Frenkel Topping Group Plc

FINANCIAL STATEMENTS

for the year ended 31 December 2011

Registration number 4726826

Frenkel Topping Group Plc
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Frenkel Topping Group Plc

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2011

Frenkel Topping provides specialist independent financial advice on the investment of personal injury damages and clinical negligence awards.

Highlights

Group revenue increased by 25% to £4,567k
Profit before tax up by 32% to £853k
Cash generated from operations up 180% to £711k
Funds in the Investment Management Service increased by 17% to £416m
Group well placed for outcome of Retail Distribution Review
Maiden dividend of 0.176 pence per share proposed

	2011	2010
Revenue	£4,567k	£3,653k
Gross Margin	£2,661k	£2,140k
Profit From Operations before share based compensation	£891k	£733k
Profit Before Tax	£853k	£647k
Cash Generated From Operations	£711k	£395k
Funds In The Investment Management Service	£416m	£356m
Recurring Income *	£3.1m	£2.4m
Earnings per ordinary share – basic (pence)	1.109p	0.64p
Earnings per ordinary share – basic (diluted)	1.051p	0.60p

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

* Recurring income is defined as revenue generated from the Group's bank of clients that will re-occur each year providing the client is retained by the Group.

Results

I am pleased to report another year of record growth for the Frenkel Topping Group, despite considerable volatility in the financial services markets. The Group has improved profitability, increased its cash resources and for the year ended 31 December 2011, has shown a profit from operations ,before share based compensation of £890,606 (2010: £733,355) and a profit before taxation of £853,437 (2010: £647,213), representing an increase of 32%.

The Group generated £711,102 of cash from its operating activities during the year (2010: £394,861). At the year-end the net cash balance was £235,361 (2010: net overdraft £42,904). At the period end the Group had no requirements for long term debt financing. The Group is operating well within its current bank facilities and the Board expects this situation to continue into the future.

The net asset value of the Group, before non controlling interests, at 31 December 2011 was £5,684,048 (2010: £5,131,685).

The Group's income is derived from fees on our clients' initial investments and the recurring income from servicing the client's portfolios within the Funds in the Investment Management Service (FIMS). The Group revenue has increased by 25% to £4.6m (£2010: £3.6m), including fees from initial investments of £1.5m (2010: £1.2m) and £3.1m (2010: £2.4m) of recurring income from FIMS.

We have continued to focus on organic growth and client retention and as a result the total FIMS has risen by 17% to £416m as at 31 December 2011 from £356m at the commencement of the year. We expect the recurring income to show further growth in 2012. The growth in the FIMS over the past few years during a period of significant uncertainty in the financial services sector is a remarkable achievement and one which we believe reflects the service we provide to our clients, the brand recognition and the strength of our relationships with our partners, clients and professional introducers.

The Group's financial strategy has been to become less reliant on fees from initial business, with more emphasis on the growth of FIMS and the resulting increase in the level of recurring fees, which still represents 67% (2010: 67%) of total Group revenue. We expect this trend to continue.

The Retail Distribution Review (RDR) comes into force in January 2013 and will substantially change the financial services market place. The RDR is designed to result in a clear charging structure for clients, higher professional standards and a clarity of service, something which the Group has imposed on its operations for a number of year. We fully support and welcome the opportunities RDR will generate.

The global economy continues to face turbulence but as a result of working with our global partners such as Brooks Macdonald, Goldman Sachs and Morgan Stanley, we seek to continue to invest our "clients" assets with caution whilst providing them with a quality service. We believe this approach will continue to improve the results of the Group.

Dividends

As indicated at the half year the Board is recommending its first dividend payment of £100,000, representing 0.176 pence per share in respect of 2011, to be approved by our Shareholders at the AGM.

Prospects

The Board takes great pride in what the Group has achieved to date and looks ahead to the future with confidence. Despite the challenging markets our customer base is growing and the business continues to progress well. A key factor is the quality of our staff and I would like to thank them for all their continued hard work and professionalism over the past year.

The Group's successful business model aims to continue to increase the growth in recurring income from FIMS and to focus on revenue generation and cost control. The Group has the flexibility to adapt to opportunities and changes in the marketplace. The Board has confidence in the future profitable growth of the Group, whilst at the same time enhancing our reputation as a quality company in our sector.

David Southworth

Non-Executive Chairman

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

SECRETARY
J Dean

COMPANY NUMBER
4726826

REGISTERED OFFICE
4th Floor Statham House
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M32 0FP

AUDITORS
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Chartered Accountants
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

NOMINATED ADVISER AND BROKER
Shore Capital & Corporate Ltd
Bond Street House
14 Clifford Street
London
W1S 4JH

The Directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

A review of the Group's activities and its future prospects is detailed in the Chairman's Statement on 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 proposing a dividend payment of 0.176 pence per share subject to Shareholder approval at the AGM on 17 May 2012.

SHARE CAPITAL

Information regarding substantial shareholdings in the Company is contained in the Shareholder Information section on page 43.

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
R C Fraser	Managing Director
J Dean	Finance Director

PAYMENT OF CREDITORS

It is the Company's and 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 Company and Group at 31 December 2011, calculated in accordance with the Companies Act 2006, were 22 days and 127 days (2010: 7 days and 175 days) respectively. This represents the ratio, expressed in days, between the amounts invoiced to the Company and the Group in the period by its suppliers and the amounts due, at the year end, to suppliers falling due for payment within one year. The number of days is abnormally high due to professional payaways being included within trade payables which are not settled until a case is completed.

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 2011, 27 employees, held options over 6,066,558 ordinary shares in the Company under the approved and unapproved share option schemes. Further information on share options is shown in note 15 to the financial statements.

GOING CONCERN ASSUMPTION

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

CHARITABLE DONATIONS

During the year the Group made charitable contributions of £2,320 (2010: £1,575), principally to charities servicing the community in which the Group operates.

BUSINESS RISKS

The main activity of the Group is providing independent financial advice to personal injury and clinical negligence victims. During the period the Group has set up a new subsidiary to provide financial planning to people employed in the entertainment and sports arena. 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, controlling cost, FSA compliance and working capital.

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

Due to the structure of the Group’s cost base, to achieve targets the main KPIs that the Board look at are clients’ retention in FIMS and delivery against a target level of fees from new business. The Board monitor client retention on a monthly basis and, during 2011, 1% (2010: less than 1%) of the FIMS was lost during the year. The Board agree new business targets with the authorised individuals at the start of each year and the Board review delivery against these targets on a weekly basis. During 2011, 94% of the new business target was achieved (2010: 95%).

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

Personal injury claims continue to grow and whilst this market continues to be competitive, the Directors believe the Group’s brand name, expertise and knowledge 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 represents the highest cost to the Group.

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 responsibility allocated at Board level to ensure all those standards are imposed and maintained. The Group has a contract in place with a third party compliance consultancy firm to review internal controls and to work with the Board to ensure the Board is made aware of developments that impact on the business. The Group has a proportion of client files reviewed by the consultancy firm and has professional indemnity insurance in place to protect the assets of the Group.

The Group finances the operations through a bank overdraft. Whilst the Group is at risk from any increase in interest rates on the overdraft, the Board actively monitors the changes in interest rates and considers the risk to be minimal at present.

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

FINANCIAL INSTRUMENTS

Information regarding the way the Group uses financial instruments can be found in note 17 to the financial statements.

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
19 March 2012

REMUNERATION COMMITTEE

The Group has a Remuneration Committee. The committee comprises the non-executive directors and is chaired by David Southworth. Due to the resignation of the other non-executive director in December 2010 as at the year end only David Southworth remained on the committee. The Board are seeking to address this issue as noted in the Board Structure in the Corporate Governance section.

REMUNERATION POLICY

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

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

- Basic annual salary and benefits
- Annual bonus payments
- Share options
- Pensions

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

ANNUAL BONUS

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

DIRECTORS' REMUNERATION

The table below summarises all directors' emoluments and pension contributions for the current and the prior year for comparison.

	Emoluments and compensation £	Bonus £	Pension £	Total 2011 £
D Southworth	45,000	-	-	45,000
R Fraser	158,293	30,000	10,964	199,257
J Dean	92,392	-	4,750	97,142
	295,685	30,000	15,714	341,399

	Emoluments and compensation £	Bonus £	Pension £	Total 2010 £
D Southworth	30,000	-	-	30,000
W Hughes	12,500	-	-	12,500
R Fraser	163,328	40,000	20,160	223,488
J Dean	88,454	40,000	-	128,454
	294,282	80,000	20,160	394,442

SHARE OPTIONS

The Company has an Enterprise Management Incentive Scheme ('EMI') and an Unapproved Share Option Scheme. Options have been granted to directors under each scheme as follows:

	Number of shares	Exercise price	Earliest exercise date
Approved Scheme			
J Dean	620,000	0.5p	10 May 2011 to 26 May 2014
J Dean	608,732	13.5p	23 November 2014
R Fraser	813,424	13.5p	23 November 2014
Unapproved Scheme			
J Dean	487,422	13.5p	23 November 2014
R Fraser	772,538	13.5p	23 November 2014

During the year 1,096,154 share options were issued to Julie Dean and 1,585,962 to Richard Fraser. The options issued have performance conditions and can only be exercised on delivery on the conditions over the three financial years ending 31 December 2013. During the year Julie Dean exercised 280,000 share options from options issued in 2008, on which a gain of £33,300 was made. Details of the EMI are given in note 15 to the financial statements.

PENSION ARRANGEMENTS

Executive directors are entitled to have a percentage of their basic salary paid to a pension scheme of their choice. Executive directors receive a contribution of between 5 - 10% of their salary from the Group.

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 Smaller Quoted Companies published in September 2010) 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 11.

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

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

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

1. The Remuneration Committee is responsible for making recommendations to the Board on the Group's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including pension rights and compensation payments. The Board itself determines the remuneration of the non-executive director. The committee meets at least twice a year.

2. The Audit Committee includes the executive and non-executive director. 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.

Since the resignation of William Hughes in December 2010 the Group only has one non-executive director. The Board are looking to appoint a new Non-Executive Director with experience that will add value to the existing Board. Any new non-executive director 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 for reviewing its effectiveness. The Board has designed the Group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss. The key elements of the control system in operation are:

a. The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority;

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 'Corporate Governance Guidelines for Smaller Quoted Companies' issued by the Quoted Companies Alliance.

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

There are no significant issues disclosed in the financial statements for the period ended 31 December 2011 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

RELATIONS WITH SHAREHOLDERS

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRENKEL TOPPING GROUP PLC
for the year ended 31 December 2011

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 set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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/private.cfm*]*.

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 2011 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.

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

19 March 2012

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Notes	2011 £	2010 £
REVENUE	1	4,567,436	3,652,697
Direct staff costs		(1,906,323)	(1,512,253)
GROSS PROFIT		2,661,113	2,140,444
ADMINISTRATIVE EXPENSES			
Share based compensation		(26,967)	(56,714)
Other		(1,770,507)	(1,407,089)
TOTAL ADMINISTRATIVE EXPENSES		(1,797,474)	(1,463,803)
Profit from operations before share based compensation		890,606	733,355
- share based compensation		(26,967)	(56,714)
PROFIT FROM OPERATIONS	2	863,639	676,641
Finance costs	3	(10,202)	(29,428)
PROFIT BEFORE TAX		853,437	647,213
Income tax expense	6	(98,836)	(204,343)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		754,601	442,870
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		607,490	350,709
Non controlling interest		147,111	92,161
		754,601	442,870
Earnings per ordinary share – basic (pence)	7	1.109p	0.64p
Earnings per ordinary share – diluted (pence)	7	1.051p	0.60p

The results for the period are derived from continuing activities.

Frenkel Topping Group Plc

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2011 Company registration number: 4726826

	Notes	2011 £	2010 £
ASSETS			
NON CURRENT ASSETS			
Goodwill	8	5,095,287	5,095,287
Property, plant and equipment	9	22,515	21,128
Intangible assets	22	25,000	-
Deferred taxation	13	81,957	20,675
		5,224,759	5,137,090
CURRENT ASSETS			
Accrued income		912,729	734,502
Trade receivables	19	343,913	401,327
Other receivables	10	68,270	133,251
Cash and cash equivalents		958,252	775,893
		2,283,164	2,044,973
TOTAL ASSETS		7,507,923	7,182,063
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	283,668	274,262
Share premium account		-	5,744,876
Own shares reserve		(99,356)	(12,500)
Retained earnings/(deficit)		5,499,736	(874,953)
Other reserve		-	-
EQUITY ATTRIBUTABLE TO HOLDER OF PARENT		5,684,048	5,131,685
Non controlling interests	14	432,429	280,674
TOTAL EQUITY		6,116,477	5,412,359
NON CURRENT LIABILITIES	20		
Other payables		-	12,500
		-	12,500
CURRENT LIABILITIES			
Bank overdrafts	17	722,891	818,797
Current taxation		47,866	206,534
Trade and other payables	11	610,904	662,721
Provisions	12	9,785	69,152
		1,391,446	1,757,204
TOTAL LIABILITIES		1,391,446	1,769,704
TOTAL EQUITY AND LIABILITIES		7,507,923	7,182,063

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2012 and are signed on its behalf by:

JULIE DEAN

FINANCE DIRECTOR

GROUP STATEMENT OF CHANGES IN EQUITY
as at 31 December 2011

	Share Capital	Share Premium	Own share reserve	Retained Earnings/(Losses)	Other reserve	Total controlling interest	Non controlling interests	Total
	£	£	£	£	£	£	£	£
Balance 1 January 2010	274,146	5,744,876	(16,667)	(1,241,344)	12,997	4,774,008	134,484	4,908,492
New shares issued	116	-	-	-	-	116	-	116
Transfer of shares arising on exercise of options	-	-	4,167	-	-	4,167	-	4,167
Share based compensation	-	-	-	56,714	-	56,714	-	56,714
Transfer on satisfaction of loan instrument	-	-	-	12,997	(12,997)	-	-	-
Transfer of share based compensation attributable to non-controlling interest	-	-	-	(54,029)	-	(54,029)	54,029	-
Profit and total comprehensive income for the period	-	-	-	350,709	-	350,709	92,161	442,870
Balance 1 January 2011	274,262	5,744,876	(12,500)	(874,953)	-	5,131,685	280,674	5,412,359
New shares issued	9,406	-	-	-	-	9,406	-	9,406
Transfer of shares arising on exercise of options	-	-	12,500	-	-	12,500	-	12,500
Cancellation of Share Premium	-	(5,744,876)	-	5,744,876	-	-	-	-
Share based compensation	-	-	-	22,323	-	22,323	4,644	26,967
Own Shares purchased	-	-	(99,356)	-	-	(99,356)	-	(99,356)
Profit and total comprehensive income for the period	-	-	-	607,490	-	607,490	147,111	754,601
Balance 31 December 2011	283,668	-	(99,356)	5,499,736	-	5,684,048	432,429	6,116,477

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 own shares reserve represents the cost of 694,806 (2010: 531,235) 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 2011 was £102,484 (2010: £34,530).
Retained earnings/(losses) represent the profit/(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.

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Profit before tax	853,437	647,213
Adjustments to reconcile profit for the year to cash (used in)/generated from operating activities:		
Finance cost	10,202	29,428
Share based compensation	26,967	56,714
Depreciation and amortisation	36,991	11,348
Increase in accrued income, trade and other receivables	(137,979)	(270,623)
Decrease in trade and other payables	(78,516)	(79,219)
Cash generated from operations	711,102	394,861
Income tax paid	(318,788)	(24,835)
Cash generated from operating activities	392,314	370,026
Investment activities		
Acquisition of property, plant and equipment	(13,377)	(3,778)
Cash used in investment activities	(13,377)	(3,778)
Financing activities		
Shares issued	9,406	116
Repayments of borrowings	-	(200,000)
Interest on loans and borrowings	(10,722)	(62,455)
Own Share purchase	(99,356)	-
Cash used in financing	(100,672)	(262,339)
Increase in cash and cash equivalents	278,265	103,909
Opening cash and cash equivalents	(42,904)	(146,813)
Closing cash and cash equivalents	235,361	(42,904)

Reconciliation of cash and cash equivalent

Cash at bank and in hand	958,252	775,893
Overdraft	(722,891)	(818,797)
Closing cash and cash equivalents	235,361	(42,904)

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

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 and IFRIC Interpretations as endorsed by the European Union ("IFRS"), and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies adopted are set out below.

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

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 2013 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 the cash generating unit to which the goodwill has been attributed, to the present value of the forecast cashflows expected to be generated by the unit. Details of the estimates and judgements made in the impairment review are given in 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. Such estimates and judgements include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 15;
- 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. Details of the estimates and judgements made in assessing provisions are given in note 12.

INTERPRETATIONS OF STANDARDS

Amendments to published standards effective for the year ended 31 December 2011

The following standard has been adopted during the year:

- IAS 24 (Revised) "Related Party Disclosures"

The adoption of this amendment has had no impact on the reporting of the financial position and performance of the Group.

Standards adopted early by the Group

The Group has not adopted any standards or interpretations early in either the current or the preceding financial year.

INTERPRETATIONS OF STANDARDS (continued)

Standards, amendment and interpretations effective in 2011but not relevant

Other amendments to standards became effective during the period including amendments to:

- IAS 32 (Revised) "Financial Instruments: Presentation"
- IAS 1 (Improvements) "Presentation of Financial Statements"
- IAS 1 (Improvements) "Presentation of Financial Statements"
- IFRIC 14 (Amendment) "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRS 1 (Revised) "First-time Adoption of IFRS"
- IFRS 3 (Improvements) "Business Combinations"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

The directors are of the opinion that the application of these amendments has had no impact on the financial statements of the Group or Company in either the current or preceding financial years.

Interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Group

- IAS 12 (Revised) "Income Taxes"
- IAS 27 (Improvements) "Consolidated and Separate Financial Statements"
- IAS 34 (Improvements) "Interim Financial Reporting"
- IFRS 7 (Revised) "Financial Instruments: Disclosures"
- IFRS 9 "Financial Instruments"
- IFRIC 13 (Improvements) "Customer Loyalty Programmes"

The directors are of the opinion that the application of these standards is unlikely to have any significant impact, other than increased disclosures, on the financial statements of the Group or Company.

REVENUE
Revenue is derived 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 and recognised on an accruals basis.

BASIS OF CONSOLIDATION
The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain economic benefits from their activities. The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Comprehensive Income from the date of their acquisition up until the date that control ceases.

The acquisition method of accounting is used for the acquisition of subsidiaries. The cost of acquisition is measured at the aggregate fair values of assets given, equity instruments issued and liabilities incurred or assumed by the Group to obtain control. 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. The company loss for the year was £98,294 (2010: £63,632).

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

Goodwill on acquisition of subsidiaries is separately disclosed.

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

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

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT
All fixed assets are initially recorded at cost and are subsequently measured at cost less accumulated depreciation and any recognised impairment loss.

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

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

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

INTANGIBLE ASSETS
Intangible assets comprise rights to an income stream arising from a contract acquired from a third party. Amortisation is charged to administrative expenses in the income statement and provided at rates calculated to write off the cost less residual value of the asset over its expected useful life of two years.

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

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

SHARE-BASED COMPENSATION
The Group operates an equity-settled, share based compensation plan. 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 on a straight-line basis 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

Cancelled or settled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in profit or loss in the year that the options are cancelled or settled.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-CONTROLLING INTERESTS
Profit or loss and each component of other comprehensive income are allocated between the owners of the parent and non-controlling interests even if this results in the non-controlling interest having a deficit balance, with the exception of the non-controlling interest in Frenkel Topping Structured Settlements Limited.

The non controlling element of the losses in the dormant subsidiary Frenkel Topping Structured Settlements Limited have been consolidated into the reserves of the Group. The Group has applied the transition arrangements required by IAS27 (revised) and has not reallocated the non controlling element of accumulated losses retrospectively to the non-controlling interest.

OWN SHARES HELD
Where the Company or any subsidiary undertaking has purchased shares in the Company from the market, the purchase price of the shares is deducted from retained earnings.

1 REVENUE AND SEGMENTAL REPORTING

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

2 PROFIT FROM OPERATIONS

PROFIT FROM OPERATIONS	2011 £	2010 £
Profit from operations is stated after charging:		
Share based compensation	26,967	56,714
Depreciation and amortisation	36,991	11,348
Operating lease rentals - Motor vehicles	49,210	38,810
Operating lease rentals – Land & buildings	64,420	62,263
Auditor's remuneration – audit	31,425	31,366
Auditor's remuneration – tax	8,850	8,425

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

	2011 £	%
Audit Services		
- Statutory audit	14,950	37.12
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	16,475	40.91
Tax Services		
- Compliance services	8,850	21.97
	40,275	

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

	2010 £	%
Audit Services		
- Statutory audit	15,666	39.37
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	15,700	39.45
Tax Services		
- Compliance services	8,425	21.18
	39,791	

2 PROFIT FROM OPERATIONS (continued)

The following table analyses the nature of expenses:-

	2011 £	2010 £
Staff costs (see note 4)	2,348,018	2,059,514
Depreciation, amortisation and impairment	36,991	11,348
Premises costs	99,155	100,254
Marketing expenses	109,982	58,290
Professional fees	233,414	120,051
Other expenses	876,237	626,599
Total operating expenses	3,703,797	2,976,056

3 FINANCE COSTS

	2011 £	2010 £
Bank interest	10,202	15,133
Loan interest	-	14,295
	10,202	29,428

4 EMPLOYEES

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

	2011 Number	2010 Number
Directors	3	4
Sales	18	12
Administration	23	25
	44	41

EMPLOYMENT COSTS

	2011 £	2010 £
Wages and salaries	1,916,540	1,675,794
Social security costs	248,387	183,952
Pension costs	76,851	71,781
Other benefits	79,273	71,273
Share based compensation – equity settled	26,967	56,714
	2,348,018	2,059,514

4 EMPLOYEES (continued)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of the individual directors is provided in the Directors' remuneration report on pages 7 to 8.

	2011	2010
	£	£
Short-term employee benefits	315,581	371,300
Post-employment benefits	15,715	20,160
Other long-term benefits	10,103	14,103
Share based payments	4,940	8,805
	346,339	414,368
	Number	Number
Number of Directors to whom retirement benefits are accruing under a money purchase scheme	2	1

	2011	2010
	£	£
The remuneration in respect of the highest paid director was:		
Emoluments	188,293	203,328
Pension costs	10,964	20,160
	199,257	223,488

The highest paid director did not exercise any share options in the period (2010: nil).

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 £76,851 (2010: £71,781).

6 TAXATION

	2011	2010
	£	£
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	160,118	204,343
Adjustments in respect of previous periods	-	-
Total current tax charge	160,118	204,343
Deferred tax		
Adjustments in respect of previous periods	-	-
Temporary differences, origination and reversal	(61,282)	-
Total deferred tax charge	(61,282)	-
Tax on profit on ordinary activities	98,836	204,343

6 TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax assessed for the period is higher than the main rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below:

	2011	2010
	£	£
Profit before taxation	853,437	647,213
Profit multiplied by main rate of corporation tax in the UK of 26.5% (2010: 28%)	226,161	181,219
EFFECTS OF:		
Expenses not deductible	28,140	23,754
Capital allowances in excess of depreciation	(1,958)	-
Exercise of share options	(91,102)	-
Share based payments	(54,136)	-
Other deductions in period	(8,269)	(630)
Total tax expense for year	98,836	204,343

On 23 March 2011 the Chancellor announced a reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011. The Chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by 1 April 2014.

7 EARNINGS PER SHARE

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

	2011	2010
	£	£
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	607,490	350,709
Earnings for the purposes of diluted earnings per share	607,490	350,709
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	55,481,199	54,836,980
Less: own shares held	(694,807)	(531,235)
Effect of dilutive potential ordinary shares:	54,786,392	54,305,745
- Share options	2,986,416	3,594,060
Weighted average number of ordinary shares for the purposes of diluted earnings per share	57,772,808	57,899,805

There are a further 2,682,116 share options in issue which have not been included in the above calculation of diluted earnings per share as they are antidilutive as at 31 December 2011.

8 GOODWILL

	£
COST	
At 31 December 2011, 31 December 2010 and at 1 January 2010	5,095,287
NET BOOK VALUES	
At 31 December 2011 and 31 December 2010	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 based on the budgets for the year ending 31 December 2012. Cashflows beyond the budgeted period are extrapolated using the estimated growth rate per the table. In accordance with IAS 36, the growth rate for beyond the budgeted period does not exceed the long-term average growth rate for the industry.

The key assumptions applied in the calculation were:

Growth rate post budget period (%)	2.5
Discount rate (%)	12.0

The growth rates are based on anticipated future growth in revenue from FIMS and the contractual returns based on current contracts. The directors have performed sensitivity analysis on this figure which shows that there is no indication of impairment even if a growth figure of Nil% is used. The discount rate used is based on the weighted average cost of capital of the Group at the accounting reference date.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2010	32,619	8,326	63,511	104,456
Additions	-	-	3,778	3,778
Disposals	-	-	(49,887)	(49,887)
At 31 December 2010	32,619	8,326	17,402	58,347
Additions	-	-	13,378	13,378
Disposals	-	-	(4,503)	(4,503)
At 31 December 2011	32,619	8,326	26,277	67,222
Depreciation				
At 1 January 2010	13,152	5,183	57,423	75,758
Charge for the year	6,525	1,489	3,334	11,348
Disposals	-	-	(49,887)	(49,887)
At 31December 2010	19,677	6,672	10,870	37,219
Charge for the year	6,524	1,394	4,073	11,991
Disposals	-	-	(4,503)	(4,503)
At 31 December 2011	26,201	8,066	10,440	44,707
Net book values				
At 31 December 2011	6,418	260	15,837	22,515
At 31 December 2010	12,942	1,654	6,532	21,128
At 1 January 2010	19,467	3,143	6,088	28,698

10 OTHER RECEIVABLES

	2011	2010
	£	£
Prepayments	64,237	79,279
Other receivables	4,033	53,972
	68,270	133,251

11 TRADE AND OTHER PAYABLES

	2011	2010
	£	£
Trade payables	233,753	215,833
Other tax and social security	77,712	58,592
Other payables	20,932	141,779
Accruals	278,507	246,517
	610,904	662,721

12 PROVISIONS

Professional indemnity claims provision	2011 £	2010 £
At beginning of the period	69,152	31,899
New claims provided	22,000	50,000
Release of prior year provision	(16,591)	(11,606)
Utilisation of existing provision	(64,776)	(1,141)
At the end of the period	9,785	69,152

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

	2011 £	2010 £
Accelerated capital allowances	(3,550)	(3,550)
Share-based payments	(78,409)	(49,305)
Tax losses carried forward	(454,385)	(454,385)
At 31 December	(536,244)	(507,240)
Included in non current assets	(81,957)	(20,675)
Unrecognised deferred taxation asset	(454,387)	(486,565)
At 31 December	(536,244)	(507,240)

Movement in the period	£	£
At 1 January	(20,675)	(20,675)
Deferred tax credit	(61,282)	-
Prior year adjustment	-	-
At 31 December	(81,957)	(20,675)

The Group has unrecognised deferred tax assets of £454,387 at 31 December 2011 and 31 December 2010, which relate to taxable losses held within a dormant subsidiary of the group. 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 (2010 – 12,144) ordinary £1 shares in Frenkel Topping Limited and 207 (2010 - 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 £	2011 £	Number of shares £	2010 £
Authorised				
Ordinary shares of £0.005 each	80,000,000	400,000	80,000,000	400,000
Preference shares of £1 each	50,000	50,000	50,000	50,000
		450,000		450,000
Allotted, called up and fully paid				
As at 1 January	54,852,391	274,262	54,829,243	274,146
New shares issued	1,881,271	9,406	23,148	116
As at 31 December				
Ordinary shares of £0.005 each	56,733,662	283,668	54,852,391	274,262

At 31 December 2011 the Company held 694,806 of its own shares (2010: 531,235). During the year the Company acquired 694,806 of its own shares, representing 1.22% of the total issued share capital, for consideration of £99,356, which are held by an employee benefit trust. These shares have been purchased in order to meet future commitments under the Company's share option scheme.

During the period an employee exercised share options and as a result 1,881,271 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. In relation to the 2011 options, 60% of options to vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 2.0966 pence, 80% of options to vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 2.6208 pence, 100% of options to vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 3.144 pence

Grant date	Subscription price per share	Number of shares for which rights exercisable	Earliest date on which options can be exercised
Approved Scheme			
31 August 2005	0.5p	69,444	28 July 2007 to 31 August 2015
10 May 2007	0.5p	787,170	10 May 2010 to 10 May 2012
13 August 2007	0.5p	100,000	13 August 2010 to 13 August 2012
9 June 2008	0.5p	620,835	9 June 2011 to 9 June 2013
10 September 2008	0.5p	313,023	31 May 2010 to 31 May 2012
10 September 2008	0.5p	23,160	9 June 2011 to 9 June 2013
26 May 2009	0.5p	1,470,810	31 May 2012 to 31 May 2014
23 November 2011	13.5p	1,422,156	23 November 2014
Unapproved Scheme			
23 November 2011	13.5p	1,259,960	23 November 2014
Employee share options in issue		6,066,558	

15 SHARE CAPITAL *(continued)*

	2011 Options	2011 Weighted average exercise price (pence)	2010 Options	2010 Weighted average exercise price (pence)
Outstanding at 1 January	5,796,948	0.47	6,598,338	0.47
Granted during the year	2,682,116	13.5	-	-
Lapsed during the year	-	-	(601,163)	0.5
Exercised during the year	(2,412,506)	0.908	(200,227)	2.14
Outstanding at 31 December	6,066,558	6.25	5,796,948	0.46
Exercisable at 31 December	503,743		1,622,369	

The options outstanding at 31 December 2011 had a weighted average remaining contractual life of 8 years.

No charge has been made in respect of options granted in the year as, due to the timing of issue, their impact is considered to be immaterial.

The inputs in to the Black Scholes model used to calculate the fair value of options granted during the year were as follows:

	2011
Weighted average share price	12.27p
Weighted average exercise price	13.50p
Expected volatility	50%
Expected life	3 years
Risk free rate	10%
Expected dividends	£0

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Options exercised have been satisfied as follows:

	2011	2010
Issue of new shares	1,881,271	23,148
Transfer from employee share trust	531,235	177,079
Total Exercised	2,412,506	200,227

The company recognised total expenses of £26,967 (2010: £56,714) relating to equity-settled share-based payment transactions.

16 RELATED PARTY TRANSACTIONS

R Fraser is a partner in Frontier Properties to whom the company owed £4,870 (2010 - £4,870) at the year end.

J R Frenkel, who retains a minority interest in the subsidiary companies Frenkel Topping Limited and Frenkel Topping Structured Settlements, is the sole proprietor of Frenkels, Chartered accountants, from whom the company is due £2,193 (2010: owes £207). During the year professional services charges of £6,000 were invoiced from Frenkels Chartered Accountants.

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

D Southworth, R Fraser and J Dean, directors of the company, have all given personal guarantees on behalf of the company to the value of £50,000 each.

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 make use of financial derivatives. Although the financial risks are considered to be minimal at present, future interest rate, liquidity, credit and foreign currency risk could arise and the Board will review its existing policies in the coming period. The Group finances the operations through a bank overdraft facility.

Interest rate risk
The interest rate risks are limited to the net overdraft facility of the Group, which bears interest at a variable rate. The company monitors bank rate changes and predictions for any impact on the Groups interest charges.

Liquidity risk
It is the Group's policy to manage liquidity in order to achieve continuity of funding. The Group monitors actual cashflows against forecast and expectations on a daily basis to ensure sufficient liquidity is available. Cash forecasts are based on contractual accrued income and timing of receipts, new business trading levels, settlement of supplier balances when they fall due. Subject to unforeseen adverse trading conditions, the cash flows from operations are not expected to change significantly. Based on forecasts, profitability would have to reduce by 50% before the Group overdraft facility was exceeded. There are no covenants attached to the overdraft facility. The nature of the Group's business means that cash flows are relatively stable and predictable. Any significant fall in the level of funds managed by the Group's investment managers would have a significant impact on the cash resources of the Group.

Credit risk
Exposure to credit risk is limited to cash at bank and trade receivables. Credit risk on cash balances is minimised by the use of a major UK clearing bank with a AAA credit rating. The Group evaluates a customer's ability to pay before entering into a transaction and actively manages receivables due to the Group. The Group has a concentration of credit risk exposure to one significant debtor, but considers that the risk is limited to one month's income from that particular debtor. The Group's maximum exposure to credit risk is disclosed below.

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

17 FINANCIAL INSTRUMENTS (continued)

The interest rate profile of the financial assets of the Group as at 31 December 2011 is as follows:

	Fixed rate financial assets	Floating rate financial assets	Financial assets on which no interest is paid	Total
	£	£	£	£
2011				
Cash in hand	-	-	39	39
Cash at bank	-	958,213	-	958,213
Trade receivables	-	-	343,913	343,913
Accrued income	-	-	912,729	912,729
Other receivables	-	-	4,033	4,033
Total	-	958,213	1,260,714	2,218,927

	Fixed rate financial assets	Floating rate financial assets	Financial assets on which no interest is paid	Total
	£	£	£	£
2010				
Cash in hand	-	-	33	33
Cash at bank	-	775,860	-	775,860
Trade receivables	-	-	401,327	401,327
Accrued income	-	-	734,502	734,502
Other receivables	-	-	53,972	53,972
Total	-	775,860	1,189,834	1,965,694

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 31 December 2011 is as follows:

	Fixed rate financial liabilities	Floating rate financial liabilities	Financial liabilities on which no interest is paid	Total
	£	£	£	£
2011				
Amounts due to banks	-	722,891	-	772,891
Trade and other payables	-	-	533,192	533,192
Sterling	-	722,891	533,192	1,306,083

17 FINANCIAL INSTRUMENTS (continued)

	Fixed rate financial liabilities	Floating rate financial liabilities	Financial liabilities on which no interest is paid	Total
	£	£	£	£
2010				
Amounts due to banks	-	818,797	-	818,797
Trade and other payables	-	-	604,129	604,129
Sterling	-	818,797	604,129	1,422,926

The Group has applied a sensitivity analysis based on the forward market for floating interest rates. Management believe that these closely reflect the probable 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 £2,354 (2010: £426). 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 £2,354 (2010: £426).

Maturity of financial liabilities
The maturity profile of the Group's financial liabilities as at 31 December 2011 was as follows:

	2011	2010
	£	£
Payable within one year	977,576	1,176,409

Currency exposures
The Group has no overseas assets or liabilities.

Borrowing facility
The Group holds a committed net overdraft facility of £400,000 of which £nil was drawn down at 31 December 2011, which is subject to annual review and has a floating charge over the trade receivables of the Group.

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.

18 FINANCIAL COMMITMENTS

At 31 December 2011, the Group had total gross commitments under non-cancellable operating leases as follows:

	Land & Building 2011	Land & Building 2010
	£	£
Amounts due		
Within one year	47,117	42,462
Between one and five years	188,468	169848
In greater than five years	47,117	84,924
	282,702	297,234

18 FINANCIAL COMMITMENTS (continued)

	Motor Vehicles 2011 £	Motor Vehicles 2010 £
Amounts due:		
Within one year	17,403	1,549
Between one and five years	13,163	40,982
	30,566	42,531

Operating lease payments for land and buildings 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. Operating lease payments for motor vehicles represents rentals payable by the Group for its company cars. Leases are negotiated between 2-3 year and rentals are fixed during this period.

The Group shares a VAT registration with its subsidiary Frenkel Topping Limited. Both Group and Frenkel Topping Limited are joint and severally liable for amounts due. As at 31 December the amount due to HMRC is £13,946 (2010: £5,716). This amount is included within current taxation on the Group Statement of Financial Position.

19 TRADE RECEIVABLES

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 83 (2010: 118). Debtor days has been calculated as the balance in trade receivables against new business income recorded in the year. The trade receivables represent fees due from investment of initial FIMS or Expert Witness Reports.

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

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

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

	2011 £	2010 £
Up to three months	15,834	9,556
Greater than six months	168,843	97,908
	184,677	107,464

20 OTHER PAYABLES

These represent the amounts due to beneficiaries of FTG EBT (Trustees) Limited in relation to the purchase of own shares. An application to strike off FTG EBT (Trustees) Limited on 18 October 2011 was registered at Companies House as the subsidiary was no longer required. All assets were realised and all debts were settled before the application was made.

21 CAPITAL MANAGEMENT

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

It is our objectives to maintain a strong capital base to support the development of the Group and to meet regulatory capital requirements at all times whilst protecting returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The group 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, own shares reserve, other reserve and retained losses and net debt. The Group has no net external borrowing and hence the gearing ratio is nil (2010: 1%).

Frenkel Topping Limited is authorised by The Financial Services Authority (FSA) and Frenkel Topping Wealth Solutions Limited is an appointed representative. The FSA sets capital requirements for the Group on this basis. Our policy is to maintain adequate readily realisable assets at a level in excess of those determined by the FSA.

From January 2013 the amount of net capital the subsidiaries will have to maintain is increasing as a result of the FSA Retail Distribution Review. The Board is satisfied the Groups has sufficient resources to meet this uplift in capital.

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

22 INTANGIBLE ASSETS

	2011 £	2010 £
At 1 January	-	-
Acquisitions	50,000	-
Amortisation during year (within administrative expenses)	(25,000)	-
At 31 December	25,000	-

The intangible assets relates to the acquisition of a promoter agreement for the distribution of an Open Ended Investment Company (OEIC). The asset is being amortised over the 2 year life expectancy of the promoter agreement.

Frenkel Topping Group Plc
COMPANY BALANCE SHEET
as at 31 December 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments	2	4,902,780	4,875,813
CURRENT ASSETS			
Debtors: amounts falling due within one year	3	5,851	6,503
Cash at bank and in hand		-	-
		5,851	6,503
CREDITORS: amounts falling due within one year	4	(110,949)	(216,373)
NET CURRENT LIABILITIES		(105,098)	(209,870)
CREDITORS: amounts falling due after one year	5	(722,422)	(441,906)
NET ASSETS		4,075,260	4,224,037
CAPITAL AND RESERVES			
Called up share capital	7	283,668	274,262
Own shares reserve	8	(99,356)	(12,500)
Share premium account	8	-	5,744,876
Profit and loss account	8	3,890,948	(1,782,601)
EQUITY SHAREHOLDERS' FUNDS		4,075,260	4,224,037

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2011 and are signed on its behalf by:

JULIE DEAN
FINANCE DIRECTOR

ACCOUNTING CONVENTION
The Company financial statements are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles.

SHARE-BASED COMPENSATION
The Company operates a group, 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 in the company that receives the benefit of those services and as an increase in the cost of investment in the Company's accounts. The total amount to be taken to Investments in the company's accounts on a straight line basis 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 £98,294 (2010: £62,793).

2 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
COST	
As at 1 January 2011	4,875,813
FRS 20 Adjustment	26,967
At 31 December 2011	4,902,780
NET BOOK VALUES	
At 31 December 2011	4,902,780
At 31 December 2010	4,875,813

The FRS 20 adjustment represents the cost to the company of issuing share options to employees of subsidiaries.

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%
Frenkel Topping Structured Settlements Limited	England	Provision of advice on structured settlements	Ordinary	82.7 %
FTG EBT (Trustees) Ltd	England	Non Trading	Ordinary	100%
Frenkel Topping Wealth Solutions Limited	England	Financial services	Ordinary	100%
Frenkel Topping Services Limited	England	Dormant	Ordinary	100%

An application to strike off FTG EBT (Trustees) Ltd on 18 October 2011 was registered at Companies House as the subsidiary was no longer required. All assets were realised and all debts were settled before the application was made.

3 DEBTORS

	2011 £	2010 £
Other debtors	5,851	6,503

4 CREDITORS: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	4,941	597
Other creditors	17,058	30,953
Other loans and overdraft	88,950	184,823
	110,949	216,373

5 CREDITORS: amounts falling due after one year

	2011	2010
	£	£
Amounts due to group undertakings	722,422	441,906

6 DEFERRED TAXATION

	2011	2010
	£	£
Tax losses carried forward	(60,650)	(60,650)
At 31 December 2011	(60,650)	(60,650)
Unrecognised deferred taxation asset	(60,650)	(60,650)
At 31 December 2011	(60,650)	(60,650)

These amounts will be utilised as and when the company generates sufficient taxable profits.

7 SHARE CAPITAL

	Number of shares £	2011 £	Number of shares £	2010 £
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	56,733,662	283,668	54,852,391	274,262

During the period an employee exercised share options and 1,881,271 new shares were issued at nominal price of £0.005.

The Company operates a group, 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.. In relation to the 2011 options, 60% of options to vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 2.0966 pence, 80% of options to vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 2.6208 pence, 100% of options to vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 3.144 pence

Grant date	Subscription price per share	Number of shares for which rights exercisable	Earliest date on which options can be exercised
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9 June 2008	0.5p	620,835	9 June 2011 to 9 June 2013
10 September 2008	0.5p	313,023	31 May 2010 to 31 May 2012
10 September 2008	0.5p	23,160	9 June 2011 to 9 June 2013
26 May 2009	0.5p	1,470,810	31 May 2012 to 31 May 2014
23 November 2011	13.5p	1,422,156	23 November 2014
Unapproved Scheme			
23 November 2011	13.5p	1,259,960	23 November 2014
Employee share options in issue		6,066,558	

7 SHARE CAPITAL *(continued)*

	2011 Options	2011 Weighted average exercise price (pence)	2010 Options	2010 Weighted average exercise price (pence)
Outstanding at 1 January	5,796,948	0.47	6,598,338	0.47
Granted during the year	2,682,116	-	-	-
Lapsed during the year	-	0.5	(601,163)	0.5
Exercised during the year	(2,412,506)	13.5	(200,227)	2.14
Outstanding at 31 December	6,066,558	6.25	5,796,948	0.46
Exercisable at 31 December	503,743		1,622,369	

The options outstanding at 31 December 2011 had a weighted average remaining contractual life of 8 years.

No charge has been made in respect of options granted in the year as, due to the timing of issue, their impact is considered to be immaterial.

The inputs in to the Black Scholes model were as follows:

	2011
Weighted average share price	12.27p
Weighted average exercise price	13.50p
Expected volatility	50%
Expected life	3 years
Risk free rate	10%
Expected dividends	£0

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Options exercised have been satisfied:

	2011	2010
Issue of new shares	1,881,271	23,148
Transfer from ownshares reserve	531,235	177,079
Total Exercised	2,412,506	200,227

The company recognised total expenses of £26,967 (2010: £56,714) relating to equity-settled share-based payment transactions.

8 EQUITY RESERVES

	Own shares reserve £	Share premium £	Profit and loss account £
Company			
At 1 January 2011	(12,500)	5,744,876	(1,782,601)
Options exercised	12,500	-	-
Share based compensation	-	-	26,967
Cancellation of Share premium account	-	(5,744,876)	5,744,876
Own shares purchased	(99,356)	-	-
Loss for the year	-	-	(98,294)
At 31 December 2011	(99,356)	-	3,890,948

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 2011 amounted to £633,941 (2010 – £633,941).

The company has a Group VAT registration with a connected company, Frenkel Topping Limited, which at 31 December 2011 amounted to £13,946 (2010 - £8,431).

10 RELATED PARTY TRANSACTIONS

The Company shares offices and resources with its subsidiaries Frenkel Topping Wealth Solutions, Frenkel Topping Structured Settlements Limited and Frenkel Topping Limited. During the year ended 31 December 2011 various recharges passed through the intercompany loan account and at 31 December 2011 the Company owed £722,422 (2010: £441,906) to Frenkel Topping Limited which is included in creditors in the Company balance sheet.

SUBSTANTIAL SHAREHOLDING AS AT 18 JANUARY 2012

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)	7,070,000	12.73
R.C. Fraser (Director)	4,312,553	7.60
J. Dean (Director)	943,000	1.66
S.A. Ashcroft (Employee)	9,507,760	16.76
R.J. Hughes	7,483,116	13.19
I.W. Currie	5,508,773	9.71
James Brearley & Sons	3,428,572	6.04

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

BOARD OF DIRECTORS

The Directors of the Company who held office since 1 January 2011 are as follows:

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