



**The Quoted
Companies Alliance**

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13 March 2009

Dear Sir,

FRC CONSULTATION ON DRAFT PLAN 2009/10, PROPOSED UPDATES TO THE STRATEGIC FRAMEWORK AND 2009/10 LEVY PROPOSALS

INTRODUCTION

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation dedicated to promoting the cause of smaller quoted companies (SQC), which we define as those 2,000+ quoted companies outside the FTSE 350 (including those on AIM and PLUS) representing 85% of the UK quoted companies by number. Their individual market capitalisations tend to be below £250m.

RESPONSE

We welcome the opportunity to comment on these proposals as follows:

Section Two: Proposed Updates to our Strategic Framework

Clarification of responsibilities (bullet 2) will be a valuable step forward.

As we support the Better Regulation agenda we welcome the action at bullet 3.

Section Three – Draft Plan 2009/10

Corporate Governance

We agree present governance frameworks, viz the Combined Code, will come under intense scrutiny. If the examination is balanced we feel the findings will be that the system is sound but it is the quality and competence of the Non-Executive Directors that may be found wanting; plus did they receive the information they needed to make decisions; also the investors should act more robustly.

A great number of business failures, especially in the present round, appear to emanate from faulty or unwise strategies. Perhaps the FRC could examine how the Board could be more effective in this area.

Corporate Reporting

We support the FRC in its efforts to maintain IFRS as principles based standards, and in its efforts to challenge their complexity.

All forms of off-balance sheet financing should be included in IFRS as a matter of urgency.

Question 4

Do you believe there are any other significant risks which may emerge, beyond the 2009/10 horizon, which may be relevant to our future planning?

Not that come to mind at present.

Question 5

Do you have any comments on our draft budget for 2009/10?

The total cost increase at 11.1% will need to be carefully explained when billing companies who are themselves under intense pressure to cut costs below the level of last year.

Question 6

Do you have any comments on our draft funding projections for 2009/10

The proposal to increase reserves at this time is understandable.

Question 7

Do you have any comments on our proposed preparers' levy rates for 2009/10? Do you have any comments on our proposed insurance and pension levy?

As in Q5 above the increase will have to be carefully explained.

If you wish to discuss any of these responses we will be pleased to meet.

Yours faithfully,



John Pierce
Chief Executive