

## **Evidence that Mazars and the ICAEW cannot be objective in assessing the costs and benefits of the use of IFRS in the EU since their adoption in 2005**

### ***Mazars:***

1. The chairwoman Françoise Flores of EFRAG, the body that is tasked with ensuring IFRS are endorsed for use in the EU, is a partner at Mazars.
2. Mazars partner Steven Brice was appointed to the IASB's IFRS for SME Implementation Group

### ***ICAEW:***

1. At the end of 2012, the ICAEW published a report "The Future of IFRS", which states that:
  - "we believe that the IFRS product has inherent strengths and advantages that fully justify support for IFRS by those seeking to realise the vision of a high-quality, global set of accounting standards."
  - "The spread of IFRS around the globe has been – and continues to be – a remarkable success story."
  - "Claims that financial reporting somehow caused or prolonged the crisis are largely unsubstantiated."
  - "We may well in due course look back on the IASB's second and third decades and conclude that they were just as successful as – if not more so than – its first."
2. In the chapter entitled 'The Benefits of a Global Set of Standards', the ICAEW states that it:

“...believes that investors and businesses will benefit from the availability of a set of truly global, high quality accounting standards, providing the foundation for transparent and comparable financial statements that clearly reflect economic reality and improve investor confidence. Indeed, we have been a persistent champion of the creation of such a set of standards and broadly share the IFRS Foundation's vision of the IASB as a global standard-setter.

IFRSs have the unique advantage of being designed for an international audience, of being developed in an environment free from legal and other national constraints. They benefit from the neutrality that this brings to the standard-setting process.”
3. The ICAEW is governed by a Council, of which only 8 are Big 4. However in 2001, executive power was transferred to the Board. Of the 6-8 members, many have been or continue to be partners of or work with Big 4 companies.
4. Its policy on IFRS is developed by the Financial Reporting Faculty, which has its own membership and funding arrangements, i.e. it is not controlled directly by the ICAEW. Most participants on its panels are banks or accounting firms with vested interests in the IFRS agenda:

- Financial Reporting Committee: **Kathryn Cearns** Herbert Smith Freehills LLP (Chairman), **Andrew Baigent** National Audit Office, **Phil Barden** Deloitte, **Matt Blake** HMRC, **Alex Brougham** UBS, **Martin Cavey** Cameron Cavey

Consulting, **Jo Clube** AVIVA, **James Dean** Non-executive director of Liverpool Victoria, **Robin Freestone** Pearson, **Peter Hogarth** PwC, **Rajan Kapoor** Royal Bank of Scotland, **Yvonne Lang** Smith & Williamson, **Liz Murrall** Investment Management Association, **Professor Chris Nobes** University of Reading, **Lynn Percy** KPMG, **Ken Rigelsford** Deloitte, **Andy Simmonds** Deloitte, **Danielle Stewart** Baker Tilly, **Sondra Tarshis** HSBC

- Editorial Board: **Phil Barden** Deloitte, **Matt Blake** HMRC, **Martin Cavey** Cameron Cavey Consulting, **Robert Carroll** Grant Thornton, **Brian Creighton** BDO, **Yvonne Lang** Smith & Williamson, **Lynn Percy** KPMG, **Ken Rigelsford** Deloitte

5. The Advisory Group of the Financial Reporting Faculty is made of Big 4 accountants and members of the International Accounting Standards Board, the body that sets IFRS.

- **Ian Brindle** PwC (Chairman)
- **Professor Raymond Ball**, University of Chicago
- **Stephen Cooper**, IASB
- **Stig Enevoldsen**, EFRAG Supervisory Board
- **Bob Herz**, formerly US FASB
- **Peter Holgate**, PwC
- **Paul Lee**, Hermes Investment Management
- **Ian Mackintosh**, IASB
- **Ruth Picker**, Ernst & Young
- **Veronica Poole**, Deloitte
- **Mary Tokar**, IASB (previously KPMG)
- **Sylvie Voghel**,

**Political conclusion: The review is conducted by actors closely intertwined with IASB/IFRS and EFRAG. Also, the views of these actors on the subject matter is well known.**

**All this is in our view highly questionable. We would suggest to consider organising a shadow meeting, also with view to the upcoming plenary vote.**

