FRENKEL TOPPING GROUP PLC

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

2004

Frenkel Topping

Investors of personal injury and clinical negligence awards

Financial Highlights

Turnover £1,093,238

Profit before interest, taxation and group goodwill amortised £44,307

Profit before taxation and group goodwill amortised £14,297

Basic loss per share (0.46p) for the period from 1 May 2004 to 31 December 2004

Adjusted* earnings per share 0.02p for the period from 1 May 2004 to 31 December 2004

Contents

* Adjusted for goodwill on acquisitions

Pioneering Solutions

When it comes to looking after personal injury and clinical negligence awards, Frenkel Topping's goal is to be the partner of choice for solicitors and claimants. We have the knowledge, skills and experience to provide ongoing advice and guidance on structuring awards and managing them in the most efficient way for the benefit of individual clients.



Chairman's Statement

"We are certain that Periodical Payment Orders will produce a major change in the way personal injury claims are settled. The strength of the Frenkel Topping brand will ensure that the company is well placed to take advantage of these significant changes in the years to come."

I am pleased to announce our first results as a public company.

As covered by a prospectus dated 9 July 2004, Forward Link plc agreed to acquire Frenkel Topping Limited and Frenkel Topping Structured Settlements Limited and create the new Frenkel Topping Group plc. The ordinary shares commenced trading on 28 July 2004. Forward Link plc was established in April 2003 as a cash shell to attract companies and businesses which were seeking admission to trade on AIM.

For the period from 1 May 2004 to 31 December 2004, the Group recorded turnover of £1.09 million and a profit on ordinary activities before taxation and group goodwill amortisation of £14,297. Adjusted basic earnings per ordinary share were 0.02p.

Net debt at 31 December 2004 was £655,013, and the net asset value of the Group as at 31 December 2004 was £3,661,819. The board of the Company does not propose a final dividend.

Our main achievement to date has been to establish the Frenkel Topping brand name as one of the leaders in the field of independent financial advice for personal injury victims. However, a major change to the way personal injury claims will be awarded has been implemented from 1 April 2005 when sections 100 and 101 of the Courts Act 2003 came into force. From this date, Courts have the power to impose periodical payment orders as part of a personal injury or clinical negligence settlement.

We are certain that periodical payment orders will produce a major change in the way personal injury claims are settled. A claimant's ongoing needs will have to be fully assessed by a judge and the Courts will need the advice and expertise of groups such as Frenkel Topping. The strength of the Frenkel Topping brand will ensure that the company is well placed to take advantage of these significant changes in the years to come.

These changes in the market place, along with our own ambitions for the future, have necessitated the implementation of a significant reorganisation of the Group which has affected our financial results for the period ended 31 December 2004 and will affect the outcome for the year ending 31 December 2005.

Through the use of focussed marketing campaigns, our new business model will increase the number of leads generated for prospective business and segment them into specialist areas of expertise in order to maximise income.

Our income is drawn primarily from fees and commissions together with recurring income from investment funds under management. One of our key areas of focus has been to build our investment funds under management in order to provide recurring fee income. Since the year end our funds under management have increased from £119 million to £130 million thus supporting our target to achieve £250 million by the end of 2007.

Therefore, our expectations for the future success of the Frenkel Topping Group are very high. However, the structural changes outlined above have meant that we will have a number of one-off exceptional costs including redundancy and recruitment costs, legal fees, and an increased marketing spend which we estimate will total approximately £150,000. These costs will be included in the financial results for 31 December 2005.

The above exceptional costs together with the restructuring of the business will have an impact on the financial results for the year ended 31 December 2005. However we expect the benefits of our recent restructure will be realised in subsequent periods with a consequential increase in our performance expected for the financial years 2006 and 2007.

David R Southworth Non-Executive Chairman | 27 May 2005

Directors' report

for the period ended 31 December 2004

The directors present their report and the financial statements of the Group for the period ended 31 December 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Frenkel Topping Group plc is the parent company of a group of companies engaged in the provision of advice regarding Structured Settlements and related financial services.

On 3 June 2004, pursuant to an offer for subscription the company issued 23,000,000 ordinary shares of 0.005p each at 5p each, raising £1,150,000 before expenses.

On 3 June 2004 the company made a bonus issue of 40 ordinary shares of 0.005p for every ordinary share of 0.005p held and subsequently consolidated every 100 shares of 0.005p each into 1 share of 0.5p.

On 3 June 2004, each and all of the redeemable shares of £1 each in the share capital of the company were redeemed and cancelled.

On 26 July 2004, the company acquired 66.2% of the entire issued share capital of each of Frenkel Topping Limited and Frenkel Topping Structured Settlements Limited and options to acquire the remaining shares, in consideration for the issue of 26,450,000 ordinary shares of 0.5p per share at 8.5p per share in the company.

Upon admission to AIM on 28 July 2004, the company raised £264,500 by placing 551,042 ordinary shares of 0.5p per share at 48p. Also on that date, the company raised a further £600,000 from the issue of 3,428,572 ordinary shares to James Brearley and Sons Limited at 17.5p.

On 28 July 2004, the company acquired a further 16.6% of the issued share capital of each of Frenkel Topping Limited and Frenkel Topping Structured Settlements Limited for £600,000 in cash.

A review of the Group's activities and its future prospects are covered in the chairman's statement on pages 2 and 3.

RESULTS AND DIVIDENDS

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

The directors do not recommend payment of a final dividend.

PAYMENT OF CREDITORS

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and abide by them. Trade creditor days for the group at 31 December 2004, calculated in accordance with the Companies Act 1985, were 197 days. This represents the ratio, expressed in days, between the amounts invoiced to the Group in the period by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year. The number of days is abnormally high due to professional payaways being included within trade creditors which are not settled until a case is completed.

EMPLOYEE INVOLVEMENT

Arrangements are in place to provide information to employees on areas that concern them as employees. When decisions are to be made which are expected to affect their interests, consultation is undertaken so that their views can be taken into account.

DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served during the period and their beneficial interests in the shares of the company are as follows:

	Class of share	**31/12/2004**	30/04/2004
R I Hughes	Ordinary shares	**–**	5,578,683
	Preference shares	**–**	50,000
N Molyneux	Ordinary shares	**–**	–
	Preference shares	**–**	–
D R Southworth	Ordinary shares	**200,000**	–
R C Fraser	Ordinary shares	**12,433,348**	–
S Ashcroft	Ordinary shares	**12,954,181**	–
D V Hannis	Ordinary shares	**–**	–

D R Southworth was appointed chairman on 28 July 2004
R C Fraser was appointed as a director on 26 July 2004
S Ashcroft was appointed as a director on 26 July 2004
D V Hannis was appointed as a director on 28 July 2004
N Molyneux resigned as a director on 28 July 2004
R I Hughes resigned as a director on 28 July 2004

SUBSTANTIAL SHAREHOLDINGS

At 31 December 2004, the following interests in 3% or more of the issued ordinary share capital have been notified to the company:

	31/12/2004
R C Fraser	27%
S Ashcroft	28%
James Brearley and Sons Limited	8%
I W Currie	5%
R I Hughes	5%
Giltspur Nominees	5%

D V Hannis is a director and shareholder of James Brearley and Sons Limited.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

R C Fraser, Company Secretary
27 May 2005

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 requirements 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 8. The non-executive directors have 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, consisting of the non-executive directors and chaired by D Southworth, is responsible for making recommendations to the Board on the Company'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 directors. The Committee meets at least twice a year.
2. The Audit Committee comprises the non-executive directors and is chaired by D Southworth. Its prime tasks are to review the scope of the external audit, to receive regular reports from Baker Tilly, 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 judgment 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 contribute 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 meets at least twice a year including immediately before the submission of the annual and interim financial statements to the Board.

INTERNAL CONTROL

The directors are responsible for the Group's system of internal control and 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;
b. There are procedures for planning, approval and monitoring of capital expenditure 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 "Internal Control Guidance for Directors on the Combined Code" issued by the ICAEW.

The Audit committee receives reports from the external auditors on a regular basis and from 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 receives periodic reports from all committees.

There are no significant issues disclosed in the financial statements for the period ended 31 December 2004 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.

GOING CONCERN

The directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE PROVISIONS OF THE COMBINED CODE

The Directors have voluntarily undertaken to adopt and comply with the provisions set out in Section 1 of the Combined Code insofar as they apply to the Group given its size, structure and AIM listing.

Directors' responsibilities in the preparation of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the Group and of the profit or loss of the Group for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Frenkel Topping Group plc

We have audited the financial statements on pages 10 to 26.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This information comprises the chairman's statement, the corporate governance statement and the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the Group as at 31 December 2004 and of the loss of the Group for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
Manchester
27 May 2005

Consolidated profit and loss account

for the period ended 31 December 2004

	Notes		**31/12/2004 £000**	30/04/2004 £000
Turnover	2			
Continuing operations		–		–
Acquisitions		1,093,238		–
Total turnover			**1,093,238**	–
Cost of sales			**(579,079)**	–
Gross profit			**514,159**	–
Administrative expenses				
Amortisation of goodwill		(159,181)		
Other administrative expenses		(467,769)		
			(626,950)	–
Operating loss	3			–
Continuing operations		(180,116)		
Acquisitions		67,325		
			(112,791)	–
Interest receivable	4		**6,830**	–
Interest payable	5		**(36,840)**	–
Loss on ordinary activities before taxation			**(142,801)**	–
Tax on profit on ordinary activities	8		**(5,227)**	–
Loss on ordinary activities after taxation			**(148,028)**	–
Non-equity minority interest	19		**(4,344)**	–
Retained loss for the financial period			**(152,372)**	–
Basic loss per ordinary share	9		**(0.46)p**	–

All the activities of the Group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

Consolidated balance sheet

as at 31 December 2004

	Notes	31/12/2004 £	31/12/2004 £	30/04/2004 £	30/04/2004 £
Fixed assets					
Intangible assets	10		**3,628,243**		–
Tangible assets	11		**139,931**		–
			3,768,174		–
Current assets					
Work in progress	13	**80,893**		–	
Debtors	14	**793,938**		700	
Cash at bank and in hand		**15,568**		12,500	
		890,399		13,200	
Creditors: amounts falling due within one year	15	**(1,107,980)**		–	
Net current (liabilities)/assets			**(217,581)**		13,200
Total assets less current liabilities			**3,550,593**		13,200
Creditors: amounts falling due after more than one year	16		**(67,756)**		–
Provisions for liabilities and charges					
Deferred tax	18		**(8,219)**		–
Minority Interests					
Non-equity minority interests	19		**187,201**		–
Net assets			**3,661,819**		13,200
Capital and reserves					
Called up share capital	20		**227,998**		13,200
Share premium account	21		**3,586,193**		–
Profit and loss account	22		**(152,372)**		–
Shareholders' funds			**3,661,819**		13,200

The financial statements were approved by the Board on 27 May 2005 and signed on its behalf by:

S Ashcroft, Director

The notes on pages 14 to 26 form part of these financial statements

Balance sheet

as at 31 December 2004

	Notes	31/12/2004 £	31/12/2004 £	30/04/2004 £	30/04/2004 £
Fixed assets					
Investments	12		**2,848,250**		–
Current assets					
Debtors	14	**965,381**		700	
Cash at bank		**–**		12,500	
		965,381		13,200	
Creditors: amounts falling due within one year	15	**(15,628)**		–	
Net current assets			**949,753**		13,200
Net assets			**3,798,003**		13,200
Capital and reserves					
Called up share capital	20		**227,998**		13,200
Share premium account	21		**3,586,193**		–
Profit and loss account	22		**(16,188)**		–
Shareholders' funds			**3,798,003**		13,200

The financial statements were approved by the Board on 27 May 2005 and signed on its behalf by:

S Ashcroft, Director

Consolidated cash flow statement

for the period ended 31 December 2004

	Notes	31/12/2004 £	30/04/2004 £
Reconciliation of operating (loss) to net cash (outflow) from operating activities			
Operating (loss)		**(112,791)**	–
Depreciation and amortisation		**185,589**	–
Decrease in stocks		**52,940**	–
Increase in debtors		**(294,691)**	(700)
(Decrease) in creditors		**(758,067)**	–
Net cash (outflow) from operating activities		**(927,020)**	(700)
Returns on investments and servicing of finance	27	**(30,010)**	–
Taxation	27	**(23,483)**	–
Capital expenditure	27	**(7,381)**	–
Acquisitions	27	**(909,010)**	–
Financing	27	**1,495,432**	13,200
(Decrease)/increase in cash in the period		**(401,472)**	12,500

Notes to the financial statements

for the year ended 31 December 2004

1. ACCOUNTING POLICIES

1.1. Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

Basis of consolidation and amortisation of goodwill

The financial statements incorporate the financial statements of the company and all of the Group undertakings. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of the companies acquired are included in the profit and loss account after the date that control passes. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 230 of the Companies Act 1985.

1.2. Turnover

Turnover represents the amount of nett commissions and fees, excluding value added tax, made during the year. Commission income is recognised on submission of a completed clients' application form and fees on the basis of invoices raised (see note 1.6 below).

1.3. Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost.
Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	–	15% straight line
Leasehold improvements	–	15% straight line
Motor vehicles	–	25% straight line
Computer equipment	–	15% straight line

1.4. Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.
Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Notes to the financial statements

for the year ended 31 December 2004

1.5. Investments in Group undertakings

Investments are included at cost.

1.6. Stocks and work in progress

Work in progress is based upon income received and invoices raised within three months after the year end in respect of ongoing cases at the balance sheet date. For contractual work in progress such as fees for reports written, the amount of time incurred before the year end in relation to overall time represents the proportion recognised at the balance sheet date. For commissions, income is only recognised where the client has signed a proposal form and the commission has subsequently been received within the three month period.

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.8. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is calculated at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

for the year ended 31 December 2004

2. TURNOVER

The total turnover and profits before tax are attributable to the one principal activity of the Group.

An analysis of turnover is given below:

	31/12/2004 £	30/04/2004 £
United Kingdom	**1,093,238**	–

3. OPERATING LOSS

	31/12/2004 £	30/04/2004 £
Operating loss is stated after charging/(crediting):		
Amortisation of goodwill	**159,181**	–
Depreciation	**25,717**	–
Loss on disposal of fixed assets	**691**	–
Operating lease rentals – Motor vehicles	**22,995**	–
Auditors' remuneration	**16,000**	–

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31/12/2004 £	30/04/2004 £
Other interest	**6,830**	–
	6,830	–

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31/12/2004 £	30/04/2004 £
Bank interest	**12,551**	–
Hire purchase interest and finance lease charges	**2,296**	–
Interest payable on overdue taxation	**14,319**	–
Other interest	**7,674**	–
	36,840	–

6. EMPLOYEES

	31/12/2004 Number	30/04/2004 Number
Number of employees		
The average monthly numbers of employees (including the directors) during the period were:		
Directors	**2**	–
Sales	**8**	–
Administration	**21**	–
	31	–

Notes to the financial statements

for the year ended 31 December 2004

6. EMPLOYEES (CONTINUED)

	31/12/2004 £	30/04/2004 £
Employment costs		
Wages and salaries	**410,616**	–
Social security costs	**54,619**	–
Other pension costs	**36,581**	–
	501,816	–

6.1. Directors' emoluments

	31/12/2004 £	30/04/2004 £
Remuneration and other emoluments	**118,741**	–
Pension contributions	**2,760**	–
	121,501	–

	31/12/2004 Number	30/04/2004 Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	**2**	–

7. PENSION COSTS

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £36,581.

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	31/12/2004 £	30/04/2004 £
Analysis of charge in period		
Current tax		
UK Corporation tax based on the results for the period at 19%	**9,595**	–
Total current tax charge	**9,595**	–
Total deferred tax	**(4,368)**	–
Tax on loss on ordinary activities	**5,227**	–

Notes to the financial statements

for the year ended 31 December 2004

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting tax charge for period

The tax assessed on the (loss) for the period is that of the Group, the combined rate being lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	31/12/2004 £	30/04/2004 £
(Loss) on ordinary activities before taxation	**(142,801)**	–
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	**(27,132)**	–
Effects of:		
Expenses not deductible for tax purposes	**33,377**	–
Capital allowances in excess of depreciation	**3,350**	–
Current tax charge for period	**9,595**	–

8a) Loss attributable to members of the parent company

The loss dealt with in the account of the parent company was £(16,188).

9. EARNINGS PER SHARE

Basic earnings/(loss) per ordinary share is based on the loss for the period of £(152,372) and on 33,009,759 ordinary shares of 0.005p each being the weighted average number of ordinary shares in issue during the period.

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
Acquired with subsidiary	17,083
Additions	3,770,341
At 31 December 2004	**3,787,424**
Accumulated amortisation	
Amortisation charge for the period	(159,181)
At 31 December 2004	**(159,181)**
Net book values	
At 31 December 2004	**3,628,243**

Notes to the financial statements

for the year ended 31 December 2004

11. TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 May 2004	–	–	–	–	–
Acquired with subsidiary	1,031	14,932	19,319	123,676	158,958
Additions	–	–	–	7,381	7,381
Disposals	–	–	–	(691)	(691)
At 31 December 2004	**1,031**	**14,932**	**19,319**	**130,366**	**165,648**
Depreciation					
At 1 May 2004	–	–	–	–	–
On disposals	–	–	–	–	–
Charge for the year	173	3,963	4,180	17,401	25,717
At 31 December 2004	**173**	**3,963**	**4,180**	**17,401**	**25,717**
Net book values					
At 31 December 2004	**858**	**10,969**	**15,139**	**112,965**	**139,931**
At 31 May 2004	–	–	–	–	–

Included in the net book value of £139,931 is £44,627 relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £8,646.

12. FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertakings £
Cost	
Additions	2,848,250
At 31 December 2004	**2,848,250**
Net book values	
At 31 December 2004	**2,848,250**
At 30 April 2004	–

All of the above investments are unlisted.

Notes to the financial statements

for the year ended 31 December 2004

12. FIXED ASSET INVESTMENTS (CONTINUED)

Shares in subsidiary undertakings are stated at cost. Frenkel Topping Group plc owns directly 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
Subsidiary undertakings				
Frenkel Topping Limited	England	Financial services	Ordinary	82.8%
Frenkel Topping Structured Settlements Limited	England	Provision of advice on structured settlements	Ordinary	82.8%

13. WORK IN PROGRESS

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Work in progress	**80,893**	–	**–**	–

14. DEBTORS

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Trade debtors	**394,057**	–	**–**	–
Amount owed by related parties	**13,489**	–	**905,188**	–
Other debtors	**130,586**	700	**60,193**	700
Prepayments and accrued income	**255,806**	–	**–**	–
	793,938	700	**965,381**	700

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Bank loans and overdrafts	**417,836**	–	**–**	–
Other loans	**95,507**	–	**–**	–
Net obligations under finance leases and hire purchase contracts	**7,900**	–	**–**	–
Trade creditors	**180,520**	–	**–**	–
Amounts owed to related parties	**2,467**	–	**–**	–
Corporation tax	**9,595**	–	**–**	–
Other taxes and social security costs	**67,826**	–	**–**	–
Other creditors	**22,375**	–	**–**	–
Accruals	**303,954**	–	**15,628**	–
	1,107,980	–	**15,628**	–

Notes to the financial statements

for the year ended 31 December 2004

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Other creditors	**53,831**	–	**–**	–
Net obligations under finance leases and hire purchase contracts	**13,925**	–	**–**	–
	67,756	–	**–**	–

Loans

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Repayable in one year or less, or on demand	**108,804**	–	**–**	–
Repayable between two and five years	**53,831**	–	**–**	–
	162,635	–	**–**	–

Net obligations under finance leases and hire purchase contracts

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Repayable in one year or less, or on demand	**7,900**	–	**–**	–
Repayable between one and five years	**13,925**	–	**–**	–
	21,825	–	**–**	–

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Deferred taxation	**8,219**	–	**–**	–

18. PROVISION FOR DEFERRED TAXATION

	Group		Company	
	31/12/2004	30/04/2004	**31/12/2004**	30/04/2004
	£	£	**£**	£
Deferred tax charge acquired with subsidiary	**12,587**	–	**–**	–
Movement in the period	**(4,368)**	–	**–**	–
At 31 December 2004	**8,219**	–	**–**	–

19. MINORITY INTERESTS

The non-equity minority interest comprises of £12,834 ordinary £1 shares in Frenkel Topping Limited, and £206 ordinary £1 shares in Frenkel Topping Structured Settlements Limited.

These shares do not entitle the holder to any rights against other Group companies.

Notes to the financial statements

for the year ended 31 December 2004

20. SHARE CAPITAL

	Number of shares	31/12/2004 £	Number of shares	30/04/2004 £
Authorised				
Ordinary shares of £0.00005 each			6,000,000,000	300,000
Ordinary shares of £0.005p each	**60,000,000**	**300,000**		
Preference shares of £1 each	**50,000**	**50,000**	50,000	50,000
		350,000		350,000
Allotted, called up and fully paid				
Ordinary shares of £0.00005 each			14,000,000	700
Ordinary shares of £0.005p each	**45,599,614**	**227,998**		
Preference shares – £0.25 paid of £1 each	**–**	**–**	50,000	12,500
		227,998		13,200

21. SHARE PREMIUM

	31/12/2004 £
Arising on issue of 23,000,000 ordinary shares of 0.005p at 5p per share	**1,148,850**
Arising on issue of 26,450,000 ordinary shares of 0.5p at 8.5p per share	**2,116,000**
Arising on issue of 551,042 ordinary shares of 0.5p at 48p per share	**261,745**
Arising on issue of 3,428,572 ordinary shares of 0.5p at 17.5p per share	**582,857**
Issue costs of ordinary and preference shares	**(449,259)**
Bonus issue	**(74,000)**
	3,586,193

22. EQUITY RESERVES

	Profit and loss account £000
Group	
At 1 May 2004	–
Loss for the period	(152,372)
At 31 December 2004	**(152,372)**
Company	
At 1 May 2004	–
Loss for the period	(16,188)
At 31 December 2004	**(16,188)**

Notes to the financial statements

for the year ended 31 December 2004

23. RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

	31/12/2004 £
Group	
Profit for the financial period	4,726
Goodwill amortised during the period	(157,098)
	(152,372)
Issue of share capital	3,800,991
Net additions to shareholders' funds	3,648,619
Opening shareholders' funds	13,200
Closing shareholders' funds	**3,661,819**

24. FINANCIAL COMMITMENTS

At 31 December 2004 the Group had annual commitments under non-cancellable operating leases as follows:

	Other	
Group	**31/12/2004** **£**	30/04/2004 £
Expiry date:		
Within one year	**5,382**	–
Between one and five years	**–**	–

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
Company	**31/12/2004** **£**	30/04/2004 £
Expiry date:		
Within one year	**5,382**	–
Between one and five years	**–**	–

25. RELATED PARTY TRANSACTIONS

Mr D Hannis, a non-executive director of the company, is also a director of James Brearley and Sons Limited, who acquired during the period 3,428,572 ordinary shares in Frenkel Topping Group plc.

During the period, the Group received £319,079 in commissions and annual management fees from James Brearley and Sons Limited. At 31 December 2004 the balances owed from James Brearley and Sons Limited amounted to £235,787.

Messrs R C Fraser and S Ashcroft are partners in Frontier Properties from whom the Group is owed £3,320. During the period to 31 December 2004, the Group incurred costs in connection with the occupation of the offices amounting to £36,664.

J R Frenkel, who retains a minority interest in the subsidiaries, is the sole proprietor of Frenkels, Chartered accountants, from whom the Group is owed £1,426. During the period, the Group incurred fees for accountancy services amounting to £42,570 and recharged expenses from the Group amounting to £11,996.

Notes to the financial statements

for the year ended 31 December 2004

25. RELATED PARTY TRANSACTIONS (CONTINUED)

J R Frenkel is also a director of Antek Services Limited to whom recharges for expenses were made by the Group during the period amounting to £17,882. At the period end, £6,274 was owed to the Group in respect of these charges.

The company is exempt under FRS 8 from disclosing related party transactions with other companies within the Group as the consolidated accounts of Frenkel Topping Group plc in which the companies are included are available from Frontier House, Merchants Quay, Salford Quays, Manchester M50 3SR.

26. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

27. GROUP GROSS CASH FLOWS

	31/12/2004 £	30/04/2004 £
Returns on investments and servicing of finance		
Interest received	6,830	–
Interest paid	(36,840)	–
	(30,010)	–
Taxation		
Payment of UK corporation tax	(23,483)	–
Capital expenditure		
Payments to acquire tangible fixed assets	(7,381)	–
Acquisitions		
Purchase of additional shareholding in subsidiaries	(600,000)	–
Net debt acquired with subsidiaries	(309,010)	–
	(909,010)	–
Financing		
Issue of ordinary shares (net of costs)	1,565,241	13,200
Repayment of bank loans	(23,956)	–
Other loan repayments	(39,299)	–
Capital element of finance lease payments	(6,554)	–
	1,495,432	13,200

Notes to the financial statements

for the year ended 31 December 2004

28. GROUP ANALYSIS OF CHANGES IN NET DEBT

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	12,500	3,068	15,568
Overdrafts	–	(404,540)	(404,540)
	12,500	(401,472)	(388,972)
Debt due within one year	–	(116,703)	(116,703)
Debt due after one year	–	(149,338)	(149,338)
	–	(266,041)	(266,041)
Net debt	12,500	(667,513)	(655,013)

29. FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments were interest rates and liquidity risk. The board reviewed and agreed the policies for managing each of these risks and they are summarised below:

Interest Rate Risk:

The Group financed its operations through the bank borrowings. The Group's borrowings on both the overdraft facility and in respect of the bank loan were taken at 2% plus the variable base rate.

Liquidity risk:

It is the Group's policy to manage the liquidity in order to achieve continuity of funding.

Financial liabilities:

The interest rate profile of the Group's liabilities at 31 December 2004 were:

	31/12/2004 £	30/04/2004 £
Bank overdraft (2% above base)	**(404,540)**	–
Bank loan (2% above base)	**(13,296)**	–

Notes to the financial statements

for the year ended 31 December 2004

30. ACQUISITIONS

The company acquired 82.8% of the share capital of each of Frenkel Topping Limited (FTL) and Frenkel Topping Structured Settlements Limited (FTSSL) during the period.

	Book and fair value at acquisition 28 July 2004 £
Tangible fixed assets	131,617
Intangible fixed assets	14,145
Stock and Work in progress	110,813
Debtors	804,260
Cash at bank	149,109
Creditors	(2,132,035)
	(922,091)
Goodwill	3,770,341
Consideration	2,848,250
Satisfied by:	
Cash	600,000
Issue of new shares net of issue costs	2,248,250
	2,848,250

The results of FTL and FTSSL for the period from 1 January 2004 to 28 July 2004 were as follows:

	FTL £	FTSSL £
Turnover	913,073	203,642
Operating profit/(loss)	85,770	(278,209)
Profit/(loss) before tax	69,025	(300,370)
Taxation	–	–
Profit/(loss) for the period	69,025	(300,370)

31. CONTROL

The company is under the control of Messrs R C Fraser and S Ashcroft who between them own a majority of the issued share capital.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of the Company will be held at the offices of Wacks Caller Solicitors, Steam Packet House, 76 Cross Street, Manchester M2 4JU on 22 June 2005 at 8.30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and adopt the Company's accounts for the period ended 31 December 2004 and the directors' and auditors' reports thereon.
2. To re-elect Richard Fraser as a director of the Company.
3. To re-elect Stephen Ashcroft as a director of the Company.
4. To re-elect David Southworth as a director of the Company.
5. To re-elect David Hannis as a director of the Company.
6. To reappoint Baker Tilly as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which financial statements are laid and to authorise the directors to set their remuneration.

By order of the board
Richard Fraser, Secretary
27 May 2005

Registered office:
Frontier House
Merchants Quay
Salford Quays
Manchester
M50 3SR

Notes

1. A person entitled to receive notice of, and attend and vote at the above meeting may appoint a proxy or proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. Forms of proxy must be deposited with the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not later than 48 hours before the time appointed for the meeting or adjourned meeting. Completion and return of the form of proxy will not prevent the holder from attending the meeting and voting in person should he wish to do so.
2. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 8.30 a.m. on 20 June 2005 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

Officers and professional advisers

DIRECTORS	D R Southworth (non-executive chairman) R C Fraser S Ashcroft D V Hannis (non-executive director)
SECRETARY	R C Fraser
COMPANY NUMBER	4726826
REGISTERED OFFICE	Frontier House Merchants Quay Salford Quays Manchester M50 3SR
AUDITORS	Baker Tilly Chartered Accountants and Registered Auditors Brazennose House Lincoln Square Manchester M2 5BL
BANKERS	Allied Irish Bank Plc St. James House Charlotte Street Manchester M1 4DZ
SOLICITORS	Wacks Caller Steam Packet House 76 Cross Street Manchester M2 4JU

Frenkel Topping

Investors of personal injury and
clinical negligence awards

Frenkel Topping Ltd, Head Office: Frontier House, Merchants Quay, Salford Quays, Manchester M50 3SR.
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