



Quoted Companies Alliance

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Thursday 31 October 2024

Dear FRC colleagues,

**Discussion Paper: Opportunities for the future of digital reporting**

We welcome the opportunity to respond to your discussion paper on Opportunities for the future of digital reporting.

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.

Instead of responding to each question contained in the discussion paper, we provide our overarching views on some of the consultation's proposals below.

Our principal concern with the future direction of digital reporting is that, once a roadmap for reform has been set out, it is implemented proportionately. This could be achieved by phasing in any new digital reporting requirements, with larger companies implementing any changes at an earlier stage of at least one year prior to adoption by their smaller counterparts. This should contribute to any cost implications for small and mid-cap companies<sup>1</sup> being reduced as any possible adoption issues are addressed in the initial phase, and these companies are given more time to prepare for the changes.

While there are benefits to be accrued in improving comparability and the accessibility of reported data, particularly for attracting international investors, we have concerns around the potential cost and resource implications of submitting ARAs for smaller companies if the tagging of sustainability disclosures becomes mandatory.

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<sup>1</sup> For example, 80% of companies on the Main Market and AIM have a market capitalisation of less than £1 billion, which is considered by most definitions to be small and mid-cap. Source: LSE (2024): [Main Market Factsheet September 2024](#) and [AIM Factsheet September 2024](#)

If this does occur, it is likely that the mandatory disclosure and tagging of sustainability reporting would require the adoption of some form of 'disclosure management system'. However, this could incur a significant cost for smaller companies, at least in the short term. Ensuring that this transition is not cost prohibitive for small and mid-cap companies is essential for any future adoption.

Finally, it is likely that the future of digital reporting will be determined by developments in Artificial Intelligence (AI). Current developments in AI suggest that, in time, the XBRL landscape of reporting may become obsolete. As such, the FRC needs to consider the future implications of AI on digital reporting. The adoption of AI-powered disclosure management systems may offer a potential solution to this problem and make the process of digital reporting and tagging less burdensome for companies in the longer-term.

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 that reads "James Ashton."

James Ashton  
Chief Executive

**Appendix A**

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

<b>Rochelle Duffy (Chair)</b>	<b>PKF Littlejohn LLP</b>
<b>Tom Stock (Deputy Chair)</b>	<b>Haysmacintyre</b>
Edward Beale	Western Selection PLC
Matthew Brazier	Invesco Asset Management Limited
Simon Cooper	KPMG LLP
Anna Hicks	Saffery Champness LLP
Mark Hodgkins	Ensilica
Clive Lovett	Kinovo PLC
Sandra McGowan	BDO LLP
Jennifer Ilsley	Grant Thornton UK LLP
James Nayler	Mazars LLP
Mathew Stallabross	Crowe UK LLP