Frenkel Topping Group Plc

FINANCIAL STATEMENTS

for the year ended 31 December 2008

Registration number 4726826

Frenkel Topping Group Plc
CONTENTS

Frenkel Topping Group Plc
FINANCIAL HIGHLIGHTS
For the year ended 31st December 2008

Frenkel Topping Limited (Frenkel Topping) is the trading subsidiary of Frenkel Topping Group Plc, Frenkel Topping provides specialist independent financial advice on the investment of personal injury damages and clinical negligence awards. Frenkel Topping offers a complete service for all personal injury claims handlers, lawyers and individual clients, dealing with awards from a few thousand pounds to multi-million pound cases. Frenkel Topping's expertise includes asset protection, bespoke investment portfolios, analysis of periodical payments, Court of Protection portfolios and provision and setting up of trustee and receivership bank accounts.

	2008	2007
REVENUE	£2,637k	£2,757k
GROSS MARGIN	£1,448k	£1,674k
PROFIT FROM OPERATIONS before share based compensation	£196k	£251k
PROFIT BEFORE TAX	£79k	£47k
CASH (USED IN)/GENERATED FROM OPERATIONS	(£6)k	£283k

The numbers above relate to the consolidated position of the Group.

Results
Whilst 2008 has been a challenging year, the Group is pleased to report a profit from operations before share based compensation of £196,461 (2007: £250,847) and profit before taxation of £79,478 (2007: £47,134).

The Group's income is gained from both the fees and commission on our client's initial investment and the recurring income from servicing the client's portfolios within Funds in the Investment Management Service (FIMS). The Group revenue of £2.6m (2007: £2.8m) included fees and commission of £1.2m (2007: £1.4m) and £1.4m (2007: £1.3m) of recurring income from FIMS.

There has been and still is, major uncertainty in the Financial Services Sector. At the start of 2008 the FTSE 100 commenced at 6,456.90 and declined continuously during the year reaching a low of 3,665.20 in October. Such volatility in the market has impacted on the firm's recurring income from FIMS, however the total FIMS grew by 4% from £200m to £207m. This level of uncertainty has also resulted in caution leading to changes in investor behaviour which has impacted on the mix of products that the Group now offers to its clients and has impacted our initial fees and commission.

As noted at the half year point, the Board is committed to servicing its bank of clients both from a regulatory and revenue generating point of view and thus felt it necessary to increase the resource in the client servicing department. The expansion in this area plus the reduction in revenue has resulted in gross profit reducing by 13% compared to previous years.

The issues noted at the half year with regard to the delays at the Office of Public Guardianship have been resolved. However during the year the Group absorbed cash from operations of £5,641 (2007: cash generated of £282,532). The Board believes that the Group has sufficient working capital to satisfy its future needs.

The net asset value of the Group, before minority interests, as at 31 December 2008 was £4,747,810 (2007: £4,635,701).

Dividends
The Board does not propose a dividend.

Prospects
The Group's aim is still to increase the recurring income from the Funds in the Investment Management Service (FIMS) and to focus on revenue generation and cost control. In addition the Board remains focused on the continued repositioning of the Frenkel Topping brand as one of the market leaders in the field of investment of personal injury awards.

The Board is still confident that the Group will enjoy future success as a result of the strategies that have been employed and the position that has been attained in our market place.

David Southworth
Non-Executive Chairman

DIRECTORS
D R Southworth (Non-Executive Chairman)
W Hughes (Non-Executive)
R C Fraser
J Dean

SECRETARY
J Dean

COMPANY NUMBER
4726826

REGISTERED OFFICE
4th Floor Statham House
Lancastrian Office Centre
Talbot Road
Old Trafford
Manchester
M32 0FP

AUDITORS
Baker Tilly UK Audit LLP
Chartered Accountants and
Registered Auditors
3 Hardman Street
Manchester
M3 3HF

BANKERS
NatWest plc
11 Spring Gardens
Manchester
M60 2DB

SOLICITORS
Addleshaw Goddard LLP
100 Barbirolli Square
Manchester
M2 3AB

BROKER ADVISER
WH Ireland
11 St James Square
Manchester
M2 6WH

The Directors present their report and the financial statements of the Group for the year ended 31 December 2008.

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 personal injury and clinical negligence awards.

A review of the Group's activities and its future prospects are detailed in the Chairman's Statement on page 2.

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 precluded from recommending a dividend.

SHARE CAPITAL

Information regarding substantial shareholdings in the Company in contained in the Shareholder Information section on page 39.

DIRECTORS WHO HELD OFFICE DURING THE YEAR

The Directors of the Company who held office during the year and are in office at the date of this report are as follows:

D.R. Southworth	Non-Executive Chairman
W. Hughes	Non-Executive Director
R.C. Fraser	Director
J. Dean	Finance Director
S. Ashcroft (resigned 14 May 2008)	Director

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 2008, calculated in accordance with the Companies Act 1985, were 113 days (2007:77 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.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the period the Group made no charitable or political donations (2007: £50).

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 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 financial performance is encouraged through participation in the Company's share option schemes. At 31 December 2008, 21 employees, held options over 5,393,810 ordinary shares in the Company under the approved and unapproved share option schemes. Further information on share options is shown in note 15 on page 27.

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.

BUSINESS RISKS

The main activity of the Group is providing independent financial advice to personal injury and clinical negligence victims. There have not been any significant changes in the Group's principal activities during the year under review. The Directors are not aware, at the date of this report, of any likely changes in the Group's activities in the next year.

The ongoing success of the Group is dependent on maintaining its level of income, FSA compliance and working capital. Working capital is monitored daily at Board level and the Board are satisfied facilities are adequate for the Group's requirements.

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

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 provides a degree of protection. The Group actively monitors its competitors, its own pricing structure and proactively markets 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 seek to ensure employees are motivated and rewarded fairly for their contributions to the business. Employee remuneration and commission represents the highest cost to the Group. The Group need to achieve a target level of fees and commission in order to provide working capital to fund the costs of the Group. The Board reviews actual and forecast levels of fees and commission by fee earner on a weekly basis to ensure these levels are achieved and under performing fee earners are identified. Controls exist to ensure information is made available to enable management to monitor the performance of the Group. The major key performance indicator on which the Board is focused is revenue per fee earner. This equates to £241,666 in 2008 (2007: £241,666).

The Group needs to maintain its authorisation with the Financial Services Authority (FSA) in order to continue and has to adhere to principles and guidelines as set down by the FSA. The Group has established a compliance department with responsibility allocated at Board level to ensure all standards are imposed and maintained. The Group standards have been set and internal controls in place to ensure compliance. The Group has a high proportion of client files reviewed by an independent 3rd party shortly after point of sales and has professional indemnity insurance in place to protect the assets of the Group.

The Group finances the operations through a bank overdraft and a fixed interest loan facility. Whilst the Group is at risk from increase in interest rates on the overdraft, the Board actively monitors the changes in interest rates and consider the risk to be minimal at present. The Group has no overseas assets or liabilities and therefore has no foreign currency risk.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have 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.

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

By order of the Board

23 March 2009

J Dean
COMPANY SECRETARY

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 corporate governance guidelines for AIM companies published by the Quoted Companies Alliance in July 2005) 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 9.

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 two Non-Executive Directors and 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 includes the two Non-Executive Directors. 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 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.

Any new Non-Executive Directors will be asked to join both Committees.

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 Chairman. 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 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 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 2008 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 the Audit and Remuneration Committee 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 Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 1985 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.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

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 estimates that are reasonable and prudent;

c. for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

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

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

We have audited the group and parent company financial statements which comprise Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Changes in Shareholders' Equity and the related notes.

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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report, and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU"), and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the Directors' Report.
In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Chairman's Statement and the Corporate Governance Statement. 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 International Standards on Auditing (UK and Ireland) 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 group's and 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 group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
3 Hardman Street
Manchester M3 3HF

Date: 23 March 2009

GROUP INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 £	2007 £
REVENUE	1	2,637,238	2,757,411
Direct staff costs		(1,188,438)	(1,083,026)
GROSS PROFIT		1,448,800	1,674,385
ADMINISTRATIVE EXPENSES			
Share based compensation	2	(77,186)	(135,352)
Other		(1,252,339)	(1,423,538)
TOTAL ADMINISTRATIVE EXPENSES		(1,329,525)	(1,558,890)
Profit from operations before share based compensation		196,461	250,847
- share based compensation		(77,186)	(135,352)
PROFIT FROM OPERATIONS	2	119,275	115,495
Finance costs	3	(39,797)	(68,361)
PROFIT BEFORE TAX		79,478	47,134
Income tax expense	6	(35,468)	(28,503)
PROFIT FOR THE YEAR		44,010	18,631
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of parent		34,923	(15,386)
Minority Interest		9,087	34,017
		44,010	18,631
Profit/(loss) per ordinary – basic (pence)	7	0.06p	(0.02)p
Profit/(loss) per ordinary – diluted (pence)	7	0.06p	(0.02)p

The results for the period are derived from continuing activities.

No separate statement of total recognised income and expense is presented as all such income and expenses have been dealt with in the consolidated income statements.

Frenkel Topping Group Plc
GROUP BALANCE SHEET
As at ended 31 December 2008

	Notes	2008 £	2007 *(restated)* £
ASSETS			
NON CURRENT ASSETS			
Goodwill	8	5,095,287	5,095,287
Property, plant and equipment	9	42,072	51,670
Deferred taxation	13	35,075	35,615
		5,172,434	5,182,572
CURRENT ASSETS			
Accrued income		426,653	394,032
Trade receivables		240,298	289,925
Other receivables	10	89,470	123,399
Cash		19	26
		756,440	807,382
TOTAL ASSETS		5,928,874	5,989,954
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	273,915	273,915
Share premium account		5,744,876	5,744,876
Treasury share reserve		(25,000)	(25,000)
Retained losses		(1,258,978)	(1,371,087)
Other reserve		12,997	12,997
EQUITY ATTRIBUTABLE TO HOLDER OF PARENT		4,747,810	4,635,701
Minority interest	14	122,508	113,421
TOTAL EQUITY		4,870,318	4,749,122
NON CURRENT LIABILITIES			
Other payables		50,000	75,000
Financial liabilities		208,214	194,176
		258,214	269,176
CURRENT LIABILITIES			
Amounts due to bankers and short term financial liabilities		244,354	143,587
Current taxation		101,941	119,025
Trade and other payables	11	389,941	631,507
Provisions	12	64,106	77,537
		800,342	971,656
TOTAL LIABILITIES		1,058,556	1,240,832
TOTAL EQUITY AND LIABILITIES		5,928,874	5,989,954

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2009 and are signed on its behalf by:

JULIE DEAN
FINANCE DIRECTOR

Frenkel Topping Group Plc

GROUP STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2008

	Share Capital £	Share Premium £	Treasury share reserve £	Retained Losses £	Other reserve £	Minority Interest £	Total £
Balance 1 January 2007 - as previously reported	273,915	5,744,876	(25,000)	(1,920,286)	-	508,637	4,582,142
Prior period adjustment *(note 18)*	-	-	-	429,233	-	(429,233)	-
Balance 1 January 2007 - *restated*	273,915	5,744,876	(25,000)	(1,491,053)	-	79,404	4,582,142
Share based compensation	-	-	-	135,352	-	-	135,352
Profit for the period	-	-	-	(15,386)	-	34,017	18,631
Equity element of compound instrument	-	-	-	-	12,997	-	12,997
Balance 1 January 2008	273,915	5,744,876	(25,000)	(1,371,087)	12,997	113,421	4,749,122
Share based compensation		-	-	77,186	-	-	77,186
Profit for the period	-	-	-	34,923	-	9,087	44,010
Balance 31 December 2008	273,915	5,744,876	(25,000)	(1,258,978)	12,997	122,508	4,870,318

A change in presentation in the financial statements to combine the share based payment reserve and the retained losses has been undertaken in the year. The directors believe this presents the distributable reserve more appropriately in the accounts and provides reliable and more relevant information about the effects of the transactions to the entity's financial position.

The treasury share reserve represents the cost of 1,062,471 shares held by FTG EBT Trustees Limited, a subsidiary of Frenkel Topping Group Plc. The open market value of the shares held at 31 December 2008 was £53,124.

The other reserve represents the fair value of the embedded option to convert the loan instrument into equity.

Frenkel Topping Group Plc

GROUP CASHFLOW STATEMENT

For the period ended 31 December 2008

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Profit for the year	44,010	18,631
Adjustments to reconcile profit for the year to cash (used in)/generated from operating activities		
Tax expense	35,468	28,503
Finance cost	39,797	68,361
Share based compensation	77,186	135,352
Depreciation	20,338	26,920
Decrease in accrued income, trade and other receivable	50,935	19,044
(Decrease) in trade and other payables	(273,375)	(14,279)
Cash (used in)/generated from operations	(5,641)	282,532
Income tax paid	(58,630)	(39,605)
Cash (used in)/generated from operating activities	(64,271)	242,927
Investment activities		
Acquisition of property, plant and equipment	(10,740)	(34,942)
Cash (used in) investing activities	(10,740)	(34,942)
Financing activities		
Repayments/borrowings	(99,500)	114,668
Repayment of finance lease	-	(9,807)
Interest on loans	(26,609)	(68,361)
Cash (used in)/ from financing	(126,109)	36,500
(Decrease)/increase in cash and cash equivalents	(201,120)	244,485
Opening cash and cash equivalents	(43,215)	(287,700)
Closing cash and cash equivalents	(244,335)	(43,215)

BASIS OF PREPARATION

The financial statements have been prepared under the historic cost convention on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and IFRC Interpretations and the Companies Act 1985.

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

The financial statements have been prepared on the historic cost basis. The principle accounting policies adopted are set out below.

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 and the availability of bank facilities. The current facility has been secured until December 2009 and the Directors do not foresee a problem in securing funding after this date. 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 a 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 (note 8);
- 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 applied by the directors (note 15);
- deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable
- provisions are held to the extent that directors feel it is probable an outflow of economic benefits will be required to settle a legal or constructive obligation as a result of a past event (note 12).

INTERPRETATIONS OF STANDARDS

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the group operations were in issue but not yet effective or endorsed (unless otherwise stated):

IFRS 2	Share based Payment – Amendments relating to vesting conditions and cancellations
IFRS 3	Business Combinations – Amendments
IFRS 7	Financial Instruments: Disclosures – Consequential amendments arising from amendments to IAS32
IFRS 8	Operating Segments (endorsed)
IAS 1	Presentation of Financial Statements – Revised
IAS 1	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation
IAS 23	Borrowing Costs – Amendment
IAS 27	Consolidated and separate Financial Statements – Consequential amendments arising from Amendments from IFRS 3
IAS 32	Financial Instruments Presentation – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation
IAS 39	Financial Instruments: Recognition and Measurement – Consequential amendments arising from amendments to IAS 32

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (endorsed)

The directors anticipate that the adoption of these Standards and Interpretations as appropriate in future periods will have no material impact on the financial statements of the Group.

REVENUE

Revenue is driven from net fees and commission on initial advice and from recurring income from the clients Funds in the Investment Management Service, excluding value added tax.

Fee and commission income is 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 clients investment on the anniversary of the initial investment.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date of their acquisition.

The purchase 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 and any directly attributable acquisition costs. 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.

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 the income statement and is not subsequently reversed.

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

IMPAIRMENT

At each balance sheet 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROPERTY, PLANT AND EQUIPMENT

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:

Fixtures & fittings	-	25% straight line
Leasehold improvements	-	over the term of the lease
Computer equipment	-	25% straight line

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 Group records certain assets and liabilities of the trust as its own. 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. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, 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 balance sheet 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 the income statement, and a corresponding adjustment to reserves over the remaining vesting period.

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

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 included in the balance sheet 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 against income.

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

FINANCIAL INSTRUMENTS

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

Trade and other receivables

Trade receivables are categorised as other loans and receivable in accordance with IAS39. They are recognised initially at fair value and subsequently measured at amortised cost using 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.

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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft where a right of set off exists.

Borrowings

Interest-bearing bank loans and overdrafts are classified as other liabilities as it is an integral part of the entity’s cash management. They are initially recorded at fair value, which represents the fair value of the consideration received, net of any direct transaction costs associated with other borrowings. Borrowings are subsequently stated at amortised cost and finance charges are recognised in the income statement 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 accrual 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 balance sheet date.

Convertible loans
Convertible loans are regarded as compound instruments, when they are convertible into a pre-determined quantity of equity instrucments. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

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 balance sheet 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 balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

1 REVENUE

The total revenue, profit before tax and net assets are attributable to the one principal activity of the Group, the provision of advice regarding structured settlements and related financial services. All revenue and costs originate within the United Kingdom.

2 PROFIT FROM OPERATIONS

	2008	2007
	£	£
Profit from operations is stated after charging/(crediting):		
Share based compensation	77,186	135,352
Depreciation of owned assets	20,338	24,309
Depreciation of leased assets	-	2,611
Operating lease rentals - Motor vehicles	14,310	13,947
Operating lease rentals – Land & buldings	47,117	46,500
Auditor's remuneration – audit	22,525	29,500
Auditor's remuneration – tax	8,100	13,595
Auditor's remuneration – other services	8,000	9,875

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non audit services:

	2008	
	£	**%**
Audit Services		
- Statutory audit	**13,025**	**33.72**
Other Services		
The auditing of accounts of associates of the company pursuant to legislation.		
- Audit of subsidiaries where such services are provided by Baker Tilly and their associates	**9,500**	**24.56**
Other services supplied pursuant to such legislation		
- Interim results	**8,000**	**20.71**
Tax Services		
- Compliance services	**6,650**	**17.22**
- Advisory services	**1,450**	**3.79**
	38,625	

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non audit services:

	2007	
	£	**%**
Audit Services		
- Statutory audit	**16,000**	**30.20**
Other Services		
The auditing of accounts of associates of the company pursuant to legislation.		
- Audit of subsidiaries where such services are provided by Baker Tilly and their associates	**13,500**	**25.49**
Other services supplied pursuant to such legislation		
- Interim results	**9,875**	**18.64**
Tax Services		
- Compliance services	**8,300**	**15.67**
- Advisory services	**5,295**	**10.00**
	52,970	

3 FINANCE COSTS

	2008	2007
	£	£
Bank interest	23,272	35,903
Interest payable on overdue taxation	-	858
Loan interest	16,525	31,600
	39,797	68,361

4 EMPLOYEES

NUMBER OF EMPLOYEES
The average monthly numbers of employees (including the Directors) during the period were:

	2008	2007
	Number	Number
Directors	4	5
Sales	9	8
Administration	23	18
	36	31

EMPLOYMENT COSTS	2008	2007
	£	£
Wages and salaries	1,404,518	1,330,337
Social security costs	143,994	142,535
Pension costs	55,492	48,771
Other benefits	81,503	65,748
Share based compensation	77,186	135,352
	1,762,693	1,722,743

DIRECTORS' EMOLUMENTS	2008	2007
	£	£
Wages and salaries	323,337	385,964
Social security costs	37,809	44,732
Pension costs	12,280	14,663
Other short term benefits	18,775	18,871
Share based compensation	4,754	1,955
	396,955	466,186

	Number	Number
Number of Directors to whom retirement benefits are accruing under a money purchase scheme	1	2

4. EMPLOYEES (continued)

	2008	2007
	£	£
Highest paid director amounts included above:		
Remuneration and other emoluments	165,989	154,186
Pension contributions	6,360	5,520
	172,349	159,706

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 £55,492 (2007: £48,771).

6 TAXATION

	2008	2007
	£	£
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	34,072	58,627
Adjustments in respect of previous periods	856	(5,615)
Total current tax charge	34,928	53,012
Deferred tax		
Temporary differences, origination and reversal	540	(24,509)
Total deferred tax credit	540	(24,509)
Tax on profit/(loss) for the period	35,468	28,503

FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax assessed for the period is higher than the standard rate of corporation tax in the UK 28% (30%). The differences are explained below:

	2008	2007
	£	£
Profit before taxation	79,478	47,134
Profit multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	22,253	14,141
EFFECTS OF:		
Expenses not deductible	23,789	29,433
Adjustments to tax charge in respect of previous periods	857	(5,615)
Unrelieved tax losses and other deductions in period	-	(2,268)
Marginal relief	(11,431)	(7,188)
Current tax expense for year	35,468	28,503

7 PROFIT/(LOSS) PER SHARE

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

	2008 £	2007 £
Earnings/(loss)		
Earnings/(loss) for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	34,923	(15,386)
Earnings for the purposes of diluted earnings per share	34,923	-
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	54,782,947	54,782,947
Effect of dilutive potential ordinary shares:		
- Share options	8,646,406	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	63,429,353	54,782,947

The loss for the year ended 2007 and the weighted average number of ordinary shares for the purpose of calculating the diluted loss per share for 2007 are the same as for the basic loss per share calculation. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of IAS 33.

8 GOODWILL

	2008 £
COST	
At 31 December 2008, 31 December 2007 and at 1 January 2007	5,095,287
NET BOOK VALUES	
At 31 December 2008	5,095,287
At 31 December 2007	5,095,287

Goodwill is allocated to cash-generating units (CGUs) identified on the basis of the subsidiary company Frenkel Topping Limited. The recoverable amount has been determined by value in use calculations. The calculations used pre-tax cash flow projections over the next five year period based on the budgets for the next two years. Cashflows beyond the budgeted two year period are extrapolated using the estimated growth rate per the table In accordance with IAS 36, the growth rate for beyond the budgeted two year period do not exceed the long-term average growth rate for the industry.

The key assumptions applied in the calculation were:

Growth rate – first 5 years (%)	20
Growth rate thereafter (%)	5.5
Discount rate (%)	7

The growth rates are based on historic and forecast future growth in FIMS and the contractual returns based on current contracts. The discount rates used are based on the weighted average cost of capital of the group at the balance sheet date.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Motor vehicles	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2007	1,031	19,319	17,682	168,529	206,561
Additions	30,806	-	-	4,136	34,942
Disposals	(1,031)	(19,319)	(14,933)	(115,948)	(151,231)
At 1 January 2008	30,806	-	2,749	56,717	90,272
Additions	1,813	-	5,577	3,350	10,740
At 31 December 2008	32,619	-	8,326	60,067	101,012
Depreciation					
At 1 January 2007	1,031	16,708	15,526	129,648	162,913
Charge for the year	215	2,611	687	23,407	26,920
Disposals	(1,031)	(19,319)	(14,933)	(115,948)	(151,231)
At 1 January 2008	215	-	1,280	37,107	38,602
Charge for the year	6,411	-	1,824	12,103	20,338
At 31 December 2008	6,626	-	3,104	49,210	58,940
Net book values					
At 31 December 2008	25,993	-	5,222	10,857	42,072
At 31 December 2007	30,591	-	1,469	19,610	51,670

10 OTHER RECEIVABLES

	2008	2007
	£	£
Prepayments	64,337	58,308
Other receivables	25,133	65,091
	89,470	123,399

11 TRADE AND OTHER PAYABLES

	2008	2007
	£	£
Trade payables	134,250	212,731
Accruals	112,195	253,597
Other payables	143,496	165,179
	389,941	631,507

12 PROVISIONS

Professional indemnity claims provision	2008 £	2007 £
At beginning of the period	77,537	115,000
New claims provided	(13,446)	-
Utilisation of existing provision	15	(37,463)
At the end of the period	64,106	77,537

Provisions have been made in respect of historic professional indemnity claims made against the Group and the probable outcome will result in a financial liability to the Group. The expected outflow is within the next one-two years. Probability is assessed based on an internal review of compliance being adhered to.

13 PROVISIONS FOR DEFERRED TAXATION

	2008 £	2007 £
Accelerated capital allowances	(4,524)	(4,525)
Other short term temporary differences	(68,217)	(111,576)
Tax losses carried forward	(515,035)	(515,021)
At 31 December 2008	(587,776)	(631,122)
Included in non current assets	(35,075)	(35,615)
Unrecognised deferred taxation asset	(552,701)	(595,507)
At 31 December 2008	(587,776)	(631,122)

Movement in the period	£	£
At 31 December 2007	(35,615)	(11,106)
Deferred tax charge/(credit)	540	(24,509)
At 31 December 2008	(35,075)	(35,615)

The group has unrecognised deferred tax assets of £552,701 at 31 December 2008 and £595,507 at 31 December 2007, which have arisen mainly due to trading losses carried forward. The deferred tax asset has not been provided for because it is uncertain whether the trading losses giving rise to the asset will be utilised in the foreseeable future.

14 MINORITY INTERESTS

The equity minority interest comprises of 12,144 (2007 – 12,144) ordinary £1 shares in Frenkel Topping Limited and 207 (2007 - 207) ordinary £1 shares in Frenkel Topping Structured Settlements Limited. These shares do not entitle the holder to any rights against other group companies.

15 SHARE CAPITAL

	Number of shares	2008	Number of shares	2007
	£	£	£	£
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				
Ordinary shares of £0.005 each	54,782,947	273,915	54,782,947	273,915

The company operates an equity settled share option plan. The company plan provides for a grant price equal to 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.

Grant date	Subscription price per share	Number of shares for which rights exercisable	Period over which options are exercisable
Approved Scheme			
8 December 2004	0.5p	99,581	8 December 2007 to 8 December 2014
31 August 2005	0.5p	138,888	28 July 2007 to 31 August 2015
10 May 2007	0.5p	2,448,064	10 May 2010 to 10 May 2012
13 August 2007	0.5p	150,000	13 August 2010 to 13 August 2012
9 June 2008	0.5p	950,535	9 June 2011 to 9 June 2013
10 September 2008	0.5p	521,112	31 May 2010 to 31 May 2012
10 September 2008	0.5p	23,160	9 June 2011 to 9 June 2013
10 September 2008	2.353p	1,062,470	30 September 2008 to 31 Augut 2010
Employee share options in issue		5,393,810	
Long term loan		4,000,000	10 May 2007 to 10 May 2010
Total share options in issue		9,393,810	

15 SHARE CAPITAL *(continued)*

	2008 Options	2008 Weighted average exercise price (pence)	2007 Options	2007 Weighted average exercise price (pence)
Outstanding at 1 January	3,899,003	1.12	1,300,939	2.353
Granted during the year	1,494,807	0.5	2,860,875	0.5
Forfeited during the year	-	-	(262,811)	-
Outstanding at 31 December	5,393,810		3,899,003	
Exercisable at 31 December	867,293		-	

During the year, the company replaced 1,062,470 of its outstanding options which has been treated as a modification. The exercise price remained the same at 2.35p. There is no incremental value as a result of the modified options and thus the share based compensation charge is unaffected. The company used the inputs noted below to measure the fair value of the old and new shares.

The options outstanding at 31 December 2008 have an exercise price of 0.5p and a weighted average remaining contractual life of 2 years.

The inputs into the Black Scholes model are as follows:

	2008	2007
Share price (p)	6	5
Exercise price (p)	0.5 – 2.353	0.5
Expected volatility (%)	47	47
Expected life (years)	3-5	3-5
Risk-free rate (%)	5	5
Expected dividends (%)	0	0

Expected volatility was determined by calculating the historical volatility of the ultimate parents share price from flotation. The expected life used in the model has been calculated based on the life of options under the scheme rules and on the assumption that the options vest immediately.

The company recognised total expenses of £77,186 (2007: £135,352) relating to equity-settled share-based payment transactions.

In June 2007 the Group entered into a £500,000 loan facility with MBC Settlements Limited (MBC). In consideration of MBC providing the loan facility, the Group has issued options to MBC in respect of 10,000,000 new ordinary shares. The options can be exercised at any time until May 2010 provided that the aggregate value of the options exercised does not exceed the total of the sums drawn down on the loan facility by the Group.

16 RELATED PARTY TRANSACTIONS

The Groups shares offices and resources with its subsidiaries Frenkel Topping Structured Settlements Limited and Frenkel Topping Limited. During the year ended 31 December 2008 Frenkel Topping Limited transferred cash balances through the inter company loan account to minimise the Groups interest exposure and at 31 December 2008, Frenkel Topping Group Plc owed £404,070 (2007: £64,274) to Frenkel Topping Limited which is included in creditors of Frenkel Topping Group Company balance sheet.

Messrs R Fraser and S Ashcroft are partners in Frontier Properties to whom the Group owes £14,870 (2007 - £14,870) at the year end.

J R Frenkel, who retains a minority interest in the subsidiary companies, is the sole proprietor of Frenkels Chartered accountants, to whom the Group owes £194 (2007: £1,208).

During the period the Group received £414,190 (2007: £820,506) commission and annual management fees from James Brearley & Sons Limited who have a shareholding of 6.26% in the Company. At 31 December 2008 the balances owed to James Brearley & Sons Limited amounted to £15,530 (2007 £30,356).

The amounts due to Frontier Properties and Frenkels Chartered accountants are held within trade payables on the Group and Company balance sheet. The amounts due to James Brearley & Sons are held within other payables on the Group and Company balance sheet.

Details of key management compensation are included in note 4. Key management are considered to be the directors of the Group.

17 FINANCIAL INSTRUMENTS

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

Interest rate risk
The interest rate risks are limited to the fixed element of finance leases.

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

Foreign currency risk
The Group has no overseas assets or liabilities.

The interest rate profile of the financial assets of the Group as at 31 December 2008 is as follows:

	Fixed rate financial assets	Floating rate financial assets	Financial assets on which no interest is paid	Total
	£	£	£	£
2008				
Sterling	-	-	19	19
2007				
Sterling	-	-	26	26

17 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 2008 is as follows:

	Fixed rate financial liabilities	Floating rate financial liabilities	Total
	£	£	£
2008			
Sterling	208,214	244,335	452,549
2007			
Sterling	194,176	143,587	337,763

The weighted average interest rate on fixed rate financial liabilities at 31 December 2008 was 7% (2007 7%). The weighted average period to maturity of fixed rate financial liabilities at 31 December 2008 was 12 months (2007: 12 months). The fixed rate financial liabilities were confined to obligations under finance leases and loans from related parties.

The group has applied a sensitivity analysis based on the forward market curves for floating interest rates. Management believe that these closely reflect the probably performance of the economy in which the group's floating rate financial liabilities are located. The impact to the group profit and loss of a 1% increase in base rate of interest would be to reduce the profit by £2,443 (2007: £1,435). The impact to the group profit and loss of a 1% increase in base rate of interest would be increase the profit by £2,443 (2007: £1,435).

Maturity of financial liabilities
The maturity profile of the Group's financial liabilities as at 31 December 2008 was as follows:

	2008	2007
	£	£
Payable within one year	244,335	143,587
Payable between two and five years	208,214	194,176
	452,549	337,763

Currency exposures
The Group has no overseas assets or liabilities.

Borrowing facility
The Group holds a committed overdraft facility of £400,000, of which £244,335 was drawn down at 31 December 2008, which is subject to annual review.

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.

Capital management
The groups main objectives when managing capital is to protect returns to shareholders by ensuring the group will continue to trade in the foreseeable future. The group also aims to maximise its capital structure of debt and equity so as to minimise the cost of capital.

17 FINANCIAL INSTRUMENTS (continued)

The group considers its capital to include share capital, share premium, share based payment reserve, treasury reserve, other reserve and retained losses and net debt. The group has a long term gearing ratio of 10% (2007: 6%). The increase during the year is due to the utilisation of the overdraft.

18 FINANCIAL COMMITMENTS

At 31 December 2008, the group had annual commitments under non-cancellable operating leases as follows:

	Land & Building 2008 £	Land & Building 2007 £
Amounts due within 1 years	47,117	47,117
Amounts due between 1-5 years	141,351	188,468
	188,468	235,585

Operating lease payments represent rentals payable by the group for its office properties. Leases are negotiated for a 5 year term and rentals are fixed during this period.

18 PRIOR PERIOD ADJUSTMENT

In the financial statements for the year ended 31 December 2007 an IFRS transition adjustments was made to comply with the requirements of IAS 27 – Consolidated and Separate Financial Statements. The impact of this adjustment was to remove the losses allocated to the minority interest in respect of Frenkel Topping Structured Settlements Limited and reallocate these to the majority holder. The result of the adjustment was that the minority would only have the percentage of net assets of Frenkel Topping Limited allocated to them.

The calculation of the transition adjustment noted in the 2007 statutory accounts did not take into consideration the change in percentage of the minority interest in Frenkel Topping Structured Settlements in 2006. This has resulted in deducting too much of the share of losses of the subsidiary on transition and the minority's share of the net assets of Frenkel Topping Limited was overstated by £429,233 as at the date of transition.

A prior period adjustment has been made in the accounts during 2008 to reflect the correct amount of the minority interest's share of Frenkel Topping Limited's net assets as at 1 January 2007 and 31 December 2007. The effect of the adjustment is to decrease the retained losses of the Group by £429,233 and decrease the minority interest's share of Frenkel Topping Limited by £429,233. There is not effect on the net assets at 1 January 2007 or 31st December 2007 or the income and expenditure account for the year ended 31 December 2007.

Frenkel Topping Group Plc

COMPANY BALANCE SHEET

As at 31 December 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Investments	2	4,775,287	4,698,101
CURRENT ASSETS			
Debtors: amounts falling due within one year	3	4,050	1,995
Cash		140,943	-
		144,993	1,995
CREDITORS: amounts falling due within one year	4	(49,906)	(246,918)
NET CURRENT ASSETS/(LIABILITIES)		95,087	(244,923)
CREDITORS: amounts falling due after one year	5	(612,284)	(258,450)
NET ASSETS		4,258,090	4,194,728
CAPITAL AND RESERVES			
Called up share capital	7	273,915	273,915
Treasury reserve		(25,000)	(25,000)
Share premium account	8	5,744,876	5,744,876
Profit and loss account	8	(1,748,698)	(1,812,060)
Other reserve	8	12,997	12,997
EQUITY SHAREHOLDERS' FUNDS		4,258,090	4,194,728

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2009 and are signed on its behalf by:

JULIE DEAN
FINANCE DIRECTOR

ACCOUNTING CONVENTION

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

SHARE-BASED COMPENSATION

The Company operates an equity-settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, 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 balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to reserves over the remaining vesting period.

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

EMPLOYEE SHARE OWNERSHIP PLANS

The Company operates an Employee Benefit Trust and has de facto control of the shares held by the trust and bears their benefits and risks. The Company records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax arrangements in periods different from those in which they are recognised in the financial statements.

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. Deferred tax is measured on a non-discounted basis.

CASHFLOW STATEMENT

The Company has taken advantage of the exemption permitted by FRS1 not to present a cash flow statement.

INVESTMENTS

Investments are stated at cost.

1 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account for these financial statements. The loss dealt with in the accounts of the parent company was £13,825.

2 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
COST	
As at 1 January 2008	4,698,101
FRS 20 Adjustment	77,186
At 31 December 2008	4,775,287
NET BOOK VALUES	
At 31 December 2008	4,775,287
At 31 December 2007	4,698,101

FRS 20 adjustment represents the cost to the company of issuing share options to employees of the Group. The charge represents the number of share options issued and the difference between the market price at the time of grant and the exercise price.

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*
Frenkel Topping Limited	England	Financial services	Ordinary	82.7% (2007 – 82.7%)
Frenkel Topping Structured Settlements Limited	England	Provision of advice on Structured settlements	Ordinary	82.7 % (2007 – 82.7%)
FTG EBT (Trustees) Ltd	England	Non Trading	Ordinary	100% (2007 – 100%)

3 DEBTORS

	2008 £	2007 £
Other debtors	4,050	1,995

4 CREDITORS: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	-	200,754
Trade creditors	9,281	7,541
Other creditors	15,625	13,623
Other loans	25,000	25,000
	49,906	246,918

The bank overdraft is secured by a debenture giving fixed or floating charges on all assets of the Company.

5 CREDITORS: amounts falling due after one year

	2008 £	2007 £
Long term loans	208,214	194,176
Amounts due by group undertakings	404,070	64,274
	612,284	258,450

6 PROVISIONS FOR DEFERRED TAXATION

	2008 £	2007 £
Tax losses carried forward	(60,650)	(53,794)
At 31 December 2008	(60,650)	(53,794)
Unrecognised deferred taxation asset	(60,650)	(53,794)
At 31 December 2008	(60,650)	(53,794)

7 SHARE CAPITAL

	Number of shares	2008	Number of shares	2007
	£	£	£	£
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				
Ordinary shares of £0.005 each	54,782,947	273,915	54,782,947	273,915

The company operates an equity settled share option plan. The company plan provides for a grant price equal to 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.

Grant date	Subscription price per share	Number of shares for which rights exercisable	Period over which options are exercisable
Approved Scheme			
8 December 2004	0.5p	99,581	8 December 2007 to 8 December 2009
31 August 2005	0.5p	138,888	28 July 2007 to 31 August 2015
10 May 2007	0.5p	2,448,064	10 May 2010 to 10 May 2012
13 August 2007	0.5p	150,000	13 August 2010 to 13 August 2012
9 June 2008	0.5p	950,535	9 June 2011 to 9 June 2013
10 September 2008	0.5p	521,112	31 May 2010 to 31 May 2012
10 September 2008	0.5p	23,160	9 June 2011 to 9 June 2013
10 September 2008	2.353p	1,062,470	30 September 2008 to 31 Augut 2010
Employee share options in issue		5,393,810	
Long term loan		4,000,000	10 May 2007 to 10 May 2010
Total share options in issue		9,939,810	

7 SHARE CAPITAL *(continued)*

	2008 Options	2008 Weighted average exercise price (pence)	2007 Options	2007 Weighted average exercise price (pence)
Outstanding at 1 January	3,899,003	1.12	1,300,939	2.353
Granted during the year	1,494,807	0.5	2,860,875	0.5
Forfeited during the year	-	-	(262,811)	-
Outstanding at 31 December	5,393,810		3,899,003	
Exercisable at 31 December	867,293		-	

During the year, the company replaced 1,062,470 of its outstanding options which has been treated as a modification. The exercise price remained the same at 2.35p. There is no incremental value as a result of the modified options and thus the share based compensation charge is unaffected. The company used the inputs noted below to measure the fair value of the old and new shares.

The options outstanding at 31 December 2008 have an exercise price of 0.5p and a weighted average remaining contractual life of 2 years.

The inputs into the Black Scholes model are as follows:

	2009	2007
Share price (p)	6	5
Exercise price (p)	0.5 – 2.353	0.5 – 2.353
Expected volatility (%)	47	47
Expected life (years)	3-5	3-5
Risk-free rate (%)	5	5
Expected dividends (%)	0	0

Expected volatility was determined by calculating the historical volatility of the ultimate parents share price from flotation. The expected life used in the model has been calculated based on the life of options under the scheme rules.

In June 2007 the Group entered into a £500,000 loan facility with MBC Settlements Limited (MBC). In consideration of MBC providing the loan facility, the Group has issued options to MBC in respect of 10,000,000 new ordinary shares. The options can be exercised at any time until May 2010 provided that the aggregate value of the options exercised does not exceed the total of the sums drawn down on the loan facility by the Group.

8 EQUITY RESERVES

	Treasury reserve £	Share premium £	Profit and loss account £	Other reserve £
Company				
At 1 January 2008	25,000	5,744,876	(1,812,060)	12,997
Share based compensation	-	-	77,186	-
Loss for the year	-	-	(13,824)	-
At 31 December 2008	25,000	5,744,876	(1,748,698)	12,997

A change in presentation in the financial statements to combine the share based payment reserve and the profit and loss reserve has been undertaken in the year. The directors believe this presents the distributable reserve more appropriately in the accounts and provides reliable and more relevant information about the effects of the transactions to the entity's financial position.

9 CONTINGENT LIABILITIES

The company has a cross guarantee in respect of the bank loan and overdraft of a connected company, Frenkel Topping Structured Settlements Limited, which at 31 December 2008 amounted to £633,901 (2007 – £633,901).

SUBSTANTIAL SHAREHOLDING AS AT 5 JANUARY 2009

The company has been notified, in accordance with S198-208 of the Companies Act 1985, of the following substantial interests in the ordinary share capital of the company as at the above date:

	Number of Shares held	% of total
D.R. Southworth (Non-Executive Chairman)	2,883,333	5.26
R.C. Fraser (Director)	10,388,760	18.96
S.A. Ashcroft (Employee)	10,408,760	19.00
R.J. Hughes	3,982,269	7.27
I.W. Currie	3,982,260	7.27
Zeus Capital	3,142,029	5.73
James Brearley & Sons	3,428,572	6.26
JM Finn Nominees	2,093,334	3.82
The Hamilton Davies Trust	2,070,045	3.78
N Mcarthur	2,013,667	3.67

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 during the year and are in office at the date of this report are as follows:

D.R. Southworth	Non-Executive Chairman
W. Hughes	Non-Executive Director
R.C. Fraser	Director
J. Dean	Finance Director