

Business and Trade Committee

Oral evidence: Financing the real economy, HC 1220

Tuesday 21 October 2025

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Members present: Liam Byrne (Chair); Antonia Bance; John Cooper; Alison Griffiths; Sonia Kumar; Charlie Maynard; Mr Joshua Reynolds.

Questions 84 - 97

Witnesses

- David Ward, Chief Financial Officer, GB Group plc;
- Dr Stephen Streater, R&D Director, Blackbird plc;
- James Ashton, Chief Executive Officer, Quoted Companies Alliance.

Examination of witnesses

Witnesses: David Ward, Dr Stephen Streater and James Ashton.

Q84 **Chair:** Welcome to this third panel in today's hearing on access to finance. This panel is focused on the dynamics of the AIM. Thank you very much indeed to our witnesses for joining us for this. James, perhaps you could kick us off and just give us a sense of how you think the AIM is doing today, how healthy is it compared with perhaps its heyday in years gone by?

James Ashton: AIM has marked its 30th anniversary this year. It is clear on the record that the numbers of companies are not what they were: it is at about a 20-year low. What I would say is we represent a whole number of companies with a range of different market sizes. Today there are still many success stories that are using and have used the market to tap that growth capital to grow and invest and are doing very well in all sorts of regional economies around the UK. There are also a number of companies that are having a tougher time; there is concern around costs and investor interest, particularly at the smaller end, and those are things that we try to help them with and campaign for.

Q85 **Chair:** Is it basically big enough to help those running valuations, for example, to put together the right kind of research resource that might allow for good price discovery on the AIM?

James Ashton: On the research side specifically, there has clearly been a lot less equity research around since the MiFID II changes. A number of those have been rolled back by the FCA in the last year or so, and the asset owners have not come forward. As we have shifted from cost to value for money, there is scope for that investment in research, but it has not come back yet. The Rachel Kent piece of work from two years ago really made the point that what is missing is the help, that storytelling, for those smaller companies. The main reason a small company takes on a second broker is to get a second source—a second analyst—that is looking at them and reporting on their numbers and so on. So there have been efforts to try to seed more equity research.

In other markets the Government or the stock exchange have actually stepped in; we are not there yet in the UK. But if the initial part of your question was: is there still the scale of AIM? Clearly there are fewer companies, but we have this great long tail of companies trading their shares in London that is the envy of Europe. There is a lot here that is unique—that most other markets do not really have.

Q86 **Chair:** Looking forward to the next five to 10 years, are you filled with optimism, or are you worried about some of the trends that you see?

James Ashton: In this job I have learned to be cautiously optimistic wherever possible. What has been great is that whether it is the last Government or this Government, there is still a great focus on capital market reform. There has been a lot done on the supply side, and now on



the demand side. Hopefully in this Budget we can see more that gets the capital flowing again. I have to hope that the IPO winter is ending, that things are better in the next few months, and then the regulatory changes will take effect.

Q87 Charlie Maynard: The QCA highlights a number of policy-based factors, saying that there have been issues such as ever-growing regulatory requirements and the significant surge in audit fees. What I really want to do is tick off, as you like, what you see as the biggest problems for AIM. It has not grown in terms of value in the last 20 years, which is a pretty horrible fact. What are the biggest problems and what are your favourite solutions?

David Ward: First, thank you for having me. I am CFO of GBG. GBG is a technology business; we do identity and address verification. We have been on AIM since 2010 and have pursued a buy-and-build strategy. By that I mean an organic strategy of building the business, coupled with an acquisition strategy to add extra complements or to move into overseas markets, and we have done that very successfully. We are now one of the larger companies on AIM, and we have recently announced that we are actually intending to move up to the main list of the stock exchange; so we are exiting AIM, as some other companies have.

The decision that we and our board took to be able to make that move was obviously multifaceted, as you would imagine. It was probably always a decision that we were going to have to take at some point because as companies get larger the pattern has historically been that they have moved to the main list. That generally opens up new pools of capital for investment, potentially from overseas, and there is a perception that the main list generally has a bit more interest from overseas.

But probably what advanced that debate at our board were some changes. There was a lot of uncertainty around tax incentives and tax relief for AIM in the run-up to the Budget just a year ago. On no-news flow, our share price saw a 15% decline in the couple of months running up to the Budget. That was quite an uncomfortable position and represented a risk for our board. So various things have changed.

I would also say, as James has referenced, there could be more uniformity between the listing rules of the main list and those required on AIM. There used to actually be an incremental benefit of being on AIM if you had an acquisition strategy. Some of those barriers are now less than they were before. A couple of different things changed in the last 12 months that have probably tipped the balance for us. You referenced a couple of things around cost, but I would not talk about those because actually we are a large business—we generate a revenue of nearly £300 million, and a profit of nearly £70 million. So the costs of maintaining investor confidence are just a necessity, and not something we see as a barrier to being on AIM.



Q88 **Charlie Maynard:** What needs to happen and what is the main problem?

James Ashton: There is the equilibrium of cost and benefit, but as David referred to, this might not be as relevant for him. There is no such thing as a typical AIM company—size, geography, industry—all life is here. We say that there is probably about £500,000 of cost extra to being public versus private, and a lot of that is down to audit. So there are things we would like to see there in terms of how the audit regime is reviewed. The PIE system has kind of skewed the market and that means that some auditors do not want to play with the smallest companies.

The key thing on the benefit side, though, is to get the capital flowing and there are a few areas there. Clearly we understand why the changes on business property relief were made but that does not mean that we agree with them. We think BPR has been a brilliant incentive over a number of years to bring what would otherwise be unproductive assets right behind entrepreneurs as they grow their companies. We would love it to be reversed. At the very least, we would like the Government to be able to say, "This is how it is going to be until the end of this Parliament"—or better still—"until 2035," like VCT and EIS. We would love to see the British Business Bank supporting public companies as it supports private. We would like to see changes to the ISA regime, and we think we have to back ourselves.

Q89 **Chair:** Just to be specific on the ISA question, is that focusing tax incentives on domestic investment through ISAs?

James Ashton: We should look back almost 40 years to how PEPs were constructed. This is a regime that is well understood; at the last count it was costing the state about £5.6 billion a year. I do not think we need to encourage the export of capital and building world-beating companies in other countries; this would be very well served and understood as a UK relief for UK investors supporting UK companies.

The final point is about VCT and EIS, which have been very popular; retail money goes there as well. The challenge is that the limits have not moved, so by next year, inflation adjusted, these really good schemes will probably be worth half as much as 10 years ago.

Q90 **Chair:** Can you give us a sense of what you think the threshold should move to? We had a couple of witnesses who mentioned this in earlier panels but we could not quite draw out of them precisely what they thought it should move up to. Do you have a view on that?

James Ashton: I would love to give you a crisp answer. We have stuff in our Budget submission, but that is not in front of me, I am afraid. It is about a review of a few different elements—the amount that can go in and the period of time over which that can be deployed.

Dr Streater: We are slightly unusual as an AIM company, even though AIM is quite unusual. As you probably know, I made a million times my money in my first company, which was a unicorn. When I left that



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company I used the money to part-fund starting up Blackbird plc, and the objective was to make the ultimate video platform for the internet.

At the time, the internet and the technology were obviously going to grow, and we were a technology company that had the technology from my previous company. That was a long-term investment; we had no idea how long. Obviously we think of a golden age of 20 years ago, but I had to go through a dozen brokers to find someone who would float us. Even though I lived in London and Eidos, my last company, was based in London, in the end I had to go to Glasgow to find an institutional broker, which was great. It would visit us only when it was in London anyway, but it floated us, and that was a very successful float. But even though it was an institutional broker it could not get a single institution to invest until a week later, when the shares had gone up 50 times. Then, suddenly, the shares were expensive enough for institutions to invest so we had a whole load of institutional investors, which was great because you want that patient capital as a small business.

When 9/11 happened, the investors all dumped their shares so our shares went right down because it is a small company—unusually we were quite liquid because we had quite a good news flow—then there was a complete absence of any money, basically. But because we had raised so much just selling in the market in and after the float, we had enough money for up to 20 years. That was quite lucky because the famine lasted for an indeterminate period of time. This is what it is like as a small company: you are a little boat on a sea and when the sea is calm it is great, then it is rough, then you get a period of years of capital markets closed, then it gets good again and everyone realises they should pile in.

At the moment I would say we are in the middle of a famine period for AIM. We have done dozens of share issues and we do no debt: it is entirely equity-funded. Historically most of the money is actually raised from institutions, and some is raised from things like the exercise of share options because, as there is no guaranteed investment money coming in and we want to preserve our cash, we give a lot of share options out.

We used to say, "Yes, and the first £12,000 of profit is tax-free," so that was a really big incentive for people to work for us. They work hard because their options go up only if they do well. Of course, the Government are now abolishing CGT allowances. I know it might be a question later, but it would be really good if share option profits, particularly for non-directors—employees—were tax-free, because it means that start-up businesses like us effectively still start up.

We are a research and development company so when we raise money we invest it: all our money goes into development. That means we make a loss because we are developing the next thing, the next thing, and the next thing. So although our original business is profitable now, we have a



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much bigger opportunity, which is the creator economy. In a couple of years, it will be a half a trillion dollar market, and through the huge businesses that we have sold to—such as the Olympic Games, the US State Department, major news companies around the world, major broadcasters—we are the only people in the world with the technology to make a really proper platform for the creator economy.

We went to our latest fundraising event earlier this year, and no institutions were interested. Maybe they have not heard of the creator economy; maybe they have not noticed that in 20 years we have had the biggest customers in the world—all the big sporting events, all the big broadcasters. It is private investors who finance us.

The really good things that have happened for us are no stamp duty in AIM shares, because they are the investment shares and every pound we pay in tax is a pound we are not spending on hyper-growth, and allowing AIM shares into ISAs. As a personal thing, although I have not actually sold any shares, there is also the entrepreneurs' tax relief. If I had not had to pay half my money in tax for my last company, maybe I would have a bit more to invest now. People who are entrepreneurs—we have entrepreneurs here—do not really do entrepreneurial thing so that they can retire; they do them because they are motivated to, and then they invest the money they make again.

There are some really good things that have happened, and some things that could still happen. We go to all the venture capital trusts, but they say, "No, you have to be profitable and paying dividends." That is not risk capital. You know from your previous session last week that risk is what people are afraid of. In our industry, which is video, the biggest production company in the world is the BBC, and it is the most risk-averse. Even after we got the 2012 Olympics through Google and NBC—the world's biggest sports rights holder—and it went swimmingly well, we went to the BBC for the 2016 Rio games, and it said no, it was impossible to do a system like ours, and it was going to have to send all its staff over to five-star hotels. This is this conservatism you get. I say the BBC, but it exists in the American equivalents as well—for example, AT&T. The Government and the public sector are all very anti-risk because you get criticised for making a mistake, and that is something that Government can change.

Q91 John Cooper: David, if I could come to you. You have talked us through your shift from AIM on to the main market, and you have done a good job of indicating the drivers behind that. I do not know whether you would agree that it felt almost like there was an inevitability about that. Looking ahead now to the storm-tossed waters of the public markets, what sort of role would you like to see them play as you continue to grow?

David Ward: Yes, there is inevitability at a certain scale, but it has probably come slightly earlier for us than I thought. I joined the business nearly five years ago. I thought it was probably a little further out, but as



I have already explained, some dynamics have changed and you have to constantly shift your view based on how the dynamics have moved. For us now, we still hold ourselves to a very high level of governance because we are one of the larger companies on AIM. That is expected of us whether we are on AIM or the main list of the stock exchange.

So as I say, the drive has changed, and that probably just tipped the balance slightly. I would say it was inevitable at some point, given our growth objectives, but it has probably come a bit sooner.

Q92 John Cooper: How do you expect it to go on those public markets? How do you think it will work out for you?

David Ward: I have been a CFO and part of an executive team on public markets for 15 years. Before my five years at GBG I was at a company called Aveva, another software business. I started there when it was similar in size to GBG now, and I was part of the team that grew that all the way to a FTSE 100 business, before it was eventually taken private by Schneider Electric. So I have seen the full journey of AIM companies and listed companies, all the way through to the FTSE 100.

I am a big supporter of public markets. The long-term capital that is available on public markets is a real asset and, in my view, is well worth the cost of maintaining that trust with public investors. So I am a big supporter.

As my panel colleagues have said, we are in a difficult time. The last four years have been particularly difficult. If I was going to point to one particular thing, it is the supply of capital side: there is just not the supply of capital. We have seen almost a consistent drain on equity funds over the last almost four years. That drain on those capitals has meant some unusual dynamics in public markets where some investors have had to make different portfolio choices, and that has meant a bit more volatility, and probably lower confidence in being a public company, which probably filters all the way down to the number of IPOs that we are seeing.

Q93 Chair: Can you give us a sense of why you think this is happening? For example, we have £2 trillion worth of pension investment, but a much smaller venture capital industry in this country than in, say, the United States. We are getting lots of stories about the lack of scale-up finance and now we are hearing some challenges around AIM. What is going on?

David Ward: I am probably not the most qualified to answer so it will be my opinion. I spend a lot of time speaking to our investors; this year alone I have met 150 investors, and it is a tricky time for them. They are seeing significant redemptions from their funds and those redemptions are probably a factor of higher interest rates, so there is a perceived risk-free return available that perhaps competes against the public market equities. You can compare that with the fact that there are incentives, as



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you say, but actually those incentives are not necessarily driving capital into public markets today.

- Q94 **Charlie Maynard:** Has AIM lost its focus on nurturing growing companies over time, and if so, how should that be resolved? I think we have covered most of that, would you agree?

David Ward: Yes, that is fair.

Dr Streater: Could I mention one point?

Chair: Yes, Stephen?

Dr Streater: The costs have crept up. I go to people who ask me, "How much did your float cost?" And I say, "Well, it was £50,000, £30,000 of which was all the lawyers and the brokers taking their fee in shares." Right now you will not get a float for anything like that. You probably have better figures for the price of a float.

- Q95 **Chair:** James, audit reform is something this Committee is quite interested in. You mentioned the costs of audit. Do you have a sense of how important audit reform is to help ensure AIM's future success?

James Ashton: The PIE regime—the public interest entity regime—is really quite out of kilter. This is not about AIM companies; this is about the smallest companies on the main market that can be counted as PIEs. Many large private companies such as Thames Water, which is one I always alight on, are not PIEs. There is a distinction there about the intensity of the audit, if you like. This regime was brought in in times of trouble, post Carillion I think, so there is real scope to change that.

With regard to where it sits at the moment, we have had such a focus on audit quality—the FRC has really stepped up on that—and we did a report in the last couple of years putting the focus on audit availability and affordability. There is a question about, "What price quality?"; the way that the regulator had been behaving and the way the PIE regime was structured meant that a number of parts of the market were not very well served by auditors. Rather than doing their job, the CFO was ringing around saying, "Would you like to pitch? We need a competitive tender here?" It is not the best way to start a relationship with a professional adviser when you almost think they are doing the company a favour.

- Q96 **Alison Griffiths:** On your point about the four-year timescale and interest rates, are you basically saying that it was four years prior, when interest rates started going up, that was the point at which investors started shifting capital, or was there another event?

David Ward: It is a multitude of factors that have contributed to investor appetite: interest rates is one, Brexit is another, and the perception that US companies are easier and more attractive to invest in—I add the word perception quite intentionally there. There are multiple factors around



why we have seen those redemptions into the funds that would normally be investing into UK public companies.

Dr Streater: One of our biggest shareholders said she was moving all her money to America—I am slightly simplifying, but basically she just sold all her shares. That pushed the price down and everyone was saying, “Well, if she’s moving, perhaps we should as well.” Confidence is a very fragile thing, and the Government can do a lot by being positive. Even just positive words in the Budget about supporting industry, with a couple of small cheap measures, would make a big difference so that people know that the Government have our back. Because if you are not careful you get into a death spiral of confidence.

Chair: Anything further, Alison?

Alison Griffiths: I sense James was about to chip in, and I would love to hear his thoughts.

James Ashton: It is always worth mentioning that the oxygen and the headlines are grabbed by companies such as AstraZeneca, what they are going to do next and so on. But more than half the companies that trade their shares in London are sub-\$100 million market cap, and that is two thirds on AIM.

Just to make this point, we have a glorious long tail of companies, but that has been shortening, and we really should put our shoulders to the wheel to think, “How do we get that capital back to those companies”—to Stephen’s point—“that are really reliant on not only institutional but retail support?” If he does not mind me saying, Stephen has more than 2,000 private investors, retail investors, in his company.

We can draw some points at which things changed back to Woodford six years ago when there was an unfortunate change in risk appetite, and it is fair to say that was underlined by some communications from the FCA. We would stress very strongly that low liquidity does not mean high risk.

Q97 **Alison Griffiths:** Going back to Stephen’s point about confidence and fragility, I am keen to hear your thoughts, but I often listen to—usually smaller—businesses expressing real concern about the business environment right now, and how hard it is for businesses with increased regulation, taxes and demands on them. I know we are talking about the public market, but I am keen to hear about the relationship between the two and how you see that playing out.

James Ashton: For our members, this is not about the public markets—it is not London, New York or Amsterdam—it is public or private. We used to have this thing called levelling up, did we not? We would like to level up listed and level up quoted. There are 14 times as many companies in PE and VC ownership compared with public, and to me that feels like an imbalance in the UK. How do we level that up a little? Can we make changes in the tax system? Can we write off equity fundraising costs, for



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example, in the same way that interest payments can be deducted from tax bills? If that was done, you would probably see more companies going public.

On this equalisation point, to go back to, say, Thames Water versus Severn Trent—it is out of my wheelhouse, if you like, but they are both in the FTSE 100—one is producing an absolute doorstopper of an annual report, and the other one is Thames Water. Even on AIM—the growth market—the average annual report is 42,000 words, which is longer than “The Lion, the Witch and the Wardrobe.” Why are we making great entrepreneurial companies produce so many words every year?

Chair: We are out of time, but thank you very much indeed, that has been a really useful and interesting panel. Thank you very much for your time and for your evidence today. It is much appreciated.