frenkel topping GROUP

FRENKEL TOPPING GROUP PLC

FINANCIAL STATEMENTS

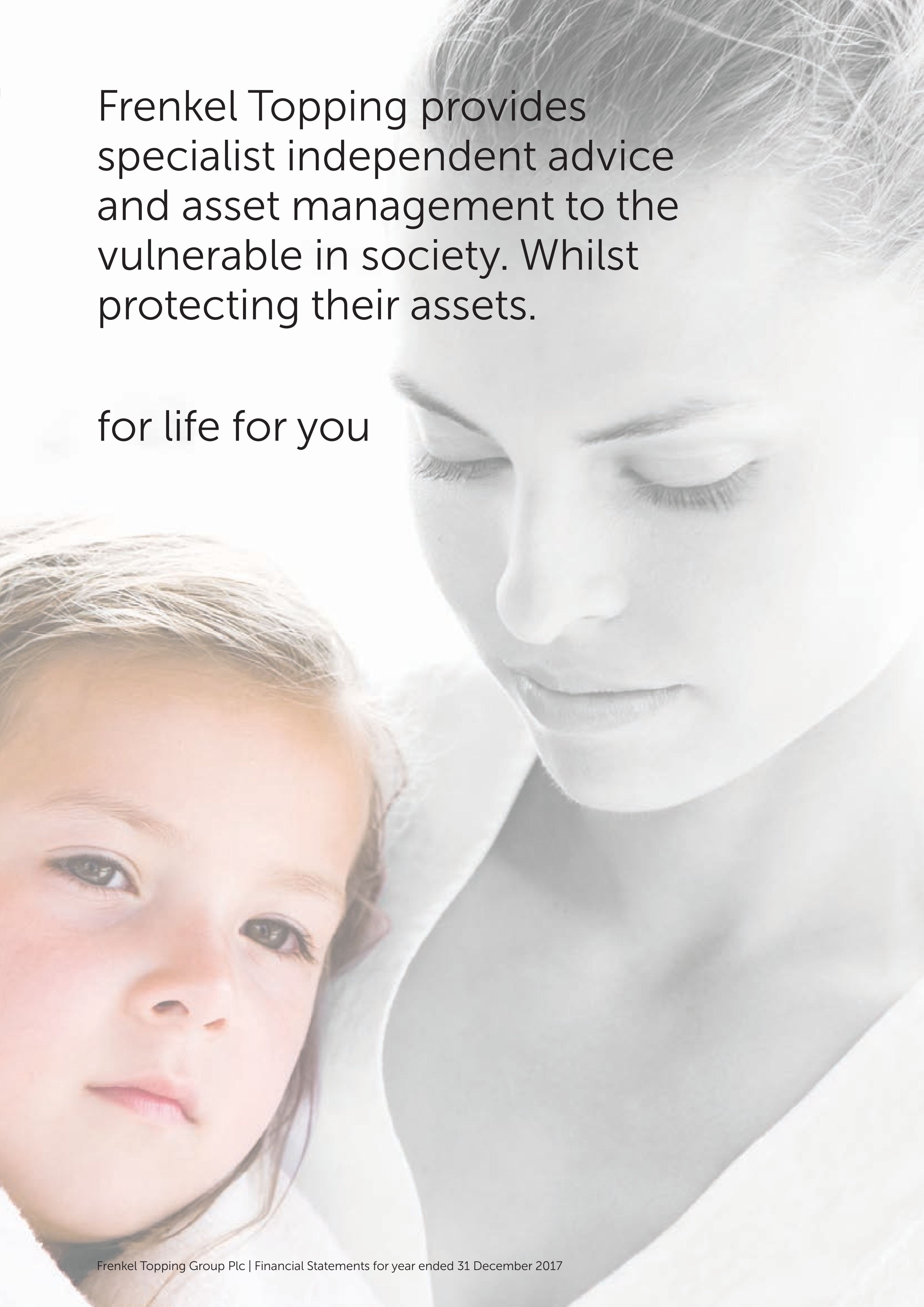
for year ended 31 December 2017

Contents

Registration number 4726826

Frenkel Topping provides specialist independent advice and asset management to the vulnerable in society. Whilst protecting their assets.

for life for you



Highlights

Frenkel Topping provides specialist independent financial advice and wealth management focussed 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 2017 the Group has over 1600 clients with £752m (2016: £745m) of Assets Under Management (AUM) with £303m (2016: £253m) on a discretionary mandate.

FINANCIAL HIGHLIGHTS

REVENUE

up to

£7.3m

(2016: £6.4m)

RECURRING REVENUE

of

£5.9m

(2016: £5.1m)

CASH GENERATED FROM OPERATIONS

of

£2.1m

(2016: £1.6m)

Gross profit £4.8m *(2016: £3.7m)*

Profit from operations (before share based payments and reorganisation costs) £2.3m *(2016: £1.4m)*

Pre-tax profit £1.91m *(2016: £0.88m)*

Basic EPS 2.24p *(2016: 0.96p)*

Net cash and marketable securities of £1.9m *(as at 31 December 2016: £4.2m)*

Total dividends (paid and proposed) up 10% to 1.2203p per share *(2016: 1.1094p)*

OPERATIONAL HIGHLIGHTS

NINTH CONSECUTIVE YEAR OF HIGH CLIENT RETENTION

95%

FOR INVESTMENT MANAGEMENT SERVICES

ASSETS UNDER MANAGEMENT (“AUM”)

£752m

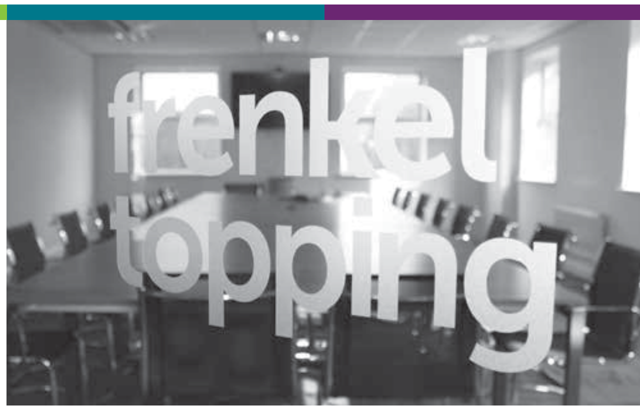
(as at 31 December 2016: £745m)

ASSETS ON A DISCRETIONARY MANDATE

£303m

(as at 31 December 2016: £253m

Chairman's Statement



I am delighted to be writing my first Chairman's Statement for Frenkel Topping in a year that has seen significant progress in the strategic evolution of Frenkel Topping Group. This has been reflected in particular through a 116% growth in Profit Before Tax for 2017. We have delivered this increase while making substantial improvements in our infrastructure during the second half of the year to lay the platform to unlock accelerated growth across a wider range of clients. All of this progress has been made against a backdrop of a Formal Sales Process ("FSP"), and substantial changes in the market dynamics of the business following the Ogden Review. Our performance in 2017 is a tremendous credit to the commitment and passion of everybody at Frenkel Topping.

STRATEGIC OPPORTUNITY AND CHALLENGES

The year started with the Board exploring opportunities to find a strategic partner in order to grow the business further. This resulted in the Company putting itself up for sale through a FSP. During the FSP there were a number of learnings which culminated in the Board terminating the FSP in favour of an organic growth strategy, to be supplemented by targeted acquisitions, based around a revised growth plan over a three to five year period. Several changes were made to the Board following the FSP and the Board is fully committed to executing the new growth plan.

The Frenkel Topping mission has not changed. We still strive to be a major manager of wealth for vulnerable clients in the UK, as well as being an innovator and employer of choice. 2017 saw the profit from operations (before share based compensation and reorganisation costs) increase by 62% from £1.43m to £2.33m and Profit Before Tax increase by 116% from £0.9m to £1.9m. This is a remarkable achievement and this step change has been brought about by our discretionary fund manager, Ascencia Investment Management (formerly Frenkel Topping Investment Management) having had a full year of operation.

This ability to now offer discretionary as well as advisory services gives us both the confidence and ability to continue the momentum and grow our Assets Under Management (AUM), and therefore continue to grow the Group at pace. During the course of 2017, we have increased the amount of AUM managed through Ascencia by 19.7% from £253m to £303m. Being able to offer discretionary fund management is expected to further increase the retention of AUM and increase the profitability of the Group in 2018 and beyond.

We have also instigated a number of strategic initiatives which will help grow our AUM. Our core business under the Frenkel Topping Limited brand continues to be at the heart of what we do and we continue to offer expert witness and independent financial advice to clients who have suffered personal injury or medical negligence claims, and we continue to enjoy our position as market leader in this field. Finding Consultants who have both the technical ability and the inter-personal skills to deal with vulnerable clients is no easy task, which is why we have invested in growing our own Consultants in this area and at the same time growing our market share of personal injury and clinical negligence. Although we lost some Consultants during 2017, we added new Consultants and our retained team increased the assets they added. Furthermore, the new Consultants are now more experienced and are expected to win more business in 2018. In addition, we have received more expert witness instructions which increases the likelihood that we will be asked to manage the funds when the case settles

We additionally announced in December the launch of a new business, Obiter Wealth Management Limited (Obiter). This division will offer financial advice to clients who are in receipt of large lump sums that they need to invest and, like our core clients, need it to last them a lifetime. The operational gearing we have built during 2017 allows us to introduce significant scale and target analogous markets which will in turn help to accelerate the growth and the AUM and the profitability of the Group. In December, we began the recruitment of a new Senior Consultant for Obiter to have in place for early 2018, and I am pleased that we have now appointed a highly appropriate individual to lead Obiter and we expect this to really drive benefits to the Group in 2018 and more significantly thereafter.

The third strategic initiative we took last year was to rename our asset management business to Ascencia Investment Management and at the same time introduce a significant research partner to give Ascencia a much broader and deeper offering, so that we can expand Ascencia's services to a wider audience and at the same time support the evolution of both Frenkel Topping Limited and Obiter. We were delighted to introduce Wellian Investment Management as our new research partner. Using their robust, qualitative and quantitative research processes we can provide our clients with a much broader range of products to suit their needs. At the same time, by forming our own investment committee within Ascencia we were able to cost effectively fill the gap following the departure of our CIO, Jason Granite, at the end of 2017.

October 2017 saw us introduce a very important pillar to our future longer term growth, which was the establishment of our graduate programme and the introduction of the Frenkel Topping Training Academy. At a time of increasing competition for skilled Consultants, the programme is a two year programme during which the graduates will receive both internal and external training while at the same time being supported by us to complete their necessary benchmark qualifications, so that in twenty-four months' time we will have a new cohort of paraplanners who will be able to support our Advisors. We have also introduced a new level of trainee advisors in the form of paraplanners. The paraplanner's role is to support our front line advisors and again, over a two year period, they in turn will become our advisors of the future, trained and home grown to understand the nuances and complexities of looking after vulnerable clients. A new cohort of graduates will start in October 2018 so that we have a steady stream of well trained high quality advisors coming into our salesforce to support our future growth. We will continue to seek to attract quality external Consultants to the Group, but this truly lays the foundations to ensure we deliver such Consultants regardless of market conditions.

BEHIND THE SCENES

The past year has seen some fundamental changes to our infrastructure which supports our operational gearing and future growth plans. This has seen the investment in, and introduction of a new CRM system which is now fully implemented in the business, staff are fully trained in its use and during 2018 we expect to see significant efficiencies being achieved which will see an improvement in our processes and overall service to our clients.

Additionally, the Financial Services industry constantly faces changes and increasing regulation, which is a subject we take extremely seriously at Frenkel Topping. 2017 saw the announcement of the introduction in 2018 of both GDPR and MIFID II. I am delighted to report that the Board is confident that all necessary steps have been taken and we are fully prepared for the forthcoming changes.

In addition, with the change of CIO, the Group has decided to use its cash resources to directly finance corporate strategy, as opposed to generating above market returns from specific investments. Whilst this strategy has been successful to date, we believe that shareholders in Frenkel Topping want to see the cash resources of the Group utilised to grow the core business and to generate recurring income streams. We have utilised a large portion of our liquid assets in 2017 to assist the EBT in purchasing shares, as well as buying back shares into treasury. The cash balance remains healthy at approximately £1.8m (2016: £1.2m), which will be used to fund a mixture of organic and inorganic growth initiatives.

OUR PEOPLE AND CULTURE

To support all the infrastructural changes that we have brought in during 2017, a vital part to support our growth aspirations is, of course, our people.

The importance of culture is fundamental to this. At Board level, the importance of culture is increasingly being focused upon governance. In my view, no matter how many rules or guidelines we create, they are only as good as the culture the Board and management foster and the example they set. I am extremely pleased and proud of how quickly the newly formed Executive Management team has come together with complementary skills to drive the growth of the Group. The Board can influence culture in many ways but through its work the Board also demonstrates what its expectations are and what it believes to be important. Creating a culture that is built on excellence, an ethical approach and a rewarding and happy working environment will engender success for our people and success for the Group.

It is for this reason that during 2017 we established a vision for our colleagues, which is to "have employees who feel empowered, valued, trusted, recognised and equipped". This initiative was started by our employee survey, which I am delighted to say had a 90% take-up rate with an overall satisfaction score of 55%. Acting on some of the findings from the survey, as well as introducing the opportunity for training across all Group employees, we have introduced clear and measurable Key Performance Indicators for staff so it is clear to them how their careers can progress. We have also introduced a company-wide Share Option scheme for all levels of employees who have been employed for a qualifying period, with the Options vesting after a three year period. It was for this reason that we effected a buy-back of three million shares into the EBT in December to provide us with the headroom to satisfy the Options. This is a significant commitment to our people as we further align all employees' interests with those of our clients and shareholders alike.

A company going through a transition process at the speed at which we are progressing does not, I am afraid, always run smoothly and regrettably we lost some of our Advisors at the end of 2016 who have during 2017 targeted some of our clients, once their restrictive covenants were lapsed. Needless to say, we have a programme in place to counter those advances and any further departures.

2017 also saw the departure of two Board members, firstly Julie Dean as Finance Director in June 2017 and latterly Jason Granite as the Executive Chairman and CIO. I would like to thank both Julie and Jason for their commitment and efforts to Frenkel Topping during their respective tenures and I am delighted that we have engaged the extremely able services of Stephen Bentley as our new Chief Financial Officer with whom I am very much enjoying working. As for myself, I am thoroughly enjoying my role as Executive Chairman at Frenkel Topping and consider myself privileged to be working with such a talented group of people all round, in a dynamic environment.

We could not have had such a successful 2017 without the passionate, committed and talented people at Frenkel Topping, all working towards our goals and purpose. I would like to thank them on behalf of the Board and our shareholders for all they do. We know that we are asking people to raise their game significantly as we grow the business and we are extremely fortunate to have people who are engaged and energised by the challenge to continue to grow Frenkel Topping. We are working hard to create and maintain a unique and inclusive culture that encourages all to do the best they can and find their roles fulfilling and rewarding.

OGDEN DISCOUNT RATE CHANGES

On the 27th February 2017, the Lord Chancellor announced that the Discount Rate applied to awards received should be cut to -0.75% from the then rate of 2.5%, which has been in existence since 2001. As a consequence, there is a lengthy consultation process to establish the methodology of how the correct actuarial rate is calculated. I am delighted to report that personnel from Frenkel Topping are part of the Association of Personal Injury Lawyers Association working party committee on this, to ensure we are at the forefront of this change and reaffirming our position as market leader. Draft legislation suggested the rate would be based upon a basket of investment products as opposed to one asset class, as has been the case historically, but the actual methodology is a long way from being agreed. This is positive for Claimants and also for service providers such as ourselves, as the rate is unlikely to be altered now until 2019 at the earliest, meaning continued larger settlements for claimants for the foreseeable future. However, it should be noted that whilst the changes to the Ogden Discount Rate are likely to increase the size of settlements, in the initial months after the changes, the number of awards made was reduced, which impacted the levels of AUM gained during 2017. In addition, we have seen greater competition in the sector, as other advisers are attracted by the size of the awards being made. Whilst Frenkel Topping is still winning a good share of awards, we believe that our expert witness work will become even more critical as a differentiating factor against our competition. Overall, we continue to expect the changes to the Ogden Discount Rate to be beneficial to the Group, but these effects have taken longer to flow through than had previously been anticipated.

DIVIDEND STRATEGY

The company intends to continue a progressive dividend strategy however, having increased dividends by 44.5% compound over the past five years, and given the board's plans to grow through carefully selected acquisitions, the board has concluded that the increase in relation to 2017 should be 10%.

OUTLOOK

While 2017 has been an incredibly busy year in terms of putting all the necessary building blocks in place, we believe we are very well positioned to benefit from these as we progress into 2018 and over the next three to five year period, and we are looking to the future with confidence and are excited about the opportunities that lie ahead. 2018 will be a further year of investment whilst we bed-in all the changes from 2017. This will not be without its challenges, but we remain totally focussed on putting the client at the centre of everything we do and execute the three to five year plan that the Board has now put in place. We expect the size of the vulnerable client market to increase in 2018 and beyond given the changes to the Ogden Discount Rate and given our early work in cases with our expert witness team, we expect to grow at least in line with this market. As described above, additional initiatives such as Obiter, the Frenkel Topping Training Academy and a focus on quality, recurring earnings, will allow the Group to accelerate its growth both in the short and medium term, whilst retaining quality earnings and strong margins.

Paul Richardson
6 April 2018

Strategic Report

This strategic report should be read in conjunction with the Chairman's statement which also covers our strategy and future developments.

RESULTS

Revenue for the year amounted to £7.3m (2016: £6.4m), of which £5.9m or 80.8% (2016: £5.1m or 79.7%) related to recurring revenues and the balance in each year was from new business.

Gross Profit was £4.8m (2016: £3.7m) and profit from operations before share based compensation charge and reorganisation costs was £2.3m (2016: £1.4m). Adding in income from investments takes profit before share based payments, reorganisation costs and tax to £2.6m (2016: £1.4m). Cash generated from operations was £2.1m (2016: £1.6m).

During the year and as announced on 3 April 2017, the Group sought to capitalise on its competitive position as a market leader in the provision of advice and wealth management services provided to vulnerable clients, combined with its integrated discretionary fund management and financial planning proposition and scalable business model, by seeking to find a larger partner who could rapidly and significantly increase the scale of our operations. To this end the Group launched a competitive formal sale process to find buyer who would recognise the opportunity that the acquisition of the Group would present. That process identified potential acquirers, however the Board concluded that none of the proposals received appropriately reflected the organic growth potential of the Group and therefore on 27 June 2017, it announced that it would not proceed with the sale of the business but would continue to execute the existing business plan for the business as an independent business. The £122k cost of the formal sale process is part of the £255k cost of the formal sale process and reorganisation costs shown on the face of the Statement of Comprehensive Income. The balance of the charge relates to a payment for loss of office to a director and the cost of recruiting a new director.

During the year, the Group took the opportunity to acquire a 37.5% investment in and provide a £3.0m loan with an interest rate of 10% to FCFM Group Properties IV Ltd. (FCFM Group Properties). FCFM Group Properties is a special purpose vehicle incorporated to acquire a freehold commercial property in Aberdeen. FCFM Group Limited, of which Jason Granite, formerly Executive Chairman of the Company, is a director and significant shareholder, owned the other 62.5% of FCFM Group Properties. In July 2017 FCFM Group Properties bought back the Group's 37.5% shareholding and as a result the Group realised a £150k gain on the investment. In addition, the £3m loan was repaid and the Group received the £135k of interest that had accrued on the loan. This interest receipt accounts for the majority of the Finance Income of £234k received in 2017.

The performance during 2017, 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.

The lower growth in AUM in 2017, from £745m to £752m, reflects the fact that the difference between assets added and lost was not as significant as in previous years. The assets lost were mainly taken by Advisors who left at the end of 2016 and who targeted some clients once the restrictions in their contracts had expired. The issue of share options to all staff in January 2018 is one of a number of initiatives designed to increase staff retention.

We are pleased to report that for the ninth consecutive year we have maintained our very high client retention rate, 95%, for the period.

Closing cash and marketable securities as at 31 December 2017 amounted to £1.9m (2016 £4.2m), this after paying £0.9m in dividends to shareholders in 2017.

Total Assets as at 31 December 2017 were £12.7m (2016 £15.0m).

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.
- offering 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.

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.

Due to the structure of the Group's cost base, to achieve targets the main KPIs that the Board looks at are clients' retention in AUM and delivery against a target level of fees from new business. The Board monitors client retention on a monthly basis and, during 2017, 5% (2016: 1%) of the AUM was lost. The Board agrees new business targets with the FCA authorised individuals at the start of each year and the Board reviews delivery against these targets on a weekly basis. During 2017, 95% of the new business target was achieved (2016: 90%).

Working capital is monitored daily against forecast at Board level 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 Statement.

FUTURE OUTLOOK

The future outlook for the Group is noted in the Chairman's Statement.

On behalf of the Board

Stephen Bentley
DIRECTOR
6 April 2018

Directors and Advisors

DIRECTORS	Non-Executive Director - **M W L Richards** Executive Chairman - **P D Richardson** **S G Bentley** **R C Fraser** **M S Holt**
SECRETARY	R C Fraser
COMPANY NUMBER	4726826
REGISTERED OFFICE	Frenkel House 15 Carolina Way Salford Manchester M50 2ZY
AUDITOR	RSM UK Audit LLP Chartered Accountants Central Square, 5th Floor 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
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 2017.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

A review of the Group's activities and its future prospects is detailed in the Chairman's Statement on page 3-6 and Strategic Report on page 7-9.

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 0.9234 pence per share which when added to the interim dividend of 0.2969 pence per share, will result in a total dividend per share for the year of 1.2203 pence per share (2016: 1.1094 pence) subject to Shareholder approval at the AGM on [30 May 2018].

FUTURE DEVELOPMENTS

Full details of future developments are discussed in the Chairman's Statement on page 3-6.

SHARE CAPITAL

Information regarding substantial shareholdings in the Company is contained in the Shareholder Information section on page 55.

DIRECTORS WHO HELD OFFICE DURING THE YEAR

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

P D Richardson *(appointed 21 November 2017)*
Executive Chairman

J P Granite *(resigned 14 December 2017)*
Executive Chairman

M W L Richards
Non-Executive Director

R C Fraser
Chief Executive Officer

S G Bentley *(appointed 21 November 2017)*
Chief Finance Officer

J Dean *(resigned 30 July 2017)*
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 2017, 2 directors (2016: 4 directors), held options over 1,333,333 ordinary shares (2016: 5,000,000) in the Company under the approved and unapproved share option schemes. As noted in the Post Balance Sheet Event Note below, in early 2018 share options were offered to all qualifying employees and to the four Executive Directors. 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 6,260,000 of its own shares (2016 purchase: nil). 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. At 31 December 2017 the Company held 3,040,000 of its own shares (2016: Nil) and the Frenkel Topping Group Employee Benefit Trust held 6,348,016 (2016: 3,128,016).

POST BALANCE SHEET EVENTS

In early 2018, options were offered to all employees who has completed a qualifying period of employment. Accordingly, 2,480,000 options were issued. In addition, further 2,000,000 options were allotted between four Directors.

On behalf of the Board

Stephen Bentley
DIRECTOR
6 April 2018

Directors' Remuneration Report

REMUNERATION COMMITTEE

The Group has a Remuneration Committee. The committee comprises the Non-Executive director, Mark Richards, the 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 2017 £
S Bentley	26,046	-	-	26,046
P Richardson	42,976	-	-	42,976
M Richards	25,000	-	-	25,000
J Granite	99,843	-	10,000	109,843
R Fraser	186,930	-	-	186,930
J Dean	187,555	-	-	187,555
M Holt	162,891	-	7,500	170,391
	731,241	-	17,500	748,741

	Emoluments and compensation £	Bonus £	Pension £	Total 2016 £
D Southworth	29,787	-	-	29,787
G McMahon	9,167	-	-	9,167
M Richards	6,250	-	-	6,250
J Granite	44,372	-	10,000	54,372
R Fraser	138,228	-	-	138,228
J Dean	125,582	-	-	125,582
M Holt	41,600	-	2,000	43,600
	394,986	-	12,000	406,986

SHARE OPTIONS

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

	Number of shares approved	Number of shares unapproved	Exercise price
J Dean	518,750	981,250	0.5p
R Fraser	518,750	981,250	0.5p
J Granite	518,750	981,250	0.5p
M Holt	500,000	-	24p

The options have the following performance criteria:

- $^1/_3$ became exercisable when the group's AUM exceeded £750m
- $^1/_3$ can be exercised upon delivery of the medium term target of £500m on a discretionary mandate with Frenkel Topping Investment Management Limited
- $^1/_3$ can be exercised upon delivery of £1b of AUM within the group

During the year the following options were exercised:

	Number of approved shares exercised	Gain on exercise
J Dean	500,000	237,500
R Fraser	500,000	237,500
J Granite	500,000	237,500
M Holt	166,666	40,000

Following the exercise of these options J Dean and J Granite each had 1,000,000 options outstanding. These options lapsed on their resignation leaving the following outstanding options in relation to the directors:

	Number of shares approved	Number of shares unapproved	Exercise price
R Fraser	18,750	981,250	0.5p
M Holt	333,334	-	24p

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.

Corporate Governance

PRINCIPLES OF CORPORATE GOVERNANCE

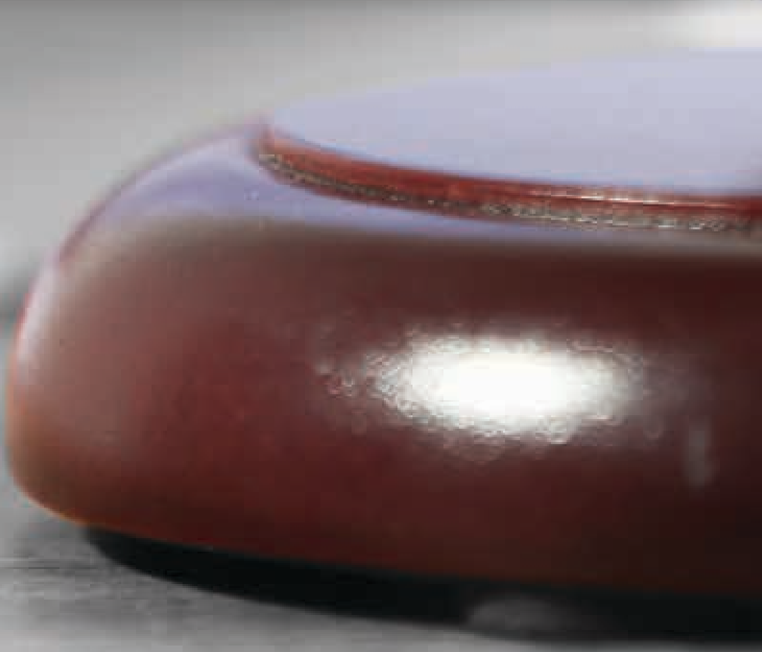
The Group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a Company has met the principles (including those set out in the QCA's Corporate Governance Code for Small and Mid-Size Quoted Companies 2013) of a number of specific rules and regulations. Rather, the issue is one of applying corporate governance in a sensible and pragmatic fashion having regard to the individual circumstances of a particular company's business. The key objective is to enhance and protect shareholder value.

BOARD STRUCTURE

The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the accounts is set out on page 18.

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

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



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

1. The Remuneration Committee is responsible for making recommendations to the Board on the Group's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including pension rights and compensation payments. The Board itself determines the remuneration of the non-executive director and the executive chairman. The committee meets at least twice a year. The Committee is comprised of the Non-Executive Director, the Executive Chairman and the Chief Executive Officer.
2. The Audit Committee comprises the whole Board excluding Stephen Bentley as Finance Director. Its prime tasks are to review the scope of the external audit, to receive regular reports from RSM UK Audit LLP, and to review the half-yearly and annual accounts before they are presented to the full Board, focusing in particular on accounting policies and areas of management judgement and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes. It is responsible for the appointment of external auditors and on their remuneration for both audit and non-audit work, it discusses the nature and scope of the audit with the external auditors. It reviews and monitors the independence of the auditors especially with regard to non-audit work. It meets at least twice a year including immediately before the review and if appropriate the approval of the annual and interim financial statements to the Board.

On 21 November 2017, the Company appointed Paul Richardson as Executive Chairman and Stephen Bentley as Chief Finance Officer. Paul Richardson was appointed based on experience in financial services, predominately in the UK private banking sector. Paul spent 6 years at Coutts & Co, ultimately as head of London Private Banking, where he was responsible for £16bn Assets under Management and played an integral part of the team that delivered record net profit growth and Stephen Bentley based on over 30 years of senior / board level experience as a finance director of public and private companies, and having served companies across an array of sectors.

No formal nomination committee exists in view of the stage of development of the Group. Instead appointments to the Board by the Chief Executive and other executive directors are discussed with the Non-Executive Director. Appointments are made after an evaluation of the skills, knowledge and expertise required to ensure that the Board as a whole has the ability to ensure that the Group can continue to compete effectively in its market place.

INTERNAL CONTROL

The directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The Board has designed the Group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss. The key elements of the control system in operation are:

a. The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority, including compliance monitoring;
b. There are procedures for planning, approval and monitoring of investments into people and new areas and information systems for monitoring the Group's financial performance against approved budgets and forecasts.

The process adopted by the Group accords with the guidance contained in the document 'Corporate Governance Code for Small and Mid-Size Quoted Companies 2013.

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

There are no significant issues disclosed in the financial statements for the period ended 31 December 2017 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

RELATIONS WITH SHAREHOLDERS

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

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

Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the 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.

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 2017 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 2017 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 FRSs 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 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of trade receivables

Included in the Group Statement of Financial Position are trade receivables with a carrying value of £1.33m. 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 is considered to be a risk.

The Accounting Policies set out that a provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Note 18 sets out the process whereby sums are collected and the ageing profile of these sums.

Our audit work has considered the conclusions reached by management on the extent of any provision required by assessing the accuracy of the ageing profile of trade receivables and reviewing historic and post year end collections. In carrying out this work we have reviewed the assumptions made and also considered the disclosures made in the financial statements in the Accounting Policies and Note 18.

Share based payments

The Group has an executive share option plan in place and has outstanding options to subscribe for 1,333,334 ordinary shares in the Company. Details concerning the conditions under which the options are granted, exercised and modified are set out in Note 14.

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 and application of the valuation model including ongoing assessment of the options expected to vest.

Our audit work has included an assessment of the assumptions made by management and reviewing the accuracy of the calculations to consider specifically the assumptions made about the options expected to vest and the impact of changes to these. 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 terms agreed with the option holders.

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 and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £151,000, which was increased to £176,000 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 those thresholds 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, 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.

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
(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

6 April 2018

Group Statement of Comprehensive Income

for year ended 31 December 2017

	Notes	Group 2017 £	Group 2016 £
REVENUE	1	7,321,509	6,398,511
Direct staff costs		(2,561,057)	(2,732,515)
GROSS PROFIT		4,760,452	3,665,996
ADMINISTRATIVE EXPENSES			
Share based compensation	4/14	(417,372)	(551,045)
Formal sale and reorganisation costs		(254,557)	-
Other		(2,576,099)	(2,231,198)
TOTAL ADMINISTRATIVE EXPENSES		(3,248,028)	(2,782,243)
Other gains and losses	9	150,000	-
Profit from operations before share based compensation and reorganisation costs		2,334,353	1,434,798
- share based compensation	4	(417,372)	(551,045)
- formal sale and reorganisation costs		(254,557)	-
PROFIT FROM OPERATIONS	2	1,662,424	883,753
Finance income	3	234,284	-
Finance costs	3	-	(427)
Share of profit of investments accounted for using the equity method	9	13,925	-
PROFIT BEFORE TAX		1,910,633	883,326
Income tax expense	6	(378,796)	(189,322)
PROFIT FOR THE YEAR		1,531,837	694,004
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Gains on property revaluation arising net of tax		80,336	70,991
TOTAL COMPREHENSIVE INCOME FOR YEAR		1,612,173	764,995
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,612,173	764,995
Earnings per ordinary share – basic (pence)	7	2.24p	0.96p
Earnings per ordinary share – diluted (pence)	7	2.24p	0.91p

Group and Company Statement of Financial Position

as at 31 December 2017

	Notes	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
ASSETS					
NON CURRENT ASSETS					
Goodwill	8	7,020,287	7,020,287	-	-
Property, plant and equipment	10	1,405,750	1,247,401	-	-
Investments	9	13,975	-	10,442,985	10,380,154
Deferred taxation	13	31,306	178,500	40,239	-
		8,471,318	8,446,188	10,483,224	10,380,154
CURRENT ASSETS					
Accrued income		731,092	714,901	-	-
Trade receivables	18	1,329,826	1,170,969	-	-
Other receivables	11	274,839	490,518	10,765	806,552
Investments	9	117,916	3,061,980	-	-
Cash and cash equivalents		1,815,935	1,162,645	27,752	46,586
		4,269,608	6,601,013	38,517	853,138
TOTAL ASSETS		12,740,926	15,047,201	10,521,741	11,233,292
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	393,287	384,954	393,287	384,954
Share premium		400,194	361,028	400,194	361,028
Merger reserve		5,314,702	5,314,702	5,314,702	5,314,702
Revaluation reserve		151,327	70,991	-	-
Other reserve		(341,174)	(341,174)	-	-
Own shares reserve		(4,448,906)	(774,197)	(4,448,906)	(774,197)
Retained earnings		10,252,775	9,346,735	2,315,381	2,234,593
TOTAL EQUITY		11,722,205	14,363,039	3,974,658	7,521,080
CURRENT LIABILITIES					
Current taxation		138,592	13,816	-	-
Trade and other payables	12	880,129	670,346	6,547,083	3,712,212
TOTAL LIABILITIES		1,018,721	684,162	6,547,083	3,712,212
TOTAL EQUITY AND LIABILITIES		12,740,926	15,047,201	10,521,741	11,233,292

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 £709,092 (2016: £69,728).

The financial statements were approved and authorised for issue by the Board of Directors on 6 April 2018 and are signed on its behalf by:

Stephen Bentley
FINANCE DIRECTOR

Group Statement of Change in Equity

for the year ended 31 December 2017

	Share capital £	Share premium £	Merger reserve £	Other reserve £	Own shares reserve £	Retained earnings £	Revaluation reserve £	Total controlling interest £
Balance 1 January 2016	370,061	-	5,314,702	(341,174)	(774,197)	8,770,155	-	13,339,547
New shares issued	14,893	361,028	-	-	-	-	-	375,921
Share based compensation	-	-	-	-	-	551,045	-	551,045
Dividend paid	-	-	-	-	-	(668,469)	-	(668,469)
Removal of minority interest	-	-	-	-	-	-	-	-
Total transactions with owners recognised in equity	384,954	361,028	5,314,702	(341,174)	(774,197)	8,652,731	-	13,598,044
Profit for year	-	-	-	-	-	694,004	-	694,004
Other comprehensive income	-	-	-	-	-	-	70,991	70,991
Total comprehensive income	-	-	-	-	-	694,004	79,991	764,995
Balance at 1 January 2017	384,954	361,028	5,314,702	(341,174)	(774,197)	9,346,735	70,991	14,363,039
New shares issued	8,333	39,166	-	-	-	-	-	47,499
Purchase of own shares	-	-	-	-	(3,674,709)	-	-	(3,674,709)
Share based payments (note 4)	-	-	-	-	-	231,521	-	231,521
Tax credit relating to share option scheme	-	-	-	-	-	10,936	-	10,936
Dividend paid	-	-	-	-	-	(868,254)	-	(868,254)
Total transactions with owners recognised in equity	8,333	39,166	-	-	(3,674,709)	(625,797)	-	(4,253,007)
Profit for year	-	-	-	-	-	1,531,837	-	1,531,837
Other comprehensive income	-	-	-	-	-	-	80,336	80,336
Total comprehensive income	-	-	-	-	-	1,531,837	80,336	1,612,173
Balance at 31 December 2017	393,287	400,194	5,314,702	(341,174)	(4,448,906)	10,252,775	151,327	11,722,205

Non controlling interests £	Total £
490	13,340,037
-	375,921
-	551,045
-	(668,469)
(490)	(490)
-	13,598,044
-	694,004
-	70,991
-	764,995
-	14,363,039
-	47,499
-	(3,674,709)
-	231,521
-	10,936
-	(868,254)
-	(4,253,007)
-	1,531,837
-	80,336
-	1,612,173
-	11,722,205

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.

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 3,040,000 shares (2016: Nil) held by the Company and the 6,348,016 (2016: 3,218,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2017 was £5,069,529 (2016: £1,713,915).

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 removal on the minority interest reserve during the prior year is in connection with the closing down of a dormant, non trading, 51% owned Subsidiary, Outspire Financial Limited.

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

Company Statement of Changes in Equity

for year ended 31 December 2017

	Share capital £	Share premium £	Merger reserve £	Own shares reserve £	Retained earnings £	Total controlling interest £
Balance 1 January 2016	370,061	-	5,314,702	(774,197)	2,239,475	7,150,041
New shares issued	14,893	361,028	-	-	-	375,921
Dividend paid	-	-	-	-	(668,469)	(668,469)
Share based payments	-	-	-	-	593,859	593,859
Total transactions with owners recognised in equity	384,954	361,028	5,314,702	(774,197)	2,164,865	7,451,352
Profit and total comprehensive income for the period	-	-	-	-	69,728	69,728
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 31 December 2017	393,287	400,194	5,314,702	(4,448,906)	2,315,381	3,974,658

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 3,040,000 shares (2016: Nil) held by the Company and the 6,348,016 (2016: 3,218,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2017 was £5,069,529 (2016: £1,713,915).

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 year ended 31 December 2017

	Notes	Group year ended 31 December 2017 £	Group year ended 31 December 2016 £	Company year ended 31 December 2017 £	Company year ended 31 December 2016 £
Profit before tax		1,910,633	883,326	677,283	69,728
Adjustments to reconcile profit before tax to cash generated from operating activities:					
Finance income		(234,284)	-	(134,795)	-
Finance cost		-	427	-	-
Other gains and losses		(150,000)	-	(150,000)	-
Share based compensation		231,521	551,045	168,690	593,859
Depreciation and loss on disposal		70,659	5,543	-	-
Share of profit of investments accounted for using the equity method		(13,925)	-	-	-
Decrease in accrued income, trade and other receivables		40,631	129,583	795,787	7,406
Increase/(decrease) in trade and other payables		209,783	14,721	1,934,870	(644,301)
Cash generated from operations		2,065,018	1,584,645	3,291,835	26,692
Income tax paid		(112,345)	(430,849)	-	-
Cash generated from operating activities		1,952,673	1,153,796	3,291,835	26,692
Investing activities					
Acquisition of property, plant and equipment		(132,217)	(1,172,090)	-	-
Acquisition of shares in joint ventures	9	(50)	-	-	-
Investment purchases	9	(4,468,085)	(3,000,000)	-	-
Investment disposals	9	7,511,638	-	-	-
Disposal of shares in investment		150,000	-	150,000	-
Cash generated from/(used in) investment activities		3,061,286	(4,172,090)	150,000	-
Financing activities					
Shares issued		47,499	375,921	47,499	375,921
Own shares purchased		(3,674,709)	-	(3,674,709)	-
Dividend paid		(868,254)	(668,469)	(868,254)	(668,468)
Interest paid on loans and borrowings		-	(427)	-	-
Interest received on loans		134,795	-	134,795	-
Dividend received		-	-	900,000	800,000
Cash used in financing		(4,360,669)	(292,975)	(3,460,669)	507,453
Increase/(decrease) in cash and cash equivalents		653,290	(3,311,269)	(18,834)	534,145
Opening cash and cash equivalents		1,162,645	4,473,914	46,586	(487,559)
Closing cash and cash equivalents		1,815,935	1,162,645	27,752	46,586
Reconciliation of cash and cash equivalents					
Cash at bank and in hand		1,815,935	1,162,645	27,752	46,586

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

Accounting Policies

BASIS OF PREPARATION

The financial statements have been prepared under the historic cost convention with the exception of current asset investments and freehold property which are held at fair value and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC Interpretations as endorsed by the European Union ("IFRS"), and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies adopted are set out below.

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

For the year ended 31 December 2017 the group and the parent company, Frenkel Topping Group Plc has prepared its financial statements in accordance with IFRS.

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:

- goodwill has been tested for impairment by comparing the carrying value of the cash generating unit to which the goodwill has been attributed, to the present value of the forecast cashflows expected to be generated by the unit. See note 8 for details of the assumptions used in the impairment review.
- 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.

INTERPRETATIONS OF STANDARDS

There are no new standards or amendments to standards which are mandatory for the first time for the year ended 31 December 2017 which have a significant impact on the Group. The potential impacts of IFRS 15, Revenue from contracts with customers, IFRS 9, Financial Instruments and IFRS 16 Leases, are being assessed by management. The Board is considering the potential impact of IFRS 9 and IFRS 15 on the Group. IFRS 16 will impact the Group leading to the capitalisation of certain operating leases on the Statement of Financial Position but the impact has not been fully quantified as yet.

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.

Fees and charges are accrued and measured based on the stage of completion of specific client contracts where the outcome can be assessed with reasonable certainty and the value for that service has been agreed between the company and the customer.

Recurring income is calculated based on the value of the client's investment on the anniversary of the initial investment and recognised on an accruals basis.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. 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.

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.

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.

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

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.

INVESTMENTS

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

Notes to the Financial Statements

for the year ended 31 December 2017

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.

2 PROFIT FROM OPERATIONS

	Group 2017 £	Group 2016 £
Profit from operations is stated after charging:		
Share based compensation (see note 14)	417,372	551,045
Depreciation and amortisation	70,659	5,543
Operating lease rentals	121,313	149,589

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non audit services:

	2017 £	2016 £
Audit Services		
- Statutory audit	28,650	27,500
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	20,850	19,675
- Other services	16,300	-
Tax Services		
- Compliance services	9,600	7,700
	75,400	54,875

2 PROFIT FROM OPERATIONS *(continued)*

The following table analyses the nature of expenses:

	Group 2017 £	Group 2016 £
Staff costs (see note 4)	3,533,950	3,536,052
Depreciation, amortisation and impairment	70,659	5,543
Premises costs	219,292	131,975
Marketing expenses	84,386	175,520
Professional fees	467,262	553,877
Share based payment compensation (note 14)	417,372	551,045
Sale and reorganisation costs	254,557	-
Other expenses	761,607	560,746
Total operating expenses	5,809,085	5,514,758

3 INTEREST AND SIMILAR ITEMS

	Group 2017 £	Group 2016 £
Loan interest receivable	134,795	-
Fair value gains on investments	99,489	-
Total finance income	234,284	-
Bank interest	-	427
Total finance costs	-	427

4 EMPLOYEES

NUMBER OF EMPLOYEES

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

	2017 number	2016 number
Directors	5	5
Sales	14	18
Administration	45	39
	64	62

EMPLOYMENT COSTS	2017 £	2016 £
Wages and salaries	2,529,776	2,514,344
Social security costs	384,425	269,536
Pension costs	96,523	100,594
Other benefits	105,853	100,533
Share based compensation – social security costs	185,851	-
Share based compensation – equity settled	231,521	551,045
	3,533,950	3,536,052

4 EMPLOYEES *(continued)*

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of the individual directors is provided in the Directors' remuneration report on pages 13 to 14.

	2017 £	2016 £
Short-term employee benefits	625,504	383,514
Post-employment benefits	17,500	12,000
Other long-term benefits	23,309	11,472
Gains made on exercise of share options	752,500	974,130
Compensation for loss of office	82,428	-
Social security costs	1,501,241	1,381,116
	479,559	52,925
	1,980,800	1,434,041

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

	2017 £	2016 £
The remuneration in respect of the highest paid director was:		
Emoluments	187,555	138,228
Gains made on exercise of share options	237,500	587,157
	425,055	725,385

During the year four (2016: two) directors exercised 1,666,666 (2016: 2,682,116) share options. The highest paid director exercised 500,000 (2016: 1,585,962) share options.

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 £96,523 (2016: £100,594). As at the year end £7,000 (2016: £7,000) was accrued in connection with pension contributions.

6 TAXATION

	Group 2017 £	Group 2016 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	264,860	64,473
Adjustments in respect of previous periods	(27,741)	25,667
Total current tax charge	237,191	90,140
Deferred tax		
Temporary differences, origination and reversal	141,677	99,182
Total deferred tax charge	141,677	99,182
Tax on profit on ordinary activities	378,796	189,322

FACTORS AFFECTING TAX CHARGE FOR YEAR

The standard rate of tax applied to reported profit on ordinary activities is 19.25 per cent (2016: 20 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 2017 £	Group 2016 £
Profit before taxation	1,910,633	883,326
Profit multiplied by main rate of corporation tax in the UK of 19.25% (2016: 20%)	367,797	176,750
EFFECTS OF:		
Expenses not deductible	83,705	12,559
Exercise of share options	(170,493)	(235,045)
Share based payments	80,344	209,391
Other charges/(deductions) in period	17,443	25,667
Total tax expense for year	378,796	189,322

A total of £16,455 (2016: £nil) 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 £10,936 (2016: £nil) 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 2017 £	Group 2016 £
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	1,531,837	694,004
Earnings for the purposes of diluted earnings per share	1,531,837	694,004
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	77,785,203	75,294,625
Less: own shares held	(9,388,016)	(3,128,016)
	68,397,187	72,166,609
Effect of dilutive potential ordinary shares:		
- Share options	-	4,366,476
Weighted average number of ordinary shares for the purposes of diluted earnings per share	68,397,187	76,533,085
Earnings per ordinary share – basic (pence)	2.24p	0.96p
Earnings per ordinary share – diluted (pence)	2.24p	0.91p

8 GOODWILL

	£
COST	
As at 1 January 2017 & 31 December 2017	7,020,287
NET BOOK VALUES	
At 31 December 2017	7,020,287
At 31 December 2016	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)
At 31 December 2017	117,916
NET BOOK VALUES	
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 gain of £99,489 (2016: £21,979) in relation to these investments was recognised in profit or loss during the year.

	£
JOINT VENTURES	
GROUP	
As at 1 January 2017	-
Acquisition during year	53
Disposals during the year	(3)
Share of profit	13,925
At 31 December 2017	13,975
NET BOOK VALUES	
At 31 December 2017	13,975
At 31 December 2016	-

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.

During the year the Group acquired 37.5% of shares in FCFM Group Properties IV Ltd for £3.
On 30 June 2017 the Group disposed of the shares realising a gain on disposal of £150,000.

9 INVESTMENTS *(continued)*

	£
COMPANY	
COST	
As at 1 January 2017	10,380,154
Additions	62,831
At 31 December 2017	10,442,985
NET BOOK VALUES	
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.

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]
Ascencia Investment Management Limited (formerly Frenkel Topping Investment Management Limited)	Financial services	Ordinary	100%[1]
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

10 GROUP PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Freehold building £	Office equipment £	Computer equipment £	Total £
Cost / Valuation					
At 1 January 2016	32,619	-	-	36,896	69,515
Additions	-	1,029,009	101,157	41,926	1,172,092
Revaluation	-	70,991	-	-	70,991
Disposals	-	-	-	(13,377)	(13,377)
At 31 December 2016	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
Depreciation					
At 1 January 2016	32,619	-	-	27,035	59,654
Charge for the year	-	-	-	5,543	5,543
Disposals	-	-	-	(13,377)	(13,377)
At 31 December 2016	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
Net book values					
At 31 December 2017	-	1,200,000	144,077	61,673	1,405,750
At 31 December 2016	-	1,100,000	101,157	46,244	1,247,401
At 1 January 2016	-	-	-	9,861	9,861

Freehold property with a carrying value of £1.2m were revalued as at 31 December 2017 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 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Prepayments	19,043	263,474	2,606	-
Other receivables	255,796	227,044	8,159	6,552
Amount due from group undertakings	-	-	-	800,000
	274,839	490,518	10,765	806,552

12 TRADE AND OTHER PAYABLES

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade payables	374,946	470,356	8,689	13,850
Other tax and social security	175,437	106,492	-	-
Other payables	65,083	9,164	3,051	2,000
Amount due to group undertakings	-	-	6,464,376	3,696,362
Accruals	264,665	84,334	70,967	-
	880,129	670,346	6,547,083	3,712,212

13 PROVISIONS FOR DEFERRED TAXATION

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Share-based payments	(47,760)	(178,500)	(40,739)	-
Revaluation	16,454	-	-	-
Tax losses carried forward	(454,387)	(454,387)		-
At 31 December	(485,693)	(632,887)	(40,739)	-
Included in non current assets	(31,306)	(178,500)	(40,739)	-
Unrecognised deferred taxation asset	(454,387)	(454,387)	-	-
At 31 December	(485,693)	(632,887)	(40,739)	-
Movement in the period	£	£	£	£
At 1 January	(178,500)	(277,683)		-
Deferred tax charge in the profit and loss	141,677	99,183	(31,810)	-
Deferred tax recognised in equity	(10,936)	-	(8,429)	-
Deferred tax recognised in OCI	16,455			
At 31 December	(31,306)	(178,500)	(40,739)	-

The Group has unrecognised deferred tax assets of £454,387 at 31 December 2017 and 31 December 2016, 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	2017 £	Number of shares	2016 £
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	76,990,683	384,954	74,012,067	370,061
New shares issued	1,666,666	8,333	2,978,616	14,893
As at 31 December				
Ordinary shares of £0.005 each	78,657,349	393,287	76,990,683	384,954

During the period employees exercised share options and as a result 1,666,666 new shares were issued. 1,500,000 shares were issued at a price of £0.005 per share and 166,666 at a price of £0.24 per share.

Dividends of £726,322 (2016: £643,990) in aggregate, being 0.9234 (2016: 0.8719) pence per share, were proposed before the financial statements were authorised for issue but not treated as a distribution to equity. Dividends of 0.2969 pence per share have been paid as an interim, 0.9234 has been proposed as a final dividend to be approved by the shareholders at the AGM on 30 May 2018. 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. The vesting period is between 1 to 4 years. If options remain unexercised after a period of 10 years from the date of the grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before the options vest. In relation to the options, 33% of options vest upon delivery of £750m of AUM to the Group, 33% upon delivery of £500m on a discretionary mandate within the Group and 33% upon delivery of £1b of AUM.

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
Employee share options in issue		1,333,334	

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

	2017 Options	2017 Weighted average exercise price (pence)	2016 Options	2016 Weighted average exercise price (pence)
Outstanding as 1 January	5,000,000	2.85	3,062,116	12.27
Granted during the year	-	-	5,000,000	2.75
Lapsed during the year	(2,000,000)	0.5	(83,500)	(12.27)
Exercised during the year	(1,666,666)	2.85	(2,978,616)	(12.27)
Outstanding at 31 December	1,333,334	6.38	5,000,000	2.85
Exercisable at 31 December	-	-	-	-

The options outstanding at 31 December 2017 had a weighted average remaining contractual life of 8.7 years (2016: 9.7 years).

Options exercised have been satisfied as follows:

	2017	2016
Issue of new shares	1,666,666	2,978,616
Transfer from employee share trust	-	-
Total exercised	1,666,666	2,978,616

The weighted average share price at the date of exercise was 55 pence (2016: 51 pence).

During the prior year the Group cancelled the Participator Share Scheme, details of which are disclosed in the Financial Statements 2015. The options granted during the prior year to those holding existing options under the Participator Scheme were treated as modifications.

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:

	2017	2016
Weighted average share price at date of award of scheme shares	-	45.0p
Expected volatility	-	25%
Expected life	-	Three years
Risk free rate	-	0.1%
Expected dividend yield	-	2.08%

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 £417,372 consists of £231,521 in relation to the share based payment charge in the year and £185,851 of accrued and paid social security costs on share based payments.

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 £41,687 (2016:£158,660)in dividends in aggregate.

During the year the Group acquired 37.5% of shares in FCFM Group Properties IV Ltd for £3. On 30 June 2017 the Group disposed of the shares realising a gain on disposal of £150,000.

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 debtors 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 is disclosed in note 18.

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 2017 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 £
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

	Financial assets at fair value through profit and loss £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2016				
Cash at bank	-	1,162,645	-	1,162,645
Trade receivables (note 18)	-	-	1,170,969	1,170,969
Accrued income	-	-	714,901	714,901
Investments	3,061,980	-	-	3,061,980
Other receivables	-	-	227,044	227,044
Total	3,061,980	1,162,645	2,112,914	6,337,539

16 FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 31 December 2017 is as follows:

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2017				
Trade and other payables	-	-	615,466	615,466
Total	-	-	615,466	615,466

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2016				
Trade and other payables	-	-	586,012	586,012
Total	-	-	586,012	586,012

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities as at 31 December 2017 was as follows:

	2017 £	2016 £
Payable within one year	615,466	586,012
	615,466	586,012

16 FINANCIAL INSTRUMENTS *(continued)*

The interest rate profile of the financial assets of the Company as at 31 December 2017 is as follows:

	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

	Fixed rate financial assets £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2016				
Cash at bank	-	46,586	-	46,586
Other receivables	-	-	6,552	6,552
Total	-	46,586	6,552	53,138

The interest rate profile of the financial liabilities of the Company as at 31 December 2017 is as follows:

	Fixed rate financial assets £	Floating rate financial assets £	Financial liabilities on which no interest is paid £	Total £
2017				
Trade and other payables	-	-	6,476,116	6,476,116
Total	-	-	6,476,116	6,476,116

	Fixed rate financial assets £	Floating rate financial assets £	Financial liabilities on which no interest is paid £	Total £
2016				
Trade and other payables	-	-	2,912,212	2,912,212
Total	-	-	2,912,212	2,912,212

16 FINANCIAL INSTRUMENTS *(continued)*

Maturity of financial liabilities

The maturity profile of the Company financial liabilities as at 31 December 2017 was as follows:

	2017 £	2016 £
Payable within one year	6,476,116	2,912,212
	6,476,116	2,912,212

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 2017, the Group had total gross commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Amounts due:		
Within one year	22,692	96,816
Between one and five years	1,780	17,931
	24,472	114,747

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 subsidiaries 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 £78,654 (2016: £35,862).

18 TRADE RECEIVABLES

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 340 (2016: 311). 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.

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

	2017 £	2016 £
Up to three months	418,158	348,390
Between four and twelve months	439,407	397,560
Greater than twelve months	472,261	425,019
	1,329,826	1,170,969

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% (2016: 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.

Shareholder Information

SUBSTANTIAL SHAREHOLDING AS AT 29 MARCH 2018

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	6,348,016	8.07
Own shares held	3,040,000	3.87
R & C Hughes	7,856,699	9.99
Oryx International	7,500,000	9.54
IPGL	7,151,982	9.09
North Atlantic	6,640,000	8.44
Hargreaves Hale	5,225,000	6.64
INCAP BV	4,888,773	6.22
FCFM Group Limited	4,457,613	5.67
Killik & Co	3,753,829	4.77
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 2017 are as follows:

P D Richardson (appointed 21 November 2017)	Executive Chairman
J P Granite (resigned 14 December 2017)	Executive Chairman
M W L Richards	Non-Executive Director
R C Fraser	Chief Executive Officer
S G Bentley (appointed 21 November 2017)	Chief Finance Officer
J Dean (resigned 30 July 2017)	Chief Finance Officer
M S Holt	Commercial Director

Notes

frenkel topping GROUP

for life for you

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