



**The Quoted
Companies Alliance**

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Mark Jackson
Business Environment
Department for Business, Innovation and Skills
1 Victoria Street
London, SW1H 0ET

narrativereporting@bis.gsi.gov.uk

28 November 2011

Dear Mr Jackson,

BIS – The Future of Narrative Reporting – Consulting on a new reporting framework

INTRODUCTION

The Quoted Companies Alliance is a not-for-profit membership organisation working for small and mid-cap 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 Committees have examined your proposals and advised on this response. A list of committee members is at Appendix A.

RESPONSE

We welcome the opportunity to respond to this consultation. While we support the proposals for the new narrative reporting framework, we have some reservations.

Firstly, we do not want to see the new approach becoming overly prescriptive, as we are concerned that this may lead to more boilerplate disclosure and less useful reporting. We have indicated in our responses to the specific consultation questions where we believe that there may be too much prescription.

Directors must be charged and challenged to “tell their story” in their own words and to deliver the information their shareholders want. The proposed reporting framework must allow directors to report in a non-prescriptive way, so that investors can decide for themselves and use the means of presentation in the Strategic and Annual Directors’ Report to understand the board’s thinking and attitude towards corporate governance.

Secondly, we are concerned that a number of the proposals have been drawn up because of activities that have occurred in some of the largest companies in the UK, especially those within the financial sector.

As a result, we are concerned about ‘regulatory creep’ and that some of proposals, especially surrounding remuneration disclosure, may result in an increased burden on small and mid-cap quoted companies. We would argue that a proportionate approach must be adopted for small and mid-cap quoted companies so that these companies can grow and create employment, which is necessary for the UK’s economic recovery.

If you would like to discuss this in more detail, we would be pleased to attend a meeting.

A founder member of European **Issuers**

A company limited by
guarantee registered in
England
Reg No: 4025281

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'TW' followed by a long horizontal stroke.

Tim Ward
Chief Executive

The Quoted Companies Alliance Corporate Governance Committee

Tim Goodman (Chairman)	Hermes Equity Ownership Services
Edward Beale	Western Selection plc
Tim Bird	Wedlake Bell LLP
Dan Burns	McguireWoods
Nigel Burton	C/O Petrosaudi Oil Services
Anthony Carey	Mazars LLP
Louis Cooper	Crowe Clark Whitehall
Madeleine Cordes	Capita Registrars Ltd
Edward Craft	Wedlake Bell LLP
Kate Elsdon	PricewaterhouseCoopers LLP
Nicola Evans	Hogan Lovells International LLP
Clive Garston	DAC Beachcroft
Tim Goodman	Hybridan LLP
Nick Graves	Burges Salmon
David Isherwood	BDO LLP
Eugenia Jackson	F&C Asset Management plc
Colin Jones	UHY Hacker Young
Dalia Joseph	Oriel Securities Limited
Derek Marsh	China Food Company PLC
Georgina Marshall	Aviva Invesotrs
Claire Noyce	Hybridan LLP
James Parkes	CMS Cameron Mckenna
Melanie Wadsworth	Faegre & Benson LLP
Cliff Weight	MM & K Limited
Kate Jalbert	Quoted Companies Alliance
Jacques Sultan	Quoted Companies Alliance
Tim Ward	Quoted Companies Alliance

The Quoted Companies Alliance Financial Reporting Committee

Anthony Carey (Chairman)	Mazars LLP
Anthony Appleton	PKF (UK) LLP
Nigel Bostock	Crowe Clark Whitehall
Peter Chidgey	BDO LLP
Ian Davies	Victoria PLC
Jack Easton	UHY Hacker Young
Bill Farren	Deloitte LLP
Jonathan Ford	PricewaterhouseCoopers LLP
David Gray	DHG Management
Shalini Kashyap	Ernst & Young LLP
Nicole Kissun	PKF (UK) LLP
James Lole	RSM Tenon Group PLC
Jonathan Lowe	Baker Tilly
Kern Roberts	Smith & Williamson Ltd
Nigel Smethers	One Media Publishing
Chris Smith	Grant Thornton UK LLP
Ian Smith	Deloitte LLP
Matthew Stallabross	Crowe Clark Whitehall
Paul Watts	Baker Tilly
Nick Winters	RSM Tenon Group PLC
Kate Jalbert	Quoted Companies Alliance
Jacques Sultan	Quoted Companies Alliance
Tim Ward	Quoted Companies Alliance

THE QUOTED COMPANIES ALLIANCE (QCA)

A not-for-profit organisation funded by its membership, the Quoted Companies Alliance represents the interests of small and mid-cap quoted companies, their advisors and investors. It was founded in 1992, originally known as CISCO.

The Quoted Companies Alliance is governed by an elected Executive Committee, and undertakes its work through a number of highly focussed, multi-disciplinary committees and working groups of members who concentrate on specific areas of concern, in particular:

- taxation
- legislation affecting small and mid-cap quoted companies
- corporate governance
- employee share schemes
- trading, settlement and custody of shares
- structure and regulation of stock markets for small and mid-cap quoted companies;
- political liaison – briefing and influencing Westminster and Whitehall, the City and Brussels
- accounting standards proposals from various standard-setters

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Quoted Companies Alliance's Aims and Objectives

The Quoted Companies Alliance works for small and mid-cap quoted companies in the United Kingdom and Europe to promote and maintain vibrant, healthy and liquid capital markets. Its principal objectives are:

Lobbying the Government, Brussels and other regulators to reduce the costing and time consuming burden of regulation, which falls disproportionately on smaller quoted companies

Promoting the smaller quoted company sector and taking steps to increase investor interest and improve shareholder liquidity for companies in it.

Educating companies in the sector about best practice in areas such as corporate governance and investor relations.

Providing a forum for small and mid-cap quoted company directors to network and discuss solutions to topical issues with their peer group, sector professionals and influential City figures.

Small and mid-cap quoted companies' contribute considerably to the UK economy:

- There are approximately 2,000 small and mid-cap quoted companies
- They represent around 85% of all quoted companies in the UK
- They employ approximately 1 million people, representing around 4% of total private sector employment
- Every 5% growth in the small and mid-cap quoted company sector could reduce UK unemployment by a further 50,000
- They generate:
 - corporation tax payable of £560 million per annum
 - income tax paid of £3 billion per annum
 - social security paid (employers' NIC) of £3 billion per annum
 - employees' national insurance contribution paid of £2 billion per annum

The tax figures exclude business rates, VAT and other indirect taxes.

For more information contact:

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