



# Press release

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**Date**            **EMBARGOED UNTIL 00:01 Monday 24<sup>th</sup> February 2014**

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**Subject**        **Small and mid-cap companies' confidence reaches highest point since September 2011**

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## **Small and mid-cap companies' confidence reaches highest point since September 2011**

**Optimism tips into positive territory as sales drive expectations**

Confidence among small and mid-cap companies reached its highest level since September 2011 in January, according to the latest quarterly QCA/BDO Small & Mid-Cap Sentiment Index. Companies' confidence in relation to their own prospects rose to 73.6, up from 70.4 in October, and from 64.1 to 69.3 in relation to the wider economy.

Importantly, for the first time since the QCA/BDO Index began, confidence among both businesses and their advisers has reached a tipping point, in that the number feeling optimistic about their near-term prospects has become greater than the number remaining neutral or negative - pointing to a new deep-rooted positive sentiment.

Scott Knight, Partner, BDO LLP, commented: "Instead of basing their optimism on upbeat news about the wider economy, a majority of companies now view their own pipeline and prospects as the basis for confidence. This very real reason for optimism represents a tipping point and bodes well for UK plc."

Reinforcing their confidence, the majority of small and mid-caps expect to increase their turnover and headcount over the next 12 months and anticipate mean revenue growth of 14.4% and mean headcount growth of 6.6%.

This quarter's results show that 57% of companies increased their number of full-time employees and 62% of companies increased their turnover in 2013, with their mean expected headcount growth at 6.3% and their mean expected turnover growth at 8.9%. This was in line with the predictions that companies made last year, showing how precise companies are in their projections for revenue and employment.

Tim Ward, Chief Executive of the Quoted Companies Alliance, said: "Last year companies forecast growth and employment with a welcome degree of accuracy. This is a good sign for 2014. Businesses feel in control of their own destiny and are less in thrall to external factors such as excessive red tape or slowing international growth."

Small and mid-caps' access to finance also improved in January, as the ease with which businesses can obtain funding from public equity markets increased to a record high. 53% of businesses cite public equity as their preferred method of raising capital, with bank finance being the second most favoured option (35%).

Scott Knight, Partner, BDO LLP, continued: “Companies are telling us that they are gradually seeing the return of investor confidence in equity markets, both the small cap and AIM indices have been performing very strongly since summer, even outperforming the blue chips.”

Tim Ward, Chief Executive of the Quoted Companies Alliance, said: “Access to finance is improving and competition for investment is likely to remain fierce. There are queues forming outside fund managers’ offices. Businesses need to be realistic as investors will inevitably have to prioritise and allocate funds. We expect companies at the end of the investment queue to continue to be cautious about taking on big new contracts if they can’t see access to adequate working capital.”

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**Methodological notes**

The QCA/BDO Small & Mid-Cap Sentiment Index by BDO and the Quoted Companies Alliance (QCA) is an online quarterly survey across the small and mid-cap quoted sector.

**Methodology:** This survey has been conducted using an online interview administered to members and associates of the QCA. The sample definition is “small and mid-cap UK quoted companies and advisory companies”. The responding sample is weighted by industry to be representative of small and mid-cap UK quoted companies, as derived from London Stock Exchange data.

The report is based upon 215 online interviews (127 small mid-cap quoted companies, 88 advisory companies) with members and associates of the QCA. The survey respondents included 77% of small and mid-cap company employees in a board level position and 48% of advisors in a senior management position. It was conducted between 14 January and 27 January 2014 by research company YouGov.

Please note that not all scores in this report add up to exactly 100% due to rounding. The margin of error for the survey is +/- 8%.

**Note to editors**

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The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. We campaign, we

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inform and we interact to help our members keep their businesses ahead. Through our activities, we ensure that our influence always creates impact for our members. For more information, please visit [www.theqca.com](http://www.theqca.com).

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