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commentletters@ifrs.org

18 December 2014

Dear Sirs,

IASB Exposure Draft ED/2014/3 - Recognition of Deferred Tax Assets for Unrealised Losses Proposed amendments to IAS 12

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 consultation. We believe that it is not useful to create a notional deferred tax asset in respect of a decrease in market value of an instrument that there is no intention to sell. There is no future cash flow to support this asset, and we question whether it meets the definition of an asset. We believe that this is a clear situation where the business model should determine whether a deferred tax asset is sensible.

Rather than piecemeal changes to this standard, we believe that the IASB should undertake a more fundamental review to avoid such issues.

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

Yours faithfully,



Tim Ward
Chief Executive

Quoted Companies Alliance Financial Reporting Expert Group

Matthew Stallabrass (Chairman)	Crowe Clark Whitehill LLP
Jonathan Lowe	Baker Tilly
Paul Watts	
Nick Winters	
Anna Draper	BDO LLP
Joseph Archer	Crowe Clark Whitehill LLP
Bill Farren	Deloitte LLP
Ian Smith	
David Gray	DHG Management
Shalini Kashyap	EY
Gary Jones	Grant Thornton UK LLP
Anthony Carey	Mazars LLP
David Pugh	Nationwide Accident Repair Services plc
Nigel Smethers	One Media IP Group plc
Niraj Patel	Saffery Champness
Matthew Howells	Smith & Williamson LLP
Jack Easton	UHY Hacker Young
Ian Davies	Vislink PLC
Edward Beale	Western Selection Plc