



**frenkel
topping**
GROUP



Annual Report 2023

FRENKEL TOPPING GROUP PLC
Financial Statements for the year ended
31 December 2023
Registration number 04726826

Welcome

to our Annual Report 2023

frenkel
topping



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Highlights

For the year ending 31 December 2023

Frenkel Topping Group is a specialist professional and financial services firm operating in the Personal Injury (PI) and Clinical Negligence (CN) space. Through our 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.

We have 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 2023 following a year of executing its strategy and delivering a strong performance despite difficult market conditions.

Financial Highlights

Total Revenue

£32.8m

(2022: £24.8m)
an increase of 32%

Adjusted profit from operations
(as defined in our accounting
policies on page 54)

£7.2m

(2022: £5.5m)
an increase of 31%

Cash generated from operating
activities

£3.2m

(2022: £0.7m)
an increase of 357%

Recurring revenue of

£12.0m

(2022: £11.0m)
an increase of 9%

Profit from operations

£5.1m

(2022: £2.9m)
an increase of 76%

Adjusted EPS (basic) of

4.26p

(2022: 3.78p)
an increase of 13%

Non-recurring revenue of

£20.8m

(2022: £13.8m)
an increase of 51%, of which
22% relates to organic growth

Adjusted EBITDA
(as defined in our accounting
policies on page 54) of

£8.0m

(2022: £6.1m)

Total Assets
as at 31 December 2023 were

£53.1m

(2022: £53.1m)

Gross Profit

£13.9m

(2022: £11.1m)
an increase of 25%

Strong balance sheet maintained
after payment of deferred
consideration on acquisitions
net cash of

£2.4m

(as at 31 December 2022: £5.0m)

Operational Highlights

Fifteenth Consecutive year of
High Client Retention

99%

in investment management
services

Funds under management ("FUM") of

£1,335m

(as at 31 December 2022: £1,187m)
growth of 12% despite turbulent
markets

Funds on a discretionary mandate of

£820m

(as at 31 December 2022: £715m)
growth of 15%, showing the resilience
of our portfolios

New Money Market Solution launched
in June 2023 attracting investment of

£39m

Two new Major Trauma Centres
added by Cardinal Management
Limited ("Cardinal")

Post period end the Group has
signed a new £7.5m Revolving
Credit Facility with Santander

KnowledgeHub delivered 19
expert training sessions with
7,970 registrations



Chairman's Statement



"I am pleased to report on another positive year of growth for the Group in which we continued to deliver against our strategy."

Christopher Mills

Chairman
Frenkel Topping Group

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 against our strategy.

The Group's performance in the last financial year demonstrates its resilience in a challenging financial market, as well as further progress made through our focused acquisition strategy and continued consolidation of the PI and CN space.

Following fundraises in 2020 and 2022 the Group has worked to consolidate the much-fragmented PI and CN space, making key acquisitions which fit with the culture and values of the existing businesses.

Whilst we have not yet fully maximised the opportunities the enlarged Group presents, we are beginning to see the fruits of our labour, with acquisitions made in prior years showing increased revenues and EBITDA compared to when they were acquired. Furthermore, the continued embedding of our services within our professional client base is beginning to open the door to

more opportunities to add FUM than we have previously seen.

Having stepped into the role of Chairman during February 2024, I would like to take the opportunity to express my gratitude to Tim Linacre for his stewardship and expertise in the role since 2020. Further, I am pleased that he remains on the Board as a Senior Non-Executive Director as we step forward into the next chapter of this journey.

Dividend

Total dividends proposed for the year are

1.375p per share

(FY 2022: 1.37p)

Reflecting the Board's intention to continue to invest in the future of the business.

Outlook

Our industry continues to face headwinds as increased compliance costs and higher interest rates encourage clients to place money into lower margin money market funds. However, the Group now provides a broad range of services where we have the opportunity to cross sell, thereby accelerating organic growth. There is also the opportunity to achieve synergies across the Group as earn-out payments come to an end, enabling better integration of our various operations.

Consequently, although we face many challenges, we remain confident that the Group will continue to prosper over the coming year.

Christopher Mills

Chairman

19 April 2024



Review of the Year



"I am very pleased to report on another strong 12-month period against the backdrop of market volatility."

Richard Fraser

CEO

Frenkel Topping Group

I am very pleased to report on another strong 12-month period against the backdrop of market volatility. This is a testament to the hard work of the staff across all of our business units and I would like to thank them for their efforts during the year.

Additionally, the investments made into acquisitions across recent years were especially important in diversifying revenue streams which helped to protect us against the full impact of financial markets.

Further, we are pleased to report another year where our in-house discretionary fund manager, Ascencia Investment Management (Ascencia), has outperformed its benchmarks, as shown within the CFO's report. Ascencia's conservative multi-asset investment approach continues to deliver a smooth client investment experience with a focus on asset protection.

High interest rates have meant many potential new Court of Protection clients were inclined to hold funds within the Government's Court Funds Office accounts rather than to invest. In June 2023, in part in response to this, Ascencia launched its 'Money Market Solution' which provides clients

with an investment solution that benefits from the higher interest rate environment. This product, assisted by the hard work and tenacity of our sales team, has attracted investment from both new and existing clients with £39m of assets added by the year end. Whilst funds in this Money Market Solution product earn a lower fee than those invested in our other investment solutions, moderately impacting the overall full year outturn, we are confident that they will be redeployed to higher fee products across our proposition as financial markets turn.

During the year we continued to focus on integrating the acquisitions made in prior years in order to maximise the commercial opportunities being a larger Group presents. This will continue to be a focus in the year ahead, particular with a view to harnessing the newly available data.

Whilst doing so, we are also exploring further acquisition opportunities. We are looking at a number of businesses which complement our service offering and give us increased access to clients, be it via new services offered, client relationships or increased geographical spread.

We remain firmly focused on the PI and CN space.

We are proud to have added two new sites to Cardinal's Major Trauma Signposting (MTSP) service and discussions continue in respect of a number of further sites. This partnership with the NHS provides a vital bedside service to patients at the earliest possible opportunity. At each MTSP site, Cardinal has selected a legal panel which comprises law firms who provide the highest quality of care and service to patients which in turn provides significant opportunity for the Group to further strengthen its relationships with PI and CN departments within law firms nationally.

Consumer Duty

During the year we welcomed the launch of the FCA's Consumer Duty guidance, putting clients' needs first in order to improve outcomes for consumers. This aligns well with the customer focused approach we have always had. Moreover, we began the current financial year with the launch of the Frenkel Topping Group Values (detailed within the Strategic Report) which will be at the heart of everything we do moving forward, enhancing

what we offer to our clients, as well as our people and ultimately our shareholders. These values align with Consumer Duty and throughout 2024 we will continue to review and enhance our compliance framework, further embedding the Consumer Duty and undertaking an assessment of value for our clients. Consumer Duty is expected to result in certain modest changes to our working practices which we are currently reviewing with a keen eye on making sure that clients' best interests are always put first and fair value is delivered.

We have appointed our existing non-executive director Rt. Hon. Mark Field as Non-Executive Consumer Duty Champion for Frenkel Topping Limited (FTL) and Ascencia. I have taken on the role of Executive Champion for Ascencia whilst Mark Holt has taken on the same role for FTL. Mark will also be the Executive Champion for Cardinal alongside Andrew Pemberton, Cardinal's Managing Director.

Market Landscape

According to industry data from NHS Litigation Authority, the NHS paid out Clinical Negligence Damages of £2bn across a total of 6,888 claims during the 12 months to 31 March 2023.

Media sources suggest road traffic accidents accounted for 29,429 deaths or serious injuries with £2.4bn paid out on motor insurance claims during 2023.

Outlook

2024 has seen a solid start across our transactional businesses and we continue to be optimistic about our long-term goal to grow to 15% market share in each of our business units. Trading is in line with expectations and there is a strong pipeline of new FUM opportunities being pursued. However, we are mindful of the market backdrop, Consumer Duty and the ongoing integration of acquisitions and so it is prudent to maintain our existing expectations for FY2024.



Richard Fraser
Chief Executive Officer

19 April 2024



“We continued to focus on integrating the acquisitions made in prior years in order to maximise the commercial opportunities being a larger Group presents”

Chief Financial Officer's Report



"I am pleased to report continued growth on prior years following the continued success of our acquisition strategy."

Elaine Cullen-Grant

Chief Financial Officer
Frenkel Topping Group

We are pleased to report continued growth on prior years following the continued success of our acquisition strategy. Revenue has grown by 32% to £32.8m (2022: £24.8m) with profit from operations up 76% to £5.1m (2022: 2.9m) and adjusted EBITDA up by 31% to £8.0m (2022: £6.1m).

Non-recurring revenue

The strong growth of 51% in non-recurring revenue has been very pleasing, demonstrating the success of the Group's acquisition strategy over recent years.

Cardinal was acquired in January 2022 and Somek & Associates (Somek) and N-Able Services were acquired during September 2022 and the impact of having them for the full year makes up 29% of the increase, with the remaining 22% coming from organic growth across all of our business units. This translates to an acquisition related growth in Adjusted EBITDA of 15% and organic growth of 16%.

Forths (acquired 2020) and Bidwell Henderson (acquired 2021) closed the year with record numbers of active files. Meanwhile Somek has grown their number of expert witnesses by 19% during the year which further increases capacity to accept new instructions. The onboarding of expert witnesses remains a key area of focus for 2024 and we expect to achieve similar levels of growth throughout the year ahead.

Recurring Revenue

It is reassuring that our recurring revenue has continued to grow, (9% on FY22) and that the year-end FUM has increased. However, growth in FUM was moderately impacted by market conditions which the Group has not been entirely immune from.

This has been further supported by the launch of the Money Market Solution, as discussed within the CEO's Statement, which diversified our revenue streams during the year, and leaves funds poised to be redeployed to other investment solutions as markets recover.

Period:01/01/22 – 31/12/23	Performance	Benchmark*
Ascencia Growth 3	-1.81%	-3.51%
Ascencia Growth 4	-2.04%	-3.71%

*Benchmark for Ascencia Growth 3 is ARC Sterling Cautious and for Ascencia Growth 4 is ARC Sterling Balanced Asset

Margin

Despite the inflationary challenges presented across 2023 and recent years, we are pleased to have kept control of our Adjusted EBITDA margin:

	2023	2022	2021	2020
Revenue	32.8	24.8	18.4	10.2
Adjusted EBITDA	8.0	6.1	4.6	2.5
Adjusted EBITDA Margin	24.4%	24.6%	25.0%	24.5%

As financial markets recover and we continue to add FUM, we do expect to begin to see some margin improvement in the coming years.

Working Capital

Cash generated from operating activities has increased to £3.2m (2022: £0.7m), an increase of 357%. Moreover, as a percentage of profit before tax this has increased from 36% in 2022 to 168% in 2023.

This reflects the strength of our debtor book and shows that investment made into organic growth within the Group in prior years is now beginning to turn to cash.

The decrease in closing net cash position of £2.4m compared to the prior year (2022: £5.0m) is as a result of £3.5m of deferred consideration payments made in the year relating to acquisitions made in prior years.

Earnings Per Share (EPS)

Adjusted EPS has increased to 4.26 pence (2022: 3.78 pence) and 4.02 pence (2022: 3.55 pence) for basic and diluted respectively. This increase of 13% shows the success of our acquisition strategy to date and organic growth.

The statutory EPS is down from the prior period, primarily due to the revaluation of contingent consideration payable in relation to acquisitions made in prior years. This revaluation gave rise to an expense of £1.4m within the current year however should be viewed as a positive as it shows the success of these businesses and their continued growth.

Revolving Credit Facility

In January 2024, the Group secured a revolving credit facility of £7.5m with Santander. The facility will be used to continue to pursue our acquisition strategy, as outlined in the CEO Statement & Strategic Report, as well as to fund contingent consideration payments due in 2024 and future years.



Elaine Cullen-Grant

Chief Financial Officer

19 April 2024

Strategic Report

Business Model and Objectives



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:

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

Business Model and Objectives Continued

The primary objective of the Group is to provide more clients with a better quality of life.

This is 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.

The Group's key performance indicators are:



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.

Delivery Against Objectives to Date

Funds under management

	2023	2022	2021	2020
FUM (£'m)	1,335	1,187	1,174	1,012
Growth vs prior year	12%	1%	16%	

Growth in FUM despite difficult markets and high interest rate environment leading to reluctance to invest.

Funds on a discretionary mandate

	2023	2022	2021	2020
Funds on a discretionary mandate (£'m)	820	715	676	527
Growth vs prior year	15%	6%	28%	

Growth in funds on a discretionary mandate, reflective of our focus on asset protection.

Client retention

	2023	2022	2021	2020
Client retention (Financial Services)	99%	99%	99%	99%

Retention has remained high within the financial services operating segment for a fifteenth consecutive year, with the last four years constant at 99%.

Growing market share

The growth in market share is evident by revenue growth across the Group and on the whole.

Our ultimate goal is to begin to add £300m of new FUM per annum by 2027. During 2023 we added £138m, up from £129m in 2022, representing the first step towards this. This, combined with the strong start in terms of FUM added in the first quarter of 2024, confirms we are on track against this target.

Launching the Frenkel Topping Group Values

People are at the heart of everything we do. This is why, during 2023 we undertook a project to better understand who we are as a business and who we want to be in order to set out our new, refreshed core Values. These values exist to enhance what we offer to our clients, our people and ultimately our shareholders.

As part of the project we looked at **our Purpose**: why we exist, **our Vision**: what we want to become and **our Proposition**: the value we give. These three areas then drive our **Core Values**.

The findings of the project team are set out below:



Purpose: why do we exist?

"We exist to enhance the client's life after life-changing events.

We are a team of good people doing the right thing by our clients, no matter what.

We believe in empowering and protecting our clients in all their endeavours so they can live their best lives."

Vision: what do we want to become?

"We are bringing tradition and fresh thinking together to modernise the personal injury space so that we become a highly collaborative group of businesses that our people want to be a part of and that our clients want to work with.

We aim to be the leading service provider in our field with the very best people, with the broadest and deepest expertise, providing life-long support after a life-changing event.

We are big enough to deliver exceptional results but with a small business mentality that puts personalised client care front and centre. We are a driving force for change in our sector – change that benefits our people, our clients and the industry as a whole."

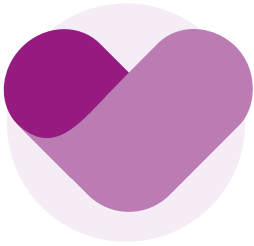
Proposition: the value we give

"No other firm has the breadth and depth of expertise of FTG to support clients and their representatives throughout the life-long journey after injury.

Our history and our portfolio of services gives us a unique vantage point in the specialist area of PI and CN. We apply the consistently high standards that FTG has become famous for across every touch point for our clients."



The Values



GIVE IT HEART

We believe that empathy and kindness are crucial in our line of work. Our clients often come to us during challenging times, and our approach is to treat them with utmost care and understanding.

This value ensures that our clients feel heard, respected, and supported throughout their journey with us.



SHOW RESILIENCE

Life after a life-changing event can be daunting and fraught with challenges.

Our resilience means we are prepared to navigate these challenges, learn from each experience, and relentlessly advocate for our clients' best interests.

Our resilience reassures our clients that we are unwavering in the pursuit of their goals.



MAKE IT EASY

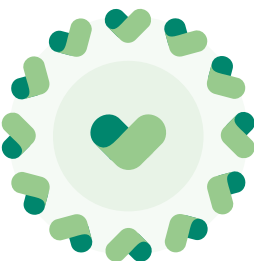
The world of finance, litigation, investments and costs can be complex but we are easy to work with.

We strive to make the process as smooth and understandable as possible. By avoiding jargon and simplifying communication, we ensure that our clients are fully informed and comfortable with each step of the process. This approach reduces stress and builds confidence in our expertise.



ACT WITH INTEGRITY

Integrity is the bedrock of trust in our profession. Our commitment to honesty, transparency, and ethical practice means that clients can rely on us to act in their best interests at all times. This value is central to building and maintaining the trust that is so essential in client relationships.



RESPECT

We recognise the individuality of each client and their unique circumstances.

Our value of respect ensures that we approach each case with sensitivity, understanding, and an appreciation for the diverse backgrounds and experiences of our clients. This respect fosters a more personal and tailored service.



THINK DIFFERENTLY

In a field that is constantly evolving, our value of innovation keeps us ahead of the curve. We are committed to finding creative solutions, embracing new technologies, and continuously improving our services. This forward-thinking approach benefits our clients through more efficient and effective legal solutions.

Strategy in Action

People and Culture

Our values were set by our People and it is them who put these into action on a daily basis. This is particularly evident by those who have progressed through our Training Academies, Graduate and Apprenticeship schemes.

We have seen former alumni of all schemes move into more senior roles, whether that is as fee earners across the Group or, more recently, into Management positions.

These schemes continue to attract some of the industry's best talent and in recognition of that, in 2024 we are gearing up to take on the largest number of new trainees to enter the Bidwell Henderson Costs Training Academy in the scheme's history.

We are also launching a partnership with University Academy 92, explained further within the ESG Report, to take the next step towards helping the next generation.

All of the work in these areas, as well as supporting our staff to grow and have meaningful careers, is aimed at gearing up to allow the Group to continue to service clients to the same high level as they are used to receiving from us, whilst we increase our market-share.



Integration of Acquisitions

Immediately following acquisitions, we have focussed on embedding culture as well as practical areas such as Finance, HR and Technology. We have also worked on how we best work together as part of an enlarged Group and continue our focus on this area in the year ahead.

For example, our Costs businesses, Bidwell Henderson, Partners in Costs and A&M Bacon are working more closely together than ever. They are sharing best practices but also ensuring that each client ends up working with the team that best suits their needs, thus delivering the best possible client service and, consequently, repeat business. We have a project plan in place to further maximise opportunities in this area.

Within Financial Expert Witness Reporting, the teams at Forths and Frenkel Topping Ltd are also sharing knowledge and experience and we are exploring opportunities to further develop these relationships to maximise benefit to our clients and the range of services we offer.

Within Medico-Legal Expert Witness, as mentioned in the CFO's Report, Somek & Associates has grown their number of expert witnesses by 19% during 2023 and we continue on that journey during 2024 and beyond which further increases capacity to accept new instructions and grow our market share.

Within Case Management, our start-up Keystone is working closely with the long-established N-Able Services (acquired in September 2022) to ensure best practices are maintained and help grow those companies.

Cardinal

During 2023 Cardinal added two new sites, John Radcliffe Hospital and Alder Hey Children's Hospital, to its existing portfolio of Major Trauma Centre Partnerships with the NHS. Cardinal is in discussions with a number of other Major Trauma Centres about the possible introduction of its services.

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 Group services in a relevant and timely manner and represents a key driver in growth across the Group.

Data and Technology

The enlarged Group has a wealth of data which is full of opportunities. We are working on how best to harness that data and have made good strides in this regard in recent months. We will continue to invest in this area.

We continue to strive to improve processes and deliver efficiencies where we can, we believe that advancements in technology, particularly in relation to Artificial Intelligence, can offer opportunities to make our existing people more productive and 2024 will see us begin to explore this area.

New acquisitions

We continue to pursue opportunities for new acquisitions which could help strengthen our proposition.

All potential targets are highly complementary businesses which align with our values within the PI and CN marketplace. We will only look at those which will increase our touch points within the space and give us greater access to clients – both directly to the injured party and via their legal representatives.

Risks

Set out below are the key risks which affect the Group alongside the mitigation strategies for each. 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:

Risk	Management strategy
<p>Global markets</p> <p>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.</p>	<p>FUM is monitored monthly to assist with forecasting future revenue and cash flow streams. Product specific performance is monitored monthly.</p>
<p>Economic and political changes</p> <p>Change in the economic or political environment could result in increased costs or operational challenges.</p>	<p>Budgets are set annually based on the market environment at that time. Regular reforecasts are carried out where changes to the economic environment or other variations to budget are known in order to closely monitor performance and cashflow</p>
<p>Client service</p> <p>Shortfalls in the service we provide could lead to compensation, regulatory investigation and sanction and reputational damage and reduction in the level of FUM. Additional risk of perceived disruption to services provided by a target during the acquisition process.</p>	<p>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.</p>
<p>Liquidity risk</p> <p>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.</p>	<p>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.</p>
<p>Pricing, service and market changes</p> <p>If the pricing proposition becomes uncompetitive in the marketplace, this may lead to failure to win new business and/or retain existing business.</p>	<p>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.</p>

Risk

Compliance

Failure to comply with the regulatory requirements or to provide appropriate advice to clients may have an adverse effect on the Group and its business.

The environment in which the Group operates is susceptible to change by Government, legislation or regulatory developments.

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.

Management strategy

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'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.

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 Group 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:

We invest in our people, including via our Graduate, Apprenticeship and Training schemes in order to upskill our staff and prepare them for long term growth in their career. This in turn ensures we are providing the best possible service to our customers and drives improvements to the future profitability of the Group.

The interests of our employees:

Our people are a key consideration of the business.

As discussed in the strategic report, we have continued our investment in people through our Graduate and Apprenticeship schemes which focus on nurturing the talent of the future through their career development.

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

We have also launched the Group's Values to clearly document who we are as a business and how we interact with our people.

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 Group'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 and the environment is a key consideration of the board. This is expanded on within our ESG Report.

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.



Richard Fraser

CEO
19 April 2024

ESG Report

The board recognises the importance of embedding Our Values (pg.15) into our activities and is therefore focused on incorporating our Group's principles and strategic aims into our ESG Strategy.

The Environment

As a people-based business, our environment footprint is small. However, we remain committed to minimising this to as low a level as possible with a view to achieving net zero carbon emissions in advance of the UK government goal of 2050.

We are working towards this with a series of small but meaningful actions, including but not limited to:

- Our company car policy that insists upon hybrid or fully electric cars
- A commitment to transferring all of our energy contracts to 100% renewable energy
- 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.
- Travel by public transport is encouraged through our expenses policy
- Our flexible working policy helps cut down on the number of journeys taken by our staff

From 2023 onwards we are monitoring our emissions data in relation to office energy usage and business travel undertaken by our employees. We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

	tCO ₂ e (tonnes of carbon equivalent)
Scope 1 emissions: gas	31.5
Scope 2 emissions: purchased electricity	39.2
Scope 3 emissions: water consumption	1.3
Scope 3 emissions: business mileage	50.0
Total Scope 3 emissions:	51.3
Total greenhouse gas emissions	122.0
Greenhouse Gas intensity metric: Emissions per employee (based on average employees – note 4)	0.33

Social

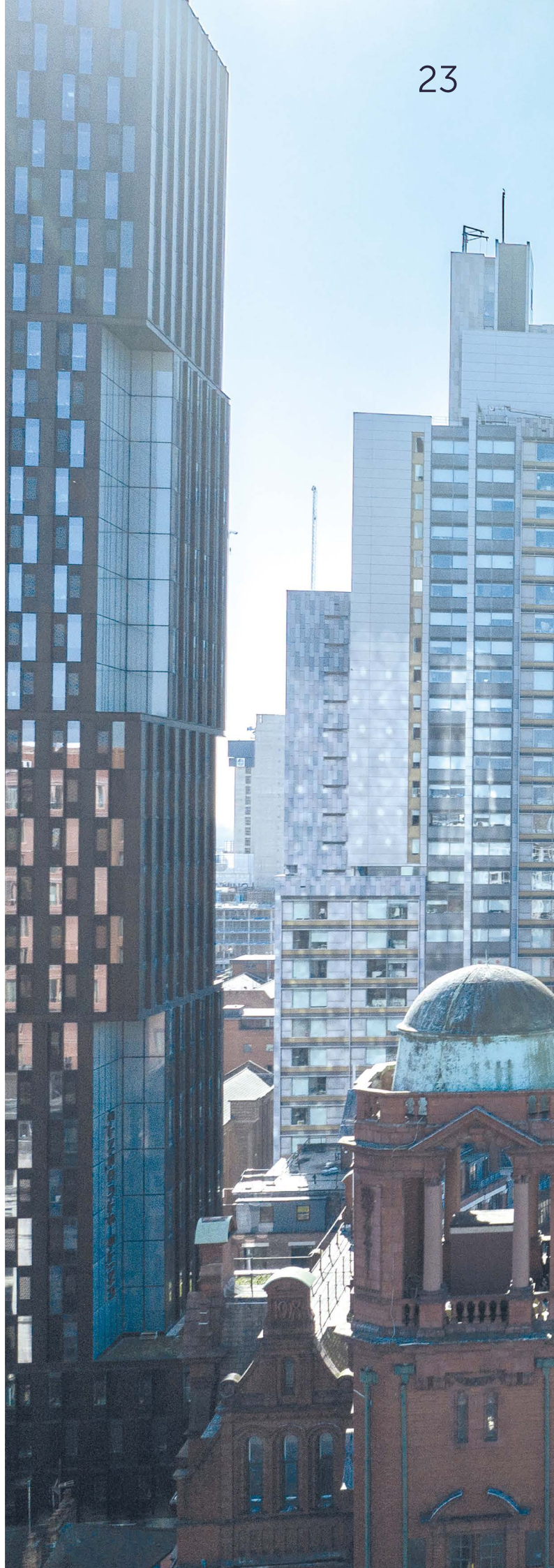
As discussed within our Strategic Report, people are at the centre of everything we do, whether that is our staff, customers, suppliers or the wider community. Our Values dictate how we interact with each of these stakeholders in order to try and have a positive impact.

Partnership with University Academy 92:

We are extremely proud of the success of our Graduate, Apprenticeship and Training Academy Schemes, as discussed within the Strategic Report.

The next step in our journey is the launch of a new partnership with University Academy 92, Dame Robina Shah and the Frenkel Topping Charitable Foundation through which we are creating pathways to employment for underprivileged students.

In March 2024 we began this initiative with our first cohort of final year students. The students spent four afternoons at our Head Office building and had a defined timetable including a mixture of shadowing opportunities, time with senior team members and impactful project work. We have set out to provide meaningful work experience opportunities to students within the professional sector. The goal is to grow this offering by creating ambassador links with our professional network in the Greater Manchester area, to increase the number of work experience opportunities available for students at UA92. This objective will enable us to grow with the increasing volume of students looking for meaningful work experience placements, which could lead to employment opportunities.



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 are not entitled to compensation. The Frenkel Topping Charitable Foundation was set up in 2015 to support those people.

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 is 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.

We are working hard to increase the impact that the Charitable Foundation can have by increasing awareness and donations into the charity by:

- Running events where the proceeds are donated to the charity
- Increasing the number of charity ambassadors and champions
- Sourcing donations from our professional client bank
- Staff members running more-and-more initiatives to drive fundraising
- Donations from the Group itself

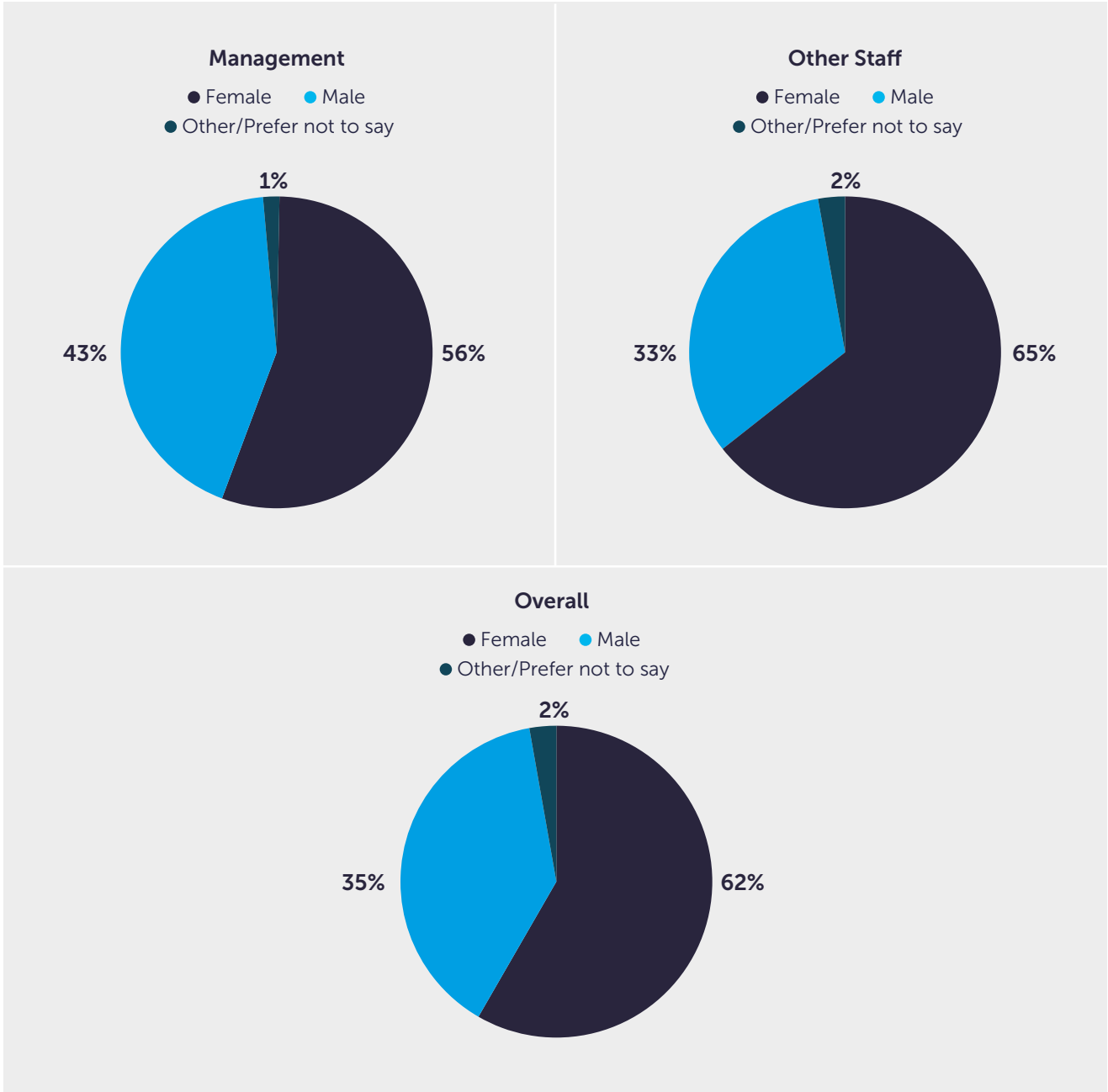
One such fundraising initiative is that several members of staff, including CEO Richard Fraser, are doing a Venice to Milan Cycling Challenge spanning 432 km across four consecutive days in September 2024. They will push themselves to the limit travelling from Mestre Venice to the famous gothic cathedral, the Duomo di Milano, in order to support those who need it most through the Charitable Foundation.



frenkel topping
Charitable Foundation

Gender Parity

Gender parity at board level is discussed within the Governance section of this report, however below we have analysed our employee split across the remainder of the management team, as well as the rest of the staff:



We are proud to report female representation is strong across the Group. The Office of National Statistics reported that, in 2022, 40% of management positions in the UK were held by females so it is particularly pleasing to see that we far exceed this at 56%.

Women in Costs:

We support the Women In Costs, a group supporting women who want to progress in their legal careers and in the legal costs world. Rebecca Bidwell, Director of Strategy and Implementation, spoke at their annual conference and we have developed a training series presented by way of learning lunches. The sessions are presented free of charge through the Frenkel Topping Knowledge Hub platform.

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, as set out below. The board considers that it does not depart from any of the principles of the QCA Code.

QCA Principles

How we apply these

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The board meets regularly to review strategy and progress against strategy. Details on this and our business model are found within the Strategic Report which sets out how we intend to grow the business in order to promote long-term value for shareholders.

Principle 2: Seek to understand and meet shareholder needs and expectations

Responsibility for investor relations rests with the CEO, supported by the CFO, whilst giving shareholders access to the Chairman if and when requested. These meetings are organised by the Group's nomad, Cavendish, at or close to results announcements or when requested, or directly with the Group as requested by investors.

The Group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the annual general meeting (AGM), and we encourage shareholders' participation in face-to-face meetings.

A range of corporate information (including all Frenkel Topping announcements) is also available to shareholders, investors and the public on our website.

QCA Principles

How we apply these

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Details on how we interact with stakeholders are included within the Strategic Report and within the Social section later within the ESG Report.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Detail on the key risks identified within the Group and the Board’s approach to managing these risks is included within the Strategic Report.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The board is led by Chairman Christopher Mills and contains a mix of three executive directors and four non-executive directors (including the Chairman).

The board is supported by two committees – audit and remuneration.

There are currently two female and five male directors. The board remains confident both that the opportunities in the Group are not excluded or limited by any diversity issues (including gender) and that the board nevertheless contains the necessary mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The board has a range of skills and expertise at its disposal by having a mix of qualified financial advisors, accountants and solicitors in board positions.

Details on the composition of the board are set out below.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Chairman is responsible for the board evaluation process which involves a 360-degree review in which they gather feedback from a number of sources, including peers, direct reports, more senior colleagues. The review considers effectiveness in a number of areas including general supervision and oversight, business risks and trends, succession and related matters, communications, ethics and compliance, corporate governance and individual contribution.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

As set out in the Strategic Report, the Group has recently refreshed its Values which in turn influence the culture of the organisation and ensure we are behaving as a good corporation citizen.

QCA Principles**How we apply these**

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The board provides strategic leadership for the group and operates within the scope of a robust corporate governance framework.

The Audit Committee monitors the integrity of financial statements, oversees risk management and control, and reviews external auditor independence.

The Remuneration Committee sets and reviews the compensation of executive directors including the setting of targets and performance frameworks for cash- and share-based awards.

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Group.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the board, making operational and financial decisions required in the day-to-day operation of the group, providing executive leadership to managers, championing the group's Values and promoting talent management.

The Independent Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the executive directors and ensure that the group is operating within the governance and risk framework approved by the board.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the investor relations activities described above, audit and remuneration committee reports are provided below.

Board composition

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors of which at least two should be independent. The board is currently made up of three executive and four non-executive directors:

<p>Christopher Mills Non-Executive Chairman</p> <p>Appointed: 20 May 2020</p> <p>Member of Remuneration Committee</p>	<p>Christopher co-founded J O Hambro Capital Management in 1993. He founded Harwood Capital Management Group in 2011. Christopher is Chief Executive Officer and Chief Investment Officer of North Atlantic Smaller Companies Investment Trust plc. He is a non-executive director of several companies. Between 1984 and 1993, Christopher was head of North American investments and venture capital at Invesco MIM. He was a director of Samuel Montagu International between 1975 and 1984.</p>
<p>Tim Linacre Senior Non-Executive Director</p> <p>Appointed: 19 June 2018</p> <p>Member of Audit Committee and Remuneration Committee</p>	<p>Tim is a chartered accountant and an experienced City practitioner. After qualifying with Deloitte Haskins and Sells he spent 5 years with Hoare Govett before moving to Panmure Gordon in 1992, working at that firm for 20 years including 8 years as CEO. Tim is currently Deputy Chairman at Instinctif Partners, a leading business communications firm.</p>
<p>Rt. Hon. Mark Field Non-Executive Director</p> <p>Appointed: 26 January 2021</p> <p>Chair of Audit Committee and member of the Remuneration Committee</p>	<p>Mark is a former MP and FCO Minister who, during his tenure in UK Parliament, represented the prestigious central London constituency of the Cities of London and Westminster. He held this position for over 18 years during which time he also served as the Minister for State at the Foreign and Commonwealth Office and as vice-chair of the Conservative Party. Prior to this, Mark practised as a corporate lawyer at Freshfields and also set up, ran, and sold Kellyfield Consulting, a specialist legal recruitment company. Since leaving Parliament, Mark has embarked on a portfolio career which includes senior advisory roles to multiple public and private sector companies including an appointment as Chairman of Capital International Bank, a new digital bank based in the Isle of Man.</p>
<p>Zoe Holland MBE Non-Executive Director</p> <p>Appointed: 24 February 2021</p> <p>Chair of the Remuneration Committee</p>	<p>Zoe has over 25 years' legal and business experience and is currently Chief Commercial Officer at Fletchers Solicitors.</p> <p>She served as managing director of ZebraLC, a multi award winning adviser to the UK legal sector, having founded the business in 2012. Zoe is recognised as a trusted advisor to law firms, banks, funders, ATE insurers, accountants and private investors.</p> <p>Prior to ZebraLC Zoe was as Interim CEO of AMS LLP and her career history includes Alexander Harris LLP and Irwin Mitchell LLP. Zoe is a trained solicitor having trained at the University of Manchester and the College of Law.</p>

Board composition Continued

<p>Richard Fraser Chief Executive Officer</p> <p>Appointed: 26 July 2004</p> <p>Member of the Audit Committee</p>	<p>Richard joined Frenkel Topping Ltd (trading subsidiary of Frenkel Topping Group Plc) in 1991 after gaining experience in financial services whilst working at Lloyds Bank, Bradford and Bingley Building Society and Scottish Widows. Richard has been fully involved in the development of both structured settlements and Frenkel Topping Ltd, becoming Managing Director in 2000. He played a key role in the appointment of Frenkel Topping Ltd as an alternative investment broker to the Court of Protection and Richard has also been a regular speaker at financial services conferences across the UK.</p>
<p>Mark Holt Chief Operating Officer</p> <p>Appointed: 1 September 2016</p> <p>Member of Audit Committee and Remuneration Committee</p>	<p>Since graduating in 1996, Mark has worked in the Financial Services Industry, working for Nelson's Money Managers before joining Barclays Financial Management in 1998. He was Managing Director of his own IFA firm which he ran successfully before joining Frenkel Topping. Mark has written a response to The Ministry of Justice on the Discount Rate Consultation and regularly spends time in Chambers delivering training seminars to Counsel and Solicitors on the discount rates used to quantify personal injury and clinical negligence settlements and periodical payments. He is authorised and regulated by the Financial Conduct Authority and currently holds the 'Statement of Professional Standing' as issued by the London Institute of Banking and Finance.</p>
<p>Elaine Cullen-Grant Chief Financial Officer</p> <p>Appointed: 1 March 2020</p> <p>Company Secretary</p>	<p>Elaine qualified as a Chartered Management Accountant in 2010 and, prior to joining Frenkel Topping in 2009, was a Financial Reporting Accountant at Carillion Utility Services and worked in various finance functions at Bupa.</p>

	Board meetings*		Audit Committee		Remuneration Committee	
	Possible	Attended	Possible	Attended	Possible	Attended
Executive directors						
Richard Fraser	4	4	3	3	-	-
Mark Holt	4	4	-	-	-	-
Elaine Cullen-Grant	4	4	-	-	-	-
Non-executive directors						
Christopher Mills	4	4	-	-	1	1
Tim Linacre	4	4	3	3	1	1
Zoe Holland	4	3	-	-	1	1
Rt Hon Mark Field	4	4	3	3	1	1

Audit Committee Report

During 2023, the Audit Committee continued to focus on the effectiveness of the controls throughout the Group. The Audit Committee consisted of Mark Field (chair), Tim Linacre and Richard Fraser. The committee met once to review the 2022 Audit Findings Report with the external auditor, a second time without the external auditor and a third time in advance of the 2023 year end to discuss planning for this year's audit. The external auditor meets with the CFO on a regular basis to be briefed on developments in the Group and with the CEO as and when necessary. Consideration was given to the auditor's pre- and post-audit reports and these provide opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports.

The 2024 Audit Committee will continue the same focus and consists of Tim Linacre, chair, Mark Field, and Richard Fraser.

Remuneration Committee Report

The remit of the Remuneration Committee is to determine the framework, policy and level of remuneration, and to make recommendations to the board on the remuneration of executive directors. In addition, the committee oversees the creation and implementation of all-employee share plans. Through 2023, the Remuneration Committee consisted of Zoe Holland (chair), Tim Linacre, Mark Field and Christopher Mills. The committee met once. In setting remuneration packages the committee ensured that individual compensation levels, and total board compensation, were comparable with those of other AIM-listed companies.

The 2024 Remuneration Committee will consist of Zoe Holland, chair, Tim Linacre, Mark Field and Christopher Mills.

Directors & Advisors

DIRECTORS

Non-Executive Chairman	C H B Mills
Executive Director	R C Fraser
Executive Director	M S Holt
Executive Director	E N Cullen-Grant
Senior Non-Executive Director	T J T Linacre
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

Santander UK PLC
Bridle Road
Bootle
L30 4GB

National Westminster Bank Plc
11 Spring Gardens
Manchester
M60 2DB

SOLICITORS

Shoosmiths LLP
1 Bow Churchyard
London
EC4M 9DQ

NOMINATED ADVISER AND BROKER

Cavendish
One Bartholomew Close
London
EC1A 7BL

Directors Report



Mark Holt

Director
19 April 2024

The Directors present their report and the financial statements of the Group and the Company for the year ended 31 December 2023.

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 1.375 pence (2022: 1.37 pence) subject to Shareholder approval at the AGM in May 2024.

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:

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

Directors Report Continued

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 2024 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



Mark Holt

Director

19 April 2024

Directors' Remuneration Report

(For the year ended 31 December 2023)

Remuneration Committee

The Group has a Remuneration Committee. The committee comprises of the Non-Executive Directors, Zoe Holland, Tim Linacre 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 Report (For the year ended 31 December 2023)

Continued

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 2023
	£	£	£	£
C Mills	25,000	-	-	25,000
R Fraser	288,587	100,000	-	388,587
M Holt	252,070	80,000	24,205	356,275
E Cullen-Grant	198,355	70,000	18,540	286,895
T Linacre	35,000	-	-	35,000
Z Holland	25,000	-	-	25,000
Rt. Hon. M Field	25,000	-	-	25,000
	849,012	250,000	42,745	1,141,757
	Emoluments	Bonus	Pension	Total 2022
	£	£	£	£
C Mills	25,000	-	-	25,000
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
T Linacre	35,000	-	-	35,000
Z Holland	25,000	-	-	25,000
Rt. Hon. M Field	25,000	-	-	25,000
	835,102	250,000	41,500	1,126,602

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	-	2,565,000	0.5p
M Holt	-	83,500	13.5p
M Holt	-	2,250,000	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	2,750,000	-	(185,000)	2,565,000
M Holt	2,333,500	-	-	2,333,500
E Cullen-Grant	1,500,000	-	-	1,500,000
Total	6,583,500	-	(185,000)	6,398,500

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.

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.

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.

Independent Auditor's Report to the members of Frenkel Topping Group plc

for the year ended 31 december 2023

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 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement 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 2023 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.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and the industry in which it operates.

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 Group's results for the year ended 31 December 2023, these entities were therefore not included as part of our audit scope for the audit of the Group financial statements.

Key audit matters

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

Key Audit Matter

Revenue Recognition

For the year ended 31 December 2023, non-recurring

revenue related to income generated from the preparation and delivery of professional services (expert witness and costing reports) increased from

£13.1m in 2022 (representing 53% of total revenue of £24.8m) to £19.9m in 2023 (representing 61% of total revenue of £32.8m).

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 and is materially overstated.

How our scope addressed this matter

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 IFRS 15: Revenue from Contracts with Customers.

Our audit work consisted of, but was not limited to:

- A cash to revenue reconciliation, testing the occurrence of revenue in total for the year;
- A review of accrued income and timing of revenue recognition to the underlying supporting documentation;
- A review of in-year and post year-end recoverability of billable time to ensure Managements' estimates around recognition of accrued income at year end were appropriate;
- Cut off testing to ensure that revenue has been recognised in the correct period to which it relates;
- 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.

Key audit matters Continued

Key Audit Matter

Impairment Review of Goodwill

The Group Statement of Financial Position as at 31 December 2023 includes goodwill of £24.2m (2022: £24.6m).

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.

How our scope addressed this matter

Our audit work consisted of, but was not limited to:

- A review of the impairment assessment prepared by management in respect of the carrying value of goodwill at year end. This comprised of but was not limited to the following:
 - 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; and
 - Challenge of the assumptions and key estimates and inputs prepared by management in preparing the relevant discounted cashflow forecast information.
- A review of key estimates and judgements used in determining the value of goodwill, such as:
 - The discount rates used by management; and
 - The estimated fair value of any contingent consideration
- A review of the movement in goodwill balance during the year;
- A review of the internal and external indicators of impairment as prescribed by IAS 36; and
- A review of the disclosures made with regards to the estimates and judgements used as well as the disclosures covering the impairment tests performed by Management with regards to the goodwill as at 31 December 2023.

Our work performed on the carrying value of goodwill highlighted no material errors.

Key Audit Matter

Valuation of intangible assets (other than goodwill) acquired as part of a business combination

During the prior year, the Parent Company acquired Cardinal Management Limited. 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.

How our scope addressed this matter

Our audit work consisted of, but was not limited to:

- 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 in use of the long term contracts held, 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; and
 - Any growth-related assumptions included in the discounted cashflow valuation prepared.
- A review of the impairment assessment prepared by Management, involving challenge of the critical estimates and judgements made in preparing the impairment assessment 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 management's value in use calculations;

Key audit matters Continued

- Challenge of the time period, in this case to perpetuity adopted by management in formulating their value in use calculation;
- A review of post year end results compared to forecasts; and
- A review of the post year end contract status to ensure there were no indicators of impairment.
- Our work performed on the impairment review relating to the separately identifiable intangible assets highlighted no material errors.

Key Audit Matter

Recoverability of Trade Receivables and Accrued Income

The Group Statement of Financial Position as at 31 December 2023 includes trade receivables of £11.3m (2022: £10.7m) with average debtor days of 192 days (2022: 225 days).

These receivables represent fees due from reports on expert witness, forensic accounting and bill of costs issued in the claims process related to legal cases the Group are engaged to act as advisers on.

As explained further in note 18 of the financial statements, given the complex nature and time frame of such cases, average collection period for the fees due is often in excess of one year and accordingly collectability of these sums and hence valuation is considered to be a risk and area of audit focus.

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.

Management has concluded that an impairment provision is required of £501k (2022: £714k) at year end. This is based on information collated by management from credit control and project managers and 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 2023 includes accrued income of £6.1m (2022: £4.1m).

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.

How our scope addressed this matter

Our audit work has considered the accuracy of the ageing profile of trade receivables, reviewing management's assessment of the potential impact of discounting the sums due to present value and reviewing historical and post year end trade receivable collections.

We also conducted a review of a sample of case notes to review management's assessment of the receivables – for any indications of potential impairment.

In addition our audit work consisted of, but was not limited to the following procedures:

- We tested a sample of trade receivables outstanding at 2022 through to collection in 2023 to ensure appropriate in year recovery rates;
- We reviewed the overall credit control procedures in place and the credit control assessment performed by management used to support management's specific and expected credit loss provisions;
- We tested a sample of trade receivables outstanding as at 31 December 2023 through to collection in 2024 and performed additional procedures where balances were not collected post year end to confirm these were still recoverable;
- We reviewed the provisions made in the year by management against relevant supporting documentation;
- We 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;
- We reviewed responses to a sample of debtors' circularisation requests;
- We reviewed post year end credit notes in respect of trade receivables outstanding at the year- end – comparing them to the amounts provided;
- We 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;

- We reviewed and recalculated management's calculation of average receivable days to ensure that it was appropriate and accurate; and
- We 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; and
- 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.

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 opinion. 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 £585,000. This was determined with reference to 7.5% of adjusted EBITDA at the planning stage, being the Group's main Key Performance Indicator ("KPI"). Materiality of £585,000 amounts to 7.3% of the adjusted EBITDA in these financial statements.

On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 70% of materiality, being £409,500. The reporting threshold to the Audit and Risk Committee was set at 5% of materiality, being £29,250. 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 1% of gross assets at the planning stage and set at £420,000. Materiality of £420,000 amounts to 0.78% of the Parent Company's gross assets in these financial statements.

On the basis of our risk assessment and review of the Parent Company's control environment, performance materiality was set at 70% of materiality, being £294,000. The reporting threshold to the Audit and Risk Committee was set at 5% of materiality, being £21,000. If in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

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 £585,000. As all of the entities that formed part of our audit scope have adjusted EBITDA as one of their main

KPIs, we considered the use of Group materiality based on adjusted EBITDA 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.

Conclusions relating to going concern

In auditing the consolidated financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Our evaluation of the directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included, but was 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 for reasonableness and appropriateness of key assumptions used and judgments applied including review of the RCF and related covenants;
- 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; and
- 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 Parent Company's ability to continue as a going concern for a period to 30 September 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Parent Company's ability to continue as a going concern.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act

2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 33 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 with laws and regulations related to the 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. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and value added tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. Audit procedures performed by the engagement team included:

- 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 to which it relates;
- 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 Parent 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Wilks
(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP
Statutory Auditors
19 April 2024

10 Queen Street Place
London
EC4R 1AG

Group Statement Of Comprehensive Income

for the year ended 31 December 2023

		2023	2022
	Notes	£'000	£'000
REVENUE	1	32,809	24,850
Direct staff costs	2	(18,943)	(13,716)
GROSS PROFIT		13,866	11,134
Administrative expenses	2	(8,797)	(8,230)
Adjusted profit from operations		7,233	5,492
Share based compensation		(610)	(659)
Other adjustments to profit from operations	2	(1,554)	(1,929)
PROFIT FROM OPERATIONS	2	5,069	2,904
Finance and other income	3	20	(8)
Finance costs	3	(532)	(477)
Revaluation of contingent consideration	3	(1,364)	-
PROFIT BEFORE TAX		3,193	2,419
Income tax expense	6	(1,286)	(570)
PROFIT FOR THE YEAR		1,907	1,849
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Gains on property revaluation arising net of tax	10	80	127
TOTAL COMPREHENSIVE INCOME FOR YEAR		1,987	1,976
PROFIT ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,661	1,652
Non-controlling interests		246	197
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		1,741	1,779
Non-controlling interests		246	197
Earnings per ordinary share – basic (pence)	7	1.4p	1.5p
Earnings per ordinary share – diluted (pence)	7	1.3p	1.4p
Adjusted earnings per ordinary share – basic (pence)	7	4.3p	3.8p
Adjusted earnings per ordinary share – diluted (pence)	7	4.0p	3.6p

All amounts are derived from continuing operations.

The Notes to the Financial Statements form an integral part of these financial statements.

Group And Company Statement Of Financial Position

as at 31 December 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
ASSETS					
NON-CURRENT ASSETS					
Goodwill and other intangibles	8	29,210	29,580	-	-
Property, plant and equipment	10	2,998	2,833	-	-
Investments	9	-	-	41,958	42,205
Loans receivable	15	151	163	-	-
		32,359	32,576	41,958	42,205
CURRENT ASSETS					
Accrued income	18	6,066	4,071	-	-
Trade receivables	18	11,282	10,661	18	-
Other receivables	11	896	749	11,973	8,787
Investments	9	107	100	-	-
Cash and cash equivalents		2,425	4,986	67	1,483
		20,776	20,567	12,058	10,270
TOTAL ASSETS		53,135	53,143	54,016	52,475
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	640	637	640	637
Share premium		22,706	22,706	22,706	22,706
Merger reserve		6,492	6,245	6,492	6,245
Revaluation reserve		559	479	-	-
Other reserve		(341)	(341)	-	-
Own shares reserve		(2,134)	(2,211)	(2,134)	(2,211)
Retained earnings		13,134	12,296	5,078	3,133
Equity attributable to owners of the parent company		41,056	39,811	32,782	30,510
Non-controlling interests		344	283	-	-
TOTAL EQUITY		41,400	40,094	32,782	30,510
CURRENT LIABILITIES					
Current taxation		999	760	-	-
Trade and other payables	12	8,112	7,680	19,286	18,009
		9,111	8,440	19,286	18,009
LONG TERM LIABILITIES					
	12	2,624	4,609	1,948	3,956
TOTAL EQUITY AND LIABILITIES		53,135	53,143	54,016	52,475

A separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The company profit for the year was £2,777k (2022: loss of £1k).

The financial statements were approved by the Board of Directors and authorised for issue on 19 April 2024 and are signed on its behalf by: ELAINE CULLEN-GRANT, DIRECTOR

Group Statement Of Changes In Equity

for the year ended 31 December 2023

	Share Capital	Share Premium	Merger reserve	Other Reserve
	£'000	£'000	£'000	£'000
Balance 1 January 2022	566	13,140	6,245	(341)
Issue of Share Capital	71	9,566	-	-
Share based compensation (note 4)	-	-	-	-
Sale of own shares	-	-	-	-
Dividend paid	-	-	-	-
Total transactions with owners recognised in equity	71	9,566	-	-
Profit for year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Balance at 1 January 2023	637	22,706	6,245	(341)
Issue of share capital	3	-	247	-
Sale of own shares	-	-	-	-
Share based compensation	-	-	-	-
Dividend paid	-	-	-	-
Total transactions with owners recognised in equity	3	-	247	-
Profit for year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Balance at 31 December 2023	640	22,706	6,492	(341)

Own shares Reserve	Retained Earnings	Revaluation reserve	Total controlling interest	Non-controlling interests	Total
£'000	£'000	£'000	£'000	£'000	£'000
(2,315)	11,716	352	29,363	196	29,559
-	-	-	9,637	-	9,637
-	589	-	589	-	589
104	-	-	104	-	104
-	(1,661)	-	(1,661)	(110)	(1,771)
104	(1,072)	-	8,669	(110)	8,559
-	1,652	-	1,652	197	1,849
-	-	127	127	-	127
-	1,652	127	1,779	197	1,976
(2,211)	12,296	479	39,811	283	40,094
-	-	-	250	-	250
77	-	-	77	-	77
-	443	-	443	-	443
-	(1,266)	-	(1,266)	(185)	(1,451)
77	(823)	-	(496)	(185)	(681)
-	1,661	-	1,661	246	1,907
-	-	80	80	-	80
-	1,661	80	1,741	246	1,987
(2,134)	13,134	559	41,056	344	41,400

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. Mixed consideration acquisitions accounted for as per Companies Act 2006, section 612 and paid at acquisition date and deferred consideration.

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 5,129,683 (2022: 5,314,683) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held as at 31 December 2023 was £2,950k (2022: £3,906k).

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, Aspire + Wealth Management Limited, Ralli Financial Services Limited, Pattinson & Brewer Financial Services Limited, HJA Financial Management Services Limited and Lime Wealth Management Limited.

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

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
	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 January 2022	566	13,140	6,245	(2,315)	4,212	21,848
Issue of Share Capital	71	9,566	-	-	-	9,637
Sale of own shares	-	-	-	104	-	104
Share based compensation	-	-	-	-	583	583
Dividend paid	-	-	-	-	(1,661)	(1,661)
Total transactions with owners recognised in equity	71	9,566	-	104	(1,078)	8,663
Loss for the period	-	-	-	-	(1)	(1)
Balance 1 January 2023	637	22,706	6,245	(2,211)	3,133	30,510
Issue of Share Capital	3	-	247	-	-	250
Sale of own shares	-	-	-	77	-	77
Share based compensation	-	-	-	-	434	434
Dividends paid	-	-	-	-	(1,266)	(1,266)
Total transactions with owners recognised in equity	3	-	247	77	(832)	(505)
Profit for the period	-	-	-	-	5,078	2,777
Balance 31 December 2023	640	22,706	6,492	(2,134)	5,078	32,782

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 5,129,683 (2022: 5,314,683) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held as at 31 December 2023 was £2,950k (2022: £3,906k).

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

Group And Company Cash Flow Statement

for the year ended 31 December 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Profit before tax		3,193	2,419	2,780	(124)
Adjustments to reconcile profit before tax to cash generated from operating activities:					
Finance income	3	(20)	8	(8,005)	(3,110)
Finance costs	3	532	477	334	438
Revaluation of contingent consideration		1,364	-	1,364	-
Goodwill write off	9	62	-	62	-
Share based compensation	14	499	480	357	357
Depreciation and amortisation	10	720	575	-	-
(Increase)/decrease in accrued income, trade and other receivables		(2,736)	(2,206)	(3,183)	(570)
(Decrease)/increase in trade and other payables		612	(96)	1,634	607
Cash generated from operations		4,226	1,657	(4,657)	(2,402)
Income tax paid		(1,014)	(999)	-	-
Cash generated from operating activities		3,212	658	(4,657)	(2,402)
Investing activities					
Acquisition of property, plant and equipment	10	(290)	(240)	-	-
Acquisition and deferred consideration payments		(3,518)	(13,478)	(3,498)	(13,478)
Cash acquired on acquisition of subsidiaries		-	1,992	-	-
Loans advanced		-	(22)	-	-
Dividend received		-	-	7,999	3,110
Cash used in investment activities		(3,808)	(11,748)	4,501	(10,368)
Financing activities					
Shares issued (net of costs)	14	-	9,637	-	9,637
Exercise of share options		1	1	1	1
Dividends paid		(1,451)	(1,771)	(1,266)	(1,661)
Loans received		237	-	-	-
Repayment of borrowing		(201)	(2)	-	-
Interest element of lease payments		(38)	(36)	-	-
Principal element of lease payments		(516)	(368)	-	-
Interest received		13	-	5	-
Other interest paid and foreign exchange losses		(10)	(3)	-	-
Cash (used in)/generated from financing activities		(1,965)	7,458	(1,260)	7,977
Decrease in cash and cash equivalents		(2,561)	(3,632)	(1,416)	(4,793)
Opening cash and cash equivalents		4,986	8,618	1,483	6,276
Closing cash and cash equivalents		2,425	4,986	67	1,483
Reconciliation of cash and cash equivalents Cash at bank and in hand		2,425	4,986	67	1,483

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

Accounting Policies for the year ended 31 December 2023

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 financial statements were approved and authorised for issue by the Board on 19 April 2024.

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 thousand.

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 to 30 September 2025 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.

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.

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 adjusted profit from operations, adjusted EBITDA and Adjusted Earnings Per Share. 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 adjusted 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.



Accounting Policies

for the year ended 31 December 2023 Continued

Adjusted Profit from Operations: The Group uses adjusted profit from operations, defined as profit from operations, adding back share based compensation, acquisition strategy, integration and reorganisation costs, including the revaluation of contingent consideration and any other exceptional items.

The adjustments are in line with investor expectations.

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

Adjusted EBITDA: Adjusted EBITDA is Adjusted 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, as defined in note 9, 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 pre-tax 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.

Accounting Policies

for the year ended 31 December 2023 Continued

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 early 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.

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, less settled payments.

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 with any movement recognised in the profit and loss.

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.

Accounting Policies

for the year ended 31 December 2023 Continued

Gains or losses from derecognition of financial liabilities are recognised in the statement of profit or loss.

When the terms of a financial liability are modified the Group needs to consider whether that modification is substantial. If the modification is considered substantial the original financial liability is derecognised and a new financial liability is recognised at fair value.

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:

Contingent consideration:

Contingent consideration is valued at fair value at the reporting date based on expected cash outflows calculated on the information available at that time, with changes in fair value recognised in the profit or loss.

Weighted Average Cost of Capital:

The Group's weighted average cost of capital is used as a discount factor for impairment testing and valuation of contingent and deferred consideration.

The equity portion of the calculation is valued using the capital asset pricing model and weighted based on market capitalisation.

The debt portion of the calculation is valued using the Group's actual borrowing rate at the reporting date and weighted based on the value of borrowing facility agreed at that time.

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 and the forecasted performance of each CGU which are agreed at board level based on a reasonable set of assumptions and estimates. A discount factor has been applied to cashflows using the weighted average cost of capital.

Other intangible assets – impairment testing:

The Group recognised intangible assets relating to long term contracts upon an acquisition in the prior 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 relating 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.

Expected Credit Losses:

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.

Notes To The Financial Statements for the year ended 31 December 2023

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 2023 £'000	Group 2022 £'000
Recurring	11,961	11,045
Non-recurring	20,848	13,805
Total revenue	32,809	24,850

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.

2023	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	12,778	8,355	11,570	106	32,809
Depreciation	341	115	264	-	720
Finance Income	12	1	2	5	20
Finance Costs	23	7	18	484	532
Profit before tax	4,153	1,609	2,598	(5,167)	3,193
Corporation tax	(625)	(306)	(352)	(3)	(1,286)
Profit After Tax	3,528	1,303	2,246	(5,170)	1,907
Additions to plant property and equipment	536	91	202	-	829
Additions to Goodwill and other intangibles	-	-	-	(369)	(369)

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	439	477
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	-	815
Additions to Goodwill and other intangibles	-	-	-	13,324	13,324

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

2 Profit From Operations	Group	Group
	2023	2022
	£'000	£'000
Profit from operations is stated after charging:		
Share based compensation (note 14)	610	659
Other adjustments to profit from operations	1,554	1,929
Depreciation and amortisation on right-of-use assets	500	368
Depreciation and amortisation (Other)	220	207

Other adjustments to profit from operations are expanded upon below:

	Group	Group
	2023	2022
	£'000	£'000
Acquisition costs	209	750
Investment in people	307	449
Investment in technology	433	223
Provision for specific debtor	10	319
Reorganisation costs	370	188
Non continuing operations	38	-
Exceptional items	187	-
	1,554	1,929

Acquisition costs includes transaction fees, taxes and other directly attributable costs related to the acquisitions made and future M&A transactions that the Group is currently exploring.

Investment in people includes costs directly attributable to the set-up of Keystone Case Management Limited (2022) 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 2021. This is made against trade debtors owed by a group of law firms which ceased trading during 2022. 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:

	2023	2022
	£'000	£ '000
Audit Services		
- Statutory audit	101	66
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	117	167
	218	233

3 Interest And Similar Items

	Group	Group
	2023	2022
	£'000	£ '000
Fair value gains/(losses) on investments	7	(9)
Interest income	13	1
Total finance and other income/(loss)	20	(8)
Unwinding discount – deferred consideration	334	438
Interest on lease liabilities	38	36
Foreign exchange losses	10	3
Loan and other interest charges	150	-
Total finance costs	532	477

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

	Group	Group
	2023	2022
	£'000	£ '000
Revaluation of contingent consideration	1,364	-

This represents the revaluation of contingent consideration payable in relation to Forth Associates Limited, Bidwell Henderson Costs Consultants Limited, Cardinal Management Limited, Somek and Associates Limited and N-Able Services Limited. This is in line with the Critical Accounting Estimates and Judgements detailed on page 59.

The fair value is linked to the financial performance of the companies and exceeds the amounts recognised at acquisition.

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:

	2023	2022
	Number	Number
Directors	7	7
Sales & Administration	362	300
	369	307
Employment costs	2023	2022
	£'000	£'000
Wages and salaries	14,514	11,666
Social security costs	1,560	1,202
Pension costs	733	422
Other benefits	278	239
Share based compensation – equity settled (note 14)	499	479
Share based compensation – social security costs (note 14)	111	180
	17,695	14,188

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.

	2023	2022
	£'000	£'000
Short-term employee benefits	1,099	1,085
Post-employment benefits	43	42
	1,142	1,127
Social security costs	139	145
	1,281	1,272
	Number	Number
Number of Directors to whom retirement benefits are accruing under a defined contribution scheme	2	2
	2023	2022
	£'000	£'000
The remuneration in respect of the highest paid director was:		
Emoluments	389	380

During the year one (2022: one) director exercised 185,000 share options with a market value of 70.5 pence per share and an exercise price of 0.5 pence per share. The highest paid director exercised 185,000 share options (2022: 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 £733k (2022: £422k).

6 Taxation

	Group 2023 £'000	Group 2022 £'000
Analysis of charge in year		
Current tax		
UK corporation tax	1,251	691
Adjustments in respect of previous periods	(7)	7
Total current tax charge	1,244	698
Deferred tax		
Temporary differences, origination and reversal	42	(128)
Total deferred tax charge/(credit)	42	(128)
Tax on profit on ordinary activities	1,286	570

Factors Affecting Tax Charge For Year

The corporation tax rate rose to 25% from 1 April 2023. The effective standard rate of tax applied to reported profit on ordinary activities is 23.52 per cent (2022: 19 per cent). 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 2023 £'000	Group 2022 £'000
Profit before taxation	3,193	2,419
Profit multiplied by effective rate of corporation tax in the UK of 23.52% (2022: 19%)	751	460
EFFECTS OF:		
Expenses not deductible less capital allowances	241	232
Revaluation of contingent consideration not tax allowable	321	-
Deferred tax relating to Share based payments	(140)	(153)
Previous period adjustments	(7)	-
Deferred tax	162	-
Other (deductions)/charges	(42)	31
Total tax expense for year	1,286	570

7 Earnings Per Share

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

	Group 2023 £'000	Group 2022 £'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (net profit for the year attributable to equity holders of the parent)	1,661	1,652
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)	5,217	4,303
Number of shares	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	127,693	119,432
Weighted average shares in issue	(5,216)	(5,502)
Less: weighted average own shares held		
	122,477	113,930
Effect of dilutive potential ordinary shares:		
- Share options	7,300	7,344
Weighted average number of ordinary shares for the purposes of diluted earnings per share	129,777	121,274
Earnings per ordinary share – basic (pence)	1.4p	1.5p
Earnings per ordinary share – diluted (pence)	1.3p	1.4p
Adjusted earnings per ordinary share – basic (pence)	4.3p	3.8p
Adjusted earnings per ordinary share – diluted (pence)	4.0p	3.6p

8 Goodwill And Other Intangibles

Goodwill	£'000
As at 1 January 2023	24,627
Goodwill arising on acquisition during the year (Note 20)	19
Goodwill write off during the year	(62)
Goodwill accounting corrections on prior year acquisitions	(327)
Net book values	
At 31 December 2023	24,257
At 31 December 2022	24,627
 Other Intangibles	
Long term contracts with an indefinite useful life Net book values	
At 31 December 2022 & 31 December 2023	4,953
 Total goodwill and other intangibles	 £'000
At 31 December 2023	29,210
At 31 December 2022	29,580

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 weighted average cost of capital. A discount rate of 7.56% was used (2022: 6.94%).

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 28% to 90% for Various CGU's or an increase in discount rate from the current rate of 7.56% to rates ranging from 10.5% to 195% for various CGU's would be required in order for an impairment to become necessary.

9 Investments

Current Investments	£'000
Group	
As at 1 January 2022	109
Fair value movement	(9)
As at 1 January 2023	100
Fair value movement	7
At 31 December 2023	107
Net book values	
At 31 December 2023	107
At 31 December 2022	100
At 31 December 2021	109

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 £7k (2022: £9k) 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	£'000
As at 1 January 2022	24,750
Share based compensation	122
Consideration for acquisitions	16,966
Other additions	367
At 31 December 2022	42,205

Company

	£'000
At 31 December 2022	42,205
Share based compensation	142
Impairment of asset	(62)
Investment accounting corrections on prior year acquisitions	(327)
At 31 December 2023	41,958

Net book values

At 31 December 2023	41,958
At 31 December 2022	42,205
At 31 December 2021	24,750

9 Investments (Continued)

Shares in subsidiary undertakings are stated at cost. As at 31 December 2023, 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	Direct/ Indirect Shareholding
Frenkel Topping Group Holdings Limited	Holding	Ordinary	100%	Direct
Frenkel Topping Limited	Financial services	Ordinary	100%	Indirect
Ascencia Investment Management Limited	Financial services	Ordinary	100%	Direct
Obiter Wealth Management Limited	Financial services	Ordinary	100%	Direct
Luci Platform Limited	Financial services	Ordinary	100%	Direct
Forth Associates Limited	Professional services	Ordinary	99.9%	Direct
Partners in Costs Limited	Legal costs services	Ordinary	100%	Indirect
TMA Holdings Limited	Holding	Ordinary	100%	Direct
A&M Bacon Limited	Legal costs services	Ordinary	100%	Indirect
Bacon Legal Consulting Limited	Holding	Ordinary	100%	Direct
Bidwell Henderson Costs Consultants Limited	Legal costs services	Ordinary	100%	Direct
Frenkel Topping Recruitment Services Limited	Recruitment	Ordinary	100%	Direct
Keystone Case Management Limited	Professional services	Ordinary	100%	Direct
Cardinal Management Limited	Professional services	Ordinary	100%	Direct
N-Able Services Limited	Professional services	Ordinary	100%	Direct
Somek & Associates Limited	Professional services	Ordinary	100%	Direct
Ascexit Limited	Financial services	Ordinary	50%	Indirect
Aspire + Wealth Management Limited	Financial services	Ordinary	50%	Indirect
Frenkel Topping Financial Management Services Limited	Financial services	Ordinary	50%	Indirect
HCC Investment Solutions Limited	Financial services	Ordinary	50%	Indirect
ExpressFT Limited	Financial services	Ordinary	50%	Indirect
Frenkel Topping Associates Limited	Financial services	Ordinary	50%	Indirect
Ralli Financial Services Limited	Financial services	Ordinary	50%	Indirect
Pattinson and Brewer Financial Services Limited	Financial services	Ordinary	50%	Indirect
CFG Financial Services Limited	Financial services	Ordinary	50%	Indirect
HJA Financial Management Services Ltd	Financial services	Ordinary	50%	Indirect
Lime Wealth Management Limited	Financial services	Ordinary	50%	Indirect
Serious Law Investments Limited	Financial services	Ordinary	50%	Indirect
Amicus Curiae Financial Planning Limited	Financial services	Ordinary	50%	Indirect
New Horizon AM Limited	Dormant	Ordinary	100%	Indirect
Nucleus Medical Reporting Limited	Dormant	Ordinary	100%	Direct
Equatas Accountants Limited	Dormant	Ordinary	100%	Direct

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	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	1,380	682	298	14	810	3,184
Business combinations	-	156	240	-	409	805
Additions	-	26	214	-	577	817
Disposals	-	(78)	(39)	-	(241)	(358)
Revaluation	100	-	-	-	-	100
At 31 December 2022	1,480	786	713	14	1,555	4,548
Business combinations	-	-	-	-	-	-
Additions	-	58	232	-	539	829
Disposals	-	(395)	(89)	-	(148)	(632)
Revaluation	50	-	-	-	-	50
At 31 December 2023	1,530	449	856	14	1,946	4,795
Depreciation						
At 1 January 2022	-	570	182	7	430	1,189
Charge for the year	27	86	90	4	368	575
Business combinations	-	124	200	-	-	324
Disposals	-	(78)	(39)	-	(229)	(346)
Revaluation	(27)	-	-	-	-	(27)
At 31 December 2022	-	702	433	11	569	1,715
Business combinations	-	-	-	-	-	-
Charge for the year	30	51	137	2	500	720
Disposals	-	(394)	(89)	-	(125)	(608)
Revaluation	(30)	-	-	-	-	(30)
At 31 December 2023	-	359	481	13	944	1,797

10 GROUP PROPERTY, PLANT AND EQUIPMENT (continued)**Net book values**

	Freehold building	Office equipment	Computer equipment	Marketing Equipment	Right of use assets	Total
At 31 December 2023	1,530	90	375	1	1,002	2,998
At 31 December 2022	1,480	84	280	3	986	2,833
At 1 January 2022	1,380	112	116	7	380	1,995

Freehold property with a carrying value of £1.5m (2022: £1.45m) was revalued as at 31 December 2023 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 £30k (2022: £30k) has been arrived at on the basis of a valuation carried out at 31st December 2023 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 2023 as detailed below:

	2023
	£'000
Carrying amount of right-of-use assets included within property, plant and equipment	
Office equipment	111
Motor vehicles	355
Property rentals	536
Total carrying amount presented within property, plant and equipment	1,002

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

	2023
	£'000
Office equipment	87
Motor vehicles	163
Property rentals	250
Total amount presented within property, plant and equipment	500

11 Other Receivables

	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Prepayments	765	541	6	-
Other receivables	131	208	256	194
Amount due from group undertakings	-	-	11,711	8,593
	896	749	11,973	8,787

12 Trade And Other Payables**Current Trade And Other Payables**

	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade payables	1,098	793	31	20
Other tax and social security	1,456	1,341	-	-
Lease liabilities	421	445	-	-
Other payables	215	272	-	-
Loans	71	-	-	-
Deferred consideration	-	3,646	-	3,646
Contingent consideration	3,269	-	3,269	-
Amount due to group undertakings	-	-	15,149	13,791
Accruals	1,582	1,183	837	552
	8,112	7,680	19,286	18,009

Non-Current Trade And Other Payables

	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Lease liabilities	580	551	-	-
Deferred tax	498	476	402	410
Loans	-	36	-	-
Contingent consideration	1,546	3,546	1,546	3,546
	2,624	4,609	1,948	3,956

13 Deferred Taxation

	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Property, plant and equipment	81	57	-	-
Intangible assets	1,238	1,238	1,238	1,238
Share-based payments	(908)	(880)	(836)	(828)
Revaluation	87	74	-	-
Tax losses carried forward	-	(13)	-	-
	498	476	402	410

	£'000	£'000	£'000	£'000
Movement in the period				
At 1 January	476	(433)	410	(500)
Deferred tax in profit and loss	42	(128)	3	(123)
Deferred tax – business combination	-	11	-	-
Deferred tax – intangible assets on acquisition	-	1,238	-	1,238
Deferred tax recognised in equity	(20)	(212)	(11)	(205)
At 31 December	498	476	402	410

14 Share Capital (Group And Company)

	Number of shares	2023 £'000	Number of shares	2022 £'000
Authorised				
Ordinary shares of £0.005 each	140,187,370	701	140,187,370	701
Preference shares of £1 each	50,000	50	50,000	50
		751		751
Allotted, called up and fully paid				
As at 1 January	127,443,064	637	113,157,349	566
New shares issued	570,000	3	14,285,715	71
As at 31 December				
Ordinary shares of £0.005 each	128,013,064	640	127,443,064	637

During the year, 570,000 new shares were issued with a fair value of 44 pence per share. Accordingly, £3k was recognised in Share Capital and a further £247k within Merger Reserve.

Dividends of £1,685k (2022: £1,673k) in aggregate being 1.375 pence per share (2022: 1.37p) were proposed before the financial statements were authorised for issue but not treated as a distribution to equity. No interim dividend has been paid (2022: 0.34 pence per share), therefore the full amount has been proposed as a final dividend (2022: 1.03p) to be approved by the shareholders at the AGM in May 2024. Shares held under the employee benefit trust have waived their rights to dividends.

The Company operates an unapproved 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	Date at which unexercised options lapse
24 August 2016	0.5p	315,000	Immediately	24/08/2026
12 March 2018	0.5p	1,000,000	Immediately	12/03/2028
12 March 2018	13.5p	83,500	Immediately	12/03/2028
18 March 2021	0.5p	5,000,000	18/03/2024	18/03/2031
8 December 2021	0.5p	461,067	31/12/2024	08/12/2031
22 March 2023	0.5p	410,825	31/12/2026	22/03/2033
Employee share options in issue		7,270,392		

	2023	2023	2022	2022
	Options	Weighted average exercise price (pence)	Options	Weighted average exercise price (pence)
Outstanding at 1 January	7,126,777	0.65	7,443,444	0.65
Granted during the year	423,178	0.50	-	-
Lapsed during the year	(94,563)	0.50	(66,667)	0.50
Exercised during the year	(185,000)	0.50	(250,000)	0.50
Outstanding at 31 December	7,270,392	0.65	7,126,777	0.65
Exercisable at 31 December	1,398,500	1.28	1,583,500	1.19

The options outstanding at 31 December 2023 had a weighted average remaining contractual life of

1.18 years (2022: 1.78 years). The share based compensation charge of £610k (2022: £659k) consists of £499k (2022: £480k) in relation to the share based payment charge in the year and £111k (2022: £179k) relating to accrued and paid social security costs on share based payments.

The inputs used for the valuation of the options are shown below:

Date of grant	18 March 2021	18 March 2021	8 December 2021	22 March 2023
Number of shares	3,750,000	1,250,000	609,944	423,178
Model used for valuation	Monte Carlo	Black Scholes	Black Scholes	Black Scholes
Weighted average exercise price	0.5 pence	0.5 pence	0.5 pence	0.5 pence
Weighted average share price at valuation date	45.5 pence	45.5 pence	77 pence	67 pence
Expected volatility	45.65%	45.65%	50.22%	48.66%
Expected life	3 years	3 years	3 years	3 years
Risk-free rate	0.17%	0.17%	0.90%	3.45%
Expected dividend yields	2.97%	2.97%	2.96%	2.13%

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 £26k (2022: £32k) in dividends in aggregate.

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 (2022: £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, the Group had minimal borrowing at the year end. Post year end the Group did take out a revolving credit facility of £7.5m. Interest rates are currently considered to be high. Despite this, Management are exploring options as to how best to mitigate interest rate risk moving forward.

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

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.

Whilst the Group can have long debtor days in connection with some litigation support services, the inflows from receipt of historic litigation support debtors mitigate the increase in the debtor value from new 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.

As previously mentioned, a revolving credit facility is in place to fund payment of consideration (including any deferred and contingent amounts) in relation to acquisitions.

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.

16 Financial Instruments (Continued)**Credit risk**

Exposure to credit risk is limited to cash at bank, liquid investments and trade receivables. Credit risk on cash balances is minimised by the use of a major UK government backed clearing bank. The Group evaluates a customer's ability to pay before entering into a transaction and actively manages receivables due to the Group. The Group's maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned 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 2023 is as follows:

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
2023	£'000	£'000	£'000	£'000
Cash at bank	-	2,425	-	2,425
Loans receivable	-	-	151	151
Trade receivables (note 18)	-	-	11,282	11,282
Accrued income	-	-	6,066	6,066
Investments	107	-	-	107
Other receivables	-	-	896	896
Total	107	2,425	18,395	20,927

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
2022	£'000	£'000	£'000	£'000
Cash at bank	-	4,986	-	4,986
Loans receivable	-	-	162	162
Trade receivables (note 18)	-	-	10,661	10,661
Accrued income	-	-	4,071	4,071
Investments	100	-	-	100
Other receivables	-	-	749	749
Total	100	4,986	15,643	20,729

16 Financial Instruments (Continued)

The interest rate profile of the financial liabilities of the Group as at 31 December 2023 is as follows:

	Fixed rate financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
2023	£'000	£'000	£'000	£'000
Trade payables	-	-	1,098	1,098
Lease liabilities	1,001	-	-	1,001
Loans	71	-	-	71
Other payables	-	-	215	215
Contingent consideration	-	4,815	-	4,815
Accruals	-	-	1,582	1,582
Total	1,072	4,815	2,895	8,782

	Fixed rate financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
2022	£'000	£'000	£'000	£'000
Trade payables	-	-	793	793
Lease liabilities	996	-	-	996
Loans	36	-	-	36
Other payables	-	-	272	272
Contingent consideration	-	3,546	-	3,546
Deferred consideration	-	-	3,646	3,646
Accruals	-	-	1,183	1,183
Total	1,032	3,546	5,894	10,472

Maturity of financial liabilities

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

	2023 £'000	2022 £'000
Payable within one year	2,895	5,895
Payable in over one year	-	-
	2,895	5,895

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

	2023 £'000	2022 £'000
Payable within one year	492	481
Payable in over one year	580	551
	1,072	1,032

The maturity profile of the Group's financial liabilities at fair value through profit and loss as at 31 December was as follows:

	2023 £'000	2022 £'000
Payable within one year	3,269	-
Payable in over one year	1,546	3,546
	4,815	3,546

16 Financial Instruments (Continued)

The interest rate profile of the financial assets of the Company as at 31 December 2023 is as follows:

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£'000	£'000	£'000	£'000
2023				
Cash at bank	-	67	-	67
Trade receivables	-	-	18	18
Other receivables	-	-	11,973	11,973
Total	-	67	11,991	12,058

	Financial assets at fair value through profit and loss	Floating rate financial assets	Financial assets at amortised cost	Total
	£'000	£'000	£'000	£'000
2022				
Cash at bank	-	1,483	-	1,483
Other receivables	-	-	8,787	8,787
Total	-	1,483	8,787	10,270

The interest rate profile of the financial liabilities of the Company as at 31 December 2023 is as follows:

	Fixed rate financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000
2023				
Trade payables	-	-	31	31
Contingent consideration	-	4,815	-	4,815
Other payables	-	-	15,149	15,149
Accruals	-	-	837	837
Total	-	4,815	16,017	20,832

16 Financial Instruments (Continued)

	Fixed rate financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000
2022				
Trade payables	-	-	20	20
Contingent consideration	-	3,546	-	3,546
Deferred consideration	-	-	3,646	3,646
Other payables	-	-	13,791	13,791
Accruals	-	-	552	552
Total	-	3,546	18,009	21,555

Maturity of financial liabilities

The maturity profile of the Company's financial liabilities at amortised cost as at 31 December was as follows:

	2023 £'000	2022 £'000
Payable within one year	16,017	18,009
Payable in over one year	-	-
	16,017	18,009

The maturity profile of the Company's financial liabilities at fair value through profit and loss as at 31 December 2023 was as follows:

	2023 £'000	2022 £'000
Payable within one year	3,269	-
Payable in over one year	1,546	3,546
	4,815	3,546

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 2023 the amount due to HM Revenue and Customs is £27k (2022: £32k).

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 192 (2022: 225). 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 0% and 2%, adjusted by the growth in Bank of England base rate during the reporting period (1.75%). 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 £264k (2022: £7k) of receivables were written off against a total of 75 cases (2022: 3). All of these cases had previously had a provision made against them in prior years, any write offs are made against the provision. This was as a result of senior management reviewing the cases on the debtor provision in 2023 and ascertaining that there were a number of cases where it was inefficient use of resources to continue the credit control process. At the reporting date, the total provision for bad debts was £501k (2022: £714k) in respect of specific outstanding invoices. During the year a credit of £49k (2022: charge of £278k) was recognised in the profit and loss in respect of debtor provisions or write offs.

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

	2023	2022
	£'000	£'000
0-30 days	1,700	1,531
31-60 days	1,181	1,235
61-90 days	757	813
91+ days	7,644	7,082
Total	11,282	10,661

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. At the year end, excluding leases accounted for under IFRS 16, the Group has only one small loan and hence the gearing ratio is less than 1% (2022: <1%).

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

Ascencia Investment Management Limited acquired the 50% non controlling interest in Ascexit Limited (formerly Truly Asset Management Limited) on 17th April 2023. This takes the total shareholding in this entity to 100%.

Frenkel Topping Limited acquired the 50% non controlling interest in Frenkel Topping Financial Management Services Limited (formerly Hudgells Financial Management Services Limited) on 4 December 2023. This takes the total shareholding in this entity to 100%.

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

	Ascexit Limited	Frenkel Topping Financial Management Services Limited
	£'000	£'000
Trade and other receivables	8	57
Current liabilities	8	55
Net assets on acquisition	0	2
Net assets attributable to shareholding	0	1
Goodwill on acquisition	0	19
Total investment in subsidiary	0	20
Consideration paid – Cash	0	20
Total investment in subsidiary	0	20
Basis for determining the amount to be paid	Share purchase agreement	Share purchase agreement

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
Frenkel Topping Recruitment Services Limited	09477303
Keystone Case Management Limited	13493080
Cardinal Management Limited	09393989
Ascexit Limited	12194326
Aspire + Wealth Management Limited	12119590
Frenkel Topping 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
N-Able Services Limited	04568721
Lime Wealth Management Limited	06262803
HJA Financial Management Services Limited	15033441

Shareholder Information

Substantial Shareholding As At 17 April 2024

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	38,350,000	29.96
IPGL Ltd	16,236,377	12.68
Canaccord Genuity Group Inc	13,883,429	10.85
Gresham House	8,692,857	6.79
Employee Benefit Trust	5,129,683	4.01
Downing	4,924,124	3.85
Killik & Co LLP	4,775,100	3.73
Octopus	4,571,233	3.57

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 2023 are as follows:



C H B Mills
Non-Executive Chairman



R C Fraser
Chief Executive Officer



M S Holt
Chief Operating Officer



E N Cullen-Grant
Chief Finance Officer



T J T Linacre
Senior Non-Executive Director



Rt. Hon. M C Field
Non-Executive Director



Z B Holland
Non-Executive Director





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Frenkel Topping Group Plc Registered in England No: 04726826



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