

Chapter 6

Additional requirements for
premium listing (commercial
company)

6.3 Revenue earning track record requirement

6.3.1 **R** The historical financial information required under ■ LR 6.2.1R and ■ LR 6.2.3R must:

demonstrate that the *applicant* has a revenue earning track record;
and

put prospective investors in a position to make an informed
assessment of the business for which *admission* is sought.

6.3.2 **G**

(1) The purpose of ■ LR 6.2.1R(2), ■ LR 6.2.3R, and ■ LR 6.3.1R is to ensure that the *applicant* has representative financial information throughout the period required by ■ LR 6.2.1R(1) and ■ LR 6.2.3R and to assist prospective investors to make a reasonable assessment of what the future prospects of the *applicant's* business might be. Investors are then able to consider the *applicant's* historical financial information in light of its particular competitive advantages, the outlook for the sector in which it operates and the general macro economic climate.

(2) The *FCA* may consider that an *applicant* does not have representative historical financial information and that its *equity shares* are not eligible for a *premium listing* if a significant part or all of the *applicant's* business has one or more of the following characteristics:

- (a) a business strategy that places significant emphasis on the development or marketing of products or services which have not formed a significant part of the *applicant's* historical financial information;
- (b) the value of the business on *admission* will be determined, to a significant degree, by reference to future developments rather than past performance;
- (c) the relationship between the value of the business and its revenue or profit-earning record is significantly different from those of similar companies in the same sector;
- (d) there is no record of consistent revenue, cash flow or profit growth throughout the period of the historical financial information;

- (e) the *applicant's* business has undergone a significant change in its scale of operations during the period of the historical financial information or is due to do so before or after *admission*;
- (f) it has significant levels of research and development expenditure or significant levels of capital expenditure.