



**The Quoted  
Companies Alliance**

The Quoted Companies Alliance  
6 Kinghorn Street  
London EC1A 7HW  
Tel: +44 20 7600 3745  
Fax: +44 20 7600 8288

Web: [www.quotedcompaniesalliance.co.uk](http://www.quotedcompaniesalliance.co.uk)  
Email: [mail@quotedcompaniesalliance.co.uk](mailto:mail@quotedcompaniesalliance.co.uk)

International Accounting Standards Board  
First Floor  
30 Cannon Street  
London, EC4M 6XH

Email: [CommentLetters@iasb.org.uk](mailto:CommentLetters@iasb.org.uk)

26 November 2009

Dear Sirs,

### **Exposure Draft ED/2009/11 – Improvements to IFRSs**

#### ***INTRODUCTION***

The Quoted Companies Alliance (QCA) 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 QCA is a founder member of European**Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The QCA Financial Reporting Committee has examined your proposals and advised on this response and a list of Committee members is at Appendix A.

#### ***RESPONSE***

Thank you for the opportunity to respond to this consultation. We fully welcome the provision of a streamlined process for dealing efficiently with a collection of non-urgent amendments to IFRSs. However, we do have some areas of concern in relation to the practical implications for smaller quoted companies (SQCs) as outlined below.

#### **General questions**

**Question 1:** Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

We would agree that a number of the proposed changes address areas where ambiguity existed however we anticipate considerable practical issues in relation to the proposed amendment to IAS 27 which require an investor in its separate financial statements to apply the requirements of IAS 39 to test its investments in subsidiaries, jointly controlled entities and associates for impairment. In our experience, of the SCQs which are currently applying IFRS in its separate financial statements, the majority would be applying the requirements of IAS 36 and measuring the recoverable amount when there is an indication that the asset may be impaired. IAS 39 requires such an assessment based on objective evidence at each

International Accounting Standards Board  
London EC4M 6XH  
ED/2009/11 Improvements to IFRSs  
26 November 2009  
Page 2.

balance sheet date and given the limited resources that such companies have available this could prove to be a challenge. We would therefore propose that further guidance be provided as to the process for estimating impairment as we do not consider the evaluation of future cash flows to be practicable.

**Question 2:** Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

We would agree with the Boards' proposed approach.

### **Specific questions**

We do not have any further comments in relation to the specific questions raised in the Exposure Draft.

If you wish to discuss these issues with us, we will be pleased to attend a meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'TWL', is written over a light blue rectangular background.

Tim Ward  
Chief Executive

**THE QUOTED COMPANIES ALLIANCE FINANCIAL REPORTING COMMITTEE**

Anthony Carey (Chairman)	-	Mazars LLP
Peter Chidgey	-	BDO Stoy Hayward LLP
Sarah Cox*	-	Ernst & Young LLP
David Gray	-	DHG Management
Shane Horsell	-	Ultimate Finance plc
Chris Ogle	-	SQC Consultant
Paul Watts/Bill Farren	-	Baker Tilly LLP
Nick Winters/James Lole	-	Vantis plc
Tim Ward	-	The Quoted Companies Alliance
Kate Jalbert	-	The Quoted Companies Alliance

\*Main Author