

## Insights

# LONDON STOCK EXCHANGE – AIM COMPANY PUBLIC CENSURE AND FINE

10 August 2020

## SUMMARY

The London Stock Exchange ('LSE') has agreed a public censure and fine of £300,000 with Yü Group plc for breach of Rules 10 and 31 of the AIM Rules for Companies which occurred when the company disclosed inaccurate financial information to the market as a result of ineffective financial reporting systems and controls. However, given the uncertainties and potential financial challenges from the impact of the COVID-19 pandemic, the LSE has agreed to waive the fine.

## Facts

During the course of the first half of its financial year to 31 December 2018, Yü Group plc (the 'company') made a number of forecasts in its notifications that its full year profits before tax would exceed market expectations. The company subsequently identified errors in its previous management information and realised that it was likely to make a significant loss.

The company released a trading statement confirming that there was likely to be a £10 million negative adjustment in pre-tax profitability resulting in a significant decrease in the price of its AIM securities. The company's internal review identified a number of weaknesses in its financial control environment.

The company was found in breach of:

- AIM Rule 31 by failing to ensure that it had in place sufficient procedures, resources and controls to comply with the AIM Rules; and
- AIM Rule 10 for disclosing inaccurate information.

The LSE has taken this opportunity to remind issuers of the fundamental importance for AIM companies to maintain effective controls to enable compliance with the AIM Rules, on a continuous basis.

The level of fine of £300,000 reflects the company's approach in promptly updating the market when the matter had been identified, its full co-operation with the LSE's investigation and the subsequent remedial action undertaken by the Company.

#### AIM Disciplinary Notice – AD23

## RELATED CAPABILITIES

- M&A & Corporate Finance
- Securities & Corporate Governance

## MEET THE TEAM



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