

Quoted Companies Alliance Annual Review 2018



Contents

- 1. Chairman's report**
- 2. Chief Executive's report**
- 3. Treasurer's report**
- 4. Board of directors**
- 5. Executive team**
- 6. Key achievements**
- 7. Directory of members**

1. Chairman's Report



Gervais Williams
Chairman, Quoted Companies Alliance

Even at this late stage ahead of Brexit, the overall shape of the UK's withdrawal from the EU still remains uncertain. If anything, the risks of an abrupt exit, without a transitional period, appear to have increased. So Tim Ward, his team, and the QCA's pro bono Expert Groups have promoted the interests of our members tirelessly over the year, providing direct feedback to the various legislative and regulatory proposals, in order to minimise any unintended consequences and deliver on behalf of medium and small quoted companies.

Elsewhere the QCA has also put together a range of corporate workshops, conferences and the annual dinner, to help our members become well prepared for the changes ahead. There have been a number of fund manager lunches and investor panels, so quoted companies can ask the questions, rather than always being asked to provide all the answers!

A particular highlight of the year was the publication of the updated QCA Corporate Governance Code. Note that the number of principles have been trimmed back, although if anything the new code may prompt a little more board discussion on some of the more thorny issues.

Companies quoted on the AIM exchange are now required to state the code they have adopted. The QCA Code has proven to be the most popular with AIM companies, and in addition there is interest from a number of unquoted companies, and some overseas bodies as well.

Overall, the year to June 2018 has been an effective one for the Quoted Companies Alliance. We, the membership, owe our thanks to the numerous individuals that have brought all this about. Thank you.

What about the coming year? It is now becoming accepted that Quantitative Easing (QE) isn't a panacea. Rather productivity has stagnated, in part due to QE's distortion of market prices. After a decade of plentiful liquidity and buoyant equity markets, expect the forthcoming phasing out of QE to be somewhat bumpy.

A natural characteristic of Brits is to underplay our best accomplishments. As it happens, we're near unique in retaining a vibrant infrastructure, and access to external capital, for the smallest quoted companies. Over the past quarter century, this is the scale of QCA's (and others) achievement. The point is that unsettled markets tend to throw up rather better opportunities than usual. So whilst the withdrawal of QE may make risk-capital scarcer, in my view it will also be unusually advantageous to be listed. And mid and small companies, which have both agility and access to external capital will be in a position to take disproportionate advantage of the changing political and economic agenda. This doesn't just deliver a better return for investors. But equally importantly, it will also deliver extra employment, domestic growth and tax take at a time when many other economies really struggle.

2. Chief Executive's report



Tim Ward
Chief Executive, Quoted Companies Alliance

I am delighted to report that the Quoted Companies Alliance is in good shape after a year of hard work. We have seen, for a variety of reasons explained below, an increase in our membership and a stabilisation of our finances. The latter is particularly welcome as costs, for instance premises, have increased over time. Our Treasurer, Paul Watts, explains this further in his report.

At the end of the year our membership stood at 272 firms, of which 178 are quoted companies. This has improved our finances together with an increase in sponsorship relating to our 25th Anniversary and our Year of Corporate Governance. I'd like to thank all those who sponsored the QCA over the last 12 months.

Corporate Governance has been the top subject for the QCA this year. Coinciding with the well-received new addition of our QCA Corporate Governance Code the London Stock Exchange changed their rules to require AIM companies to adopt a recognised corporate governance code. Over 400 companies were already referring to our code and following the rule change in September 2018 we are expecting a significant increase in that number. The increased visibility and activity surrounding this rule change and our publication has helped to increase our membership.

I think it is clear that our Code is recognised as being pragmatic and proportionate and, as a result, it is seen as the go-to choice for growing companies. It has been carefully and patiently developed by a working group of our Corporate Governance Expert Group and I would like to thank each of them for their diligent and very professional approach. They reviewed and drafted the document and took on board the feedback we received from the many external stakeholders that we consulted.

Members receive the QCA Code as part of their membership package. Others have to pay for it. We think this is fair. The UK Corporate Governance Code is paid for by the fees levied by the FRC; nothing comes for free.

As part of our work on the code we have developed collateral material exclusively for our members as well as a workshop to help users to adopt the code as easily as possible. These have been very well received.

Our work has not been confined to the Code and AIM. We have continued to work on the Prospectus Regulation which affects Main Market companies in particular. We have provided feedback on the FRC's UK Code consultation and have lobbied, with modest success, for the smaller listed company dispensations to be retained. And we have continued to highlight the damage being done by MiFID II on the availability of investment research on smaller quoted companies.

We are in the dark in the same way as everyone else on Brexit. We have had meetings with the Department for Exiting the EU, including a roundtable discussion involving 15 of our member companies with Philip Rycroft, Permanent Secretary at the Department for Exiting the European Union. This highlighted the need for more certainty over many companies' non-UK EU workforce and the worries about attracting and retaining this valuable resource.

The FRC Review being undertaken by Sir John Kingman has attracted much attention. We see it as an opportunity to get proportionality on the agenda. There are many strong views about the future structure of the organisation, but we are concentrating on building a proportionate approach into the FRC's constitution, more small-cap representation and a clear divide between standard setting and enforcement. It will be interesting to see what emerges from this review.

We are still present in Brussels on a regular basis. Legislation that is developing or about to be delivered in the EU is going to affect us in at least the short and medium term. It is essential that, as far as we can, we influence the outcome of this legislation that will affect small and mid-size quoted companies on the Main Market, AIM and NEX Exchange. We do this directly and through EuropeanIssuers, the Brussels based association representing European issuers.

Our events team have been very busy as well. We continue with our longstanding and very successful lunches with fund managers as well as our market maker events. Our Corporate Governance Forum which took place in June was attended by over 80 companies with Jessica Ground, Global Head of Stewardship at Schroders, as our keynote speaker and two panels of distinguished speakers. Our Annual Dinner was very well attended and we are grateful for the support of London Stock Exchange, BoardEx/The Deal, and Winterfloods in making this event such a success.

We are looking to build our membership package and, to this end, we are developing a series of "member-to-member" benefits. Members such as Norman Broadbent, Mattioli Woods, MEIS, Evalu8 are offering the membership discounts on valuable products and services. We encourage you all to look out for them and give the providers and us feedback on this service.

Looking forward, we will be setting "Building Better Boards" as our theme for 2019; this supports our work on corporate governance and is aimed at helping companies develop the practices and behaviours that will drive improved performance. We will continue to work on our tax representations to Government; on fighting MiFID II and its impact on investment research; delivering practical guidance for our members on a wide range of subjects; and delivering relevant technical events, dinners and roundtable discussions.

It leaves me to thank the team at the QCA who work very hard to provide all these things to the membership. Their focus is on ensuring that what we has clarity, that people are aware of what we do and that everything we do is relevant to the needs of small and mid-size quoted companies. My thanks also go to the members of our seven expert groups who provide so much pro-bono support and professional input to our work; we could not operate at such a high level without them. My final thanks goes to our members for your continued support. We remain a not-for-profit membership organisation that only exists if our members see a benefit. Thank you all.

3. Treasurer's Statement



Paul Watts
Treasurer, Quoted Companies Alliance

The QCA had a good financial year, with both subscription income and income from events and publications up on the previous year.

Membership numbers and revenue have grown on both the corporate and advisory side and we are pleased to welcome all new members to the QCA. The launch of the new QCA Corporate Governance Code in April and a successful Corporate Governance Forum in June, along with other events and sponsorship for the "Year of Corporate Governance" contributed strongly to the results with total turnover up from £606,826 to £766,280. We are grateful to all our members and sponsors for their continued support, especially to those who contributed to our "Year of Corporate Governance" campaign.

Administrative expenses were up 13% at £717,521 this year (2017: £631,388) which reflects increased property costs and staffing levels.

There is a profit for the year after tax of £41,482, which helps recoup some of the losses from previous years and restores the retained surplus (2017: loss of £23,408). We aim to balance the budget over the economic cycle and, as a not-for-profit organisation, we do this by generally matching income with expenditure, whilst maintaining a reasonable accumulated surplus to cover unforeseen costs and maximising the annual benefit to members from our activities. The retained accumulated surplus at 30 June 2018 is £156,413 (2017: £114,931).

The QCA continues to benefit significantly from the time given by all members of the expert groups, at no cost, and that help is most gratefully received and appreciated by all at the QCA.

4. QCA Board of Directors



Gervais Williams (Chairman)
Senior Executive Director, Miton
Group plc.



Judith MacKenzie
Partner, Downing LLP.



Alan Newman (Deputy Chairman)
Non-Executive Director and Chair
of Audit Committee, Future plc.



Adam McConkey
Portfolio Manager, Lombard
Odier Asset Management
(Europe) Limited.



Paul Watts (Treasurer)
Partner, RSM.



Claire Noyce
Founding partner and CEO of
Hybridan LLP.



Tim Ward (Chief Executive)



Peter Simmonds
Chairman at Cloudcall Group
plc and d4t4 Solutions plc,
non-executive Director of
dotDigital Group plc.



James Brotherton
Chief Financial Officer, Tyman plc.



Sam Smith
Chief Executive Officer,
finnCap.



Anthony Carey
Partner, Mazars LLP.



Dick Steele
Non-executive chairman of
Portmeirion Group plc, non-
executive chairman of
Country Baskets and ASL
Group.

QCA Board of Directors continued



Michael Higgins

Non-executive director of Plant Health Care plc, Progility plc and Premier Technical Services Group PLC and non-executive Chairman of IPSX UK.



Gary Thorpe

Senior corporate finance partner, Clyde & Co.



Scott Knight

Audit Partner, BDO LLP.



Philip Yarrow

Chief Executive, Winterflood Securities Limited



Vijay Thakrar

Non Executive Director, Quorn Foods (and other companies)

5. Executive team



Tim Ward
Chief Executive



Chris Stapeley
PA to Tim Ward and
Office Manager



Hayley Zeff
Head of Operations



Anthony Robinson
Head of Policy &
Communications



Samantha Green,
Head of Marketing &
Events



Callum Anderson
Senior Policy Adviser



Lydia Uthayakumar,
Marketing & Events
Executive



Maria Gomes
Senior Policy Consultant

6. Key achievements (July 2017 - June 2018)

Membership

Membership at the end of the financial year (30 June 2018) was **272** organisations. This is an increase from the previous year and includes:

- 178 quoted companies
- 94 advisory firms

Events

Notable events in this period included:

QCA 25th Anniversary Dinner (September 2017)

Around 320 attendees joined the dinner sponsored by London Stock Exchange plc, with BoardEx/The Deal as supporting sponsor and Winterflood Securities sponsoring the after-dinner drinks. Guests included company directors, investors, market operators, policymakers and regulators. Nikhil Rathi, Chief Executive Officer of London Stock Exchange plc spoke to QCA members about the support the exchange is providing to small and mid-caps.

QCA Corporate Governance Forum and Reception (June 2018)

Following the publication of the revised QCA Corporate Governance Code, and the AIM rule change regarding companies applying a recognised corporate governance code around 80 companies joined the forum focused on the QCA Code, but also explored corporate governance more widely. Speakers included:

- Jessica Ground, Global Head of Stewardship, Schroders
- Will Pomroy, Lead Engager, Small-Caps, Hermes Investment Management
- Tracy Gordon, Director, Corporate Governance, Deloitte LLP
- Bob Beveridge, Portfolio Non-Executive Director
- Nick Naylor, Chief Executive, Allenby Capital
- Anita Skipper, Senior Analyst - Corporate Governance, Aviva
- Rachit Gupta, Vice President - Research, Institutional Shareholder Services (ISS)
- Mark Northway, Chairman, ShareSoc
- Georgina Brittain, Managing Director & Senior Portfolio Manager, J.P. Morgan Asset Management

The forum was sponsored by Allenby Capital, Winterflood Securities Limited and supporting sponsor Jordans Limited. A well-attended reception with our members followed, which was sponsored by Allenby Capital, Winterfloods Securities Limited and Mazars LLP.



QCA Corporate Governance Code workshops (first one in May 2018)

A new programme of QCA Code training sessions was initiated. Members of the working group that produced the code and other contributors guided companies and NOMADs on how to effectively use and apply it. In association with NEDA, their Chief Executive Louis Cooper led the one day workshop. Joining him to explain the 10 principles and the background on the QCA Code were:

- Edward Craft, Partner, Wedlake Bell LLP
- Edward Beale, Chief Executive, City Group & Non Executive Director, Western Selection plc
- Jonathan Compton, Director, BDO LLP
- Peter Montagnon, Associate Director, Institute of Business Ethics
- John Patterson, Corporate Governance Specialist, PwC
- Michael Higgins, Portfolio NED & QCA Board Member

We have had continued success with our ongoing event programmes with fund managers, market makers, regulators and industry leaders.

Policy

The QCA runs seven Expert Groups:

1. **Corporate Governance** (Chair: Will Pomroy, Hermes Investment Management Limited, Deputy Chair: Tracy Gordon, Deloitte LLP)
2. **Financial Reporting** (Chair: Matthew Howells, Smith & Williamson LLP, Deputy Chair: Matthew Stallabrass, Crowe UK LLP)
3. **Legal** (Chair: Mark Taylor, Dorsey & Whitney, Deputy Chairs: Stephen Hamilton, Mills & Reeve LLP & Maegen Morrison, Hogan Lovells International LLP)
4. **Primary Markets** (Chair: Richard Evans, Strand Hanson Limited)
5. **Secondary Markets** (Chair: Jon Gerty, Peel Hunt LLP, Deputy Chair: Mark Tubby, finnCap)
6. **Share Schemes** (Chair: Fiona Bell, RSM)
7. **Tax** (Chair: Paul Fay, Crowe UK LLP)

These bring together **166** individuals from QCA member organisations, and held **35 meetings** in 2017/18.

These groups help shape the QCA's policy work and influencing of policymakers and regulators. **23 consultation responses** were submitted on behalf of QCA members in the 12 month period. These went to London Stock Exchange, the European Commission, the Financial Reporting Council (FRC), the Financial Conduct Authority (FCA), the European Securities and Markets Authority (ESMA), Her Majesty's Treasury (HMT), NEX Exchange, The International Accounting Standards Board (IASB), and The Takeover Panel.



Notable meetings and policy roundtables were held with:

- **The Rt Hon Mel Stride MP**, the Financial Secretary to the Treasury (HMT) (7 September 2017)
- **Andrew Griffiths MP**, Minister for Small Business, Consumers and Corporate Responsibility (BEIS) (2 May 2018)
- **Philip Rycroft**, Permanent Secretary at the Department for Exiting the European Union (31 May 2018)
- **Denzil Jenkins**, Chief of Staff and Head of UK Compliance & Group Regulatory Policy at London Stock Exchange (25 June 2018)
- **Sir John Kingman**, leading the independent review of the Financial Reporting Council (FRC) (21 July 2018)

Regular dialogue continued with HMT, BEIS, HMRC, DEXEU, FCA, ESMA, LSE & AIM, OCED, FRC and others.

Notable lobbying achievements in this period include:

1. The FCA's decision to continue to allow fund managers to receive **small cap investment research** without payment where it has been commissioned and paid for by a smaller quoted company, including when issuing new shares (July 2017)
2. HMT's changing of the qualifying rules for **Entrepreneurs' Relief** in the Autumn Budget to ensure that entrepreneurs are not discouraged from seeking external investment through the dilution of their shareholding (November 2017)
3. The London Stock Exchange's updating of the **AIM Rules** to require companies to specify which corporate governance code they follow (March 2018)
4. The reinstatement of some smaller company exemptions in the **UK Corporate Governance Code** that were proposed to be removed in the FRC's consultation (July 2018)

Publications & surveys

A major achievement was the release of the updated **QCA Corporate Governance Code** in April 2018.

Four QCA surveys were release in the period:

1. **QCA/YouGov Small & Mid-Cap Sentiment Index** (February 2018)
2. **QCA/Peel Hunt Mid & Small Cap Investor Survey 2018** (April 2018)
3. **QCA/YouGov Small & Mid-Cap Sentiment Index** (August 2018)
4. **QCA/UHY Hacker Young Corporate Governance Behaviour Review** (December 2017)



In addition, the QCA's quarterly **Board Briefs** - short papers for company boards to review - were launched.

6. Directory of members

4imprint Group PLC
600 Group (The) PLC
7digital Group Plc

A

AB Dynamics PLC
Accrol Group Holdings PLC
Accsys Technologies PLC
Actual Experience PLC
Advanced Medical Solutions Group PLC
Allenby Capital Ltd
Alliance Pharma PLC
Alpha FX Group PLC
Amino Technologies PLC
Animalcare Group PLC
Arden Partners Plc
Ariana Resources PLC
Ascent Resources Plc
ATTRAQT Group PLC
Autins Group PLC
AVEVA Group PLC

B

Bango PLC
Bank of London and The Middle East plc
Bates Wells & Braithwaite LLP
BDO LLP
Beavis Morgan LLP
Belvoir Lettings plc
Beowulf Mining PLC
Blake Morgan
Blue Prism Group PLC
BMO Global Asset Management (EMEA)
Brady PLC
Breedon Group PLC
Bruce Wallace Associates Limited
Buchanan Communications
Burgess Salmon

C

Cairn Financial Advisers LLP
Cambridge Cognition Holdings PLC
Camellia Plc
Canaccord Genuity Ltd

Cantor Fitzgerald Europe
Cayman Islands Stock Exchange
Cello Health Group plc
Cenkos Securities Plc
Central Asia Metals PLC
CentralNic Group PLC
Cerillion plc
Character Group (The) PLC
Charles Russell Speechlys LLP
Christie Group PLC
Clarke (T) PLC
Clarkson PLC
Clear Insurance Management Ltd
CLS Holdings PLC
Clyde & Co LLP
CML Microsystems PLC
CMS
Cohort PLC
Collagen Solutions PLC
Communis PLC
Concurrent Technologies PLC
Conygar Investment Company (The) PLC
Corporate Governance Limited
Crowe Clark Whitehill LLP
CyanConnode Holdings PLC

D

D4t4 Solutions Plc
DAC Beachcroft LLP
Dart Group PLC
Dechert
Defenx PLC
Deloitte LLP
discoverIE Group plc
Dorsey & Whitney
dotdigital Group PLC
Downing LLP
Druces LLP

E

Ebiquity plc
ECO Animal Health Group PLC
ECSC Group PLC
Eddie Stobart Logistics plc
Eland Oil & Gas PLC

Elecosoft PLC
Epwin Group PLC
Eversheds Sutherland
Everyman Media Group Plc

F

Faegre Baker Daniels LLP
Fasken LLP
finnCap
Finsbury Food Group PLC
Fiske Plc
FIT Remuneration Consultants
Flathill Communications Group plc
Flowtech Fluidpower PLC
Focusrite PLC
Forbidden Technologies PLC
Fox Williams LLP
Frontier IP Group Plc
Fusion Antibodies plc

G

Gamma Communications PLC
Gateley (Holdings) PLC
Gateley LLP
Gattaca PLC
Gear4music (Holdings) PLC
Georgian Mining Corporation
Goodwin PLC
Grant Thornton UK LLP
Gresham House PLC
Gym Group (The) PLC

H

Hamlins LLP
Harbottle & Lewis LLP
Hardide PLC
Hardman & Co
Hardy Oil & Gas PLC
Harvey Nash Group PLC
Haydale Graphene Industries PLC
Haynes Publishing Group PLC
haysmacintyre
Helical PLC
Herald Investment Management Ltd
Hermes Investment Management Limited
Hewitt New Bridge Street

Hill Dickinson LLP
Hogan Lovells International LLP
Hurricane Energy PLC
hVIVO PLC
Hybridan LLP

I

IDOX PLC
Impellam Group PLC
Inland Homes PLC
Inspiration Healthcare Group PLC
Invesco Asset Management Limited
Iomart Group PLC
ITM Power PLC

J

Janus Henderson Investors
Jaywing PLC
Jersey Oil And Gas Plc
Jordans Limited

K

Kape Technologies plc
KCOM Group PLC
Kerman & Co LLP
Korn Ferry Hay
KPMG LLP

L

Lakehouse PLC
Legendary Investments PLC
Lewis Silkin
LexisNexis
Liberum Capital Ltd
LiDCO Group PLC
Link Asset Services
Liontrust Asset Management PLC
Locke Lord LLP
Lok'n Store Group PLC
Lombard Odier Asset Management (Europe)
Limited
London Finance & Investment Group PLC
London Stock Exchange plc
LPA Group PLC

M

M P Evans Group PLC
Macfarlane Group PLC
Maintel Holdings PLC
Manx Financial Group Plc
Marriott Harrison
Mattioli Woods PLC
Mazars LLP
McKay Securities PLC
Mears Group PLC
MEIS
Memery Crystal LLP
Mercia Technologies PLC
Metal Tiger Plc
Michelmersh Brick Holdings PLC
Mills & Reeve LLP
Mishcon De Reya
Mission Marketing Group (The) PLC
Miton Group Plc
MM & K Limited
Moore Stephens
Mortgage Advice Bureau (Holdings) PLC
Motorpoint Group PLC

N

NAHL Group PLC
Newmark Security Plc
NEX Exchange
Next Fifteen Communications Group PLC
Non-Standard Finance PLC
Norish plc
Norman Broadbent PLC
Northbridge Industrial Services PLC
Northland Capital Partners Limited
Norton Rose Fulbright LLP
Nucleus Financial Group

O

Oncimmune Holdings PLC
One Media iP Group PLC
Osborne Clarke
Oxford BioDynamics Plc

P

Palace Capital PLC
Panmure Gordon & Co Plc
Panther Securities PLC

Parity Group PLC
Peel Hunt LLP
Personal Group Holdings PLC
Petroneft Resources PLC
Pillsbury Winthrop Shaw Pittman LLP
PKF Littlejohn LLP
Portmeirion Group PLC
Porvair PLC
Practical Law Company Limited
Premaitha Health PLC
Premier Asset Management Group PLC
Pressure Technologies PLC
PricewaterhouseCoopers LLP
Primary Health Properties PLC
Prism Cospec

Q

Quixant PLC

R

Ramsdens Holdings Plc
reach4entertainment Enterprises PLC
Real Estate Investors PLC
Restore PLC
RSM
RTC Group PLC

S

Saffery Champness LLP
Scancell Holdings PLC
Schroder Investment Management
Scientific Digital Imaging Plc
Severfield PLC
Shakespeare Martineau LLP
Share PLC
Shore Capital Group Ltd
Sirius Minerals PLC
SkinBioTherapeutics plc
Smith & Williamson LLP
Solid State Plc
StatPro Group PLC
Stephenson Harwood
Stifel
Stockdale Securities Limited
Strand Hanson Limited
Sumo Group plc

Surgical Innovations Group PLC
Symphony Environmental Technologies Plc
System1 Group PLC

T

Telford Homes PLC
Tern Plc
The Property Franchise Group
Totally PLC
TP Group PLC
Transense Technologies PLC
Travers Smith LLP
Treatt PLC
Tribal Group PLC
Trifast PLC
TruFin plc
Tungsten Corporation PLC
Tyman PLC

U

Ubisense Group Plc
UHY Hacker Young
ULS Technology plc
Unicorn Asset Management
Utilitywise PLC

V

ValiRx PLC
Van Elle Holdings Plc
Venture Life Group Plc
Verona Pharma Plc
Versarien Plc
Vertu Motors PLC
Vianet Group Plc

W

W.H. Ireland Group Plc
Warpaint London PLC
Wedlake Bell LLP
Western Selection Plc
Westminster Group Plc
Winterflood Securities Ltd

Y

YouGov PLC
Young & Co's Brewery PLC

Z

Zeus Capital Limited
Zytronic Plc