



**The Quoted
Companies Alliance**

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Sir David Tweedie
Chairman
International Accounting Standards Board
First Floor
30 Cannon Street
London EC4M 6XH

5 March 2008

Dear Sir David,

ICAEW Report – EU Implementation of IFRS and the Fair Value Directive

The Accounting Standards Technical Committee of the Quoted Companies Alliance (QCA) has asked me to write to you following its discussion of the report published in October 2007 by the Institute of Chartered Accountants in England and Wales - EU Implementation of IFRS and the Fair Value Directive.

Throughout the process of the development of IFRS we have expressed concern about the complexity and resultant cost of preparation of financial reports. These concerns have gone largely unheeded and the introduction of standards has seemingly taken no account of the size of the organisations affected by them or their ability to implement them at reasonable cost and management effort.

The complaints of our members are now fully supported by the above report which in Section 7 covering the costs of implementing IFRS draws stark attention to the hugely disproportionate costs to companies with turnovers below €500m. This would cover a large proportion of companies falling within the small and mid-cap quoted sector that we represent. In terms of first-time preparation and of recurring costs for IFRS consolidated financial statements, smaller companies are faced with costs which as a proportion of turnover are a staggering **six** times that of companies in the next size category, ie turnover up to €5,000m.

In the light of this clear evidence in this impartial report we would urge the IASB to pay much more attention in future to the impact of proposals on smaller entities.

We are sending a copy of this letter to the Trustees of the IASCF.

Yours sincerely,

A handwritten signature in black ink that reads 'John Pierce'. The signature is written in a cursive style with a horizontal line underneath the name.

John Pierce
Chief Executive

cc: Trustees of the IASCF