Frenkel Topping Group Plc

FINANCIAL STATEMENTS

for the year ended 31 December 2009

Registration number 4726826

Frenkel Topping Group Plc
CONTENTS

Frenkel Topping Group Plc
FINANCIAL HIGHLIGHTS
For the year ended 31st December 2009

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.

	2009	2008
Revenue	£2,993k	£2,637k
Gross Margin	£1,441k	£1,449k
Profit From Operations before share based compensation	£208k	£196k
Profit Before Tax	£123k	£79k
Cash Generated/(Used In) From Operations	£175k	(£6)k
Funds In The Investment Management Service	£247m	£207m
Recurring Income	£1.6m	£1.4m

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

Results
Despite continuing global financial uncertainty the Group is pleased to report a profit from operations before share based compensation of £208,211 (2008: £196,461) and a profit before taxation of £123,437 (2008: £79,478). The second half of the year has proven to be much stronger than the first period.

The Group's income is derived from both the fees and the commission on our client's initial investment and the recurring income from servicing the client's portfolios within the Funds in the Investment Management Service (FIMS). The Group revenue of £3.0m (£2008: £2.6m) includes the fees and the commission of £1.4m (2008: £1.2m) and £1.6m (2008: £1.4m) of the recurring income from FIMS.

The total FIMS has risen to £247m as at 31 December 2009 from £207m at the commencement of the year. This increase is a very pleasing outcome and should ensure that our recurring income continues to increase over future years. As a result we expect the recurring income to exceed £1.8m in 2010.

The Group generated £175,389 of cash from its operating activities during the year (2008: cash absorbed of £5,641) and the net asset value of the Group before non controlling interests as at 31 December was £4,774,008 (2008: £4,686,645). The Group is operating well within its current bank facilities and the Board expects this situation to continue into the future.

Dividends
The Board does not propose a dividend.

Prospects
The Group's aim is to increase the recurring income from FIMS and to continue to focus on revenue generation and cost control. This strategy is showing signs of success, as demonstrated by the stronger performance in the latter half of 2009. The Board believes that further progress can be made in future years in order to enhance shareholder value in the Group.

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 2009.

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 is 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	Managing Director
J. Dean	Finance 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 2009, calculated in accordance with the Companies Act 2006, were 153 days (2008:113 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 £100 charitable donations (2008: £nil). No political contributions have been made in the period (2008: £nil).

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 2009, 28 employees, held options over 6,598,338 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 is 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 seeks 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 needs 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 £207,143 in 2009 (2008: £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 that, as far as they are aware, 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

J Dean
COMPANY SECRETARY
30 March 2010

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 UK Audit LLP, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management 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 2009 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 Directors' 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. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected 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 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

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

a. select suitable accounting policies and then apply them consistently;

b make judgements and 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 adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and 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 Frenkel Topping Group plc 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 ("the financial statements") which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Cashflow Statement, the Parent Company Balance Sheet, and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors
As more fully explained in the Directors' Responsibilities Statement is set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Graham Bond FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

30 March 2010

Frenkel Topping Group Plc

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

	Notes	2009 £	2008 £
REVENUE	1	2,992,803	2,637,238
Direct staff costs		(1,551,525)	(1,188,438)
GROSS PROFIT		1,441,278	1,448,800
ADMINISTRATIVE EXPENSES			
Share based compensation		(43,812)	(77,186)
Other		(1,233,067)	(1,252,339)
TOTAL ADMINISTRATIVE EXPENSES		(1,276,879)	(1,329,525)
Profit from operations before share based compensation		208,211	196,461
- share based compensation		(43,812)	(77,186)
PROFIT FROM OPERATIONS	2	164,399	119,275
Finance costs	3	(40,962)	(39,797)
PROFIT BEFORE TAX		123,437	79,478
Income tax expense	6	(63,770)	(35,468)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		59,667	44,010
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		34,987	34,923
Non controlling interest		24,680	9,087
		59,667	44,010
Earnings per ordinary share – basic (pence)	7	0.06p	0.06p
Earnings per ordinary share – diluted (pence)	7	0.06p	0.06p

The results for the period are derived from continuing activities.

Frenkel Topping Group Plc

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2009 Company registration number: 4726826

	Notes	2009 £	2008 *(restated)* £
ASSETS			
NON CURRENT ASSETS			
Goodwill	8	5,095,287	5,095,287
Property, plant and equipment	9	28,698	42,072
Deferred taxation	13	20,675	35,075
		5,144,660	5,172,434
CURRENT ASSETS			
Accrued income		551,890	426,653
Trade receivables		369,032	240,298
Other receivables	10	77,567	89,470
Cash		40	19
		998,529	756,440
TOTAL ASSETS		6,143,189	5,928,874
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	274,146	273,915
Share premium account		5,744,876	5,744,876
Treasury share reserve		(16,667)	(25,000)
Retained losses		(1,241,344)	(1,320,143)
Other reserve		12,997	12,997
EQUITY ATTRIBUTABLE TO HOLDER OF PARENT		4,774,008	4,686,645
Non controlling interests	14	134,484	109,804
TOTAL EQUITY		4,908,492	4,796,449
NON CURRENT LIABILITIES			
Other payables		25,000	50,000
Financial liabilities		-	208,214
		25,000	258,214
CURRENT LIABILITIES			
Amounts due to banks and short term financial liabilities		379,409	244,354
Current taxation		90,894	101,941
Trade and other payables	11	707,495	463,810
Provisions	12	31,899	64,106
		1,209,697	874,211
TOTAL LIABILITIES		1,234,697	1,132,425
TOTAL EQUITY AND LIABILITIES		6,143,189	5,928,874

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2010 and are signed on its behalf by:

JULIE DEAN

FINANCE DIRECTOR

Frenkel Topping Group Plc

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2009

	Share Capital	Share Premium	Treasury share reserve	Retained Losses	Other reserve	Non controlling interests	Total
	£	£	£	£	£	£	£
Balance 1 January 2008 – as previously reported	273,915	5,744,876	(25,000)	(1,371,087)	12,997	113,421	4,749,122
Prior period adjustment (note 19)	-	-	-	(61,165)	-	(12,704)	(73,869)
Balance 1 January 2008 - restated	273,915	5,744,876	(25,000)	(1,432,252)	12,997	100,717	4,675,253
Share based compensation	-	-	-	77,186	-	-	77,186
Profit and total comprehensive income for the period	-	-	-	34,923	-	9,087	44,010
Balance 1 January 2009	273,915	5,744,876	(25,000)	(1,320,143)	12,997	109,804	4,796,449
New Shares issued	231	-		-	-	-	231
Transfer of shares arising on exercise of options	-	-	8,333	-	-	-	8,333
Share based compensation	-	-	-	43,812	-	-	43,812
Profit and total comprehensive profit for the period	-	-	-	34,987	-	24,680	59,667
Balance 31 December 2009	274,146	5,744,876	(16,667)	(1,241,344)	12,997	134,484	4,908,492

The share capital reserve represents the number of shares issued at nominal price.

The share premium reserve represents the amount received for shares issued over and above the nominal value of the shares issued.

The treasury share reserve represents the cost of 708,315 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 2009 was £24,790.

Retained losses represent the loss generated by the Group since trading commenced.

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

The non controlling interests represent the value of the subsidiary owned outside the Group.

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

Frenkel Topping Group Plc

GROUP CASHFLOW STATEMENT

for the year ended 31 December 2009

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Profit for the year	59,667	44,010
Adjustments to reconcile profit for the year to cash (used in)/generated from operating activities		
Tax expense	63,770	35,468
Finance cost	40,962	39,797
Share based compensation	43,812	77,186
Depreciation	16,818	20,338
(Increase)/decrease in accrued income, trade and other receivable	(222,718)	50,935
Increase/(decrease) in trade and other payables	173,078	(273,375)
Cash generated from/(used in) operations	175,389	(5,641)
Income tax paid	(56,424)	(58,630)
Cash generated from/(used in) operating activities	118,965	(64,271)
Investment activities		
Acquisition of property, plant and equipment	(3,444)	(10,740)
Cash used in investment activities	(3,444)	(10,740)
Financing activities		
Shares issued	231	-
Repayments/borrowings	-	(99,500)
Interest on loans	(18,230)	(26,609)
Cash used in financing	(17,999)	(126,109)
Increase/(decrease) in cash and cash equivalents	97,522	(201,120)
Opening cash and cash equivalents	(244,335)	(43,215)
Closing cash and cash equivalents	(146,813)	(244,335)

Reconciliation of cash and cash equivalent

Cash at hand	40	19
Amounts due to bank	(146,853)	(244,354)
Closing cash and cash equivalents	(146,813)	(244,335)

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 2006.

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

The financial statements have been prepared on the historic cost basis. The principal 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 31 January 2011 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):

IAS 1	Presentation of Financial Statements – Improvements
IAS 7	Statement of Cash Flows – Improvements
IAS17	Leases – Improvements
IAS 18	Revenue – Improvements
IAS 24 (revised)	Related Party Disclosures
IAS 27	Consolidated and separate financial statements – Amendment (endorsed)
IAS 32	Reclassification of Rights Issues – Amendment (endorsed)
IAS 36	Impairment of assets – Improvements
IAS 38	Intangible assets – Improvements
IAS 39	Financial Instruments: Recognition and Measurement – Improvements
IAS 39	Financial Instruments: Recognition and Measurement – Amendment; Eligible Hedged Items (endorsed)

IFRS 1 (revised)	First-time Adoption of International Financial Reporting Standards (endorsed)
IFRS 1	First-time Adoption of IFRS – Amendment; Additional Exemptions for First-time Adopters
IFRS 2	Share-based Payments – Amendment; Cash-settled Share-based Payment Transactions
IFRS 3	Business Combinations – Amendment (endorsed)
IFRS 2	Share-based payment – Improvements
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations – Improvements
IFRS 6	Exploration for and Evaluation of Mineral Resources – Improvements
IFRS 8	Operating Segments – Improvements
IFRS 9	Financial Instruments
IFRIC 9	Reassessment of Embedded Derivatives – Improvements
IFRIC 16	Hedges of a Net Investment in a Foreign Operation – Improvements
IFRIC 17	Distributions of Non-cash Assets to Owners (endorsed)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IFRIC 14	Pensions accounting – Prepayment of a Minimum Funding Requirement

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 client's 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 undertakings. The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Comprehensive Income from the date of their acquisition.

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 Group Statement of Comprehensive Income after the date that control passes. As a Group Statement of Comprehensive Income is published, a separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, 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 accounting reference date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in 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 Group Statement of Financial Position when the Group has become a party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables are categorised as other loans and receivable in accordance with IAS39. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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 Group Statement of Financial Position.

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 instruments. 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 accounting reference 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 accounting reference date. Deferred tax is charged or credited in the Group Statement of Comprehensive Income, 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

	2009	2008
	£	£
Profit from operations is stated after charging/(crediting):		
Share based compensation	43,812	77,186
Depreciation of owned assets	16,818	20,338
Operating lease rentals - Motor vehicles	26,234	14,310
Operating lease rentals – Land & buildings	68,054	47,117
Auditor's remuneration – audit	23,725	22,525
Auditor's remuneration – tax	7,000	8,100
Auditor's remuneration – other services	-	8,000

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

	2009	
	£	%
Audit Services		
- Statutory audit	13,750	44.75
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 UK Audit LLP and their associates	9,975	32.46
Tax Services		
- Compliance services	7,000	22.79
	30,725	

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 UK Audit LLP 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	

3 FINANCE COSTS

	2009	2008
	£	£
Bank interest	16,382	23,272
Loan interest	24,342	16,525
Other interest	238	-
	40,962	39,797

4 EMPLOYEES

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

	2009	2008
	Number	Number
Directors	4	4
Sales	9	9
Administration	25	23
	38	36

EMPLOYMENT COSTS	2009	2008
	£	£
Wages and salaries	1,646,247	1,404,518
Social security costs	182,017	143,994
Pension costs	76,924	55,492
Other benefits	73,680	81,503
Share based compensation	43,812	77,186
	2,022,680	1,762,693

DIRECTORS' EMOLUMENTS	2009	2008
	£	£
Wages and salaries	266,956	323,337
Social security costs	31,250	37,809
Pension costs	14,277	12,280
Other short term benefits	38,631	18,775
Share based compensation	6,637	4,754
	357,751	396,955

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

4. EMPLOYEES (continued)	2009	2008
	£	£
Highest paid director amounts included above:		
Remuneration and other emoluments	166,108	165,989
Pension contributions	6,360	6,360
	172,468	172,349

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 £76,924 (2009: £55,492).

6 TAXATION	2009	2008
	£	£
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	47,701	34,072
Adjustments in respect of previous periods	1,669	856
Total current tax charge	49,370	34,928
Deferred tax		
Adjustments in respect of previous periods	15,762	-
Timing differences, origination and reversal	(1,362)	540
Total deferred tax credit	14,400	540
Tax on profit on ordinary activities	63,770	35,468

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% (28%). The differences are explained below:

	2009	2008
	£	£
Profit before taxation	123,437	79,478
Profit multiplied by standard rate of corporation tax in the UK of 28% (2008: 28%)	34,562	22,253
EFFECTS OF:		
Expenses not deductible	22,655	23,789
Adjustments to tax charge in respect of previous periods	17,431	857
Unrelieved tax losses and other deductions in period	(1,876)	-
Marginal relief	(9,002)	(11,431)
Total tax expense for year	63,770	35,468

7 EARNINGS PER SHARE

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

	2009	2008
	£	£
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	34,987	34,923
Earnings for the purposes of diluted earnings per share	34,987	34,923
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	54,794,616	54,782,947
Effect of dilutive potential ordinary shares:		
- Share options	1,524,391	1,365,608
Weighted average number of ordinary shares for the purposes of diluted earnings per share	56,319,007	56,148,555

8 GOODWILL

	2009
	£
COST	
At 31 December 2009, 31 December 2008 and at 1 January 2008	5,095,287
NET BOOK VALUES	
At 31 December 2009	5,095,287
At 31 December 2008	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 does not exceed the long-term average growth rate for the industry.

The key assumptions applied in the calculation were:

Growth rate – first 5 years (%)	10-18
Growth rate thereafter (%)	5.5
Discount rate (%)	12

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 accounting reference date.

9 PROPERTY, PLANT AND EQUIPMENT

	Short leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2008	30,806	2,749	56,717	90,272
Additions	1,813	5,577	3,350	10,740
At 1 January 2009	32,619	8,326	60,067	101,012
Additions	-	-	3,444	3,444
At 31 December 2009	32,619	8,326	63,511	104,456
Depreciation				
At 1 January 2008	215	1,280	37,107	38,602
Charge for the year	6,411	1,824	12,103	20,338
At 1 January 2009	6,626	3,104	49,210	58,940
Charge for the year	6,526	2,079	8,213	16,818
At 31 December 2009	13,152	5,183	57,423	75,758
Net book values				
At 31 December 2009	19,467	3,143	6,088	28,698
At 31 December 2008	25,993	5,222	10,857	42,072

10 OTHER RECEIVABLES

	2009	2008
	£	£
Prepayments	58,759	64,337
Other receivables	18,808	25,133
	77,567	89,470

11 TRADE AND OTHER PAYABLES

	2009	2008 *(restated)*
	£	£
Trade payables	178,166	134,250
Accruals	276,825	112,195
Other payables	252,504	217,365
	707,495	463,810

12 PROVISIONS

Professional indemnity claims provision	2009 £	2008 £
At beginning of the period	64,106	77,537
New claims provided	-	15
Utilisation of existing provision	(32,207)	(13,446)
At the end of the period	31,899	64,106

Provisions have been made in respect of historic professional indemnity claims made against the Group and where 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

	2009 £	2008 £
Accelerated capital allowances	(4,951)	(4,524)
Other short term temporary differences	(15,724)	(68,217)
Tax losses carried forward	(454,385)	(515,035)
At 31 December 2009	(475,060)	(587,776)
Included in non current assets	(20,675)	(35,075)
Unrecognised deferred taxation asset	(454,385)	(552,701)
At 31 December 2009	(475,060)	(587,776)

Movement in the period	£	£
At 31 December 2008	(35,075)	(35,615)
Deferred tax (credit)/charge	(1,362)	540
Prior year adjustment	15,762	-
At 31 December 2009	(20,675)	(35,075)

The Group has unrecognised deferred tax assets of £454,385 at 31 December 2009 and £552,701 at 31 December 2008, 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 NON CONTROLLING INTERESTS

The non controlling interests comprises of 12,144 (2008 – 12,144) ordinary £1 shares in Frenkel Topping Limited and 207 (2008 - 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 £	2009 £	Number of shares £	2008 £
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	54,829,243	274,146	54,782,947	273,915

During the period an employee exercised share options and 46,296 new shares were issued at nominal price of £0.005.

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	92,592	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	708,314	30 September 2008 to 31 August 2010
26 May 2009	0.5p	1,604,980	31 May 2012 to 31 May 2014
Employee share options in issue		6,598,338	
Long term loan		4,000,000	10 May 2007 to 10 May 2010
Total share options in issue		10,598,338	

15 SHARE CAPITAL *(continued)*

	2009 Options	2009 Weighted average exercise price (pence)	2008 Options	2008 Weighted average exercise price (pence)
Outstanding at 1 January	5,393,810	0.82	3,899,003	1.12
Granted during the year	1,604,980	0.5	1,494,807	0.5
Exercised during the year	(400,452)	0.24	-	-
Outstanding at 31 December	6,598,338	0.47	5,393,810	0.45
Exercisable at 31 December	466,841		867,293	

The options outstanding at 31 December 2009 have an exercise price of 0.5p and a weighted average remaining contractual life of 3 years.

The inputs into the Black Scholes model are as follows:

	2009	2008
Share price (p)	4	6
Exercise price (p)	0.5	0.5 – 2.353
Expected volatility (%)	25	47
Expected life (years)	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 Group recognised total expenses of £43,812 (2008: £77,186) 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

R Fraser is a partner in Frontier Properties to whom the Group owes £4,870 (2008 - £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 (2008: £194).

The amounts due to Frontier Properties and Frenkels Chartered accountants are held within trade payables on the Group Statement of Financial Position.

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 2009 is as follows:

	Fixed rate financial assets	Floating rate financial assets	Financial assets on which no interest is paid	Total
	£	£	£	£
2009				
Sterling	-	-	40	40
2008				
Sterling	-	-	19	19

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 2009 is as follows:

	Fixed rate financial liabilities	Floating rate financial liabilities	Total
	£	£	£
2009			
Sterling	232,556	146,853	379,409
2008			
Sterling	208,214	244,354	452,568

The weighted average interest rate on fixed rate financial liabilities at 31 December 2009 was 7% (2008 7%). The weighted average period to maturity of fixed rate financial liabilities at 31 December 2009 was 12 months (2008: 16 months). The fixed rate financial liabilities were confined to obligations under the loan facility with MBC Settlements. The weighted average interest rate of the floating rate financial liabilities as at 31st December 2009 was LIBOR plus 2%.

The Group has applied a sensitivity analysis based on the forward market 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 Statement of Comprehensive Income of a 1% increase in base rate of interest would be to reduce the profit by £1,468 (2008: £2,443). The impact to the Group Statement of Comprehensive Income of a 1% decrease in base rate of interest would be an increase the profit by £1,468 (2008: £2,443).

Maturity of financial liabilities
The maturity profile of the Group's financial liabilities as at 31 December 2009 was as follows:

	2009	2008
	£	£
Payable within one year	379,409	244,354
Payable between two and five years	-	208,214
	379,409	452,568

Currency exposures
The Group has no overseas assets or liabilities.

Borrowing facility
The Group holds a committed overdraft facility of £400,000, of which £146,853 was drawn down at 31 December 2009, which is subject to annual review and is has a floating charge over the trade receivables of the Group.

The Group holds a facility of £500,000 of which £200,000 was drawn down at 31 December 2009 with MBC Settlements. The facility can be drawn down for strategic acquisitions.

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

17 FINANCIAL INSTRUMENTS (continued)

Capital management
The Group's 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.

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 gearing ratio of 7% (2008: 9%).

18 FINANCIAL COMMITMENTS

At 31 December 2009, the Group had total gross commitments under non-cancellable operating leases as follows:

	Land & Building 2009 £	Land & Building 2008 £
Amounts due within 1 years	43,511	47,117
Amounts due between 1-5 years	130,536	141,351
	174,047	188,468

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.

19 PRIOD PERIOD ADJUSTMENT

During the year ended 31 December 2008 the Group became aware of cash receipts from a third party that it was not entitled to. A provision was made in the accounts for the amounts that had been identified as due to that third party. During the current year further analysis was conducted and an additional £73,869 was identified as being received by the Group prior to 1 January 2008.

A prior period adjustment has been made in the accounts during 2009 to reflect the overstatement of income in earlier periods. The effect of the adjustment is to increase the retained losses of the Group by £61,165, increase other payables by £73,869 and decrease the minority interest by £12,704 as at 1 January 2008.

COMPANY BALANCE SHEET
as at 31 December 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Investments	2	4,819,099	4,775,287
CURRENT ASSETS			
Debtors: amounts falling due within one year	3	5,341	4,050
Cash		103,129	140,943
		108,470	144,993
CREDITORS: amounts falling due within one year	4	(255,823)	(49,906)
NET CURRENT (LIABILITIES)/ASSETS		(147,355)	95,087
CREDITORS: amounts falling due after one year	5	(445,074)	(612,284)
NET ASSETS		4,226,672	4,258,090
CAPITAL AND RESERVES			
Called up share capital	7	274,146	273,915
Treasury reserve	8	(16,667)	(25,000)
Share premium account	8	5,744,876	5,744,876
Profit and loss account	8	(1,788,680)	(1,748,698)
Other reserve	8	12,997	12,997
EQUITY SHAREHOLDERS' FUNDS		4,226,672	4,258,090

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2010 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 408 of the Companies Act 2006 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 £83,794.

2 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
COST	
As at 1 January 2009	4,775,287
FRS 20 Adjustment	43,812
At 31 December 2009	4,819,099
NET BOOK VALUES	
At 31 December 2009	4,819,099
At 31 December 2008	4,775,287

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% (2008 – 82.7%)
Frenkel Topping Structured Settlements Limited	England	Provision of advice on Structured settlements	Ordinary	82.7 % (2008 – 82.7%)
FTG EBT (Trustees) Ltd	England	Non Trading	Ordinary	100% (2008 – 100%)

3 DEBTORS

	2009 £	2008 £
Other debtors	5,341	4,050

4 CREDITORS: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	6,600	9,281
Other creditors	-	15,625
Other loans	249,223	25,000
	255,823	49,906

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

	2009	2008
	£	£
Long term loans	-	208,214
Amounts due by group undertakings	445,074	404,070
	445,074	612,284

6 PROVISIONS FOR DEFERRED TAXATION

	2009	2008
	£	£
Tax losses carried forward	(60,650)	(60,650)
At 31 December 2009	(60,650)	(60,650)
Unrecognised deferred taxation asset	(60,650)	(60,650)
At 31 December 2009	(60,650)	(60,650)

7 SHARE CAPITAL

	Number of shares	2009	Number of shares	2008
	£	£	£	£
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	54,829,243	274,146	54,782,947	273,915

During the period an employee exercised share options and 46,296 new shares were issued at nominal price of £0.005.

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	92,592	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	708,314	30 September 2008 to 31 August 2010
26 May 2009	0.5p	1,604,980	31 May 2012 to 31 May 2014
Employee share options in issue		6,598,338	
Long term loan		4,000,000	10 May 2007 to 10 May 2010
Total share options in issue		10,598,338	

7 SHARE CAPITAL *(continued)*

	2009 Options	2009 Weighted average exercise price (pence)	2008 Options	2008 Weighted average exercise price (pence)
Outstanding at 1 January	5,393,810	0.82	3,899,003	1.12
Granted during the year	1,604,980	0.5	1,494,807	0.5
Exercised during the year	(400,452)	0.24	-	-
Outstanding at 31 December	6,598,338	0.47	5,393,810	0.45
Exercisable at 31 December	466,841		867,293	

The options outstanding at 31 December 2009 have an exercise price of 0.5p and a weighted average remaining contractual life of 3 years.

The inputs into the Black Scholes model are as follows:

	2009	2008
Share price (p)	4	6
Exercise price (p)	0.5	0.5 – 2.353
Expected volatility (%)	25	47
Expected life (years)	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.

In June 2007 the Company entered into a £500,000 loan facility with MBC Settlements Limited (MBC). In consideration of MBC providing the loan facility, the Company 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 Company.

8 EQUITY RESERVES

	Treasury reserve £	Share premium £	Profit and loss account £	Other reserve £
Company				
At 1 January 2009	(25,000)	5,744,876	(1,748,698)	12,997
Options exercised	8,333	-	-	-
Share based compensation	-	-	43,812	-
Loss for the year	-	-	(83,794)	-
At 31 December 2009	(16,667)	5,744,876	(1,788,680)	12,997

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 2009 amounted to £633,901 (2008 – £633,901).

10 RELATED PARTY TRANSACTIONS

The Company shares offices and resources with its subsidiaries Frenkel Topping Structured Settlements Limited and Frenkel Topping Limited. During the year ended 31 December 2009 various recharges passed through the intercompany loan account and at 31 December 2009 the Company owed £445,074 (2008: £404,070) to Frenkel Topping Limited which is included in creditors in the Company balance sheet.

SUBSTANTIAL SHAREHOLDING AS AT 18 JANUARY 2010

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

	Number of Shares held	% of total
D.R. Southworth (Non-Executive Chairman)	5,300,000	9.67
R.C. Fraser (Director)	10,388,760	12.78
J. Dean (Director)	663,000	1.21
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

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