

AccountancyAge

EU approves IASB funding with strings attached

by Richard Crump

17 Mar 2014



EUROPEAN POLITICIANS have voted to approve EU funding for the body that oversees the setting of global accounting standards, but with the proviso the funding could be pulled if it fails to meet certain conditions.

The funds, which equate to around €50m (£42m) over a six year period, will go to the IFRS Foundation, the oversight body of the IASB, and EFRAG, a European advisory group on how international accounting standards are incorporated into EU law.

Questions have been raised by the European Parliament about the governance

structures and lack of transparency of these bodies, as well as their close links to the accounting industry.

The release of these EU funding streams will therefore only be forthcoming upon sufficient reform to prevent conflicts of interest.

Sharon Bowles, MEP and chair of the parliament's Economic and Monetary Affairs Committee, voted to approve EU funding last week, in a softening of her stance towards the IFRS Foundation.

In a recent letter to Michel Barnier, the European Commission's internal markets commissioner, Bowles called on the EC to launch an investigation into the IFRS Foundation and claimed the [organisation's](#) reporting irregularities were "unacceptable for a recipient of EU funding".

Bowles had called for the vote on the foundation's new funding package to be suspended until concerns over reporting failings, which included late and inaccurate filings made to [Companies](#) House, had been addressed.

Barnier said he "shared" the MEPs' concerns and had "asked my [services](#) to further investigate the issues".

Speaking from Strasbourg last week, Bowles said: "We have, for the first time, shone a light on how bodies such as the IFRS Foundation and EFRAG are constituted and governed, which has not made for pretty reading.

"Any potential conflicts of interest have to be weeded out and if they are not then the Parliament has shown that it has the power to withhold funding, which sends a [powerful](#) message."

A spokesman for the IFRS Foundation said: "The foundation takes seriously any such concerns and has already begun planning its constitutionally-required five-year review of its structure and effectiveness, to be undertaken during 2015, and we welcome any proposals to improve aspects of our work."

© Incisive Media Investments Limited 2014 , Published by Incisive Financial Publishing Limited, Haymarket House, 28-29 Haymarket, London SW1Y 4RX, are companies registered in England and Wales with company registration numbers 04252091 & 04252093