

Financial Reporting Council
5th Floor, Aldwych House
71-91 Aldwych
London WC2B 4HN

plan@frc.org.uk

6 March 2014

Dear Sirs,

Financial Reporting Council Draft Plan & Budget and Levy Proposals 2014/15

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

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

The Quoted Companies Alliance Corporate Governance and Financial Reporting Expert Groups have examined your proposals and advised on this response. A list of members of the Expert Groups is at Appendix A.

Response

We welcome the opportunity to respond to the Financial Reporting Council (FRC) Draft Plan and Budget 2014/2015.

Concerning the Draft Budget 2014/15 Section 2 on the Proposed Priorities for 2014/15, we note the bullet point on page 9:

Initiate a project aimed at achieving over a three year period, a step change in the quality of reporting of smaller listed and AIM quoted companies. The FRC will target improvements by these companies in order to underpin confidence in the quality of reporting in the market as a whole

We support your initiative to improve the quality of reporting amongst smaller listed and AIM companies and we look forward to working with you and within our membership to achieve this. We recently published the QCA/UHY Hacker Young Corporate Governance Behaviour Review¹, which benchmarked the governance disclosures of a sample of 100 small and mid-size quoted companies against the Quoted

¹ Available at:

http://www.theqca.com/article_assets/articledir_166/83407/QCAUHYCorporateGovReview_FINALemailversion.pdf

Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies. This review shows that the level of disclosure amongst these companies varies greatly.

However, we believe that the FRC should not approach this issue as an enforcement activity. The FRC should work with companies on this issue by identifying and informing them of what reporting problems exist and provide suggestions for improvement. It is crucial that the FRC understands the challenges faced by small and mid-size quoted companies, especially in terms of the limited resource available to these companies to produce their annual reports and accounts. We would be happy to work with the FRC on this project.

If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'TW', is positioned above the typed name of the signatory.

Tim Ward
Chief Executive

Quoted Companies Alliance Corporate Governance Expert Group

Edward Craft (Chairman)	Wedlake Bell LLP
Colin Jones (Deputy Chairman)	UHY Hacker Young
Victoria Barron	Hermes Equity Ownership Services
Edward Beale	Western Selection Plc
Rob Burdett	FIT Remuneration Consultants
Anthony Carey	Mazars LLP
Jo Chattle/Julie Keefe	Norton Rose Fulbright LLP
Richie Clark	Fox Williams LLP
Louis Cooper	Crowe Clark Whitehill LLP
Madeleine Cordes	TMF Corporate Secretarial Services Ltd
Kate Elsdon	PricewaterhouseCoopers LLP
David Firth	Penna Consulting PLC
Peter Fitzwilliam	The Mission Marketing Group PLC
David Fuller	CLS Holdings PLC
Nick Gibbon	DAC Beachcroft LLP
Nick Graves	Burges Salmon
Andrew Hobbs	EY
Alexandra Hockenhull	Xchanging plc
David Isherwood	BDO LLP
Nick Janmohamed	Speechly Bircham LLP
Dalia Joseph	Oriel Securities Limited
Claire Noyce	Hybridan LLP
Gabriella Olson-Welsh	McguireWoods
Anita Skipper	Aviva Investors
Julie Stanbrook	Hogan Lovells International LLP
Nicholas Stretch	CMS Cameron McKenna LLP
Peter Swabey	ICSA
Eugenia Unanyants-Jackson	F&C Investments
Melanie Wadsworth	Faegre Baker Daniels LLP
Cliff Weight	MM & K Limited

Quoted Companies Alliance Financial Reporting Expert Group

Matthew Stallabrass (Chairman)	Crowe Clark Whitehill LLP
Joseph Archer	Crowe Clark Whitehill LLP
Edward Beale	Western Selection Plc
Anthony Carey	Mazars LLP
Ian Davies	Vislink PLC
Jack Easton	UHY Hacker Young
Bill Farren	Deloitte LLP
David Gray	DHG Management
Matthew Howells	Smith & Williamson Limited
Andy Ka/Chris Smith	Grant Thornton UK LLP
Shalini Kashyap	EY
Niraj Patel	Saffery Champness
Nigel Smethers	One Media IP Group plc
Ian Smith	Deloitte LLP
Paul Watts/Nick Winters/ Jonathan Lowe	Baker Tilly