



# High ^ lights

## *Annual Review 2018*

FACULTY PROJECTS, INITIATIVES,  
ACTIVITIES AND FINANCIAL STATEMENT

# *The voice of corporate finance*

THE CORPORATE FINANCE FACULTY WOULD LIKE TO THANK ITS MANY MEMBER ORGANISATIONS FOR THEIR SUPPORT IN 2018 AND 2019

3i	ECI Partners	PKF Francis Clark
ABN AMRO Commercial Finance	EY	Price Bailey
Addleshaw Goddard	Fieldfisher	PwC
Alantra	FRP Advisory	Quantuma
Albion Capital	Gibson Dunn	Ramboll
Anthesis	Grant Thornton	RSM
Arbuthnot Commercial	Haysmacintyre	Rutland Partners
Asset Based Lending	HMT	Saffery Champness
August Equity	ICON Corporate Finance	Samena Capital
BDB Pitmans	Investec	Shawbrook Bank
BDO	James Cowper Kreston	Simmons & Simmons
Beauhurst	JCRA	Slaughter and May
Beechbrook Capital	JLT Specialty	Smith & Williamson
Beer Mergers	Jumpstart	Spectrum Corporate Finance
Brewin Dolphin	Kingston Smith	Stonehage Fleming
BTG Corporate Finance	KPMG	Taylor Wessing
Burges Salmon	Kroll Advisory Solutions	Thinkat Capital
Business Growth Fund	LDC	Travers Smith
Buzzacott	Lexington Corporate Finance	UHY Hacker Young
Cantor Fitzgerald	Linklaters	UK Government & Investment
Cass Business School	Marsh	WK Corporate Finance
Cavendish Corporate Finance	Mazars	WSP
Clydesdale Bank	Media Asset Capital	XPS Group
Connection Capital	Menzies	Yorkshire Bank
Corbett Keeling	MHA MacIntyre Hudson	
Crowe UK	Mobeus Equity Partners	
Deloitte	Moore Stephens	
Dentons	NorthEdge Capital	
Development Bank of Wales	OMERS Private Equity	
Drooms	Panoramic Growth Equity	
Duff & Phelps	Perscitus Advisers	



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 [grace.gayle@icaew.com](mailto:grace.gayle@icaew.com) or call her on +44 (0)207 920 8689

## Chair's report



### **These are exciting – but also nervous – times of opportunity and risk in corporate finance.**

Growing uncertainty about international relations, the world economy and national politics – not least in the UK, facing Brexit – are counterbalanced by unprecedented levels of M&A and private equity activity in many markets, sectors and parts of the world.

The Corporate Finance Faculty helped its members and wider stakeholders to recognise, understand and engage with these risks and opportunities in 2018.

The faculty's initiatives included the *Debt for Deals* best-practice guideline, expert roundtable, and forum at the London Stock Exchange in November.

The faculty also published an important consultation on draft new guidance for preparers of prospective financial information – crucial for those raising money on capital markets.

The groundbreaking conference Boosting Finance for the UK's Industrial Strategy in July brought together many companies, technologists, investors and advisers to look at early-stage investment in innovation and scale-ups.

I was very pleased to welcome, in my first year as chair of the faculty, Lord Smith of Kelvin KT CH, Chairman of the British Business Bank, guest speaker at the faculty's Annual Reception in November.

The faculty also worked hard to make important representations about the UK Government's National Security & Investment Review. This included a formal response to the consultation.

New member firms during 2018 include Anthesis, Arbuthnot Commercial, Connection Capital, Development Bank of Wales, Drooms, FRP Advisory, Spectrum Corporate Finance, and Thinkat Capital, and so far in 2019, Beauhurst and Quantuma.

ICAEW's team in Dubai have continued to host very informative and popular events about a wide range of corporate finance subjects affecting the Middle East.

All these activities – and many more – have been reflected in the highly respected and widely read magazine *Corporate Financier*, which remains at the heart of the services that the faculty provides to its members.

As is traditional, I would like to thank in particular the faculty's staff, David Petrie, Katerina Joannou, Shaun Beaney, Grace Gayle and Chrissie O'Connor, as well as Marc Mullen, editor of *Corporate Financier*, and the publishing team at Progressive Content. The faculty's board, its technical committee and its editorial panel are also vital for its effectiveness in serving its many members from ICAEW and beyond.

### **MO MERALI**

Chair, ICAEW Corporate Finance Faculty

# 1. Highlights from 2018

1

## DEBT FOR DEALS

The 'Debt for Deals' breakfast forum on 6 November, co-hosted with Clydesdale Bank at the London Stock Exchange, included extensive discussion about the state of international and UK markets, debt structures, lending terms – and the likely direction of travel in 2019.

The forum – which was very well attended – marked the publication of *Debt for Deals*, a best-practice guideline. The project also included a special roundtable of experts hosted by the faculty at Chartered Accountants' Hall on 20 February.

2

## ANNUAL RECEPTION 2018

The Annual Reception on 16 November at Goldsmiths' Hall was a big success, with many senior representatives of the faculty's major member firms and supporting organisations in attendance at a very impressive venue. Guest speaker Lord Smith of Kelvin KT CH, Chairman of the British Business Bank, spoke warmly about the Corporate Finance Faculty's ongoing collaboration with the British Business Bank and announced plans for the two organisations to publish a new edition of the *Business Finance Guide* in 2019.

3

## BOOSTING FINANCE FOR THE UK'S INDUSTRIAL STRATEGY CONFERENCE

On 4 July, ICAEW organised and hosted the only major conference since the UK Government published its Industrial Strategy in November 2017 to look at the potential for private investment alongside public investment. The conference was opened by Michael Izza, ICAEW Chief Executive, and Lord Clement-Jones CBE, author of the House of Lords Select Committee on AI's report *AI in the UK: ready, willing and able?*. Other speakers at the conference included Dr Anne Dobrée (Cambridge Enterprise), Alice Hu-Wagner (British Business Bank), Professor Birgitte Andersen (Big Innovation Centre) and Calum Paterson (Scottish Equity Partners), as well as panellists from business, technology, government and investment. The faculty published accompanying research (see [icaew.com/boostingfinance](https://www.icaew.com/boostingfinance)) that showed the potential for a further £7bn of commercial investment in the new technologies targeted by the Industrial Strategy.

4

## CASS BUSINESS SCHOOL

The Corporate Finance Faculty deepened its long-standing collaboration with Cass Business School's M&A Research Centre with David Petrie, ICAEW's head of corporate finance, joining its board. The faculty and the centre continue to work together on the unique methodology for the Corporate Finance Development Award presented by the faculty at its Annual Reception.

5

## CORPORATE FINANCE IN THE MIDDLE EAST

ICAEW's Dubai Office produced four events for the faculty. Three were held at the Capital Club, Dubai: *The impact of the introduction of VAT on deals in the GCC* on 27 February; *The impact of technology on deals in the Middle East – who gains most, and what are the challenges?* on 2 May and *Middle East Outlook for 2019: how is the regional economic landscape evolving and how will this affect the deal pipeline and investor appetite?* on 12 November. They also ran *Rising to the challenge: how is Saudi business evolving to support the vision for a thriving economy?* on 17 September at The Saudi Standards, Metrology and Quality Organization (SASO) in Riyadh, Saudi Arabia.

## 6

**NEW GUIDANCE ON PREPARING PUBLISHED FORECASTS AND PROJECTIONS**

Draft new guidance for preparers of prospective financial information (PFI) was published for consultation. Certain general considerations are to apply in all cases of preparing PFI. Specific guidance is provided for preparing profit forecasts, working capital statements and synergy/cost-saving statements that are published in the context of a capital markets transaction. It is intended to publish final guidance towards the end of 2019, taking into account feedback received during the consultation period which closed on 30 April 2019.

## 7

**BUSINESS FINANCE GUIDE - RNIB**

The British Business Bank and ICAEW printed accessible versions of the hugely successful *Business Finance Guide* with the Royal National Institute of Blind People. The faculty also supported the Bank's launch of a Finance Hub.

## 8

**IMMERSE UK**

Shaun Beaney continued to chair the access to finance group of Immerse UK, a rapidly growing joint government/academia/business initiative and network. The faculty co-hosted with the Knowledge Transfer Network and Albion Capital a venture capital roundtable about investment in immersive technologies in London on 6 March. The faculty also participated in discussions about Innovate UK's plans to launch an investment accelerator as part of the 'Audience of the Future' sub-programme of the Industrial Strategy Challenge Fund.

## 9

**ICAEW/CISI DIPLOMA IN CORPORATE FINANCE**

The faculty continues to promote the Diploma and top students from the recent examinations were presented with awards at the faculty's Annual Reception. Prize winners for the Diploma in Corporate Finance were Peter Smith of Park Place Corporate Finance and Chris Collett of Angel Trains. Simon Boddie, Chief Financial Officer, and Judith Wettach, Head of M&A, at Coats Group plc were presented with ICAEW's Corporate Development Award by Andrew Rutherford, Commercial Director of Arbutnot Commercial Asset Based Lending.

**IMAGES****Top images**

Speaking at the Boosting Finance for the UK's Industrial Strategy conference at Chartered Accountants' Hall.

Alice Hu-Wagner of the British Business Bank.

Dr Anne Dobrée of Cambridge University Enterprise.

**Bottom images**

Peter Smith, Chris Collett, Rosanna Woods, Lord Smith of Kelvin KT CH, Judith Wettach, Simon Boddie, Andrew Rutherford, Mo Merali and David Petrie, at the Annual Reception, Goldsmiths Hall.

Guests at the Annual Reception.





## 2. Representation and public policy

### NATIONAL SECURITY & INVESTMENT REVIEW

The faculty, representing ICAEW and corporate finance more broadly, followed up its discussions with Whitehall, the Takeover Panel and member firms about the important proposals for national security and infrastructure investment by hosting a roundtable of senior officials from the Department for Business, Energy & Industrial Strategy and City advisers, investors and technologists on 3 October.

### BREXIT UPDATES

The faculty continued to contribute its expertise to ICAEW's preparations, information and guidance to business and advisers in response to Brexit, including via the online hub [icaew.com/brexit](https://icaew.com/brexit)

### DEVELOPING INDUSTRIAL STRATEGY

The faculty's extensive ongoing work to support the UK's Industrial Strategy – and highlight business and investment opportunities for ICAEW and faculty members included: the very successful and effective Innovation Investment conference, hosted at Chartered Accountants' Hall on 4 July; the publication of its research overview *Boosting Finance for the UK's Industrial Strategy*; the creation of an online resources hub [icaew.com/industrialstrategy](https://icaew.com/industrialstrategy); and work to support the £20m pioneer programme Next Generation Services, part of the Industrial Strategy Challenge Fund.

### PATIENT CAPITAL AND GROWTH FINANCE

The faculty participated in a Patient Capital Review roundtable about the valuation of IP, hosted jointly by the British Business Bank and the Intellectual Property Office; two policy roundtables hosted by the Federation of Small Businesses; as well as discussion panels about Innovate UK's new Innovation Loans programme.

### TAKEOVER PANEL

The faculty supported ICAEW's President in their capacity as member of the Takeover Panel. The faculty also participated in the annual conference on the City Code on Takeovers and Mergers, in London, in November where David Petrie presented on national security and investment proposals.

### LABOUR PARTY POLICY

Shaun Beaney was invited to join, on behalf of ICAEW, a Labour Party policy roundtable at the House of Commons on 15 October to discuss the creative industries in the context of broader industrial and regional policy. Three shadow ministers attended: Kevin Brennan MP (Shadow Secretary of State for Digital, Culture, Media and Sport); Bill Esterson MP (Shadow Minister, Business, Energy & Industrial Strategy); and Lord Kennedy of Southwark (Shadow Spokesperson, Housing, Communities and Local Government).

### CREATIVE INDUSTRIES AT 10 DOWNING STREET

The faculty was invited to join two meetings at 10 Downing Street to discuss investment in the creative industries with Jimmy McLoughlin, the Prime Minister's special adviser on business, and Niamh Mulholland, business engagement manager in the Prime Minister's Office. The meetings included several well-known creatives, tech entrepreneurs, investors and directors of cultural institutions. They were organised by Carolyn Dailey, founder of Creative Entrepreneurs.

### RSA AND THE UK'S CREATIVE POTENTIAL

The Royal Society of the Arts (RSA) and the government agency Innovate UK published *Unlocking the Creative Potential of 21st Century Industry*, which assessed the challenges and opportunities presented by design, new design applications and cross-sector dialogue about a design-led future. Shaun Beaney was acknowledged as a contributor to the report, having taken part in an expert roundtable at the RSA where he spoke about investment in design-based companies, venture capital and ICAEW's contribution to the UK Industrial Strategy.

### 3. Member communications and services

The Corporate Finance Faculty has continued to work closely with its board, its editorial panel and Progressive Content to develop *Corporate Financier* as one of the most respected publications in the industry. Cover stories in 2018 included:

#### THE WORLD IS A STAGE

C-suite executives and corporate M&A

#### TECH OVER CODE

Financial services firms innovating with fintech M&A

#### REPUTATION TO DIE FOR

Protecting brand value in an M&A process

#### HEART OF THE MATTER

Taking the pulse of innovation in transaction services

#### WAR AND PEACE

Hostile bids are back in the headlines

#### GOING THE DISTANCE

How private equity portfolio managers plan successful exits

#### GAME ON

Strategies and tactics of independent corporate finance advisers

#### LEADING FROM THE FRONT

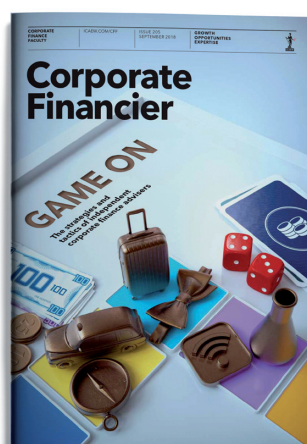
British businesses making acquisitions across the world

#### HANDLE WITH CARE

Corporate opportunities – and danger signs – in international debt markets

#### CLICK OR COLLECT

How M&A is helping to shape the future of UK retail



## 4. Technical leadership

The faculty's Technical Committee has responsibility for overseeing and contributing to the faculty's work on regulatory and technical matters in corporate finance. The committee reviews and comments on draft regulation and legislation which may impact the day-to-day work of faculty members. It also contributes to ICAEW responses concerning other subjects.

**Representations during 2018, where the faculty led or contributed to ICAEW's response:**

### ICAEW 136/18

Takeover Panel The UK's Withdrawal From The EU

### ICAEW 134/18

Takeover Panel Asset Valuations

### ICAEW 112/18

Wates Corporate Governance Principles For Large Private Companies

### ICAEW 119/18

DBEIS, National Security And Investment Review

### ICAEW 96/18

DWP, Protecting defined benefit pension schemes – a stronger pensions regulator

### ICAEW 85/18

Reform of limited partnerships law

### ICAEW 58/18

London Stock Exchange, Changes to the AIM Rules for Nominated Advisers

### ICAEW 52/18

HMT, EIS Knowledge-intensive funds

### ICAEW 42/18

Scottish Parliament's Economy, Jobs and Fair Work Committee's European Structural Investment Funds inquiry

### ICAEW 41/18

Treasury Committee's SME Finance inquiry

### ICAEW 35/18

DBEIS Committee's Small Business and Productivity inquiry

### ICAEW 28/18

EC, Building a proportionate regulatory environment to support SME listing

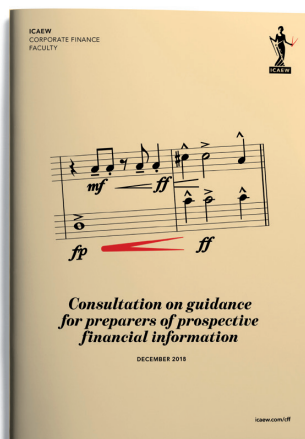
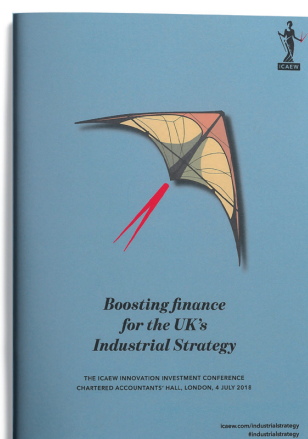
### ICAEW 13/18

London Stock Exchange, AIM Rules Review

### ICAEW 04/18

DBEIS, National Security and Infrastructure Investment Review

During 2018 a working group of the committee published draft new guidance for preparers of prospective financial information, with a consultation period ending 30 April 2019. Visit [icaew.com/pfi](https://www.icaew.com/pfi) to find out more.





# *Financial statement*

YEAR ENDED 31 DECEMBER 2018

	2018	2017 Restated*
	£'000	£'000
<b>INCOME</b>		
Faculty subscriptions	572	558
Miscellaneous income	20	23
<b>Total income</b>	<b>592</b>	<b>581</b>
<b>EXPENDITURE</b>		
Staff costs	344	337
Events, publications and marketing	320	328
Infrastructure, finance and administration	185	182
<b>Total expenditure</b>	<b>849</b>	<b>847</b>
Faculty activities funded by ICAEW	257	266
<b>NET POSITION FOR THE YEAR</b>	<b>0</b>	<b>0</b>

2017 results are restated to reflect adjustments in internal accounting policy. Defrayment of costs by ICAEW for faculty activities which benefit all ICAEW members is no longer separately calculated. The difference between income and expenditure is now shown as a cost to ICAEW.

# *Faculty board, committees and staff*

(AS AT 31 DECEMBER 2018)

## **FACULTY BOARD**

**Mo Merali**, Grant Thornton (Chair)  
**Jackie Bowie**, JCRA Rathbone Associates  
**Fenton Burgin**, Deloitte  
**Frank Carter**, KPMG  
**Lord Clement-Jones**, CBE, House of Lords  
**David Collins**, Dentons  
**Diane Craig**, RSM  
**Chris Hurley**, LDC  
**Chris Lowe**, EY  
**Keith Morgan**, British Business Bank  
**Jon Moulton**, Percitus Advisers  
**Philip Robert-Tissot**, Consultant  
**Maggie Rodriguez-Piza**, Funding London  
**Selina Sagayam**, Gibson Dunn  
**Chris Searle**, BDO  
**Duncan Skailes**, PwC  
**Steve Tudge**, ECI  
**Jane Vinson**, Business Growth Fund

## **TECHNICAL COMMITTEE**

**Chris Searle**, BDO (chair until February 2019)  
**Yvette Allen**, Deloitte (chair from February 2019)  
**Patrick Aylmer**, Fox Investments  
**David Cattermole**, KPMG  
**Catherine Clarke**, Business Growth Fund  
**Andrew Green**, RSM  
**Roger Gregory**, BDB Pitmans  
**Chris Jarvill**, EY  
**Katharine Johnson**, PwC  
**Tandeep Minhas**, Taylor Wessing  
**Susan Nyman**, Grant Thornton  
**Richard Thompson**, Cantor Fitzgerald

## **CORPORATE FINANCIER EDITORIAL PANEL**

**David Coffman**, Cairn Financial Advisers  
**Rebecca Guerin**, RSM  
**Selina Sagayam**, Gibson Dunn  
**Victoria Scott**, Albion Capital

## **CORPORATE FINANCE FACULTY STAFF**

**David Petrie**, Head of Corporate Finance, ICAEW  
**Shaun Beaney**, Manager, Corporate Finance Faculty  
**Katerina Joannou**, Manager, Capital Markets Policy  
**Marc Mullen**, Editor, *Corporate Financier* magazine  
**Grace Gayle**, Services Manager  
**Chrissie O'Connor**, Operations Manager



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