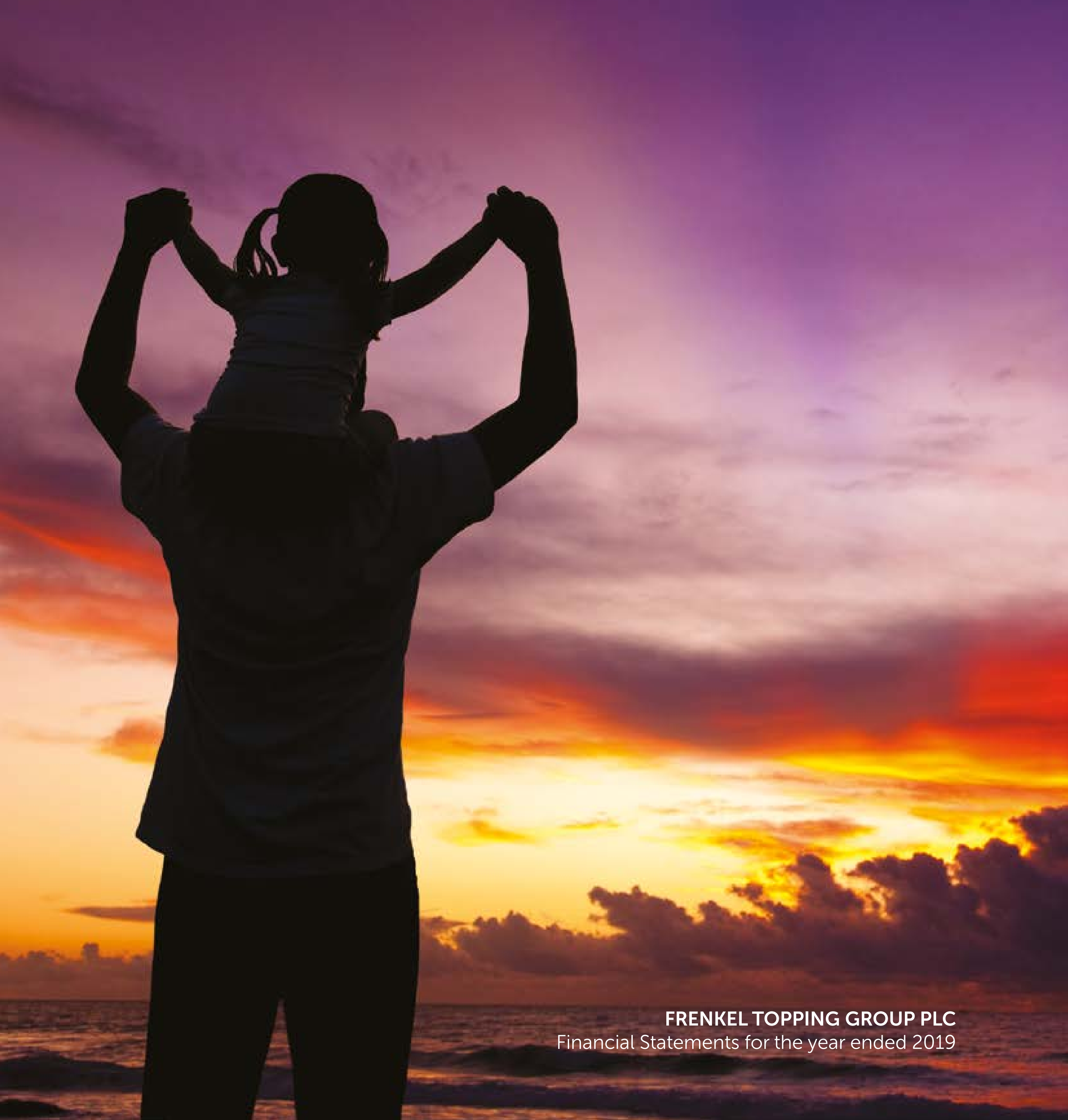
frenkel topping GROUP

Ready for Business

Annual Report 2019



FRENKEL TOPPING GROUP PLC
Financial Statements for the year ended 2019

frenkel topping GROUP

Financial expertise for life's crucial decisions.

Welcome to our
Annual and Business Report 2019

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Accounts

Our brand family

frenkel topping CHARITABLE FOUNDATION

frenkel topping SPECIALIST FINANCIAL ADVISERS

ascencia INVESTMENT MANAGEMENT

obiter WEALTH MANAGEMENT

www.frenkeltoppinggroup.co.uk

Frenkel Topping Group Plc Registered in England No: 04726826.

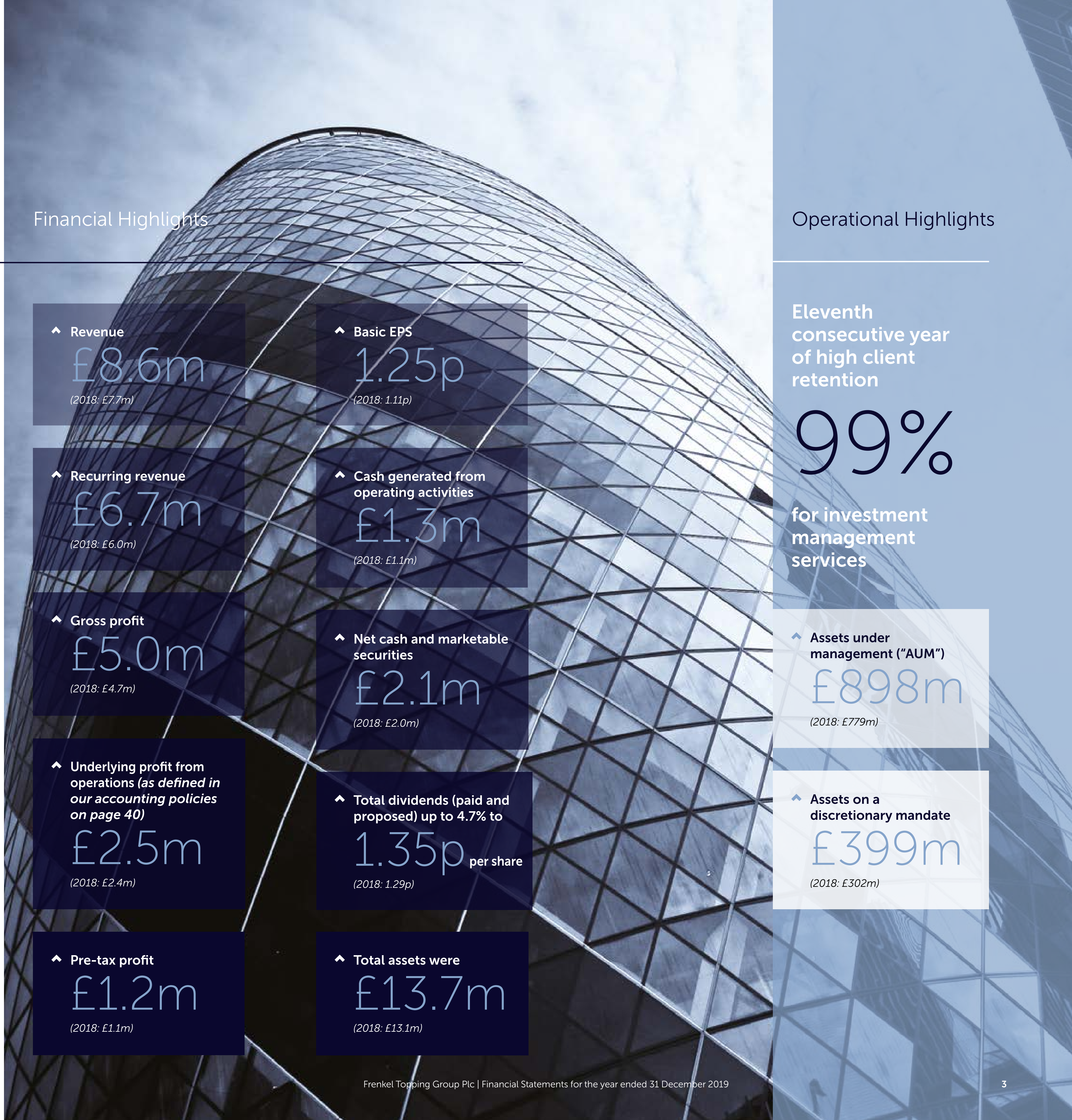
Highlights
for the year ended 31 December 2019

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 and London and has relationships and infrastructure in place to further grow its reach and target markets.

As at 31 December 2019 the Group has over 1600 clients with £898m (2018: £779m) of Assets Under Management (AUM) with £399m (2018: £302m) on a discretionary mandate.



Financial Highlights

Revenue
£8.6m
(2018: £7.7m)

Basic EPS
1.25p
(2018: 1.11p)

Recurring revenue
£6.7m
(2018: £6.0m)

Cash generated from operating activities
£1.3m
(2018: £1.1m)

Gross profit
£5.0m
(2018: £4.7m)

Net cash and marketable securities
£2.1m
(2018: £2.0m)

Underlying profit from operations ***(as defined in our accounting policies on page 40)***
£2.5m
(2018: £2.4m)

Total dividends (paid and proposed) up to 4.7% to
1.35p **per share**
(2018: 1.29p)

Pre-tax profit
£1.2m
(2018: £1.1m)

Total assets were
£13.7m
(2018: £13.1m)

Operational Highlights

Eleventh consecutive year of high client retention

99%

for investment management services

Assets under management ("AUM")
£898m
(2018: £779m)

Assets on a discretionary mandate
£399m
(2018: £302m)

Chairman's Statement
Overview

On behalf of Frenkel Topping's Board of Directors, I am pleased to report that the Group has had a robust year in 2019, in which we continued to deliver excellent results for our shareholders and in line with the Board's expectations.

Last year, we made investing in the future of the business a key pillar of our strategy, which formed part of our objective of mitigating risk. It is pleasing to see that this investment and the continued implementation of our strategy has delivered substantial improvement both financially and operationally.

The results and achievements outlined in the Chief Executive Officer's Statement and Strategic Report are testament to the commitment of the Group's talented and passionate people. The business is led by an experienced leadership team who deserve the credit for steering the Group through a year of challenging macroeconomic and geo-political events which impacted global financial markets. It is pleasing to note that the hard work has delivered strong growth across all of our key performance indicators. Our client retention rate is at an impressive 99% for the eleventh consecutive year. This is possible because of our ability to conservatively manage money and our commitment to integrity and care provided to all clients.

People

Post-period end, Elaine Cullen-Grant, formerly the Group's Financial Controller was appointed Chief Financial Officer following Stephen Bentley's retirement. On behalf of everyone at Frenkel Topping, I would like to express our heartfelt thanks to Stephen for his contribution and commitment to the business. The Board strongly believes it is important to have the right balance of skills, experience and background to support the growth of the business.

Our growth would not have been achieved without the great efforts of the entire team at Frenkel Topping and I would like to take this opportunity to say thank you to everyone.

Outlook

The first three months of trading has been strong and the Group has won substantial AUM mandates, outperforming internal targets for the first quarter of the new financial year. Expert witness instructions experienced strong momentum and new business wins will support this key pipeline for future AUM growth. However, we are mindful of the effects of COVID-19 which is impacting many people and businesses globally. Notwithstanding the potential impact from the effects of COVID-19, which the Board is monitoring closely and at this stage are difficult to quantify, Frenkel Topping is strongly positioned to grow, underpinned by our proven strategy which has generated impressive and record levels of new business wins since 2010. We are trading in line with management's expectations and therefore remain confident about the future.

Dividend

Reflecting the Board's confidence in the company, total dividends (paid and proposed) are up 4.7% to 1.35p per share (FY 2018: 1.29p).

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

Paul Richardson
20 April 2020

Chief Executive Officer's Statement
Overview

I am proud to report this has been another a year of strong delivery against our strategy which we outlined in our 2018 report. We have also made excellent progress to develop our position as a leading and responsible employer of choice which is key to retaining and attracting talent.

The performance during 2019 reflects the Board's commitment to:

- improving Frenkel Topping's ability to manage increased assets under management (AUM), including those on a discretionary basis with Ascencia Investment Management Limited ("Ascencia")
- improving the customer journey to maintain our strong client retention
- laying the foundations for future years' profitability.

Revenue for the year increased to £8.6m (2018: £7.7m) up 12%, of which £6.7m or 77.9% (2018: £6.0m or 78.5%) related to recurring revenues. The balance in each year was from new business which was 12% higher than the comparative period in 2018.

Gross profit was up 6% to £5.0m (2018: £4.7m) and underlying profit from operations (as defined in our Accounting Policies on page 40) was £2.5m (2018: £2.4m). Pre-tax profit increased by 9% to £1.2m (2018: £1.1m). The Group has a strong Statement of Financial Position with total assets of £13.7m (2018 £13.1m) and as at 31 December 2019, net cash and marketable securities stood at £2.1m (2018 £2.0m). Cash generated from operating activities was up 18% to £1.3m (2018: £1.1m).

Our client retention rate remains exceptionally high at 99% reflecting positive performance from our portfolios and our focus on excellent customer service.

The net assets added in 2019 (£53m) and market movements (£66m) resulted in AUM increasing by 15% to £898m. Similarly, Ascencia's AUM on a discretionary mandate grew strongly by 32% to £399m (2018: £302m).

> *"I am pleased to report that the Company made excellent progress against its strategic objectives which provides a guide to what we are capable of in future years."*
>
> **Richard Fraser,** CEO

Strategic progress

1 Growing our core business, Frenkel Topping Limited (FTL) – independent financial advice for personal injury and clinical negligence awards.

We have made significant progress growing FTL and delivered good organic growth in the period under review. Our advisers have worked hard to maintain excellent client relationships and win AUM and to continue to do so, we have to ensure our services and solutions remain market leading. Our key areas of focus are:

- **Digitisation** - as an IFA, client interaction is an important element to our business, however, digital innovation is vital to ensure clients have instant access to their investments. During the year, we launched LUCI, our own platform where clients will be able to view their investment portfolio in one place, trade and make withdrawals and importantly assess performance and risk levels to ensure they meet their long-term investment goals.
- **Innovation and expanding our client base** - to ensure we continue to remain market leaders, we have to innovate to provide better solutions to our clients and expand our network of clients. Post-period end, we established joint ventures with:

  Horwich Cohen Coghlan Ltd, a law firm with a 25-year track record specialising in personal injuries. The joint venture named HCC Investment Solutions will develop new and innovative investment products for the personal injury market. The joint venture will also support Ascencia to create bespoke investment solutions and support future AUM growth.

  Hudgell Solicitors ("Hudgell"), a leading law firm specialising in personal injury, medical negligence, travel litigation, civil liberties and abuse. The joint venture will be named Hudgells Financial Management Services. FTL will become Hudgell's preferred partner for clients who require investment advice post settlement. The Company is expected to benefit from new client referrals and lead to future AUM growth.
- **Recruiting talent** - over the last two years, we have made significant investments in the Frenkel Topping Academy which has proven to be very successful. We launched the Academy in 2017 and since then we have graduated five graduates all of whom are working full-time within the business. These home-grown talents are winning new business, adding to AUM and, importantly, maintaining existing client relationships.

Strategic progress

2 To increase the strength of Ascencia and broaden its distribution

Ascencia has made excellent progress:

- **Generated positive returns** - our model portfolios in the investment management business achieved positive returns, each posting growth of between 7.5% and 18.5% according to the risk criteria set for the fund, despite the geopolitical backdrop. The confidence shown in Ascencia has led AUM to grow by 32% to £399m.
- **Environmental, Social and Governance (ESG)** - Ascencia's ESG strategy was launched early in 2018 in response to growing client interest in socially responsible investing (SRI).
  - > *In 2019, Ascencia's ESG investment strategies, across all risk levels, outperformed their respective benchmarks and 'non-ESG' equivalents by 2-3% as a result of investing in future-proof themes and avoiding sectors with social and environmental legacy concerns.*
  - > *Ascencia has delivered robust risk-adjusted performance for clients from the outset of the coronavirus (COVID-19) market dislocation: Ascencia ESG Portfolio Risk Level 3 returned -4.48% for the period 01/01/20-31/03/20 compared to -23.84% for the FTSE 100 and -20.10% for MSCIWorld over the same period. Ascencia ESG Portfolio Risk Level 4 returned -7.73% over the same period.*
- **Diversified portfolio** - we launched the Ascencia Islamic Portfolio, a Sharia Law compliant investment portfolio which was developed to support the needs of our Muslim clients. The Ascencia Islamic Portfolio is essentially multi-asset and consists of a blend of Shariah compliant equity focused exchange traded funds, managed fixed income solutions, together with an element of physically backed gold exposure. The new portfolio complements our existing SRI Portfolios as there are number of synergies between the two.
- **Broadened distribution** - post period-end, Ascencia established a 50:50 joint venture with Truly Independent Ltd ("Truly"). Ascencia will provide DFM services to Truly's 50 Registered Individuals and thereby, for the first time, will broaden its DFM distribution to external IFAs. The Company expects this partnership will support the growth of its future AUM.

3 To grow the business through selective acquisitions to widen our market reach

Acquisitions - we continue to seek strategic acquisitions which would be of value to the Group and particularly complement Obiter. We are reviewing a number of opportunities, but we have a strict acquisition policy and will not make any acquisitions unless they meet our criteria. Our aim in the medium to long term is to grow Obiter, our generalist wealth management brand which was first developed through market demand from the legal sector and incumbent client relationships. In a market which has been criticised for fees which lack transparency, Obiter charges sensible fees and delivers a blended approach through a combination of passive and active funds, which further strengthens the positioning in the market, and builds trust and confidence.

Current trading

We have entered 2020 with a renewed vigour to continue to build on our solid, 40-year legacy and strong 2019. A continued focus on innovation and on attracting and retaining the best talent will see us maintain the group's position as a driving force in its field.

Our 2019 results demonstrate the cumulative impact of clearly-defined commercial goals coupled with a sense of duty to deliver the best outcomes for clients.

The first three months of trading has been robust and the Group is performing resiliently in comparison to the rest of the market which is, in part, a result of its conservative approach to managing money. The Board remains confident in its market-leading position, rooted in principles of integrity and good judgement.
With the outbreak of COVID-19, the Company has implemented its Business Continuity Plan and is following Government advice. The number one priority is the safety and wellbeing of all our stakeholders. The Frenkel Topping team is successfully working remotely and making use of technology to ensure that they are continuing to support each other and their clients. The Group's Statement of Financial Position is robust and expectations for FY2020 remain strong, however, the potential impact from the effects of COVID-19 are difficult to quantify at this stage and the Board is monitoring the situation carefully, particularly in light of any potential temporary reduction in recurring income as a result of movements in global stock markets.

Richard Fraser
20 April 2020

This strategic report should be read in conjunction with the Financial and Operational Highlights as well as the Chairman's and Chief Executive Officer's statements.

Strategic Report
Business model and objectives

The primary objective of the Group is to grow the assets under management (AUM), including those on a discretionary basis through Ascencia Investment Management.

This is to be achieved through:

The core business
Frenkel Topping Limited (FTL) and its provision of independent financial advice and investment management services to those who are impacted by personal injury and clinical negligence.

Growing distribution channels
through selective acquisitions.

Widening market reach
and positioning Obiter Wealth Management.

Ascencia Investment Management
entering into joint ventures with IFAs.

The Group's key performance indicators are:

Client retention

Assets under management

Assets on a discretionary mandate.

Group objectives

1 Digital infrastructure

It is crucial for Frenkel Topping to protect AUM and retain clients. While client retention increased from c. 98% to an outstanding 99% in 2019, there remains a concerted effort to focus on exceptional client service in the coming year.

Our Digital First strategy is a key driver in maintaining our impressive retention rates as technical advancements become a given in every industry including financial services. In 2019 we focused on investment in people. That continues into 2020 at the same time as we accelerate our technical capabilities in order to enhance the service our people deliver to our clients.

We believe it's overly simplistic to discuss technology and human input as opposing forces in our sector. Instead, we've built Frenkel Topping's core services on the basis that the two elements work together in a symbiotic way, complementing each other to deliver the very best outcomes.

While technological capability plays a key part in our growth strategy, we're uncompromising on our human-first approach.

It would be folly to ignore the impact of technology in the personal injury arena – it brings speed and efficiencies, improves accuracy and, importantly, aids communication – a crucial factor when keeping parties informed and updated throughout the awards process. Without doubt, artificial intelligence is making strides in the sector. But technological advancements shouldn't be to the detriment of the 'human touch'.

More than thirty years' experience working with clients with personal injury, serious injury and clinical negligence damages has given us a privileged insight into thousands of highly complex and life-changing assessments. It's always front of mind that our end goal is achieving the very best quality of life for individuals who have experienced life-altering events. Delivering those outcomes requires trust, emotional intelligence, compassion and empathy – traits that can't be replicated by robo technology.

Our focus is on using technology to streamline process, freeing up time for our team to dedicate to quality, human-to-human interaction.

We're looking at how we can harness technology to complement the work of our consultants, ultimately improving the client journey and driving efficiencies, making the information that our clients need available at their fingertips and we're investing heavily in getting that right.

2020 will see the continued development of a Frenkel Topping app that will allow clients to view valuations, provide document storage, receive secure encrypted communication they have with Frenkel Topping and provide alerts when insurance documents are due for renewal.

We will continue to invest in systems that allow the business to 'smarter' utilise data to predict certain outcomes and manage clients, especially between pre and post settlement, ensuring we are front of mind with the solicitor or deputy managing the caseload. We are also paying attention to our marketing and communications resource to allow us to develop relevant and timely campaigns that resonate with lawyers throughout the life cycle of a case, providing our business development teams with relevant content and a reason to reach out to connections or opportunities.

"Real-time data and information at your fingertips with a real person looking after you, we're striking the right balance between technological advancements and the all important human touch."

Mark Holt, Managing Director

2 Talent

2019 saw the Group reap the rewards of our investment in the Graduate Academy, with all of our first cohort successfully completing the scheme and taking up full-time roles across the business. This 'home grown' approach to recruitment has been hugely effective in allowing team members to move into permanent positions and hit the ground running with a solid understanding of the values and behaviours that underpin Frenkel Topping's success.

Alongside our graduate scheme, our apprentice has been recognised as a young talent in the industry, picking up awards for 'Overall Apprentice of the Year' and 'Financial and Accountant Apprentice of the Year' at the Salford City College Annual Apprenticeship Awards in Q1 2020.

The accolades demonstrate why we decided to invest in our apprenticeship scheme, to highlight the importance of the alternative routes into a career in our sector and to encourage talent from a wider and more diverse pool.

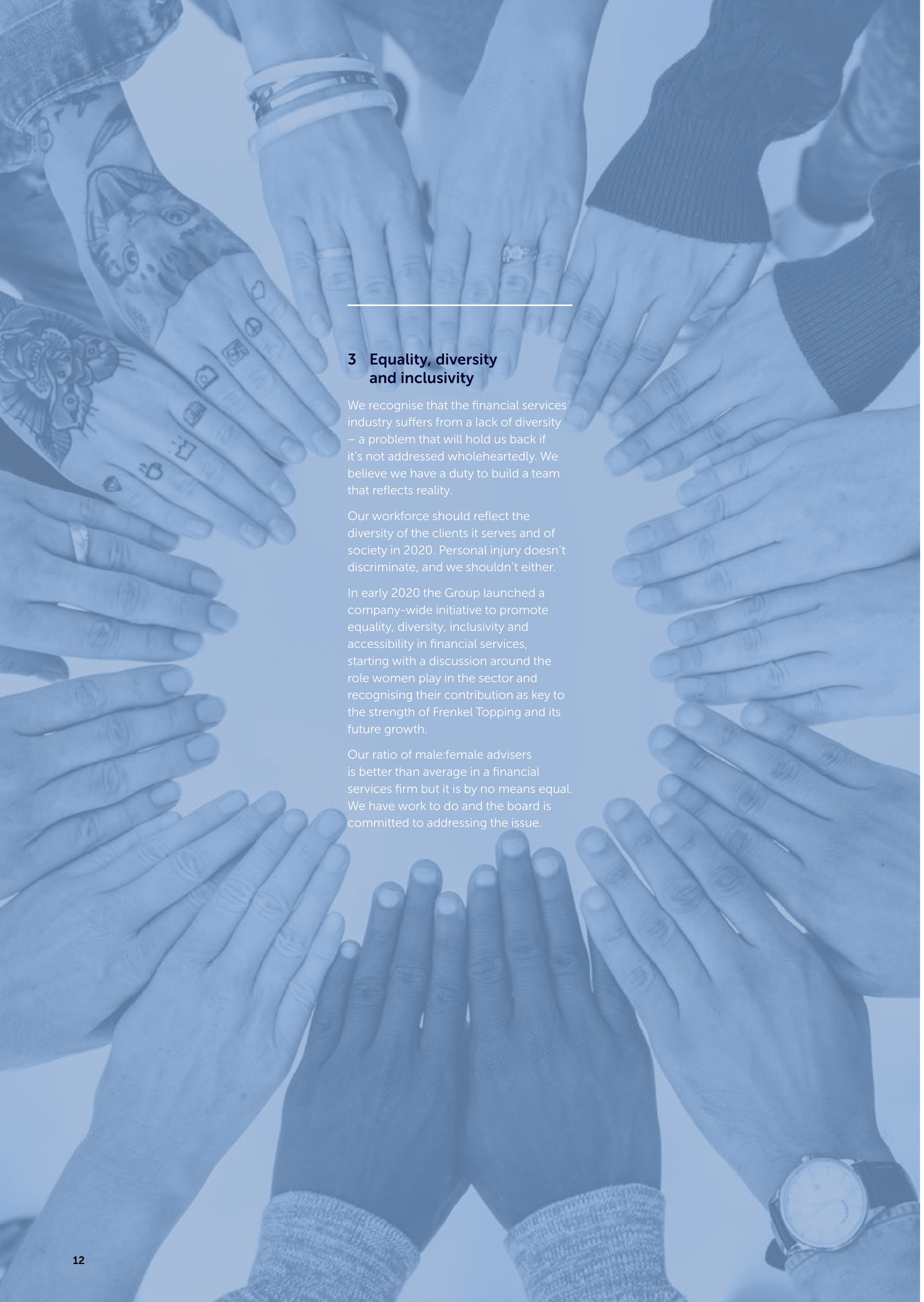
Our graduate and apprenticeship scheme has attracted young people who are bright, switched on and eager to progress. They've honed their skills in a structured environment, understood the theory with guidance from the most experienced team players and applied it in practice to real-life scenarios. They've developed at pace, defined their skillsets and refined the softer skills that only on-the-job experience can bring.

The value they add is unquestionable. In return, they're given the tools and opportunities they need to fast track their career.

The Frenkel Topping Group Board is committed to doing what we can to make the financial services industry more diverse, inclusive and accessible and we believe continuing to promote graduates and apprenticeships as a valid route into the sector is a key part of that.

"The power and reach we can achieve through partnerships with complementary firms continues to show in our performance year on year. Joint ventures with like-minded practice are a key driver for future growth."

Mark Holt, Managing Director



3 Equality, diversity and inclusivity

We recognise that the financial services industry suffers from a lack of diversity – a problem that will hold us back if it's not addressed wholeheartedly. We believe we have a duty to build a team that reflects reality.

Our workforce should reflect the diversity of the clients it serves and of society in 2020. Personal injury doesn't discriminate, and we shouldn't either.

In early 2020 the Group launched a company-wide initiative to promote equality, diversity, inclusivity and accessibility in financial services, starting with a discussion around the role women play in the sector and recognising their contribution as key to the strength of Frenkel Topping and its future growth.

Our ratio of male:female advisers is better than average in a financial services firm but it is by no means equal. We have work to do and the board is committed to addressing the issue.

4 Charitable Foundation

The decision was taken to prioritise the Frenkel Topping Charitable Foundation in 2019 with a renewed focus on the opportunity it presents to push the Frenkel Topping message out to a wider audience and to meet its objectives as a socially responsible business.

The Foundation's Trustees have refined its remit in order to make a bigger impact on a greater number of people who are recognised as 'vulnerable' according to Frenkel Topping Limited's key clients.

It's recognised that the Charitable Foundation offers multiple benefits to the Group as a means of enacting the group's corporate social responsibility (CSR) strategy.

The Foundation acts as a potent marketing channel, its projects providing a stream of content that builds an emotional connection with lay clients and professionals working in the personal injury space.

Through the Charitable Foundation, we are able to promote the company's values and just cause to the widest audience via social media channels. The work of the Foundation also allows us to develop relationships between Frenkel Topping and other charity partners whose beneficiaries are in the target market for Frenkel Topping's core services.

> *"The Charitable Foundation represents the very essence of what Frenkel Topping stands for – enhancing life after life-changing events."*
>
> **Richard Fraser,** CEO

Frenkel Topping Limited

Our established Expert Witness service - providing reports to the court for clients who are in the process of litigation after a personal injury or clinical negligence - provides a significant proportion of Frenkel Topping Group's generated leads.

Our expert witness work allows us to become involved in cases pre-settlement, demonstrating our expertise in achieving positive financial outcomes for clients at the earliest stage and ahead of them taking the decision to appoint an IFA to manage their finances post-settlement.

Once a claim is settled the Group seeks to give continued financial advice to the clients to enable them to fulfil their ongoing needs and objectives.

An ongoing strategy for FTL is pursuing further joint ventures. First initiated in 2017, the strength of these commercial relationships continues to be realised, with increased Expert Witness work and a pipeline of future AUM. 2019 and early 2020 saw a number of JV opportunities come to fruition and it continues as an objective in 2020. A likeminded culture, shared values and principles are crucial in the IFA space and we are unashamedly selective about who we choose to work with.

As previously announced, the change in the Ogden Rate to minus 0.25% is not predicted to have a significant impact on FTL. The company views the change as an opportunity for potential clients and solicitors to seek its expertise.

> *Today's expert witness work is the AUM of tomorrow and we've seen another year of consistent growth.*
>
> **Mark Holt,** Managing Director

Ascencia

In the year under review, all our model portfolios in the investment management business achieved positive returns, reflecting our expertise and the conservative approach we take in protecting our clients' money and generating returns. Ascencia Investment Management's innovative investment proposition, characterised by competitive fee structures with a focus on capital preservation, has been well received and has gained significant traction in 2019 and early 2020.

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

Pleasingly, these funds have performed well despite market volatility and we are focused on expanding our offering in this space. As Ascencia continues to earn trust and build a reputation for its 'sweet spot' in environmentally sound, risk levels 3 and 4 investments that perform well in spite of market volatility, it becomes a strong proposition and a reliable source of valuable monthly recurring revenue.

In Q1 2020 Frenkel Topping announced the first joint venture Truly Asset Management between Ascencia and Truly Independent, broadening its DFM distribution to a wider IFA marketplace.

The arrangement sees Ascencia provide discretionary fund management services to Truly's 50 registered individuals, broadening its DFM distribution to external IFAs. The Company expects this partnership will support the growth of its future AUM.

ESG

Ascencia Investment Management's Environmental, Social and Governance (ESG) strategy was launched early in 2018 in response to growing client interest in socially responsible investing (SRI).

Led by the more environmentally and socially aware generations, demand for ESG investments has increased in recent years with young investors (millennials and Generation Z) looking to make a positive change in how the world operates through their decision making, from the food they choose to eat to how they invest their money for retirement.

In 2019, Ascencia's ESG investment strategies, across all risk levels, outperformed their respective benchmarks and 'non-ESG' equivalents by 2-3% as a result of investing in future-proof themes and avoiding sectors with social and environmental legacy concerns.

The performance of ESG investing has surprised conventional investors; in many cases achieving results far superior to the mainstream equivalent. By determining the unpalatable areas from the areas with the greatest potential to improve the world we live in (those pioneering the development of electric vehicles or others who are creating the technology that allows for efficient remote working, for example), ESG aims to identify the strongest and most sustainable businesses in the world and builds the foundations of a high-performing investment.

> *Broadening our DFM distribution to the external IFA marketplace is in line with our strategy and a logical next step to take Ascencia to the next stage of growth.*
>
> **Richard Fraser,** CEO

Social and environmental factors are becoming increasingly important to governments and consumers, and along with the development of the UN Sustainable Development Goals, will have significant impacts on industries which do not adapt to the changing environment.

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:

- **Global markets**
  Prevailing investment environment and economic conditions may materially affect income streams. This is particularly relevant during the current COVID-19 pandemic.
- **Economic and political changes**
  Change in the economic or political environment could result in increased costs or operational challenges.
- **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.

Risk management strategy

The Board monitors client retention on a monthly basis and, during 2019, 1% (2018: 2%) of clients were lost. The Board agrees new business targets with the FCA authorised individuals at the start of each year and reviews delivery against these targets on a monthly basis. During 2019, 112% of the new business target was achieved (2018: 84%).

- Working capital is monitored daily against forecast and the Board is satisfied that cash resources are adequate for the Group's requirements, taking into account the current position with COVID-19. The Group finances its operations through retained cash.
- AUM is monitored monthly to assist with forecasting future revenue and cash flow streams. Product specific performance is normally monitored monthly however, in light of COVID-19, is currently being monitored daily.
- Personal injury and clinical negligence markets continue to be competitive. The Directors believe the Group's brand name, expertise and knowledge give rise to a strong position within these markets. 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. In addition to our internal compliance department, 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 has no overseas assets or liabilities and therefore has no foreign currency risk.

Section 172: Companies act

The board takes seriously its duties towards a wide range of stakeholders and acts in such a way to ensure that its decision making promotes the success of the company for the benefit of these stakeholders in accordance with Section 172.

The statements below provide further information as to how the directors have had regard to the relevant matters.

The likely consequences of decisions in the long term:

As discussed within the CEO's Statement, the board is committed to improving the Group's ability to manage increased AUM, including those on a discretionary business as well as to continue our strong record of client retention.

The growth in AUM will be the product of continued growth in new business through the core business of FTL; selective acquisitions; widening the market reach of Obiter and through Ascencia's expansion to deal with IFAs outside of the Group.

Each of these actions will drive improvements to the future profitability of the Group.

The interests of our employees:

In addition to the success of our Graduate and Apprenticeship schemes discussed earlier in the report, the Group is committed to engaging in two-way communication with employees by way of regular consultant meetings and employee one-to-ones.

Further, each employee meets with a member of the board annually to give their input on any area of the business that they see fit.

The outbreak of COVID-19 has been a challenging time for many. The board and management have been mindful of this and are offering additional support to employees during this period.

The need to foster our business relationships with customers, suppliers and the desirability of the company to maintain a reputation for high standards of business conduct:

Customers are at the heart of everything we do which is emphasised by our high client retention rates. As discussed in the CEO's statement and earlier in the Strategic Report, the board are committed to improving the customer journey in order to continue to retain and attract clients.

Engagement with suppliers is also a key part of the business as it feeds into the service we offer to our customers. Therefore, we are selective in the suppliers we chose to work with, choosing only those whose own principles align with our own.

Both of these elements, along with our interest in the company's employees, display the board's commitment to maintaining high standards of business conduct and professionalism.

The impact of our operations on the community and environment:

Our commitment to the community is discussed earlier within the Strategic Report in relation to the Frenkel Topping Charitable Foundation as well as in relation to our Talent.

All general waste at the Group's head office building is sent to a facility which recycles what it can and the remainder is sent to a waste-to-energy facility. In the period July – December 2019, 100% of this waste was recycled or converted to energy, none went to landfill. Confidential waste is also recycled.

Further, the Group encourages travel by public transport where possible through our expenses policy and has a working-from-home policy both of which contribute to lowering our carbon footprint.

The need to act fairly as between members of the company:

Responsibility for investor relations rests with the CEO, supported by the CFO and Chairman. The Group is committed to communicating openly with shareholders to ensure that its strategy and performance are clearly understood.

The Annual General Meeting is the principal forum for shareholders and we encourage all shareholders to attend and participate. The notice of the meeting is sent at least 21 days before the meeting. The chairman of the board and all committees are present, along with other directors wherever possible and are available to answer questions raised by shareholders.

In addition to this and on top of further meetings as necessary throughout the year, the CEO makes presentations to institutional investors immediately following the release of the full-year and half-year results.

Mark Holt
Managing Director
20 April 2020

Directors and Advisers

Directors

Non-Executive Chairman - **P D Richardson**
Executive Director - **S G Bentley** *(resigned 01.03.20)*
Executive Director - **R C Fraser**
Executive Director - **M S Holt**
Executive Director - **E N Cullen-Grant** *(appointed 01.03.20)*
Non-Executive Director - **T J T Linacre**

Secretary

R C Fraser

Company Number

04726826

Registered Office

Frenkel House
15 Carolina Way
Salford
Manchester
M50 2ZY

Auditor

RSM UK Audit LLP
Chartered Accountants
5th Floor, Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

National Westminster Bank Plc
11 Spring Gardens
Manchester
M60 2DB

Solicitors

Addleshaw Goddard LLP
100 Barbirolli Square
Manchester
M2 3AB

Napthens Solicitors LLP
7 Winckley Square
Preston
PR1 3JD

Nominated Adviser and Broker

finnCap
60 New Broad Street
London
EC2M 1JJ

Directors’ Report

The Directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2019.

Principal activities and review of the business

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

A review of the Group’s activities and its future prospects is detailed in the Chairman’s and Chief Executive Officer’s Statements and the Strategic Report.

Results and dividends

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

The Directors are proposing a final dividend of 1.03 pence per share which when added to the interim dividend of 0.32 pence per share, will result in a total dividend per share for the year of 1.35 pence per share (2018: 1.29 pence) subject to Shareholder approval at the AGM on 3rd June 2020.

Future developments and post balance sheet events

Full details of planned future developments are discussed in the Strategic Report on pages 9 to 17.

The impact of COVID-19 is discussed in the notes to the financial statements, note 21, on page 63.

Share capital

Information regarding substantial shareholdings in the Company is contained in the Shareholder Information section on page 64.

Directors who held office during the year

The Directors of the Company who held office during the year and up to the date of signature of the financial statements were:

P D Richardson
Non-Executive Chairman

T J T Linacre
Non-Executive Director

R C Fraser
Chief Executive Officer

S G Bentley *(resigned 01.03.20)*
Chief Finance Officer

M S Holt
Commercial Director

E N Cullen-Grant *(appointed 01.03.20)*
Chief Finance Officer

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.

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.

Going concern assumption

The Directors have considered, as part of their annual budget process, the adequacy of the Group’s banking arrangements 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. As discussed in the Chairman and CEO statement the board are mindful of the impact of COVID-19, they have reviewed forecasts for the year with a variety of possible outcomes and remain confident in continuing 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 appoint an auditor for 2020 will be put to the members at the Annual General Meeting.

Own share purchase

During the year the Company acquired 38,132 of its own shares of £0.005 each for a total consideration of £11,623 (2018 purchase: 27,576 ordinary shares of £0.005 each for a total consideration of £8,020). These share purchases are part of the previously announced buy-back programme to reduce the share capital in the Company. The Company has shares held by an employee benefit trust and have been purchased in order to meet future commitments under the Company’s share option scheme. At 31 December 2019 the Company held 3,105,708 of its own £0.005 shares (2018: 3,067,576) and the Frenkel Topping Group Employee Benefit Trust held 6,648,016 (2018: 6,648,016). The year-end holdings represent the maximum number of shares held by the Company and Employee Benefit Trust representing 12.4% (2018: 12.3%) of the called up share capital of the Company.

Engagement with suppliers, customers and others in a business relationship with the Group

Further information in relation to our engagement with suppliers, customers and others can be found within the Strategic Report. Section 172: Companies Act on page 17.

On behalf of the Board

Elaine Cullen-Grant
Chief Finance Officer
20 April 2020

Directors' Remuneration Report

Remuneration committee

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

Remuneration policy

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

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

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

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

Annual bonus

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

Directors' remuneration

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

	Emoluments £	Bonus £	Pension £	Total 2019 £
P Richardson	63,500	-	-	63,500
T J T Linacre	25,000	-	-	25,000
R Fraser	210,187	25,000	-	235,187
S Bentley	138,459	-	-	138,459
M Holt	194,385	15,000	10,208	219,593
	631,531	40,000	10,208	681,739

	Emoluments £	Bonus £	Pension £	Total 2018 £
P Richardson	210,936	-	6,917	217,853
M Richards *(resigned 19 June 2018)*	11,667	-	-	11,667
T J T Linacre *(appointed 19 June 2018)*	12,500	-	-	12,500
R Fraser	218,263	-	-	218,263
S Bentley	173,256	-	-	173,256
M Holt	204,194	-	8,750	212,944
	830,816	-	15,667	846,483

Pension arrangements

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

Share options

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

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

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

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

Corporate Governance

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

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

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

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

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

Statement of Directors’ Responsibilities in Respect of the Financial Statements

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

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

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

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

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

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

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRS adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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 2019 which comprise the group statement of comprehensive income, group and company statement of financial position, group and company statement of changes in equity, group and company cash flow statements 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 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Summary of our audit approach

Key audit matters

Group:

- Recoverability of trade receivables

Parent company:

- We have not identified any key audit matters in relation to the parent company

Materiality

Group:

- Overall materiality: £123,000
- Performance materiality: £92,200

Parent company:

- Overall materiality: £353,000
- Performance materiality: £264,750

Scope

Our audit procedures covered 100% of revenue, total assets and profit before tax.

Key audit matters

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

Key audit matter description

Included in the Group Statement of Financial Position are trade receivables with a carrying value of £1.58m (2018: £1.54m). These receivables represent fees due from the investment of initial Assets Under Management ("AUM") and expert witness reports. As explained further in note 18 of the financial statements, the nature of the provision of expert witness reports, which represents the majority of the trade receivables, is such that the average collection period for the fees due for the provision of these reports is often in excess of one year and accordingly collectability of these sums and hence valuation is considered to be a risk.

The Accounting Policies set out that a provision for impairment of trade receivables is for the expected credit losses on trade receivables when there is an increased probability that the debt will not be settled on the contractual due date or there is a reduction in the amounts expected to be recovered. Note 18 sets out the average debtor days of 305 days.

The Board have concluded that an impairment provision is required of £53k. This is based on information collated by management from credit control and project managers.

How the matter was addressed in the audit

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

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£123,000	£353,000
Basis for determining overall materiality	10% of Profit before Taxation	5% of Net Assets
Performance materiality	£92,200	£264,750
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £6,150 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £4,360 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 6 components, all of which are based in the UK. All components were subject to full scope audit procedures.

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.

Use of our report

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

Andrew Allchin
(Senior Statutory Auditor)

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

Chartered Accountants
Central Square
29 Wellington Street
Leeds
LS1 4DL

20 April 2020

Group Statement of Comprehensive Income
for the year ended 31 December 2019

	Notes	Group 2019 £	Group 2018 £
Revenue	*1*	8,558,325	7,660,551
Direct staff costs	*2*	(3,516,465)	(2,942,534)
Gross profit		5,041,860	4,718,017
Administrative expenses	*2*		
Share based compensation	*4/14*	(393,876)	(386,243)
Further adjustments to underlying profit from operations		(954,020)	(865,702)
Other administrative expenses		(2,534,566)	(2,309,319)
Total administrative expenses		(3,882,462)	(3,561,264)
Underlying profit from operations:		2,507,294	2,408,698
- share based compensation	*4*	(393,876)	(386,243)
- reorganisation costs		-	(164,717)
- investment in developing business		(733,163)	(700,985)
- contract write off		(63,978)	-
- acquisitions strategy		(156,879)	-
Profit from operations	*2*	1,159,398	1,156,753
Fair value gain/(losses) on investments	*3*	75,944	(12,579)
Finance costs	*3*	(4,880)	-
Profit before tax		1,230,462	1,144,174
Income tax expense	*6*	(270,382)	(348,750)
Profit for the year		960,080	795,424
Items that will not be subsequently reclassified to profit or loss:			
Gains on property revaluation arising net of tax	*10*	24,000	26,776
Total comprehensive income for year		984,080	822,200
Profit attributable to:			
Owners of the parent undertaking		861,540	766,735
Non-controlling interest		98,540	28,689
Total comprehensive income attributable to:			
Owners of the parent undertaking		885,540	793,511
Non-controlling interest		98,540	28,689
Earnings per ordinary share – basic and diluted (pence)	*7*	1.25p	1.11p

Group and Company Statement of Financial Position
as at 31 December 2019

	Notes	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Assets					
Non-current assets					
Goodwill	*8*	7,020,287	7,020,287	-	-
Property, plant and equipment	*10*	1,639,159	1,423,837	-	-
Investments	*9*	-	-	10,464,841	10,464,862
Loans receivable	*15*	100,000	-	-	-
Deferred taxation	*13*	56,992	10,290	97,418	45,644
		8,816,438	8,454,414	10,562,259	10,510,506
Current assets					
Accrued income		924,773	981,558	-	-
Trade receivables	*18*	1,580,774	1,535,537	-	29,897
Other receivables	*11*	321,064	160,127	5,846,800	4,849,545
Investments	*9*	774,158	1,136,222	-	-
Cash and cash equivalents		1,329,220	848,391	20,226	31,997
		4,929,989	4,661,835	5,867,026	4,911,439
Total assets		13,746,427	13,116,249	16,429,285	15,421,945
Equity and liabilities					
Equity					
Share capital	*14*	393,287	393,287	393,287	393,287
Share premium		400,194	400,194	400,194	400,194
Merger reserve		5,314,702	5,314,702	5,314,702	5,314,702
Revaluation reserve		202,103	178,103	-	-
Other reserve		(341,174)	(341,174)	-	-
Own shares reserve		(4,578,549)	(4,566,926)	(4,578,549)	(4,566,926)
Retained earnings		10,875,372	10,552,643	5,217,570	4,412,854
Equity attributable to owners of the parent company		12,265,935	11,930,829	6,747,204	5,954,111
Non-controlling interests		141,417	42,877	-	-
Total equity		12,407,352	11,973,706	6,747,204	5,954,111
Current liabilities					
Current taxation		197,656	216,413	-	-
Trade and other payables	*12*	1,085,732	926,130	9,682,081	9,467,834
		1,283,388	1,142,543	9,682,081	9,467,834
Long term liabilities	*12*	55,687	-	-	-
Total equity and liabilities		13,746,427	13,116,249	16,429,285	15,421,945

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 £1,343,527 (2018: £2,561,832).

The financial statements were approved by the Board of Directors and authorised for issue on 20 April 2020 and are signed on its behalf by:

Elaine Cullen-Grant
Chief Finance Officer

Group Statement of Changes in Equity
for the year ended 31 December 2019

	Share capital £	Share premium £	Merger reserve £	Other reserve £	Own shares reserve £	Retained earnings £	Revaluation reserve £	Total controlling interest £	Non controlling interests £	Total £
Balance at 1 January 2018	393,287	400,194	5,314,702	(341,174)	(4,448,906)	10,252,775	151,327	11,722,205	-	11,722,205
Purchase of own shares	-	-	-	-	(118,020)	-	-	(118,020)	-	(118,020)
Share based payments *(note 4)*	-	-	-	-	-	404,402	-	404,402	-	404,402
Tax credit relating to share option scheme	-	-	-	-	-	(10,936)	-	(10,936)	-	(10,936)
Dividend paid	-	-	-	-	-	(860,333)	-	(860,333)	-	(860,333)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	14,188	14,188
Total transactions with owners recognised in equity	-	-	-	-	(118,020)	(466,867)	-	(584,887)	14,188	(570,699)
Profit for year	-	-	-	-	-	766,735	-	766,735	28,689	795,424
Other comprehensive income	-	-	-	-	-	-	26,776	26,776	-	26,776
Total comprehensive income	-	-	-	-	-	766,735	26,776	793,511	28,689	822,200
Balance at 1 January 2019	393,287	400,194	5,314,702	(341,174)	(4,566,926)	10,552,643	178,103	11,930,829	42,877	11,973,706
Purchase of own shares	-	-	-	-	(11,623)	-	-	(11,623)	-	(11,623)
Share based payments *(note 4)*	-	-	-	-	-	350,066	-	350,066	-	350,066
Tax credit relating to share option scheme	-	-	-	-	-	(21)	-	(21)	-	(21)
Dividend paid	-	-	-	-	-	(888,856)	-	(888,856)	-	(888,856)
Total transactions with owners recognised in equity	-	-	-	-	(11,623)	(538,811)	-	(550,434)	-	(550,434)
Profit for year	-	-	-	-	-	861,540	-	861,540	98,540	960,080
Other comprehensive income	-	-	-	-	-	-	24,000	24,000	-	24,000
Total comprehensive income	-	-	-	-	-	861,540	24,000	885,540	98,540	984,080
Balance at 31 December 2019	393,287	400,194	5,314,702	(341,174)	(4,578,549)	10,875,372	202,103	12,265,935	141,417	12,407,352

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

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

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

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

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

The own shares reserve represents the cost of the 3,105,708 shares (2018: 3,067,576) held by the Company and the 6,648,016 (2018: 6,648,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2019 was £3,599,124 (2018: £2,826,222).

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 non-controlling interest is in respect of Frenkel Topping Associates Limited.

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

Company Statement of Change in Equity
for the year ended 31 December 2019

	Share capital £	Share premium £	Merger reserve £	Own shares reserve £	Retained earnings £	Total controlling interest £
Balance 1 January 2018	393,287	400,194	5,314,702	(4,448,906)	2,315,381	3,974,658
Purchase of own shares	-	-	-	(118,020)	-	(118,020)
Share based payments	-	-	-	-	404,403	404,403
Tax credit relating to share option scheme	-	-	-	-	(8,429)	(8,429)
Dividend paid	-	-	-	-	(860,333)	(860,333)
Total transactions with owners recognised in equity	-	-	-	(118,020)	(464,359)	(582,379)
Profit and total comprehensive income for the period	-	-	-	-	2,561,832	2,561,832
Balance 1 January 2019	393,287	400,194	5,314,702	(4,566,926)	4,412,854	5,954,111
Purchase of own shares	-	-	-	(11,623)	-	(11,623)
Share based payments	-	-	-	-	350,066	350,066
Tax credit relating to share option scheme	-	-	-	-	(21)	(21)
Dividend paid	-	-	-	-	(888,856)	(888,856)
Total transactions with owners recognised in equity	-	-	-	(11,623)	(538,811)	(550,434)
Profit and total comprehensive income for the period	-	-	-	-	1,343,527	1,343,527
Balance 31 December 2019	393,287	400,194	5,314,702	(4,578,549)	5,217,570	6,747,204

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 3,105,708 shares (2018: 3,067,576) held by the Company and the 6,648,016 (2018: 6,648,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2019 was £3,599,124 (2018: £2,826,222).

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

Group and Company Cash Flow Statement
for the year ended 31 December 2019

	Notes	Group 2019 £	Group 2018 £	Company 2019 £	Company (restated) 2018 £
Profit before tax		1,230,462	1,144,174	1,291,754	2,547,997
Adjustments to reconcile profit before tax to cash generated from operating activities:					
Finance income		(75,944)	-	(2,000,000)	(3,100,000)
Finance costs		-	12,579	-	-
IFRS 16 Interest		4,880	-	-	-
Share based compensation		350,046	404,402	350,065	382,526
Depreciation and amortisation		197,773	95,460	-	-
(Increase)/decrease in accrued income, trade and other receivables		(266,590)	(291,831)	(967,408)	(4,868,676)
Increase in trade and other payables		198,207	26,576	214,297	2,920,751
Cash generated from operations		1,638,834	1,391,360	(1,111,292)	(2,117,402)
Income tax paid		(332,958)	(267,550)	-	-
Cash generated from operating activities		1,305,876	1,123,810	(1,111,292)	(2,117,402)
Investing activities					
Acquisition of property, plant and equipment		(169,692)	(86,771)	-	-
Cash acquired on acquisition of control in the subsidiary		-	4,655	-	-
Investment purchases	9	-	(1,765,000)	-	-
Investment disposals	9	438,008	734,115	-	
Loans advanced		(100,000)	-	-	
Dividend received		-	-	2,000,000	3,100,000
Cash generated from /(used in) investment activities		168,316	(1,113,001)	2,000,000	3,100,000
Financing activities					
Own shares purchased		(11,623)	(118,020)	(11,623)	(118,020)
Dividend paid		(888,856)	(860,333)	(888,856)	(860,333)
Interest element of lease payments		(4,880)	-	-	-
Principal element of lease payments		(88,004)	-	-	-
Cash used in financing		(993,363)	(978,353)	(900,479)	(978,353)
Increase/(decrease) in cash and cash equivalents		480,829	(967,544)	(11,771)	4,245
Opening cash and cash equivalents		848,391	1,815,935	31,997	27,752
Closing cash and cash equivalents		1,329,220	848,391	20,226	31,997
Reconciliation of cash and cash equivalents					
Cash at bank and in hand		1,329,220	848,391	20,226	31,997

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

Accounting Policies
for the year ended 31 December 2019

Basis of preparation

Frenkel Topping Group Plc is a public limited company, incorporated and domiciled in England. It is listed on AIM. The registered office of the Company is Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY, and the main activities are set out in the Strategic Report on pages 9 to 17.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Committee ("IFRC") interpretations that are applicable to the consolidated financial statements for the year ending 31 December 2019 and the comparative year to 31 December 2018, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared in sterling, which is the Group's presentation currency and the functional currency of each group entity. They have been prepared using the historical cost convention, as modified by the revaluation of land and buildings and current asset investments.

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

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

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

Initial application of IFRS 16 Leases

During the year, the Group adopted IFRS 16 'Leases' ("IFRS 16") for the first time. IFRS 16 replaces IAS 17 'Leases' ("IAS 17"). The Group previously classified leases between 'finance leases' that transferred substantially all the risks and rewards incidental to ownership of the asset to the Group, and 'operating leases'.

The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable (as adjusted for lease incentives) were previously expensed under IAS 17 on a straight-line basis over the lease term.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term.

The right-of-use assets recognised at 1 January 2019 were assessed for impairment. No impairment losses have been recognised as a result.

The Group has applied IFRS 16 retrospectively to all leases, but has elected to recognise the cumulative effect against opening reserves at 1 January 2019. Therefore, the comparative figures are as previously reported under IAS 17. The Group has applied this approach subject to the transition provisions set out below:

- For all contracts that existed prior to 1 January 2019, the Group has not applied IFRS 16 to reassess whether each contract is, or contains, a lease;
- A single discount rate has been applied to portfolios of leases with similar characteristics;
- Initial direct costs have been excluded from the measurement of the right-of-use assets; and
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or termination options.

As at 1 January 2019, the Group recognised right-of-use assets and a lease liability of £81,431 in the statement of financial position. Further details on the recognition and measurement differences arising on the adoption of IFRS 16 are disclosed in note 20.

The amounts recognised for leases at 1 January 2019, have been measured as follows:

- The lease liability is measured at the present value of the remaining lease payments at 1 January 2019, discounted at the lessee's incremental borrowing rate at that date.
- The right-of-use asset is measured at the amount of the lease liability recognised in accordance with the measurement set out above, adjusted for accrued or prepaid operating lease payments at 1 January 2019.
- When the value of the underlying asset (if new) at 1 January 2019 is £4,000 or less, the Group has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.
- Where the lease term ends before 31 December 2019, the Group has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

Right-of-use assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leased office equipment	On a straight-line basis over the lease term
Leased vehicles	On a straight-line basis over the lease term

Leases

On commencement of a contract which gives the Group the right to use assets for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease (term is twelve months or less with no option to purchase the lease asset) or a 'low-value' lease (where the underlying asset is £4,000 or less when new).

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate and any residual value guarantees. The Group elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component for office equipment and vehicles.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

When the lease liability is re-measured due to changes arising from the original terms and conditions of the lease, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. A lease modification, that was not part of the original terms and conditions of the lease is accounted for as a separate lease or an adjustment to the lease liability depending on the nature of the change.

Accounting Policies
for the year ended 31 December 2019 *continued*

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 are mindful of COVID-19 and the impact that this has had on operations is discussed further in note 21. Further, in light of the impact which it has had on global markets, the Board are monitoring product specific performance on a daily basis. It is expected that this will have some, but not significant, impact on recurring income and potentially new business income in 2020 however our AUM has shown to be resilient due to our investment portfolio mix and our new business pipeline remains strong. The Board have reviewed forecasts for the year with a variety of possible outcomes 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:

Share Based Compensation:

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.

Leases:

When the interest rate implicit in the lease is not readily determinable, the Group estimates the incremental borrowing rate based on its expected borrowing rate. The Group applied a rate of 4.16% to all its leases.

Alternative performance measures

During the year the Group adopted the alternative performance measure of underlying profit from operations. This measure is not defined under IFRS, nor is it a measure of financial performance under IFRS.

This measure is sometimes used by investors to evaluate a company's operational performance with a long term view towards adding shareholder value. This measure should not be considered an alternative, but instead supplementary, to profit from operations and any other measure of performance derived in accordance with IFRS.

Alternative performance measures do not have generally accepted principles for governing calculations and may vary from company to company. As such, the underlying operating profit quoted within the Group Statement of Comprehensive Income should not be used as basis for comparison of the Group's performance with other companies

Underlying Profit from Operations:

The Group uses underlying profit from operations, defined as profit from operations, adding back share based compensation, reorganisation costs, investment in developing business, the cost of contract write offs and the costs associated with the Group's acquisitions strategy.

The underlying profit from operations is reconciled back to the profit from operations within the Group Statement of Comprehensive Income.

Revenue

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

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

Revenue in relation to expert witness reports is recognised when a report is complete and accepted by a customer (refer to note 18 for details of settlement terms)

Initial advice fees are recognised when the customer has completed the required paperwork in relation to the advice received and the necessary customer due diligence has been completed.

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

Basis of consolidation

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

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

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

Goodwill

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

Goodwill on acquisition of subsidiaries is separately disclosed.

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

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

Impairment

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Other than for goodwill where prior impairments never reverse, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, plant and equipment

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

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

Accounting Policies
for the year ended 31 December 2019 *continued*

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

Right-of-use assets	- 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 and company 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 has operated 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.

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, loan and other receivables

Trade and loan receivables are initially measured at their transaction price. Trade and loan receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method. The Directors have considered the impact of discounting trade and loan receivables whose settlement may be deferred for lengthy periods and concluded that the impact would not be material.

An impairment loss is recognised for the expected credit losses on trade and loan receivables when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

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

Trade payables

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

Equity Instruments

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

Financial liabilities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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

Employee benefits

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

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

Taxation

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

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

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

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

Current asset investments

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

Notes to the Financial Statements
for the year ended 31 December 2019

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.

Revenue arising from recurring and non-recurring sources is as follows:

	Group 2019 £	Group 2018 £
Recurring	6,668,299	6,013,533
Non-recurring	1,890,026	1,647,018
Total revenue	8,558,325	7,660,551

2 Profit from operations

	Group 2019 £	Group 2018 £
Profit from operations is stated after charging:		
Share based compensation *(note 14)*	393,876	386,243
Investment in developing business	733,163	700,985
Reorganisation costs	-	164,717
Contract write offs	63,978	-
Acquisitions strategy	156,879	-
Depreciation and amortisation on right-of-use assets	79,842	-
Depreciation and amortisation (other)	117,931	95,460
Short-term (2018 IAS 17 operating) lease rentals	1,888	90,179

Costs in relation to investment in developing business relate to investment in people, marketing and in the continued investment in Obiter Wealth Management Limited.

Contract write off costs relate to the cost incurred in reaching settlement of a contract dispute for the long term benefit of the business.

Acquisition strategy costs relate to cost incurred in relation to seeking acquisition targets as discussed in the CEO's statement.

Reorganisation costs mainly relate to the reorganisation of the Board to comply with the new Corporate Governance requirements in 2018.

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non audit services:	2019 £	2018 £
Audit services		
- Statutory audit	30,540	29,200
Other services		
The auditing of accounts of associates of the company pursuant to legislation:		
- Audit of subsidiaries where such services are provided by RSM UK Audit LLP and its associates	24,960	24,800
- Other services	3,850	19,150
Tax services		
- Compliance services	11,050	10,850
	70,400	84,000

Notes to the Financial Statements
for the year ended 31 December 2019 *continued*

2 **Profit from operations** *(continued)*

The following table analyses the nature of expenses:

	Group 2019 £	Group 2018 £
Staff costs *(see note 4)*	4,650,772	3,936,028
Depreciation and amortisation (IFRS 16)	79,842	-
Operating lease charges	1,888	90,179
Depreciation and amortisation (other)	117,931	95,640
Premises costs	137,009	127,323
Marketing expenses	354,972	272,199
Professional fees	382,749	452,398
Sale and reorganisation costs	-	164,717
Acquisitions strategy	156,879	-
Contract write offs	63,978	-
Other expenses	1,452,907	1,365,314
Total operating expenses	7,398,927	6,503,798

3 **Interest and similar items**

	Group 2019 £	Group 2018 £
Fair value gains/(losses) on investments	75,944	(12,579)
Total finance income	75,944	(12,579)
Interest on lease liabilities	4,880	-
Total finance costs	4,880	-

The gain on investments includes a mix of unrealised investment gains, investment income and realised gains on disposals.

4 **Employees**

NUMBER OF EMPLOYEES
The average monthly numbers of employees (including the Directors) during the year was made up as follows.
The Company has no employees other than the directors:

	2019 Number	2018 Number
Directors	5	5
Sales	16	17
Administration	52	45
	73	67

4 **Employees** *(continued)*

EMPLOYMENT COSTS

	2019 £	2018 £
Wages and salaries	3,574,832	2,946,312
Social security costs	427,463	347,163
Pension costs	126,547	127,061
Other benefits	128,054	129,249
Share based compensation – social security costs *(see note 14)*	43,830	(18,152)
Share based compensation – equity settled *(see note 14)*	350,046	404,395
	4,650,772	3,936,028

REMUNERATION OF KEY MANAGEMENT PERSONNEL
The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of the individual directors is provided in the Directors' remuneration report on pages 22 to 23.

	2019 £	2018 £
Short-term employee benefits	671,531	679,041
Post-employment benefits	10,208	15,667
Other long-term benefits	-	64,275
Compensation for loss of office	-	87,500
	681,739	846,483
Social security costs	81,207	80,381
	762,946	926,864

	Number	Number
Number of Directors to whom retirement benefits are accruing under a defined contribution scheme	1	2

	2019 £	2018 £
The remuneration in respect of the highest paid director was:		
Emoluments	235,187	218,263
Gains made on exercise of share options	-	-
	235,187	218,263

During the year no (2018: nil) directors exercised nil (2018: nil) share options. The highest paid director exercised no (2018: nil) share options.

Notes to the Financial Statements
for the year ended 31 December 2019 *continued*

5 Pension costs

The Group operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Group and amounted to £126,547 (2018: £127,061).

6 Taxation

	Group 2019 £	Group 2018 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	356,253	321,989
Adjustments in respect of previous periods	(39,169)	16,681
Total current tax charge	317,084	338,670
Deferred tax		
Temporary differences, origination and reversal	(46,702)	10,080
Total deferred tax charge	(46,702)	10,080
Tax on profit on ordinary activities	270,382	348,750

FACTORS AFFECTING TAX CHARGE FOR YEAR
The standard rate of tax applied to reported profit on ordinary activities is 19 per cent (2018: 19 per cent). The corporation tax rate for the 2020 financial year, commencing 1 April 2020, was included in the Finance Act 2016 at 17%, and this rate was substantively enacted on 6 September 2016. However, in the budget speech on 11 March 2020, the Chancellor announced that the corporation tax rate would remain at 19%, the rate in force for the 2019 financial year. On 17 March 2020 a resolution having statutory effect was passed under the Provisional Collection of Taxes Act 1968, setting the rate at 19%.

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 2019 £	Group 2018 £
Profit before taxation	1,230,462	1,144,174
Profit multiplied by main rate of corporation tax in the UK of 19% (2018: 19%)	233,788	217,393
EFFECTS OF:		
Expenses not deductible	125,542	96,722
Share based payments	(56,331)	73,386
Other charges/(deductions) in period	(32,617)	(38,751)
Total tax expense for year	270,382	348,750

A total of £nil (2018: £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, a debit of £21 (2018: £10,936 debit) deferred taxation was recognised directly in equity in relation to share options.

7 Earning per share

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

	Group 2019 £	Group 2018 £
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	861,540	766,735
Earnings for the purposes of diluted earnings per share	861,540	766,735
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	78,657,349	78,657,349
Less: own shares held	(9,752,507)	(9,715,592)
	68,904,842	68,941,757
Effect of dilutive potential ordinary shares:		
- Share options	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	68,904,842	68,941,757
Earnings per ordinary share – basic (pence)	1.25p	1.11p
Earnings per ordinary share – diluted (pence)	1.25p	1.11p

8 Goodwill

	£
COST	
As at 1 January 2019 & 31 December 2019	7,020,287
NET BOOK VALUES	
At 31 December 2019	7,020,287
At 31 December 2018	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.

Notes to the Financial Statements
for the year ended 31 December 2019 *continued*

9 Investments

Current Investments	£
GROUP	
As at 1 January 2018	117,916
Acquisition during year	1,765,000
Revaluation	(12,579)
Disposals	(734,115)
As at 1 January 2019	1,136,222
Acquisition during year	-
Revaluation	75,944
Disposals	(438,008)
At 31 December 2019	774,158
NET BOOK VALUES	
At 31 December 2019	774,158
At 31 December 2018	1,136,222
At 31 December 2017	117,916

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 £75,944 (2018: loss of £12,579) in relation to these investments was recognised in profit or loss during the year. This gain includes a mix of unrealised investment gains, investment income and realised gains on disposals.

COMPANY	£
COST	
As at 1 January 2018	10,442,985
Additions/(Disposals)	21,877
As 31 December 2018	10,464,862
Additions/(Disposals)	(21)
At 31 December 2019	10,464,841
NET BOOK VALUES	
At 31 December 2019	10,464,841
At 31 December 2018	10,464,862
At 31 December 2017	10,442,985

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

9 Investments *(continued)*

Shares in subsidiary and associate undertakings are stated at cost. As at 31 December 2019, Frenkel Topping Group plc owned the following principal subsidiaries which are included in the consolidated accounts (movement in the proportion of shares held since 31 December 2019 are disclosed in note 21):

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]
ExpressFT Limited	Dormant	Ordinary	50%[2]
Frenkel Topping Associates Limited	Financial services	Ordinary	50%[2]
Ascencia Investment Management Limited	Financial services	Ordinary	100%
Obiter Wealth Management Limited	Financial services	Ordinary	100%
Luci Platform Limited	Dormant	Ordinary	100%
Truly Asset Management Limited	Dormant	Ordinary	100%[3]
Aspire+ Wealth Management Limited	Dormant	Ordinary	50%[2]
Hudgell's Financial Management Services Limited	Dormant	Ordinary	100%[2]
HCC Investment Solutions Limited	Dormant	Ordinary	100%[2]
Frenkel Topping Finance Limited	Dormant	Ordinary	100%
Equatas Accountants Limited	Dormant	Ordinary	48%

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

[1] Owned by Frenkel Topping Group Holdings Limited
[2] Owned by Frenkel Topping Limited
[3] Owned by Ascencia Investment Management Limited

Notes to the Financial Statements

for the year ended 31 December 2019 *continued*

10 Group property, plant and equipment

	Freehold building £	Office equipment £	Computer equipment £	Marketing equipment £	Right-of-use assets £	Total £
Cost / Valuation						
At 1 January 2018	1,200,000	177,775	95,742	-	-	1,473,517
Additions	47,224	20,076	19,471	-	-	86,771
Revaluation	2,776	-	-	-	-	2,776
Disposals	-	-	-	-	-	-
At 31 December 2018	1,250,000	197,851	115,213	-	-	1,563,064
Right-of-use assets on transition to IFRS 16	-	-	-	-	81,431	81,431
Additions	-	94,005	63,437	12,250	137,974	307,666
Revaluation	-	-	-	-	-	-
Disposals	-	-	(19,475)	-	-	(19,475)
At 31 December 2019	1,250,000	291,856	159,175	12,250	219,405	1,932,686
Depreciation						
At 1 January 2018	-	33,698	34,071	-	-	67,769
Charge for the year	24,000	48,766	22,694	-	-	95,460
Disposals	-	-	-	-	-	-
Revaluation	(24,000)	-	-	-	-	(24,000)
At 31 December 2018	-	82,464	56,765	-	-	139,229
Charge for the year	24,000	64,406	28,510	1,015	79,842	197,773
Disposals	-	-	(19,475)	-	-	(19,475)
Revaluation	(24,000)	-	-	-	-	(24,000)
At 31 December 2019	-	146,870	65,800	1,015	79,842	293,527
Net Book Values						
At 31 December 2019	1,250,000	144,986	93,375	11,235	139,563	1,639,159
At 31 December 2018	1,250,000	115,387	58,448	-	-	1,423,835
At 1 January 2018	1,200,000	144,077	61,673	-	-	1,405,750

Freehold property with a carrying value of £1.25m was revalued as at 31 December 2019 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.

10 Group property, plant and equipment *(continued)*

The carrying amount of property, plant and equipment include right-of-use assets, at 31 December as detailed below:

	2019 £
Carrying amount of right-of-use assets included within property, plant and equipment	
Office equipment	39,186
Motor vehicles	100,377
Total carrying amount presented within property, plant and equipment	139,563

The depreciation charged in respect of right-of-use assets is as follows:

	2019 £
Office equipment	13,798
Motor vehicles	66,044
Total carrying amount presented within property, plant and equipment	79,842

11 Other receivables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Prepayments	262,816	38,559	40,169	3,019
Other receivables	58,248	121,568	6,631	46,526
Amount due from group undertakings	-	-	5,800,000	4,800,000
	321,064	160,127	5,846,800	4,849,545

Notes to the Financial Statements
for the year ended 31 December 2019 *continued*

12 Trade and other payables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade payables	463,059	414,322	42,868	12,910
Other tax and social security	249,351	203,341	-	-
Lease liabilities *(note 20)*	75,792	-	-	-
Other payables	42,699	45,044	-	-
Amount due to group undertakings	-	-	9,535,886	9,394,070
Accruals	254,831	263,423	103,327	60,854
	1,085,732	926,130	9,682,081	9,467,834

Non-current trade and other payables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Lease liabilities *(note 20)*	55,687	-	-	-
	55,687	-	-	-

13 Provisions for deferred taxation

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Share-based payments	(74,684)	(28,919)	(97,418)	(45,644)
Revaluation	17,692	18,629	-	-
Tax losses carried forward	(454,387)	(454,387)	-	-
At 31 December	(511,379)	(464,677)	(97,418)	(45,644)
Included in non current assets	(56,992)	(10,290)	(97,418)	(45,644)
Unrecognised deferred taxation asset	(454,387)	(454,387)	-	-
At 31 December	(511,379)	(464,677)	(97,418)	(45,644)

Movement in the period	£	£	£	£
At 1 January	(10,290)	(31,306)	(45,644)	(40,239)
Deferred tax charge in the profit and loss	(46,702)	10,080	(51,774)	(13,834)
Deferred tax recognised in equity	-	10,936	-	8,429
Deferred tax recognised in OCI	-	-	-	-
At 31 December	(56,992)	(10,290)	(97,418)	(45,644)

The Group has unrecognised deferred tax assets of £454,387 at 31 December 2019 and 31 December 2018, 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	2019 £	Number of shares	2018 £
Authorised				
Ordinary shares of £0.005 each	80,000,000	400,000	80,000,000	400,000
Preference shares of £1 each	50,000	50,000	50,000	50,000
		450,000		450,000
Allotted, called up and fully paid				
As at 1 January	78,657,349	393,287	78,657,349	393,287
New shares issued	-	-	-	-
As at 31 December				
Ordinary shares of £0.005 each	78,657,349	393,287	78,657,349	393,287

Dividends of £930,199 (2018 final paid: £888,857) in aggregate, being 1.35 (2018: 1.29) pence per share, were proposed before the financial statements were authorised for issue but not treated as a distribution to equity. Dividends of 0.32 pence per share have been paid as an interim, 1.03 pence per share has been proposed as a final dividend to be approved by the shareholders at the AGM on 3rd June 2020. Shares held under the employee benefit trust have waived their rights to dividends, nor is a dividend payable on the number of own shares held.

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

Grant date	Subscription price per share	Number of shares which rights exercisable	Earliest date on which options can be exercised
24 August 2016	0.5p	1,000,000	As above
24 August 2016	24.0p	333,334	As above
12 March 2018	0.5p	2,000,000	As above
12 March 2018	13.5p	83,500	As above
Employee share options in issue		3,416,834	

Notes to the Financial Statements
for the year ended 31 December 2019 *continued*

14 Share capital (Group and Company) *(continued)*

	2019 Options	2019 Weighted average exercise price (pence)	2018 Options	2018 Weighted average exercise price (pence)
Outstanding as 1 January	4,656,834	13.71	1,333,334	6.38
Granted during the year	-	-	4,563,500	23.90
Lapsed during the year	(1,240,000)	44.00	(1,240,000)	44.00
Exercised during the year	-	-	-	-
Outstanding at 31 December	3,416,834	3.11	4,656,834	13.71
Exercisable at 31 December	-	-	-	-

The options outstanding at 31 December 2019 had a weighted average remaining contractual life of 1.7 years (2018: 1.6 years).

No options have been exercised in the current year (2018: nil).

The share based compensation charge of £393,876 (2018: £386,243) consists of £350,046 (2018: £404,395) in relation to the share based payment charge in the year and £43,830 (2018: credit of £18,152) relating to 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 £38,325 (2018: £36,567) in dividends in aggregate.

The Association for Spinal Injury Research Rehabilitation and Reintegration which is viewed as a related party as this entity has significant influence over the subsidiary company Aspire + Wealth Management Limited.

During the year the Group issued an unsecured loan to the Association for Spinal Injury Research Rehabilitation and Reintegration for the sum of £100,000 which remains outstanding in full at the reporting date. The loan is interest free (except in default) and is repayable in 5 years.

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

Aside from lease liabilities accounted for in line with IFRS 16 (note 20), the Group has no current borrowing thus has no interest rate risk.

16 Financial instruments *(continued)*

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, moreover they have remained strong throughout the onset of COVID-19. Based on forecasts, profitability would have to reduce by more than 50% before the Group's cash resources would be exhausted. Whilst the Group does have longer than average debtor days in connection with the expert witness services, the inflows from receipt of historic expert witness debtors mitigate the increase in the debtor value from new expert witness services and thus are not material to the liquidity of the Group. The nature of the Group's business means that cash flows are relatively stable and predictable. Any significant fall in the level of funds invested by the Group's clients could have a significant impact on the cash resources of the Group..

Credit risk

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

Foreign currency risk

The Group has no overseas assets or liabilities.

The interest rate profile of the financial assets of the Group as at 31 December 2019 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 £
2019				
Cash at bank	-	1,329,220	-	1,329,220
Loans receivable	-	-	100,000	100,000
Trade receivables *(note 18)*	-	-	1,580,774	1,580,774
Accrued income	-	-	924,773	924,773
Investments	774,158	-	-	774,158
Other receivables	-	-	58,248	58,248
Total	**774,158**	**1,329,220**	**2,663,795**	**4,767,173**

16 Financial instruments *(continued)*

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

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

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2019				
Trade payables	-	-	463,059	463,059
Lease liabilities	131,479	-	-	131,479
Other payables	-	-	42,699	42,699
Accruals	-	-	254,831	254,831
Total	**131,479**	**-**	**760,589**	**892,068**

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

16 Financial instruments *(continued)*

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities excluding lease liabilities (refer to note 20) as at 31 December 2019 was as follows:

	2019 £	2018 £
Payable within one year	760,589	722,789
	760,589	722,789

The interest rate profile of the financial assets of the Company as at 31 December 2019 is as follows:

	Fixed rate financial assets £	Floating rate financial assets £	Financial assets on which no interest is paid £	Total £
2019				
Cash at bank	-	20,226	-	20,226
Trade receivables *(note 18)*	-	-	-	-
Other receivables	-	-	5,806,631	5,806,631
Total	**-**	**20,226**	**5,806,631**	**5,826,857**

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

Notes to the Financial Statements
for the year ended 31 December 2019 *continued*

16 Financial instruments *(continued)*

	Fixed rate financial assets £	Floating rate financial assets £	Financial liabilities on which no interest is paid £	Total £
2019				
Trade payables	-	-	42,868	42,868
Other payables	-	-	9,535,886	9,535,886
Accruals	-	-	103,327	103,327
Total	**-**	**-**	**9,682,081**	**9,682,081**

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

Maturity of financial liabilities

The maturity profile of the Company financial liabilities as at 31 December 2019 was as follows:

	2019 £	2018 £
Payable within one year	9,682,081	9,467,834
	9,682,081	9,467,834

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

The Company shares a VAT registration with its subsidiary Frenkel Topping Limited. Both the Company and Frenkel Topping Limited are joint and severally liable for amounts due. As at 31 December the amount due to HMRC is £49,108 (2018: £57,402).

18 Trade receivables

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 305 (2018: 340). Debtor days has been calculated as the balance in trade receivables against new business income recorded in the year. The trade receivables represent fees due from investment of initial AUM or Expert Witness Reports.

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

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

During the year £23,392 (2018: £7,500) of receivables were written off against a total of 31 cases (2018: 1). This was as a result of senior management reviewing the cases on the debtor provision in 2019 and ascertaining that there were a number of low value cases where it was inefficient use of resources to continue the credit control process. All these cases were pre 2017 and a provision had been made for them in prior years, any write off are made against the provision. At the reporting date, the total provision for bad debts was £53,245 in respect of specific outstanding invoices.

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. Excluding leases accounted for under IFRS 16, the Group has no net external borrowing and hence the gearing ratio is 0% (2018: 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.

Notes to the Financial Statements
for the year ended 31 December 2019 *continued*

20 Lease liabilities

Lessee

The Group leases various vehicles and printing equipment for its operations. Lease contracts are typically made for fixed periods of 2 to 3 years with no extension options.

Differences between the operating lease commitments disclosed at 31 December 2018 under IAS 17 discounted at the incremental borrowing rate at 1 January 2019 and lease liabilities recognised at 1 January 2019 are explained below:

	Liability £
Operating lease commitments disclosed as at 31 December 2018	83,380
Discounted using the lessee's incremental borrowing rate at the date of initial application	(3,345)
(Less): short-term leases not recognised as a liability	(1,785)
Add/(Less): adjustments as a result of a different treatment of extension and termination options	3,181
Lease liability recognised as at 1 January 2019	81,431

The total cash outflow for leases during the year was £92,884.

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December and the contractual maturity date.

	Office equipment	Motor vehicles	Total £
Less than one year	17,877	57,915	75,792
Between one and five years	18,121	37,566	55,687
Lease liability recognised as at 31 December 2019	35,998	95,481	131,479

Changes in liabilities arising from financing activities	£
Lease liability as at 31 December 2018	-
Lease liability initial recognition on transition to IFRS 16	81,431
Additions	138,052
Lease payments cash flows	(92,884)
Interest	4,880
Lease liability recognised as at 31 December 2019	131,479

21 Events after the reporting date

Note 9 details the shares held in subsidiary and associate undertakings as at 31 December 2019. Movement in the proportion of shares held between the reporting date and 20th April 2020 is shown below:

Company	Nature of business	Class of shares held	Proportion of shares held
Truly Asset Management Limited	Dormant	Ordinary	50%[1] (31.12.19: 100%)
HCC Investment Solutions Limited	Dormant	Ordinary	50%[2] (31.12.19: 100%)

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

[1] Owned by Ascencia Investment Management Limited
[2] Owned by Frenkel Topping Limited

COVID-19

The Global outbreak of COVID-19 has resulted in the Group swiftly implementing its Business Continuity Plan. Our number one priority is the safety and wellbeing of all our stakeholders. Our entire team is successfully using technology to work remotely and are continuing to support our clients and each other. The Group is robust, with a strong balance sheet and cash reserves. The first quarter has seen us add substantial new AUM mandates and a pleasing level of new business income. The potential impact of COVID – 19 is difficult to quantify, however management are monitoring the situation closely, particularly in light of any potential temporary reduction in recurring income as a result of movements in global stock markets. Many of our products continue to perform well in comparison to the market, for example, Ascencia ESG Portfolio Risk Level 3 returned -4.48% for the period 01/01/20–31/03/20 compared to -23.84% for the FTSE 100 and -20.10% for MSCIWorld over the same period. Ascencia ESG Portfolio Risk Level 4 returned -7.73% over the same period. Forecasts have been produced with a variety of possible outcomes, the Board have reviewed these and remain confident of the Group's position.

Shareholder Information
Substantial shareholding as at 4 April 2020

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	3.40
Employee Benefit Trusts	6,648,016	8.80
Own shares held	3,105,708	4.11
IPGL	16,236,377	21.49
Harwood Capital LLP	15,100,000	19.99
R & C Hughes	6,173,355	8.17
Marlborough Fund Managers ltd	5,225,000	7.31
Lions Trust	3,812,586	5.05
D.R. Southworth	2,939,667	3.89

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 2019 are as follows:

P D Richardson
Non-Executive Chairman

T J T Linacre
Non-Executive Director

R C Fraser
Chief Executive Officer

M S Holt
Commercial Director

E N Cullen-Grant
Chief Finance Officer *(appointed 01.03.2020)*

S G Bentley Chief Finance Officer *(resigned 01.03.2020)*

Notes

frenkel
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GROUP

FRENKEL TOPPING GROUP PLC
Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY.
T: 0161 886 8000 F: 0161 886 8002 DX: 20340 Salford Broadway
E: enquiries@frenkeltopping.co.uk

www.frenkeltoppinggroup.co.uk