



ANNUAL REVIEW 2016

Faculty activity and financial statement



Highlights

Route to growth



**The Corporate Finance Faculty
would like to thank its many
member organisations for their
support in 2016**

3i
ABN Amro Commercial Finance
Addleshaw Goddard
Albion Ventures
August Equity
BDO
Beechbrook Capital
Beer Mergers
Berwin Leighton Paisner
Better Capital
Brewin Dolphin
BTG Corporate Finance
Burgess Salmon
Business Growth Fund
Buzzacott
Cantor Fitzgerald
Cass Business School
Castle Corporate Finance
Catalyst Corporate Finance
Cavendish Corporate Finance
Clydesdale Bank
Corbett Keeling
Crowe Clark Whitehill
Definitive Consulting
Deloitte
Dentons

Duff & Phelps
Dunedin
ECI Partners
Equistone Partners Europe
EY
Fieldfisher
Gibson Dunn
Grant Thornton
Hampshire Trust Bank
Haysmacintyre
HMT
ICON Corporate Finance
Investec
James Cowper Kreston
JC Rathbone Associates
JLT Specialty
King & Wood Mallesons
Kingston Smith
KPMG
Kroll Advisory Solutions
Linklaters
Marsh
Mazars
Media Asset Capital
Menzies
MHA MacIntyre Hudson

Mobeus Equity Partners
Moore Stephens
NorthEdge Capital
OMERS Private Equity
Panoramic Growth Equity
Pitmans
PKF Francis Clark
PNC Business Credit
Price Bailey
Punter Southall Transaction Services
PwC
Ramboll Environ
RSM
Rutland Partners
Saffery Champness
Samena Capital
Shawbrook Bank
Simmons & Simmons
Slaughter and May
Smith & Williamson
Synapse Information
Taylor Wessing
Travers Smith
UHY Hacker Young
WSP Parsons Brinckerhoff

If you would like your organisation to become part of a 7,000-strong network of professionals and companies involved in corporate finance, please contact dan.wilson@icaew.com or call him on +44 (0)20 7920 8483.

To find out more about individual membership, please visit our website or email us.

in ICAEW Corporate Finance Faculty

🐦 @ICAEW_CORP_FIN

Chairman's report



2016 was another very successful year for the Corporate Finance Faculty.

The faculty's achievements have included high-profile public-policy and technical work, particularly on access to finance and Brexit, continuing to develop the faculty's flagship magazine *Corporate Financier*, as well as launching a number of initiatives focussed on the core corporate finance skills and capabilities.

We have developed our programme by extending our communications and services, building the reach and influence of the faculty and growing our network of professionals involved in corporate finance.

Over the past year, the Faculty has worked with colleagues across ICAEW and with many of our members on several major initiatives. In particular the faculty devised and launched best-practice guidelines on financial modelling and also on completion mechanisms, which have both been very widely welcomed by our members.

Perhaps the faculty's most high profile initiative of the year was the publication of the second edition of the *Business Finance Guide*, in collaboration with the British Business Bank and many of the UK's leading professional bodies and funding organisations. An online digital and interactive website was also set up to extend the reach and impact of this initiative and provide further advice to companies seeking to raise finance for growth.

The Faculty also published *Boosting Finance for Engineering & Technology* with the IET, as an early policy response to Brexit.

This year's Annual Reception, at the magnificent Guildhall Art Gallery and Old Library in the City of London, was the best attended event that the faculty has ever organised. Guests from the faculty's member firms and the corporate finance world enjoyed a speech by the guest speaker, Lord Clement-Jones, who brokered the biggest merger of political parties of the twentieth century – that of the SDP and the Liberal party to form the Liberal Democrats.

I would like to take this opportunity to express my gratitude to all of the volunteers who work with the faculty to reach its goals, in particular the faculty board, executive committee and technical committee.

My gratitude also goes to the faculty staff, led by David Petrie, and including Katerina Joannou, Shaun Beaney, Dan Wilson and Veronica Zabrin. The faculty's many achievements would not have been accomplished without their conscientiousness, hard work and dedication.

A handwritten signature in black ink that reads "Mark Pacitti".

Mark Pacitti

Chairman, ICAEW Corporate Finance Faculty

Highlights from 2016

Notable initiatives in 2016 included:

- 1 Global Investment, M&A and Corporate Strategies forum**

The faculty hosted a forum at the Institute of Directors to assess the potential threats and opportunities for investment and M&A in the run up to the Brexit referendum.
- 2 Completion Mechanisms**

The faculty published and launched, with Grant Thornton, a detailed guide to establishing the final equity value in transactions, which included a review of locked box mechanisms and completion accounts.
- 3 The Business Finance Guide**

Working with the British Business Bank and over 20 of the UK's leading business organisations and professional bodies, a second edition of its popular *Business Finance Guide*.
- 4 Financing the Creative Industries - ICAEW Forum**

The South West of England is a major centre for the creative industries and the faculty played a key role in a seminar at Bath Spa University on finance for the sector.
- 5 Boosting finance for Engineering and Technology**

The faculty devised and led a high profile initiative together with the Institution of Engineering and Technology addressing important considerations for the UK's new industrial strategy.
- 6 Financial Modeling**

The faculty launched a wholly revised and Financial Modeling guideline, with RSM, to include the latest updates in Excel and also ICAEW's 'Twenty principles for good spreadsheet practice'.
- 7 UK Television in Focus**

Working with PwC the faculty devised, researched and published a report exploring investment and deal potential in the UK's world-leading television and film industry.
- 8 Digital and interactive Business Finance Guide**

Alongside the British Business Bank, the faculty devised and produced an interactive web-based *Business Finance Guide* building on the theme of a financial journey from start up to growth and including video clips and links to further resources.
- 9 Cyber Security**

The Lord Mayor of the City of London spoke at an event hosted by the Corporate Finance Faculty's Middle East Network in Dubai on Cyber Security. David Petrie, ICAEW's Head of Corporate Finance, also took part.

2. Lobbying and influencing

The faculty has led a number of policy-focused initiatives this year and these include:

- The Corporate Finance Faculty Annual Reception on the 10 November at the Guildhall, with guest speaker Lord Clement-Jones CBE



From left to right: Justin Thomas (BPP), Tim Hawkins (Shawbrook Bank), Jack Legett (PKF Francis Clark), Mark Pacitti (Chairman, Corporate Finance Faculty), Lord Clement Jones CBE, Mike Phillips (Micro Focus), Kiren Asad (Strata Partners), Robert Lees (Strata Partners)

The launch of - *Boosting Finance for Engineering & Technology* at the Institution of Engineering & Technology



Panel from right to left: David Petrie (ICAEW), Dan Horner (Blippar), Paul Barrett (Bladon Jets), Dr Ruth McKernan CBE (Innovate UK), Toby Peters (Dearman) and David Smith (Ricardo)

3. Member communications and services

Corporate Financier magazine

The faculty continued to develop its flagship publication *Corporate Financier* this year. The purpose, as ever, is to keep members up to date with emerging trends, policy and technical issues in corporate finance, as well as on deal and sector opportunities for businesses, investors and advisers.

Corporate Financier cover stories in 2016 included the following themes:

- Changing perspective: a paradigm shift in corporate finance;
- Spoilt for choice: increasing diversity in debt finance;
- Fitter, faster, stronger: corporate divestments come out of the shadows;
- Healthcare (r)evolution: innovation in medical technologies;
- Add venture: the role of the European Investment Fund in UK VC;
- Big data, big bang: analytics in corporate finance;
- The road to somewhere NEU: Brexit and corporate financiers;
- Bigger - Better? Stock exchange mergers and capital markets;
- Cracking China: inbound and outbound M&A with China; and
- Engineers of change: the UK's new industrial strategy.

The faculty distributes copies of the *Corporate Financier* to all its members ten times per year and the magazine is also available to read via the iPad App, which can be downloaded from the App Store.



Social Media

Social media is an increasingly important form of communication for our members. The faculty's social media now includes more than 4,400 LinkedIn group members and more than 3,600 Twitter followers.

This year, the faculty has expanded its output through the use of some blogs which have generated a lot of interest and debate including:

- Built to last - Britain's £456bn engineering sector, investment, M&A and industrial strategy
- Why the UK's engineering needs an investment upgrade
- Cracking China - what are the drivers and barriers for the \$140bn+ boom in Chinese M&A?
- Equity value vs enterprise value. Completion accounts vs 'locked box'.
- On Brexit - some post-Referendum "certainties" for UK - and international - corporate finance



4. Technical leadership

The faculty's Technical Committee has responsibility for technical work in the area of corporate finance. The committee reviews and comments on draft regulation and legislation which may impact on the day to day work of Corporate Finance Faculty members.

In 2016, the faculty led or contributed to the response on no fewer than 14 consultation exercises, as follows:

- ICAEW REP 36/16 to the Business, Innovation and Skills Committee's inquiry on access to finance
- ICAEW REP 19/16 to the EC's call for evidence on the impact of financial services regulation reforms
- ICAEW REP 07/16 to HM Treasury's consultation on the best way to respond to the OECD's recommended new rules on interest deductibility
- To a call for evidence from the National Infrastructure Commission on three areas of long-term infrastructure
- ICAEW REP 01/16 to the EC's review of European Venture Capital Fund and Social Entrepreneurship Fund regulation
- ICAEW REP 169/15 to the FRC's consultation on applying the EU audit regulation and directive (ethical aspects)
- ICAEW REP 69/16 to the Takeover Panel's consultation on communication and distribution of information during an offer
- ICAEW REP 36/16 to the Business, Innovation and Skills Committee's inquiry on access to finance
- ICAEW REP 07/16 to HM Treasury's consultation on the best way to respond to the OECD's recommended new rules on interest deductibility
- Response to a call for evidence from the National Infrastructure Commission on three areas of long-term infrastructure
- ICAEW's submission on the **EC's consultation aimed at improving the environment for start-ups in Europe**
- ICAEW REP 100/16 to FEE's discussion paper on the future of corporate reporting
- ICAEW 97/16, a briefing in relation to Investor's Relief (which was introduced in the Budget) for the Committee of the Whole House debates on Finance Bill 2016
- ICAEW REP 89/16 on an effective insolvency framework within the EU

Financial statement

Year ended 31 December 2016

	2016	2015
	£'000	£'000
INCOME		
Faculty subscriptions	561	561
Interest on funds held	0	0
Miscellaneous income	11	1
Total income	572	562
EXPENDITURE		
Staff costs	354	340
Events, publications and marketing	319	299
Infrastructure, finance and administration	159	160
Defrayment of costs by ICAEW for Faculty activities which benefit all ICAEW members	(255)	(287)
Total expenditure	577	512
NET POSITION FOR THE YEAR		
	(5)	50
Surplus brought forward from previous year	101	51
Surplus carried forward	96	101



Mark Pacitti

Chairman, ICAEW Corporate Finance Faculty

Committee and other group membership

(as at 31 December 2016)

FACULTY BOARD

Mark Pacitti, Deloitte (Chair)
Giles Derry, Dunedin (Vice Chair)
Marion Bernard, Business Growth Fund
Jackie Bowie, JC Rathbone Associates
Frank Carter, KPMG
David Coffman, Cairn Financial Advisers
David Collins, Dentons
Sachin Date, EY
Rob Donaldson, RSM
Martin Jacobs, PwC
Mo Merali, Grant Thornton
Keith Morgan, British Business Bank
Jon Moulton, Better Capital
Philip Robert-Tissot, Consultant
Maggie Rodriguez-Piza, Funding London
Mark Russell, UK Government Investments
Selina Sagayam, Gibson Dunn
Chris Searle, BDO
Ian West, Capita

EXECUTIVE COMMITTEE

Mark Pacitti, Deloitte
Giles Derry, Dunedin
David Collins, Dentons
Mo Merali, Grant Thornton

TECHNICAL COMMITTEE

Chris Searle, BDO (Chair)
Patrick Aylmer, Fox Investments
David Cattermole, KPMG
John Chapman, RSM
Catherine Clarke, Business Growth Fund
Roger Gregory, Pitmans
Chris Jarvill, EY
Katharine Johnson, PwC
James Lewis, RSM
Tandeep Minhas, Taylor Wessing
Simon Mollett, Beechcroft Associates
Susan Nyman, Grant Thornton
Charles Romaine, BDO
David Smith, Deloitte
Richard Thompson, Cantor Fitzgerald

CORPORATE FACULTY STAFF

David Petrie, Head of Finance, ICAEW
Shaun Beaney, Manager, Corporate Finance Faculty
Katerina Joannou, Manager, Capital Markets Policy
Marc Mullen, Editor, Corporate Financier magazine
Dan Wilson, Services Manager
Veronica Zabrin, Operations Executive

The Corporate Finance Faculty's professional network includes 7,000 members and more than 80 member organisations. Its membership is drawn from major professional services groups, specialist advisory firms, companies, banks, private equity, venture capital, law firms, brokers, consultants, policymakers and academic experts. More than 40% of the faculty's membership is from beyond ICAEW.

The faculty is ICAEW's centre of professional excellence in corporate finance. It contributes to policy development and many consultations by international organisations, governments, regulators and other professional bodies. The faculty provides a wide range of services, events and media to its members, including its magazine *Corporate Financier*.

The faculty initiated the development of the first international Corporate Finance qualification (including the 'CF' designation) for practitioners and launched a Diploma in Corporate Finance with the CISI in 2012.

ICAEW connects over 147,000 chartered accountants worldwide, providing this community of professionals with the power to build and sustain strong economies.

Training, developing and supporting accountants throughout their career, we ensure that they have the expertise and values to meet the needs of tomorrow's businesses.

Our profession is right at the heart of the decisions that will define the future, and we contribute by sharing our knowledge, insight and capabilities with others. That way, we can be sure that we are building robust, accountable and fair economies across the globe.

ICAEW is a member of Chartered Accountants Worldwide (CAW), which brings together 11 chartered accountancy bodies, representing over 1.6m members and students globally.

www.charteredaccountantsworldwide.com
www.globalaccountingalliance.com

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