frenkel
topping
GROUP

Financial expertise for life's crucial decisions.

FRENKEL TOPPING GROUP PLC
Financial Statements for the year ended 2018

frenkel topping GROUP

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ACCOUNTS

Financial expertise for **life's crucial** decisions.

Registration number 04726826

frenkel topping GROUP

FINANCIAL HIGHLIGHTS

Frenkel Topping provides specialist independent financial advice and wealth management focused on asset protection for clients.

The specialist independent financial adviser has a market leading position providing advice and fund management services for personal injury and clinical negligence awards and is well placed to provide services to a wider customer base.

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

As at 31 December 2018 the Group has over 1600 clients with £779m (2017: £752m) of Assets Under Management (AUM) with £302m (2017: £303m) on a discretionary mandate.

REVENUE
up to
£7.7m
(2017: £7.3m)

RECURRING REVENUE
up to
£6.0m
(2017: £5.9m)

CASH GENERATED FROM OPERATIONS
of
£1.4m
(2017: £2.1m)

Gross profit £4.7m *(2017: £4.8m)*

Profit from operations (before share based payments and reorganisation costs) £1.7m *(2017: £2.2m)*

Profit before share based payments, reorganisation costs and tax £1.7m *(2017: £2.6m)*

Pre-tax profit of £1.1m *(2017: £1.9m)*

Basic EPS of 1.11p *(2017: 2.24p)*

Net cash and marketable securities of £2.0m *(as at 31 December 2017: £1.9m)*

TOTAL DIVIDENDS
(paid and proposed)
UP
5.7%
to 1.29p per share
(2017: 1.22p)

OPERATIONAL HIGHLIGHTS

TENTH CONSECUTIVE YEAR OF HIGH CLIENT RETENTION
for Investment Management Services

98%

ASSETS UNDER MANAGEMENT ("AUM")

2018 up to £779m

(as at 31 December 2017: £752m)

ASSETS ON A DISCRETIONARY MANDATE

2018 down to £302m

(as at 31 December 2017: £303m)

CHAIRMAN'S STATEMENT

I am pleased to report a year of good progress underpinned by a significant programme of targeted investments in developing talent, marketing and technology.

OVERVIEW

Total investment amounted to £0.7m (2017: £0.1m) which has enabled the Group to deliver a record £92 million of new investment mandates and a 33% increase in Expert Witness instructions, a key pipeline for future AUM growth. Importantly, we have retained a high client retention rate of 98% for the tenth consecutive year which reflects our positive portfolio performance and the exceptional services the Company provides. As highlighted in my previous reports, we have invested heavily to establish a strong platform for growth that is able to support future acquisitions.

At the year end Frenkel Topping was managing funds on behalf of our clients totalling £779m (as at 31 December 2017: £752m) and despite difficult financial markets all our model portfolios in the investment management business (Ascencia Investment Management) achieved positive returns reflecting the conservative approach we are obliged to take in protecting our client's money and generating returns. Ascencia has expanded its asset management capabilities and launched a Socially Responsible Model Portfolio which is in line with the UN's Sustainable Development Goal Framework, in response to growing demand from investors who want their investments to have a positive social and environmental impact.

Digital innovation is vital to any asset management business and as such, we have invested in technology to provide our clients with instant access to their investments and ensure we have numerous touch points. This, however, does not negate the importance of the human interaction our consultants have with their clients and the requisite emotional intelligence they require when advising someone who has been through a catastrophic, life changing event.

We established the Obiter brand in 2018 in response to demand from the solicitors and clients we work with, widening our expert witness services to include divorce cases, wills and probates and MBOs (Management Buy Outs). Frenkel Topping has an excellent reputation as a "care taker" of investments for vulnerable people and Obiter will benefit from its track record. We continue to seek acquisitions that offer complimentary services to build this business in a bid to maximise on existing relationships.

For the last 40 years, Frenkel Topping has served the legal sector and recipients of personal injury claims. It is a trusted brand and much work has been done to ensure that solicitors in this space are aware of our services and are strengthening our commercial arrangements through Joint Ventures ("JV") to secure new mandates. The Company's Expert Witness division has proven successful and is crucial to new AUM pipeline.

KEY DRIVERS

In line with our objective to increase shareholder value and create long-term sustainable growth the Company has established a five-year plan which is outlined in detail in the CEO report. While investments have been made, the Board is mindful that there needs to be a consistent drive to ensure the business continues on its growth trajectory and maintains its position as the UK's market leading asset manager for personal injury and clinical negligence awards in order to widen our market appeal. The key drivers of our business are multi-fold.

OGDEN RATE

The Company specialises in multi-track claims and the main issues arising in 2019 will be surrounding the Ogden Rate and the impact of the Discount Rate. The Civil Liability Bill gained Royal Ascent in December 2018 following a year of uncertainty. In response, Mark Holt, Commercial Director, presented his expert views to the legal sector, and how Frenkel Topping is positioned in the market. He has spoken at the main actuarial committee meeting in July 2018 to pre-empt and help in shaping the future setting of the new rate. The new rate is to be set over the coming months, and we predict it will be between 0.5-1.25%. This will see a shift from the current negative discount rate to a positive one. The change in the Ogden rate is not predicted to have a significant impact on Frenkel Topping and we view it as an opportunity for potential clients and solicitors to seek our expertise.

CLIENT RETENTION

Client retention is key, particularly as we implement our M&A strategy. Consumer confidence in financial services has room for improvement and we endeavour to strive to achieve the highest possible standards of customer service in our industry.

As a rule, the British do not find it easy to talk about money. Often, clients are seeking to validate how they are managing their finances and whether their peers are pursuing the same approach. Building trust happens over time and although statistics show people regularly switch providers, it is not an easy thing to get right. The Group will continue with its multi-faceted approach to investment in order to improve touchpoints, use data to enhance client relationships and consider all areas of the business within our client retention strategy.

SOCIALLY RESPONSIVE INVESTING – IMPACT INVESTING

Investors, particularly millennials are increasingly seeking to make investments in socially responsible businesses. Millennials will receive more than $30 trillion of inherited wealth in the coming years (source: www.msci.com/esg-investing) and we believe they will drive the growth of impact investing. Frenkel Topping is well-positioned to develop this, potentially across all of the portfolios as it presents a good cultural fit with our vision and the people that we serve.

PEOPLE DEVELOPMENT STRATEGY

Frenkel Topping is a leader and innovator in the space for specialist financial planning which requires high degrees of IQ (Intelligence Quotient) and EQ (Emotional Quotient). The foundation of this business has been built on the ability to be able to understand and empathise with clients who have suffered catastrophic injuries or illnesses. Some illnesses are regressive and therefore investments have to work exceptionally hard to generate a return. The business has strived to generate innovative products and services to meet the needs of clients and which will support the growth of the business.

Further investments will be made in the Graduate Academy and extended to our apprenticeship programme. The people strategy will focus on experienced professionals throughout the business. The M&A strategy will help mitigate some of the risks of finding further talent in the business.

Our objective is to create a high-performance business that is driven by talented individuals at varying levels. Creating internal opportunities will be equally as important as external recruitment as we seek to become an 'employer of choice'

As announced in our interim report, we were pleased to welcome Tim Linacre to the Board during the period as a non-executive director. I also announced that I was moving from the role of Executive Chairman to Non-Executive Chairman. The Board now consists of two non-executive directors and three executive directors, Richard Fraser, Stephen Bentley and Mark Holt.

OUR PEOPLE

On behalf of the Board, I would like to thank our employees for their hard work and commitment to Frenkel Topping. The business has been through a year of investment and change and it is the dedication and team effort of our staff that has enabled us to deliver a solid set of results. We are committed to developing "home-grown talent" and fostering a positive workplace which brings out the very best in our people.

DIVIDENDS

Reflecting the Board's confidence in the Company's growth trajectory, the Directors intend to continue the Company's progressive dividend policy and total dividends (paid and proposed) are up 5.7% to 1.29p per share (FY 2017: 1.22p).

Future increases in dividends will take account of our ambitions to grow the business through acquisitions over the next few years.

OUTLOOK

Our focus in 2019 is to deliver growth, both organically and through selective acquisitions. With a clear strategy and a strong foundation in place following a period of investment, we are well placed to generate shareholder value. While our conservative approach is suited to investing through uncertain times and we do not envisage our business being affected on a day to day basis by Brexit, we are highly vigilant and monitor macroeconomic indicators continuously to mitigate risk.

We have made good progress in 2018 and the first three months of trading in 2019 is encouraging. The Board is confident of the future and looks forward to delivering further growth.

Paul Richardson
9 April 2019

CHIEF EXECUTIVE OFFICER'S STATEMENT

INTRODUCTION

This has been a year of two clear halves; in H1 we made significant investments in marketing, HR, the Frenkel Topping Academy (the "Academy") and technology in order to normalise the business and reposition it for a return to growth in a changing market environment. Pleasingly, in H2, the return on these investments started to materialise and enabled us to win a record £92m of new investment mandates, a 43% increase on the prior year. We now have a strong platform in place to grow the business and consolidate our position as the UK's market leading asset manager for personal injury trusts and clinical negligence awards and widen our market appeal.

The Group's revenue increased by c.5% to £7.7m (FY2017: £7.3m). Profit from operations (before share based payments and reorganisation costs) was £1.7m (FY2017: £2.2m) and profit before tax was £1.1m (FY2017: £1.9m).

The reduction in profit compared to last year reflects the planned investment into the business of £0.7m, the benefits of which began to emerge in in the second half of the year, enabling the Group to increase our Assets under Management ("AUM") to £779m (FY2017: £752m).

Cash generated from operations was £1.4m (FY 2017: £2.1m). Total dividends (paid and proposed) are up 5.7% to 1.29p per share (FY 2017: 1.22p), reflecting the Board's confidence in the Group's growth trajectory. In November, we announced a share buy-back programme to repurchase ordinary shares of 0.5p in the capital of the Company up to a maximum value of £50,000, in order to facilitate a reduction in the share capital of the Company.

Despite the well documented uncertainties of the market, our client retention rate for the investment management services has remained high at 98%. This is mainly due to the unique demographic of our clients in the core business from personal injury and clinical negligence. This protects us to a greater extent from the potential downsides mentioned above.

We have delivered a positive investment performance and secured a record £92m of new investment mandates.

Our Expert Witness new instructions, a key pipeline for future AUM growth, increased by 33% on the previous year, which has ensured a solid start to the Company's 2019 financial year.

OUR INVESTMENTS

There were a number of risks that were identified in last year's annual report which related to the ongoing development of the business. We took action and targeted investments were made to mitigate these risks over the course of the year. These investments are critical to the future growth of this business both within the specialist market it operates in and to widen our appeal.

Specifically, the de-risking strategy included the following:

Increasing exposure within the legal sector through marketing and lead generation activities. This has supported the increase of expert witness instructions which rose by 33% YOY and has a close correlation to future AUM. In addition to this, there was an additional £92m added to AUM in 2018, the largest amount added to AUM in any given year for the last 30 years.

Investing in our graduate programme and developing an apprenticeship programme in order to ensure that regular talent enters the business in a timely manner enabling relationships to be built. This has been a good investment for the Group with graduates already completing cases and adding AUM

Improving client retention (now at 98%) and protection of AUM – regular contact is important to ensure an effective client journey. In addition to this, many of the systems have been integrated and there are a number of projects in place to improve management information so that client information is easily accessible.

Widening our specialist Expert Witness area to cover a more generalist proposition and build a challenger wealth management brand through Obiter Wealth Management.

Evolution of Ascencia Investment Management (formerly FTIM) as the Company's DFM (discretionary fund manager) which is now bearing fruit as we have reached £320m at the end of Q1 2019.

In summary, the following has been undertaken in 2018:

2017/18 RISK

- Increased competitor activity
- Protecting AUM
- Consistent client service levels
- Pricing proposition
- Compliance
- Succession planning / talent
- M&A strategy
- Too specialised with FTL Proposition, limited widening appeal

2018 INVESTMENT

- Investment in infrastructure - people / processes / business development
- Graduate scheme and inception of apprenticeship graduates
- Migration and development of iO CRM system
- Development of leading expert in setting the Ogden Rate
- Initial due diligence of potential acquisitions
- Client relationship team inception
- Marketing and business development activities increased
- Development of Obiter

2018 OUTPUTS / RESULTS

- Record year of AUM additions at £92m
- 33% increase in Expert Witness instructions
- Additional graduates taken on under scheme
- First £1.5m case signed by new trainee consultant
- Mark Holt, key figurehead for Ogden rate with high exposure
- General increase in coverage in specialist press
- Re-brand across all the major brands
- Creation of additional JVs
- Launch of SRI portfolios bearing fruit within the first six months despite volatile markets

1. INVESTMENT IN PEOPLE AND THE GRADUATE ACADEMY

A risk identified in 2018 was the threat of new entrants in this specialist IFA space and the quality of consultant (IFAs) that have been trained and developed within the Frenkel Topping Group. The business development and client nurturing process, whether it is with the legal expert, deputy or claimant (end client) requires our consultants to have emotional quotient (EQ) alongside intelligence quotient (IQ). The ability to create personable relationships and emotionally connect with the claimant is critical. The consultant must also have the ability to think laterally, taking a range of factors into consideration, including expert witness reports and the ongoing requirements of an injured claimant throughout their life.

As a Group we have always been very proud to nurture and promote these skills in our employees, however due to the departure of some senior members of staff in 2017, it was clear that we needed a strategy to sustain our leading position in the market as a specialist IFA by investing in our people. The business has invested heavily in our graduate programme and created the Academy last year. All members of the Academy follow a programme designed to help them understand the different areas of the business and all the external and internal touchpoints for the target markets we serve. Considering the thousands of graduates that enter the market each year, we see a substantial opportunity for us to develop 'home grown' talent.

In addition to this, the development of Obiter Wealth Management has also attracted a different breed of IFAs which complements the overall business proposition. This strategy will be further developed and in 2019 we will extend our apprenticeship programme to include Obiter.

2. MARKETING & BRAND DEVELOPMENT

A significant area of investment has been in marketing and business development to reinvigorate Frenkel Topping.

The first strand of this investment was re-branding businesses within the Group, a process which started in 2018 and will continue throughout 2019. Part of this rebranding strategy has been to increase the exposure of the core brand, Frenkel Topping Limited, at conferences and events, as well as ensuring that the brand is seen at the forefront of key issues affecting legal services especially the personal injury market.

The key areas where investment has been made are as follows:

- Brand development across all businesses within Frenkel Topping Group.
- Increased lead generation activities in order to stimulate and keep Frenkel Topping front of mind.
- Increased exposure through events in the legal sector through conferences and events.
- Promotion of Frenkel Topping's expertise on the Ogden Rate / discount rate and an increase in opportunities to participate in expert panel reviews and debates.
- Increased market exposure through a range of media, including key legal publications.
- Launched Obiter Wealth Management, a generalist IFA brand in response to demand from the legal sector and leveraging incumbent relationships with our solicitor network.
- Development and evolution of Ascencia Investment Management, replacing the original DFM brand FTIM (Frenkel Topping Investment Management).
- Creation of distinct brands within the Group which both serve the core Frenkel Topping Limited brand but also widen its potential market reach over the next five years.

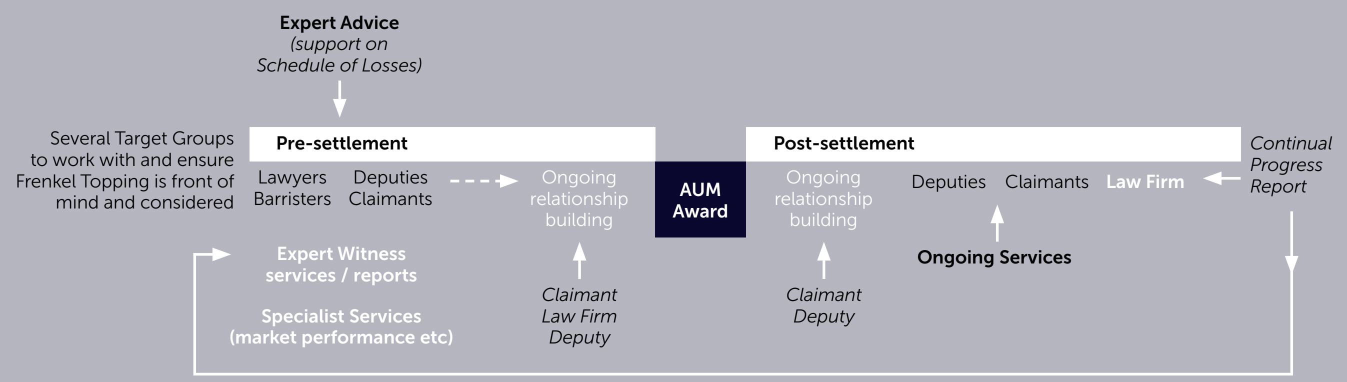
This investment has generated momentum and much of the traction that had been lost in 2017 and early 2018 has now been recovered. We expect this to continue through 2019 and over the next five years, through our exposure in different markets and as we grow the Frenkel Topping Group.

3 A SPECIALIST IFA SERVING THE LEGAL SECTOR AND RECIPIENTS OF PERSONAL INJURY CLAIMS

In the UK Personal Injury Market Report 2018, it was reported that the personal injury market is valued at c. £4bn with the catastrophic claims market representing c. 5% of these, totalling around £200m of opportunity on an annual basis. The Frenkel Topping Group has been providing support to this market for around 40 years and we believe that the total personal injury market is greater than the report suggests, with the catastrophic claims market potentially being double the reported size. This represents significant opportunities for Frenkel Topping.

However, due to the perceived risk of competitors in this specialist space, it is crucial that the Group is consistently serving this market and is front of mind within the legal sector. We have been particularly focused on promoting our brand and offering to the legal sector, as well as keeping abreast of continuing market changes e.g. the Ogden Rate / Discount Rate.

THE CLIENT JOURNEY



Our data has consistently demonstrated the correlation between Expert Witness Report production and selection of the IFA to manage the AUM award post settlement. Enquiries for this area are increasing on a monthly basis, and building this pipeline is a key metric for future growth and forecasting.

We use applications which will enable the business to 'smarter' utilise data to predict certain outcomes and manage clients especially between pre and post settlement thereby ensuring we are front of mind with the solicitor or deputy managing the caseload. One ongoing strategy for Frenkel Topping is pursuing further JVs, first initiated in 2017. The strength of these commercial relationships is already being realised, with increased Expert Witness work and a pipeline of future AUM. We are currently working on further JV opportunities and this will continue as an objective in 2019.

4. CLIENT RETENTION AND PROTECTING AUM INCLUDING IMPROVEMENTS IN INFRASTRUCTURE

It is crucial for Frenkel Topping to protect AUM and retain clients. Client retention has increased from c. 95% to 98% in 2018 and there will be a concerted effort to retain this high level in the coming year. Client retention within Frenkel Topping has a two-fold objective:

- Strengthening relationships with the law firms we work with and with professional deputies. (Also referred to as 'introducers' of work).
- Strengthening relationships with clients across all Frenkel Topping's businesses.

The business has made considerable improvements in this area through increased market exposure and regular communication to introducers of work. We have also made improvements to how we manage our clients:

- We have invested heavily in consolidating several different operating systems and modernising to a single Cloud-based Customer Relationship Management (CRM) system called iO – a specialised system for IFAs.
- The data strategy is extended to integration with any claims management portals being used by legal firms with whom we have JV arrangements so that instructions can be passed seamlessly to Frenkel Topping.
- We have made considerable headway to move to a flexible and agile system that is both efficient and provides a single platform to view client investments and our interactions with them. This has been introduced in under 12 months with a measurable impact on the business.
- In addition to this, Frenkel Topping has invested in the development of an app which is due for release in 2019, that will allow clients to view valuations, provide document storage, receive secure encrypted communication they have with Frenkel Topping and provide alerts when insurance documents are due for renewal.

Clients can feel aggrieved when they do not have easy access to information especially given recent market volatility. Therefore, ensuring that we communicate effectively with our clients is more important than ever.

Frenkel Topping is in a period of digital transformation and this will continue as a theme and objective into 2019 and the next five years of growth.

In addition to the technical enhancements, the Company has developed a dedicated Client Relationship Team which examines every client touchpoint, so that we humanise the interaction with clients both pre and post settlement. Investment in technology for Frenkel Topping is a stepping stone to nurturing client relationships, ensuring we continually engage with our clients and use the data sources intelligently to facilitate client relationships as opposed to replacing face-to-face interaction.

5. LAUNCH OF OBITER WM – A CHALLENGER GENERALIST IFA BRAND

2018 saw the development of the Obiter brand within the Frenkel Topping group of companies. This is a generalist proposition which has been developed through market demand from the legal sector and the incumbent client relationships. The benefit of this generalist brand is that it widens our expert witness services to include divorce cases, MBO's, probate – several of which will complement the current proposition and serve as a 'stepping-stone' to further IFA services. Obiter is positioned as a challenger brand within the wealth management space and our focus is to provide exceptional services and charge sensible fees. Obiter delivers a blended approach through a combination of passive and active funds, which further strengthens the positioning in the market, and builds trust and confidence.

obiter™
WEALTH MANAGEMENT

A CAPITAL IDEA For Managing Your Wealth

6. DEVELOPMENT OF ASCENCIA INVESTMENT MANAGEMENT

In the year under review, all our model portfolios in the investment management business achieved positive returns, reflecting our expertise and the conservative approach we have to take in protecting our clients' money and generating returns. Early in 2018, we appointed Wellian Investment Solutions Limited as our portfolio research partner to significantly expand our asset management capabilities and offer a broader range of products. Ascencia Investment Management's innovative investment proposition, characterised by competitive fee structures with a capital preservation focus, has been well received.

There is an increasing focus on socially responsible investing. Investors, particularly millennials, are becoming more selective by looking for companies that have a positive impact. In response to this, we launched our Socially Responsible Model Portfolio which is managed by Ascencia Investment Management. The Frenkel Topping SRMP is in line with the UN's Sustainable Development Goal Framework and aims to provide long-term asset growth through investments that achieve a positive impact on social and environmental factors, while excluding those that are ethically unpalatable. Investments are screened and scored on Environmental, Social and Governance (ESG) factors and we proactively seek out ESG focused thematic investments.

Pleasingly, these funds are performing well despite market volatility and we are seeking to expand our offering in this space.

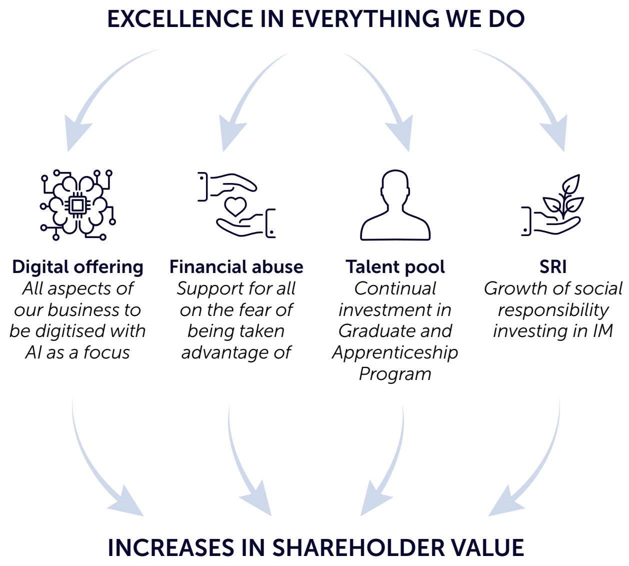
ascencia™
INVESTMENT MANAGEMENT

DYNAMIC INVESTMENT SOLUTIONS. Defined By Life.

STRATEGY

I am very pleased with the investments the team has made over the last 12 months and that the strategies we have pursued have put us in a good position as we scale up for our next period of development. Our scale up strategy entails further investment in key areas with an emphasis on the following key objectives:

1. **Continued development** of the strategies set in 2018.
2. **Widening our market reach** of our M&A Strategy and development of the Obiter WM brand.
3. **Increasing the strength of the DFM** through Ascencia and developing Socially Responsible Investments / Environmental Social Governance Portfolios.
4. **Developing a digitised offering** and using technology across all touchpoints within our business.
5. **Continually nurturing and developing our talent** across all levels of the business.
6. **Launch of Equatas** – an accountancy practice to add value to the client relationship.
7. **Creating excellence** in everything we do.



2019 RISK IDENTIFIED

- Lack of confidence in financial markets
- Integration strategy for new acquisitions
- Economies of Scale
- Competitors at heels consistently
- Client Retention on Generalist IFA Proposition
- Managed and sustainable growth
- People - scope / structure / talent
- Consistency of effort - too many projects
- Consistent Service levels
- Monetising all marketing and business development opportunities

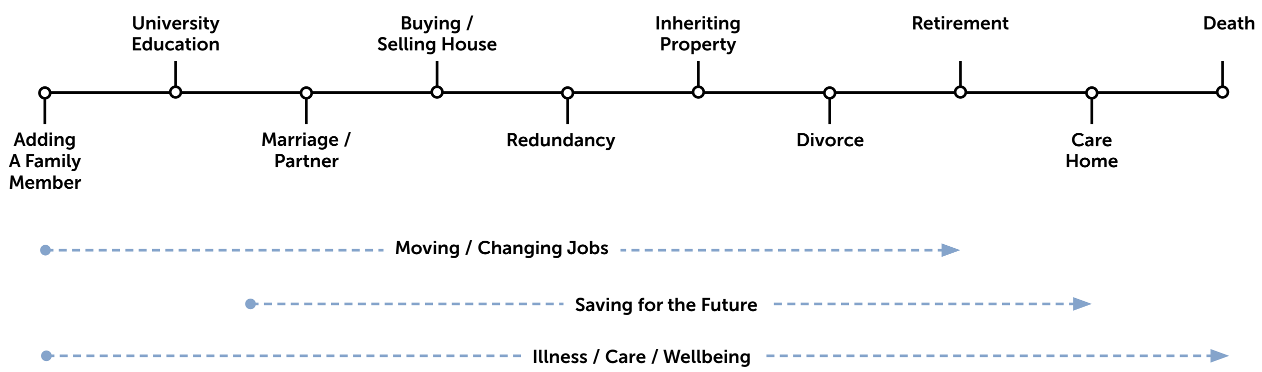
2019 OBJECTIVES AND INVESTMENT AREAS

- Developing our positioning in the market as leaders in the 'Vulnerable' space specifically around financial abuse
- Successful Integration of Acquisitions from a people, processes and asset transfer perspective
- Ongoing investment in the Graduate Academy and development of apprenticeship program
- Further investment in marketing and business development
- Continual programs to improved client experience through feedback programs
- Retention and cross-selling opportunities through Equatas
- New websites across all the business with online enquiry management, conference booking and report payment tools
- APP development
- Campaigns to develop Ascencia and Obiter as standalone brands
- Promotion of the Frenkel Topping Charitable Foundation
- Implementation of Whitelabel Hubwise platform

M&A STRATEGY AND THE GENERALIST IFA MARKET

In 2018, Frenkel Topping launched Obiter Wealth Management in response to demand from law firms that we currently work with. The development of Obiter and the opportunities within this sector are extensive. The IFA market faces a number of challenges including client mistrust (The 2018 Financial Life Survey from the FCA revealed that 39% of consumers do not trust their financial advisor) presenting us with an opportunity to leverage our reputation as a trusted asset manager with a conservative approach. We are exploring acquisitions to expand Obiter in FY2019 and FY2020. Any brands acquired will eventually be merged under the Obiter brand.

LIFE EVENTS AND THE PLANNING LIFECYCLE



Emotional drivers

- Will the money be enough?
- I don't have enough income to save
- Who do I leave it to?
- Who do I trust to deal with this?
- What if I lose money?
- Should I just invest it in property or art?
- What will I be charged?
- Which is the best option?
- What if I can't access my money?

CURRENT TRADING

We are pleased to announce that Q1 trading is encouraging and that those areas invested into are already supporting growth in 2019. Our recent investments in training and development have helped to underpin that growth and provide a strong platform for the future. Our business model remains robust, supported by a conservative investment approach that ensures we look after the complex needs of our clients throughout the investment cycle and look to the future with optimism.

Richard Fraser
9 April 2019

STRATEGIC REPORT

This strategic report should be read in conjunction with the Chairman's and Chief Executive Officer's statements which also cover our strategy and future developments.

RESULTS

Revenue for the year amounted to £7.7m (2017: £7.3m), of which £6.0m or 78.5% (2017: £5.9m or 80.8%) related to recurring revenues and the balance in each year was from new business.

Gross Profit was £4.7m (2017: £4.8m) and profit from operations before share based compensation charge and reorganisation costs was £1.7m (2017: £2.2m). Whilst the share based compensation charge has remained at a similar level to that arising in the prior year at approximately £0.4m, the current year charge reflects the introduction of an employee scheme and increased options awarded to the Directors. Profit for the year was £0.8m (2017: £1.5m) reflecting the above changes in costs and the one-off finance income and investment gains arising in the prior year. Cash generated from operations was £1.4m (2017: £2.1m).

The performance during 2018, in terms of profitability, has reflected the Board's focus to develop Frenkel Topping's ability to gear up to manage increased AUM, including those on a discretionary basis with Ascencia Investment Management Limited and laying the foundations for a step change in profitability in future years. Details of the investment made in the year are set out in the Chief Executive Officer's Statement.

Assets added in 2018 of £92m significantly exceeded business lost of £17.7m, amounts paid to clients of £33m and market movements of £15.9m, accordingly AUM grew from £752m to £779m. We are pleased to report that for the tenth consecutive year we have maintained our very high client retention rate 98% for the period.

Closing cash and marketable securities as at 31 December 2018 amounted to £2.0m (2017 £1.9m), this after paying £0.9m in dividends to shareholders in 2018.

Total Assets as at 31 December 2018 were £13.1m (2017: £12.7m).

BUSINESS MODEL

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

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

STRATEGY

The Board's strategy is to develop the business by:

- **Continuing to offer** expert witness and Independent Financial Advice to clients who have suffered personal injury or medical negligence claims as the established market leader.
- **Continuing to offer** low risk investment products through Ascencia Investment Management Limited that are designed to preserve our clients' assets, but also offer higher return products that are more exposed to equities. The Group will seek to expand Ascencia's services to a wider audience.
- **Continuing to offer** financial advice to clients, who may include professionals, such as lawyers and accountants, the vendors of recently sold family businesses, divorcees and retirees who have large sums they need to invest. This advice is provided through the recently launched Obiter Wealth Management Limited.

Further details on the Group Strategy are set out in the Chairman's and Chief Executive Officer's Statements.

OBJECTIVES

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

RISKS

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

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

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

The main KPIs that the Board considers are:

- Client retention;
- Growth in AUM; and
- Delivery against a target level of fees from new business.

The Board monitors client retention on a monthly basis and, during 2018, 2% (2017: 5%) of clients were lost. The Board agrees new business targets with the FCA authorised individuals at the start of each year and reviews delivery against these targets on a monthly basis. During 2018, 84% of the new business target was achieved (2017: 95%).

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

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

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

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

The Group finances its operations through retained cash.

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

REVIEW OF THE YEAR

The review of the year is included in the Chairman's and Chief Executive Officer's Statement.

FUTURE OUTLOOK

The future outlook for the Group is noted in the Chairman's and Chief Executive Officer's Statement.

On behalf of the Board

Mark Holt
DIRECTOR
9 April 2019

DIRECTORS AND ADVISERS

DIRECTORS	Non-Executive Chairman - **P D Richardson** **S G Bentley** **R C Fraser** **M S Holt** **T J T Linacre**
SECRETARY	**R C Fraser**
COMPANY NUMBER	04726826
REGISTERED OFFICE	Frenkel House 15 Carolina Way Salford Manchester M50 2ZY
AUDITOR	RSM UK Audit LLP Chartered Accountants 5th Floor, Central Square 29 Wellington Street Leeds LS1 4DL
BANKERS	National Westminster Bank Plc 11 Spring Gardens Manchester M60 2DB
SOLICITORS	Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB Napthens Solicitors LLP 7 Winckley Square Preston PR1 3JD
NOMINATED ADVISER AND BROKER	finnCap 60 New Broad Street London EC2M 1JJ

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2018.

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 and Chief Executive Officer's Statements and the Strategic Report.

RESULTS AND DIVIDENDS

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

The Directors are proposing a final dividend of 0.97 pence per share which when added to the interim dividend of 0.32 pence per share, will result in a total dividend per share for the year of 1.29 pence per share (2017: 1.2203 pence) subject to Shareholder approval at the AGM on 30 May 2019.

FUTURE DEVELOPMENTS

Full details of future developments are discussed in the Chairman's Chief Executive Officer's Statements on pages 8 to 15.

SHARE CAPITAL

Information regarding substantial shareholdings in the Company is contained in the Shareholder Information section on page 66.

DIRECTORS WHO HELD OFFICE DURING THE YEAR

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

P D Richardson
Non-Executive Chairman

M W L Richards *(resigned 19 June 2018)*
Non-Executive Director

T J T Linacre *(appointed 19 June 2018)*
Non-Executive Director

R C Fraser
Chief Executive Officer

S G Bentley
Chief Finance Officer

M S Holt
Commercial Director

EMPLOYEE INVOLVEMENT

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

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

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

EMPLOYEE SHARE SCHEMES

Employee involvement in the Group's financial performance is encouraged through participation in the Company's share option schemes. At 31 December 2018, 4 directors (2017: 2 directors), held options over 3,416,834 ordinary shares (2017: 1,333,334) in the Company under the approved and unapproved share option schemes. Employees held options over 1,240,000 (2017 : nil) options at the year end. Further information on share options is shown in note 14 to the financial statements.

GOING CONCERN ASSUMPTION

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

FINANCIAL INSTRUMENTS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

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

AUDITOR

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

OWN SHARE PURCHASE

During the year the Company acquired 27,576 of its own shares of £0.005 each for a total consideration of £8,020 (2017 purchase: 3,040,000 ordinary shares of £0.005 each for a total consideration of £1,793,775). These share purchases are part of the previously announced buy-back programme to reduce the share capital in the Company. The Company has shares held by an employee benefit trust and have been purchased in order to meet future commitments under the Company's share option scheme. The company paid £110,000 (2017: £1,880,934) to acquire shares on behalf on the Frenkel Topping Group Employee Benefit Trust during the year. At 31 December 2018 the Company held 3,067,576 of its own £0.005 shares (2017: 3,040,000) and the Frenkel Topping Group Employee Benefit Trust held 6,648,016 (2017: 6,348,016). The year end holdings represent the maximum number of shares held by the Company and Employee Benefit Trust representing 12.3% (2017: 11.9%) of the called up share capital of the Company.

On behalf of the Board

Mark Holt
DIRECTOR
9 April 2019

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE

The Group has a Remuneration Committee. The committee comprises the Non-Executive director, Tim Linacre, the Non-Executive Chairman, Paul Richardson and the Chief Executive Officer, Richard Fraser.

REMUNERATION POLICY

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

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

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

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

ANNUAL BONUS

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

DIRECTORS' REMUNERATION

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

	Emoluments and compensation £	Bonus £	Pension £	Total 2018 £
P Richardson	210,936	-	6,917	217,853
M Richards*	11,667	-	-	11,667
T J T Linacre*	12,500	-	-	12,500
R Fraser	218,263	-	-	218,263
S Bentley	173,256	-	-	173,256
M Holt	204,194	-	8,750	212,944
	830,816	-	15,667	846,483

* M Richards *(resigned 19 June 2018)*. T J T Linacre *(appointed 19 June 2018)*.

	Emoluments and compensation £	Bonus £	Pension £	Total 2017 £
P Richardson*	42,976	-	-	42,976
J Granite*	99,843	-	10,000	109,843
M Richards	25,000	-	-	25,000
R Fraser	186,930	-	-	186,930
S Bentley*	26,046	-	-	26,046
J Dean*	187,555	-	-	187,555
M Holt	162,891	-	7,500	170,391
	731,241	-	17,500	748,741

* P Richardson *(appointed 21 November 2017)*. J Granite *(resigned 12 December 2017)*. S Bentley *(appointed 21 November 2017)*. J Dean *(resigned 30 July 2017)*.

PENSION ARRANGEMENTS

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

SHARE OPTIONS

The Company has an Enterprise Management Incentive ('EMI') share option scheme and an unapproved share option scheme. Options outstanding in relation to the directors were as follows:

	Number of shares approved	Number of shares unapproved	Exercise price
R Fraser	18,750	1,231,250	0.5p
M Holt	333,334	-	24.0p
M Holt	-	83,500	13.5p
M Holt	176,471	573,529	0.5p
P Richardson	490,196	9,804	0.5p
S Bentley	490,196	9,804	0.5p

Reconciliation of share options held by the directors is as follows:

	Share options brought forward	Share options granted	Share options exercised/lapsed	Share options carried forward
R Fraser	1,000,000	250,000	-	1,250,000
M Holt	333,334	833,500	-	1,166,834
P Richardson	-	500,000	-	500,000
S Bentley	-	500,000	-	500,000

CORPORATE GOVERNANCE

All members of the board believe strongly in the value and importance of good corporate governance and in our accountability to all of Frenkel Topping's stakeholders, including shareholders, staff, clients and suppliers.

Changes to AIM rules on 30 March 2018 require AIM companies to apply a recognised corporate governance code by 28 September 2018.

The corporate governance framework which the group operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the group's values. Of the two widely recognised formal codes, we have therefore decided to adhere to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the board judges these to be appropriate in the circumstances, and we provide an explanation of the approach taken in relation to each in the full details of our approach to Corporate Governance which can be found on our website. The board considers that it does not depart from any of the principles of the QCA Code.

Full details of our Corporate Governance approach can be found on our website:
www.frenkeltopping.co.uk/investors/aim-notice-50/

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

frenkel topping
GROUP

OUR BRANDS

Frenkel Topping provides specialist independent financial advice and wealth management focused on asset protection for clients.

obiter
WEALTH MANAGEMENT

frenkel topping
CHARITABLE FOUNDATION

frenkel topping
SPECIALIST FINANCIAL ADVISERS

ascencia™
INVESTMENT MANAGEMENT

frenkel topping GROUP

A BRIEF HISTORY

1979
Frenkel Topping Chartered Accountants established

1980
Annuities Payments introduced in USA/Canada

1987
"Model Agreement" was published

1989
First Ever Structured Settlement in UK Kelly v Dawes

1994
Frenkel Topping Limited Significant Contributor to Law Commission Papers and Finance ACTS 1995 & 1996

1999
Wells v Wells Setting of the Discount Rate

Frenkel Topping the first IFA to be appointed as an investment advisers to a Court of Protection Case

2003
Courts Act

2004
Frenkel Topping floated on the AIM stockmarket

2005
Courts Act comes into Force

Thompstone cases

Goldbald v Mahmoodd

2008
Revised Model Schedule – Sir Christopher Holland

2010
Lord Chancellor – Review of the Discount Rate

2011
ASHE Figures Rebalanced to 2010 SOC Code

2013
Further Revisions to the Model Order

2014
Frenkel Topping Limited Forefront of PPO development

Frenkel Topping set up their own Charitable Foundation

2016
Frenkel Topping set up their own Discretionary Fund Managers: Ascencia Investment Management

2017
Commencement of the Graduate Academy

2018
Launch of Obiter Wealth Management

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRENKEL TOPPING GROUP PLC

OPINION

We have audited the financial statements of Frenkel Topping Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Statement of Changes in Equity, the Group and company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

IN OUR OPINION

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 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 IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GROUP KEY AUDIT MATTERS

Recoverability of trade receivables

Included in the Group Statement of Financial Position are trade receivables with a carrying value of £1.54m. These receivables represent fees due from the investment of initial Assets Under Management ("AUM") and expert witness reports. The nature of the provision of expert witness reports is such that the average collection period for the fees due for the provision of these reports is often in excess of one year and accordingly collectability of these sums and hence valuation is considered to be a risk.

The year ended 31 December 2018 represents the first period of adoption of IFRS9 Financial Instruments and the Impairment Loss Model set out therein. The Accounting Policies set out that a provision for impairment of trade receivables is assessed using an expected loss model. Note 18 sets out the process whereby sums are collected and the average collection period of these sums. The Board have concluded that no impairment provision is required based on the expected credit losses and furthermore that no discounting of trade receivables is required to reflect the extended collection period on the grounds of materiality.

Our audit work has considered the accuracy of the ageing profile of trade receivables, reviewing the Board's assessment of the potential impact of discounting the sums due to present value and reviewing historic and post year end trade receivable collections. In carrying out this work we have reviewed the assumptions made in assessing the impact of discounting and also considered the disclosures made in the financial statements in the Accounting Policies and Note 18

Share based payments

The Group has a number of share option agreements in place which include non market based performance conditions in addition to a service condition. The calculation of the share based payment charge in accordance with the requirements of IFRS2 is complex and the Board are required to make a number of assumptions in the selection of the valuation model including ongoing assessment of the attainment of the performance conditions and hence when and how many of the options are expected to vest.

Our audit work has included reviewing the accuracy of the calculations of the charge and an assessment of the assumptions made by management in the option valuation and the expected timing of when these will vest. This has included consideration of the assumptions made in prior years on the attainment of performance conditions and the reason for any changes that may have been made. In carrying out this work we have considered the disclosures made in the Accounting policies and Note 14, the terms of the share option plan and the individual option agreements agreed with the option holders.

PARENT COMPANY KEY AUDIT MATTERS

There are no key audit matters to report in respect of our audit of the parent company.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group financial statements as a whole was calculated as £151,000, which was not significantly changed during the course of our audit. Materiality for the parent company financial statements as a whole was calculated as £136,000, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £1,500, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit scope covered 100% of revenue, profit and total assets and liabilities. It was performed to the materiality levels set out above.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

Andrew Allchin FCA
(Senior Statutory Auditor)

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

Chartered Accountants
Central Square, 5th Floor
29 Wellington Street
Leeds
LS1 4DL

9 April 2019

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Notes	Group 2018 £	Group (restated see note 2) 2017 £
REVENUE	1	7,660,551	7,321,509
Direct staff costs		(2,942,534)	(2,561,057)
GROSS PROFIT		4,718,017	4,760,452
ADMINISTRATIVE EXPENSES			
Share based compensation	4/14	(386,243)	(417,372)
Formal sale and reorganisation costs	2	(164,717)	(254,557)
Investment in Developing Business	2	(700,985)	(142,774)
Other		(2,309,319)	(2,433,325)
TOTAL ADMINISTRATIVE EXPENSES		(3,561,264)	(3,248,028)
Profit from operations before share based compensation and reorganisation costs and other gains and losses		1,707,713	2,184,353
- share based compensation	4	(386,243)	(417,372)
- formal sale and reorganisation costs		(164,717)	(254,557)
Other gains and losses	9	-	150,000
PROFIT FROM OPERATIONS	2	1,156,753	1,662,424
Finance income	3	-	234,284
Finance costs	3	(12,579)	-
Share of profit of investments accounted for using the equity method	9	-	13,925
PROFIT BEFORE TAX		1,144,174	1,910,633
Income tax expense	6	(348,750)	(378,796)
PROFIT FOR THE YEAR		795,424	1,531,837
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Gains on property revaluation arising net of tax		26,776	80,336
TOTAL COMPREHENSIVE INCOME FOR YEAR		822,200	1,612,173
PROFIT ATTRIBUTABLE TO:			
Owners of the parent undertaking		766,735	1,612,173
Non-controlling interest		28,689	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		793,511	1,612,173
Non-controlling interest		28,689	-
Earnings per ordinary share – basic and diluted (pence)	7	1.11p	2.24p

GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Notes	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
ASSETS					
NON CURRENT ASSETS					
Goodwill	8	7,020,287	7,020,287	-	-
Property, plant and equipment	10	1,423,837	1,405,750	-	-
Investments	9	-	13,975	10,464,862	10,442,985
Deferred taxation	13	10,290	31,306	45,644	40,239
		8,454,414	8,471,318	10,510,506	10,483,224
CURRENT ASSETS					
Accrued income		981,558	731,092	-	-
Trade receivables	18	1,535,537	1,329,826	29,897	-
Other receivables	11	160,127	274,839	4,849,545	10,765
Investments	9	1,136,222	117,916	-	-
Cash and cash equivalents		848,391	1,815,935	31,997	27,752
		4,661,835	4,269,608	4,911,439	38,517
TOTAL ASSETS		13,116,249	12,740,926	15,421,945	10,521,741
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	393,287	393,287	393,287	393,287
Share premium		400,194	400,194	400,194	400,194
Merger reserve		5,314,702	5,314,702	5,314,702	5,314,702
Revaluation reserve		178,103	151,327	-	-
Other reserve		(341,174)	(341,174)	-	-
Own shares reserve		(4,566,926)	(4,448,906)	(4,566,926)	(4,448,906)
Retained earnings		10,552,643	10,252,775	4,412,854	2,315,381
		11,930,829	11,772,205	5,954,111	3,974,658
Non-controlling interests		42,877	-	-	-
TOTAL EQUITY		11,973,706	11,722,205	5,954,111	3,974,658
CURRENT LIABILITIES					
Current taxation		216,413	138,592	-	-
Trade and other payables	12	926,130	880,129	9,467,834	6,547,083
TOTAL LIABILITIES		1,142,543	1,018,721	9,467,834	6,547,083
TOTAL EQUITY AND LIABILITIES		13,116,249	12,740,926	15,421,945	10,521,741

A separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The company profit for the year was £2,561,832 (2017: £709,092).

The financial statements were approved by the Board of Directors and authorised for issue on 9 April 2019 and are signed on its behalf by:

Mark Holt
DIRECTOR

GROUP STATEMENT OF CHANGE IN EQUITY

for the year ended 31 December 2018

	Share capital £	Share premium £	Merger reserve £	Other reserve £	Own shares reserve £	Retained earnings £	Revaluation reserve £	Total controlling interest £	Non controlling interests £	Total £
Balance 1 January 2017	384,954	361,028	5,314,702	(341,174)	(774,197)	9,346,735	70,991	14,363,039	-	14,363,039
New shares issued	8,333	39,166	-	-	-	-	-	47,499	-	47,499
Purchase of own shares	-	-	-	-	(3,674,709)	-	-	(3,674,709)	-	(3,674,709)
Share based payments *(note 4)*	-	-	-	-	-	231,521	-	231,521	-	231,521
Tax credit relating to share option scheme	-	-	-	-	-	10,936	-	10,936	-	10,936
Dividend paid	-	-	-	-	-	(868,254)	-	(868,254)	-	(868,254)
Total transactions with owners recognised in equity	8,333	39,166	-	-	(3,674,709)	(625,797)	-	(4,253,007)	-	(4,253,007)
Profit for year	-	-	-	-	-	1,531,837	-	1,531,837	-	1,531,837
Other comprehensive income	-	-	-	-	-	-	80,336	80,336	-	80,336
Total comprehensive income	-	-	-	-	-	1,531,837	80,336	1,612,173	-	1,612,173
Balance at 1 January 2018	393,287	400,194	5,314,702	(341,174)	(4,448,906)	10,252,775	151,327	11,722,205	-	11,722,205
Purchase of own shares	-	-	-	-	(118,020)	-	-	(118,020)	-	(118,020)
Share based payments *(note 4)*	-	-	-	-	-	404,402	-	404,402	-	404,402
Tax credit relating to share option scheme	-	-	-	-	-	(10,936)	-	(10,936)	-	(10,936)
Dividend paid	-	-	-	-	-	(860,333)	-	(860,333)	-	(860,333)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	14,188	14,188
Total transactions with owners recognised in equity	-	-	-	-	(118,020)	(466,867)	-	(584,887)	14,188	(570,699)
Profit for year	-	-	-	-	-	766,735	-	766,735	28,689	795,424
Other comprehensive income	-	-	-	-	-	-	26,776	26,776	-	26,776
Total comprehensive income	-	-	-	-	-	766,735	26,776	793,511	28,689	822,200
Balance at 31 December 2018	393,287	400,194	5,314,702	(341,174)	(4,566,926)	10,552,643	178,103	11,930,829	42,877	11,973,706

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

The merger reserve represents the cost of the shares issued to purchase the non-controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire Ascencia Investment Management Limited (formerly Frenkel Topping Investment Management Limited).

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

The other reserve represents the excess paid for the non-controlling interest over the book value at the date of the acquisition. This transaction occurred in 2013.

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

The own shares reserve represents the cost of the 3,067,576 shares (2017: 3,040,000) held by the Company and the 6,648,016 (2017: 6,348,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2018 was £2,826,222 (2017: £5,069,529).

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

The addition of the non-controlling interest during the year is in connection with the change in treatment of Frenkel Topping Associates Limited.

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital £	Share premium £	Merger reserve £	Own shares reserve £	Retained earnings £	Total controlling interest £
Balance 1 January 2017	384,954	361,028	5,314,702	(774,197)	2,234,593	7,521,080
New shares issued	8,333	39,166	-	-	-	47,499
Purchase of own shares	-	-	-	(3,674,709)	-	(3,674,709)
Share based payments	-	-	-	-	231,521	231,521
Tax credit relating to share option scheme	-	-	-	-	8,429	8,429
Dividend paid	-	-	-	-	(868,254)	(868,254)
Total transactions with owners recognised in equity	8,333	39,166	-	(3,674,709)	(628,304)	(4,255,514)
Profit and total comprehensive income for the period	-	-	-	-	709,092	709,092
Balance 1 January 2018	393,287	400,194	5,314,702	(4,448,906)	2,315,381	3,974,658
New shares issued	-	-	-	-	-	-
Purchase of own shares	-	-	-	(118,020)	-	(118,020)
Share based payments	-	-	-	-	404,403	404,403
Tax credit relating to share option scheme	-	-	-	-	(8,429)	(8,429)
Dividend paid	-	-	-	-	(860,333)	(860,333)
Total transactions with owners recognised in equity	-	-	-	(118,020)	(464,359)	(582,379)
Profit and total comprehensive income for the period	-	-	-	-	2,561,832	2,561,832
Balance 31 December 2018	393,287	400,194	5,314,702	(4,566,926)	4,412,854	5,954,111

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

The merger reserve represents the cost of the shares issued to purchase the non-controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire Ascencia Investment Management Limited (formerly Frenkel Topping Investment Management Limited).

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

The own shares reserve represents the cost of the 3,067,576 shares (2017: 3,040,000) held by the Company and the 6,648,016 (2017: 6,348,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2018 was £2,826,222 (2017: £5,069,529).

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

GROUP AND COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2018

	Notes	Group 2018 £	Group 2017 £	Company 2018 £	Company *(restated)* 2017 £
Profit before tax		1,144,174	1,910,633	2,547,997	677,283
Adjustments to reconcile profit before tax to cash generated from operating activities:					
Finance income*		-	(234,284)	(3,100,000)	(1,034,795)
Finance costs		12,579	-	-	-
Other gains and losses		-	(150,000)	-	(150,000)
Share based compensation		404,402	231,521	382,526	168,690
Depreciation and loss on disposal		95,460	70,659	-	-
Share of profit of investments accounted for using the equity method		-	(13,925)	-	-
(Increase)/decrease in accrued income, trade and other receivables		(291,831)	40,631	(4,868,676)	795,787
Increase in trade and other payables*		26,576	209,783	2,920,751	2,834,870
Cash generated from operations		1,391,360	2,065,018	(2,117,402)	3,291,835
Income tax paid		(267,550)	(112,345)	-	-
Cash generated from operating activities		1,123,810	1,952,673	(2,117,402)	3,291,835
Investing activities					
Acquisition of property, plant and equipment		(86,771)	(132,217)	-	-
Cash acquired on acquisition of control in the subsidiary	9	4,655	-	-	-
Acquisition of shares in joint ventures	9		(50)	-	-
Investment purchases	9	(1,765,000)	(4,468,085)	-	-
Investment disposals	9	734,115	7,511,638		-
Disposal of shares in investment		-	150,000	-	150,000
Dividend received*		-	-	3,100,000	900,000
Cash (used in)/generated from investment activities		(1,113,001)	3,061,286	3,100,000	1,050,000
Financing activities					
Shares issued		-	47,499	-	47,499
Own shares purchased		(1118,020)	(3,674,709)	(118,020)	(3,674,709)
Dividend paid		(860,333)	(868,254)	(860,333)	(868,254)
Interest paid on loans and borrowings		-	-	-	-
Interest received on loans		-	134,795	-	134,795
Cash used in financing		(978,353)	(4,360,669)	(978,353)	(4,360,669)
(Decrease)/increase in cash and cash equivalents		(967,544)	653,290	4,245	(18,834)
Opening cash and cash equivalents		1,815,935	1,162,645	27,752	46,586
Closing cash and cash equivalents		848,391	1,815,935	31,997	27,752
Reconciliation of cash and cash equivalents					
Cash at bank and in hand		848,391	1,815,935	31,997	27,752

Cash and cash equivalents are held at National Westminster Bank Plc.
* Dividend income for the Company has been represented from financing to reflect it as an investing cash flow.

ACCOUNTING POLICIES

for the year ended 31 December 2018

BASIS OF PREPARATION

Frenkel Topping Group Plc is a public limited company, incorporated and domiciled in England. It is listed on AIM. The registered office of the Company is Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY, and the main activities are set out in the Strategic Report on pages 16 to 18.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Committee ("IFRC") interpretations that are applicable to the consolidated financial statements for the year ending 31 December 2018,and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared in sterling, which is the Group's presentation currency and the functional currency of each group entity. They have been prepared using the historical cost convention.

The parent company accounts have also been prepared in accordance with IFRS, and using the historical cost convention. The accounting policies set out below have been applied consistently to the parent company where applicable.

Monetary amounts in these financial statements are rounded to the nearest pound.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Initial application of IFRS 9 Financial Instruments

The Group has applied IFRS 9 Financial Instruments for the first time in the year ended 31 December 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and measurement.

As a result of the adoption of IFRS 9 the Group has adopted consequential changes to IAS 1 Presentation of Financial Statements. In addition, the Group has applied the consequential amendments to IFRS 7 Financial Instruments: Disclosure to the current period only.

The classification of financial assets under IFRS 9 is based on whether the contractual cash flows of the instrument are solely payments of principal and interest, and whether the business model is to collect those contractual cash flows and/or sell the financial assets. With the exception of those current asset investments included as marketable securities, all the Group's financial assets were previously classified as loans and receivables under IAS 39 and are classified as assets at amortised cost under IFRS 9. Investments in marketable securities were measured at fair value through profit or loss under IAS 39 and continue to be measured at fair value through profit or loss under IFRS 9 as they were principally acquired for sale in the near term and have not been designated at fair value through other comprehensive income under IFRS 9.

The only change in measurement of financial assets on application of IFRS 9 arises from impairment of financial assets. IFRS 9 requires impairments of financial assets to be assessed using an 'expected loss' model.

Invoices amounting to £7,500 were written off during the year, this represents around 0.5% of the total trade receivables. Therefore, the directors deemed the potential impact from the adoption of IFRS 9 not to be material. The directors will continue to estimate impairment losses under IFRS 9 at each reporting date.

The loss allowance on all financial assets is measured by considering the probability of default. Receivables are considered to be in default on an individual basis, based on various indicators, such as significant financial difficulty or expected bankruptcy.

The application of IFRS 9 has not changed the measurement of the Group's financial liabilities or the Group's accounting policies for the recognition or derecognition of financial instruments.

Initial application of IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 Revenue from Contracts with Customers for the first time in the year ended 31 December 2018.

In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively with the cumulative effect of initially applying the standard recognised at the date of the initial application. There has been no impact on the reported revenue and profit as a result of the transition.

New standards not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 16 Leases: Introduces a single lessee accounting model, and eliminates the previous distinction between an operating lease and a finance lease. Endorsed by the EU and effective from 1 January 2019. The directors are currently quantifying the impact of IFRS 16 on the Group's financial statements.

GOING CONCERN

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

- 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 14.

ACCOUNTING POLICIES

for the year ended 31 December 2018 *continued*

REVENUE

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

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring services to a customer. The company recognises revenue when performance obligations have been satisfied.

Revenue in relation to expert witness reports is recognised when a report is complete and accepted by a customer.

Recurring income is calculated based on the value of the client's investment at the end of each calendar month and is recognised on an accruals basis. The transaction price on recurring income is equal to the amount determined at the end of each measurement period and is equal to what is billed to the customer as per contractual arrangements. The Group uses the output method to recognise revenue, applying the practical expedient that allows an entity to recognise revenue in the amount to which the entity has a right to invoice if that consideration corresponds directly with the value to the customer of the entity's performance completed to date. This is appropriate because investment management services are generally satisfied over time because either the customer simultaneously receives and consumes the benefits provided by the fund manager as the fund manager performs the service, or the fund manager's performance enhances the assets that the fund controls.

BASIS OF CONSOLIDATION

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

The acquisition method of accounting is used for the acquisition of subsidiaries. The cost of acquisition is measured at the aggregate fair values of assets given, equity instruments issued and liabilities incurred or assumed by the Group to obtain control.

In case the Group obtains control of an entity previously held as an associate, acquisition of control is treated as a business combination and a relevant disposal of an associate.

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 not 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Other than for goodwill where prior impairments never reverse, where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROPERTY, PLANT AND EQUIPMENT

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

Freehold property is measured at its revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Leasehold improvements	- over the term of the lease
Freehold property	- 2% straight line
Fixtures & fittings	- 25% straight line
Computer equipment	- 25% straight line
Motor Vehicles	- 25% straight line

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

EMPLOYEE SHARE OWNERSHIP PLANS

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

PROVISIONS

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

ACCOUNTING POLICIES

for the year ended 31 December 2018 *continued*

SHARE-BASED COMPENSATION

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

Cancelled or settled options are accounted for as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

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

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation.

LEASING

Rentals payable under operating leases are charged to profit or loss 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 initially measured at their transaction price. Trade receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method. The Directors have considered the impact of discounting trade receivables relating to Expert Witness reports whose settlement may be deferred for lengthy periods and concluded that the impact would not be material.

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. For trade receivables, IFRS9's simplified approach is applied, with expected credit losses based on historic credit loss experience on the total of non-credit impaired trade receivables. Trade receivables are written off when they become credit impaired, which is when the customer is in financial difficulties or bankruptcy is expected.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

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.

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.

EMPLOYEE BENEFITS

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

The costs of short-term employee benefits are recognised as a liability and an expense in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

TAXATION

The tax expense represents the sum of the current and deferred tax recognised in the reporting period.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws 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.

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 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 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 assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

CURRENT ASSET INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1 REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from activities within the UK. Management considers there to be only one operating segment within the business based on the way the business is organised and the way results are reported internally. There was no numerical impact from application of IFRS 15 on the reported figures.

Revenue arising from recurring and non-recurring sources is as follows:	Group 2018 £	Group 2017 £
Recurring	6,013,533	5,930,422
Non-recurring	1,647,018	1,391,087
Total revenue	7,660,551	7,321,509

2 PROFIT FROM OPERATIONS

	Group 2018 £	Group 2017 £
Profit from operations is stated after charging:		
Share based compensation *(note 14)*	386,243	417,372
Investment in developing business	700,985	142,774
Formal sale and reorganisation costs	164,717	254,557
Depreciation and amortisation	95,460	70,659
Operating lease rentals	90,179	121,313

The comparative Group Statement of Comprehensive Income has been restated to separate costs in relation to developing business. These costs relate to investment in people, marketing and in setting up a new activity.

Formal sale and reorganisation costs mainly relate to the reorganisation of the Board to comply with the new Corporate Governance requirements and in 2017, the cost of running a formal sales process in order to realise value for shareholders.

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non audit services:	2018 £	2017 £
Audit Services		
- Statutory audit	29,200	29,200
Other Services		
The auditing of accounts of associates of the company pursuant to legislation:		
- Audit of subsidiaries where such services are provided by RSM UK Audit LLP and its associates	24,800	21,800
- Other services	19,150	16,900
Tax Services		
- Compliance services	10,850	9,800
	84,000	77,700

2 PROFIT FROM OPERATIONS *(continued)*

The following table analyses the nature of expenses:

	Group 2018 £	Group 2017 £
Staff costs *(note 4)*	3,936,028	3,533,950
Depreciation, amortisation and impairment	95,640	70,659
Premises costs	127,323	219,292
Marketing expenses	272,199	84,386
Professional fees	452,398	467,262
Share based payment compensation *(note 14)*	386,243	417,372
Sale and reorganisation costs	164,717	254,557
Other expenses	1,069,250	761,607
Total operating expenses	6,503,798	5,809,085

3 INTEREST AND SIMILAR ITEMS

	Group 2018 £	Group 2017 £
Loan interest receivable	-	134,795
Fair value gains on investments	-	99,489
Total finance income	-	234,284
Fair value losses on investments	12,579	-
Total finance costs	12,579	-

4 EMPLOYEES

NUMBER OF EMPLOYEES

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

The Company has no employees other than the directors:

	2018 number	2017 number
Directors	5	5
Sales	17	14
Administration	45	45
	67	64

4 EMPLOYEES *(continued)*

EMPLOYMENT COSTS

	2018 £	2017 £
Wages and salaries	2,946,312	2,529,776
Social security costs	347,163	384,425
Pension costs	127,061	96,523
Other benefits	129,249	105,853
Share based compensation – social security costs	(18,152)	185,851
Share based compensation – equity settled	404,395	231,521
	3,936,028	3,533,950

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 22 to 23.

	2018 £	2017 £
Short-term employee benefits	679,041	625,504
Post-employment benefits	15,667	17,500
Other long-term benefits	64,275	23,309
Gains made on exercise of share options	-	752,500
Compensation for loss of office	87,500	82,428
	846,483	1,501,241
Social security costs	80,381	479,559
	926,864	1,980,800

	Number	Number
Number of Directors to whom retirement benefits are accruing under a defined contribution scheme	2	2

	2018 £	2017 £
The remuneration in respect of the highest paid director was:		
Emoluments	218,263	187,555
Gains made on exercise of share options	-	237,500
	218,263	425,055

During the year no (2017: four) directors exercised nil (2017: 1,666,666) share options. The highest paid director exercised no (2017: 500,000) share options.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018 *continued*

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 £127,061 (2017: £96,523). As at the year end £12,000 (2017: £7,000) was accrued in connection with pension contributions.

6 TAXATION

	Group 2018 £	Group 2017 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	321,989	264,860
Adjustments in respect of previous periods	16,681	(27,741)
Total current tax charge	338,670	237,119
Deferred tax		
Temporary differences, origination and reversal	10,080	141,677
Total deferred tax charge	10,080	141,677
Tax on profit on ordinary activities	348,750	378,796

FACTORS AFFECTING TAX CHARGE FOR YEAR
The standard rate of tax applied to reported profit on ordinary activities is 19 per cent (2017: 19.25 per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2015. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

There is no expiry date on timing differences, unused tax losses or tax credits.

The charge for the year can be reconciled to the profit per the income statement as follows:

	Group 2018 £	Group 2017 £
Profit before taxation	1,144,174	1,910,633
Profit multiplied by main rate of corporation tax in the UK of 19% (2017: 19.25%)	217,393	367,797
EFFECTS OF:		
Expenses not deductible	96,722	83,705
Exercise of share options	-	(170,493)
Share based payments	73,386	80,344
Other charges/(deductions) in period	(38,751)	17,443
Total tax expense for year	348,750	378,796

A total of £nil (2017: £16,455) was recognised in other comprehensive income in relation to deferred taxation on a revaluation uplift. The revaluation gain has been shown on a net basis in other comprehensive income.

In addition, a debit of £10,936 (2017: £10,936 credit) of deferred taxation was recognised directly in equity in relation to share options.

7 EARNINGS PER SHARE

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

	Group 2018 £	Group 2017 £
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	766,735	1,531,837
Earnings for the purposes of diluted earnings per share	766,735	1,531,837
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	78,657,349	77,785,203
Less: own shares held	(9,715,592)	(9,388,016)
	68,941,757	68,397,187
Effect of dilutive potential ordinary shares:		
- Share options	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	68,941,757	68,397,187
Earnings per ordinary share – basic (pence)	1.11p	2.24p
Earnings per ordinary share – diluted (pence)	1.11p	2.24p

8 GOODWILL

	£
COST	
As at 1 January 2018 & 31 December 2018	7,020,287
NET BOOK VALUES	
At 31 December 2018	7,020,287
At 31 December 2017	7,020,287

As part of the preparation of the 5 year business plan the directors have considered the carrying value of goodwill. The key assumptions in the plan are increasing both the AUM and DFM and the average consultants fee income. Given the significant profitability and cash generation the directors have concluded no impairment is required.

9 INVESTMENTS

	£
CURRENT INVESTMENTS	
GROUP	
As at 1 January 2017	3,061,980
Acquisition during year	4,468,085
Revaluation	99,489
Disposals	(7,511,638)
As at 1 January 2018	117,916
Acquisition during year	1,765,000
Revaluation	(12,579)
Disposals	(734,115)
At 31 December 2018	1,136,222
NET BOOK VALUES	
At 31 December 2018	1,136,222
At 31 December 2017	117,916
At 31 December 2016	3,061,980

Investments represent traded instruments which are regarded as liquid investments and are subject to market fluctuations. The fair value of listed investments was determined with reference to the quoted market price at the reporting date.

A loss of £12,579 (2017: gain of £99,489) in relation to these investments was recognised in profit or loss during the year.

	£
JOINT VENTURES	
GROUP	
As at 1 January 2018	13,975
Disposals during the year	(13,795)
At 31 December 2018	-
NET BOOK VALUES	
At 31 December 2018	-
At 31 December 2017	13,975

The Group holds 50% of Ordinary shares in Frenkel Topping Associates Limited, a jointly controlled entity, that operates in financial services and is registered at Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY. As from 1 January 2018, Frenkel Topping Group Plc was deemed to have control of Frenkel Topping Associates Limited and therefore the joint venture has been deemed disposed of.

9 INVESTMENTS *(continued)*

	£
COMPANY	
COST	
As at 1 January 2017	10,380,154
Additions	62,831
As 31 December 2017	10,442,985
Additions	21,877
At 31 December 2018	10,464,862
NET BOOK VALUES	
At 31 December 2018	10,464,862
At 31 December 2017	10,442,985
At 31 December 2016	10,380,154

Investment additions relate to share options granted to employees of Company's subsidiary. As from 1 January 2018, Frenkel Topping Group Plc was deemed to have control of Frenkel Topping Associates Limited.

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

Company	Nature of business	Class of shares held	Proportion of shares held
Frenkel Topping Group Holdings Limited	Holding	Ordinary	100%
Frenkel Topping Limited	Financial services	Ordinary	100%[1]
New Horizon AM Limited	Dormant	Ordinary	100%[1]
Express FT Limited	Dormant	Ordinary	50%
Frenkel Topping Associates Limited	Financial services	Ordinary	50%[1]
Ascencia Investment Management Limited	Financial services	Ordinary	100%
Obiter Wealth Management Limited	Financial services	Ordinary	100%

All subsidiaries are registered at Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY.

[1] Owned by Frenkel Topping Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018 *continued*

10 GROUP PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Freehold building £	Office equipment £	Computer equipment £	Total £
Cost / Valuation					
At 1 January 2017	32,619	1,100,000	101,157	65,445	1,299,221
Additions	-	25,300	76,618	30,299	132,217
Revaluation	-	74,700	-	-	74,700
Disposals	(32,619)	-	-	-	(32,619)
At 31 December 2017	-	1,200,000	177,775	95,744	1,473,519
Additions	-	47,224	6,311	33,236	86,771
Revaluation	-	2,776	-	-	2,776
Disposals	-	-	-	-	-
At 31 December 2018	-	1,250,000	184,086	128,980	1,563,066
Depreciation					
At 1 January 2017	32,619	-	-	19,201	51,820
Charge for the year	-	22,091	33,698	14,870	70,659
Disposals	(32,619)	-	-	-	(32,619)
Revaluation	-	(22,091)	-	-	(22,091)
At 31 December 2017	-	-	33,698	34,071	67,769
Charge for the year	-	24,000	11,694	59,766	95,460
Disposals	-	-	-	-	-
Revaluation	-	(24,000)	-	-	(24,000)
At 31 December 2018	-	-	45,392	93,837	139,229
Net book values					
At 31 December 2018	-	1,250,000	138,694	35,143	1,423,837
At 31 December 2017	-	1,200,000	144,077	61,673	1,405,750
At 1 January 2017	-	1,100,000	101,157	46,244	1,247,401

Freehold property with a carrying value of £1.25m were revalued as at 31 December 2018 by Knight Frank, Chartered Surveyors, on an existing use open market value basis, in accordance with the Guidance Notes of the Royal Institution of Chartered Surveyors. Knight Frank are not connected with the Group. The valuation was based on recent market transactions on an arm's length basis for similar properties.

11 OTHER RECEIVABLES

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Prepayments	38,559	19,043	3,019	2,606
Other receivables	121,568	255,796	46,526	8,159
Amount due from group undertakings	-	-	4,800,000	-
	160,127	274,839	4,849,545	10,765

12 TRADE AND OTHER PAYABLES

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade payables	414,322	374,946	12,910	8,689
Other tax and social security	203,341	175,437	-	-
Other payables	45,044	65,083	-	3,051
Amount due to group undertakings	-	-	9,394,070	6,464,376
Accruals	263,423	264,665	60,854	70,967
	926,130	880,129	9,467,834	6,547,083

13 PROVISIONS FOR DEFERRED TAXATION

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Share-based payments	(28,919)	(47,760)	(45,644)	(40,239)
Revaluation	18,629	16,454	-	-
Tax losses carried forward	(454,387)	(454,387)	-	-
At 31 December	(464,677)	(485,693)	(45,644)	(40,239)
Included in non current assets	(10,290)	(31,306)	(45,644)	(40,239)
Unrecognised deferred taxation asset	(454,387)	(454,387)	-	-
At 31 December	(464,677)	(485,693)	(45,644)	(40,239)
Movement in the period	£	£	£	£
At 1 January	(31,306)	(178,500)	(40,239)	-
Deferred tax charge in the profit and loss	10,080	141,677	(13,834)	(31,810)
Deferred tax recognised in equity	10,936	(10,936)	8,429	(8,429)
Deferred tax recognised in OCI	-	16,455	-	-
At 31 December	(10,290)	(31,306)	(45,644)	(40,239)

The Group has unrecognised deferred tax assets of £454,387 at 31 December 2018 and 31 December 2017, which relate to taxable losses held within a dormant subsidiary of the group. The deferred tax asset has not been recognised for because it is uncertain whether the trading losses giving rise to the asset will be utilised in the foreseeable future.

14 SHARE CAPITAL (GROUP AND COMPANY)

	Number of shares	2018 £	Number of shares	2017 £
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	78,657,349	393,287	76,990,683	384,954
New shares issued	-	-	1,666,666	8,333
As at 31 December				
Ordinary shares of £0.005 each	78,657,349	393,287	78,657,349	393,287

Dividends of £1,014,680 (2017: £726,322) in aggregate, being 1.29 (2017: 1.2203) pence per share, were proposed before the financial statements were authorised for issue but not treated as a distribution to equity. Dividends of 0.32 pence per share have been paid as an interim, 0.97 has been proposed as a final dividend to be approved by the shareholders at the AGM on 30 May 2019. Shares held under the employee benefit trust have waived their rights to dividends.

The Company operates an unapproved and approved equity-settled share option plan. The Company plan provides for a grant price not less than the nominal value of the shares. Options issued to the Directors vest and must be exercised immediately on the attainment of the performance condition attached to the options which relate directly to the delivery of assets under management and discretionary funds under management targets. Options issued to employees vest upon the attainment of the performance conditions which relate to the profitability of the Group and can be exercised at any point in time after vesting. Furthermore, options are forfeited if the employee or director leaves the group before the options vest.

Grant date	Subscription price per share	Number of shares which rights exercisable	Earliest date on which options can be exercised
24 August 2016	0.5p	1,000,000	As above
24 August 2016	24.0p	333,334	As above
31 January 2018	44.0p	1,240,000	As above
12 March 2018	0.5p	2,000,000	As above
12 March 2018	13.5p	83,500	As above
Employee share options in issue		4,656,834	

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

	2018 Options	2018 Weighted average exercise price (pence)	2017 Options	2017 Weighted average exercise price (pence)
Outstanding as 1 January	1,333,334	6.38	5,000,000	2.85
Granted during the year	4,563,500	23.90	-	-
Lapsed during the year	(1,240,000)	44.00	(2,000,000)	0.50
Exercised during the year	-	-	(1,666,666)	2.85
Outstanding at 31 December	4,656,834	20.00	1,333,334	6.38
Exercisable at 31 December	-	-	-	-

The options outstanding at 31 December 2018 had a weighted average remaining contractual life of 1.6 years (2017: 8.7 years).

Options exercised have been satisfied as follows:	2018	2017
Issue of new shares	-	1,666,666
Transfer from employee share trust	-	-
Total exercised	-	1,666,666

The weighted average share price at the date of exercise was nil pence (2017: 55 pence).

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

	2018	2017
Weighted average share price at date of award of scheme shares	53.7p	-
Expected volatility	28.4 - 28.5%	-
Expected life	1-4 years	-
Risk free rate	1.05 - 1.32%	-
Expected dividend yield	2.09 - 2.29%	-

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

The share based compensation charge of £386,243 consists of £404,395 in relation to the share based payment charge in the year and a credit of £18,152 relating to accrued and paid social security costs on share based payments.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018 *continued*

15 RELATED PARTY TRANSACTIONS

Details of key management compensation are included in note 4. Key management are considered to be the directors of the Group. Key management received £36,567 (2017: £41,687) in dividends in aggregate.

16 FINANCIAL INSTRUMENTS

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

Interest rate risk

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

Liquidity risk

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

Credit risk

Exposure to credit risk is limited to cash at bank, liquid investments and trade receivables. Credit risk on cash balances is minimised by the use of a major UK government backed clearing bank. The Group evaluates a customer's ability to pay before entering into a transaction and actively manages receivables due to the Group. The Group's maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned in note 16.

Foreign currency risk

The Group has no overseas assets or liabilities.

16 FINANCIAL INSTRUMENTS *(continued)*

The interest rate profile of the financial assets of the Group as at 31 December 2018 is as follows:

	Financial assets at fair value through profit and loss £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2018				
Cash at bank	-	848,391	-	848,391
Trade receivables (note 18)	-	-	1,535,537	1,535,537
Accrued income	-	-	981,558	981,558
Investments	1,136,222	-	-	1,136,222
Other receivables	-	-	121,568	121,568
Total	1,136,222	848,391	2,638,663	4,623,276

	Financial assets at fair value through profit and loss £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2017				
Cash at bank	-	1,815,935	-	1,815,935
Trade receivables (note 18)	-	-	1,329,826	1,329,826
Accrued income	-	-	731,092	731,092
Investments	117,916	-	-	117,916
Other receivables	-	-	255,796	255,796
Total	117,916	1,815,935	2,316,714	4,250,565

16 FINANCIAL INSTRUMENTS *(continued)*

The interest rate profile of the financial liabilities of the Group as at 31 December 2018 is as follows:

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2018				
Trade payables	-	-	414,322	414,322
Other payables	-	-	45,044	45,044
Accruals	-	-	263,423	263,423
Total	-	-	722,789	722,789

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2017				
Trade and other payables	-	-	374,946	374,946
Other payables	-	-	65,083	65,083
Accruals	-	-	264,665	264,665
Total	-	-	704,694	704,694

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities as at 31 December 2018 was as follows:

	2018 £	2017 £
Payable within one year	722,789	704,694
	722,789	704,694

16 FINANCIAL INSTRUMENTS *(continued)*

The interest rate profile of the financial assets of the Company as at 31 December 2018 is as follows:

	Fixed rate financial assets £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2018				
Cash at bank	-	31,997	-	31,997
Trade receivables *(note 18)*	-	-	29,897	29,897
Other receivables	-	-	4,846,526	4,846,526
Total	-	31,997	4,876,423	4,908,420

	Fixed rate financial assets £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2017				
Cash at bank	-	27,752	-	27,752
Other receivables	-	-	8,159	8,159
Total	-	27,752	8,159	35,911

The interest rate profile of the financial liabilities of the Company as at 31 December 2018 is as follows:

	Fixed rate financial assets £	Floating rate financial assets £	Financial liabilities on which no interest is paid £	Total £
2018				
Trade payables	-	-	12,910	12,910
Other payables	-	-	9,394,070	9,394,070
Accruals	-	-	60,854	60,854
Total	-	-	9,467,834	9,467,834

16 FINANCIAL INSTRUMENTS *(continued)*

	Fixed rate financial assets £	Floating rate financial assets £	Financial liabilities on which no interest is paid £	Total £
2017				
Trade payables	-	-	8,689	8,689
Other payables	-	-	6,467,427	6,467,427
Accruals	-	-	70,967	70,967
Total	-	-	6,547,083	6,547,083

Maturity of financial liabilities

The maturity profile of the Company financial liabilities as at 31 December 2018 was as follows:

	2018 £	2017 £
Payable within one year	9,467,834	6,547,083
	9,467,834	6,547,083

Fair values of financial assets and financial liabilities

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

17 FINANCIAL COMMITMENTS

At 31 December 2018, the Group had total gross commitments under non-cancellable operating leases as follows:

	2018 £	2017 £
Amounts due:		
Within one year	45,408	22,692
Between one and five years	37,972	1,780
	83,380	24,472

The lease covering the Group's former office premises expired in December 2017. Previously operating lease payments for land and building represented rentals payable by the Group for its office properties. The commitments at 31 December relate to operating lease payments for motor vehicles payable by the Group for its company cars. Leases are negotiated between 2 and 3 years and rentals are fixed during this period.

The Company shares a VAT registration with its subsidiary Frenkel Topping Limited. Both the Company and Frenkel Topping Limited are joint and severally liable for amounts due. As at 31 December the amount due to HMRC is £57,402 (2017: £78,654).

18 TRADE RECEIVABLES

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 340 (2017: 340). Debtor days has been calculated as the balance in trade receivables against new business income recorded in the year. The trade receivables represent fees due from investment of initial AUM or Expert Witness Reports.

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

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

19 CAPITAL MANAGEMENT

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

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

The Group considers its capital to include share capital, share based payment reserve, own shares reserve, other reserve and retained earnings and net debt. The Group has no net external borrowing and hence the gearing ratio is 0% (2017: 0%).

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

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

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

frenkel topping GROUP

SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDING AS AT 4 APRIL 2019

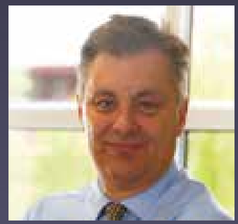
The company has been notified of the following substantial interests in the ordinary share capital of the company as at the above date:

	Number of Shares held	% of total
R C Fraser (Director)	2,568,415	3.27
Employee Benefit Trusts	6,648,016	8.45
Own shares held	3,105,708	3.95
R & C Hughes	7,856,699	9.99
IPGL	12,040,755	15.31
North Atlantic	14,250,000	18.12
Marlborough Fund Managers ltd	5,225,000	6.64
FCFM Group Limited	4,457,613	5.67
Killik & Co	3,020,046	3.84
D R Southworth	3,176,667	4.04

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 2018 are as follows:



P D Richardson
Non-Executive Chairman

R C Fraser
Chief Executive Officer

S G Bentley
Chief Finance Officer

M S Holt
Commercial Director

T J T Linacre
Non-Executive Director (appointed 19 June 2018)

M W L Richards (resigned 19 June 2018)
Non-Executive Director

NOTES

frenkel topping GROUP

Frenkel Topping Group Plc Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY.
T: 0161 886 8000 **F:** 0161 886 8002 **DX:** 20340 Salford Broadway
E: enquiries@frenkeltopping.co.uk

www.frenkeltopping.co.uk

Frenkel Topping Group Plc Registered in England No: 04726826.