

CORPORATE GOVERNANCE STATEMENT

Introduction

The Company is quoted on AIM, and in accordance with the AIM Rules for Companies (the “AIM Rules”), has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 for Smaller Companies. In accordance with the AIM Rules this will be adopted and implemented from September 2018, and a summary will be available on the Company’s website from that date.

The Company provides a summary of its current Corporate Governance Code compliance as guidance, as set out below:

The Board of directors

The Board’s role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the corporate and operational strategy and holds regular Board meetings to review planning, operational and financial performance. The Board is responsible for setting the Group’s values and standards and ensuring that its obligations to shareholders and others are met.

The Board comprises four members being the independent non-executive Chairman, two independent non-executive directors, and one executive director; the details of whom are outlined in the Director’s report. There is a clear division of responsibilities at the head of the Group through the separation of the positions of Chairman and the Chief Executive Officer.

The Board currently comprises:

SA Murray	Independent Non-executive Chairman
TM McConnachie	Chief Executive Officer
RA Williams	Independent Non-executive Director
E Carr	Independent Non-executive Director

The Board met five times during the financial year. Three formal Board meetings, one budget review meeting and one strategy meeting to review the current and future strategies to return value to the Shareholders.

Risk assessment

The Board undertakes on-going risk assessment to identify and consider major internal and external risks to the business model of the Group, including future performance, solvency and liquidity. Principal risks and uncertainties are detailed in the Directors’ report.

The Board also reviews the Group’s ability to continue as a going concern on a regular basis.

Internal controls

The effectiveness of the internal controls is overseen by the Board of directors and is operationally monitored by the management on various organisational levels. The Group’s financial control function is responsible for periodically testing the controls and overseeing the commitments entered into in connection with the operations of the Group.

The Group does not have a separate internal audit function to evaluate and test the operating procedures and processes relating to internal controls. The establishment of an internal audit function is considered by the Audit Committee and the Board of directors annually and is regularly discussed with the Group’s external auditors. The Board feel that the Group has developed to the point of requiring an internal audit function and has recently appointed an independent firm to assist in providing this function.

Shareholder relations

Management and the Chairman meet regularly with major shareholders to develop a balanced understanding of the issues and concerns of shareholders. The Chairman ensures that the views of shareholders are communicated to the Board as a whole.

The directors have established Audit, Remuneration and Nominations Committees. Board appointments, succession planning, Corporate Governance and sustainability issues are dealt with by the full Board of directors.

Audit Committee

The membership of the Audit Committee comprises Roger Williams (chairman) and Eileen Carr, both of whom are qualified accountants. The Audit Committee invites representatives of the external auditor as well as management to all committee meetings. The Audit Committee is satisfied that the Group’s auditors are independent.