



The Quoted
Companies Alliance

Press Release

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Quoted Companies Alliance urges ASB to reconsider UK financial reporting changes

The Quoted Companies Alliance, the representative body for the UK's small and mid-cap quoted company sector, has urged the UK Accounting Standards Board (ASB) to not gold-plate company law and to revise the timeframe for restructuring the UK's accounting framework. This is in response to the ASB's most recent consultation and exposure draft ('FRED: The Future of Financial Reporting').

In its response, the Quoted Companies Alliance welcomes elements of the ASB's proposals put forward to address the increasing complexity of UK accounting standards. But, it highlights its concerns with the three-tier reporting framework, in particular the categories of companies that would have to use full International Financial Reporting Standards (IFRS).

The proposed definition of 'publicly accountable' would require companies on AIM and PLUS-quoted to use full IFRS, which exceeds the already stringent EU accounting regulations. The response notes that the ASB should consider allowing AIM and PLUS-quoted companies the option to use the new Financial Reporting Standard for Medium Sized Entities (FRSME), as it would be less complex and be more appropriate than full IFRS, given the size of these companies. The Quoted Companies Alliance is also encouraging the London Stock Exchange to move in a similar direction for AIM companies.

The Quoted Companies Alliance also stresses the need for further amendments to the FRSME. It emphasises that the development and implementation of the new accounting framework should not be rushed. The Quoted Companies Alliance's response requests that the timing of the changes should be pushed back to ensure that they pass a robust cost/benefit test for companies, especially for smaller quoted companies, and that they meet the needs of all users.

Anthony Carey, Chairman of the Quoted Companies Alliance Financial Reporting Committee and Partner at Mazars LLP, comments: "This is a great opportunity for the ASB to review, rebalance and refocus the contents of financial statements to make them more in line with how they are actually used in practice. The ASB has a unique opportunity to thoroughly update the accounting



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framework and should take the time to get the right long-term solution, rather needlessly rushing it. In the current environment, companies should be focusing on running their businesses and growing, not a time consuming change to how they prepare their accounts.”

Tim Ward, Quoted Companies Alliance Chief Executive, said: “Under the current proposals, many more companies will be dragged into using full IFRS, which is continually cited as being overly complex from both a preparer’s and user’s perspective. We would like to see the ASB leading the way on developing proportionate accounting standards for companies rather than gold-plating EU regulations.”

The Quoted Companies Alliance’s full response is available at:

<http://www.theqca.com/about-us/responses/44071/qca-response-to-asband39s-the-future-of-financial-reporting-exposure-draft.html>

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Notes to editors:

The Quoted Companies Alliance represents the UK’s small and mid-cap quoted companies. This sector is defined as those 2,000 companies that are quoted in the UK outside of the FTSE 350. The Quoted Companies Alliance promotes the interests and views of its members to Government, Europe, regulators and other professional bodies, educates its members on best practices and provides a vital forum for networking. Celebrating 19 years in 2011, the Quoted Companies Alliance forms its views through highly focused committees and working groups, made up of directors and professional advisors from across the small and mid-cap quoted company sector. For more information, please visit: www.theqca.com