frenkel topping
GROUP

FRENKEL TOPPING GROUP PLC

FINANCIAL STATEMENTS

for year ended
31 December 2016

www.frenkeltopping.co.uk

Contents

Registration number 4726826

Frenkel Topping provides specialist independent advice and asset management to the vulnerable in society. Whilst protecting their assets.

for life for you

Highlights

Frenkel Topping provides specialist independent financial advice and wealth management focussed on asset protection for clients. The specialist independent financial adviser has a market leading position providing advice and fund management services for personal injury and clinical negligence awards and is well placed to provide services to a wider customer base.

It has a national presence with offices in Manchester, Birmingham, Cardiff, London and Leeds and has relationships and infrastructure in place to further grow its reach and target markets.

As at 31 December 2016 the Group has over 1600 clients with £745m of Assets Under Management (AUM) with £253m on a discretionary mandate.

FINANCIAL HIGHLIGHTS

REVENUE

up to

£6.4m

(2015: £6.3m)

RECURRING REVENUE

of

£5.1m

(2015: £4.7m)

Gross profit £3.7m *(2015: £4.0m)*

Profit from operations (before share based payments and acquisition costs) £1.4m *(2015: £1.5m)*

Pre-tax profit £0.9m *(2015: £1.3m)*

> reflecting share based compensation charge
> underlying trading in line with market expectations

Basic EPS 0.96p *(2015: 1.64p)*

ASSETS UNDER MANAGEMENT ("AUM")

£745m

(as at 31 December 2015: £666m)

ASSETS ON A DISCRETIONARY MANDATE

£253m

(as at 31 December 2015: £nil)

CASH GENERATED FROM OPERATION of

£1.6m

(2015: £1.0m)

Net cash and marketable securities of £4.2m *(as at 31 December 2015: £4.5m)*

Total dividends (paid and proposed) up 25% to 1.1094p per share *(2015: 0.8875p)*

Total Assets £15.0m *(as at 31 December 2015: £14.7m)*

OPERATIONAL HIGHLIGHTS

EIGHTH CONSECUTIVE YEAR OF HIGH CLIENT RETENTION

99%

FOR INVESTMENT MANAGEMENT SERVICES

LAUNCH OF

frenkel topping

INVESTMENT MANAGEMENT

unique for you

PURCHASED NEW HEAD OFFICE BUILDING IN MANCHESTER

Mark Richards joined the Board as Non-Executive Director and Mark Holt was appointed as Commercial Director

Lord Chancellor review of the Ogden Discount Rate post year-end

Chairman's Statement

2016 was a pivotal year of change for the Group as it grew its range of specialisms to include the capability to offer discretionary managed services, as well as financial advice, to those in receipt of a personal injury or clinical negligence claim.

The Board welcomed Mark Richards as Non-Executive Director and Mark Holt as Commercial Director, expanding the Board's experience of the financial services industry and large complex claims.

The Group completed the purchase of a 9,700 sqft building and the head office function has been relocated. The purchase of the building will allow the Group to continue to grow from its current head count of 65 and provide purpose built client suites to better serve our client base, in addition to providing staff with an excellent working area to retain and attract employees.

OPERATIONAL REVIEW

The focus remains on continued year-on-year growth in both AUM and those on a discretionary mandate.

On the morning of 27 February 2017, the Lord Chancellor ruled that the Ogden discount rate, which is currently used to calculate the quantum of damages awards in personal injury and clinical negligence claims, be set at -0.75% rather than the current 2.5%, effective from 20 March 2017. This announcement has dramatically changed how compensation damages are calculated.

We have calculated that the size of court damages is likely to grow significantly to a potential average uplift of c. 80%.

In addition a client's decision to receive a Periodical Payment Order (PPO), which is an annual payment for life, as opposed to a lump sum, has been impacted by this change to the discount rate. Claimants who have historically taken a PPO will now favour a lump sum because the peace of mind and diminished need for investment risk, previously only available with a PPO, has in effect been provided within the lump sum. The claimant now not only has the lump sum of damages significantly increase to meet their lifetime needs, but the added advantage of the flexibility a lump sum award offers.

Furthermore with a historic 2.5% discount rate, clients needed to take investments risk in order to generate this level of return, net of fees. With a revised -0.75% discount rate, the clients risk appetite is reduced. This is aligned to the ethos of the Frenkel Topping Safety First Portfolios.

The Safety First portfolio strategies are specifically designed for the needs of vulnerable clients and are characterised by a focus on inflation matching returns and low volatility. We are pleased with the returns from the Safety First Portfolios during 2016 and into 2017.

PERFORMANCE

	Year 2016 %	YTD 2017~ %	Since Inception* %	Volatility* %
Safety First 2 Direct	1.53	1.35	2.88	1.84
Safety First 3 Direct	3.26	1.69	4.95	2.22
Safety First 4 Direct	4.38	2.08	6.46	3.11
Safety First 5 Direct	5.63	2.65	8.28	3.44
Safety First 6 Direct	10.10	3.76	13.86	5.14

Source: Financial Express Analytics * From 04.01.16 to 2.03.17 ~ From 30.12.16 to 01.03.17

All figures are on a bid - bid, total return basis and are quoted net of underlying fund charges, our DFM fee of 0.6% including VAT and a platform fee of 0.2%. Actual Past Performance Data is from 29/4/16 only as the models only launched on this date. Pre -launch performance from 4/1/16 – 29/4/16 is simulated past performance. The figures represent performance of a model portfolio.

All these factors are expected to accelerate exponentially the rate of growth of AUM at Frenkel Topping as a result of clients in receipt of larger damage awards.

We believe being able to offer an investment vehicle designed with our niche client bank in mind, with larger damages awards paid, has laid the foundations for significant growth over the coming years of both AUM and assets on a discretionary mandate.

RESULTS

Gross Profit was £3.7m (2015: £4.0m) with profit from operations before share based compensation charge and acquisition costs is £1.4m (2015: £1.5m) and cash generated from operations of £1.6m (2015: £1.0m). Other comprehensive income amounted to £0.1m (2015: £nil), which when added to the profit from operation before share based compensation charge and acquisition costs amounts to £1.5m (2015 £1.5m).

Revenue for the year amounted to £6.4m (2015: £6.3m), of which £5.1m (2015: £4.7m) was contributed from recurring revenues amounting to 80% of total revenues (2015: 74%).

During the year the Group focused on the suitability review of its existing client bank and enters 2017 re focused on organic growth.

The performance during 2016, in terms of profitability, has reflected the Board's focus to develop Frenkel Topping's ability to gear up to manage increased AUM, including those on a discretionary basis with FTIM and laying the foundations for a step change in profitability from 2017 onwards.

We are pleased to report that for the eighth consecutive year we have maintained our very high client retention rate (99%) for the period.

Closing cash and marketable securities as at 31 December 16 amounted to £4.2m (2015 £4.5m), this after the return to shareholders of £0.7m in dividends and £1.1m into purchasing the new head office building in Manchester. As at 31 December 2016, £3.1m was held in a listed fund investment which has been disposed of since that date and re-invested in a commercial property loan investment as announced on 23 January 2017.

Total Assets as at 31 December 16 were £15.0m (2015 £14.7m).

DIVIDEND

We are delighted to continue to advance our progressive dividend policy and the Board has recommended a final dividend of 0.8719 pence. Combined with our interim dividend, the proposed dividend will give a total payment for the year of 1.1094 pence per share, a 25% uplift to the prior-year (2015: 0.8875 pence), and a recognition of the continued cash generation and profitability of the business.

Subject to shareholder approval at the Company's Annual General Meeting on 3 May 2017, the final dividend will be paid on 26 May 2017 to shareholders on the register at the close of business on 12 May 2017. The ex-dividend date is 11 May 2017.

OUTLOOK

The Board is pleased with the position of the Group as it enters 2017. The foundations laid during 2016 have resulted in the Group running at a significantly more profitable level, with additional revenue and profitability being driven from the AUM on a discretionary mandate with FTIM, lower third party costs across the business and higher AUM.

With larger awards, lower Periodical Payment Orders and a core investment strategy geared towards a lower risk appetite, the market place in which the group operates within and thus the AUM and profitability of the Group is likely to grow.

Given our expertise in this market place we recognise that there will be a hiatus in cases settling as court dates will be postponed in the short term as lawyers recalculate schedules based on the new discount rate. Therefore the uplift in AUM is expected to flow during the 2nd half of 2017 and into 2018 and beyond.

2017 trading has started in line with expectations and the Board reconfirms its revenue target of c. £8.5m and profit from operations target for 2017 of £3.5m on the basis of the assumptions previously stated. The Board is targeting revenue of £10m in 2018 and profit from operations of £5.0m, which assumes delivery of c. £100m of AUM during 2017 and c. £180m for 2018, maintaining current margins and cost control and delivery of a return on the cash balance.

We are extremely pleased with the Group's prospects and look forward to updating the market as the Board continues to work towards its target of £1 billion of AUM and £350m on a discretionary mandate.

The changes announced will dramatically increase the damages paid to our future clients and as a result, accelerated growth of AUM at Frenkel Topping. The Board is excited at the additional growth prospects this represents.

In the light of the Group's continued progress and momentum, further supported by the recent outcome of the Ogden Discount Rate review, the Board will continue to consider strategic options for maximising the Group's potential through enhancing the service offering to our clients and ultimately enhancing shareholder value.

Jason Granite
17 March 2017

Strategic Report

This strategic report should be read in conjunction with the Chairman's statement which also covers our strategy and future developments.

BUSINESS MODEL

The business model of the Group is to earn income from providing expert witness reports to the court for clients who are in the process of litigation as a result of a personal injury or clinical negligence claim. Once the claims have been settled the Group then seeks to give advice to the clients on how to invest their damages award. Once the client has been given financial advice the Group seeks to service the clients with continued investment and financial advice for which it charges the client a fee.

STRATEGY

The strategy of the Group is to market to the litigation market place to increase the number of expert witness reports that it issues which then increases the potential number of clients for the Group to give financial advice to upon settlement of the claim. The Group seeks to maintain its relationship with its clients post settlement to offer financial advice and wealth management post settlement of the claim. The Group also seeks to earn a return from its growing cash balances outside the core trading of the business.

OBJECTIVES

The primary objective of the Group is to grow the assets under management (AUM).

RISKS

The main activity of the Group is providing independent financial advice and investment management services to personal injury and clinical negligence victims.

Set out below are the key risks and uncertainties which affect the Group. This does not represent a comprehensive list of all the risks the Group faces, but focuses on those that are currently considered to be most relevant at the present time. This assessment may change over time:

- **Competitor activity -** the activity of competitors may result in a reduction in the level of AUM
- **Client service -** shortfalls in the service we provide could lead to compensation, regulatory investigation and sanction and reputational damage and reduction in the level of AUM
- **Pricing, service and market changes -** if the pricing proposition becomes uncompetitive in the marketplace, this may lead to failure to win new business and/or retain existing business
- **Regulatory, legal and tax developments -** the environment in which the Group operates is susceptible to change by Government, legislation or regulatory developments
- **Compliance -** failure to comply with the regulatory requirements to which the Group is subject may have an adverse effect on the Group and its business
- **People, recruitment, training and retention -** the Group's ability to recruit, train and retain its staff
- **Advice -** failure to provide appropriate advice to clients may lead to regulatory investigation or sanction, claims or reputational damage
- **Economic and political changes -** change in the economic or political environment could result in increased costs or operational challenges

The Group's income is driven from fees on initial investment but also recurring income from maintaining its relationship and servicing of its clients.

Due to the structure of the Group's cost base, to achieve targets the main KPIs that the Board looks at are clients' retention in AUM and delivery against a target level of fees from new business. The Board monitors client retention on a monthly basis and, during 2016, 1% (2015:2%) of the AUM was lost. The Board agrees new business targets with the FCA authorised individuals at the start of each year and the Board reviews delivery against these targets on a weekly basis. During 2016, 90% of the new business target was achieved (2015: 93%).

Working capital is monitored daily against forecast at Board level and the Board is satisfied that cash resources are adequate for the Group's requirements.

Personal injury claims continue to grow and whilst this market continues to be competitive, the Directors believe the Group's brand name, expertise and knowledge provide a degree of protection. The Directors actively monitor our competitors, our own pricing structure and proactively market the Group brand to ensure we remain leaders in our field.

The Group's employees are an important factor in the success of the Group and the Board seeks to ensure employees are motivated and rewarded fairly for their contributions to the business. Employee remuneration represents the largest cost to the Group. The Board reviews market rate for key employees and ensures the remuneration package is consistent with market levels.

The Group needs to maintain its authorisation with the Financial Conduct Authority (FCA) in order to continue trading and has to adhere to principles and guidelines set down by the FCA. The Group has responsibility allocated at Board level to ensure all those standards are monitored and maintained. The Group has a contract in place with a third party compliance consultancy firm to review internal controls and to work with the Board to ensure the Board is made aware of developments that impact on the business. The Group has a proportion of client files reviewed by the consultancy firm and has professional indemnity insurance in place to protect the assets of the Group.

The Group finances its operations through retained cash.

The Group has no overseas assets or liabilities and therefore has no foreign currency risk.

REVIEW OF THE YEAR

The review of the year is included in the Chairman's Statement.

FUTURE OUTLOOK

The future outlook for the Group is noted in the Chairman's Statement.

By order of the Board

Julie Dean
COMPANY SECRETARY
17 March 2017

Directors and Advisors

DIRECTORS	**M Richards** (Non-Executive Director, appointed 14 September 2016) **J Granite** (Executive Chairman) **R C Fraser** **J Dean** **M Holt** (appointed 1 September 2016)
SECRETARY	J Dean
COMPANY NUMBER	4726826
REGISTERED OFFICE	Frenkel House 15 Carolina Way Salford Manchester M50 2ZY
AUDITOR	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
BANKERS	National Westminster Bank Plc 11 Spring Gardens Manchester M60 2DB
SOLICITORS	Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB
NOMINATED ADVISER AND BROKER	finnCap 60 New Broad Street London EC2M 1JJ

Directors' Report

The Directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Frenkel Topping Group Plc ('the Company') is the parent company of a group of companies engaged in the provision of financial services advice.

A review of the Group's activities and its future prospects is detailed in the Chairman's Statement on pages 3-6 and Strategic Report on page 7-9.

RESULTS AND DIVIDENDS

The trading results for the year, and the Group's financial position at the end of the year, are set out in the attached financial statements.

The Directors are proposing a final dividend of 0.8719 pence per share which when added to the interim dividend of 0.2375 pence per share, will result in a total dividend per share for the year of 1.1094 pence per share (2015: 0.8875 pence) subject to Shareholder approval at the AGM on 3 May 2017.

FUTURE DEVELOPMENTS

Full details of future developments are discussed in the Chairman's Statement on page 3-6.

SHARE CAPITAL

Information regarding substantial shareholdings in the Company is contained in the Shareholder Information section on page 56.

DIRECTORS WHO HELD OFFICE DURING THE YEAR

The Directors of the Company who held office during the year were:

D R Southworth *(resigned 15 June 16)*
Non-Executive Chairman

G McMahon *(resigned 15 June 16)*
Non-Executive Director

M Richards *(appointed 14 September 16)*
Non-Executive Director

J Granite
Executive Chairman

R C Fraser
Chief Executive Officer

J Dean
Chief Finance Officer

M Holt *(appointed 1 September 16)*
Commercial Director

EMPLOYEE INVOLVEMENT

The Group recognises and seeks to encourage the involvement of its employees, with the aim being the recruitment, motivation and retention of quality employees throughout the Group. An approved and an unapproved share option scheme are in place, the approved scheme being operated within the Enterprise Management Incentive Scheme.

The Group's employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate employees regardless of sex, race, religion or disability.

The Group is committed to ensuring and communicating the requirements for a safe and healthy working environment for all employees, consistent with health and safety legislation and, wherever practicable, gives full consideration to applications for employment from disabled persons.

EMPLOYEE SHARE SCHEMES

Employee involvement in the Group's financial performance is encouraged through participation in the Company's share option schemes. At 31 December 2016, 4 directors (2015: 2 directors, 2 employees), held options over 5,000,000 ordinary shares (2015: 3,062,116) in the Company under the approved and unapproved share option schemes. Further information on share options is shown in note 14 to the financial statements.

GOING CONCERN ASSUMPTION

The Directors have considered, as part of their annual budget process, the adequacy of the Group's banking and other facilities in relation to its profit and cash flow projections. The Directors have reasonable expectations that the Group has adequate resources to continue trading for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

CHARITABLE DONATIONS

During the year the Group made charitable contributions of £1,425 (2015 £300), principally to charities servicing the community in which the Group operates.

FINANCIAL INSTRUMENTS

Information regarding the way the Group uses financial instruments can be found in note 16 to the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the Group.

AUDITOR

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants as auditor will be put to the members at the annual general meeting.

OWN SHARE PURCHASE

During the year the Company did not acquire any of its own shares (2015 purchase: nil). The Company has shares held by an employee benefit trust and have been purchased in order to meet future commitments under the Company's share option scheme. At 31 December 2016 the Company held 3,128,016 of its own shares (2015: 3,128,016).

POST BALANCE SHEET EVENTS

On the 23 January 2017 the Company announced it has provided a loan of £3m into FCFM Group Properties IV Ltd a special purpose vehicle incorporated to acquire a 45,000 sqft freehold commercial property for £8m. The property is leased to its current tenant until 2024. FCFM Group Properties IV Ltd is owned 62.5% by FCFM Group Limited of which Jason Granite, Executive Chairman of the Company is a director and significant shareholder. 37.5% is owned by the Company. FCFM Group Limited will also be investing £5m loan into FCFM Group Properties IV Ltd. The Company loan bears interest at 10% per annum payable monthly in arrears.

By order of the Board.

Julie Dean
COMPANY SECRETARY
17 March 2017

Directors' Remuneration Report

REMUNERATION COMMITTEE

The Group has a Remuneration Committee. The committee comprises the non executive director, Mark Richards and the executive chairman Jason Granite.

REMUNERATION POLICY

The policy of the committee is to reward the directors in line with the current remuneration of directors in comparable businesses in order to recruit, motivate and retain high quality executives within a competitive market place.

The main elements of the remuneration package for executive directors are:

- Basic annual salary and benefits
- Annual bonus payments
- Pensions
- Long term incentive plans linked to performance

Benefits include death-in-service, disability-in-service, critical illness and private health insurance.

ANNUAL BONUS

The committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. The committee decides the minimum level of operating profit that must be delivered before any cash bonus will be attributable. The purpose of the bonus is to reward executive directors for delivery in excess of the objectives that also benefits shareholders.

DIRECTORS' REMUNERATION

The table below summarises all directors' emoluments and pension contributions for the current and the prior year for comparison. During 2016 the following directors took a basic salary sacrifice, J Granite £50k, R Fraser £100k, J Dean £75k.

	Emoluments and compensation £	Bonus £	Pension £	Total 2016 £
D Southworth	29,787	-	-	29,787
G McMahon	9,167	-	-	9,167
M Richards	6,250	-	-	6,250
J Granite	44,372	-	10,000	54.372
R Fraser	138,228	-	-	138,228
J Dean	125,582	-	-	125,582
M Holt	41,600	-	2,000	43,600
	394,968	-	12,000	406,986

	Emoluments and compensation £	Bonus £	Pension £	Total 2015 £
D Southworth	65,000	-	-	65,000
G McMahon	20,000	-	-	20,000
R Fraser	246,561	-	-	246,561
J Dean	148,924	-	13,000	161,924
J Granite	34,655	-	2,500	37,155
	515,140	-	15,500	530,640

SHARE OPTIONS

The Company has an Enterprise Management Incentive ('EMI') share option scheme and an unapproved share option scheme. Options have been granted to directors under the schemes as follows:

	Number of shares *approved*	Number of shares *unapproved*	Exercise price
J Dean	518,750	981,250	0.5p
R Fraser	518,750	981,250	0.5p
J Granite	518,750	981,250	0.5p
M Holt	500,000	-	24p

The options have the following performance criteria:

- 1/3 can be exercised upon the delivery of £750m AUM within the group
- 1/3 can be exercised upon delivery of the medium term target of £500m on a discretionary mandate with Frenkel Topping Investment Management Limited
- 1/3 can be exercised upon delivery of £1b of AUM within the group

During the year Richard Fraser exercised 1,585,962 share options on which a gain of £587,157 was made and Julie Dean exercised 1,096,154 share options on which a gain of £386,973 was made.

PENSION ARRANGEMENTS

Executive directors are entitled to have 5-10% percent of their basic salary paid by the Group to a pension scheme of their choice.

PARTICIPATOR SHARE SCHEME

During the year the company cancelled the Participator Share Scheme and replaced the scheme with the issue of share options under the EMI approved and unapproved scheme as noted above. Details of the Participator Scheme are provided in the statutory accounts of the Company for the year ended 31 December 2015.

Corporate Governance

PRINCIPLES OF CORPORATE GOVERNANCE

The Group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a Company has met the principles (including those set out in the QCA's Corporate Governance Code for Small and Mid-Size Quoted Companies 2013) of a number of specific rules and regulations. Rather, the issue is one of applying corporate governance in a sensible and pragmatic fashion having regard to the individual circumstances of a particular company's business. The key objective is to enhance and protect shareholder value.

BOARD STRUCTURE

The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the accounts is set out on page 20.

The non-executive director has a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered.

To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it and meets monthly. It is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The following committees have been set up, which have written terms of reference and deal with specific aspects of the Group's affairs.

1. The Remuneration Committee is responsible for making recommendations to the Board on the Group's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including pension rights and compensation payments. The Board itself determines the remuneration of the non-executive director and the executive chairman. The committee meets at least twice a year. The Committee is represented by the Non Executive Director and Executive Chairman.
2. The Audit Committee includes the Executive Chairman and the Non-executive director. Its prime tasks are to review the scope of the external audit, to receive regular reports from RSM UK Audit LLP, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgement and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It reviews and monitors the independence of the auditors especially with regard to non-audit work. It meets at least twice a year including immediately before the submission of the annual and interim financial statements to the Board.

On 1 September Mark Holt joined the Board as Commercial Director and on 14 September 2016, the Company appointed Mark Richards as Non-Executive Director. Mark Richards was appointed based on experience within the investment management arena and Mark Holt based on experience of expert witness services and the legal market place the company operates in.

No formal nomination committee exists in view of the stage of development of the Group. Instead appointments to the Board by the Chief Executive and other executive directors are discussed with the Non-Executive Director. Appointments are made after an evaluation of the skills, knowledge and expertise required to ensure that the Board as a whole has the ability to ensure that the Group can continue to compete effectively in its market place.

INTERNAL CONTROL

The directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The Board has designed the Group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss. The key elements of the control system in operation are:

a. The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority, including compliance monitoring;
b. There are procedures for planning, approval and monitoring of investments into people and new areas and information systems for monitoring the Group's financial performance against approved budgets and forecasts.

The process adopted by the Group accords with the guidance contained in the document 'Corporate Governance Code for Small and Mid-Size Quoted Companies 2013.

The Audit Committee receives reports from the external auditors on a regular basis and from the executive directors of the Group. During the period, the Board has reviewed the effectiveness of the system of internal control as described above. The Board has considered whether the Group's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that at the Group's current stage of development, this is not required. The Board will continue to review this matter each year. The Board receives periodic reports from all committees.

There are no significant issues disclosed in the financial statements for the period ended 31 December 2016 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

RELATIONS WITH SHAREHOLDERS

The Group values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy. During the period the directors have had meetings with analysts and institutions and will continue to do so.

There is also an opportunity, at the Company's Annual General Meeting for individual shareholders to raise general business matters with the full Board and notice of the Company's Annual General Meeting is circulated to all shareholders at least 20 working days before such meeting. The Chairman of both the Audit Committee and the Remuneration Committee, who is the Executive Chairman of the Group, will be available at the Annual General Meeting to answer questions.

Statement of Directors' Responsibilities in respect of the Financial Statements

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group and company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with IFRS adopted by the EU;
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Frenkel Topping Group Plc

OPINION ON FINANCIAL STATEMENTS

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

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

Andrew Allchin
(Senior Statutory Auditor)

For and on behalf of
RSM UK AUDIT LLP,
Statutory Auditor

Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

17 March 2017

Group Statement of Comprehensive Income

for year ended 31 December 2016

	Notes	Group 2016 £	Group 2015 £
REVENUE	*1*	6,398,511	6,309,687
Direct staff costs		(2,732,515)	(2,337,389)
GROSS PROFIT		3,665,996	3,972,298
ADMINISTRATIVE EXPENSES			
Share based compensation		(551,045)	(77,543)
Acquisition costs		-	(136,000)
Other		(2,231,198)	(2,470,744)
TOTAL ADMINISTRATIVE EXPENSES		(2,782,243)	(2,684,287)
Profit from operations before share based compensation and acquisition costs		1,434,798	1,501,554
- share based compensation		(551,045)	(77,543)
- acquisition costs		-	(136,000)
PROFIT FROM OPERATIONS	*2*	883,753	1,288,011
Finance costs	*3*	(427)	(2,549)
PROFIT BEFORE TAX		883,326	1,285,462
Income tax expense	*6*	(189,322)	(232,158)
PROFIT FOR THE YEAR		694,004	1,053,304
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Gains on property revaluation arising net of tax		70,991	-
TOTAL COMPREHENSIVE INCOME FOR YEAR		764,995	1,053,304
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		764,995	1,053,304
Non controlling interest		-	-
		764,995	1,053,304
Earnings per ordinary share – basic (pence)	*7*	0.96p	1.64p
Earnings per ordinary share – diluted (pence)	*7*	0.91p	1.59p

Group and Company Statement of Financial Position

as at 31 December 2016

	Notes	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
ASSETS					
NON CURRENT ASSETS					
Goodwill	*8*	7,020,287	7,020,287	-	-
Property, plant and equipment	*10*	1,247,401	9,861	-	-
Investments	*9*	-	-	10,380,154	10,380,154
Deferred taxation	*13*	178,500	277,683	-	-
		8,446,188	7,307,831	10,380,154	10,380,154
CURRENT ASSETS					
Accrued income		714,901	1,018,983	-	-
Trade receivables	18	1,170,969	1,066,870	-	-
Other receivables	*11*	490,518	329,411	806,552	13,961
Investments	*9*	3,061,980	40,000	-	-
Cash and cash equivalents		1,162,645	4,961,473	46,586	-
		6,601,013	7,416,737	853,138	13,961
TOTAL ASSETS		15,047,201	14,724,568	11,233,292	10,394,115
EQUITY AND LIABILITIES					
EQUITY					
Share capital	*14*	384,954	370,061	384,954	370,061
Share premium		361,028	-	361,028	-
Merger reserve		5,314,702	5,314,702	5,314,702	5,314,702
Revaluation reserve		70,991	-	-	-
Other reserve		(341,174)	(341,174)	-	-
Own shares reserve		(774,197)	(774,197)	(774,197)	(774,197)
Retained earnings		9,346,735	8,770,155	2,234,593	2,239,473
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT UNDERTAKING		14,363,039	13,339,547	7,521,080	7,150,041
Non controlling interests		-	490	-	-
TOTAL EQUITY		14,363,039	13,340,037	7,521,080	7,150,041
		-	-	-	-
CURRENT LIABILITIES					
Bank overdrafts		-	487,559	-	487,559
Current taxation		13,816	242,192	-	-
Trade and other payables	*12*	670,346	654,780	3,712,212	2,756,515
		684,162	1,384,531	3,712,212	3,244,074
TOTAL LIABILITIES		684,162	1,384,531	3,712,212	3,244,074
TOTAL EQUITY AND LIABILITIES		15,047,201	14,724,568	11,233,292	10,394,115

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2017 and are signed on its behalf by:

Julie Dean
Finance Director

Group Statement of Change in Equity

for the year ended 31 December 2016

	Share capital £	Share premium £	Merger reserve £	Other reserve £	Own shares reserve £	Retained earnings £	Revaluation reserve £	Total controlling interest £
Balance 1 January 2015	319,186	-	929,577	(341,174)	(774,197)	8,082,486	-	8,215,878
New shares issued	50,875	-	4,385,125	-	-	-	-	4,436,000
Share based compensation	-	-	-	-	-	77,543	-	77,543
Dividend Paid	-	-	-	-	-	(443,178)	-	(443,178)
Total transactions with owners recognised in equity	370,061	-	5,314,702	(341,174)	(774,197)	7,716,851	-	12,286,243
Profit and total Comprehensive income for the period	-	-	-	-	-	1,053,304	-	1,053,304
Balance 1 January 2016	370,061	-	5,314,702	(341,174)	(774,197)	8,770,155	-	13,339,547
New shares issued	14,893	361,028	-	-	-	-	-	375,921
Share based compensation	-	-	-	-	-	551,045	-	551,045
Dividend Paid	-	-	-	-	-	(668,469)	-	(668,469)
Removal of minority interest	-	-	-	-	-	-	-	-
Total transactions with owners recognised in equity	384,954	361,028	5,314,702	(341,174)	(774,197)	8,652,731	-	13,598,044
Profit for year	-	-	-	-	-	694,004	-	694,004
Other comprehensive income	-	-	-	-	-	-	70,991	70,991
Balance 31 December 2016	384,954	361,028	5,314,702	(341,174)	(774,197)	9,346,735	70,991	14,363,039

Non controlling interests £	Total £
490	8,216,368
-	4,436,000
-	77,543
-	(443,178
490	12,286,243
-	1,053,304
490	13,340,037
-	375,921
-	551,045
-	(668,469)
(490)	(490)
-	13,598,044
-	694,004
-	70,991
-	14,363,039

The share capital represents the number of shares issued at nominal price. The merger reserve represents the cost of the shares issued to purchase the non controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire Frenkel Topping Investment Management Limited.

The share premium represents the amount paid over the nominal value for new shares issued.

The other reserve represents the excess paid for the non controlling interest over the book value at the date of the acquisition.

The revaluation reserve reflects the cumulative surplus arising on the on the revaluation of freehold property to market value, net of deferred tax.

The own shares reserve represents the cost of 3,218,016 (2015: 3,218,016) shares held by an employee benefit trust. The open market value of the shares held at 31 December 2016 was £1,713,915 (2015: £1,814,249).

Retained earnings represents the profit generated by the Group since trading commenced, together with dividends paid, share premium cancelled and share based payment and credits.

The removal on the minority interest reserve during the year is in connection with the closing down of a dormant, non trading, 51% owned Subsidiary, Outspire Financial Limited.

The Group has conformed with all capital requirements as imposed by the FCA.

Company Statement of Changes in Equity

for year ended 31 December 2016

	Share capital £	Share premium £	Merger reserve £	Own shares reserve £	Retained earnings £	Total controlling interest £
Balance 1 January 2015	319,186	-	929,577	(774,197)	2,927,717	3,402,283
New shares issued	50,875	-	4,385,125	-	-	4,436,000
Dividend Paid	-	-	-	-	(443,178)	(443,178)
Total transactions with owners recognised in equity	370,061	-	5,314,702	(774,197)	2,484,539	7,395,105
Loss and total Comprehensive income for the period	-	-	-	-	(245,064)	(245,064)
Balance 1 January 2016	370,061	-	5,314,702	(774,197)	2,239,475	7,150,041
New shares issued	14,893	361,028	-	-	-	375,921
Dividend Paid	-	-	-	-	(668,469)	(668,469)
Share based payments	-	-	-	-	593,859	593,859
Total transactions with owners recognised in equity	384,954	361,028	5,314,702	(774,197)	2,164,865	7,451,352
Profit and total comprehensive income for the period	-	-	-	-	69,728	69,728
Balance 31 December 2016	384,954	361,028	5,314,702	(774,197)	2,234,593	7,521,080

The share capital represents the number of shares issued at nominal price. The merger reserve represents the cost of the shares issued to purchase the non controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire Frenkel Topping Investment Management Limited.

The share premium represents the amount paid over the nominal value for new shares issued.

The own shares reserve represents the cost of 3,218,016 (2015: 3,218,016) shares held by an employee benefit trust. The open market value of the shares held at 31 December 2016 was £1,713,915 (2015: £1,814,249).

Retained earnings represents the profit generated by the Company since trading commenced, together with dividends paid, share premium cancelled and share based payment and credits.

Group and Company Cash Flow Statement

for year ended 31 December 2016

	Notes	Group year ended 31 December 2016 £	Group year ended 31 December 2015 £	Company year ended 31 December 2016 £	Company year ended 31 December 2015 £
Profit/(loss) before tax		883,326	1,285,462	69,728	(245,064)
Adjustments to reconcile profit/(loss) for the year to cash (used in)/generated from operating activities:					
Finance cost		427	2,549	-	-
Share based compensation		551,045	77,543	593,859	
Depreciation and loss of on disposal		5,543	7,508	-	-
Decrease/increase in accrued income, trade and other receivables		129,583	(440,953)	7,406	2,011
Increase in trade and other payables		14,721	22,470	(644,301)	443,513
Cash generated from operations		1,584,645	954,579	26,692	200,460
Income tax paid		(430,849)	(205,365)	-	-
Cash generated from operating activities		1,153,796	749,214	26,692	200,460
Investing activities					
Acquisition of property, plant and equipment		(1,172,090)	(4,044)	-	-
Cash acquired from acquisition		-	2,500,000	-	-
Investment	9	(3,000,000)	(40,000)	-	-
Cash used in investment activities		(4,172,090)	2,455,956	-	-
Financing activities					
Shares issued		375,921	11,000	375,921	11,000
Dividend paid		(668,469)	(443,178)	(668,468)	(443,178)
Interest on loans and borrowings		(427)	(2,793)	-	-
Dividend received		-	-	800,000	-
Cash used in financing		(292,975)	(434,971)	507,453	(432,178)
(Decrease)/Increase in cash and cash equivalents		(3,311,269)	2,770,199	534,145	(231,718)
Opening cash and cash equivalents		4,473,914	1,703,715	(487,559)	(255,841)
Closing cash and cash equivalents		1,162,645	4,473,914	46,586	(487,559)
Reconciliation of cash and cash equivalents					
Cash at bank and in hand		1,162,645	4,961,473	46,586	-
Overdraft		-	(487,559)	-	(487,559)
Closing cash and cash equivalents		1,162,645	4,473,914	46,586	(487,559)

Cash and cash equivalents are held at National Westminster Bank Plc.

Accounting Policies

BASIS OF PREPARATION

The financial statements have been prepared under the historic cost convention with the exception of current asset investments and freehold property which are held at fair value and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC Interpretations as endorsed by the European Union ("IFRS"), and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies adopted are set out below.

Frenkel Topping Group Plc is incorporated and domiciled in the United Kingdom.

For the year ended 31 December 2016 the group and the parent company, Frenkel Topping Group Plc has prepared its financial statements in accordance with IFRS.

GOING CONCERN

The financial statements are prepared on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future working capital requirements and therefore continue as a going concern is dependent upon it being able to generate significant revenues and free cash flow. The Directors have prepared projections which they consider to be prudent and demonstrate that the business can operate within its existing cash resources, and have identified a series of realistically achievable actions that they are committed to taking to mitigate the rate of cash outflow should revenues not be secured as predicted.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- goodwill has been tested for impairment by comparing the carrying value of the cash generating unit to which the goodwill has been attributed, to the present value of the forecast cashflows expected to be generated by the unit.
- the fair value of share-based awards is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future. Such estimates and judgements include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 14.

INTERPRETATIONS OF STANDARDS

There are no new standards or amendments to standards which are mandatory for the first time for the year ended 31 December 2016 which have a significant impact on the Group. The potential impacts of IFRS 15, Revenue from contracts with customers, IFRS 9, Financial Instruments and IFRS 16 Leases, are being assessed by management. From an initial review the directors do not consider that IFRS 9 and IFRS 15 will have a material impact on the Group. IFRS 16 will impact the Group leading to the capitalisation of certain operating leases on the Statement of Financial Position but the impact has not been fully quantified as yet.

REVENUE

Revenue is derived from reports issued as an expert witness in the claims process and net fees and charges on initial advice and from recurring income from servicing the clients' Funds in the Investment Management Service and fees charged for discretionary investment management, excluding value added tax.

Fees and charges are accrued and measured based on the stage of completion of specific client contracts where the outcome can be assessed with reasonable certainty and the value for that service has been agreed between the company and the customer.

Recurring income is calculated based on the value of the client's investment on the anniversary of the initial investment and recognised on an accruals basis.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Entities are accounted for as subsidiary undertakings when the Group is exposed to or has rights to variable returns through its involvement with the entity and it has the ability to affect those returns through its power over the entity. The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Comprehensive Income from the date of their acquisition up until the date that control ceases.

The acquisition method of accounting is used for the acquisition of subsidiaries. The cost of acquisition is measured at the aggregate fair values of assets given, equity instruments issued and liabilities incurred or assumed by the Group to obtain control. A separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The company profit for the year was £69,728 (2015: loss £245,068).

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill on acquisition of subsidiaries is separately disclosed.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

IMPAIRMENT

At each accounting reference date, the Group reviews the carrying amounts of its intangibles, property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially recorded at cost, with the exception of freehold property which is subsequently measured at open market value, less accumulated depreciation and any recognised impairment loss.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	over the term of the lease
Freehold property	-	impairment review
Fixtures & fittings	-	25% straight line
Computer equipment	-	25% straight line
Motor Vehicles	-	25% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

EMPLOYEE SHARE OWNERSHIP PLANS

The Group operates an Employee Benefit Trust and has de facto control of the shares held by the trust and bears their benefits and risks. The EBT is consolidated into the group accounts with a debit to equity for the cost of shares acquired. Finance costs and administrative expenses are charged as they accrue.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

SHARE-BASED COMPENSATION

The Group operates an equity-settled, share based compensation plan, together with a Director Share Scheme. The fair value of the employee services received in exchange for the grant of options or, is recognised as an expense in the parent company. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options granted or shares awarded, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At each accounting reference date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any in profit or loss or statement of comprehensive income, and a corresponding adjustment to reserves over the remaining vesting period.

During the year the Participator scheme was replaced by the issuing of options under the EMI Scheme. The replacement of the awards has been accounted for as a modification and the incremental fair value, calculated by determining the fair value of the new awards and deducting the fair value of the original awards re-measured at the modification date has been recognised over the remaining vesting period of the new awards. In assessing the fair value of the original awards at the date of modification, the directors have concluded that no changes to the assumptions around the likelihood of and timing of vesting of the awards were required. The share option charge has a high degree of sensitivity to these judgements.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

LEASING

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases encompassing land and buildings are assessed separately. Leases in respect of land have always been accounted for as operating leases in accordance with IAS 17 Leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group Statement of Financial Position when the Group has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are categorised as loans and receivables in accordance with IAS39. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The Directors have considered the impact of discounting trade receivables relating to Expert Witness reports whose settlement may be deferred for lengthy periods, and concluded that the impact would not be material.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Equity Instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Group Statement of Financial Position.

For the purposes of the Cashflow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft which is integral to the Group's cash management.

Borrowings

Interest-bearing overdrafts are classified as other liabilities. They are initially recorded at fair value, which represents the fair value of the consideration received, net of any direct transaction costs associated with the relevant borrowings. Borrowings are subsequently stated at amortised cost and finance charges are recognised in the Statement of Comprehensive Income over the term of the instrument using an effective rate of interest.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

EMPLOYEE BENEFITS

The Group operates a defined contribution scheme. The pension costs charged in the financial statements represent the contribution payable by the Group during the year.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are 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 difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

INVESTMENTS

The investment are held at fair value through the profit and loss.

Notes to the Financial Statements

for the year ended 31 December 2016

1 REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from activities within the UK. Management considers there to be only one operating segment within the business based on the way the business is organised and the way results are reported internally.

2 PROFIT FROM OPERATIONS

	Group 2016 £	Group 2015 £
Profit from operations is stated after charging:		
Share based compensation	551,045	77,543
Depreciation and amortisation	5,543	7,173
Operating lease rentals - Motor vehicles	60,400	60,589
Operating lease rentals - Land & buildings	89,189	87,507

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non audit services:

	2016 £	%	2015 £	%
Audit Services				
- Statutory audit	27,500	50.11	21,650	39.94
Other Services				
The auditing of accounts of associates of the company pursuant to legislation:				
- Audit of subsidiaries where such services are provided by RSM UK Audit LLP and its associates	19,675	35.85	24,850	45,85
Tax Services				
- Compliance services	7,700	14.04	7,700	14.21
	54,875		54,200	

2 PROFIT FROM OPERATIONS *(continued)*

The following table analyses the nature of expenses:

	Group 2016 £	Group 2015 £
Staff costs (see note 4)	3,536,052	3,045,760
Depreciation, amortisation and impairment	5,543	7,173
Premises costs	131,975	124,599
Marketing expenses	175,520	221,488
Professional fees	553,877	506,547
Other expenses	1,111,791	1,116,109
Total operating expenses	5,514,758	5,021,676

3 FINANCE COSTS

	Group 2016 £	Group 2015 £
Bank interest	427	2,549
	427	2,549

4 EMPLOYEES

NUMBER OF EMPLOYEES

The average monthly numbers of employees (including the Directors) during the year was made up as follows:

	2016 number	2015 number
Directors	5	4
Sales	18	14
Administration	39	36
	62	55

EMPLOYMENT COSTS	2016 £	2015 £
Wages and salaries	2,514,344	2,518,695
Social security costs	269,536	267,716
Pension costs	100,594	82,983
Other benefits	100,533	98,823
Share based compensation – equity settled	551,045	77,543
	3,536,052	3,045,760

4 EMPLOYEES *(continued)*

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of the individual directors is provided in the Directors' remuneration report on pages 15 to 16.

	2016 £	2015 £
Short-term employee benefits	383,514	500,540
Post-employment benefits	12,000	15,500
Other long-term benefits	11,472	14,600
Share based payments	551,045	77,543
	958,031	608,183
Social security costs	52,925	69,074
	1,010,956	677,257

	Number	Number
Number of Directors to whom retirement benefits are accruing under a money purchase scheme	2	2

	2016 £	2015 £
The remuneration in respect of the highest paid director was:		
Emoluments	138,228	246,561
Pension costs	-	-
	138,228	246,561

During the year two directors exercised 2,682,116 share options (2015: nil). The highest paid director exercised 1,585,962 (2015: nil) share options.

5 PENSION COSTS

The Group operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Group and amounted to £100,594 (2015: £82,983). As at the year end £7,000 (2015: £nil) was accrued in connection with pension contributions.

6 TAXATION

	Group 2016 £	Group 2015 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	64,473	301,410
Adjustments in respect of previous periods	25,667	5,804
Total current tax charge	90,140	307,214
Deferred tax		
Temporary differences, origination and reversal	99,182	(75,056)
Total deferred tax charge	99,182	(75,056)
Tax on profit on ordinary activities	189,322	232,158

FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax assessed for the period is higher than the main rate of corporation tax in the UK of 20% (2015: 20.3%). The differences are explained below:

	Group 2016 £	Group 2015 £
Profit before taxation	883,326	1,285,462
Profit multiplied by main rate of corporation tax in the UK of 20% (2015: 20.3%)	176,750	260,306
EFFECTS OF:		
Expenses not deductible	12,559	44,531
Exercise of share options	(235,045)	(14,675)
Share based payments	209,391	(59,354)
Other charges/(deductions) in period	25,667	1,350
Total tax expense for year	189,322	232,158

7 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Group 2016 £	Group 2015 £
Earnings		
Earnings for the purposes of basic earnings per share		
(net profit for the year attributable to equity holders of the parent)	694,004	1,053,304
Earnings for the purposes of diluted earnings per share	694,004	1,053,304
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	75,294,625	67,220,766
Less: own shares held	(3,128,016)	(3,128,016)
	72,166,609	64,092,750
Effect of dilutive potential ordinary shares:		
- Share options	4,366,476	2,198,304
Weighted average number of ordinary shares for the purposes of diluted earnings per share	76,533,085	66,291,054

8 GOODWILL

	£
COST	
As at 1 January 2016	7,020,287
Acquisition	-
At 31 December 2016	7,020,287
NET BOOK VALUES	
At 31 December 2016	7,020,287
At 31 December 2015	7,020,287

9 INVESTMENTS

	£
GROUP	
Valuation	
As at 1 January 2016	40,000
Acquisition during year	3,000,000
Revaluation	21,980
At 31 December 2016	3,061,980
NET BOOK VALUES	
At 31 December 2016	3,061,980
At 31 December 2015	40,000

Listed investments represent traded instruments which are regarded as a liquid investment and is subject to market fluctuations

COMPANY	
COST	
As at 1 January 2016	10,380,154
Acquisition during year	-
At 31 December 2016	10,380,154
NET BOOK VALUES	
At 31 December 2016	10,380,154
At 31 December 2015	10,380,154

Shares in subsidiary undertakings are stated at cost. Frenkel Topping Group plc owns the following principal subsidiaries which are included in the consolidated accounts:

Company	*Country of registration or incorporation*	*Nature of business*	*Shares held class*	*Proportion of shares held*
Frenkel Topping Group Holdings Limited	England	Holding	Ordinary	100%
Frenkel Topping Limited	England	Financial services	Ordinary	100%[1]
New Horizon AM Limited	England	Dormant	Ordinary	100%[1]
Frenkel Topping Associates Limited	England	Dormant	Ordinary	50%[2]
Frenkel Topping Investment Management Limited	England	Financial services	Ordinary	100%

[1] Owned by Frenkel Topping Group Holdings Limited
[2] Owned by Frenkel Topping Limited

10 GROUP PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Freehold building £	Office equipment £	Computer equipment £	Total £
Cost / Valuation					
At 1 January 2015	32,619	-	-	36,630	69,249
Additions	-	-	-	4,044	4,044
Disposals	-	-	-	(3,778)	(3,778)
At 31 December 2015	32,619	-	-	36,896	69,515
Additions	-	1,029,009	101,157	41,926	1,172,092
Revaluation	-	70,991	-	-	70,991
Disposals	-	-	-	(13,377)	(13,377)
At 31 December 2016	32,619	1,100,000	101,157	65,445	1,299,221
Depreciation					
At 1 January 2015	32,619	-	-	23,640	56,259
Charge for the year	-	-	-	7,173	7,173
Disposals	-	-	-	(3,778)	(3,778)
At 31 December 2015	32,619	-	-	27,035	59,654
Charge for the year	-	-	-	5,543	5,543
Disposals	-	-	-	(13,377)	(13,377)
At 31 December 2016	32,619	-	-	19,201	51,820
Net book values					
At 31 December 2016	-	1,100,000	101,157	46,244	1,247,401
At 31 December 2015	-	-	-	9,861	9,861
At 1 January 2015	-	-	-	12,990	12,990

Freehold property with a carrying value of £1.1m were revalued as at 31 December 2016 by Knight Frank, Chartered Surveyors, on an existing use open market value basis, in accordance with the Guidance Notes of the Royal Institution of Chartered Surveyors. Knight Frank are not connected with the Group. The valuation was based on recent market transactions on an arm's length basis for similar properties.

11 OTHER RECEIVABLES

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Prepayments	263,474	194,366	-	-
Other receivables	227,044	135,045	6,552	13,961
Amount due from group undertakings	-	-	800,000	-
	490,518	329,411	806,552	13,961

12 TRADE AND OTHER PAYABLES

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade payables	470,356	410,059	13,850	436
Other tax and social security	106,492	106,390	-	-
Other payables	9,164	25,156	2,000	-
Amount due to Group undertakings	-	-	3,696,362	2,756,079
Accruals	84,334	113,175	-	-
	670,346	654,780	3,712,212	2,756,515

13 PROVISIONS FOR DEFERRED TAXATION

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Share-based payments	(178,500)	(277,683)	-	-
Tax losses carried forward	(454,387)	(454,387)	-	-
At 31 December	(632,887)	(732,070)	-	-
Included in non current assets	(178,500)	(277,683)	-	-
Unrecognised deferred taxation asset	(454,387)	(454,387)	-	-
At 31 December	(632,887)	(732,070)	-	-

Movement in the period	£	£	£	£
At 1 January	(277,683)	(202,627)	-	-
Deferred tax charge for share based payments	99,183	(75,056)	-	-
At 31 December	(178,500)	(277,683)	-	-

The Group has unrecognised deferred tax assets of £454,387 at 31 December 2016 and 31 December 2015, which relate to taxable losses held within a dormant subsidiary of the group. The deferred tax asset has not been recognised for because it is uncertain whether the trading losses giving rise to the asset will be utilised in the foreseeable future.

14 SHARE CAPITAL (GROUP AND COMPANY)

	Number of shares	2016 £	Number of shares	2015 £
Authorised				
Ordinary shares of £0.005 each	80,000,000	400,000	80,000,000	400,000
Preference shares of £1 each	50,000	50,000	50,000	50,000
		450,000		450,000
Allotted, called up and fully paid				
As at 1 January	74,012,067	370,061	63,837,067	319,186
New shares issued	2,978,616	14,893	10,175,000	50,875
As at 31 December				
Ordinary shares of £0.005 each	76,990,683	384,954	74,012,067	370,061

During the period employees exercised share options and as a result 2,978,616 new shares were issued. 2,682,116 shares were issued at a price of £0.135 per share, 91,500 shares were issued at a price of £0.14 per share and 205,000 at a price of £0.005 per share.

Dividends of £643,990 (2015: £609,762) in aggregate, being 0.8719 (2015: 0.8875) pence per share, were proposed before the financial statements were authorised for issue but not treated as a distribution to equity. Dividends of 0.2375 pence per share have been paid as an interim, 0.8719 has been proposed as a final dividend to be approved by the shareholders at the AGM on 3 May 2017. Shares held under the employee benefit trust have waived their rights to dividends.

The Company operates an unapproved and approved equity-settled share option plan. The Company plan provides for a grant price not less than the nominal value of the shares. The vesting period is between 3 to 5 years. If options remain unexercised after a period of 10 years from the date of the grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before the options vest. In relation to the options, 33% of options vest upon delivery of £750m of AUM to the Group, 33% upon delivery of £500m on a discretionary mandate within the Group and 33% upon delivery of £1b of AUM.

Grant date	Subscription price per share	Number of shares which rights exercisable	Earliest date on which options can be exercised
Approved Scheme			
24 August 2016	0.5p	4,500,000	As above
24 August 2016	24.0p	500,000	As above
Employee share options in issue		5,000,000	

14 SHARE CAPITAL (GROUP AND COMPANY) *(continued)*

	2016 Options	2016 Weighted average exercise price (pence)	2015 Options	2015 Weighted average exercise price (pence)
Outstanding as 1 January	3,062,116	12.27	3,237,116	12.27
Granted during the year	5,000,000	2.75	-	-
Lapsed during the year	(83,500)	(12.27)	-	-
Exercised during the year	(2,978,616)	(12.27)	(175,000)	0.61
Outstanding at 31 December	5,000,000	2.75	3,062,116	12.62
Exercisable at 31 December	-		2,887,116	

The options outstanding at 31 December 2016 had a weighted average remaining contractual life of 9 years (2015: 6 years).

Options exercised have been satisfied as follows:

	2016	2015
Issue of new shares	2,978,616	175,000
Transfer from employee share trust	-	-
Total exercised	2,978,616	175,000

The weighted average share price at the date of exercise was 51 pence.

During the year the Group cancelled the Participator Share Scheme, details of which are disclosed in the Financial Statements 2015. The options granted during the year to those holding existing options under the Participator Scheme were treated as modifications.

Accordingly the Share Scheme is accounted for in accordance with IFRS 2, Share-based Payment, using a Black-Scholes option pricing model to give a proxy for the fair value of the services provided by the Participators, the key inputs to which are:

Weighted average share price at date of award of scheme shares	45.0p
Expected volatility	25%
Expected life	Three years
Risk free rate	0.1%
Expected dividend yield	2.08%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 10 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

15 RELATED PARTY TRANSACTIONS

Details of key management compensation are included in note 4. Key management are considered to be the directors of the Group. Key management received £158,660 in dividends in aggregate.

16 FINANCIAL INSTRUMENTS

It is not the Group's policy to make use of financial derivatives. Although the financial risks are considered to be minimal at present, future interest rate, liquidity, credit and foreign currency risk could arise and the Board will review its existing policies in the coming period. The Group finances the operations through retained cash.

Interest rate risk

The Group has no current borrowing and thus has no interest rate risks.

Liquidity risk

It is the Group's policy to manage liquidity in order to achieve continuity of funding. The Group monitors actual cashflows against forecast and expectations on a daily basis to ensure sufficient liquidity is available. Cash forecasts are based on contractual accrued income and timing of receipts, new business trading levels and settlement of supplier balances when they fall due. Subject to unforeseen adverse trading conditions, the cash flows from operations are not expected to change significantly. Based on forecasts, profitability would have to reduce by 50% before the Group overdraft facility is exceeded. There are no covenants attached to the overdraft facility. Whilst the Group does have longer than average debtors days in connection with the expert witness services, the inflows from receipt of historic expert witness debtors mitigate the increase in the debtor value from new expert witness services and thus are not material to the liquidity of the Group. The nature of the Group's business means that cash flows are relatively stable and predictable. Any significant fall in the level of funds invested by the Group's clients would have a significant impact on the cash resources of the Group.

Credit risk

Exposure to credit risk is limited to cash at bank, liquid investments and trade receivables. Credit risk on cash balances is minimised by the use of a major UK government backed clearing bank. The Group evaluates a customer's ability to pay before entering into a transaction and actively manages receivables due to the Group. The Group's maximum exposure to credit risk is disclosed in note 18.

Foreign currency risk

The Group has no overseas assets or liabilities.

16 FINANCIAL INSTRUMENTS *(continued)*

The interest rate profile of the financial assets of the Group as at 31 December 2016 is as follows:

	Financial assets at fair value through profit and loss £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2016				
Cash in hand	-	-	-	-
Cash at bank	-	1,162,645	-	1,162,645
Trade receivables (note 18)	-	-	1,170,969	1,170,969
Accrued income	-	-	714,901	714,901
Investments	3,061,980	-	-	3,061,980
Other receivables	-	-	227,044	227,044
Total	3,061,980	1,162,645	2,112,914	6,337,539

	Financial assets at fair value through profit and loss £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2015				
Cash in hand	-	-	-	-
Cash at bank	-	4,961,473	-	4,961,473
Trade receivables	-	-	1,066,870	1,066,870
Accrued income	-	-	1,018,983	1,018,983
Investments	40,000	-	-	40,000
Other receivables	-	-	135,045	135,045
Total	40,000	4,961,473	2,220,898	7,222,371

16 FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 31 December 2016 is as follows:

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2016				
Amounts due to banks	-	-	-	-
Trade and other payables	-	-	586,012	586,012
Total	-	-	586,012	586,012

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2015				
Amounts due to banks	-	487,559	-	487,559
Trade and other payables	-	-	541,605	541,605
Total	-	487,559	541,605	1,029,164

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities as at 31 December 2016 was as follows:

	2016 £	2015 £
Payable within one year	586,012	1,029,164
Payable in two to five years	-	-
	586,012	1,029,164

16 FINANCIAL INSTRUMENTS *(continued)*

The interest rate profile of the financial assets of the Company as at 31 December 2016 is as follows:

	Fixed rate financial assets £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2016				
Other receivables	-	-	6,552	6,552
Total	-	-	6,552	6,552

	Fixed rate financial assets £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2015				
Other receivables	-	-	13,959	13,959
Total	-	-	13,959	13,959

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Company as at 31 December 2016 is as follows:

	Fixed rate financial assets £	Floating rate financial assets £	Financial liabilities on which no interest is paid £	Total £
2016				
Amounts due to banks	-	-	-	-
Trade and other payables	-	-	2,912,212	2,912,212
Total	-	-	2,912,212	2,912,212

16 FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 31 December 2016 is as follows:

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2015				
Amounts due to banks	-	487,559	-	487,559
Trade and other payables	-	-	2,756,515	2,756,515
Total	-	487,559	2,756,515	3,244,074

Maturity of financial liabilities

The maturity profile of the Company financial liabilities as at 31 December 2016 was as follows:

	2016 £	2015 £
Payable within one year	2,912,212	3,244,074
Payable in two to five years	-	-
	2,912,212	3,244,074

Fair values of financial assets and financial liabilities

The fair value, based upon the market value or discounted cashflows of the financial instruments detailed above was not materially different from their book values.

17 FINANCIAL COMMITMENTS

At 31 December 2016, the Group had total gross commitments under non-cancellable operating leases as follows:

	Land & building 2016 £	Land & building 2015 £
Amounts due		
Within one year	51,917	51,917
Between one and five years	-	51,917
In greater than five years	-	-
	51,917	103,834

	Motor vehicles 2016 £	Motor vehicles 2015 £
Amounts due		
Within one year	44,899	44,842
Between one and five years	17,931	32,391
	62,830	77,233

Operating lease payments for land and buildings represent rentals payable by the Group for its office properties. Leases are negotiated for a 10 year term with a 5 year break clause and the rentals are fixed during this period. Operating lease payments for motor vehicles represents rentals payable by the Group for its company cars. Leases are negotiated between 2-3 year and rentals are fixed during this period.

The Company shares a VAT registration with its subsidiary Frenkel Topping Limited. Both the Company and Frenkel Topping Limited are joint and severally liable for amounts due. As at 31 December the amount due to HMRC is £35,862 (2015: £12,747).

18 TRADE RECEIVABLES

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 311 (2015: 241). Debtor days has been calculated as the balance in trade receivables against new business income recorded in the year. The trade receivables represent fees due from investment of initial AUM or Expert Witness Reports.

Income arising from initial investment will be paid to the Group from the investment house upon receipt of the clients' funds by the investment house. Trade receivables are only recorded at the point the funds have been transferred to the investment house. Due to the laws and regulations connected to the Group's clients, these transactions have a substantial documented approval process by the underlying client, supporting the investment, which legally binds the client once the funds are transmitted.

A proportion of the trade receivables are from Expert Witness Reports. These are reports that are used in the calculation of the claimant's award once liability has been agreed. The cost of these reports is recovered as part of the costs of the claimant's case. Whilst the cases may have a complex nature and the timeframe for these cases can span numerous years before the case is settled, resulting in a lengthened debtor period, the risk of non-recovery is minimal.

The following table provides analysis of trade and other receivables that were in Debtors at 31 December, but not impaired. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2016 £	2015 £
Up to three months	348,390	310,644
Between four and twelve months	397,560	400,475
Greater than twelve months	425,019	355,751
	1,170,969	1,066,870

19 CAPITAL MANAGEMENT

Our approach to capital management is driven by our strategic requirements taking into account the regulatory environment we operate in.

It is our objective to maintain a strong capital base to support the development of the Group and to meet regulatory capital requirements at all times whilst protecting returns to shareholders by ensuring the Group will continue to trade in the foreseeable future.

The Group considers its capital to include share capital, share based payment reserve, own shares reserve, other reserve and retained earnings and net debt. The Group has no net external borrowing and hence the gearing ratio is 0% (2015: 0%).

Frenkel Topping Limited and Frenkel Topping Investment Management Limited are authorised by The Financial Conduct Authority (FCA). The FCA sets capital requirements for the Group on this basis. Our policy is to maintain adequate readily realisable assets at a level in excess of those determined by the FCA.

The Board is satisfied that the Group has sufficient resources to meet its FCA capital resources requirement.

The level of capital and realisable assets are actively monitored by the Board.

Shareholder Information

SUBSTANTIAL SHAREHOLDING AS AT 2 FEBRUARY 2017

The company has been notified of the following substantial interests in the ordinary share capital of the company as at the above date:

	Number of Shares held	% of total
Employee Benefit Trusts	3,128,016	4.06
J. Dean (Director)	1,590,861	2.07
R.C. Fraser (Director)	1,254,361	1.63
J. Granite (Director)	244,772	0.32
Helium Special Situation Fund	12,136,332	15.76
R & C Hughes	7,856,699	10.20
Oryx International	7,500,000	9.74
FCFM Group Limited	5,648,632	7.34
Hargreaves Hale	5,000,000	6.49
INCAP BV	4,888,773	6.35
D.R. Southworth	4,720,000	6.13
Killik & Co	3,164,347	4.11
IPGL	3,087,772	4.01

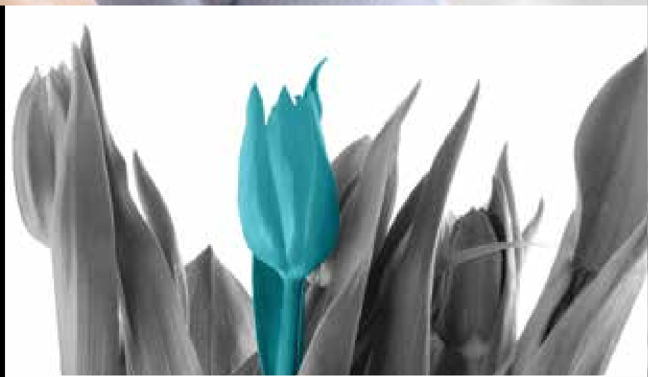
The Directors are not aware of any other person who is beneficially interested in 3% or more of the issued share capital.

BOARD OF DIRECTORS

The Directors of the Company who held office since 1 January 2016 are as follows:

D R Southworth (resigned 15 June 16)	Non-Executive Chairman
G McMahon (resigned 15 June 16)	Non-Executive Director
M Richards (appointed 14 September 16)	Non-Executive Director
J Granite	Executive Chairman
R C Fraser	Chief Executive Officer
J Dean	Chief Finance Officer
M Holt (appointed 1 September 16)	Commercial Director

Frenkel Topping provides specialist independent advice to the vulnerable in society. Whilst protecting their assets.



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