



**The Quoted
Companies Alliance**

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The International Accounting Standards Board
30 Cannon Street
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commentletters@ifrs.org

30 June 2011

Dear Sirs,

Draft FAQ 2011/3: IFRS for SMEs Section 1, Issue 3 – Interpretation of ‘traded in a public market’

INTRODUCTION

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation working for small and mid-cap quoted companies. Their individual market capitalisations tend to be below £500m.

The QCA is a founder member of European**Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The QCA Financial Reporting Committee has examined your proposals and advised on this response. A list of committee members is at Appendix A. We have also enclosed our Corporate Reporting Charter in Appendix B.

RESPONSE

We welcome the opportunity to respond to this draft Q&A. We wish to make two general comments.

Firstly, we do not consider that there should be such a wide definition as to what constitutes a public market. We believe the definition should not extend to exchange regulated markets, such as the AIM in the UK.

Under EU accounting regulations, only companies on regulated markets are required use full IFRS. As such, we would not like to see this guidance (IFRS for SMEs FAQs) going beyond what is required in European law. We believe that flexibility should be maintained for the local regulator of these markets and accounting regulators to be able to choose which accounting standards are appropriate for the companies on those markets.

More fundamentally, we do not consider that a comprehensive case has been made as to why the IFRS for SMEs standard is not appropriate for use by publicly accountable entities or companies with a listing on a public market. It is not clear in what way the information provided does not meet the needs of users and investors of listed companies and, in particular, those of users of smaller listed companies.

It is our view that full IFRS presents a great deal of complexity for smaller quoted companies. We believe that it would be more appropriate for smaller quoted companies (both on regulated and exchange regulated markets) to be able to use a more proportionate form of IFRS, such as IFRS for SMEs, which could lead to more meaningful accounts for investors/users and less administrative burden for these preparers.

We would call on the IASB to clearly outline why the IFRS for SMEs is not suitable for publicly accountable entities, especially smaller quoted companies, and explore whether or not the IFRS for SMEs standard would satisfy users of these accounts.

If you would like to discuss our response further, please do not hesitate to contact us.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'TW', is positioned above the printed name and title.

Tim Ward
Chief Executive