



**The Quoted
Companies Alliance**

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International Accounting Standards Board (IASB)
30 Cannon Street
London EC4M 6XH

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4 April 2011

Dear Sirs,

IASB – Supplement to the Exposure Draft Financial Instruments: Amortised Costs and Impairment

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. A list of committee members is at Appendix A.

RESPONSE

We welcome the opportunity to respond to this consultation.

We do not have specific comments on the questions in the paper. However, we have concerns that, even though the scope of the standard only applies to loans, the definition of the standard may still be too wide.

In particular, the definition of an open portfolio may result in complex impairment requirements applying to some businesses that are not banks or financial institutions. In our view, there would be little benefit for users of accounts if the proposed impairment model for open portfolios was applied to entities other than banks or financial institutions. As a result, we feel that there may be unintended cost consequences for businesses unless the board make it clear that the impairment requirements for open portfolios only apply to banks or similar financial institutions.

If you would like to discuss this issue further, we would be happy to attend a meeting.

Yours faithfully,

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

Tim Ward
Chief Executive

THE QUOTED COMPANIES ALLIANCE FINANCIAL REPORTING COMMITTEE

Anthony Carey (Chairman)	-	Mazars LLP
Anthony Appleton/Nicole Kissun	-	PKF LLP
Peter Chidgey	-	BDO LLP
Sarah Cox	-	Ernst & Young LLP
Ian Davies	-	Victoria plc
David Gray	-	DHG Management
Kern Roberts	-	Smith & Williamson
Chris Smith	-	Grant Thornton LLP
Ian Smith	-	Deloitte LLP
Matthew Stallabrass	-	Crowe Clark Whitehill LLP
Paul Watts/Bill Farren	-	Baker Tilly
Nick Winters/James Lole	-	RSM Tenon Group PLC
Colin Wright	-	UHY Hacker Young
Tim Ward	-	The Quoted Companies Alliance
Kate Jalbert	-	The Quoted Companies Alliance

THE QUOTED COMPANIES ALLIANCE (QCA)

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

The QCA 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

The QCA is a founder member of European **Issuers**, which represents quoted companies in fourteen European countries.

QCA's Aims and Objectives

The QCA 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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