



Quoted Companies Alliance

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Monday 27 September 2021

Dear IASB colleagues,

**Third Agenda Consultation**

We welcome the opportunity to respond to your Third Agenda Consultation.

The Quoted Companies Alliance *Accounting, Auditing and Financial Reporting 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.

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

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Tim Ward".

Tim Ward  
Chief Executive

## Strategic direction and balance of the Board's activities

**Q1 Paragraphs 14–18 and Table 1 provide an overview of the Board's main activities and the current level of focus for each activity. We would like your feedback on the overall balance of our main activities.**

- a) Should the Board increase, leave unchanged or decrease its current level of focus for each main activity? Why or why not? You can also specify the types of work within each main activity that the Board should increase or decrease, including your reasons for such changes.**

Overall, the QCA agrees that the allocation of resources across the IASB's different activity areas is broadly appropriate.

- b) Should the Board undertake any other activities within the current scope of its work?**

The QCA has the following comments:

- We believe cryptocurrencies and related transactions should have greater prominence within the current scope of the Board's work. The fast-paced innovation and the pervasive nature of cryptocurrencies requires greater attention from the Board, particularly as they are relevant to a number of standards. Other financial regulators are beginning to take a deeper interest in this area and the IASB should do the same. As a preliminary step, the IASB could look to issue application guidance.
- In relation to Government grants, it could be argued that whilst the standard is old and in need of updating, this should be a longer-term project.
- Additional resources should be allocated to digital reporting. Doing so will provide some future proofing for the Board's work as it is highly likely digital reporting will increase in prevalence. However, the IASB must take into consideration the rate of pace of change in this field and consider whether it is likely whether a project would be outdated by the time it is completed. A nimble approach to this fast-changing area would be of the most benefit.

## Criteria for assessing the priority of financial reporting issues that could be added to the Board's work plan

**Q2 Paragraph 21 discusses the criteria the Board proposes to continue using when assessing the priority of financial reporting issues that could be added to its work plan.**

- a) Do you think the Board has identified the right criteria to use? Why or why not?**

Broadly, the QCA agrees with the criteria that the Board has identified. However, we believe that they need to be made more appropriate and understandable for a wider group of stakeholders as opposed to just experts.

- b) Should the Board consider any other criteria? If so, what additional criteria should be considered and why?**

The QCA believes that the IASB should consider:

- Creating an additional criterion to evaluate inconsistencies in application.

- Adding a further criterion to assess the expected relevance of a project when it reaches its implementation stage in the future. This would help to prevent and mitigate projects of limited long-term importance taking up the IASB's time.
- More accurately reflecting all stakeholders appropriately. The criteria should represent the viewpoints of companies, investors and users.

#### **Financial reporting issues that could be added to the Board's work plan**

**Q3 Paragraphs 24–28 provide an overview of financial reporting issues that could be added to the Board's work plan.**

- a) What priority would you give each of the potential projects described in Appendix B—high, medium or low—considering the Board's capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28)? If you have no opinion, please say so. Please provide information that explains your prioritisation and whether your prioritisation refers to all or only some aspects of the potential projects. The Board is particularly interested in explanations for potential projects that you rate a high or low priority.**

The QCA believes that climate-related risks, intangible assets (including cryptocurrencies and related transactions), and the statement of cash flows should be high priority for the IASB, as many of these involve multiple standards.

We believe that Government grants should be low priority.

- b) Should the Board add any financial reporting issues not described in Appendix B to its work plan for 2022 to 2026? You can suggest as many issues as you consider necessary taking into consideration the Board's capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28). To help the Board analyse the feedback, when possible, please explain:**
- i. the nature of the issue; and**
  - ii. why you think the issue is important.**

We have no comments.

#### **Other comments**

**Q4 Do you have any other comments on the Board's activities and work plan? Appendix A provides a summary of the Board's current work plan.**

We have no comments.

**Appendix A**

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

Rochelle Duffy (Chair)	PKF Littlejohn LLP
Elisa Noble (Deputy Chair)	BDO LLP
Edward Beale	Western Selection PLC
Matthew Brazier	Invesco Asset Management Limited
Anna Hicks	Saffery Champness LLP
Mark Hodgkins	Trackwise Designs PLC
Matthew Howells	Smith & Williamson LLP
Michael Hunt	ReNeuron Group PLC
Clive Lovett	Bilby PLC
Laura Mott	Haysmacintyre
Giles Mullins	Grant Thornton UK LLP
James Nayler	Mazars LLP
Matthew Stallabrass	Crowe UK LLP
Helena Watson	KPMG LLP
Peter Westaway	Deloitte LLP