Reporting requirements for AIM Companies

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We at One Advisory understand that the corporate reporting landscape continues to become more complex, as stakeholder expectations on disclosure continue to evolve. At One Advisory, we work with many companies whose securities are admitted to trading on the AIM segment of the London Stock Exchange. While those companies are not subject to the full range of reporting requirements that their main market-listed counterparts are, there is still an extensive list of reporting requirements, many of which are only triggered upon companies reaching a certain size, either in terms of financial thresholds or number of UK employees.

At One Advisory, our purpose is to make our clients' lives easier. We work with our clients to help them to understand reporting requirements and to monitor when they might be approaching certain reporting thresholds. We set some of those out below – this is not a comprehensive list and there are nuances in terms of where the company might be positioned within a wider group structure, for example. If the company is part of a larger group in the UK, there may be exemptions to some of the below.

Corporate Governance Code

Under the AIM Rules, companies need to apply a chosen corporate governance code. Changes to the AIM Rules in 2018 meant that all AIM companies need to apply a corporate governance code – most commonly for AIM companies, the QCA Code – and explain any areas of non-compliance with that code. There have also been substantial changes to the QCA Code in 2023 and we are currently supporting many of our clients to understand the implications of those changes.

S172 statement

All UK public limited companies (plcs) listed on AIM are required, under the Companies Act 2006, to include a statement in their annual report describing how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006 – most commonly known as a "s172 Report". The aim of this disclosure is to demonstrate how Boards and companies identify their key stakeholders, engage with those stakeholder groups and take into account the view of stakeholders in their decision-making.

Statement of engagement with employees, suppliers, customers and others

For those with an average number of UK-based employees (group-wide) of more than 250, a statement on engagement with employees, suppliers, customers and others also needs to be captured in the directors' report, along with the company's policy regarding employment of disabled persons. In practice, for those clients caught by this requirement, we often see that disclosures on engagement with employees, suppliers and customers are cross-referenced to disclosures in the s172 report.

Gender pay gap

For those AIM companies registered in the UK with more than 250 UK employees, companies must report on difference in average gross hourly earnings between women and men, known as the 'gender pay gap'. The trigger is whether AIM companies have 250 or more UK-based employees as at 5 April of each year, with the deadline for reporting being 4 April in the following year. Companies and Boards should not underestimate the data collection requirements associated with accurately measuring the gender pay gap, so early preparation is advised.

Non-Financial and Sustainability Statement

For those AIM companies registered in the UK with more than 500 UK employees, companies are required to include a Non-Financial and Sustainability Statement (NFSI Statement), which includes a range of disclosures that are broadly aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Like gender pay gap reporting, reporting against TCFD requires significant preparation, including goal setting, scenario analysis and data capture.

Modern Slavery

For those AIM companies registered in the UK with greater than £36m revenue, such companies are obliged to produce a Modern Slavery Statement, which (broadly) sets out the company's assessment of the risks of modern slavery in the operations and supply chain of the reporting entity (and entities it owns or controls). The statement must also include information about actions taken to address those risks.

Streamlined Energy and Carbon Reporting and Payment Practices

Many of our clients are also, by virtue of their size, obliged to report against Streamlined Energy and Carbon Reporting (SECR) requirements, which broadly requires capture and disclosure of energy and carbon emissions; and against Payment Practices Reporting requirements, which is designed to inform stakeholders of a company's payment practices, including the speed with which businesses pay their suppliers. The thresholds for both of these requirements are met when the business is deemed to be a 'large company' for reporting purposes, i.e. when the company meets at least two of the below criteria:

A) £36m revenue for the previous reporting period;
B) >£18m balance sheet
C) More than 250 UK employees

As noted above, this is not a comprehensive list of reporting requirements but is a useful reminder that companies and boards should continually be monitoring their reporting requirements and reviewing whether they meet, or are likely to meet, reporting thresholds as they continue to mature and grow. We work with many boards to help them do just this. We would be delighted to discuss corporate reporting requirements and how these can be planned for and met with any companies either already on AIM or contemplating a listing.

If you would like to discuss any of the points discussed in this guide, please get in touch Paul Johnston at paul.johnstone@oneadvisory.london