



Quoted Companies Alliance

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Department for Business, Energy and Industrial Strategy
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Dear BEIS Colleagues,

Payment and Cashflow Review: The Reporting on Payment Practices and Performance Regulations 2017 and the Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017 Government Consultation

We welcome the opportunity to respond to your consultation: Payment and Cashflow Review.

The Quoted Companies Alliance *Accounting, Auditing and Financial Report Expert Group* has examined the proposals and advised on this response from the viewpoint of small and mid-sized quoted companies. A list of Expert Group members can be found in Appendix A.

We have produced a shorter, more limited response instead of answering each of the questions posed in the consultation. In general, we agree that the regulations should be extended beyond the April 2024 deadline.

However, we are concerned principally by the impact that the regulations will have on the length of annual reports. We also raise possible issues around the duplication of IASB disclosure requirements and the use of supplier discounts in supplier finance arrangements.

Length of annual reports

We question whether the Directors' Report is the appropriate vehicle for which these disclosures should be placed. This will result in further lengthening the annual report and risks exacerbating what is already a significant burden for small and mid-sized quoted companies. In our research report into the increasing size of annual reports for quoted companies, we found that between 2016/17-2021/2022 the average annual report had grown in word length by 46% and now runs to 95,000 words and 173 pages¹.

Lengthening annual reports result not only in higher costs and stretched timeframes for companies, but also in opportunity costs with more time and resources being diverted away from growing the business. For

¹ The Quoted Companies Alliance. *The Annual Reports and Accounts: A never ending story.* (2023). p.4.

investors, the increasing length of annual reports reduces the ease of understanding of reports, hinders comparability, and renders decision-making a more complex and time-consuming process².

We consider that the stated policy objectives can equally be achieved without increasing disclosures made in the annual report. One suggestion we urge the Department to consider is to require companies to place their disclosures on their website where they will be readily accessible. As such, a company could instead be required to refer the reader of the report to their website where the relevant information is displayed.

IASB Disclosure Requirements

The IASB will be issuing new disclosure requirements regarding an entity's use of supply chain finance in response to its Exposure Draft³ published last year. We highlight this to ensure that there is no duplication of information in both notes to the accounts and the front-end regarding disclosures outlined by the Regulations and those contained in the IASB's upcoming disclosure requirements around supply chain finance.

Supplier finance arrangements

On this issue, we understand that some companies make use of supplier finance arrangements to enable them to take advantage of supplier discounts, that is, the discount received being greater than the interest charged by the finance provider. In instances such as these, we question the benefit of requiring a company to use the date of eventual payment to the finance provider as the date on which the supplier was paid.

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

Yours sincerely,



James Ashton
Chief Executive

² Ibid. p.10.

³ IASB. *Supplier Finance Arrangements Proposed amendments to IAS 7 and IFRS 7*. (2022).

Appendix A

The Quoted Companies Alliance *Accounting, Auditing and Financial Reporting Expert Group*

Rochelle Duffy (Chair)	PKF Littlejohn LLP
Tom Stock (Deputy Chair)	Haysmacintyre
Richard Amos	Skillcast Group PLC
Edward Beale	Western Selection PLC
Matthew Brazier	Invesco Asset Management Limited
Simon Cooper	KPMG LLP
Anna Hicks	Saffery Champness LLP
Mark Hodgkins	Trackwise Designs PLC
Michael Hunt	ReNeuron Group PLC
Clive Lovett	Kinovo PLC
Sandra McGowan	BDO LLP
Giles Mullins	Grant Thornton UK LLP
James Nayler	Mazars LLP
Matthew Stallabross	Crowe UK LLP

The Quoted Companies Alliance champions the UK's community of 1000+ small and mid-sized publicly traded businesses and the firms that advise them.

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