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25 November 2013

Dear Sirs,

ICAS: Balanced and Reasonable – A discussion paper on the provision of positive assurance on management commentary

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 EuropeanIssuers, which represents over 9,000 quoted companies in fourteen European countries.

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

Response

We welcome the opportunity to respond to this discussion paper. From reading the discussion paper, we are unsure whether there is demand for this new level of assurance. We believe that ICAS should properly explore the demand for this from investors before it seeks to develop its project further. When considering the demand from investors ICAS should also consider the risk that assuring the narrative reports will increase boiler plate wording and thereby reduce the reports usefulness as a key communication tool between directors and shareholders.

Furthermore, we believe that any outcome of this project should be more tied into the existing reporting framework (i.e. two tier as opposed to three tier). We do not believe that introducing a new system of 'High', 'Medium' and 'Low' assurance is necessarily helpful.

Lastly, we believe that any assurance on the management commentary should be voluntary. We have concerns that mandatory assurance could lead to additional costs to companies (ie through additional audit fees), which may not be fully justified unless there is sufficient demand for it from a company's key investors.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies.

ICAS
Balanced and Reasonable Discussion Paper
25 November 2013
Page 2

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

Yours sincerely,

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

Tim Ward
Chief Executive

Quoted Companies Alliance Financial Reporting Expert Group

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