FINANCIAL STATEMENTS

Frenkel Topping Group Plc

For the year ended - 31 December 2014

2014

Frenkel Topping Group Plc

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Frenkel Topping Group Plc

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2014

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

HIGHLIGHTS

- Revenue up **3.3%** to **£5.69m** (2013: £5.51m)
  - Recurring revenue of £4.20m (2013: £3.86m)
- Gross profit up **9.9%** to **£3.90m** (2013: £3.55m)
- Operating profit (before share based payments) up **21.7%** to **£1.75m** (2013: £1.43m)
- Pre-tax profit up **12.2%** to £1.57m (2013: £1.39m)
- Basic EPS up **24.7%** to **2.27p** (2013: 1.82p)
- Assets under management up **10.9%** to **£619m** (as at 31 December 2013: £558m)
- Net cash of **£1.70m** (as at 31 December 2013: £1.52m)
- Total dividends (paid and proposed) up **22.4%** to **0.71p** per share (2013: 0.58p)

OPERATIONAL HIGHLIGHTS

- Sixth consecutive year of **99%** client retention for investment management services
- Renewed focus on expert witness work to establish good relationships pre-setlement
- Revenue generating Fee Earning Consultants up from **9** to **14**
- Expansion of geographical footprint in England and Wales
- Investing in one network of fee earning consultants across England and Wales which is expected to accelerate growth from 2016 onwards

	2014	2013
Revenue	£5,693k	£5,508k
Gross Margin	£3,896k	£3,548k
Profit From Operations before share based compensation	£1,749k	£1,437k
Profit Before Tax	£1,568k	£1,392k
Cash from operations	£1,406k	£1,717k
Assets In The Investment Management Service	£619m	£558m
Recurring Income *	£4.2m	£3.8m

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

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

CHAIRMAN'S STATEMENT

2014 has been another successful year for Frenkel Topping, during which we have seen continued growth in revenues, pre-tax profits and funds under management. We are particularly pleased with the improvement in margins during the period and the strong cash generation of the business, which provides us with the confidence to increase total dividend payments in the year by over 20%.

Whilst these are a solid set of results, and it is pleasing to announce growth in line with market expectations, we know that the business has the potential to deliver much higher rates of growth. We believe there is an opportunity to invest now in the business which we expect will deliver accelerated growth from 2016 onwards, and we remain confident that we can extend our leading position within the personal injury and clinical negligence market. During the period of growth we expect to continue to deliver strong cash generation which will allow for a progressive dividend policy.

RESULTS

Revenue for the year increased by 3.3% to **£5.69m** (2013: £5.51m), of which **£4.20m** was contributed from recurring revenues and these now account for 74% of total revenues (2013: 70%) . We are pleased to report that for the sixth consecutive year we have maintained our 99% client retention rate for the period.

Gross profit was up by nearly 10% to **£3.90m** (2013: £3.55m) whilst operating profit before share based payments rose by 21.7% to **£1.75m** (2013: £1.43m). This resulted in margin improvement across the Company, with gross margins now at 68.4% (2013: 64.4%), and operating margins up to 30.7% (2013: 26.1%).

Reported profit before taxation increased by 12.2% to **£1.56m** (2013: £1.39m), after reflecting an increase in share based payments compared to the previous year.

The Company generated **£1.40m** of cash from operating activities during the year (2013: £1.72m) and finished the year with a net cash balance of **£1.70m** (2013: £1.52m), even after the purchase, by the employee benefit trust, of the Company's own shares during the year totaling **£407,072** and the payment of **£458,731** to shareholders in dividends, including the Company's first ever interim dividend.

Assets in the Investment Management Service business increased by 10.9% to **£619m** (as at 31 Dec 2013: £558m).

Revenue increased by 3.3%

£5,693,266

Gross profit was up by nearly 10%

£3,896,532

DIVIDEND

We are delighted to continue to advance our progressive dividend policy and the Board has recommended a final dividend of 0.54 pence. Combined with our maiden interim dividend the proposed dividend will give a total payment for the year of **0.71 pence**, a **22.4%** uplift to last year (2013: 0.58 pence), and a recognition of the continued growth of the business.

Subject to shareholder approval at the Company Annual General Meeting on 19 May 2015, the final dividend will be paid on 12 June 2015 to shareholders on the register at the close of business on 29 May 2015. The ex-dividend date is 28 May 2015.

OPERATIONAL REVIEW

The long term strategy of the Company is to grow the funds in the investment management service and to provide an excellent service to clients both pre and post settlement and to maintain that relationship following its initial advice. During the period we exceeded £600m of funds under management and we are very proud to record our sixth consecutive year of retaining 99% of the clients using our investment management services.

SIXTH YEAR RETAINING 99% OF CLIENTS

The main driver for new business, and subsequent contributor to our assets under management, is our provision of expert witness reports for clients who are in the process of litigation as a result of a personal injury or clinical negligence claim. The focus during 2014 has been to continue to market Frenkel Topping's expert witness services to clients and litigation professionals, building up strong relationships pre-settlement, which we hope will in turn lead to the provision of personal injury trust work or investment advice.

Whilst we have seen good success in this endeavour to date we know that there is a huge opportunity to grow this business and to extend our network of Fee Earning Consultants across England and Wales. At the beginning of the year we employed nine staff in this important revenue generating role and by the end of the year we extended this to 14. In doing so we have been able to add high quality, qualified staff with expertise in chartered financial planning, SOLLA **(a)** and STEP **(b)** . It is our intention to continue to invest in this area of the business through 2015 and to ensure that Frenkel Topping has strong well qualified representation across key regional litigation communities, namely in the North West, the West Midlands, London, Bristol and South Wales.

During the year we continued to invest in supporting our network of litigation professionals and extend the Frenkel Topping brand as a specialised provider of financial advice in our area. Last year we hosted and supported a number of events aimed at clinical negligence solicitors, professional deputies, barristers, Court of Protection specialists, private client teams and case managers.

Our annual Deputy Day Conference in May 2014 was very well attended and in November 2014 we held our first Deputy Day in Cardiff. We are organising and supporting a number of events in 2015 details of which can be seen here:

www.frenkeltopping.co.uk/professionalevents

a) Society of Later Life Advisors
b) Society of Trust and Estate Practitioners

As well as these wider events our business development consultants regularly hold surgeries for law firms and other professionals within the personal injury and clinical negligence community to provide them with the latest update on our "best of breed" investment services and advice on current or forth coming issues. These can range from the impact changes to the Office of the Public Guardian will have on Court of Protection appointed deputies, to the implications of the US's new FATCA (Foreign Account Tax Compliance Act) or the challenges that arise from the Care Act. In September 2014, we collaborated with a leading claimant barristers' chambers in London during their Annual Personal Injury Conference held at the Law Society in Chancery Lane and we were delighted to be invited to present at the Society of Clinical Injury Lawyers' annual conference in November last year.

2014 marked the 25-year anniversary of the landmark case of Kelly vs. Dawes which resulted in Britain's first ever structured settlement, known as a Periodical Payment Order ("PPO") in which Frenkel Topping played an integral part. This was a pivotal development in personal injury law, providing a guaranteed, tax-free income for the lifetime of a claimant and was a precursor to the current periodical payment regime. The lasting legacy of this case has had a huge impact on many other severely disabled and injured individuals and their families and we are incredibly proud to have had such a key role.

During the year we were very pleased to receive external recognition of the team's hard work by being shortlisted for a number of awards. Frenkel Topping was shortlisted in the 'Supporting the Profession' category of the Modern Law awards 2014 and in the 'Associated Industries' category of the Eclipse Proclaim Personal Injury Awards 2014. In addition, our Finance Director, Julie Dean was shortlisted for the Finance Director of the Year Award at the Grant Thornton Quoted Company Awards. This recognition is a reflection of our growing profile in the industry.

OUTLOOK

Whilst we are pleased to have further increased our funds under management, we are well aware of the huge opportunity we have to grow the business at an accelerated rate. We know that we can do this by extending our geographical reach across England and Wales and through investing in our core base of revenue generating Consultants.

In 2015 we expect to increase the number of Fee Earning Consultants from 14 to 16, and to develop a stronger network around key regional cities; not only in Manchester, where we already have a very strong base, but also in and around Birmingham, Brighton, Bristol and Cardiff. In these areas we will further extend our support for litigation professionals through the provision of our expert witness services and by offering their clients our premium investment solutions and advice.

In the wake of the changes that are taking place across the legal sector we increasingly find that the decision of who to instruct for expert witness work and to ultimately provide investment advice is moving away from individual litigators towards the senior partners, managing directors or chief operating officers of law firms. In addition we have seen the emergence of a number of sizeable but very specialist personal injury and clinical negligence law firms. Given our strong reputation and long track record in this field, as well as the added transparency and good corporate governance required of us as a public company, we are in an excellent position to take advantage of this shift.

The Company is in a very strong position, not only as a leader in a niche market, but also from a financial point of view, to continue to grow the business and to increase funds under management substantially. Whilst this investment will result in an increase in our cost base this year, we are confident that we will see this investment bring about a step change in performance from 2016 onwards and will have a positive impact on growth rates for profits and assets under management. The new financial year has already started well and we are confident that we can deliver this accelerated growth.

David Southworth
20 March 2015

BUSINESS MODEL

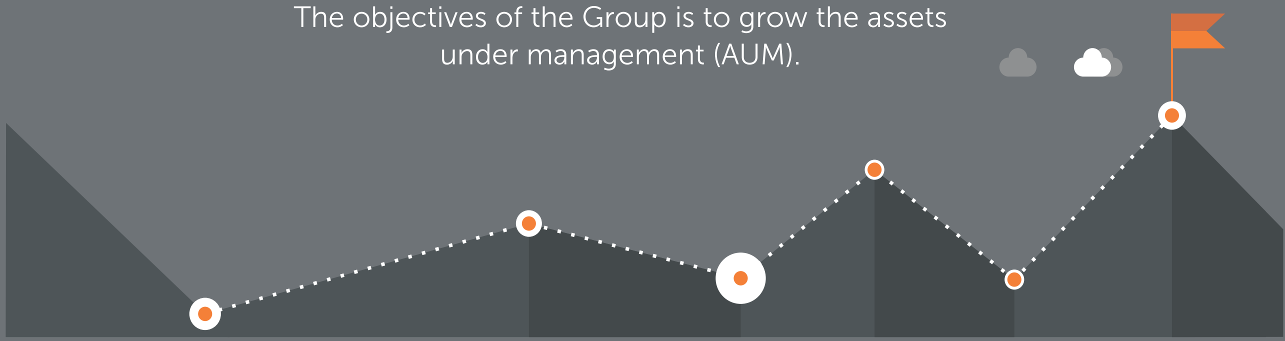
The business model of the Group is to earn income from providing expert witness reports to the court for clients who are in the process of litigation as a result of a personal injury or clinical negligence claim. Once the claims have been settled the Group then seeks to give advice to the clients on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

STRATEGY

The strategy of the Group is to market to the litigation market place to increase the number of expert witness report that it issues which then increases the potential number of clients for the Group to give financial advice to upon settlement of the claim. The Group seeks to give a good service to its clients both pre and post settlement to maintain its relationship with the client post initial advice.

OBJECTIVES

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



RISKS

The main activity of the Group is providing independent financial advice to personal injury and clinical negligence victims. The Directors are not aware, at the date of this report, of any likely changes in the Group's activities in the next year.

The ongoing success of the Group is dependent on maintaining its level of income, controlling cost, FCA compliance and working capital.

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

Due to the structure of the Group's cost base, to achieve targets the main KPIs that the Board looks at are clients' retention in AUM and delivery against a target level of fees from new business. The Board monitors client retention on a monthly basis and, during 2014, 1% (2013:1%) of the AUM was lost. The Board agrees new business targets with the FCA authorised individuals at the start of each year and the Board reviews delivery against these targets on a weekly basis. During 2014, 85% of the new business target was achieved (2013: 90%).

Above - **RICHARD FRASER**, MANAGING DIRECTOR **JULIE DEAN**, FINANCIAL DIRECTOR

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

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

The Group's employees are an important factor in the success of the Group and the Board seeks to ensure employees are motivated and rewarded fairly for their contributions to the business. Employee remuneration represents the largest cost to the Group.

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

The Group finances the operations through retained cash. Whilst the Group is at risk from any increase in interest rates on the overdraft, the Board consider the impact of this to be immaterial.

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

REVIEW OF THE YEAR

The review of the year is included in the Chairman's Statement.

FUTURE OUTLOOK

The future outlook for the Group is noted in the Chairman's Statemenet.
By order of the Board

J Dean
COMPANY SECRETARY
20 March 2015

DIRECTORS AND ADVISERS

DIRECTORS

D R Southworth
(Non-Executive Chairman)

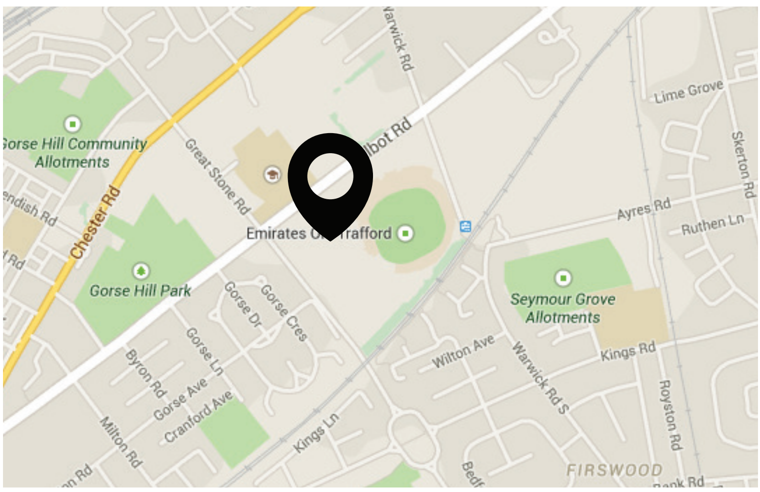
G McMahon
(Non-Executive Director - appointed 24 February 2014)

R C Fraser

J Dean

SECRETARY
J Dean

COMPANY NUMBER
4726826



REGISTERED OFFICE

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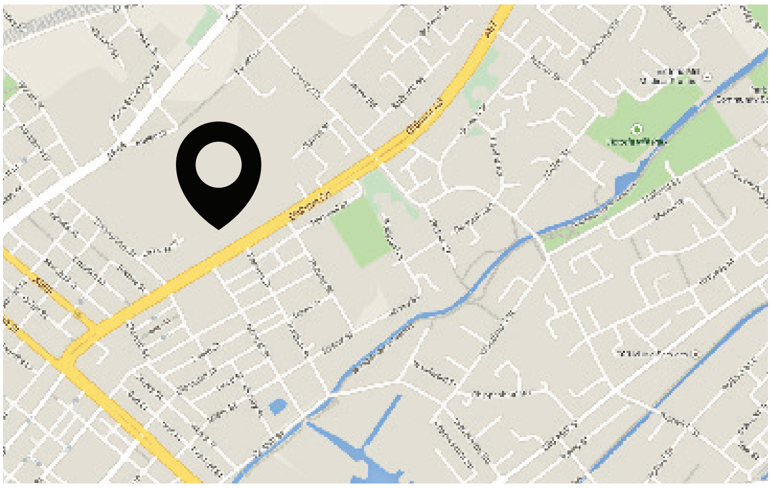
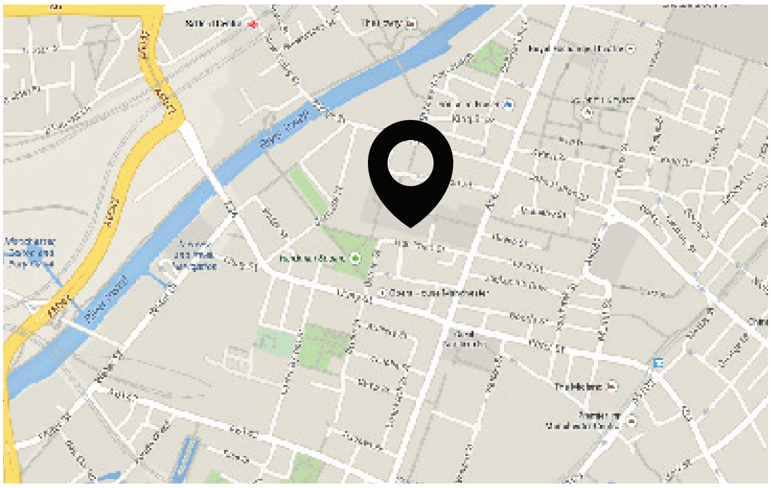


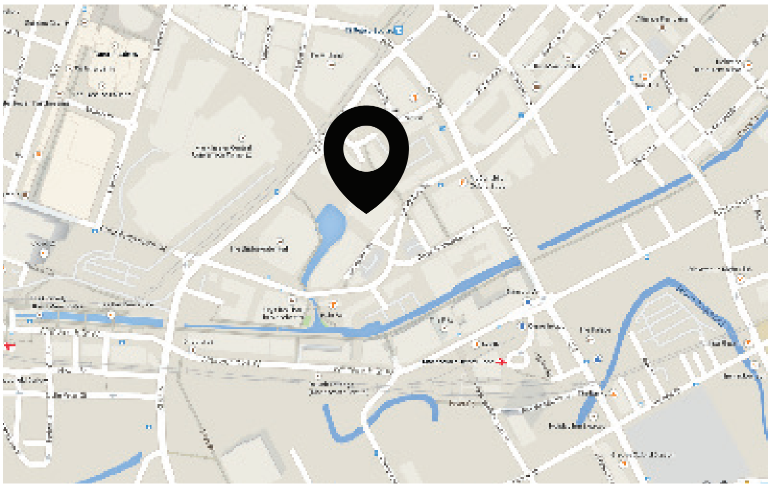
AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF



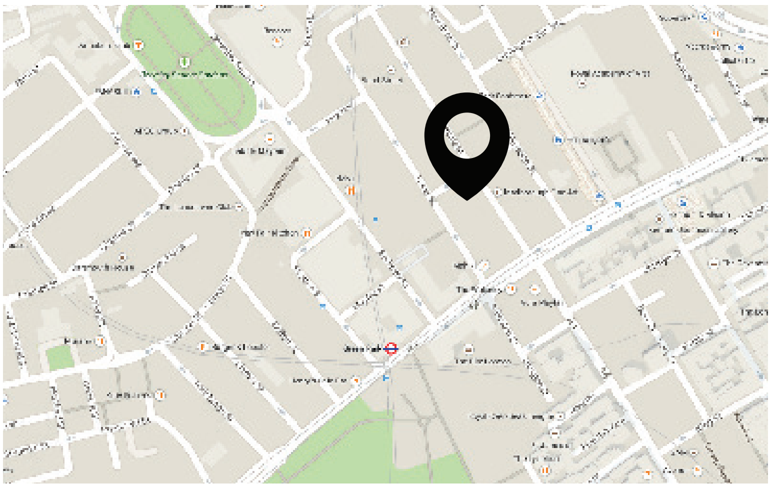
BANKERS

National Westminster Bank Plc
11 Spring Gardens
Manchester
M60 2DB



SOLICITORS

Addleshaw Goddard LLP
100 Barbirolli Square
Manchester
M2 3AB



NOMINATED ADVISER AND BROKER

Shore Capital & Corporate Ltd
Bond Street House
14 Clifford Street
London
W1S 4JH

The Directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

A review of the Group's activities and its future prospects is detailed in the Chairman's Statement on page 7 and Strategic Report on page 10.

RESULTS AND DIVIDENDS

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

The Directors are proposing a dividend of 0.71 pence per share in total for the year (2013: 0.58 pence) subject to Shareholder approval at the AGM on 19 May 2015.

FUTURE DEVELOPMENTS

Full details of future developments are discussed in the Chairman's Statement on page 7.

SHARE CAPITAL

Information regarding substantial shareholdings in the Company is contained in the Shareholder Information section on page 57.

DIRECTORS WHO HELD OFFICE DURING THE YEAR

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

D R Southworth
Non-Executive Chairman

G McMahon
Non-Executive Director
(appointed 24 February 2014)

R C Fraser
Managing Director

J Dean
Finance Director

EMPLOYEE INVOLVEMENT

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

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

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

"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."

EMPLOYEE SHARE SCHEMES

Employee involvement in the Group's financial performance is encouraged through participation in the Company's share option schemes. At 31 December 2014, 4 employees (2013: 22), held options over 3,237,116 ordinary shares (2013: 3,855,348) in the Company under the approved share option schemes. Further information on share options is shown in note 15 to the financial statements.

In addition three directors participate in an employee share scheme (the "Participator Share Scheme"), details of which are disclosed in the remuneration report.

CHARITABLE DONATIONS

During the year the Group made charitable contributions of **£1,375 (2013: £350),** principally to charities servicing the community in which the Group operates.

GOING CONCERN ASSUMPTION

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

FINANCIAL INSTRUMENTS

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

AUDITORS

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

OWN SHARE PURCHASE

During the year the Company acquired **1,003,194** (2013: 375,529) of its own shares, representing **1.57%** of the total issued share capital, for consideration of **£407,072**, which are held by an employee benefit trust. These shares have been purchased in order to meet future commitments under the Company's share option scheme. At 31 December 2014 the Company held **3,128,016** of its own shares (2013: 2,124,822)

GROUP RECONSTRUCTION

On 7 January 2014 the Company established a new subsidiary, Frenkel Topping Group Holdings Limited, in order to facilitate a new employee share scheme. On the same date it transferred the shareholdings in its subsidiaries Frenkel Topping Limited, New Horizon AM Limited and Outspire Financial Limited to Frenkel Topping Group Holdings Limited. Following this, as part of a new share scheme implemented during the year, 15% of the share capital of Frenkel Topping Group Holdings Limited was issued to three directors of the Company. The Company now owns 85% of the issued share capital of Frenkel Topping Group Holdings Limited but is entitled to 100% of all the profit and dividend distributions of Frenkel Topping Group Holdings Limited.

By order of the Board

J Dean
COMPANY SECRETARY
20 March 2015

REMUNERATION COMMITTEE

The Group has a Remuneration Committee. The committee comprises the non-executive chairman, David Southworth and the non-executive director Greg McMahon (appointed 24 February 2014).

REMUNERATION POLICY

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

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

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

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

ANNUAL BONUS

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

DIRECTORS' REMUNERATION

The table below summarises all directors' emoluments and pension contributions for the current and the prior year for comparison. During 2014 R Fraser received a payment of £18,833 (2013: £10,000) in lieu of pension included in the emolument and compensation numbers below.

	Emoluments and compensation £	Bonus £	Pension £	Total 2014 £
D Southworth	65,000	-	-	65,000
G McMahon	16,666	-	-	16,666
R Fraser	240,250	-	-	240,250
J Dean	144,061	-	13,000	157,061
	465,977	-	13,000	478,977

	Emoluments and compensation £	Bonus £	Pension £	Total 2013 £
D Southworth	65,000	-	-	65,000
R Fraser	233,630	40,000	-	273,630
J Dean	144,061	40,000	6,500	190,561
	442,691	80,000	6,500	529,191

SHARE OPTIONS

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

	Number of shares	Exercise price	Earliest exercise date
J Dean	1,096,154	13.5p	23 November 2014
R Fraser	1,585,962	13.5p	23 November 2014

During the year Julie Dean exercised 93,466 share options on which a gain of £39,255 was made. Details of the scheme are given in note 15 to the financial statements.

PENSION ARRANGEMENTS

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

PARTICIPATOR SHARE SCHEME

On 9 January 2014 a new share scheme, the Participator Share Scheme, was implemented following the cancellation of the director incentive scheme previously in place ("Old Scheme"). The Scheme has substantially higher incentive hurdles compared to the Old Scheme. Pursuant to the Scheme, on 7 January 2014, David Southworth, Richard Fraser and Julie Dean, being directors of the Company ("Directors"), acquired shares ("FTGH Shares") in Frenkel Topping Group Holdings Limited ("FTGH"), a subsidiary of the Company recently incorporated for the purposes of the Scheme.

The Scheme provides a return to the Participator in certain circumstances, principally on the occurrence of a return of capital to the Company's shareholders or a sale of either the Company or FTGH ("Exit Event") by allowing them to participate in the value attributable to an Exit Event which exceeds the minimum target thresholds set out below:

Value of Exit Event	Maximum % of value ("Proceeds") payable to Participators
£25m to £26m	1%
£26m to £27m	2%
£27m to £29m	3%
£29m to £30m	4%
£30m to £32m	5%
£32m to £33m	6%
£33m to £35m	7%
£35m to £37m	8%
Above £37m	9%

The Proceeds will be shared between the Participators as follows: David Southworth will receive 15%, Richard Fraser will receive 42.5% and Julie Dean will receive 42.5%

Further details of the scheme are given in note 15.

PRINCIPLES OF CORPORATE GOVERNANCE

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

BOARD STRUCTURE

The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the accounts is set out on page 23.

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

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

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

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

2. The Audit Committee includes the executive and non-executive directors. Its prime tasks are to review the scope of the external audit, to receive regular reports from Baker Tilly UK Audit LLP, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It reviews and monitors the independence of the auditors especially with regard to non-audit work. It meets at least twice a year including immediately before the submission of the annual and interim financial statements to the Board.

On the 24 February 2014, the Company appointed Greg McMahon as a Non-Executive Director. Greg has joined both the remuneration committee and the audit committee. Greg was appointed as a Non-Executive Director based on his experience as a Legal Counsel for quoted companies.

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

INTERNAL CONTROL

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

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

b. There are procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts.

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

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

There are no significant issues disclosed in the financial statements for the period ended 31 December 2014 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

RELATIONS WITH SHAREHOLDERS

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and 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. for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

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

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

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

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

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

For the year ended 31 December 2014

We have audited the group and parent company financial statements ("the financial statements") which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Cashflow Statement, the Parent Company Balance Sheet, and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Geoff Wightwick FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester | M3 3HF
20 March 2015

Frenkel Topping Group Plc

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 £	2013 £
REVENUE	1	5,693,266	5,507,736
Direct staff costs		(1,796,734)	(1,959,948)
GROSS PROFIT		3,896,532	3,547,788
ADMINISTRATIVE EXPENSES			
Share based compensation		(174,142)	(33,705)
Other		(2,146,721)	(2,111,085)
TOTAL ADMINISTRATIVE EXPENSES		(2,320,863)	(2,144,790)
Profit from operations before share based compensation		1,749,811	1,436,703
- share based compensation		(174,142)	(33,705)
PROFIT FROM OPERATIONS	2	1,575,669	1,402,998
Finance costs	3	(6,972)	(10,927)
PROFIT BEFORE TAX		1,568,697	1,392,071
Income tax expense	6	(203,646)	(291,992)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,365,051	1,100,079
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,365,051	1,087,925
Non controlling interest		-	12,154
		1,365,051	1,100,079
Earnings per ordinary share – basic (pence)	7	2.27p	1.82p
Earnings per ordinary share – diluted (pence)	7	2.19p	1.76p

Frenkel Topping Group Plc

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2014 — Company registration number: 4726826

	Notes	2014 £	2013 £
ASSETS			
NON CURRENT ASSETS			
Goodwill	8	5,095,287	5,095,287
Property, plant and equipment	9	12,990	37,076
Deferred taxation	13	202,627	61,610
		5,310,904	5,193,973
CURRENT ASSETS			
Accrued income		933,428	1,058,054
Trade receivables	19	882,249	983,390
Other receivables	10	158,634	143,263
Cash and cash equivalents		1,959,556	1,896,932
		3,933,867	4,081,639
TOTAL ASSETS		9,244,771	9,275,612
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	319,186	316,161
Merger reserve		929,577	929,577
Other reserve		(341,174)	(341,174)
Own shares reserve		(774,197)	(367,125)
Retained earnings		8,082,486	6,999,524
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT UNDERTAKING		8,215,878	7,536,963
Non controlling interests		490	-
TOTAL EQUITY		8,216,368	7,536,963
NON CURRENT LIABILITIES			
Obligations under finance lease	20	-	15,211
		-	15,211
CURRENT LIABILITIES			
Bank overdrafts	17	255,841	372,381
Current taxation		140,252	141,399
Trade and other payables	11	632,310	1,209,658
Provisions	12	-	-
		1,028,403	1,723,438
TOTAL LIABILITIES		1,028,403	1,738,649
TOTAL EQUITY AND LIABILITIES		9,244,771	9,275,612

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2015 and are signed on its behalf by:

JULIE DEAN

FINANCE DIRECTOR

Frenkel Topping Group Plc

GROUP STATEMENT OF CHANGES IN EQUITY

as at 31 December 2014

	Share Capital £	Merger reserve £	Other Reserve £	Own share Reserve £	Retained Earnings £	Total controlling interest £	Non controlling interests £	Total £
Balance 1 January 2013	290,447	-	-	(270,656)	6,058,406	6,078,197	597,375	6,675,572
New shares issued	4,587	-	-	-	-	4,587	-	4,587
Share based compensation	-	-	-	-	33,705	33,705	-	33,705
Purchase non controlling Interest	21,126	929,577	(341,174)	-	-	609,529	(609,529)	-
Own Shares purchased	-	-	-	(96,469)	-	(96,469)	-	(96,469)
Dividend Paid					(180,512)	(180,512)		(180,512)
Total transactions with owners recognised in equity	316,161	929,577	(341,174)	(367,125)	5,911,599	6,449,058	(12,154)	6,436,884
Profit and total Comprehensive income for the period	-	-	-	-	1,087,925	1,087,925	12,154	1,100,079
Balance 1 January 2014	316,161	929,577	(341,174)	(367,125)	6,999,524	7,536,963	-	7,536,963
New shares issued	3,025	-	-	-	-	3,025	-	3,025
Share based compensation	-	-	-	-	174,142	174,142	-	174,142
Subsidiary share award adjustment	-	-	-	-	2,500	2,500	-	2,500
Own Shares purchased	-	-	-	(407,072)	-	(407,072)	-	(407,072)
Dividend paid					(458,731)	(458,731)		(458,731)
Non controlling interest arising in the year					-	-	490	490
Total transactions with owners recognised in equity	319,186	929,577	(341,174)	(774,197)	6,717,435	6,850,827	490	6,851,317
Profit and total comprehensive income for the period	-	-	-	-	1,365,051	1,365,051	-	1,365,051
Balance 31 December 2014	319,186	929,577	(341,174)	(774,197)	8,082,486	8,215,878	490	8,216,368

GROUP STATEMENT OF CHANGES IN EQUITY

as at 31 December 2014

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.

The other reserve represents the excess paid for the non controlling interest over the book value at the date of the acquisition.

The own shares reserve represents the cost of 3,218,016 (2013:2,124,823) shares held by an employee benefit trust. The open market value of the shares held at 31 December 2014 was £1,303,296 (2013: £658,695).

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

The non controlling interests represents the value of the part of Outspire Financial Limited subsidiary owned outside the Group.

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

Frenkel Topping Group Plc

GROUP CASHFLOW STATEMENT

for the year ended 31 December 2014

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Profit before tax	1,568,697	1,392,071
Adjustments to reconcile profit for the year to cash (used in)/generated from operating activities:		
Finance cost	6,972	10,927
Share based compensation	174,142	33,705
Subsidiary share awards	2,500	-
Depreciation and amortisation	13,936	14,286
Decrease/(increase) in accrued income, trade and other receivables	210,396	(320,536)
(Decrease)/increase in trade and other payables	(570,411)	586,909
Cash generated from operations	1,406,232	1,717,362
Income tax paid	(346,424)	(256,026)
Cash generated from operating activities	1,059,808	1,461,336
Investment activities		
Acquisition of property, plant and equipment	(5,948)	(4,130)
Cash used in investment activities	(5,948)	(4,130)
Financing activities		
Shares issued	3,025	4,587
Dividend paid	(458,731)	(180,512)
Interest on loans and borrowings	(3,883)	(4,501)
Finance lease repayments	(8,035)	(8,035)
Own share purchase	(407,072)	(96,469)
Cash used in financing	(874,696)	(284,930)
Increase in cash and cash equivalents	179,164	1,172,276
Opening cash and cash equivalents	1,524,551	352,275
Closing cash and cash equivalents	1,703,715	1,524,551

Reconciliation of cash and cash equivalents

Cash at bank and in hand	1,959,556	1,896,932
Overdraft	(255,841)	(372,381)
Closing cash and cash equivalents	1,703,715	1,524,551

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

BASIS OF PREPARATION

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

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

GOING CONCERN

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

- goodwill has been tested for impairment by comparing the carrying value of the cash generating unit to which the goodwill has been attributed, to the present value of the forecast cashflows expected to be generated by the unit. Details of the estimates and judgements made in the impairment review are given in note 8;
- the fair value of share-based awards is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future applied by the directors. Such estimates and judgements include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 15;

INTERPRETATIONS OF STANDARDS

There are no new standards or amendments to standards which are mandatory for the first time for the year ended 31 December 2014 which have a significant impact on the Group. The potential impacts of IFRS 15, Revenue from contracts with customers, and IFRS 9, Financial Instruments, are being assessed by management but, in common with other new standards, amendments to standards and interpretations which have been published but are not yet effective, are not expected to have a significant impact on the Group.

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 the clients' Funds in the Investment Management Service, excluding value added tax.

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

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

BASIS OF CONSOLIDATION

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

The acquisition method of accounting is used for the acquisition of subsidiaries. The cost of acquisition is measured at the aggregate fair values of assets given, equity instruments issued and liabilities incurred or assumed by the Group to obtain control. A separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The company loss for the year was £108,680 (2013: £120,122).

The Company holds 85% of the issued shares of Frenkel Topping Group Holdings Limited, the intermediate parent company which holds the Group's trading entities. No non-controlling interest is recognised in the Group's financial statements as the holders of the 15% of the issued share capital of Frenkel Topping Group Holdings Limited not owned by the Company have no rights to share in the profits or dividends of the entities, and obtain value only in the event of a sale or winding up. Such value is accounted for as a share based payment charge.

GOODWILL

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

Goodwill on acquisition of subsidiaries is separately disclosed.

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

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

IMPAIRMENT

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

All fixed assets are initially recorded at cost and are subsequently measured at cost less accumulated depreciation and any recognised impairment loss.

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

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

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

EMPLOYEE SHARE OWNERSHIP PLANS

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

PROVISIONS

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

SHARE-BASED COMPENSATION

The Group operates an equity-settled, share based compensation plan, together with a Director Share Scheme. The fair value of the employee services received in exchange for the grant of options or, in the case of the Director Share Scheme, the award of shares in an intermediate holding company, is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options granted 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, or the fair value of the shares awarded under the Director Share Scheme. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to reserves over the remaining vesting period.

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

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

LEASING

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases encompassing land and buildings are assessed separately. Leases in respect of land have always been accounted for as operating leases in accordance with IAS 17 Leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

FINANCIAL INSTRUMENTS

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

Trade and other receivables
Trade receivables are categorised as loans and receivables in accordance with IAS39. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The Directors have considered the impact of discounting trade receivables relating to Expert Witness reports whose settlement may be deferred for lengthy periods, and concluded that the impact would not be material.

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Group Statement of Financial Position. For the purposes of the Cashflow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft, which is integral to the Group's cash management.

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

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

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

EMPLOYEE BENEFITS

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

TAXATION

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

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

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

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

1. REVENUE AND SEGMENTAL REPORTING

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

2. PROFIT FROM OPERATIONS

	2014 £	2013 £
Profit from operations is stated after charging:		
Share based compensation	174,142	33,705
Depreciation and amortisation	13,936	14,286
Operating lease rentals - Motor vehicles	62,875	55,558
Operating lease rentals – Land & buildings	76,387	76,326
Auditor's remuneration – Audit	32,000	32,700
Auditor's remuneration – Tax	7,700	12,200

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

	2014 £	%
Audit Services		
Statutory audit	15,000	37.78
Other Services		
The auditing of accounts of associates of the company pursuant to legislation:		
- Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP and its associates	17,000	42.82
Tax Services		
- Compliance services	7,700	19.40
	39,700	

2 PROFIT FROM OPERATIONS *(continued)*

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

	2013 £	%
Audit Services		
- Statutory audit	15,700	34.97
Other Services		
The auditing of accounts of associates of the company pursuant to legislation:		
- Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP and their associates	17,000	37.86
Tax Services		
- Compliance services	12,200	27.17
	44,900	

The following table analyses the nature of expenses:-

	2014 £	2013 £
Staff costs (see note 4)	2,531,814	2,640,180
Depreciation, amortisation and impairment	13,936	14,286
Premises costs	113,460	112,947
Marketing expenses	199,492	119,405
Professional fees	327,545	282,634
Share based payments	174,142	33,705
Other expenses	757,208	901,581
Total operating expenses	4,117,597	4,104,738

3. FINANCE COSTS

	2014 £	2013 £
Bank interest	3,531	8,700
Hire purchase	3,441	2,227
	6,972	10,927

4. EMPLOYEES

NUMBER OF EMPLOYEES

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

	2014 Number	2013 Number
Directors	4	3
Sales	14	16
Administration	29	28
	47	47

EMPLOYMENT COSTS

	2014 £	2013 £
Wages and salaries	1,985,866	2,159,719
Social security costs	223,424	257,385
Pension costs	69,270	89,713
Other benefits	84,112	99,658
Share based compensation – equity settled	174,142	33,705
	2,536,814	2,640,180

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 19 to 20.

	2014 £	2013 £
Short-term employee benefits	451,980	505,691
Post-employment benefits	13,000	6,500
Other long-term benefits	13,998	16,998
Share based payments	174,142	30,829
	653,120	560,191
Social security costs	62,373	69,785
	715,493	629,976

	Number	Number
Number of Directors to whom retirement benefits are accruing under a money purchase scheme	2	2

	2014 £	2013 £
The remuneration in respect of the highest paid director was:		
Emoluments	240,250	273,630
Pension costs	-	-
	240,250	273,630

During the year one director exercised 93,466 share options.
The highest paid director did not exercise any share options in the period (2013: 293,067).

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 £69,270 (2013: £89,713). As at the year end £nil (2013: £5,000) was accrued in connection with pension contributions.

6. TAXATION

	2014	2013
	£	£
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	330,572	308,911
Adjustments in respect of previous periods	14,091	(12,159)
Total current tax charge	344,663	296,752
Deferred tax		
Temporary differences, origination and reversal	(141,017)	(4,760)
Total deferred tax charge	(141,017)	(4,760)
Tax on profit on ordinary activities	203,646	291,992

FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax assessed for the period is higher than the main rate of corporation tax in the UK of 21.5% (2013: 24%). The differences are explained below:

	2014	2013
	£	£
Profit before taxation	1,568,696	1,392,071
Profit multiplied by main rate of corporation tax in the UK of 21.5% (2013: 24%)	337,270	334,097
EFFECTS OF:		
Expenses not deductible	9,628	14,722
Exercise of share options	(50,173)	(52,757)
Share based payments	(103,576)	8,089
Other charges/(deductions) in period	10,497	(12,159)
Total tax expense for year	203,646	291,992

7 EARNINGS PER SHARE

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

	2014 £	2013 £
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	1,365,051	1,087,925
Earnings for the purposes of diluted earnings per share	1,365,051	1,087,925
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	63,281,887	61,938,332
Less: own shares held	(3,128,016)	(2,124,823)
	60,153,871	59,813,509
Effect of dilutive potential ordinary shares:		
- Share options	2,219,873	2,114,225
Weighted average number of ordinary shares for the purposes of diluted earnings per share	62,373,744	61,927,761

In arriving at diluted earnings per share, the directors have considered whether to include the effects of the Participator Share Scheme (see note 15). They have concluded that, as the performance condition which would result in potential shares being issued and therefore dilutive had not occurred at the reporting date, the effects should not be included in calculating diluted earnings per share. Had such shares been included, at an assumed exit price of £38m, the effect of the dilutive potential ordinary shares would have been to increase the number of shares in issue by 6,157,879 and the resulting earnings per share would have been 1.9pence per share.

8 GOODWILL

	£
COST	
As at 1 January 2014	5,095,287
At 31 December 2014	5,095,287
NET BOOK VALUES	
At 31 December 2014	5,095,287
At 31 December 2013	5,095,287

Goodwill is allocated to cash-generating units (CGUs) identified on the basis of the subsidiary company Frenkel Topping Limited. The recoverable amount has been determined by value in use calculations. The calculations used pre-tax cash flow projections based on the budgets for the year ending 31 December 2015. Cashflows beyond the budgeted period are extrapolated using the estimated growth rate per the table. In accordance with IAS 36, the growth rate for beyond the budgeted period does not exceed the long-term average growth rate for the industry.

The key assumptions applied in the calculation were:

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

The growth rates are based on anticipated future growth in revenue over a five year period from FIMS and the contractual returns based on current contracts. The directors have performed sensitivity analysis on this figure which shows that there is no indication of impairment even if a growth figure of Nil% is used. The discount rate used is based on the weighted average cost of capital of the Group at the accounting reference date. The directors have performed sensitivity analysis on the discount rate which shows that there is no indication of impairment at discounted rates up to 45%.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost					
At 1 January 2013	32,619	33,500	8,326	33,344	107,789
Additions	-	-	-	4,130	4,130
Disposals	-	-	(8,326)	(3,349)	(11,675)
At 31 December 2013	32,619	33,500	-	34,125	100,244
Additions	-	-	-	5,948	5,948
Disposals	-	(33,500)	-	(3,443)	(36,943)
At 31 December 2014	32,619	-	-	36,630	69,249
Depreciation					
At 1 January 2013	32,534	4,892	8,326	14,805	60,557
Charge for the year	85	6,528	-	7,673	14,286
Disposals	-	-	(8,326)	(3,349)	(11,675)
At 31 December 2013	32,619	11,420	-	19,129	63,168
Charge for the year	-	5,982	-	7,954	13,936
Disposals	-	(17,402)	-	(3,443)	(20,845)
At 31 December 2014	32,619	-	-	23,640	56,259
Net book values					
At 31 December 2014	-	-	-	12,990	12,990
At 31 December 2013	-	22,080	-	14,996	37,076
At 1 January 2013	85	28,608	-	18,539	47,232

The entire net book value of cars represents assets held under finance leases.

10 OTHER RECEIVABLES

	2014 £	2013 £
Prepayments	148,737	125,324
Other receivables	9,897	17,939
	158,634	143,263

11 TRADE AND OTHER PAYABLES

	2014 £	2013 £
Trade payables	432,774	474,663
Other tax and social security	89,281	84,051
Other payables	33,859	241,469
Finance lease obligations	-	5,481
Accruals	76,396	403,994
	632,310	1,209,658

12 PROVISIONS

Professional indemnity claims provision	2014 £	2013 £
At beginning of the period	-	9,656
New claims provided	-	-
Release of prior year provision	-	(9,656)
At the end of the period	-	-

Provisions are made in respect of historic professional indemnity claims made against the Group and where the probable outcome will result in a financial liability to the Group. The expected outflow is within the next one-two years. Probability is assessed based on an internal review of compliance being adhered to. As at the year end no provisions were identified as required.

13 PROVISIONS FOR DEFERRED TAXATION

	2014 £	2013 £
Share-based payments	(202,627)	(61,610)
Tax losses carried forward	(454,387)	(454,387)
At 31 December	(657,014)	(515,997)
Included in non current assets	(202,627)	(61,610)
Unrecognised deferred taxation asset	(454,387)	(454,387)
At 31 December	(657,014)	(515,997)

Movement in the period	£	£
At 1 January	(61,610)	(56,850)
Deferred tax charge for share based payments	(141,017)	(4,760)
At 31 December	(202,627)	(61,610)

The Group has unrecognised deferred tax assets of £454,387 at 31 December 2014 and 31 December 2013, which relate to taxable losses held within a dormant subsidiary of the group. The deferred tax asset has not been provided for because it is uncertain whether the trading losses giving rise to the asset will be utilised in the foreseeable future.

14 GROUP RECONSTRUCTION

On 7 January 2014 the Company established a new subsidiary, Frenkel Topping Group Holdings Limited, in order to facilitate a new employee share scheme. On the same date it transferred the shareholding in its subsidiaries Frenkel Topping Limited, New Horizon AM Limited and Outspire Financial Limited to Frenkel Topping Group Holdings Limited. Following this, as part of a new share scheme implemented during the year, 15% of the share capital of Frenkel Topping Group Holdings Limited was issued to 3 directors of the Company. The Company now owns 85% of the issued share capital of Frenkel Topping Group Holdings Limited but is entitled to 100% of all the profit and dividend distributions of Frenkel Topping Group Holdings Limited.

15 SHARE CAPITAL

	Number of shares	2014 £	Number of shares	2013 £
Authorised				
Ordinary shares of £0.005 each	80,000,000	400,000	80,000,000	400,000
Preference shares of £1 each	50,000	50,000	50,000	50,000
		450,000		450,000
Allotted, called up and fully paid				
As at 1 January	63,232,169	316,161	58,089,308	290,447
New shares issued	604,898	3,025	5,142,861	25,714
As at 31 December				
Ordinary shares of £0.005 each	63,837,067	319,186	63,232,169	316,161

At 31 December 2014 the Company held 3,128,016 of its own shares (2013: 2,124,822). During the year the Company acquired 1,003,194 (2013: 375,529) of its own shares, representing 1.57% of the total issued share capital, for consideration of £407,072, which are held by an employee benefit trust. These shares have been purchased in order to meet future commitments under the Company's share option scheme.

During the period employees exercised share options and as a result 604,898 new shares were issued at a price of £0.005 per share. Dividends of £455,017 (2013: £366,693) in aggregate, being 0.71 (2013: 0.58) pence per share, were proposed before the financial statements were authorised for issue but not treated as a distribution to equity.

The Company operates an equity-settled share option plan. The Company plan provides for a grant price not less than the nominal value of the shares. The vesting period is between 3 to 5 years. If options remain unexercised after a period of 10 years from the date of the grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before the options vest. In relation to the 2011 options, 60% of options vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 2.0966 pence, 80% of options vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 2.6208 pence, 100% of options vest if the aggregate diluted EPS for the 3 financial years ending 31 December 2013 is 3.144 pence.

Grant date	Subscription price per share	Number of shares for which rights exercisable	Earliest date on which options can be exercised
Approved Scheme			
13 August 2007	0.5p	100,000	13 August 2010 to 13 August 2012
9 June 2008	0.5p	40,000	9 June 2011 to 9 June 2013
26 May 2009	0.5p	165,000	31 May 2012 to 31 May 2014
23 November 2011	13.5p	2,682,116	23 November 2014
17 September 2012	13.5p	250,000	17 Sept 2015 to 17 September 2017
Employee share options in issue		3,237,116	

15 SHARE CAPITAL *(continued)*

	2014 Options	2014 Weighted average exercise price (pence)	2013 Options	2013 Weighted average exercise price (pence)
Outstanding at 1 January	3,855,348	10.39	4,792,752	8.45
Granted during the year	-	-	-	-
Lapsed during the year	(13,334)	0.5	(19,895)	0.5
Exercised during the year	(604,898)	0.5	(917,509)	0.5
Outstanding at 31 December	3,237,116	12.27	3,855,348	10.39
Exercisable at 31 December	2,987,116		379,667	

The options outstanding at 31 December 2014 had a weighted average remaining contractual life of 7 years (2013: 7 years).

Options exercised have been satisfied as follows:

	2014	2013
Issue of new shares	604,898	917,509
Transfer from employee share trust	-	-
Total exercised	604,898	917,509

The weighted average share price at the date of exercise was 42.5 pence.

PARTICIPATORS SHARE SCHEME

The Participator Share Scheme provides a return to three of the Directors in certain circumstances, principally on the occurrence of a return of capital to the Company's shareholders or a sale of either the Company or its intermediate holding company, Frenkel Topping Group Holdings Limited ("FTGH"), ("Exit Event") by allowing them to participate in the value attributable to an Exit Event which exceeds the minimum target thresholds set out below:

Value of Exit Event	Maximum % of value ("Proceeds") payable to Participators
£25m to £26m	1%
£26m to £27m	2%
£27m to £29m	3%
£29m to £30m	4%
£30m to £32m	5%
£32m to £33m	6%
£33m to £35m	7%
£35m to £37m	8%
Above £37m	9%

The Proceeds will be shared between the Participators as follows: David Southworth will receive 15%, Richard Fraser will receive 42.5% and Julie Dean will receive 42.5%

Under the Scheme, the means by which the Participators will receive the Proceeds, if any are due to them, will be dependent upon the nature of the Exit Event. If the Exit Event is by way of a winding up of the Company, any other return of capital in respect of the shares of the Company ("Company Shares") or a sale of a majority of the Company Shares, the Company may be obliged to acquire the FTGH Shares from the Participators in exchange for the issue of such number of Company Shares, credited as fully paid, as is equal to the Proceeds. This allows the Participators to participate directly in the Exit Event or, in the case of a purchase of the Company and at the discretion of the Company, the purchaser of the Company ("Purchaser") may purchase the FTGH Shares directly from the Participators for a cash consideration equal to the Proceeds.

In circumstances where a Purchaser acquires a majority interest in the Company but does not acquire all of the Company Shares, the Company or the Purchaser (as the case may be) will only be obliged to acquire such proportion of the Participators ' FTGH Shares as is equal to the proportion of the Company Shares acquired by the Purchaser. On each subsequent purchase of Company Shares by the Purchaser ("Additional Purchase"), the Company or the Purchaser will be obliged to acquire an additional proportion of the Participators ' FTGH Shares equal to the proportion of the Company Shares not already owned by the Purchaser but acquired pursuant to the Additional Purchase.

If the Exit Event is a winding up of FTGH or a sale of a majority of the shares in FTGH, the Participators will be entitled to participate in such a sale or winding up and receive Proceeds directly either pursuant to a distribution of FTGH's assets as part of the winding up or directly from the purchaser of FTGH in consideration for the transfer of the FTGH Shares.

If a Participator ceases to be employed or engaged by the Company before the occurrence of an Exit Event in "good leaver" circumstances, a valuation of the Company will be carried out. If the valuation indicates that, as at the date of his departure, the target thresholds set out above are exceeded, the Participator shall be entitled to retain his FTGH Shares until an Exit Event but the value thereof will be capped at the value of the Proceeds attributable to them as at the date of the departure and set out in the valuation. If the Participator ceases to be employed or engaged by the Company before the occurrence of an Exit Event in "bad leaver" circumstances, he will be required to transfer his FTGH Shares to FTGH or another Director or employee of the Company for nil consideration.

Although the Participators Shares awarded under this Scheme are not strictly share options, they have the same characteristics as premium priced share options. Accordingly the Participators Share Scheme is accounted for in accordance with IFRS 2, Share-based Payment, using a Black-Scholes option pricing model to give a proxy for the fair value of the services provided by the Participators, the key inputs to which are:

Weighted average share price at date of award of Participators	
Share scheme shares	31.5p
Expected volatility	22%
Expected life	Three years
Risk free rate	1.1%
Expected dividend yield	0.95%

As the rights to reward vary depending on the exit value of £25m to in excess of £38m, an average of the three scenarios has been used to represent the exit value.

The aggregate charge recognised in the Group financial statements for share based payments in the year was £174,142, all of which was recognised in a subsidiary entity's results.

16 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 £89,962 in dividends in aggregate.

17 FINANCIAL INSTRUMENTS

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

Interest rate risk

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

Liquidity risk

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

Credit risk

Exposure to credit risk is limited to cash at bank and trade receivables. Credit risk on cash balances is minimised by the use of a major UK government backed clearing bank. The Group evaluates a customer's ability to pay before entering into a transaction and actively manages receivables due to the Group. The Group's maximum exposure to credit risk is disclosed in note 19.

Foreign currency risk

The Group has no overseas assets or liabilities.

17 FINANCIAL INSTRUMENTS *(continued)*

The interest rate profile of the financial assets of the Group as at 31 December 2014 is as follows:

	Fixed rate financial assets	Floating rate financial assets	Financial assets on which no interest is paid	Total
	£	£	£	£
2014				
Cash in hand	-	-	222	222
Cash at bank	-	1,959,556	-	1,959,556
Trade receivables	-	-	882,249	882,249
Accrued income	-	-	933,428	933,428
Other receivables	-	-	9,897	9,897
Total	-	1,959,556	1,825,796	3,785,352

	Fixed rate financial assets	Floating rate financial assets	Financial assets on which no interest is paid	Total
	£	£	£	£
2013				
Cash in hand	-	-	748	748
Cash at bank	-	1,896,184	-	1,896,184
Trade receivables	-	-	983,390	983.390
Accrued income	-	-	1,058,053	1,058,053
Other receivables	-	-	17,939	17,939
Total	-	1,896,184	2,060,130	3,956,314

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 31 December 2014 is as follows:

	Fixed rate financial liabilities	Floating rate financial liabilities	Financial liabilities on which no interest is paid	Total
	£	£	£	£
2014				
Amounts due to banks	-	255,841	-	255,841
Trade and other payables	-	-	555,914	555,914
Sterling	-	255,841	555,914	811,755

17 FINANCIAL INSTRUMENTS *(continued)*

	Fixed rate financial liabilities	Floating rate financial liabilities	Financial liabilities on which no interest is paid	Total
	£	£	£	£
2013				
Amounts due to banks	-	372,381	-	372,381
Trade and other payables	-	-	1,118,626	1,118,626
Finance Lease	20,691	-	-	20,691
Sterling	20,691	372,381	1,118,626	1,511,698

The Group has an overdraft offset facility to the value of £1m which has been renewed until the 31 January 2016. The Group does not have any concern with the annual renewal of the facility. The directors do not consider any sensitivity to be material in relation to interest rates.

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities as at 31 December 2014 was as follows:	2014	2013
	£	£
Payable within one year	811,755	1,511,698
Payable in two to five years	-	-
	811,755	1,511,698

Currency exposures

The Group has no overseas assets or liabilities.

Fair values of financial assets and financial liabilities

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

18 FINANCIAL COMMITMENTS

At 31 December 2014, the Group had total gross commitments under non-cancellable operating leases as follows:	Land & Building 2014	Land & Building 2013
	£	£
Amounts due		
Within one year	-	-
Between one and five years	132,516	176,688
In greater than five years	-	-
	132,516	176,688

18 FINANCIAL COMMITMENTS *(continued)*

	Motor Vehicles 2014 £	Motor Vehicles 2013 £
Amounts due:		
Within one year	45,734	42,073
Between one and five years	24,294	11,786
	70,028	53,859

Operating lease payments for land and buildings represent rentals payable by the Group for its office properties. Leases are negotiated for a 10 year term with a 5 year break clause and the rentals are fixed during this period. Operating lease payments for motor vehicles represents rentals payable by the Group for its company cars. Leases are negotiated between 2-3 year and rentals are fixed during this period.

The Group shares a VAT registration with its subsidiary Frenkel Topping Limited. Both Group and Frenkel Topping Limited are joint and severally liable for amounts due. As at 31 December the amount due to HMRC is £21,990 (2013: £16,192).

19 TRADE RECEIVABLES

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 215 (2013: 218). Debtor days has been calculated as the balance in trade receivables against new business income recorded in the year. The trade receivables represent fees due from investment of initial AUM or Expert Witness Reports.

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

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

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

	2014 £	2013 £
Up to three months	178,944	299,190
Between four and twelve months	384,173	429,271
Greater than twelve months	319,132	254,929
	882,249	983,390

20 FINANCE LEASE

	2014 £	2013 £
Amounts payable under finance lease		
Within one year	-	5,481
In the second to fifth year inclusive	-	15,211
	-	20,692
Less future finance charge	-	(5,481)
Present value of lease obligation	-	15,211
Less: Amounts due for settlement within 12 months (shown under current liabilities)	-	5,481
Amounts payable under finance lease In the second to fifth year inclusive	-	15,211
Amount due for settlement after 12 months	-	20,692

The finance is secured on the related fixed asset.

21 CAPITAL MANAGEMENT

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

It is our 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 also aims to maximise its capital structure of debt and equity so as to minimise the cost of capital.

The Group considers its capital to include share capital, share based payment reserve, own shares reserve, other reserve and retained earnings and net debt. The Group has no net external borrowing and hence the gearing ratio is 0% (2013: 0%).

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

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

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

Frenkel Topping Group Plc

COMPANY BALANCE SHEET

for the year ended 31 December 2014 Company registration no. 4726826

	Notes	2014 £	2013 £
FIXED ASSETS			
Investments	2	5,955,154	5,955,154
CURRENT ASSETS			
Debtors: amounts falling due within one year	3	15,974	6,611
Cash at bank and in hand		-	-
		15,974	6,611
CREDITORS: amounts falling due within one year	4	(283,629)	(386,142)
NET CURRENT liabilities		(267,655)	(379,531)
CREDITORS: falling due after more than one year	5	(2,285,216)	(1,201,879)
NET ASSETS		3,402,283	4,373,744
CAPITAL AND RESERVES			
Called up share capital	7	319,186	316,161
Own shares reserve	8	(774,197)	(367,125)
Merger reserve	8	929,577	929,577
Profit and loss account	8	2,927,717	3,495,131
EQUITY SHAREHOLDERS' FUNDS		3,402,283	4,373,744

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2015 and are signed on its behalf by:

Julie Dean

Finance Director

ACCOUNTING CONVENTION

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

SHARE-BASED COMPENSATION

The Company operates a group, equity-settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the company that receives the benefit of those services and as an increase in the cost of investment in the Company's accounts. The total amount to be taken to investments in the company's accounts on a straight line basis over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to reserves over the remaining vesting period.

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

EMPLOYEE SHARE OWNERSHIP PLANS

The Company operates an Employee Benefit Trust and has de facto control of the shares held by the trust and bears their benefits and risks. The Company records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax arrangements in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

INVESTMENTS

Investments are stated at cost.

1 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account for these financial statements. The loss dealt with in the accounts of the parent company was £108,680 (2013: £120,122).

2 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
Cost	
As at 1 January 2014	5,955,154
At 31 December 2014	5,955,154
Net book values	
At 31 December 2014	5,955,154
At 31 December 2013	5,955,154

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

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

Company	*Country of registration or incorporation*	*Nature of business*	*Shares held class*	*Proportion of shares held*
Frenkel Topping Group Holdings Limited	England	Holding	Ordinary	85%
Frenkel Topping Limited	England	Financial services	Ordinary	100% [1]
New Horizon AM Limited	England	Dormant	Ordinary	100% [1]
Outspire Financial Limited	England	Dormant	Ordinary	51% [1]

[1] Owned by Frenkel Topping Group Holdings Limited

See note 14 of the Group financial statements for full details of the group reconstruction which took place on 7 January 2014.

3 DEBTORS

	2014	2013
	£	£
Other debtors	15,974	6,611

4 CREDITORS: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	19,388	12,361
Other creditors	8,400	1,400
Bank overdraft	255,841	372,381
	283,629	386,142

5 CREDITORS: amounts falling due after one year

	2014	2013
	£	£
Amounts due to group undertakings	2,285,216	1,201,879

6 DEFERRED TAXATION

	2014	2013
	£	£
Tax losses brought forward	60,650	60,650
Loss for year	-	-
At 31 December	60,650	60,650
Unrecognised deferred taxation asset at 31 December	60,650	60,650

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

7 SHARE CAPITAL

	Number of shares	2014 £	Number of shares	2013 £
Authorised				
Ordinary shares of £0.005 each	80,000,000	400,000	80,000,000	400,000
Preference shares of £1 each	50,000	50,000	50,000	50,000
		450,000		450,000
Allotted, called up and fully paid				
Ordinary shares of £0.005 each	63,837,067	319,186	63,232,169	316,161

Full details of share options and employee share schemes are given in note 15 to the Group financial statements.

8 EQUITY RESERVES

	Merger reserve £	Own Share reserve	Profit and loss account £
Company			
At 1 January 2014	929,577	(367,125)	3,495,131
Own shares purchased	-	(407,072)	-
Dividend paid	-	-	(458,734)
Loss for the year	-	-	(108,680)
At 31 December 2014	929,577	(774,197)	2,927,717

9 CONTINGENT LIABILITIES

The company has a Group VAT registration with a connected company, Frenkel Topping Limited, liability for which at 31 December 2014 amounted to £26,678 (2013 - £21,204).

The company has a cross company guarantee in respect of the bank overdraft of Frenkel Topping Group Plc from Frenkel Topping Limited, which as at 31 December 2014 amounted to £255,841 (2013: £372,381).

10 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3 of FRS 8 not to disclosure related party transactions with its 100% owned group companies. During the year, total dividends of £89,962 were paid to certain directors.

SUBSTANTIAL SHAREHOLDING AS AT 25 FEBRUARY 2015

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

	Number of Shares held	% of total
D.R. Southworth (Non-Executive Chairman)	7,220,000	11.31
R.C. Fraser (Director)	2,707,390	4.24
J. Dean (Director)	1,180,707	1.85
R.J. Hughes	7,856,699	12.31
I.W. Currie	5,547,107	8.69
Helium Special Situation Fund	14,721,332	24.94
Employee Benefit Trusts	3,128,016	4.90

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

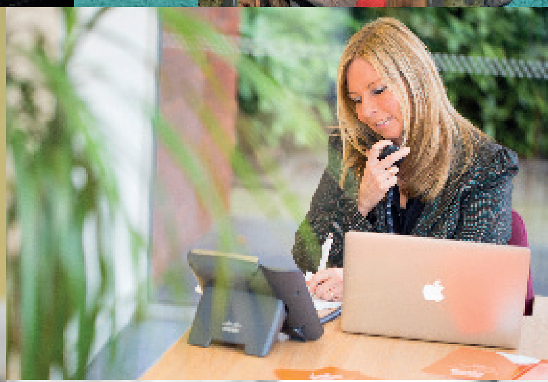
BOARD OF DIRECTORS

The Directors of the Company who held office since 1 January 2015 are as follows:

D.R. Southworth	Non-Executive Chairman
R.C. Fraser	Director
J. Dean	Finance Director
G McMahon (appointed 24 February 2014)	Non-Executive Director





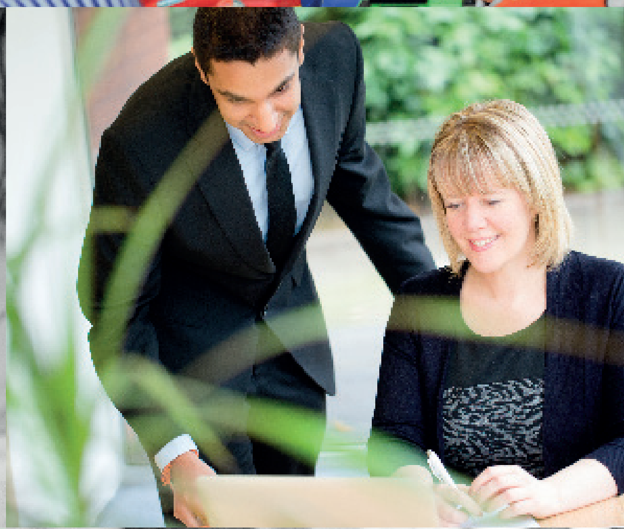















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