share-based Payment, the fair value of the expected cost of the award (measured at the date of grant) has been spread over the three-year vesting period.

There has been no movement during the year in terms of the numbers of shares to be exercised.

Share Incentive Plan

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

During the year a total of 21,009 ordinary shares in the parent company, which were held in Treasury as at 31st January 2018 (2018: 13,363 ordinary shares in the parent company, which were either repurchased during that year or held in Treasury as at 31st January 2017) were transferred to the B.P. Marsh SIP Trust ("SIP Trust"). In addition, 26,303 new ordinary shares in the parent company were issued and allotted to the SIP Trust during the year. As a result, 47,312 ordinary shares in the parent company were available for allocation to the participants of the SIP.

On 13th June 2018, a total of 11 eligible employees (including 7 executive directors of the Company) applied for the 2018-19 SIP and were each granted 1,281 ordinary shares in the parent company ("18-19 Free Shares"), representing approximately £3,600 at the price of issue.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

23. SHARE BASED PAYMENT ARRANGEMENTS (continued)

Additionally, on 13th June 2018, all eligible employees were also invited to take up the opportunity to acquire up to £1,800 worth of ordinary shares in the parent company ("Partnership Shares"). For every Partnership Share that an employee acquired, the SIP Trust offered two ordinary shares in the parent company ("Matching Shares") up to a total of £3,600 worth of shares. All 11 eligible employees (including 7 executive directors of the Company) took up the offer and acquired the full £1,800 worth of Partnership Shares (640 ordinary shares) and were therefore awarded 1,281 Matching Shares.

The 18-19 Free and Matching Shares are subject to a 1 year forfeiture period.

A total of 35,222 (2018: 37,935) Free, Matching and Partnership Shares were granted to 11 (2018: 9) eligible employees during the year, including 22,414 (2018: 16,860) granted to 7 executive directors of the Company (Note 6).

As at 31st January 2019 a total of 146,237 Free, Matching and Partnership Shares had been granted to 11 eligible employees under the SIP, including 108,759 granted to 7 executive directors of the Company.

£76,470 of the IFRS 2 charges (2018: £69,315) associated with the award of the SIP shares to 11 (2018: 9) eligible directors and employees of the Company has been recognised in the Statement of Comprehensive Income as employment expenses (Note 5).

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

24. EVENTS AFTER THE REPORTING DATE

On 1st February 2019 the Company provided LEBC Holdings Limited ("LEBC") with a loan facility of £1,000,000 which was drawn down immediately. The loan was provided to assist with LEBC's general working capital requirements. As at 31st January 2019 no loans were outstanding and following the aforementioned drawdown total loans stand at £1,000,000 at the date of this report.

On 1st April 2019 the Company provided Nexus Underwriting Management Limited ("Nexus") with a £2,000,000 revolving credit facility, as part of Nexus' wider debt fundraising exercise in order to undertake further M&A activity. £1,000,000 was drawn down immediately and a further £500,000 was drawn down on 10th May 2019. As at 31st January 2019 the total loan outstanding from Nexus, relating to an existing facility provided by the Company during the year to 31st January 2018, was £4,000,000 and following the aforementioned drawdowns increased to £5,500,000, with a remaining undrawn facility of £500,000 at the date of this report.

On 26th April 2019 the Company agreed, as part of a rights issue in conjunction with its fellow shareholder Gerry Sheehy, to provide further funding of £122,909 to The Fiducia MGA Company Limited ("Fiducia") as part of a total fundraising of £350,802. The Company subscribed for a further 48 A ordinary shares in Fiducia which represented its proportional pre-emption rights. As at 31st January 2019 the Company's holding in Fiducia was 35% and following the rights issue this increased to 35.18%.

25. DIVIDENDS

	2019 £	2018 £
Ordinary dividends		
Dividend paid:		
0.712 pence each on 251,956,000 Ordinary shares (2018: 0.458 pence each on 251,956,000 Ordinary shares)	1,794,418	1,153,899
	£ 1,794,418	£ 1,153,899

26. FINANCIAL RISK MANAGEMENT

A review of the Company's objectives, policies and processes for managing and monitoring risk is set out in the Financial Risk Management section of the Report of the Directors on pages 3 to 5.

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

The Company's operations expose it to a variety of financial risks. The Company manages the risk to limit the adverse effects on the financial performance of the Company 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 Company's various internal departments under specific guidelines.

The Company is a selective investor and each investment is subject to an individual risk assessment through an investment approval process. The parent company's Investment Committee is part of the overall risk management framework.

Price risk

The Company is exposed to private equity securities price risk as it invests in unquoted companies. The Company manages the risk by ensuring that a director of the Company is appointed to the board of each investee company. In this capacity, the appointed director can advise the Company'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 Company Board.

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

	2019 £	2018 £
Fair value of investments – equity portfolio	94,515,672	76,340,507
Impact of a 10% change in fair value on Statement of Comprehensive Income	9,451,567	7,634,051

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

26. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The Company is subject to credit risk on its unquoted investments, cash and deposits. The maximum exposure is the amount stated in the 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.

The Company 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 Company manages the risk by ensuring that there is a director of the Company appointed to the board of each of its investee companies. In this capacity, the appointed director can advise the Company'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 Company is adequately managed. When a loan is assessed to be likely to be in default then the Company will review the probability of recoverability, and if necessary, make a provision for any amount considered irrecoverable.

The Company's cash is held with a variety of different counterparties with 100% (2018: 100%) held on demand with A rated institutions.

Liquidity risk

The Company 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 Company'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 Company 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 Company has sufficient liquidity to manage current commitments.

As at 31st January 2019 the Company was debt free (31st January 2018: debt free), other than amounts owed to group undertakings (Note 15).

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 31st January 2019, the Company had no interest bearing liabilities but had interest bearing assets. The majority of loans provided by the Company are subject to a minimum interest rate to protect the Company from a period of low interest rates, and also a hurdle rate linked to the UK Base Rate or LIBOR.

An increase of 100 basis points, based upon the Company'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 £139,000 for the Company (2018: £57,000 increase).

Currency risk

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

26. FINANCIAL RISK MANAGEMENT (continued)

At 31st January 2019, 85% of the Company's net assets were sterling denominated (2018: 88%). The Company's general policy remains not to hedge its foreign currency denominated investment portfolio.

The Company'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 Company's net assets to movements in foreign currency exchange rates, assuming a 10% movement in exchange rates against sterling.

As at 31st January 2019	Sterling	Euro	Australian dollar	Other	Total
	£	£	£	£	£
Net assets	107,504,120	6,200,934	10,773,029	1,807,477	126,285,560
Sensitivity analysis Assuming a 10% movement of exchange rates against sterling					
Impact on net assets	N/A	(457,224)	(979,366)	(164,316)	(1,600,906)

As at 31st January 2018	Sterling	Euro	Australian dollar	Other	Total
	£	£	£	£	£
Net assets	86,937,935	6,301,078	4,640,806	979,619	98,859,438
Sensitivity analysis Assuming a 10% movement of exchange rates against sterling					
Impact on net assets	N/A	(464,552)	(421,891)	(89,056)	(975,499)

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 Company has an active New Business department which continues to receive a strong pipeline of new investment opportunities. In addition, there is often potential for further investment within the Company's existing portfolio.

Concentration risk

Although the Company only invests in financial service businesses, and specifically insurance intermediaries, the Company 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.

B.P. MARSH & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2019

26. FINANCIAL RISK MANAGEMENT (continued)

Political risk

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