Frenkel Topping Group Plc

FINANCIAL STATEMENTS

for the year ended 31 December 2022

Registration number 04726826

Frenkel Topping Group Plc
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Frenkel Topping Group Plc
FINANCIAL HIGHLIGHTS
For the year ended 31 December 2022

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

It has a national presence and has relationships and infrastructure in place to grow further its reach and target markets.

The Group is pleased to report its full year results for the year ended 31 December 2022, which are in line with expectations following a year of executing its strategy and delivering a strong performance.

Highlights

Financial Highlights

- Revenue £24.8m (2021: £18.4m) – an increase of 35%
- Recurring revenue of £11.0m (2021: £8.9m) – an increase of 24%
- Gross profit £11.1m (2021: £9.0m) – an increase of 23%
- Underlying profit from operations (as defined in our accounting policies on page 45) £5.5m (2021: £4.3m) – an increase of 28%
- Adjusted EBITDA (as defined in our accounting policies on page 45) of £6.1m (2021: £4.6m)
- Strong balance sheet maintained after investing in acquisitions: net cash of £5.0m (as at 31 December 2021: £8.6m) -
- Total Assets as at 31 December 2022 were £53.1m (2021: £37.8m)

Operational Highlights

- Fourteenth consecutive year of high client retention (99%) for investment management services
- Assets under management ("AUM") £1,187m (as at 31 December 2021: £1,174m) – growth despite turbulent markets
- Assets on a discretionary mandate £715m (as at 31 December 2021: £676m) – growth of 6%, showing the resilience of our own portfolios
- Successful execution of our acquisition strategy
- Acquisition of Cardinal Management Limited ("Cardinal"), Somek & Associates Limited ("Somek") and N-Able Services Limited ("N-Able") completed during the year
- Additional working-in-partnership agreements signed with CFG Law and, in the new year, with Serious Injury Law

Overview

On behalf of the Frenkel Topping Group (FTG) Board of Directors, I am pleased to report on another positive year of growth for the Group in which we continued to deliver strong results for our shareholders.

The Group's performance in the last financial year demonstrates the company's resilience in a challenging financial market, as well as further progress made by the Group through its focused acquisition strategy and continued consolidation of the Personal Injury (PI) and Clinical Negligence (CN) space.

FTG is a unique group of businesses operating in a niche sector and its continued growth despite challenging market conditions shows how well positioned its service offering and reputation is in the marketplace. The Group demonstrated the power of diversifying revenue streams, which tempered the impact of the challenging capital markets, while the performance of the Group's discretionary fund manager, Ascencia Investment Management ("Ascencia") continues to be a credit to the firm.

FTG's work for both claimants and defendants makes it a stand out provider of expert witness reports. Its unique business model, offering multiple services and touch points from the very start of a case at the 'index event' and throughout the claimant lifecycle, means one of its key revenue streams (expert witness services) is also a key business development pipeline.

The Group's expansion by acquisition into complementary areas continues to be very well received and the last year has seen the Group make excellent progress in developing new business while continuing to grow existing relationships.

Following the fundraises in July 2020 and July 2022, FTG has capitalised on the opportunity to consolidate a highly fragmented area of professional services. FTG has executed a buy-and-build strategy bringing complementary services into the Group, creating multiple touch points in the PI and CN space providing the opportunity to grow Assets Under Management and delivering recurring revenues.

In 2022 the Group has completed three further acquisitions of Cardinal, Somek and Associates Ltd and N-Able Services Ltd. The three additions to the family of businesses have integrated incredibly well both operationally and culturally. The fundraise during the year has also allowed the group to gain further momentum and enact a number of key investments that will drive further operational efficiencies, maintain client retention rates and future-proof the business through developing in areas including technology, talent and the client journey. We are grateful for the support shown by both existing and new investors in supporting our growth strategy.

These important, successful developments are outlined in further detail in the Chief Executive Officer's Statement and the Strategic Report. In addition, we are very proud of the firm's longstanding client retention rate which has been maintained at 99%, a fourteenth consecutive year of excellent performance.

Finally, on behalf of the Board I would like to thank all FTG employees for their dedication and hard work.

Dividend
Total dividends (paid and proposed) for the year are 1.37p per share (FY 2021: 1.36p). This is a reflection of the board's intention to continue to invest in the future of the business.

Outlook
The current financial year has started well and the Board is confident that the acquisitions made to date will continue to contribute revenue and profitable growth to the Group. Expectations for FY2023 therefore remain unchanged as a result of the solid start to the financial year.

T Linacre

Tim Linacre
21 April 2023

I am very pleased to report on another strong 12-month period that has seen the group move into the next stage of its strategy, integrating the companies we have acquired, harnessing the strength of our shared services and maximising commercial opportunities within a larger client pool. We are developing an extensive service offering under the Frenkel Topping Group name which is held in high regard in the PI and CN space and can act as single destination, providing an end-to-end service for lawyers, consultants and claimants involved in PI and CN cases both pre and post settlement.

We have continued to execute on the buy and build strategy outlined ahead of our capital raise in 2020 and we are in a strong position to accelerate growth through the Group in the coming years, capitalising on the significant opportunity in the PI and CN sector. I am incredibly proud of the team's efforts and I look forward to seeing the positive impact of the key investments we are making following our more recent fundraise in July 2022.

These acquisitions have served to diversify our revenue streams, which has been especially important in the year given the backdrop of market volatility.

Additionally, of note during the year is the performance of the Group's discretionary fund manager (DFM), Ascencia Investment Management, where assets on a DFM mandate increased to £715m (2021: £676m). Comparing Ascencia's positive performance against a backdrop of wider market contraction further demonstrates Ascencia's success in managing multi-asset investment solutions that are positioned to capture the upside of market fluctuations, while aiming to reduce the negative impact of market turbulence on client assets.

Ascencia has performed strongly in recent periods and in the year under review, with the core risk-rated strategies outperforming their respective Private Client Indices/ARC indices. It is testament to the Group's in-house strategy and approach to risk management and something the Board is justifiably proud of.

We see our Ascencia platform as a clear growth opportunity in the coming years and a key tool to winning future business. Ascencia portfolios are currently defensively positioned given the uncertain and opaque investment outlook, with cash ready to be deployed should the opportunity arise.

The Group continued to make significant progress delivering against its acquisition strategy to consolidate the pre-settlement professional services marketplace in the PI and CN space, positioning Frenkel Topping as a market leader in its sector.

Across the Group, we support litigators pre-settlement in achieving appropriate damages for their clients, by providing expert witness services. Post-settlement, we support clients in achieving the best long-term financial outcomes after injury, meaning FTG provides a true end-to-end service.

I now want to give some more information on the three acquisitions we made in the year.

Cardinal Management Ltd

We started 2022 with our most impactful deal to date in January with the acquisition of Cardinal Management Ltd.

Cardinal works in close partnership with a number of key NHS Major Trauma Centres to provide a Major Trauma Signposting Partnership support service.

It is the sole commercial organisation operating in its space and has a six-year track record of contracts with the NHS with a 100% contract renewal rate.

The acquisition of Cardinal provides a clear and direct link to claimants and their professional representatives, at the earliest stage possible after injury or illness, introducing the portfolio of FTG services in a relevant and timely way to its clients in the PI and CN litigation space as well as claimants themselves.

Cardinal is performing to plan, as successful claims and cases come to settlement, driving growth in AUM.

Somek and Associates Ltd

Somek has been operating since 1997 and is one of the largest providers of Expert Witnesses in the UK, delivering highly professional trained experts in a range of health professions. As a trusted source of Expert Witnesses, Somek has a balanced portfolio with instructions from claimants and defendants and has experts with specialist experience in a range of clinical fields based throughout the UK.

The addition of Somek to the Group's existing Expert Witness professional service offering transforms FTG into a market leader in this space.

N-Able Services Ltd

N-Able is a professional service firm, founded in 2002 in response to the growing demand for bespoke, specialist Case Management services to support those who had experienced catastrophic injuries. N-Able is now one of the largest independent Case Management providers in the UK. N-Able works directly with many of the UK's leading law and insurance firms to guide and support clients through the rehabilitation and litigation process and beyond, enabling clients to maximise their independence and live life to their fullest.

The Board believes that N-Able's presence in Case Management in regional areas where the Group does not currently operate will bolster the Group's existing Keystone Case Management business significantly and provides a platform for growth.

Care and Case Management is a core part of the client journey in PI and CN and the ability to provide those services within FTG strengthens our position as an end-to-end provider in the marketspace. These specific areas are well covered by the addition of N-Able and Somek, increasing our touchpoints on the journey of a potential claimant and allowing the Group to apply the same high standards consistently throughout the client journey.

The trust and respect we have earned, the relationships we have nurtured and the results we have achieved across all our Group brands over many years can only be matched by high calibre businesses such as these two firms. The addition of Somek and N-Able enhance the Group's position as a flagship firm in its field.

Strategy in Action

2022 saw the further enactment of the strategy that was outlined in 2020 of consolidating the PI and CN space. By acquiring a number of highly complementary businesses that have contributed to the financial performance of the Group, we have increased visibility and significantly enhanced our touchpoints within the space, we have developed a market-leading platform from which to offer a greater breadth of services to people who have suffered significant and often life-changing injuries and to their professional representatives.

By focusing on the consolidation of professional services in a very niche sector, we have developed greater access to clients – both directly to the injured party and via their legal representatives – and extended the customisation of their care. Frenkel Topping Group now delivers an end-to-end service to its client base under a tried and trusted umbrella group, making us a leading operator in our field..

In January 2023, subsidiaries Forth Associates and Bidwell Henderson Cost Consultants (BH) both delivered record revenues and BH surpassed its previous highest recorded number of files received by 20% - some examples of how the businesses are stronger together.

We are driven by our ambition to provide a full, end-to-end service in the personal injury and clinical negligence space because we are confident that we can deliver the very best service levels to clients from immediately after injury or illness and for the rest of their lives.

The most recent acquisitions are in line with the Board's strategy of expanding the Group's activities in Care & Case management as set out at the time of the Group's July 2022 fundraising. In addition, the acquisition of N-Able adds regional reach in Case Management, helping drive further growth in this sector.

Revenue for the year increased by 35% to £24.8m (2021: £18.4m), within which recurring revenue has grown by 24% to £11.0m (2021: £8.9m).

Gross profit was up to £11.1m (2021: £9.0m) and underlying profit from operations (as defined in our Accounting Policies on page 45) was £5.5m (2021: £4.3m), an increase of 31%. The Group is in a robust financial position, with total assets of £53.1m (2021 £37.8m) and as at 31 December 2022, net cash remained strong at £5.0m (2021 £8.6m). Following the year end the Group paid £1.1m in respect of deferred consideration for previous acquisitions.

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

The Directors believe the acquisitions made to date have given the Group visibility and oversight of the Group's future business pipeline in a way that no other professional services group in the PI and CN space can compete with and also drives revenue across the Group's entire claims management systems.

We are looking forward to building on the successes of the last year with a continued focus on growing our core business, driving AUM, integrating our acquisitions (from a cultural and commercial point of view), maintaining our outstanding client retention levels and generating strong and sustainable returns for our shareholders.

Richard Fraser

Richard Fraser

21 April 2023

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

BUSINESS MODEL AND OBJECTIVES

Frenkel Topping Group is a long-established family of businesses who are tried, tested and trusted to provide advice and technical support to our legal clients and those they represent. We support lawyers and their clients with a concierge approach to anything they need throughout the litigation journey. Our approach is bespoke and delivered with care, compassion, and integrity.

Our services include:

- Expert witness reports
- Advice from our specialists on welfare benefit entitlement and personal injury trusts
- Cost management
- Holistic financial planning
- Discretionary fund management
- Accountancy advice
- Care & case management
- Talent planning
- Training

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

The Group's key performance indicators are:

- Assets under management
- Assets on a discretionary mandate
- Client retention
- Maintaining excellence in delivery across the full end-to-end service
- Growing market share

These are to be achieved through increasing our presence in the personal injury and clinical negligence marketplace and applying the high levels of service we are known for to every point in the end-to-end delivery model.

By extending our principles of fairness, transparency and expertise across more touchpoints in our field, we are delivering the very best to those clients who choose to use our services.

Strategic Progress

Operational Highlights

- AUM resilient despite challenging market dynamics
- Client retention rate remains exceptionally high at 99% within Financial Services businesses
- Results in line with expectations
- Acquisition of Cardinal Management Limited – a milestone acquisition for the Group
- Acquisition of Somek and Associates Limited and N-Able Services Ltd – expanding our services and geographical reach
- Reaping benefits of long-established graduate and apprenticeship schemes and building on strong talent attraction and retention to combat economy-wide talent crisis
- Successful capital raise of £10m gross (July 2022)
- Continued execution of acquisition strategy, with integration of all companies progressing well and to plan
- Acquisition strategy has created one of the largest players in the pre-settlement professional services market for Personal Injury and Clinical Negligence
- Integration of all companies progressing well and to plan
- "Working in Partnership" agreement with CFG Law
- Healthy pipeline of further acquisition opportunities
- Trading positively despite difficult market conditions

Against a backdrop of economic turbulence – volatility in investment markets, supply chain issues, the ongoing conflict in Ukraine and broader macro-economic concerns – the Group demonstrated strong performance in 2022. Our portfolios (managed by the Group's discretionary fund manager, Ascencia) have continued to perform well, delivering returns that have been consistently and notably ahead of the relevant indices over the period.

We have continued to see the cumulative impact of our recent acquisitions and the effectiveness of integrating the new Group businesses in close succession, maximising the clear synergies that exist in cross-sell opportunities, shared data, resource and marketing opportunities at Group level.

The continued successful execution of the Group's Strategy – to consolidate the fragmented and niche sector of Personal Injury and Clinical Negligence – has highlighted further opportunities for growth and we now have a tried and tested blueprint for acquisitions to join the Group in a seamless and positive way.

Frenkel Topping continues to strengthen its reputation as a full-service provider with multiple touch points across the space that allow us to scale routes into growing AUM mandates from successful claims.

The Board continues to assess further strategic acquisitions yet the Group's primary focus is the bedding in of our recent acquisitions, and growing the enlarged group organically to drive strong and sustainable returns for our shareholders and building shareholder value.

The transactions in 2022 are firmly in line with the Group's acquisition strategy:

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

The clients that have been brought into the group by Cardinal, Somek and N-Able naturally benefit from the breadth of services that Frenkel Topping Group offers throughout the entire timespan of a claim and financial advisory and investment management services following settlement.

Bringing these clients into the wider Group greatly enhances the Company's chances of winning the AUM mandate on the result of a successful claim.

At Index Event

Brand	Descriptor
Cardinal	Cardinal works in close partnership with a number of key NHS Major Trauma Centres (MTCs) nationwide to provide a Major Trauma Signposting Partnership (MTSP) support service. It is the sole commercial organisation operating in the space and has a five-year track record of contracts with the NHS, with a 100% contract renewal rate. Find out more: www.cardinal-management.co.uk/

Pre Settlement

Somek	Established in 1997 Somek is one of the largest providers of Expert Witnesses in the UK, delivering highly professional trained experts in a range of health professions. As a trusted source of Expert Witnesses, Somek has a balanced portfolio with instructions from claimants and defendants and has experts with specialist experience in a range of clinical fields based throughout the UK.
Forths	Forths is one of the UK's leading specialist forensic accounting practices. We provide clients with high quality expert witness and investigative financial services in a wide range of legal and financial disputes. All delivered in a cost effective, highly professional, and confidential manner. In addition to working with specialist personal injury and clinical negligence firms, we also deliver forensic accountancy work for commercial law firms and insurance companies.

	We're focused on developing and nurturing long-standing professional relationships and offer flexible solutions to suit our clients' needs, as no two cases are ever the same. Find out more: *www.forthsonline.co.uk*
Frenkel Topping Ltd	Frenkel Topping is an independent financial advisory firm specialising in providing advice and financial expert services to those seeking damages for personal injury and medical negligence with more than 30 years' experience. We are experts in our field, helping solicitors, barristers, and professional deputies achieve the right result for claimants involved in litigation in the field of personal injury and clinical negligence. Pre settlement, our work is focused on expert witness reports, advice on welfare benefits and setting up trusts. Find out more: *www.frenkeltopping.co.uk*
PIC	PIC is an established and well-respected team of specialist cost consultants for claimants. We have significant breadth of experience in all aspects of costs law, including preparation of bills of costs, budgeting, negotiations, advocacy, applications, appeals, specialist advice, costs mediation and training. With an emphasis on quality and turn-around, we specialise in timely, strategic solutions with a personal touch. Find out more: *www.pic.legal*
A&M Bacon	A&M Bacon is the go-to costs expert for professional deputies. We deliver a range of costs management services which includes a specialist team dedicated to assisting deputies with the recovery of Court of Protection costs. The Civil team provides advice and training in a variety of cases including commercial litigation, tort cases, planning, government, local authority cases and insurance work.

	We provide clear, commercial advice driven by our knowledge of costs law in a no-nonsense yet friendly manner, to ensure you can obtain the best results. All delivered in a fast, efficient, accurate and approachable bespoke service model. Find out more: *www.aandmbacon.co.uk*
Case Management	Through Keystone Case Management and N-Able, FTG's care and case management offering provides independent, efficient, and highly specialised expert witness reports and care & case management services to legal firms and their clients. Our experts produce independent and objective reports which seek to clarify the additional needs and costs to the client following injury or illness. The costs are identified in terms of past, present and future care, as well as support needs. Areas covered include: personal care, household services, home & adaptations, aids & equipment, therapy, transport, leisure activities, education and employment. We pride ourselves on delivering uncompromising quality and setting the bar for standards in a currently unregulated industry. Our core ethos is to help our clients live better by orchestrating the right care package for their individual needs.
Bidwell Henderson	Bidwell Henderson is one of the UK's largest professional legal services companies specialising in legal aid and inter partes law costs drafting and legal cashiering. Our mission is to put clients at the heart of everything we do by adding real value to law firms, supporting them to meet growth aspirations and helping them deliver the very highest level of service. We're the go to legal aid costs agency for drafting cost case plans where significant high-costs are involved in large scale and complex legal cases. The Bidwell Henderson team cover specific areas of law such as complex public, private family, housing, judicial

	review, Court of Protection, abuse and clinical negligence cases. Find out more: www.bidwellhenderson.co.uk

Post Settlement

Brand	Descriptor
Frenkel Topping	Post settlement, we offer lifelong holistic financial planning and provide clients with access to and support from our dedicated client relationship team. We're with them every step of the way. Find out more: *www.frenkeltopping.co.uk*
Obiter	Obiter Wealth Management is a team of highly skilled independent financial advisers, largely focused on supporting professionals and their families. At Obiter Wealth Management we will assist you in setting out your goals and implement strategies to help you meet them as well as providing ongoing support to ensure you remain on track. This advice can include helping you maximise your tax allowances, investment advice, pensions advice and how to effectively draw your pension funds in retirement. Accredited by the Society of Later Life Advisers, we also provide advice on a range of later life issues including care fees planning, dealing with powers of attorney, and inheritance tax issues. Our independent financial planners offer a wealth of knowledge and experience and advise on the whole of the market (not restricted to any one product or provider) to enable you to make sensible decisions. Find out more: *www.obiterwm.co.uk*
Ascencia	Ascencia Investment Management creates and offers managed portfolio investment solutions for a varied range of clients. We do not believe in quick fixes or short-term gains. Instead, our experts understand the importance of providing lifelong financial security and this underpins our investment philosophy at every stage. We offer a diverse range of products and aim to achieve income and/or capital growth over the medium to long-term in line with the needs of the modern investor. Find out more: *www.ascenciaim.co.uk*

Keystone Case Management	Post settlement our case managers continue to support clients with ongoing care management. We pride ourselves on delivering uncompromising quality and setting the bar for standards in a currently unregulated industry. Our core ethos is to help our clients lives better by orchestrating the right care package for their individual needs. Find out more: *www.keystonecasemanagement.co.uk*
Equatas	Equatas is a highly experienced accountancy team. As well as specialising and supporting clients who have suffered a serious injury or clinical negligence, we're also here to help their families. In addition, we support our professional clients with bespoke accountancy support. We work with claimants and clients to ensure that they are as tax efficient as possible and only pay the tax they need to – no more, no less. We will work in partnership with your financial consultants to ensure a joined up approach.

Talent

Brand	Descriptor
Knowledge Hub	Expert training for expert practitioners. The Knowledge Hub, Frenkel Topping Group's training academy, delivers free virtual and face to face training to our professional clients. Helping you stay up to speed and informed, all our courses are APIL accredited and count towards CPD hours. Frenkel Topping Group has always offered free training to professionals and as our family of businesses has grown so has the emphasis we place on developing and investing in our training academy. Find out more www.FTGknowledgehub.co.uk
Graduates	The Group's Graduate Academy is something we have invested in heavily over the last five years and will continue to do so as part of the Group's growth strategy. We annually attract the brightest talent who are switched on and eager to progress and we're proud of the excellent success rates in cohorts completing the scheme and taking up full-time roles across the business.

	They've honed their skills in a structured environment, understood the theory with guidance from the most experienced team players and applied it in practice to real-life scenarios. They've developed at pace, defined their skillsets and refined the softer skills that only on-the-job experience can bring.
Apprenticeships	The Group's Apprenticeship scheme is something that we have developed in more recent times and its success with nurturing talent and plugging skills shortages means we are growing and investing in the scheme. *The success of our programme demonstrate* why we decided to invest in our apprenticeship scheme, to highlight the importance of the alternative routes into a career in our sector and to encourage talent from a wider and more diverse pool.
Careers	At Frenkel Topping Group we're focused on attracting, keeping and growing the right people for our business to ensure we can deliver the best possible service to our clients. As well as investing in our Graduate and Apprenticeship programmes we are committed to Learning and Development from a mixture of internal and external training, mentoring and qualifications. With a war on a talent for the very best, we understand the importance of growing and developing talent to future proof our business. For us it's about attracting the right attitudes and behaviours and investing to nurture the talent and skills to grow our business. The Board is committed to doing what we can to make the financial services industry more diverse, inclusive, and accessible. We are working towards becoming B Corporations (B Corps) certified. Our team's development is a key part of that, and we are investing in new initiatives to contribute to our employees' financial, physical, professional, and social wellbeing including career development, health and wellness initiatives, benefits, staff *engagement and worker empowerment*

2022 saw the further enactment of the strategy that was outlined in 2020 of consolidating the PI and CN space. By acquiring a number of highly complementary businesses that have not only contributed to the financial performance of the Company but have also given us considerable visibility and significantly enhanced our touchpoints within the PI and CN space, we have developed a market-leading platform from which to offer a greater breadth of services to people who have suffered significant and often life-changing injuries and to their professional representatives.

By focusing on delivering on our strategy of consolidation of professional services in a very niche sector, we have developed greater access to clients – both directly to the injured party and via their legal representatives – and extended the customisation of their care. Frenkel Topping Group now delivers an end-to-end service to its client base under a tried and trusted umbrella group, making us a stand out player in our space.

Technology and Data

The Company's leadership teams have focused on the technological and cultural integration of its acquired firms.

The Group continues to invest in "best of breed" technologies to improve client service, mature cyber security controls and optimise fee earner effectiveness.

Considerable focus in the last year has been on technology integration of acquired businesses supporting organisational change and enabling colleague collaboration. This included implementing a CRM across the Group to support cross selling of services and leveraging our network of relationships. investing in the development of a comprehensive Customer Relationship Management (CRM) system that allows for the measurement and management of cross-group commercial opportunities, capturing prospects and managing conversion into clients and driving growth in AUM.
In the coming year integration will continue with significant improvements in digital experience, case management and business intelligence being planned and implemented.

People

We continue to attract some of the industry's best talent as our reach into the employment market extends with every acquisition and as our 'Working in Partnership' programme develops. We are also developing our reputation as a forward-thinking organisation that is keen to change the perception of a traditional professional services business.

Our apprenticeship and graduate programmes continue to thrive and we are proud of the success rate in cohorts completing the schemes and taking up full-time roles across the business. The success of both schemes in nurturing talent and plugging skills shortages means we are continuing to growing and invest in this area.

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

The Group's talent mapping scheme was bolstered with the acquisition of Bidwell Henderson in 2021 – who had developed their own digital training platform to train cost lawyers. Bringing Bidwell's years of experience in training into the group has allowed us to professionalise our training division further and extend its reach across all departments inside the group businesses. In 2022 we began Phase 1 of a Group wide training programme, based on the Bidwell Henderson template. Our training programme is a good example of collaboration across the group businesses in the last 18 months that has identified areas of opportunity to invest centrally to the benefit of all divisions.

Communication across the Group is integral to our success and we have invested in a communications app, Engage, to support collaboration across the family of firms. The social media-style feed is 'information central' – making sure employees feel informed with a rich flow of updates, posts, events, videos and personalised links.

Working in Partnership

The Company's 'Working in Partnership' programme has nurtured strong relationships with law firms who recommend FTG as their IFA of choice. These relationships added c.£33m of Assets Under Management ("AUM") to the Group in the year, representing 26% of AUM added.

Our Values

As Frenkel Topping Group has grown by acquisition and the launch of new divisions, its service offering, its client base, and its team have expanded significantly. We have developed the scope of our company vision and value to reflect the greater diversity of people, disciplines, experiences and goals that now exist under the umbrella group, however, our key principles remain the same.

All businesses within Frenkel Topping Group commit to being:

EXPERT

Frenkel Topping has a reputation as a specialist in personal injury and clinical negligence that has been built over 35 years. Our depth of understanding is unrivalled in our field. Regarded by the Ministry of Justice as a valuable source of knowledge in expert witness and the Ogden discount rate, known for our involvement in landmark cases that have revolutionised the settlements process, and attracting some of the industry's best-known talents to join our team, we pride ourselves on being the stand-out authority in our sector.

PRINCIPLED

We are always thinking about the impact we are having – on our team, on our clients and their communities, and on the world. We act with care and integrity and we will always do what's right. We recognise that we operate in a sensitive area of the corporate landscape, working with clients during vulnerable times of life and we take that responsibility incredibly seriously.
We lead the way in socially responsible investing (SRI) and environmental, social and governance (ESG) and we are champions of equality, diversity and inclusivity. Everything we do shapes our footprint on the world and we're committed to being the driving force of positive change in Professional Services for Personal Injury and Clinical Negligence.
For life's decisions – from birth to planning the financial legacy that is left behind – Frenkel Topping Group is there to empower our clients to lead the most fulfilled life possible.

TRANSPARENT:

We pride ourselves on providing a quality and unbiased suite of services with transparency and openness, keeping our clients and their representatives informed every step of the way. Our client retention rate has remained at over 99% for more than a decade and we consider our clients, clients for life.

Environment, Social & Governance

The Frenkel Topping Charitable Foundation

Frenkel Topping Group's services support people who have experienced a life-changing injury or illness and who are entitled to financial compensation as a result.

Tragically, many of those who suffer catastrophic injury aren't entitled to compensation. The Frenkel Topping Charitable Foundation was set up in 2015 to support those people.

The nature of our work means we are often very close to the significant challenges injured people face every day. We are reminded of how unfair life can be and how fragile we all are.

For every member of the Frenkel Topping Group family, the work we do is so much more than a job. We are passionate about doing the right thing for those people who are rebuilding their lives after injury, whether they are a client or not.
The FT Charitable Foundation can be a lifeline for many; a way to access support for their mental and physical health and wellbeing.

It was founded so that we could make a positive impact on as many people in our community as possible.

At different times, pre and post settlement, people need support to deal with the many challenges they face after significant injury. The Charitable Foundation works hard to reach those people.

Whether it's equipment to support an ambitious man in his return to work after a brain injury, or funds to help a teenage girl with a spinal injury access rehab to help her walk again, or support for projects that allow disadvantaged young people access for the first time in their lives to creative arts, the foundation's efforts are focused on enhancing life after life-changing injury for as many people as possible.

RISKS

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

- Global markets – prevailing investment environment and economic conditions may materially affect income streams. This has been particularly relevant due to the turbulent economic environment during recent years.
- Economic and political changes – change in the economic or political environment could result in increased costs or operational challenges.
- Competitor activity – the activity of competitors may result in a reduction in the level of AUM and transactional revenue.
- Client service – shortfalls in the service we provide could lead to compensation, regulatory investigation and sanction and reputational damage and reduction in the level of AUM. Additional risk of perceived disruption to services provided by a target during the acquisition process.
- Liquidity risk – the Group's non-recurring revenue has longer than average debtor days because of the length of time a case may take to reach settlement.
- Pricing, service and market changes – if the pricing proposition becomes uncompetitive in the marketplace, this may lead to failure to win new business and/or retain existing business.
- Regulatory, legal and tax developments – the environment in which the Group operates is susceptible to change by Government, legislation or regulatory developments.
- Compliance – failure to comply with the regulatory requirements to which the Group is subject may have an adverse effect on the Group and its business.
- People, recruitment, training and retention – the Group's ability to recruit, train and retain its staff. Retention of key staff during mergers and acquisitions is a key consideration.
- Advice – failure to provide appropriate advice to clients may lead to regulatory investigation or sanction, claims or reputational damage.

RISK MANAGEMENT STRATEGY

- The Board monitors client retention within the financial services business on a monthly basis and, during 2022, 1% (2021: 1%) of clients were lost. The Board agrees sales targets with the fee earning staff at the start of each year and reviews delivery against these targets on a monthly basis.

- Working capital is monitored monthly against forecast and the Board is satisfied that cash resources are adequate for the Group's requirements. The Group finances its operations through retained cash.

- AUM is monitored monthly to assist with forecasting future revenue and cash flow streams. Product specific performance is monitored monthly.

- Personal injury and clinical negligence markets continue to be competitive. The Directors believe the Group's brand name, expertise and knowledge give rise to a strong position within these markets. The Directors actively monitor our competitors, our own pricing structure and proactively market the Group brand to ensure we remain leaders in our field.

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

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

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

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

SECTION 172: COMPANIES ACT

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

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

The likely consequences of decisions in the long term:

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

The growth in AUM will be the product of continued growth in new business through the Independent Financial Advisory and Investment Management pillars of the business, supported by referrals from the Professional Services pillar; selective acquisitions and through Ascencia's expansion to deal with IFAs outside of the Group.

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

The interests of our employees:

Our people are a key consideration of the business.

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

The Group is committed to engaging in two-way communication with employees by way of regular meetings and employee one-to-ones.

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

Customers are at the heart of everything we do which is emphasised by our high client retention rates. The board are committed to improving the customer journey in order to continue to retain and attract clients.

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

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

The impact of our operations on the community and environment:

Our commitment to the community is touched on earlier within the Strategic Report in relation to the Frenkel Topping Charitable Foundation, which enacts our corporate social responsibility strategy, as well as in relation to our Talent.

All general waste at the Group's head office building is sent to a facility which recycles what it can and the remainder is sent to a waste-to-energy facility. Confidential waste is also recycled.

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

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

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

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

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

Mark Holt
DIRECTOR

21 April 2023

Frenkel Topping Group Plc
DIRECTORS AND ADVISERS

DIRECTORS
Non-Executive Chairman - T J T Linacre
Executive Director - R C Fraser
Executive Director - M S Holt
Executive Director - E N Cullen-Grant
Non-Executive Director – C H B Mills
Non-Executive Director – Rt. Hon. M C Field
Non-Executive Director – Z B Holland

SECRETARY
E N Cullen-Grant

COMPANY NUMBER
04726826

REGISTERED OFFICE
Frenkel House
15 Carolina Way
Salford
Manchester
M50 2ZY

AUDITOR
Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

BANKERS
National Westminster Bank Plc
11 Spring Gardens
Manchester
M60 2DB

SOLICITORS
BDB Pitmans LLP
One Bartholomew Close
London
EC1A 7BL

NOMINATED ADVISER AND BROKER
finnCap
60 New Broad Street
London
EC2M 1JJ

The Directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

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

RESULTS AND DIVIDENDS

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

The Directors are proposing a final dividend of 1.03 pence which when added to the interim dividend of 0.34 pence per share, will result in a total dividend per share for the year of 1.37 pence per share (2021: 1.36 pence) subject to Shareholder approval at the AGM in June 2023.

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Planned future developments are discussed in the Strategic Report and post balance sheet events are disclosed within the Notes to the Financial Statements.

SHARE CAPITAL

Information regarding substantial shareholdings in the Company is contained in the Shareholder Information section within the Notes to the Financial Statements.

DIRECTORS WHO HELD OFFICE DURING THE YEAR

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

T J T Linacre	Non-Executive Chairman
R C Fraser	Chief Executive Officer
M S Holt	Chief Operating Officer
E N Cullen-Grant	Chief Finance Officer
C H B Mills	Non-Executive Director
Rt. Hon. M C Field	Non-Executive Director
Z B Holland	Non-Executive 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.

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

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

GOING CONCERN ASSUMPTION

The Directors have considered, as part of their annual budget process, the adequacy of the Group's banking arrangements in relation to its profit and cash flow projections. The Directors have reasonable expectations that the Group has adequate resources to continue trading for the foreseeable future. They have reviewed forecasts in excess of 12 months from the date of approval of the financial statements, with a variety of possible outcomes and remain confident in continuing to adopt the going concern basis in preparing the financial statements.

FINANCIAL INSTRUMENTS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

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

AUDITOR

A resolution to reappoint Haysmacintyre LLP as auditor for 2023 will be put to the members at the Annual General Meeting.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE GROUP

Further information in relation to our engagement with suppliers, customers and others can be found within the Strategic Report. Section 172: Companies Act 2006.

On behalf of the Board

Elaine Cullen-Grant

Elaine Cullen-Grant
DIRECTOR

21 April 2023

Frenkel Topping Group Plc
DIRECTORS' REMUNERATION REPORT
For the year ended 31 December 2022

REMUNERATION COMMITTEE
The Group has a Remuneration Committee. The committee comprises the Non-Executive Chairman, Tim Linacre, and Non-Executive Directors, Zoe Holland and Mark Field.

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 performance conditions that must be delivered before any cash bonus will be attributable. The purpose of the bonus is to reward executive directors for delivery in excess of the objectives.

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

	Emoluments	Bonus	Pension	Total 2022
	£	£	£	£
T Linacre	35,000	-	-	35,000
R Fraser	279,630	100,000	-	379,630
M Holt	253,398	80,000	23,500	356,898
E Cullen-Grant	192,074	70,000	18,000	280,074
C Mills	25,000	-	-	25,000
Z Holland	25,000	-	-	25,000
Rt. Hon. M Field	25,000	-	-	25,000
	835,102	250,000	41,500	1,126,602

	Emoluments	Bonus	Pension	Total 2021
	£	£	£	£
T Linacre	35,000	-	-	35,000
R Fraser	251,473	50,000	-	301,473
M Holt	234,708	40,000	21,500	296,208
E Cullen-Grant	147,415	22,500	21,000	190,915
C Mills	25,000	-	-	25,000
Z Holland	21,314	-	-	21,314
Rt. Hon. M Field	23,301	-	-	23,301
	738,211	112,500	42,500	893,211

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

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

	Number of options approved	Number of unapproved options	Exercise price
R Fraser	-	2,750,000	0.5p
M Holt	-	83,500	13.5p
M Holt	176,471	2,157,029	0.5p
E Cullen-Grant	-	1,500,000	0.5p

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

	Share options brought forward	Share options granted	Share options exercised	Share options carried forward
R Fraser	3,000,000	-	(250,000)	2,750,000
M Holt	2,333,500	-	-	2,333,500
E Cullen-Grant	1,500,000	-	-	1,500,000
Total	6,833,500	-	(250,000)	6,583,500

CORPORATE GOVERNANCE

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

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

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

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

Full details of our Corporate Governance approach can be found on our website:

https://www.frenkeltoppinggroup.co.uk/corporate-governance-aim-notice-50/

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

In preparing each of the Group and Company financial statements, the directors are required to:

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

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

c. state whether IFRS as adopted by the United Kingdom have been followed subject to any material departures disclosed and explained in the 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.

Opinion

We have audited the financial statements of Frenkel Topping Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards ("IFRS").

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 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

Key audit matters

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

Key Audit Matter Description	How the matter was addressed in the audit

Revenue recognition
 	
For the year ended 31 December 2022, non-recurring revenue related to income generated from the preparation and delivery of professional services (expert witness and costing reports) increased from £9.4m in 2021 (representing 51% of total revenue of £18.4m) to £13.8m in 2022 (representing 55% of total revenue of £24.8m).
 	
Revenue recognised over time is based on the expected recoverable amount of billable hours spent providing professional services.
 	
There is a risk that revenue has not been recognised in accordance with IFRS 15 during the year, specifically for revenue that is recognised over time in respect of professional services rendered.
	Our audit work has been focused on a review of all revenue that is recognised over time for professional services rendered. We have reviewed Management's revenue recognition policy to ensure that it is in line with the stipulations set out in IFRS 15: Revenue from Contracts with Customers.
	
	Our work on revenue consisted of, but was not limited to:
	
	• A cash to sales reconciliation, testing revenue in total,
	• A review of accrued income to the underlying supporting documentation,
	• A review of in-year and post year-end recoverability of billable time to ensure Management's estimates were appropriate,
	• Cut off testing to ensure that revenue has been recognised in the correct period,
	• A review of performance obligations being satisfied with reference to relevant supporting documentation such as:
	  ○ Engagement letters
	  ○ Time sheet entries
	  ○ Delivery of reports to clients
	• An assessment of all revenue streams using the criteria in IFRS 15 where revenue is recognised over time and is representative of the expected amount recoverable.
	
	Our work performed on revenue highlighted no material errors or departures from IFRS 15, the applicable accounting standard.

Recoverability of Trade Receivables and Accrued Income The Group Statement of Financial Position as at 31 December 2022 includes Trade receivables of £10.7m (2021: £6.3m) with average debtor days of 225 days (2021: 186 days).	Our audit work has considered the accuracy of the ageing profile of trade receivables, reviewing the Board's assessment of the potential impact of discounting the sums due to present value and reviewing historical and post year end trade receivable collections.

These receivables represent fees due from reports on expert witness, forensic accounting and bill of costs related to legal cases the Group are engaged to act as advisers on.
 	
As explained further in note 18 of the financial statements, the nature of the provision of expert witness and forensic accounting reports, which represent the majority of the trade receivables, is such that the average collection period for the fees due for the provision of these reports is often in excess of one year and accordingly collectability of these sums and hence valuation is considered to be a risk.
 	
The Accounting Policies set out that a provision for impairment of trade receivables is for the expected credit losses on trade receivables when there is an increased probability that the debt will not be settled on the contractual due date or there is a reduction in the amounts expected to be recovered.
 	
Note 18 sets out the average debtor days of 225 days.
 	
The Board has concluded that an impairment provision is required of £714K (2021: £403K). This is based on information collated by Management from credit control and project managers. The increase in provision during the year relates primarily to a specific provision against an amount due Partners in Costs Limited ("PIC") from a group of law firms. The arrangement had been place when PIC was acquired in 2021. The balance has been provided for in accordance with the Group's policy in respect of law firms which have fallen into financial difficulties.
 	
The Group Statement of Financial Position as at 31 December 2022 includes Accrued income of £4.1m (2021: £3.3m).
 	
Included within accrued income as at 31 December 2022 is £2.8m (2021: £2.1m) relating to amounts expected to be recovered in respect of revenue recognised over time for professional services rendered.
 	
Management estimates the expected recoverable amount based on historical experience, as well as in-year and post year-end write offs. This enables them to estimate the amount of billable time that will subsequently be invoiced and recovered – recognising this as revenue over time.
	We also conducted a review of a sample of case notes to review Management's assessment of the debtor -for any indications of potential impairment.
	In addition we:
	
	• tested a sample of trade receivables outstanding at 2021 through to collection in 2022 to ensure appropriate in year recovery rates,
	
	• reviewed the overall credit control procedures in place and the credit control assessment performed by Management used to support managements specific and expected credit loss provisions,
	• tested a sample of trade receivables outstanding as at 31 December 2022 through to collection in 2023,
	• reviewed the provisions made in the year by management against relevant supporting documentation,
	• reviewed the credit profile of a number of the largest customer balances outstanding at the year end using publicly available information, post year end recovery and management responses to our audit challenges.
	• reviewed responses to a sample of debtors' circularisation requests,
	• reviewed post year end credit notes in respect of trade receivables outstanding at the year-end – comparing them to the amounts provided,
	• Considered whether discounting of receivables should be applied in accordance with IFRS 9 and IFRS 15 for trade receivables recorded in Group companies which undertake professional service work, concluding that this was not required on the basis that it was either immaterial or not required in accordance with practical expedient allowed by IFRS 15,
	• Reviewed and recalculated Management's calculation of average receivable days to ensure that it was appropriate and accurate,
	• Reviewed and challenged the expected credit loss model prepared by Management, with specific review of two key inputs being:
	  ○ The historical loss percentage applied
	  ○ The forward-looking loss assumptions made
	
	In carrying out this work we considered the disclosures contained in the Accounting Policies and Note 18 to the financial statements.

	Our work in assessing the valuation and accuracy of accrued revenue consisted of, but was not limited to: • A review of year-end accrued income to the underlying records which record inputs translating into recoverable accrued revenue, • A review of year-end accrued income compared to post year-end invoices raised and amounts received, • A review of Management's estimates of the recoverability of billable time through both in-year and post year-end analyses, • Performing walkthrough tests on individual cases to understand the working patterns of each subsidiary's professional services rendered. Our work performed on trade receivables and accrued income highlighted no material errors.

Carrying value of Goodwill
 	
The Group Statement of Financial Position as at 31 December 2022 includes goodwill of £24.6m (2021: £16.3m). The increase in goodwill of £8.4m arises from the acquisitions of Somek, N-Able and Cardinal.
 	
There is a risk that this goodwill might be impaired.
 	
The directors concluded that no impairment provision is required, based on their assessment of the forecasted cash flows from the relevant cash generating units.
	Our audit work considered, but was not restricted to, the following:
	
	• A review of the calculation of goodwill for the acquisition of Somek, N-Able and Cardinal in the year, to ensure that it was appropriate and in accordance with the terms of each acquisition and IFRS 3: Business combinations,
	
	• Consideration of whether any separately identifiable intangible assets existed on acquisition,
	• A review of key estimates and judgements used in determining the value of goodwill, such as:
	    o The discount rates used by management,
	    o The estimated fair value of any contingent consideration,
	    o The estimated fair value of any intangible assets acquired as part of the business combinations,
	• A review of the impairment assessment prepared by the Board in respect of the carrying value of both the historical goodwill and the goodwill arising in the year. This comprised of but was not limited to the following:
	    o A review of the year end discount rate used by management,

	- A comparison between post year end performance and budgeted performance for the various cash generating units (CGU's), - Performance of sensitivity analysis to determine the level of headroom before goodwill allocated to CGU's becomes impaired, - Challenge of the key estimates and inputs prepared by management in preparing the relevant discounted cashflow forecast information. - A review of the board's assessment of CGU's and the allocation of goodwill to the identified CGU's, - A review of the opening balance sheets, and therefore net asset position of all entities acquired during the year, - A review of the disclosures made with regards to the estimates and judgements made in terms of allocating a value to goodwill, as well as the disclosures covering the impairment tests performed by the Directors with regards to the goodwill as at 31 December 2022. Our work performed on the carrying value of goodwill highlighted no material errors.
Valuation of intangible assets acquired as part of a business combination During the year, the Company acquired Cardinal. As per Management's assessment of IFRS 3, separately identifiable intangible assets relating to contract intangibles were acquired with a fair value of £5.0m determined by Management using an appropriate valuation methodology. Management also determined that the intangible assets acquired have an indefinite useful economic life, meaning that they are not amortising these assets but are instead testing annually for impairment. There is a risk that intangible assets are materially overstated and that Management's judgement that these assets have an indefinite useful economic life is inappropriate and that a material amortisation has not been recognised in the financial statements.	Our audit work considered, but was not restricted to, the following: - A review of Management's assessment of separately identifiable intangible assets in accordance with IFRS 3 "business combinations", IAS 38 "intangible assets" and the relevant documentation to support managements identification, - A review of Management's judgements and reasoning, determining that the intangible contract assets identified have an indefinite useful economic life, - A review of Management's calculation of the value of the contracts acquired, involving challenge of the critical estimates and judgements made in preparing the valuation consisting of but not limited to:

	- The discount rate used by Management, - The cashflows used by Management, which we have agreed to supporting documentation where appropriate, - The methodology used by Management to ascertain the value of the assets, namely a perpetuity calculation due to these assets being deemed to have an indefinite life, - Any growth assumptions included in the discounted cashflow valuation prepared. - A review of the subsequent acquisition accounting prepared by Management with reference to residual goodwill and deferred tax recognised upon acquisition of intangible assets, - A review of the impairment review prepared by Management, involving challenge of the critical estimates and judgements made in preparing the impairment review in accordance with IAS 36 "impairment of assets" consisting of but not limited to: - Challenge of the discount rate applied in preparing a value in use calculation, - Challenge of the cashflows factored into managements value in use calculations, - Challenge of the time period adopted by management in formulating their value in use calculation, - A review of post year end results compared to forecasts, - A review of the post year end contract status to ensure there were no indicators of impairment. Our work performed on the acquisition and impairment review relating to the separately identifiable intangible contract assets highlighted no material errors.

Our application of materiality

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

The materiality for the Group financial statements as a whole was set at £496,000. This was determined with reference to 2% of turnover, being the Group's main Key Performance Indicator ("KPI"). On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 75% of materiality, being £372,250.

The reporting threshold to the Audit and Risk Committee was set at 5% of materiality, being £24,800. If in our opinion, differences below this level warranted reporting on qualitative grounds, these would also be reported. The materiality for the Parent Company financial statements was based on 2% of gross assets, but was restricted to the Group materiality of £496,000.

On the basis of our risk assessment and review of the Parent Company's control environment, performance materiality was set at 75% of materiality, being £372,250.

The reporting threshold to the Audit and Risk Committee was set at 5% of materiality, being £24,800. If in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

An overview of the scope of our audit

Our audit scope included all components of the Group which are all registered companies in the United Kingdom, other than those entities with levels of activity below a clearly trivial threshold when compared to group materiality, which have been provided with a parental guarantee and are claiming exemption from audit.

Where entities are exempt from audit due to claiming the parental guarantee, which we consider to be significant or relevant to the results of the Group, we have performed appropriate procedures to an appropriate component materiality.

For those entities that have taken the exemption where the level of activity that occurred during the year were minimal we have determined that these components were insignificant and therefore not relevant to the Groups results for the year ended 31 December 2022, these entities were therefore not included as part of our audit scope for the audit of the Group financial statements.

Component and subsidiary materiality

Component materiality has been calculated after determining the number of significant components within the group and then applying an appropriate multiplier to the Group materiality of £496,000 (calculated using 2% of turnover). As all of the entities that formed part of our audit scope have turnover as one of their main KPI's, we considered the use of Group materiality based on turnover to be appropriate. The total component materiality calculated was then allocated between the relevant entities accordingly based on their significance to the Group.

Where we have performed statutory audits of the trading subsidiaries of the group, we have calculated their materiality on the basis of a turnover based materiality (as we have used for the Group overall) where 2% of turnover was considered to be materiality. We have ensured that the individual materiality calculated for subsidiary statutory audits did not exceed the component materiality that would have been allocated to these entities, should these have been reviewed only as part of the audit of the Group financial statements.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
• adequate accounting records have not been kept by the Parent Company; or
• the Parent Company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance were in respect of laws and regulations related to the Companies Act 2006, relevant FCA regulatory requirements and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

– Identifying at the planning stage of our audit whether there were any other laws or regulations the Group was subject to, and where applicable a review of any compliance issues with these laws and regulation;
– Assessing management's revenue recognition policy, performing specific tests to ensure that this policy was being enacted and was in line with applicable accounting standards and performing testing of a sample of transactions pre and post year end to ensure revenue was recognised in the correct period;
– Inspecting correspondence with regulators and tax authorities;

– Inspecting correspondence with the FCA to assess whether any breach of FCA regulations had occurred in the year;
– Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
– Evaluating management's controls designed to prevent and detect irregularities;
– Discussions with management regarding any adverse AIM complaints, as well as discussing this with the Company's Nomad.
– Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
– Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Simon Wilks

Simon Wilks
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors
21 April 2023

10 Queen Street Place
London
EC4R 1AG

Frenkel Topping Group Plc
GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022 £	2021 £
REVENUE	1	24,849,888	18,366,425
Direct staff costs	2	(13,716,400)	(9,348,803)
GROSS PROFIT		11,133,488	9,017,622
Administrative expenses	2	(8,230,391)	(6,174,173)
Other operating income		-	24,426
Underlying profit from operations		5,491,891	4,270,243
Share based compensation		(659,473)	(429,918)
Acquisition strategy, integration and reorganisation costs		(1,929,321)	(972,450)
PROFIT FROM OPERATIONS	2	2,903,097	2,867,875
Finance and other income	3	(7,587)	145,939
Finance costs	3	(476,716)	(319,102)
PROFIT BEFORE TAX		2,418,794	2,694,712
Income tax expense	6	(569,626)	(219,094)
PROFIT FOR THE YEAR		1,849,168	2,475,618
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Gains on property revaluation arising net of tax	10	127,000	125,000
TOTAL COMPREHENSIVE INCOME FOR YEAR		1,976,168	2,600,618
PROFIT ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,652,456	2,336,821
Non-controlling interests		196,712	138,797
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,779,456	2,461,821
Non-controlling interests		196,712	138,797
Earnings per ordinary share – basic (pence)	7	1.5p	2.2p
Earnings per ordinary share – diluted (pence)	7	1.4p	2.1p
Adjusted earnings per ordinary share – basic (pence)	7	3.8p	3.8p
Adjusted earnings per ordinary share – diluted (pence)	7	3.6p	3.6p

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

Frenkel Topping Group Plc
GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Notes	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
ASSETS					
NON-CURRENT ASSETS					
Goodwill and other intangibles	8	29,579,590	16,255,913	-	-
Property, plant and equipment	10	2,833,905	1,994,710	-	-
Investments	9	-	-	42,204,859	24,749,844
Loans receivable	15	161,732	127,986	-	-
Deferred taxation	13	-	432,850	-	499,811
		32,575,227	18,811,459	42,204,859	25,249,655
CURRENT ASSETS					
Accrued income	18	4,070,941	3,314,440	-	-
Trade receivables	18	10,661,189	6,349,486	-	-
Other receivables	11	749,044	609,947	8,787,113	8,217,180
Investments	9	100,369	108,863	-	-
Cash and cash equivalents		4,986,245	8,617,957	1,482,678	6,275,997
		20,567,788	19,000,693	10,269,791	14,493,177
TOTAL ASSETS		53,143,015	37,812,152	52,474,650	39,742,832
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	637,216	565,787	637,216	565,787
Share premium		22,705,248	13,139,664	22,705,248	13,139,664
Merger reserve		6,244,702	6,244,702	6,244,702	6,244,702
Revaluation reserve		479,103	352,103	-	-
Other reserve		(341,174)	(341,174)	-	-
Own shares reserve		(2,210,554)	(2,314,537)	(2,210,554)	(2,314,537)
Retained earnings		12,296,435	11,716,270	3,133,136	4,212,444
Equity attributable to owners of the parent company		39,810,976	29,362,815	30,509,748	21,848,060
Non-controlling interests		282,739	196,027	-	-
TOTAL EQUITY		40,093,715	29,558,842	30,509,748	21,848,060
CURRENT LIABILITIES					
Current taxation		759,828	668,742	-	-
Trade and other payables	12	7,680,044	5,201,045	18,009,000	15,733,252
		8,439,872	5,869,787	18,009,000	15,733,252
LONG TERM LIABILITIES	12	4,609,428	2,383,523	3,955,902	2,161,520
TOTAL EQUITY AND LIABILITIES		53,143,015	37,812,152	52,474,650	39,742,832

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 £1,399 (2021: profit of £204,062). The financial statements were approved by the Board of Directors and authorised for issue on 21 April 2023 and are signed on its behalf by:

ELAINE CULLEN-GRANT
DIRECTOR

Elaine Cullen-Grant

Frenkel Topping Group Plc

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share Capital	Share Premium	Merger reserve	Other Reserve	Own shares Reserve	Retained Earnings	Revaluation reserve	Total controlling interest	Non-controlling interests	Total
	£	£	£	£	£	£	£	£	£	£
Balance 1 January 2021	555,787	12,697,252	5,314,702	(341,174)	(4,578,549)	11,110,993	227,103	24,986,114	162,230	25,148,344
Issue of Share Capital	10,000	-	930,000	-	-	-	-	940,000	-	940,000
Share based compensation (note 4)	-	-	-	-	450,594	(278,965)	-	171,629	-	171,629
Sale of own shares	-	442,412	-	-	1,813,418	-	-	2,255,830	-	2,255,830
Dividend paid	-	-	-	-	-	(1,452,579)	-	(1,452,579)	(105,000)	(1,557,579)
Total transactions with owners recognised in equity	10,000	442,412	930,000	-	2,264,012	(1,731,544)	-	1,914,880	(105,000)	1,809,880
Profit for year	-	-	-	-	-	2,336,821	-	2,336,821	138,797	2,475,618
Other comprehensive income	-	-	-	-	-	-	125,000	125,000	-	125,000
Total comprehensive income	-	-	-	-	-	2,336,821	125,000	2,461,821	138,797	2,600,618
Balance at 1 January 2022	565,787	13,139,664	6,244,702	(341,174)	(2,314,537)	11,716,270	352,103	29,362,815	196,027	29,558,842
Issue of share capital	71,429	9,565,584	-	-	-	-	-	9,637,013	-	9,637,013
Sale of own shares	-	-	-	-	103,983	-	-	103,983	-	103,983
Share based compensation	-	-	-	-	-	588,654	-	588,654	-	588,654
Dividend paid	-	-	-	-	-	(1,660,945)	-	(1,660,945)	(110,000)	(1,770,945)
Total transactions with owners recognised in equity	71,429	9,565,584	-	-	103,983	(1,072,291)	-	8,668,705	(110,000)	8,558,705
Profit for year	-	-	-	-	-	1,652,456	-	1,652,456	196,712	1,849,168
Other comprehensive income	-	-	-	-	-	-	127,000	127,000	-	127,000
Total comprehensive income	-	-	-	-	-	1,652,456	127,000	1,779,456	196,712	1,976,168
Balance at 31 December 2022	637,216	22,705,248	6,244,702	(341,174)	(2,210,554)	12,296,435	479,103	39,810,976	282,739	40,093,715

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

The merger reserve represents the cost of the shares issued to purchase the non-controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire subsidiary companies.

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

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

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

The Own shares reserve represents the cost of the 5,314,683 (2021: 5,564,683) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held as at 31 December 2022 was £3,906,292 (2021: £4,256,983).

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

The non-controlling interest is in respect of Frenkel Topping Associates Limited, ExpressFT Limited, HCC Investment Solutions Limited, Hudgells Financial Management Services Limited, Aspire + Wealth Management Limited, Ralli Financial Services Limited, Pattinson & Brewer Financial Services Limited and Truly Asset Management Limited.

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

Frenkel Topping Group Plc
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share Capital	Share Premium	Merger Reserve	Own share Reserve	Retained Earnings	Total controlling interest
	£	£	£	£	£	£
Balance 1 January 2021	555,787	12,697,252	5,314,702	(4,578,549)	5,744,075	19,733,267
Issue of Share Capital	10,000	-	930,000	-	-	940,000
Sale of own shares	-	442,412	-	1,813,418	-	2,255,830
Share based compensation	-	-	-	450,594	(283,114)	167,480
Dividend paid	-	-	-	-	(1,452,579)	(1,452,579)
Total transactions with owners recognised in equity	10,000	442,412	930,000	2,264,012	(1,735,693)	1,910,731
Profit and total comprehensive income for the period	-	-	-	-	204,062	204,062
Balance 1 January 2022	565,787	13,139,664	6,244,702	(2,314,537)	4,212,444	21,848,060
Issue of Share Capital	71,429	9,565,584	-	-	-	9,637,013
Sale of own shares	-	-	-	103,983	-	103,983
Share based compensation	-	-	-	-	583,036	583,036
Dividends paid	-	-	-	-	(1,660,945)	(1,660,945)
Total transactions with owners recognised in equity	71,429	9,565,584	-	103,983	(1,077,909)	8,663,087
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(1,399)	(1,399)
Balance 31 December 2022	637,216	22,705,248	6,244,702	(2,210,554)	3,133,136	30,509,748

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

The merger reserve represents the cost of the shares issued to purchase the non-controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire subsidiary companies.

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

The Own shares reserve represents the cost of the 5,314,683 (2021: 5,564,683) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held as at 31 December 2022 was £3,906,292 (2021: £4,256,983).

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

Frenkel Topping Group Plc
GROUP AND COMPANY CASH FLOW STATEMENT
For the year ended 31 December 2022

	Notes	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Profit before tax		2,418,794	2,694,712	(124,181)	(353,652)
Adjustments to reconcile profit before tax to cash generated from operating activities:					
Finance income	3	7,587	(141,955)	(3,110,000)	(2,285,034)
Finance costs	3	476,716	319,102	437,748	291,263
Share based compensation	14	479,513	290,777	357,174	281,825
Depreciation and amortisation	10	574,502	334,073	-	-
(Increase)/decrease in accrued income, trade and other receivables		(2,205,073)	(1,709,141)	(569,933)	73,605
(Decrease)/increase in trade and other payables		(95,250)	(163,555)	606,087	295,373
Cash generated from operations		1,656,789	1,624,013	(2,403,105)	(1,696,620)
Income tax paid		(998,911)	(884,175)	-	-
Cash generated from operating activities		657,878	739,838	(2,403,105)	(1,696,620)
Investing activities					
Acquisition of property, plant and equipment	10	(239,983)	(99,955)	-	-
Acquisition of subsidiaries	20	(13,477,532)	(6,119,050)	(13,477,532)	(6,119,050)
Cash acquired on acquisition of subsidiaries	20	1,991,826	519,050	-	-
Investment disposals	9	-	1,278,146	-	1,265,787
Loans advanced		(22,076)	(27,986)	-	-
Dividend received		-	-	3,110,000	2,150,000
Cash used in investment activities		(11,747,765)	(4,449,795)	(10,367,532)	(2,703,263)
Financing activities					
Shares issued (net of costs)	14	9,637,013	-	9,637,013	-
Exercise of share options		1,250	83,750	1,250	83,750
Own shares sold		-	2,255,830	-	2,255,830
Dividends paid		(1,770,945)	(1,557,579)	(1,660,945)	(1,452,579)
Repayment of borrowing		(2,183)	(235,300)	-	-
Interest element of lease payments		(35,744)	(18,518)	-	-
Principal element of lease payments		(367,993)	(188,384)	-	-
Other interest paid and foreign exchange losses		(3,224)	(9,321)	-	-
Cash generated from financing		7,458,174	330,478	7,977,318	887,001
Decrease in cash and cash equivalents		(3,631,712)	(3,379,479)	(4,793,319)	(3,512,882)
Opening cash and cash equivalents		8,617,957	11,997,436	6,275,997	9,788,879
Closing cash and cash equivalents		4,986,245	8,617,957	1,482,678	6,275,997
Reconciliation of cash and cash equivalents					
Cash at bank and in hand		4,986,245	8,617,957	1,482,678	6,275,997

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

BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the United Kingdom ("adopted IFRSs") and those parts of the Companies Act 2006 which apply to companies preparing their financial statements under IFRSs. The financial statements have been prepared in sterling, which is the Group's presentation currency and the functional currency of each group entity. They have been prepared using the historical cost convention, as modified by the revaluation of land and buildings and current asset investments.

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

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

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

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 Board have reviewed forecasts in excess of 12 months from the date of signing the accounts with a variety of possible outcomes. These include the flexing of working capital in order to reflect the longer than average debtor days within non-recurring revenue. The board considers the forecasts to be prudent and demonstrate that the business can operate within its existing cash resources.

Additionally, the Board 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. These include a reduction or delay in planned spend on variable costs and/or making use of an overdraft or other borrowing facilities.

At present the Group has no external borrowing and as such does not consider rising interest rates to be a risk at this time.

NEW AND REVISED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED
At the date of authorisation of these financial statements, the company has not yet adopted the following amendments to Standards and Interpretations that have been issued:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies; and
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates.

The directors do not expect any material impact as a result of adopting the amendments listed above in the financial statements.

ALTERNATIVE PERFORMANCE MEASURES
The Group uses the alternative performance measure of underlying profit from operations. This measure is not defined under IFRS, nor is it a measure of financial performance under IFRS.

This measure is sometimes used by investors to evaluate a company's operational performance with a long term view towards adding shareholder value. This measure should not be considered an alternative, but instead supplementary, to profit from operations and any other measure of performance derived in accordance with IFRS. Alternative performance measures do not have generally accepted principles for governing calculations and may vary from company to company. As such, the underlying profit from operations quoted within the Group Statement of Comprehensive Income should not be used as basis for comparison of the Group's performance with other companies.

Underlying Profit from Operations:
The Group uses underlying profit from operations, defined as profit from operations, adding back share based compensation and acquisition strategy, integration and reorganisation costs.
The adjustments are in line with investor expectations.

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

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

Adjusted Earnings per share:
Adjusted earnings per share is earnings per share adjusted for share based compensation and acquisition strategy, integration and reorganisation costs and finance charges for unwinding the discount on deferred and contingent consideration, allowing for the tax implications of making those adjustments.

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

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

Revenue in relation to reports is recognised over time as work on the report is completed. Such reports are bespoke work with no other use, the value is accurately measurable and right to payment has been established during engagement with the customer.

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

Recurring income is calculated based on the value of the client's investment at the end of each calendar month and is recognised on an accruals basis. The transaction price on recurring income is equal to the amount determined at the end of each measurement period and is equal to what is charged to the customer as per contractual arrangements

The Group uses the output method to recognise revenue relating to recurring revenue. applying the practical expedient that allows an entity to recognise revenue in the amount to which the entity has a right to invoice if that consideration corresponds directly with the value to the customer of the entity's performance completed to date. This is appropriate because investment management services are generally satisfied over time because either the customer simultaneously receives and consumes the benefits provided by the fund manager as the fund manager performs the service, or the fund manager's performance enhances the assets that the fund controls.
For non-recurring revenue the Group uses the input method to recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation.

BASIS OF CONSOLIDATION
The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Entities are accounted for as subsidiary undertakings when the Group is exposed to or has rights to variable returns through its involvement with the entity and it has the ability to affect those returns through its power over the entity.

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

The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Comprehensive Income from the date of their acquisition up until the date that control ceases.

The acquisition method of accounting is used for the acquisition of subsidiaries where a business combination is deemed to have taken place in accordance with management's assessment of IFRS 3 "Business Combinations". 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.

Upon making an acquisition the Group will carry out a review under IFRS 3 to identify whether the business combination gives rise to any separately identifiable intangible assets, e.g. long term contracts, licenses or copyrights, internet domains or other technology based intangibles.

Should the group identify any separately identifiable intangible assets a fair value exercise will be performed to determine the quantum of the excess consideration that is applicable to the intangible assets acquired.

Deferred tax liabilities arising as a result of the recognition of the fair value of separately identifiable assets, are recognised as part of the acquisition accounting entries, calculated using the prevailing corporation tax rate.

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

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

Goodwill on acquisition of subsidiaries is separately disclosed in note 8.

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

Goodwill is allocated to cash generating units for the purpose of impairment testing. The Group has identified the majority of its CGUs to be individual companies acquired, on the basis that each company offers a specific service and there is no lower level of reporting that could result in a smaller CGU.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current

market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Further detail on impairment reviews carried out during the year is included within note 8.

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

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

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

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

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

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

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

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

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

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

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

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

RIGHT-OF-USE ASSETS

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

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

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

EMPLOYEE SHARE OWNERSHIP PLANS

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

PROVISIONS

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

SHARE-BASED COMPENSATION

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

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

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

Fair value is measured by use of the Black Scholes and/or the Monte Carlo pricing model, where options contain market based conditions. The Monte Carlo pricing model is used, as this takes into account the market based vesting conditions when determining the fair value of an option, whereas the black scholes model does not. These are considered to be the most appropriate methods of valuation for the option schemes in place by management.

FINANCIAL INSTRUMENTS

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

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

An impairment loss is recognised where appropriate for the expected credit losses on trade and loan receivables when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.
Expected credit loss rates are calculated using historic loss rates, adjusted for relevant factors in the current economic environment. In the model, all customers are classified within the same category as all Group companies operate within the PI and Clin Neg marketplace and have similar debtor profiles.

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

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

Deferred consideration
Deferred consideration arising from business combinations is measured at amortised cost, using the Group's cost of capital at the date of acquisition to determine the relevant discount rate.

Contingent consideration
Contingent consideration arising from business combinations is measured at fair value through profit and loss. Initial recognition is made using discounted cashflows to determine expected consideration payable, using the Group's cost of capital at the date of acquisition to determine the relevant discount rate.

The fair value of contingent consideration is re-assessed annually using updated cashflows and using the updated discount rate for the Group's cost of capital at the date of the revaluation.

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

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

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

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

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

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

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

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

CURRENT ASSET INVESTMENTS

Investments represent Level 1 traded instruments which are regarded as liquid investments and are subject to market fluctuations. The fair value of listed investments was determined with reference to the quoted market price at the reporting date. The investments are held at fair value through the profit and loss.

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 impairment testing:

Goodwill is assigned to the smallest identifiable cash generating unit (CGU) which it relates to and tested annually for impairment using discounted forecasted cashflows to calculate the value-in-use of the CGUs.

The Group has identified the majority of its CGUs to be individual companies acquired, on the basis that each company offers a specific service and there is no lower level of reporting that could result in a smaller CGU.

There is inherent uncertainty in forecasted information but calculations have been made using assumptions on prior period working capital cycles. A discount factor has been applied to cashflows using the capital asset pricing model.

Other intangible assets – impairment testing:

The Group recognised intangible assets relating to long term contracts upon an acquisition in the year. The contracts are deemed to have an indefinite useful life and initially recognised using a value-in-perpetuity calculation.
These contracts are tested for impairment at the year end by reperforming the value-in-perpetuity calculation using updated inputs.

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

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

The recoverable amount is a management estimation based on historical calculations of actual recoverability of billable time and any other relevant information in relation to a case.

Share Based Compensation:
The fair value of share-based awards is measured using the Black-Scholes model and/or the Monte Carlo model as appropriate. Such models inherently make 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 non-market vesting conditions. Further details of the share option scheme are given in note 14.

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

Investment Property Valuation:
Investment properties are carried at a fair value estimate based on a formal valuation by a qualified independent valuer. The valuer makes their estimate based on the condition and location of the property and market analysis of similar properties, as well as any other factors they deem relevant.

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

Intangible contract asset valuation:

Intangible assets are recognised in relation to long-term contracts. These contracts have a 100% success rate on renewal, there are few competitors and significant barriers to entry Therefore, management is of the opinion that there is no foreseeable limit to the period over which the assets are expected to generate cash inflows and as such the contracts are judged to have an indefinite useful life.

Such contracts are valued using their value-in-perpetuity. The relevant inputs for this calculation are operating cashflows (contractual inflows less operating expenses) and the Group's Cost of Capital is used as the relevant discount factor.

1 REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from activities within the UK..
Revenue arising from recurring and non-recurring sources is as follows:

	Group 2022 £	Group 2021 £
Recurring	11,044,694	8,933,779
Non-recurring	13,805,194	9,432,646
Total revenue	24,849,888	18,366,425

OPERATING SEGMENTS

The Group's chief operating decision maker is deemed to be the CEO. The CEO has identified the following operating segments:

Financial Services:
This segment includes our independent financial advisory, discretionary fund management and financial services businesses.

Costs Law:
This segment includes each of our costs law services businesses.

Other Professional Services:
This segment includes our major trauma signposting, forensic accountancy, care and case management and medico-legal reporting businesses.

Central Services:
This is predominantly a cost centre for managing Group related activities or other costs not specifically related to a product.

2022	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	11,792	7,057	6,001	-	24,850
Depreciation	248	110	217	-	575
Finance Income	(8)	-	-	-	(8)
Finance Costs	15	9	14	438	476
Profit before tax	**3,403**	**981**	**1,307**	**(3,272)**	**2,419**
Corporation tax	(251)	(174)	(268)	123	(570)
Profit After Tax	**3,152**	**807**	**1,039**	**(3,149)**	**1,849**
Additions to plant property and equipment	219	333	263	-	817
Additions to Goodwill and other intangibles	-	-	-	13,324	13,324

2021	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	10,973	4,972	2,422	-	18,367
Depreciation	287	16	31	-	334
Finance Income	7	-	4	135	146
Finance Costs	16	10	2	291	319
Profit before tax	3,524	1,423	252	(2,504)	2,695
Corporation tax	449	277	51	(558)	219
Profit After Tax	3,075	1,146	201	(1,946)	2,476
Additions to plant property and equipment	184	21	8	-	213
Additions to Goodwill and other intangibles	-	-	-	7.957	7,957

Measures of total assets and total liabilities are not shown as they are not regularly reviewed by the CEO.

2 PROFIT FROM OPERATIONS	Group 2022 £	Group 2021 £
Profit from operations is stated after charging:		
Share based compensation (note 14)	659,473	429,918
Acquisition strategy, integration, and reorganisation costs	1,929,321	972,450
Depreciation and amortisation on right-of-use assets	368,029	199,586
Depreciation and amortisation (Other)	206,473	134,487

Acquisition strategy, integration and reorganisation costs are further expanded upon below

	Group 2022 £	Group 2021 £
Acquisition costs	750,518	925,648
Investment in people	448,806	-
Investment in technology	223,579	-
Provision for specific debtor	318,818	-
Reorganisation costs	187,600	46,802
	1,929,321	972,450

Acquisition costs includes transaction fees, taxes and other directly attributable costs related to the acquisitions made in the year.

Investment in people includes costs directly attributable to the set-up of Keystone Case Management Limited and those costs related to the training academies within our Costs businesses.

Investment in technology includes costs related to projects aimed at increasing efficiencies across the Group to drive future intra-group referrals and increase revenue in future years.

The provision for specific debtor represents a provision within Group companies acquired in the prior year. This is made against trade debtors owed by a group of law firms which ceased trading during the year. The firm had agreed payment terms dissimilar to the rest of the Group's clients prior to acquisition and the provision is not reflective of a wider issue in terms of recovery of trade debtors.

Reorganisation costs relate to the reorganisation of the structure of support functions within the Group.

2 PROFIT FROM OPERATIONS *(continued)*

Amounts payable to Haysmacintyre LLP in respect of audit services:

	2022 £	2021 £
Audit Services		
- Statutory audit	66,000	64,500
Other Services		
The auditing of accounts of associates of the company pursuant to legislation:		
- Audit of subsidiaries where such services are provided by Haysmacintyre LLP	167,000	90,000
	233,000	154,500

3 INTEREST AND SIMILAR ITEMS	Group 2022 £	Group 2021 £
Fair value gains/(losses) on investments	(8,494)	141,955
Interest income	907	3,984
Total finance and other income/(loss)	(7,587)	145,939
Unwinding discount – deferred consideration	437,748	291,263
Interest on lease liabilities	35,744	18,518
Foreign exchange losses	434	3,302
Loan and other interest charges	2,790	6,019
Total finance costs	476,716	319,102

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

4 EMPLOYEES

NUMBER OF EMPLOYEES

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

	2022 Number	2021 Number
Directors	7	7
Sales & Administration	300	199
	307	206

EMPLOYMENT COSTS	2022 £	2021 £
Wages and salaries	11,665,670	8,452,861
Social security costs	1,201,831	913,380
Pension costs	421,628	321,199
Other benefits	239,348	234,628
Share based compensation – equity settled (note 14)	479,513	290,777
Share based compensation – social security costs (note 14)	179,960	139,141

	14,187,950	10,351,986

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.

	2022	2021
	£	£
Short-term employee benefits	1,085,102	850,711
Post-employment benefits	41,500	42,500
	1,126,602	893,211
Social security costs	145,852	102,631
	1,272,454	995,842

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

	2022	2021
	£	£
The remuneration in respect of the highest paid director was:		
Emoluments	379,630	301,473

During the year one (2021: two) director(s) exercised 250,000 share options. The highest paid director exercised 250,000 share options (2021: 250,000).

5 PENSION COSTS

The Group operates defined contribution pension schemes. The schemes and their assets are held by independent managers. The pension charge represents contributions due from the Group and amounted to £421,628 (2021: £321,199).

6 TAXATION

	Group 2022 £	Group 2021 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	691,487	758,250
Adjustments in respect of previous periods	6,505	(16,066)
Total current tax charge	697,992	742,184
Deferred tax		
Temporary differences, origination and reversal	(128,366)	(523,090)
Total deferred tax credit	(128,366)	(523,090)
Tax on profit on ordinary activities	569,626	219,094

FACTORS AFFECTING TAX CHARGE FOR YEAR
The standard rate of tax applied to reported profit on ordinary activities is 19 per cent (2021: 19 per cent).

FACTORS AFFECTING FUTURE TAX CHARGE
On 3 March 2022 the Chancellor announced that the corporation tax rate will rise to 25% from 1 April 2023.
There is no expiry date on timing differences, unused tax losses or tax credits.

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

	Group 2022 £	Group 2021 £
Profit before taxation	2,418,794	2,694,712
Profit multiplied by main rate of corporation tax in the UK of 19% (2021: 19%)	459,571	511,995
EFFECTS OF:		
Expenses not deductible less capital allowances	231,794	298,506
Share based payments	(153,366)	(428,426)
Increase in tax rate on deferred tax asset	-	(111,532)
Other charges/(deductions)	31,627	(51,449)
Total tax expense for year	569,626	219,094

A total of £nil (2021: £nil) was recognised in other comprehensive income in relation to deferred taxation on a revaluation uplift. The revaluation gain has been shown on a net basis in other comprehensive income.

7 EARNINGS PER SHARE

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

	Group 2022 £	Group 2021 £
Earnings		
Earnings for the purposes of basic and diluted earnings per share (net profit for the year attributable to equity holders of the parent)	1,652,456	2,336,821
Earnings for the purposes of adjusted basic earnings per share (as above, adjusted for share based compensation, acquisition strategy, reorganisation costs and unwinding of the discount on deferred consideration)	5,054,747	3,966,220
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	119,431,986	112,987,486
Less: weighted average own shares held	(5,501,669)	(8,102,668)
	113,930,317	104,884,818
Effect of dilutive potential ordinary shares:		
- Share options	7,344,449	6,001,159
Weighted average number of ordinary shares for the purposes of diluted earnings per share	121,274,766	110,885,978

Earnings per ordinary share – basic (pence)	1.45p	2.23p
Earnings per ordinary share – diluted (pence)	1.36p	2.11p
Adjusted earnings per ordinary share – basic (pence)	3.78p	3.78p
Adjusted earnings per ordinary share – diluted (pence)	3.55p	3.58p

8 GOODWILL AND OTHER INTANGIBLES

	£
GOODWILL	
As at 1 January 2022	16,255,913
Goodwill arising on acquisition during the year (Note 20)	8,370,472
NET BOOK VALUES	
At 31 December 2022	24,626,385
At 31 December 2021	16,255,913
OTHER INTANGIBLES	
As at 1 January 2022	-
Other intangibles arising on acquisition during the year – long term contracts (Note 20)	4,953,205
NET BOOK VALUES	
At 31 December 2022	4,953,205
At 31 December 2021	-

	£
TOTAL GOODWILL AND OTHER INTANGIBLES	
At 31 December 2022	29,579,590
At 31 December 2021	16,255,913

As part of the preparation of the financial statements, the directors have carried out an impairment review the carrying value of goodwill and other intangibles.

Impairment testing on Goodwill has been carried out using the Group's 5-year business plan and applying appropriate adjustments for the receipt of debtors beyond this point.

Pre-tax cashflows were then discounted using the Group's cost of capital at the reporting date, calculated using the Capital Asset Pricing Model. A discount rate of 6.94% was used (2021: 7.20%).

Impairment testing on intangible contract assets has been carried out by reperforming the value in perpetuity calculation for each of the contracts and updating the inputs, namely the cost of capital (as above) and updated cashflows relating to each contract.

Based on the impairment reviews performed, the directors have concluded no impairment is required. *Sensitivity analysis has been performed to show the impact of reasonable or possible changes in key* assumptions. A decrease in discounted cash flows of 11.5% to 90.5% for Various CGU's or an increase in discount rate from 7% to 10.35% to 185.51% for various CGU's would be required in order for an impairment to become necessary.

9 INVESTMENTS

CURRENT INVESTMENTS GROUP	£
As at 1 January 2021	1,232,909
Acquisition during year	1,680,753
Additions due to acquisition of subsidiary	12,145
Revaluation	141,955
Disposals	(1,278,146)
As at 1 January 2022	108,863
Revaluation	(8,494)
At 31 December 2022	100,369
NET BOOK VALUES	
At 31 December 2022	100,369
At 31 December 2021	108,863
At 31 December 2020	1,232,909

Investments represent Level 1 traded instruments which are regarded as liquid investments and are subject to market fluctuations. The fair value of listed investments was determined with reference to the quoted market price at the reporting date.

A gain of £8,494 (2021: £141,955) in relation to these investments was recognised in profit or loss during the year. This gain includes a mix of unrealised investment gains, investment income and realised gains on disposals.

COMPANY	£
COST	
As at 1 January 2021	12,041,313
Share based compensation	8,723
Consideration for acquisitions	10,242,452
Other additions	2,457,356
At 31 December 2021	24,749,844

9 INVESTMENTS (*continued*)

COMPANY

	£
At 31 December 2021	24,749,844
Share based compensation	122,340
Consideration for acquisitions	16,966,168
Other additions	366,507
At 31 December 2022	42,204,859
NET BOOK VALUES	
At 31 December 2022	42,204,859
At 31 December 2021	24,749,844
At 31 December 2020	12,041,313

Shares in subsidiary undertakings are stated at cost. As at 31 December 2022, Frenkel Topping Group plc owned the following principal subsidiaries which are included in the consolidated accounts:

Company	*Nature of business*	*Class of shares held*	*Proportion of shares held*
Frenkel Topping Group Holdings Limited	Holding	Ordinary	100%
Frenkel Topping Limited	Financial services	Ordinary	100%
Ascencia Investment Management Limited	Financial services	Ordinary	100%
Obiter Wealth Management Limited	Financial services	Ordinary	100%
Luci Platform Limited	Financial services	Ordinary	100%
Forth Associates Limited	Professional services	Ordinary	99.9%
Partners in Costs Limited	Legal costs services	Ordinary	100%
TMA Holdings Limited	Holding	Ordinary	100%
A&M Bacon Limited	Legal costs services	Ordinary	100%
Bacon Legal Consulting Limited	Holding	Ordinary	100%
Bidwell Henderson Costs Consultants Limited	Legal costs services	Ordinary	100%
Daniel Lewis Law Limited	Recruitment	Ordinary	100%
Keystone Case Management Limited	Professional services	Ordinary	100%
Cardinal Management Limited	Professional services	Ordinary	100%
N-Able Services Limited	Professional services	Ordinary	100%
Somek & Associates Limited	Professional services	Ordinary	100%
Truly Asset Management Limited	Financial services	Ordinary	50%
Aspire + Wealth Management Limited	Financial services	Ordinary	50%
Hudgells Financial Management Services Limited	Financial services	Ordinary	50%
HCC Investment Solutions Limited	Financial services	Ordinary	50%
ExpressFT Limited	Financial services	Ordinary	50%
Frenkel Topping Associates Limited	Financial services	Ordinary	50%
Ralli Financial Services Limited	Financial services	Ordinary	50%
Pattinson and Brewer Financial Services Limited	Financial services	Ordinary	50%
CFG Financial Services Limited	Financial services	Ordinary	50%
New Horizon AM Limited	Dormant	Ordinary	100%
Nucleus Medical Reporting Limited	Dormant	Ordinary	100%
Equatas Accountants Limited	Dormant	Ordinary	100%

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

10 GROUP PROPERTY, PLANT AND EQUIPMENT

	Freehold building	Office equipment	Computer equipment	Marketing Equipment	Right of use assets	Total
Cost or valuation	**£**	**£**	**£**	**£**	**£**	**£**
At 1 January 2021	1,295,000	621,892	186,549	12,250	681,938	2,797,629
Business combinations	-	387,991	90,149	-	14,446	492,586
Additions	-	31,390	67,195	1,370	113,523	213,478
Disposals	-	(359,388)	(45,969)	-	-	(405,357)
Revaluation	85,000	-	-	-	-	85,000
At 31 December 2021	1,380,000	681,885	297,924	13,620	809,907	3,183,336
Business combinations	-	155,820	240,222	-	408,877	804,919
Additions	-	25,561	214,422	-	577,272	817,255
Disposals	-	(77,601)	(38,763)	-	(241,287)	(357,651)
Revaluation	100,000	-	-	-	-	100,000
At 31 December 2022	1,480,000	785,655	713,805	13,620	1,554,769	4,547,859
Depreciation						
At 1 January 2021	-	516,548	100,226	4,086	230,184	851,044
Charge for the year		351,277	82,589	-	-	433,866
Business combinations	25,000	61,387	45,037	3,063	199,586	334,073
Disposals	-	(359,388)	(45,969)	-	-	(405,357)
Revaluation	(25,000)	-	-	-	-	(25,000)
At 31 December 2021	-	569,824	181,883	7,149	429,770	1,188,626
Business combinations	-	123,661	199,855	-	-	323,516
Charge for the year	27,000	85,583	90,400	3,490	368,029	574,502
Disposals	-	(77,531)	(38,763)	-	(229,396)	(345,690)
Revaluation	(27,000)	-	-	-	-	(27,000)
At 31 December 2022	-	701,537	433,375	10,639	568,403	1,713,954

10 GROUP PROPERTY, PLANT AND EQUIPMENT (*continued*)

Net book values						
At 31 December 2022	1,480,000	84,128	280,430	2,981	986,366	2,833,905
At 31 December 2021	1,380,000	112,061	116,041	6,471	380,137	1,994,710
At 1 January 2021	1,295,000	105,344	86,323	8,164	451,754	1,946,585

Freehold property with a carrying value of £1.42m (2021: £1.35m) was revalued as at 31 December 2022 by a Royal Institution of Chartered Surveyors (RICS) registered firm, on an existing use open market value basis, in accordance with the Guidance Notes of the RICS. The firm which carried out the valuation are not connected with the Group. The valuation was based on recent market transactions on an arm's length basis for similar properties.

Freehold property with a carrying value of £30,000 has been arrived at on the basis of a valuation carried out at 31st December 2022 by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

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

	2022
	£
Carrying amount of right-of-use assets included within property, plant and equipment	
Office equipment	173,202
Motor vehicles	199,775
Property rentals	613,389
Total carrying amount presented within property, plant and equipment	986,366

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

	2022
	£
Office equipment	84,047
Motor vehicles	111,886
Property rentals	172,096
Total amount presented within property, plant and equipment	368,029

11 OTHER RECEIVABLES

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Prepayments	540,810	552,805	268	12,546
Other receivables	208,234	57,142	193,834	106,766
Amount due from group undertakings	-	-	8,593,011	8,097,868
	749,044	609,947	8,787,113	8,217,180

12 TRADE AND OTHER PAYABLES

CURRENT TRADE AND OTHER PAYABLES

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade payables	793,388	645,153	20,258	10,385
Other tax and social security	1,340,753	1,065,694	-	-
Lease liabilities	444,691	166,254	-	-
Other payables	272,389	175,556	-	-
Deferred consideration	3,645,699	2,342,545	3,645,699	2,342,545
Amount due to group undertakings	-	-	13,790,641	13,118,218
Accruals	1,183,124	805,843	552,402	262,104
	7,680,044	5,201,045	18,009,000	15,733,252

NON-CURRENT TRADE AND OTHER PAYABLES

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Lease liabilities	550,764	222,003	-	-
Loans	35,733	-	-	-
Deferred tax	476,480	-	409,451	-
Deferred consideration	-	1,788,228	-	1,788,228
Contingent consideration	3,546,451	373,292	3,546,451	373,292
	4,609,428	2,383,523	3,955,902	2,161,520

13 DEFERRED TAXATION

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Property, plant and equipment	57,145	45,877		-
Intangible assets	1,238,301	-	1,238,301	-
Share-based payments	(880,317)	(515,078)	(828,850)	(499,811)
Revaluation	74,200	49,200	-	-
Tax losses carried forward	(12,849)	(12,849)	-	-
At 31 December 2022	476,480	(432,850)	409,451	(499,811)

13 DEFERRED TAXATION *(continued)*

Movement in the period	£	£	£	£
At 1 January	(432,850)	(118,431)	(499,811)	(148,817)
Deferred tax credit in profit and loss	(128,366)	(523,090)	(122,781)	(557,714)
Deferred tax – business combination	11,269	1,701	-	-
Deferred tax – intangible assets on acquisition	1,238,301	-	1,238,301	-
Deferred tax recognised in equity	(211,874)	206,970	(206,258)	206,720
At 31 December	476,480	(432,850)	409,451	(499,811)

14 SHARE CAPITAL (GROUP AND COMPANY)

	Number of shares	2022 £	Number of shares	2021 £
Authorised				
Ordinary shares of £0.005 each	140,187,370	700,937	114,500,000	572,500
Preference shares of £1 each	50,000	50,000	50,000	50,000
		750,937		622,500
Allotted, called up and fully paid				
As at 1 January	113,157,349	565,787	111,157,349	555,787
New shares issued	14,285,715	71,429	2,000,000	10,000
As at 31 December				
Ordinary shares of £0.005 each	127,443,064	637,216	113,157,349	565,787

During the year, 14,285,715 new shares were issued with a fair value of 70 pence per share. Accordingly, £71,429 was recognised in Share Capital and a further £9,928,572 within Share Premium. Associated costs of £362,988 were also recognised in Share Premium.

Dividends of £1,673,159 (2021: £1,463,260) in aggregate being 1.37 pence per share (2021: 1.36p) were proposed before the financial statements were authorised for issue but not treated as a distribution to equity. Dividends of 0.34 pence per share have been paid as an interim, 1.03 pence per share has been proposed as a final dividend to be approved by the shareholders at the AGM in June 2023 Shares held under the employee benefit trust have waived their rights to dividends, nor is a dividend payable on the number of own shares held.

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

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

Grant date	Subscription price per share	Number of shares for which rights exercisable	Earliest date on which options can be exercised
24 August 2016	0.5p	500,000	Immediately
12 March 2018	0.5p	1,000,000	Immediately
12 March 2018	13.5p	83,500	Immediately
18 March 2022	0.5p	5,000,000	18/03/2024
8 December 2022	0.5p	543,277	31/12/2024
Employee share options in issue		7,126,777	

	2022 Options	2022 Weighted average exercise price (pence)	2021 Options	2021 Weighted average exercise price (pence)
Outstanding at 1 January	7,443,444	0.65	2,916,834	3.56
Granted during the year	-	-	5,609,944	0.50
Lapsed during the year	(66,667)	0.05	-	-
Exercised during the year	(250,000)	0.05	(1,083,334)	7.73
Outstanding at 31 December	7,126,777	0.65	7,443,444	0.65
Exercisable at 31 December	1,583,500	1.19	1,833,500	1.09

The options outstanding at 31 December 2022 had a weighted average remaining contractual life of 1.78 years (2021: 2.26 years). The share based compensation charge of £659,473 (2021: £429,918) consists of £479,513 (2021: £290,777) in relation to the share based payment charge in the year and £179,960 (2021: £139,141) relating to accrued and paid social security costs on share based payments.

The current year charge relates entirely to options issued as a Long Term Incentive Plan in 2021, the charge in relation to the remaining outstanding options had been recognised in prior years. The inputs used for the valuation of the options are shown below:

Date of grant	18 March 2021	18 March 2021	8 December 2021
Number of shares	3,750,000	1,250,000	609,944
Model used for valuation	Monte Carlo	Black Scholes	Black Scholes
Weighted average exercise price	0.5 pence	0.5 pence	0.5 pence
Weighted average share price at valuation date	45.5 pence	45.5 pence	77 pence
Expected volatility	45.65%	45.65%	50.22%
Expected life	3 years	3 years	3 years
Risk-free rate	0.17%	0.17%	0.90%
Expected dividend yields	2.97%	2.97%	2.96%

15 RELATED PARTY TRANSACTIONS

Details of key management compensation are included in note 4. Key management are considered to be the directors of the Group. Key management received £31,901 (2021: £41,800) in dividends in aggregate.

During the year, a director was granted limited credit, the maximum amount owing was £18,895 and was repaid in full on 7 October 2022. No interest was charged.

The Association for Spinal Injury Research Rehabilitation and Reintegration (ASPIRE) which is viewed as a related party as this entity has significant influence over the subsidiary company Aspire + Wealth Management Limited. An unsecured loan to ASPIRE for the sum of £100,000 remains outstanding in full at the reporting date. The loan is interest free (except in default) and is repayable in 2024.

Pattinson & Brewer (P&B) is viewed as a related party as this entity has significant influence over the subsidiary company Pattinson & Brewer Financial Services Limited. An unsecured loan to P&B for the sum of £48,661 remains outstanding at the reporting date.

The Group rents a property (The Station, 77 Canal Road, Leeds) from TIB Properties Limited (TIB). The directors and shareholders of TIB are Richard Forth and Anthony Flint who are also directors of Forth Associates Limited. During the year, £36,000 (2021: £36,000) was paid to TIB and is shown within the Group's consolidated statement of comprehensive income.

16 FINANCIAL INSTRUMENTS

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

Interest rate risk
Aside from lease liabilities accounted for in line with IFRS 16 and one small loan which came as part of a business combination, the Group has no current borrowing thus has no interest rate risk.

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

Liquidity risk
During 2022 the Group raised significant capital which is earmarked for acquisition payments and investment in growing the business and therefore not included in ongoing working capital monitoring. It is the Group's policy to manage liquidity in order to achieve continuity of funding. The Group monitors actual cashflows against forecast and expectations on a monthly basis to ensure sufficient liquidity is available. Cash forecasts are based on contractual accrued income and timing of receipts, new business trading levels and settlement of supplier balances when they fall due. Subject to unforeseen adverse trading conditions, the cash flows from operations are not expected to change significantly, moreover they have remained strong throughout the turbulent economy of recent years.

16 FINANCIAL INSTRUMENTS (*continued*)

Whilst the Group does have longer than average debtor days in connection with litigation support services, the inflows from receipt of historic litigation support debtors mitigate the increase in the debtor value from new expert witness services and thus are not material to the liquidity of the Group. The nature of the Group's business means that cash flows are relatively stable and predictable. Any significant fall in the level of funds invested by the Group's clients could have a significant impact on the cash resources of the Group however this risk has been mitigated somewhat by diversification of income streams by way of the acquisition of transactional businesses in recent years which do not carry the same risk.

Additionally, the Board 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. These include a reduction or delay in planned spend on variable costs and/or making use of an overdraft or other borrowing facilities.

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

Foreign currency risk
Any foreign currency risk is limited to a small number of suppliers based overseas to which we have minimal exposure. Anything outside of this is considered out of the course of normal business and the Group has no overseas assets or liabilities.

The interest rate profile of the financial assets of the Group as at 31 December 2022 is as follows:

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£	£	£	£
2022				
Cash at bank	-	4,986,245	-	4,986,245
Loans receivable	-	-	161,732	161,732
Trade receivables (note 18)	-	-	10,661,189	10,661,189
Accrued income	-	-	4,070,941	4,070,941
Investments	100,369	-	-	100,369
Other receivables	-	-	749,044	749,044
Total	100,369	4,986,245	15,642,906	20,729,520

16 FINANCIAL INSTRUMENTS (*continued*)

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£	£	£	£
2021				
Cash at bank	-	8,617,957	-	8,617,957
Loans receivable			127,986	127,986
Trade receivables (note 18)	-	-	6,349,486	6,349,486
Accrued income	-	-	3,314,440	3,314,440
Investments	108,863	-	-	108,863
Other receivables	-	-	609,947	609,947
Total	108,863	8,617,957	10,401,859	19,128,679

The interest rate profile of the financial liabilities of the Group as at 31 December 2022 is as follows:

	Fixed rate financial liabilities	Financial liabilities at fair value through *profit and loss*	Financial liabilities at amortised cost	Total
	£	£	£	£
2022				
Trade payables	-	-	793,388	793,388
Lease liabilities	995,455	-	-	995,455
Loans	35,733	-	-	35,733
Other payables	-	-	272,389	272,389
Contingent consideration	-	3,546,451	-	3,546,451
Deferred consideration	-		3,645,699	3,645,699
Accruals	-	-	1,183,124	1,183,124
Total	1,031,188	3,546,451	5,894,600	10,472,239

	Fixed rate financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	£	£	£	£
2021				
Trade payables	-	-	645,153	645,153
Lease liabilities	388,257	-	-	388,257
Other payables	-	-	175,556	175,556
Contingent consideration	-	373,292	-	373,292
Deferred consideration	-	-	4,130,773	4,130,773
Accruals	-	-	805,843	805,843
Total	388,257	373,292	5,757,325	6,518,874

16 FINANCIAL INSTRUMENTS (*continued*)

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at amortised cost as at 31 December was as follows:	2022	2021
	£	£
Payable within one year	5,894,600	3,969,097
Payable in over one year	3,546,451	2,161,520
	9,441,051	6,130,617

The maturity profile of the Group's fixed rate financial liabilities as at 31 December was as follows:	2022	2021
	£	£
Payable within one year	444,691	166,254
Payable in over one year	586,497	222,003
	1,031,188	388,257

The interest rate profile of the financial assets of the Company as at 31 December 2022 is as follows:

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£	£	£	£
2022				
Cash at bank	-	1,482,678	-	1,482,678
Other receivables	-	-	8,787,113	8,787,113
Total	-	1,482,678	8,787,113	10,269,791

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£	£	£	£
2021				
Cash at bank	-	6,275,997	-	6,275,997
Other receivables	-	-	8,217,180	8,217,180
Total	-	6,275,997	8,217,180	14,493,177

16 FINANCIAL INSTRUMENTS (*continued*)

The interest rate profile of the financial liabilities of the Company as at 31 December 2022 is as follows:

	Fixed rate financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	£	£	£	£
2022				
Trade payables	-	-	20,258	20,258
Contingent consideration	-	3,546,451	-	3,546,451
Deferred consideration	-		3,645,699	3,645,699
Other payables	-	-	13,790,641	13,790,641
Accruals	-	-	552,402	552,402
Total	-	3,546,451	18,009,000	21,555,451

	Fixed rate financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	£	£	£	£
2021				
Trade payables	-	-	10,385	10,385
Contingent consideration	-	373,292	-	373,292
Deferred consideration	-	-	4,130,773	4,130,773
Other payables	-	-	13,118,218	13,118,218
Accruals	-	-	262,104	262,104
Total	-	373,292	17,521,480	17,894,772

Maturity of financial liabilities

The maturity profile of the Company financial liabilities as at 31 December 2022 was as follows:	2022	2021
	£	£
Payable within one year	18,009,000	15,733,252
Payable in over one year	3,546,451	2,161,520
	21,555,451	17,894,772

Fair values of financial assets and financial liabilities

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

17 FINANCIAL COMMITMENTS

The Company shares a VAT registration with its subsidiary Frenkel Topping Limited. Both the Company and Frenkel Topping Limited are joint and severally liable for amounts due. As at 31 December 2022 the amount due to HM Revenue and Customs is £31,688 (2021: £15,579).

18 TRADE & OTHER RECEIVABLES

Accrued income contains a mix of recurring and non-recurring revenue valued in line with our Accounting Policies.

Trade receivables are non-interest bearing. Trade receivable average debtor days has been calculated as 225 (2021: 186). Debtor days has been calculated as the average balance in trade receivables against non-recurring income recorded in the year. The trade receivables represent fees due from reports issued in the claims process and investment of initial AUM.

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 significant proportion of the trade receivables are from reports issued in the claims process. 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. Management have considered the impact of discounting debtors in line with IFRS 15, however this has been judged not to be applicable under the practical expedient section as debtor days do not exceed 365 days. The risk of non-recovery is minimal.

Further, Management have reviewed Expected Credit Losses under IFRS9. Expected credit loss rates at the year-end were calculated using a historic loss rates applicable to each Group company, ranging between 1% and 7.5%, adjusted by the growth in Bank of England base rate during the reporting period (3%). In the model, all customers are classified within the same category as all Group companies operate within the PI and Clin Neg marketplace and have similar debtor profiles. The specific loss rates used within each company have been applied across all debtors regardless of age. This is because our commercial terms make it no more or less likely that a debtor will need to be impaired based on its age alone.

During the year £7,206 (2021: £9,101) of receivables were written off against a total of 3 cases (2021: 5). This was as a result of senior management reviewing the cases on the debtor provision in 2022 and ascertaining that there were a number of low value cases where it was inefficient use of resources to continue the credit control process. All these cases had previously had a provision been made for them in prior years, any write off are made against the provision. At the reporting date, the total provision for bad debts was £714,172 (2021: £403,957) in respect of specific outstanding invoices.

18 TRADE & OTHER RECEIVABLES (*continued*)

	2022	2021
	£	£
Provision for bad debts as at 1st January:	403,957	105,372
Acquisitions in the year – existing provisions	31,916	213,927
Write offs	(7,206)	(9,101)
Provision for specific debtor (note 2)	318,819	-
Net of invoices added to/(removed from) the provision	(33,314)	93,759
Provision for bad debts as at 31st December:	714,172	403,957

The aging profile of the debtors at the year end was as follows:

	2022	2021
	£'000	£'000
0-30 days	1,531	957
31-60 days	1,235	691
61-90 days	813	563
91+ days	7,082	4,139
Total	10,661	6,349

19 CAPITAL MANAGEMENT

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

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

The Group considers its capital to include share capital, share based payment reserve, own shares reserve, other reserve and retained earnings and net debt. Excluding leases accounted for under IFRS 16, the Group has only one small loan which arose upon a recent acquisition and hence the gearing ratio is less than 1% (2021: 0%).

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

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

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

20 BUSINESS COMBINATIONS

The Group acquired 100% of the share capital of Cardinal Management Limited (Cardinal) on 7 January 2022. Cardinal work in partnership with a number of NHS Major Trauma Centres to provide Major Trauma Signposting support services.

The Group acquired 100% of the share capital of N-Able Services Limited (N-Able) on 9 September 2022. N-Able is a professional service firm providing Case Management and Care Expert reports focussing on providing specialist, bespoke rehabilitation and lifestyle programmes tailored to the specific needs of its underlying clients.

The Group acquired 100% of the share capital of Somek & Associates Limited (Somek) on 12 September 2022. Somek is one of the largest providers of Expert Witnesses in the UK, delivering highly professional trained experts in a range of health professions.

These acquisitions are a step towards achieving the Group's vision of becoming the market leader in providing a full service offering to clients and claimants within the personal injury and clinical negligence marketplace.

Recognised amounts of identifiable assets acquired and liabilities assumed are shown below. In all instances book value is equal to fair value.

	Cardinal	N-Able	Somek
	£	£	£
Tangible fixed assets	403	1,511	58,189
Trade and other receivables	359,921	271,515	2,372,056
Cash acquired	1,033,541	304,831	644,780
Current liabilities	(250,364)	(115,965)	(999,216)
Long term liabilities	-	(27,819)	(10,892)
Net assets on acquisition	1,143,501	434,073	2,064,917
Separately identifiable intangible assets on acquisition	4,953,205	-	-
Goodwill on acquisition	2,801,515	809,777	4,759,180
Total investment in subsidiary	8,898,221	1,243,850	6,824,097
Initial Consideration – Cash	5,932,610	789,939	4,384,984
Deferred consideration - Cash	-	261,744	1,427,939
Contingent consideration - Cash	1,727,310	192,167	1,011,174
Deferred tax on separately identifiable intangible assets	1,238,301	-	-
Total investment in subsidiary	8,898,221	1,243,850	6,824,097
Basis for determining the amount to be paid	Share purchase agreement	Share purchase agreement	Share purchase agreement
Maximum contingent consideration payable	5,000,000	275,000	1,500,000
Transaction costs (within administrative expenses)	196,943	72,799	127,852
Post acquisition revenue in the year	1,409,564	294,459	1,447,332
Post acquisition profit in the year	519,395	4,670	278,465

21 EXEMPTION FROM AUDIT BY PARENT GUARANTEE

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

Company	*Company number*
Frenkel Topping Group Holdings Limited	08746800
Obiter Wealth Management Limited	10927503
LUCI Platform Limited	11830448
TMA Holdings Limited	05922026
A&M Bacon Limited	03694494
Bacon Legal Consulting Limited	07641986
Bidwell Henderson Costs Consultants Limited	09004572
Daniel Lewis Law Limited	09477303
Keystone Case Management Limited	13493080
Cardinal Management Limited	09393989
Truly Asset Management Limited	12194326
Aspire + Wealth Management Limited	12119590
Hudgells Financial Management Services Limited	12119604
HCC Investment Solutions Limited	12245883
ExpressFT Limited	10915143
Frenkel Topping Associates Limited	10303460
Ralli Financial Services Limited	13497327
Pattinson and Brewer Financial Services Limited	13357997
CFG Financial Services Limited	13985357

Frenkel Topping Group Plc
SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDING AS AT 29 MARCH 2023
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
Harwood Capital LLP	37,925,000	29.76
JPGL Ltd	16,236,377	12.74
Canaccord Genuity Group Inc	13,071,429	10.26
Gresham House	8,392,857	6.59
Octopus	6,094,500	4.78
Lions Trust	5,880,243	4.61
Employee Benefit Trusts	5,314,683	4.17

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 2022 are as follows:

T J T Linacre	Non-Executive Chairman
R C Fraser	Chief Executive Officer
M S Holt	Chief Operating Officer
E N Cullen-Grant	Chief Finance Officer
C H B Mills	Non-Executive Director
Rt. Hon. M C Field	Non-Executive Director
Z B Holland	Non-Executive Director