frenkel topping GROUP

Annual Report 2020

FRENKEL TOPPING GROUP PLC

Financial Statements for the year ended 31 December 2020

Registration number 04726826

WELCOME

to our Annual Business Report 2020

Our Brand Family

Professional Services delivering expert advice & service.

Go to IFA at vulnerable times of life.

DFM of choice for IFA's.

Client Care Client centric approach.

Talent Unrivalled Talent.

Charitable Foundation integral to our culture and values.

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HIGHLIGHTS

For the year ending 31 December 2020

Frenkel Topping Group is a specialist financial services firm operating in the Personal Injury (PI) and Clinical Negligence (CN) space. Through its professional services division, its IFA offering and its discretionary fund manager, the Group provides specialist financial expertise throughout the lifecycle of a personal injury or clinical negligence claim from pre-settlement, during litigation and into the post-settlement stage.

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

As at 31 December 2020 the Group has clients with £1,012m (2019: £898m) of Assets Under Management (AUM) with £527m (2019: £399m) on a discretionary mandate.

FINANCIAL HIGHLIGHTS

REVENUE
£10.2m
(2019: £8.6m)

RECURRING REVENUE OF
£7.3m
(2019: £6.7m)

GROSS PROFIT
£5.5m
(2019: £5.0m)

ADJUSTED EBITDA OF (as defined in our accounting policies on page 39)
£2.5m
(2019: £2.0m)

UNDERLYING PROFIT FROM OPERATIONS (as defined in our accounting policies on page 40)
£2.2m
(2019: £1.8m)

PRE-TAX PROFIT
£1.5m
(2019: £1.2m)

BASIC EPS OF
1.30p
(2019: 1.25p)

STRONG BALANCE SHEET MAINTAINED
net cash
£12m
(as at 31 December 2019: £1.3m)

TOTAL ASSETS as at 31 December 2020 were
£28.5m
(2019: £13.7m)

TOTAL DIVIDENDS paid and proposed
up 1% to 1.36p PER SHARE
(2019: 1.35p)

OPERATIONAL HIGHLIGHTS

TWELFTH CONSECUTIVE YEAR OF
high client retention (99%)
for investment management services

ASSETS UNDER MANAGEMENT (AUM)
£1,012m
(as at 31 December 2019: £898m)

ASSETS ON A DISCRETIONARY MANDATE
£527m
(as at 31 December 2019: £399m)

OVERSUBSCRIBED CAPITAL RAISE OF
£13m
(gross)

ACQUISITION OF FORTH ASSOCIATES LIMITED

CHAIRMAN'S STATEMENT

Tim Linacre

On behalf of Frenkel Topping Group's Board of Directors, **I am pleased to report on another positive year for the Group** in which we continued to deliver strong results for our shareholders that are in line with the Board's expectations.

Overview

The last year has seen a clear commitment to the implementation of the Group's strategy with a number of key appointments, targeted M&A and continued investment in key areas to drive future growth. These important, successful developments are outlined in the Chief Executive Officer's Statement and the Strategic Report and are in addition to the firm's longstanding client retention rate which has been maintained at 99%, a twelfth consecutive year of excellent performance.

People

During the year, a number of changes were made at Board level including Paul Richardson stepping down from his role as Non-Executive Chairman and handing the reigns to myself. Paul leaves with our very best wishes.

In March 2020, Elaine Cullen-Grant joined the Board as Chief Financial Officer, having previously served as Group Financial Controller since 2009.

In May 2020, Christopher Mills joined the Board as Non-Executive Director, bringing his extensive financial services and public company expertise to support the Group in its ambitious growth plans.

The appointment of the Right Honourable Mark Field and Zoe Holland as Non-Executive Directors followed early in 2021, bringing a wealth of experience to the Group's Board as it continues to pursue its growth strategy this year.

On behalf of everyone at Frenkel Topping, welcome to the team. The Board strongly believes it is important to have the right balance of skills, experience and background to support the growth of the business – this year we have made significant progress on that front.

Outlook

The first three months of trading has been strong and the Group continues to show strength in organic growth, through new business and winning substantial AUM mandates.

The Group has shown resilience against the continuing COVID-19 pandemic and alongside its 99% retention rates has a solid pipeline of new business opportunities that capitalise on the potential brought into the Group by recent M&A activity.

We continue to trade in line with management's expectations and therefore remain confident about the future.

Dividend

Reflecting the Board's confidence in the Group, **total dividends (paid and proposed) are up 1% to 1.36p per share** (FY 2019: 1.35p).

Tim Linacre
NON-EXECUTIVE CHAIRMAN

30 April 2021

CHIEF EXECUTIVE OFFICER'S STATEMENT

Richard Fraser

Overview

I am proud to report on another year of strong delivery against our strategy and a 12-month period that saw the Group achieve a number of key milestones.

The performance during 2020 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 by 18.6% to £10.2m (2019: £8.6m), of which £7.3m (2019: £6.7m) related to recurring revenues within our financial services businesses.

Gross profit was up to £5.5m (2019: £5.0m) and underlying profit from operations (as defined in our Accounting Policies on page 38) was £2.2m (2019: £1.8m), an increase of 22%. Pre-tax profit increased by 25% to £1.5m (2019: £1.2m). The Group is in a strong financial position, following the £13m (gross) placing undertaken in July 2020, with total assets of £28.5m (2019 £13.7m) and as at 31 December 2020, net cash stood at £12m (2019 £1.3m). Cash generated from operating activities was up 30% to £1.7m (2019: £1.3m).

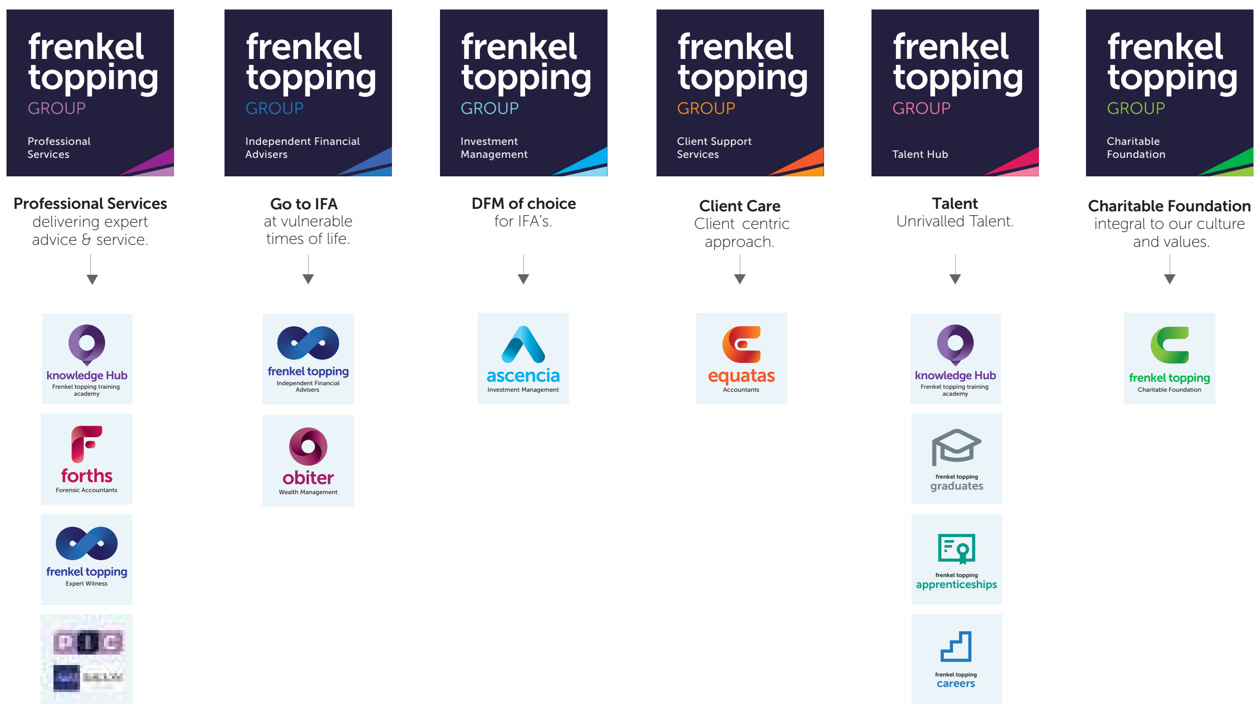
Our client retention rate remains exceptionally high at 99%, reflecting positive performance from our portfolios and our relentless focus on excellent customer service.

The net assets added in 2020 (£108m) and market movements (£6m) resulted in AUM increasing by 13% to £1,012m. Similarly, Ascencia's assets on a discretionary mandate grew strongly by 32% to £527m (2019: £399m).

Strategic Progress

We have entered 2021 with great momentum after a successful year enacting a buy and build strategy and bolstering the Board with a wealth of relevant experience across Personal Injury (PI) and Clinical Negligence (CN) as well as from a public company and fast-growth business perspective.

We have clearly defined the core pillars of the Group and the positioning of the brands in our Group structure. By focusing on the key drivers of success in each division, we have cemented the foundations and created a clear growth plan that allows us to continue to build on the success of the Group as a holistic financial services offering in our well-defined niche. This is expanded on within the Strategic Report.



2020 was a positive year of growth for Frenkel Topping Group, defined by progress towards our strategic goal to consolidate the PI and CN marketplace.

The Group has performed well, delivering both organic growth and new business wins, showing resilience to the continuing COVID-19 pandemic, and we have a solid pipeline of new business opportunities for the year ahead.

The oversubscribed capital raise of £13m (gross) in July 2020 accelerated the Company's vision of becoming the market leader in providing a full service offering to clients and claimants, particularly in the PI and CN marketplace. It was a significant step in allowing us to pursue our plans to consolidate the heavily fragmented pre-settlement professional services market by targeting acquisitions that have clear synergies in the PI and CN sectors in order to scale routes into growing assets under management (AUM) mandates from successful claims.

The capital raise coincided with the acquisition of forensic accountancy firm, Forth Associates Limited (Forths). By bringing Forths into Frenkel Topping Group **we have created the largest independent provider of financial expert witness reports to the claimant marketplace.** Forths has been successfully integrated into the Group and work continues to further develop the opportunities this presents for continued growth.

During early 2021 we have been pleased to welcome A&M Bacon (A&M) and Partners in Costs (PIC) to the Group. A&M is a firm of civil and commercial litigation costs specialists and PIC is one of the UK's leading costs law specialists with costs lawyers and costs consultants.

The PI and CN professional services vertical is particularly fragmented. These acquisitions, and that of Forths, mean that the Group has now become one of the largest players in the market.

The transactions are firmly in line with the Group's acquisition strategy:

> **To pursue quality opportunities in, and drive consolidation of, the pre-settlement professional services marketplace in personal injury and clinical negligence and to ensure the Group has as many touch points as possible in the personal injury/clinical negligence space in order to capture as many revenue opportunities as possible.**

This will bring a number of synergies that will drive an increase in Underlying Profit from Operations and normalised EBITDA going forwards.

In addition to cost synergies, the claimants that A&M Bacon and PIC support will naturally benefit from the additional services that Frenkel Topping Group offers, such as welfare benefits assessments and trust advice in conjunction with forensic accounting and expert witness services throughout the entire timespan of a claim and financial advisory and investment management services following settlement.

Bringing PIC and A&M Bacon into the wider Group will enhance the Company's chances of winning the AUM mandate on the result of a successful claim.

Our 2020 results demonstrate the cumulative impact of clearly defined commercial goals, coupled with a sense of duty to deliver the right outcomes for clients. Our focus on growth via strategic acquisitions is unrelenting and whilst not all acquisition opportunities which we have considered have progressed to completion, we are working on other compelling opportunities to expand further in 2021.

Given remarkable market volatility, it is pleasing the Group's investment solutions, provided by Ascencia Investment Management, have performed well throughout the year. In the 12 months from 1 January to 31 December 2020, all Ascencia clients received a positive return – a testament to its robust and conservative strategies.

Of particular note is the strong performance of the Company's Environmental, Social and Governance (ESG) portfolios, launched over two years ago. This ESG approach has now been integrated into the Company's investment philosophy.

Furthermore, Ascencia's fund of Sharia-compliant holdings, launched in 2019, gained traction throughout 2020 and has been received well by clients of the Group with particular interest from external companies.

We are looking forward to building on the successes of the last year with a continued focus on growing our core business, driving AUM, executing our Buy and Build strategy, maintaining our outstanding client retention levels and generating strong and sustainable returns for our shareholders.

Richard Fraser
CEO

30 April 2021

STRATEGIC REPORT

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.

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.

The Group's key performance indicators are:

- Assets under management
- Assets on a discretionary mandate
- Client retention

These are to be achieved through increasing our presence in the personal injury and clinical negligence marketplace through the six pillars of the Group:

+ Professional Services
Delivering expert professional services during the litigation process

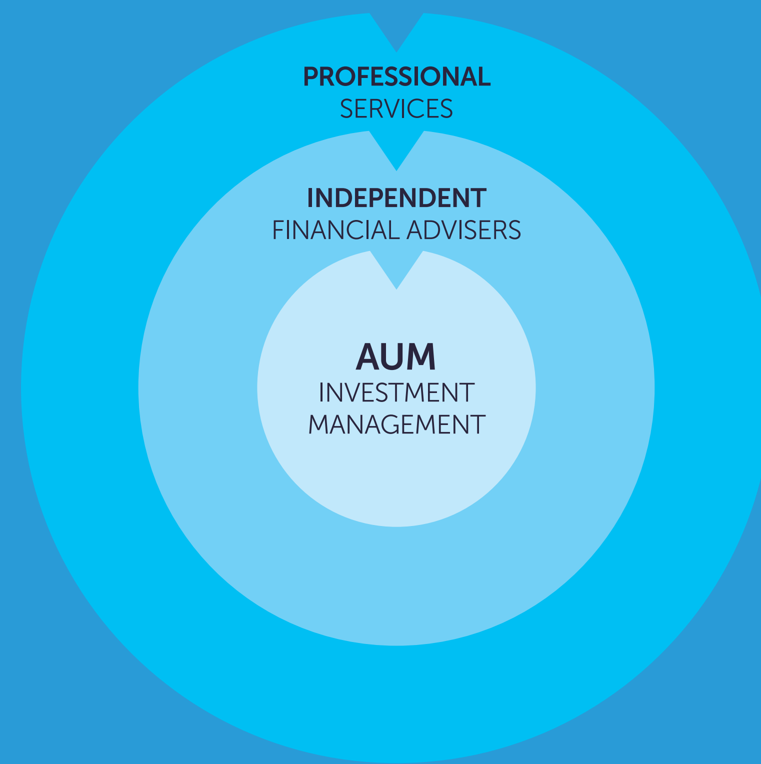
+ Independent Financial Advisors
Being the go-to IFA at vulnerable times of life

+ Investment Management
Becoming the discretionary fund manager of choice for IFAs

+ Client Support Services
Our client-centric approach is at the heart of everything we do

+ Talent Hub
Unrivalled talent

+ Charitable Foundation
Integral to our culture and values



Experts for Professional Services

Over 40 years Frenkel Topping has become known for its expertise in and understanding of the financial aspect of personal injury and clinical negligence litigation. By bringing complementary firms into the Group via M&A, we are simplifying the process for legal practitioners and the claimants they represent by providing the relevant financial expertise at multiple points in the lifespan of a claim. Our claimant clients and their professional representatives know we can be **trusted to deliver financial expertise** that supports them in achieving the right outcome, whether that be immediately after an index event, during litigation or after settlement. By expanding the Group with relevant and trusted expertise we are **affirming our position as the go-to financial services firm** for professional services.

KnowledgeHub

For many years, Frenkel Topping's training provision has been trusted by legal practitioners in the Personal Injury and Clinical Negligence space as a source of up-to-date expert knowledge. However, the impact of COVID-19 was immediate, forcing our face-to-face training to pause. By listening to our professional introducers, including many who were keen to increase their CPD hours while working remotely during lockdown, we shifted our focus quickly to delivering our training modules virtually. Frenkel Topping Group launched the KnowledgeHub online in 2020. Intended to provide expert training for expert practitioners, the CIPD and APIL-accredited training courses share financial expertise in areas such as Periodical Payment Orders, Pension Loss and Investing for Vulnerable People and have been incredibly well received by hundreds of existing and new professional introducers.

We have demonstrated our agility and our strong relationships with clients by thinking differently about how we can **deliver the same high standards in a virtual world,** reinvigorating a valuable business development opportunity for Frenkel Topping Group.

STRATEGIC REPORT

Best-In-Class Client Care

The COVID-19 pandemic shone a spotlight on our Client Relationship Team who have had **excellent feedback from clients** who have been shielding throughout the pandemic.

We have also moved quickly to increase the regularity of our client communication so that our clients remain updated and informed. Feedback on our increased client communications has been overwhelmingly positive with many who were unsettled by fluctuating investment values choosing to hold firm and maintain their investments after reassurance from our Leadership Team.

Data and Technology

It is crucial for Frenkel Topping to protect AUM and retain clients. While client retention remained high for a twelfth consecutive year, an exceptional 99% in 2020, there remains a concerted effort to focus on exceptional client service in the coming year.

Our Digital First strategy is a key driver here. In 2020 we created and soft-launched the Frenkel Topping app. 2021 will see us continue to develop the app and, with an understanding of our clients' needs and of the FCA's guidance on working with vulnerable people, we will develop it with accessibility front of mind.

We will also continue to develop technologies to complement the work of our consultants, ultimately **improving the client journey and driving efficiencies.**

Our investment in systems that allow the business to 'smarter' utilise data will continue in 2021 with a particular focus on integration and data sharing post-acquisition to optimise additional contacts, business development opportunities and valuable client relationships.

People

We have always recognised that the future success of Frenkel Topping Group relies on its people. Increased M&A activity only serves to highlight further the importance of employee engagement, professional development pathways and expert training opportunities in making sure our reputation as a firm of experts who care about their clients is maintained as the Group grows.

Furthermore, for the market opportunities that mergers and acquisitions present to be maximised, a constant funnel of talent needs to be moving through the business. 2020 saw the Group invest in its talent acquisition - **finding the right people at the right time with the right skills and behaviours.** 2021 will see that investment continue in nurturing and retaining the right people to support them in delivering the best service to the Group's clients.

The KnowledgeHub – the training suite delivered to our professional introducers – will be developed in the year ahead as an internal training and development initiative that allows our own expert practitioners to grow their expertise so **we remain at the forefront of the financial services industry.**

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. Additional risk of perceived disruption to services provided by a target during the acquisition process.
- 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. Retention of key staff during mergers and acquisitions is a key consideration.
- 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 2020, 1% (2019: 1%) 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 2020, 101% of the new business target was achieved (2019: 112%).

Working capital is monitored monthly 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 weekly.

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 Board tasks senior management and consultants with continuous client engagement, aided by the KnowledgeHub. Particular attention is paid to key clients at relevant, appropriate points in our mergers and acquisitions journey.

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 Board promote employee engagement throughout the year and immediately upon completion of an acquisition.

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:

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 Independent Financial Advisory and Investment Management pillars, supported by referrals from the Professional Services pillar; selective acquisitions 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:

Our people are a key consideration of the business, hence the Talent pillar referred to in the Strategic Report.

We have continued our investment in people through our Graduate and Apprenticeship schemes which focus on nurturing the talent of the future through their career development.

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 has the opportunity to meet 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 have offered 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. The Board are committed to improving the customer journey in order to continue to retain and attract clients. This is why we have introduced the Client Care pillar as part of our strategy.

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 touched on earlier within the Strategic Report in relation to the Frenkel Topping Charitable Foundation, which enacts our corporate social responsibility strategy, 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. 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

DIRECTOR

30 April 2021

DIRECTORS & ADVISORS

DIRECTORS

Non-Executive Chairman - T J T Linacre

Executive Director - R C Fraser

Executive Director - M S Holt

Executive Director - E N Cullen-Grant

Non-Executive Director - C H B Mills

Non-Executive Director - Rt. Hon. M C Field

Non-Executive Director - Z B Holland

SECRETARY

E N Cullen-Grant

COMPANY NUMBER

04726826

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BANKERS

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Manchester
M60 2DB

SOLICITORS

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One Bartholomew Close
London
EC1A 7BL

NOMINATED ADVISER AND BROKER

finnCap
60 New Broad Street
London
EC2M 1JJ

DIRECTORS' REPORT

(For the year ended 31 December 2020)

Elaine Cullen-Grant

The directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2020.

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 professional and financial services.

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 1.04 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 1.36 pence per share (2019: 1.35 pence) subject to Shareholder approval at the AGM on 15th June 2021.

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Planned future developments are discussed in the Strategic Report on pages 12 to 17.

The impact of COVID-19 is discussed in the notes to the financial statements, note 21, on page 62.

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:

T J T Linacre - Non-Executive Chairman

R C Fraser - Chief Executive Officer

M S Holt - Commercial Director

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

C H B Mills - Non-Executive Director (appointed 20.05.20)

P D Richardson - Non-Executive Chairman (resigned 18.06.20)

S G Bentley - Chief Finance Officer (resigned 01.03.20)

Rt. Hon. M C Field - Non-Executive Director (appointed 26.01.21)

Z B Holland - Non-Executive Director (appointed 24.02.21)

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 reappoint Haysmacintyre LLP as auditor for 2021 will be put to the members at the Annual General Meeting.

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

DIRECTOR

30 April 2021

DIRECTORS' REMUNERATION REPORT

(For the year ended 31 December 2020)

REMUNERATION COMMITTEE

The Group has a Remuneration Committee. The committee comprises the Non-Executive Chairman, Tim Linacre, a Non-Executive Director, Zoe Holland 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 2020 £
P Richardson (resigned 18.06.20)	37,500	-	-	37,500
T Linacre	27,500	-	-	27,500
R Fraser	255,650	50,000	-	305,650
S Bentley (resigned 01.03.20)	5,236	-	-	5,236
M Holt	236,512	50,000	33,688	320,200
E Cullen-Grant (appointed 01.03.20)	112,300	-	10,833	123,133
C Mills (appointed 20.05.20)	15,353	-	-	15,353
	690,051	100,000	44,521	834,572

	Emoluments £	Bonus £	Pension £	Total 2019 £
P Richardson	63,500	-	-	63,500
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

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

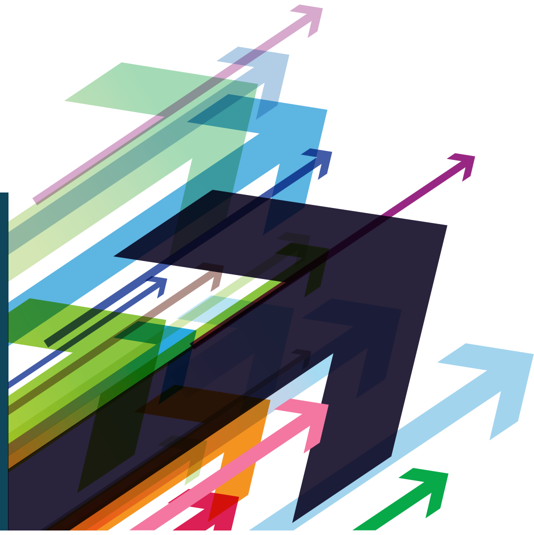
The Company has an Enterprise Management Incentive (EMI) share option scheme and an unapproved share option scheme. Options outstanding in relation to the directors were as follows:

	Number of options approved	Number of unapproved options	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
S Bentley	490,196	9,804	0.5p

Reconciliation of share options held by the directors at the reporting date 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
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/corporate-governance-aim-notice-50/aim-notice-50

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity 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.

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 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the director's assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern;
- Evaluating the methodology used by the directors to assess the Group and the Parent Company's ability to continue as a going concern;
- Reviewing the director's going concern assessment and evaluating the key assumptions used and judgements applied;
- Reviewing the liquidity headroom and applying a number of sensitivities to the base forecast assessment of the directors to ensure there was sufficient headroom to adopt the going concern basis of accounting;
- Reviewing the appropriateness of the director's disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

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

Key Audit Matter Description	How the matter was addressed in the audit
Recoverability of Trade Receivables Included in the Group Statement of Financial Position are trade receivables of £3.29m (2019: £1.58m) with average debtor days of 305 days (2019: 301 days). These receivables represent fees due from the investment of initial Assets Under Management (AUM), expert witness and forensic accounting reports. As explained further in note 18 of the financial statements, the nature of the provision of expert witness and forensic accounting reports, which represent 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 £44K (2019: £53k). This is based on information collated by management from credit control and project managers.	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 historical 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 addition we reviewed: • a sample of trade receivables outstanding at 2019 through to collection in 2020, • the overall credit control assessment performed by management, • post year end credit notes in respect of trade receivables outstanding at the year end and comparing to the amounts provided. 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.
Carrying value of Goodwill Included in the Group Statement of Financial Position is goodwill of £8.30m (2019: £7.02m). The increase in goodwill of £1.28m arises from the acquisition of Forth Associates Limited (Forths). There is a risk that this goodwill might be impaired. The Board have concluded that no impairment provision is required, based on their assessment of the forecasted cash flows from the relevant cash generating units.	Our audit work considered, but was not restricted to, the following work: • A review of the calculation of goodwill for the acquisition of Forths in the year, to ensure that it was appropriate and in accordance with the terms of the acquisition and IFRS 3 : Business combinations, • Consideration of whether any separately identifiable intangible assets existed on acquisition, • A review of the impairment assessment prepared by the Board in respect of the carrying value of both the historical goodwill and the goodwill arising in the year. This was performed in respect of the relevant cash generating unit identified by the Board, • An assessment of the Board's evaluation of the appropriateness of carrying goodwill in relation to historical transactions.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements and in forming an option. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements, or related disclosures, that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing need, to reduce to an appropriately low level the risk that the aggregate of uncorrected and undetected misstatement exceeds materiality for the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £203,000. This was determined with reference to 2% of turnover, being the Group's main KPI.

On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 75% of materiality, being £152,000.

The reporting threshold to the Audit and Risk Committee was set as 5% of materiality, being £10,000. If in our opinion differences below this level warranted reporting on qualitative grounds, these would also be reported.

The materiality for the Parent Company financial statements was set at £203,000. This was determined with reference to 0.65% of gross assets, based on the company being an investment entity does not trade.

On the basis of our risk assessment and review of the Parent Company's control environment, performance materiality was set at 75% of materiality, being £152,000.

The reporting threshold to the Audit and Risk Committee was set as 5% of materiality, being £10,000. If in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

An overview of the scope of our audit

Our audit scope included all components of the Group which are all registered companies in the United Kingdom, other than those entities with levels of activity below a clearly trivial threshold when compared to group materiality, which have been provided with a parental guarantee and are claiming exemption from audit. We have audited these companies to group materiality, testing any significant balances. We performed our audit of the trading subsidiaries of the group using a turnover based materiality (as we have used for the Group overall) where 2% of turnover was considered to be materiality.

We communicated with both the directors and the audit committee our planned audit work via our audit planning report, and our audit planning call.

We have communicated any further issues with the audit committee and the directors in our final audit findings report which was discussed at the completion call with the audit committee.

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page , 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the Investment advisory business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Discussions with management regarding any adverse FCA complaints or correspondence in the year
- dIentifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Simon Wilks

SENIOR STATUTORY AUDITOR

For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

30 April 2021

GROUP STATEMENT OF COMPREHENSIVE INCOME (for the year ended 31 December 2020)

	Notes	2020 £	2019 £
REVENUE	1	10,187,425	8,558,325
Direct staff costs	2	(4,645,203)	(3,516,465)
GROSS PROFIT		5,542,222	5,041,860
ADMINISTRATIVE EXPENSES	2		
Share based compensation	4 / 14	(283,682)	(393,876)
Further adjustments to underlying profit from operations (see below)		(337,113)	(220,857)
Other administrative expenses		(3,320,648)	(3,267,729)
TOTAL ADMINISTRATIVE EXPENSES		(3,941,443)	(3,882,462)
Underlying profit from operations:		2,221,574	1,774,131
- share based compensation	4	(283,682)	(393,876)
- reorganisation costs		(46,031)	-
- contract write off		-	(63,978)
- acquisitions strategy		(291,082)	(156,879)
PROFIT FROM OPERATIONS	2	1,600,779	1,159,398
Finance and other income	3	31,229	75,944
Finance costs	3	(82,378)	(4,880)
PROFIT BEFORE TAX		1,549,630	1,230,462
Income tax expense	6	(377,583)	(270,382)
PROFIT FOR THE YEAR		1,172,047	960,080
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Gains on property revaluation arising net of tax	10	25,000	24,000
TOTAL COMPREHENSIVE INCOME FOR YEAR		1,197,047	984,080
PROFIT ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,051,234	861,540
Non-controlling interests		120,813	98,540
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,076,234	885,540
Non-controlling interests		120,813	98,540
Earnings per ordinary share – basic (pence)	7	1.30p	1.25p
Earnings per ordinary share – diluted (pence)	7	1.26p	1.19p

All amounts are derived from continuing operations.
The Notes to the Financial Statements form an integral part of these financial statements.

GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION (for the year ended 31 December 2020)

	Notes	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
ASSETS					
NON-CURRENT ASSETS					
Goodwill	8	8,299,323	7,020,287	-	-
Property, plant and equipment	10	1,946,585	1,639,159	-	-
Investments	9	-	-	12,041,313	10,464,841
Loans receivable	15	100,000	100,000	-	-
Deferred taxation	13	118,431	56,992	148,817	97,418
		10,464,339	8,816,438	12,190,230	10,562,259
CURRENT ASSETS					
Accrued income		1,197,585	924,773	-	-
Trade receivables	18	3,286,910	1,580,774	-	-
Other receivables	11	367,973	321,064	8,290,785	5,846,800
Investments	9	1,232,909	774,158	1,130,753	-
Cash and cash equivalents		11,997,436	1,329,220	9,788,879	20,226
		18,082,813	4,929,989	19,210,417	5,867,026
TOTAL ASSETS		28,547,152	13,746,427	31,400,647	16,429,285
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	555,787	393,287	555,787	393,287
Share premium		12,697,252	400,194	12,697,252	400,194
Merger reserve		5,314,702	5,314,702	5,314,702	5,314,702
Revaluation reserve		227,103	202,103	-	-
Other reserve		(341,174)	(341,174)	-	-
Own shares reserve		(4,578,549)	(4,578,549)	(4,578,549)	(4,578,549)
Retained earnings		11,110,993	10,875,372	5,744,075	5,217,570
Equity attributable to owners of the parent company		24,986,114	12,265,935	19,733,267	6,747,204
Non-controlling interests		162,230	141,417	-	-
TOTAL EQUITY		25,148,344	12,407,352	19,733,267	6,747,204
CURRENT LIABILITIES					
Current taxation		299,429	197,656	-	-
Trade and other payables	12	2,254,332	1,085,732	11,117,701	9,682,081
		2,553,761	1,283,388	11,117,701	9,682,081
LONG TERM LIABILITIES	12	845,047	55,687	549,679	-
TOTAL EQUITY AND LIABILITIES		28,547,152	13,746,427	31,400,647	16,429,285

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 £1,342,118 (2019: £1,343,527).

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2021 and are signed on its behalf by:

ELAINE CULLEN-GRANT
DIRECTOR

GROUP STATEMENT OF CHANGES IN EQUITY (for the year ended 31 December 2020)

	Share Capital	Share Premium	Merger reserve	Other Reserve	Own shares Reserve	Retained Earnings	Revaluation reserve	Total controlling interest	Non-controlling interests	Total
	£	£	£	£	£	£	£	£	£	£
Balance 1 January 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 1 January 2020	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
Issue of Share Capital	162,500	12,297,058	-	-	-	-	-	12,459,558	-	12,459,558
Share based payments (note 4)	-	-	-	-	-	218,585	-	218,585	-	218,585
Dividend paid	-	-	-	-	-	(1,034,198)	-	(1,034,198)	(100,000)	(1,134,198)
Total transactions with owners recognised in equity	162,500	12,297,058	-	-	-	(815,613)	-	11,643,945	(100,000)	11,543,945
Profit for year	-	-	-	-	-	1,051,234	-	1,051,234	120,813	1,172,047
Other comprehensive income	-	-	-	-	-	-	25,000	25,000	-	25,000
Total comprehensive income	-	-	-	-	-	1,051,234	25,000	1,076,234	120,813	1,197,047
Balance at 31 December 2020	555,787	12,697,252	5,314,702	(341,174)	(4,578,549)	11,110,993	227,103	24,986,114	162,230	25,148,344

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 (2019: 3,105,708) held by the Company and the 6,648,016 (2019: 6,648,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2020 was £4,096,564 (2019: £3,599,124).

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, ExpressFT Limited, HCC Investment Solutions Limited, Hudgells Financial Management Services Limited, Aspire + Wealth Management Limited and Truly Asset Management Limited.

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

	Share Capital	Share Premium	Merger Reserve	Own share Reserve	Retained Earnings	Total controlling interest
	£	£	£	£	£	£
Balance 1 January 2019	393,287	400,194	5,314,702	(4,566,926)	4,412,854	5,954,111
New shares issued	-	-	-	-	-	-
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 1 January 2020	393,287	400,194	5,314,702	(4,578,549)	5,217,570	6,747,204
Issue of Share Capital	162,500	12,297,058	-	-	-	12,459,558
Share based payments	-	-	-	-	218,585	218,585
Dividend paid	-	-	-	-	(1,034,198)	(1,034,198)
Total transactions with owners recognised in equity	162,500	12,297,058	-	-	(815,613)	11,634,945
Profit and total comprehensive income for the period	-	-	-	-	1,342,118	1,342,118
Balance 31 December 2020	555,787	12,697,252	5,314,702	(4,578,549)	5,744,075	19,733,267

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 (2019: 3,105,708) held by the Company and the 6,648,016 (2019: 6,648,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2020 was £4,096,564 (2019: £3,599,124).

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

	Notes	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Profit before tax		1,549,630	1,230,462	1,290,719	1,291,754
Adjustments to reconcile profit before tax to cash generated from operating activities:					
Finance income	3	(28,796)	(75,944)	(2,000,000)	(2,000,000)
Finance costs	3	82,378	4,880	34,724	-
Share based compensation	14	218,585	350,046	203,220	350,065
Depreciation and amortisation	10	323,769	197,773	-	-
(Increase)/decrease in accrued income, trade and other receivables		(63,311)	(266,590)	(2,443,985)	(967,408)
Increase in trade and other payables		(70,497)	198,207	955,848	214,297
Cash generated from operations		2,011,758	1,638,834	(1,959,474)	(1,111,292)
Income tax paid		(291,620)	(332,958)	-	-
Cash generated from operating activities		1,720,138	1,305,876	(1,959,474)	(1,111,292)
Investing activities					
Acquisition of property, plant and equipment	10	(37,008)	(169,692)	-	-
Acquisition of subsidiaries	20	(566,480)	-	(566,480)	-
Cash acquired on acquisition of subsidiaries	20	29,702	-	-	-
Investment purchases	9	(1,680,753)	-	(1,130,753)	-
Investment disposals	9	1,250,798	438,008	-	-
Loans advanced		-	(100,000)	-	-
Dividend received		-	-	2,000,000	2,000,000
Cash generated from / (used in) investment activities		(1,003,741)	168,316	302,767	2,000,000
Financing activities					
Shares issued (net of costs)	14	12,459,558	-	12,459,558	-
Own shares purchased		-	(11,623)	-	(11,623)
Dividend paid		(1,134,198)	(888,856)	(1,034,198)	(888,856)
Repayment of borrowing		(1,186,571)		-	
Interest element of lease payments		(20,412)	(4,880)	-	-
Principal element of lease payments		(166,558)	(88,004)	-	-
Cash used in financing		9,951,819	(993,363)	11,425,360	(900,479)
Increase/(decrease) in cash and cash equivalents		10,668,216	480,829	9,768,653	(11,771)
Opening cash and cash equivalents		1,329,220	848,391	20,226	31,997
Closing cash and cash equivalents		11,997,436	1,329,220	9,788,879	20,226
Reconciliation of cash and cash equivalents					
Cash at bank and in hand		11,997,436	1,329,220	9,788,879	20,226

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

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 12 to 15.

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 2020 and the comparative year to 31 December 2019, 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.

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.

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

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 22. The Board have reviewed forecasts 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.

Accrued Income

For recurring revenue, accrued income is recognised at the amount which has been earned for a period but not yet paid. All sums are payable within 30 days of the reporting date.

For non-recurring revenue, accrued income is recognised on the cases that were live at the reporting date at the lower of the value of billable work completed and the recoverable amount.

Investment Property Valuation

Investment properties are carried at a fair value estimate based on a formal valuation by a qualified independent valuer.

Low value investment properties, i.e. those with a carrying value below £75k, may be carried at a fair value estimate based on publicly available estimates of the value of the property in question and similar properties in the area.

ALTERNATIVE PERFORMANCE MEASURES

The Group uses 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 profit from operations 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, 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.

Adjusted EBITDA

Adjusted EBITDA is Underlying Profit from Operations, adding back depreciation.

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 Group holds a 50% proportion of the shares in several entities, however is deemed to control these entities as it has the power to direct each entity and affect returns by virtue of the entities being an Appointed Representative of the FCA authorised parent, Frenkel Topping Limited.

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 in note 8.

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, is subsequently measured at cost less accumulated depreciation and any recognised impairment loss.

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

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

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.

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 2020 £	Group 2019 £
Recurring	7,279,544	6,668,299
Non-recurring	2,907,881	1,890,026
Total revenue	10,187,425	8,558,325

2 PROFIT FROM OPERATIONS

	Group 2020 £	Group 2019 £
Profit from operations is stated after charging:		
Share based compensation (note 14)	283,682	393,876
Reorganisation costs	46,031	-
Contract write-offs	-	63,978
Acquisitions strategy	291,082	156,879
Depreciation and amortisation on right-of-use assets	171,560	79,842
Depreciation and amortisation (Other)	152,208	117,931
Short-term (2018 IAS 17 operating) lease rentals	1,850	1,888

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 and making acquisitions.

Reorganisation costs mainly relate to the reorganisation of the structure of the administrative support function of the Group during 2020.

2 PROFIT FROM OPERATIONS *(continued)*

Amounts payable to Haysmacintyre LLP (2020) RSM UK Audit LLP and its associates (2019) in respect of both audit and non-audit services:

	2020 £	2019 £
Audit Services		
- Statutory audit	24,000	30,540
Other Services		
The auditing of accounts of associates of the company pursuant to legislation:		
- Audit of subsidiaries where such services are provided by Haysmacintyre LLP and its associates	54,500	24,960
- Other services	-	3,850
Tax Services		
- Compliance services	-	11,050
	78,500	70,400

The following table analyses the nature of expenses:

	Group 2020 £	Group 2019 £
Staff costs (see note 4)	5,711,446	4,650,772
Depreciation and amortisation (IFRS 16)	171,560	79,842
Operating lease charges	1,850	1,888
Depreciation and amortisation (Other)	152,209	117,931
Premises costs	202,055	137,009
Marketing expenses	217,701	354,972
Professional fees	462,620	382,749
Reorganisation costs	46,031	-
Acquisitions strategy	291,082	156,879
Contract write off	-	63,978
Other expenses	1,330,093	1,452,907
Total operating expenses	8,586,646	7,398,927

3 INTEREST AND SIMILAR ITEMS

	Group 2020 £	Group 2019 £
Fair value gains/(losses) on investments	28,796	75,944
Rental income	1,592	-
Interest income	841	-
Total finance and other income	31,229	75,944
Interest on lease liabilities	20,412	4,880
Loan interest	27,242	-
Unwinding discount – deferred consideration	34,724	-
Total finance costs	82,378	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 number of employees (including the Directors) during the year was made up as follows. The Company has no employees other than the directors:

	2020 Number	2019 Number
Directors	5	5
Sales	19	16
Administration	68	52
	92	73

EMPLOYMENT COSTS	2020 £	2019 £
Wages and salaries	4,531,270	3,574,832
Social security costs	533,405	427,463
Pension costs	216,190	126,547
Other benefits	146,899	128,054
Share based compensation – social security costs (note 14)	65,097	43,830
Share based compensation – equity settled (note 14)	218,585	350,046
	5,711,446	4,650,772

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.

	2020 £	2019 £
Short-term employee benefits	790,051	671,531
Post-employment benefits	44,521	10,208
	834,572	681,739
Social security costs	95,091	81,207
	929,663	762,946

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

	2020 £	2019 £
The remuneration in respect of the highest paid director was:		
Emoluments	320,200	235,187
	320,200	235,187

During the year no (2019: nil) directors exercised any (2019: nil) share options. The highest paid director did not exercise any (2019: nil) share options.

5 PENSION COSTS

The Group operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Group and amounted to £216,190 (2019: £126,547).

6 TAXATION	Group 2020 £	Group 2019 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	444,410	356,253
Adjustments in respect of previous periods	212	(39,169)
Total current tax charge	444,622	317,084
Deferred tax		
Temporary differences, origination and reversal	(67,039)	(46,702)
Total deferred tax charge	(67,039)	(46,702)
Tax on profit on ordinary activities	377,583	270,382

FACTORS AFFECTING TAX CHARGE FOR YEAR

The standard rate of tax applied to reported profit on ordinary activities is 19 per cent (2019: 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. On 17 March 2020 a resolution having statutory effect was passed under the Provisional Collection of Taxes Act 1968, setting the rate at 19%.

FACTORS AFFECTING FUTURE TAX CHARGE

On 3 March 2021 the Chancellor announced that the corporation tax rate will rise to 25% from 1 April 2023.

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 2020 £	Group 2019 £
Profit before taxation	1,549,630	1,230,462
Profit multiplied by main rate of corporation tax in the UK of 19% (2019: 19%)	294,430	233,788
EFFECTS OF:		
Expenses not deductible	134,340	125,542
Share based payments	(51,399)	(56,331)
Other charges/(deductions) in period	212	(32,617)
Total tax expense for year	377,583	270,382

A total of £nil (2019: £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.

No charge for deferred taxation (2019: £21 debit) was recognised directly in equity in relation to share options.

7 EARNINGS PER SHARE

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

	Group 2020 £	Group 2019 £
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	1,051,234	861,540
Earnings for the purposes of diluted earnings per share	1,051,234	861,540
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	90,588,856	78,657,349
Less: own shares held	(9,753,724)	(9,752,507)
	80,835,132	68,904,842
Effect of dilutive potential ordinary shares:		
- Share options	2,916,834	3,416,834
Weighted average number of ordinary shares for the purposes of diluted earnings per share	83,751,966	72,321,676
Earnings per ordinary share – basic (pence)	1.30p	1.25p
Earnings per ordinary share – diluted (pence)	1.26p	1.19p

8 GOODWILL

	£
COST	
As at 1 January 2020	7,020,287
Goodwill arising on acquisition during the year (Note 20)	1,279,036
NET BOOK VALUES	
At 31 December 2020	8,299,323
At 31 December 2019	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 the AUM and DFM assets, increasing the average consultants fee income and increasing fees for forensic accountancy services due to increased capacity. Given the significant profitability and cash generation the directors have concluded no impairment is required.

9 INVESTMENTS

CURRENT INVESTMENTS GROUP	£
As at 1 January 2019	1,136,222
Acquisition during year	-
Revaluation	75,944
Disposals	(438,008)
As at 1 January 2020	774,158
Acquisition during year	1,680,753
Revaluation	28,796
Disposals	(1,250,798)
At 31 December 2020	1,232,909
NET BOOK VALUES	
At 31 December 2020	1,232,909
At 31 December 2019	774,158
At 31 December 2018	1,136,222

Investments represent Level 1 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 £28,796 (2019: loss of £75,944) 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.

9 INVESTMENTS (*continued*)

COMPANY

COST	
As at 1 January 2019	10,464,862
Share based compensation	(21)
At 31 December 2019	10,464,841
Share based compensation	15,315
Acquisitions	1,561,157
At 31 December 2020	12,041,313
NET BOOK VALUES	
At 31 December 2020	12,041,313
At 31 December 2019	10,464,841
At 31 December 2018	10,464,862

Shares in subsidiary and associate undertakings are stated at cost. As at 31 December 2020, Frenkel Topping Group plc owned the following principal subsidiaries which are included in the consolidated accounts:

Company	*Nature of business*	*Class of shares held*	*Proportion of shares held*
Frenkel Topping Group Holdings Limited	Holding	Ordinary	100%
Frenkel Topping Limited	Financial services	Ordinary	100%[1]
New Horizon AM Limited	Financial services	Ordinary	100%[1]
ExpressFT Limited	Financial services	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	Financial services	Ordinary	100%
Truly Asset Management Limited	Financial services	Ordinary	50%[3]
Aspire + Wealth Management Limited	Financial services	Ordinary	50%[2]
Hudgells Financial Management Services Limited	Financial services	Ordinary	50%[2]
HCC Investment Solutions Limited	Financial services	Ordinary	50%[2]
Frenkel Topping Finance Limited	Financial services	Ordinary	100%
Forth Associates Limited	Accounting activities	Ordinary	99.9%
Equatas Accountants Limited	Dormant	Ordinary	100%

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*

10 GROUP PROPERTY, PLANT AND EQUIPMENT

	Freehold building	Office equipment	Computer equipment	Marketing Equipment	Right of use assets	Total
Cost or valuation	£	£	£	£	£	£
At 1 January 2019	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
Disposals	-	-	(19,475)	-	-	(19,475)
At 31 December 2019	1,250,000	291,856	159,175	12,250	219,405	1,932,686
Business combinations	45,000	320,402	-	-	-	365,402
Additions	-	9,634	27,374	-	519,750	556,758
Disposals	-	-	-	-	(57,217)	(57,217)
At 31 December 2020	1,295,000	621,892	186,549	12,250	681,938	2,797,629
Depreciation						
At 1 January 2019	-	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
Business combinations	-	279,966	-	-	-	279,966
Charge for the year	25,000	89,712	34,426	3,071	171,560	323,769
Disposals	-	-	-	-	(21,218)	(21,218)
Revaluation	(25,000)	-	-	-	-	(25,000)
At 31 December 2020	-	516,548	100,226	4,086	230,184	851,044
Net book values						
At 31 December 2020	1,295,000	105,344	86,323	8,164	451,754	1,946,585
At 31 December 2019	1,250,000	144,986	93,375	11,235	139,563	1,639,159
At 1 January 2019	1,250,000	115,387	58,448	-	-	1,423,837

Freehold property with a carrying value of £1.25m was revalued as at 31 December 2020 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.

Freehold property with a carrying value of £45,000 has been arrived at on the basis of a valuation carried out at 31st December 2020 by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

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

	2020 £
Carrying amount of right-of-use assets included within property, plant and equipment	
Office equipment	180,106
Motor vehicles	271,648
Total carrying amount presented within property, plant and equipment	451,754

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

	2020 £
Office equipment	77,017
Motor vehicles	94,543
Total amount presented within property, plant and equipment	171,560

11 OTHER RECEIVABLES

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Prepayments	339,414	262,816	81,204	40,169
Other receivables	28,559	58,248	65,819	6,631
Amount due from group undertakings	-	-	8,143,762	5,800,000
	367,973	321,064	8,290,785	5,846,800

12 TRADE AND OTHER PAYABLES

CURRENT TRADE AND OTHER PAYABLES

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade payables	339,694	463,059	103,479	42,868
Other tax and social security	824,507	249,351	-	-
Lease liabilities	153,303	75,792	-	-
Other payables	81,974	42,699	-	-
Deferred consideration (Note 20)	479,723	-	479,723	-
Amount due to group undertakings	-	-	10,369,257	9,535,886
Accruals	375,131	254,831	165,242	103,327
	2,254,332	1,085,732	11,117,701	9,682,081

NON-CURRENT TRADE AND OTHER PAYABLES

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Lease liabilities	295,368	55,687	-	-
Deferred consideration (Note 20)	549,679	-	549,679	-
	845,047	55,687	549,679	-

13 PROVISION FOR DEFERRED TAXATION

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Share-based payments	(141,723)	(74,684)	(148,817)	(97,418)
Revaluation	23,292	17,692	-	-
Tax losses carried forward	(454,387)	(454,387)	-	-
At 31 December	(572,818)	(511,379)	(148,817)	(97,418)
Included in non-current assets	(118,431)	(56,992)	(148,817)	(97,418)
Unrecognised deferred taxation asset	(454,387)	(454,387)	-	-
At 31 December	(572,818)	(511,379)	(148,817)	(97,418)

Movement in the period	£	£	£	£
At 1 January	(56,992)	(10,290)	(97,418)	(45,644)
Deferred tax charge in profit and loss	(67,039)	(46,702)	(51,399)	(51,774)
Deferred tax – business combination	5,600			
Deferred tax recognised in equity	-	-	-	-
Deferred tax recognised in OCI	-	-	-	-
At 31 December	(118,431)	(56,992)	(148,817)	(97,418)

The Group has unrecognised deferred tax assets of £454,387 at 31 December 2020 and 31 December 2019, which relate to taxable losses held within a dormant subsidiary of the group. The deferred tax asset has not been recognised 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	2020 £	Number of shares	2019 £
Authorised				
Ordinary shares of £0.005 each	112,500,000	562,500	80,000,000	400,000
Preference shares of £1 each	50,000	50,000	50,000	50,000
		612,500		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	32,500,000	162,500	-	-
As at 31 December				
Ordinary shares of £0.005 each	111,157,349	555,787	78,657,349	393,287

During the year 32,500,000 new shares were issued at 40p per share. Accordingly, £162,500 was recognised in Share Capital and a further £12,837,500 within Share Premium. Costs of £540,442 were also recognised in Share Premium.

Dividends of £1,411,156 (2019 final paid: £930,199) in aggregate, being 1.36 (2019: 1.35) 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, 1.04 pence per share has been proposed as a final dividend to be approved by the shareholders at the AGM on 15th June 2021. 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.

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

Grant date	Subscription price per share	Number of shares for 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	1,500,000	As above
12 March 2018	13.5p	83,500	As above
Employee share options in issue		2,916,834	

	2020 Options	2020 Weighted average exercise price (pence)	2019 Options	2019 Weighted average exercise price (pence)
Outstanding at 1 January	3,416,834	3.11	4,656,834	13.71
Granted during the year	-	-	-	-
Lapsed during the year	(500,000)	0.50	(1,240,000)	44.00
Exercised during the year	-	-	-	-
Outstanding at 31 December	2,916,834	3.56	3,416,834	3.11
Exercisable at 31 December	2,916,834	3.56	-	-

The options outstanding at 31 December 2020 had a weighted average remaining contractual life of 0 years (2019: 1.7 years).

No options have been exercised in the current year (2019: nil).

The share based compensation charge of £283,682 (2019: £393,876) consists of £218,585 (2019: £350,046) in relation to the share based payment charge in the year and £65,097 (2019: £43,830) 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 (2019: £38,325) 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 2019 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 2024.

The Group rents a property (The Station, 77 Canal Road, Leeds) from TIB Properties Limited (TIB). The directors and shareholders of TIB are Richard Forth and Anthony Flint who are also directors of Forth Associates Limited. During the year, £36,000 was paid to TIB, of which £15,774 was post acquisition and is shown within the Group's consolidated statement of comprehensive income.

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, the Group has no current borrowing thus has no interest rate risk.

Market risk
The Group is indirectly exposed to market risk in relation to the global securities markets through the impact a market downturn may have on the value of the Group's AUM and assets on a discretionary mandate and the consequential impact of this on recurring income streams. The nature of the Group's client base means there is a focus on asset protection which helps to limit this risk.
The Group's AUM and associated recurring income has performed resiliently in light of market movements during the COVID-19 pandemic.

Liquidity risk
During the year the Group raised significant capital which is earmarked for future acquisitions and therefore not included in ongoing working capital monitoring. It is the Group's policy to manage liquidity in order to achieve continuity of funding. The Group monitors actual cash flows 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 COVID-19 pandemic.

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.

16 FINANCIAL INSTRUMENTS (*continued*)

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 2020 is as follows:

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£	£	£	£
2020				
Cash at bank	-	11,997,436	-	11,997,436
Loans receivable	-	-	100,000	100,000
Trade receivables (note 18)	-	-	3,286,910	3,286,910
Accrued income	-	-	1,197,585	1,197,585
Investments	1,232,909	-	-	1,232,909
Other receivables	-	-	367,973	367,973
Total	1,232,909	11,997,436	4,952,468	18,182,813

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	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*)

The interest rate profile of the financial liabilities of the Group as at 31 December 2020 is as follows:

	Fixed rate financial liabilities	Floating rate financial liabilities	Financial liabilities at amortised cost	Total
	£	£	£	£
2020				
Trade payables	-	-	339,694	339,694
Lease liabilities	448,671	-	-	448,671
Other payables	-	-	81,974	81,974
Deferred consideration	-	-	1,029,402	1,029,402
Accruals	-	-	375,131	375,131
Total	448,671	-	1,826,201	2,274,872

	Fixed rate financial liabilities	Floating rate financial liabilities	Financial liabilities at amortised cost	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

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities excluding lease liabilities as at 31 December was as follows:	2020	2019
	£	£
Payable within one year	1,276,522	760,589
Payable in over one year	549,679	-
	1,826,201	760,589

The maturity profile of the Group's lease liabilities as at 31 December was as follows:	2020	2019
	£	£
Payable within one year	153,303	75,792
Payable in over one year	295,368	55,687
	448,671	131,479

16 FINANCIAL INSTRUMENTS (*continued*)

The interest rate profile of the financial assets of the Company as at 31 December 2020 is as follows:

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£	£	£	£
2020				
Cash at bank	-	9,788,879	-	9,788,879
Investments	1,130,753	-	-	1,130,753
Other receivables	-	-	8,290,785	8,290,785
Total	1,130,753	9,788,879	8,290,785	19,210,417

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	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

The interest rate profile of the financial liabilities of the Company as at 31 December 2020 is as follows:

	Fixed rate financial liabilities	Floating rate financial liabilities	Financial liabilities at amortised cost	Total
	£	£	£	£
2020				
Trade payables	-	-	103,479	103,479
Deferred consideration			1,029,402	1,029,402
Other payables			10,369,257	10,369,257
Accruals			165,242	165,242
Sterling	-	-	11,667,380	11,667,380

16 FINANCIAL INSTRUMENTS (*continued*)

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities at amortised cost £	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

Maturity of financial liabilities

The maturity profile of the Company financial liabilities as at 31 December 2020 was as follows:	2020 £	2019 £
Payable within one year	11,117,701	9,682,081
Payable in over one year	549,679	-
	11,667,380	9,682,081

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 2020 the amount due to HM Revenue and Customs is £48,368 (2019: £49,108).

18 TRADE RECEIVABLES

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 305 (2019: 301). Debtor days has been calculated as the average 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 £14,570 (2019: £23,392) of receivables were written off against a total of 7 cases (2019: 31). This was as a result of senior management reviewing the cases on the debtor provision in 2020 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-2018 and a provision had been made for them in prior years, any write-offs are made against the provision. At the reporting date, the total provision for bad debts was £44,748 in respect of specific outstanding invoices.

	2020 £	2019 £
Provision for bad debts as at 1st January:	53,245	65,416
Write-offs	(14,570)	(23,392)
Net of invoices added to the provision	6,073	11,221
Provision for bad debts as at 31st December:	44,748	53,245

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% (2019: 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.

20 BUSINESS COMBINATIONS

The Group acquired 99.99% of the share capital of Forth Associates Limited (Forths) on 22nd July 2020. Forths is a forensic accountancy practice and the acquisition is a step towards achieving the Group's vision of becoming the market leader in providing a full service offering to clients and claimants within the personal injury and clinical negligence marketplace.

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book value	Fair value adjustment	Fair value
	£	£	£
Tangible fixed assets	85,437	-	85,437
Trade and other receivables	1,962,547	-	1,962,547
Cash acquired	29,702	-	29,702
Current liabilities	(1,637,335)	-	(1,637,335)
Long-term liabilities	(158,230)	-	(158,230)
Net assets on acquisition	282,121	-	282,121
Goodwill on acquisition	1,279,036	-	1,279,036
Total consideration	1,561,157	-	1,561,157

Initial Consideration - Cash	566,480
Deferred consideration - Cash	795,476
Deferred consideration - Shares in Frenkel Topping Group Plc	199,201
Total consideration	1,561,157

21 EVENTS AFTER THE REPORTING DATE

In February 2021 the Group acquired the entire issued share capital of A&M Bacon Limited (through the purchase of its holding company) and Partners in Costs Limited (PIC) (through the purchase of its holding company and the purchase of shares directly in PIC). A&M Bacon Limited is a firm of civil and commercial litigation costs specialists and PIC is one of the UK's leading costs law specialists with costs lawyers and costs consultants.

The combined total maximum consideration is £9.0 million of which £5.0 million is payable in cash and £0.9 million through the issue of 2,000,000 ordinary shares of 0.5p each in the Company on completion and a further £3.1 million deferred consideration is payable in cash in two tranches on 31 January 2022 and 31 January 2023.

In April 2021 the Group acquired the entire issued share capital of Daniel Lewis Law Limited. Daniel Lewis Law Limited provides recruitment and advisory services within the legal sector.

22 COVID-19

The Global outbreak of COVID-19 during 2020 resulted in the company swiftly implementing its Business Continuity Plan. Our number one priority is the safety and wellbeing of all our stakeholders. Our team is successfully using technology to work remotely and are continuing to support our clients and each other. Management are monitoring the situation closely and adhering to all government guidance. The Board continues to monitor performance of the company closely and remains confident of our position in the market.

23 EXEMPTION FROM AUDIT BY PARENT GUARANTEE

The subsidiary companies listed below are exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts as Frenkel Topping Group Plc has provided a guarantee under section 479C of the Act.

Company	*Company number*
ExpressFT Limited	10915143
Truly Asset Management Limited	12194326
Aspire + Wealth Management Limited	12119590
Hudgells Financial Management Services Limited	12119604
HCC Investment Solutions Limited	12245883

SUBSTANTIAL SHAREHOLDING

(as at 17th March 2021)

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
Employee Benefit Trusts	5,564,683	5.06
Own shares held	3,105,708	2.82
Harwood Capital LLP	24,350,000	22.13
IPGL Ltd	16,236,377	14.75
Hargreave Hale Ltd	8,865,000	8.06
R & C Hughes	7,856,689	7.14
Gresham House	6,250,000	5.68
Killik & Co LLP	4,603,478	4.18
Lions Trust	3,597,003	3.27

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 2020 are as follows:

T J T Linacre
Non-Executive Chairman

R C Fraser
Chief Executive Officer

M S Holt
Chief Operating Officer

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

C H B Mills
Non-Executive Director
(appointed 20.05.20)

Rt. Hon. M C Field
Non-Executive Director
(appointed 26.01.21)

Z B Holland
Non-Executive Director
(appointed 24.02.21)

S G Bentley
Chief Finance Officer
(resigned 01.03.20)

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