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MEPs cast doubt on compatibility of IFRS with EU law

by Richard Crump 29 Jul 2013



A GROUP OF MEPs has cast doubt on the future of IFRS by calling for a review of its compatibility with European company law.

In a draft amendment to proposed regulation on the use of international accounting standards in the European Union, the MEP's demanded that the primacy of a "true and fair" view in accounts is explicitly recognised and that tougher liability standards for directors and auditors are considered, the [Financial Times](#) reports.

The stance taken by the five MEPs is supported by a [legal opinion](#) that found IFRS to be "substantially flawed". The opinion, commissioned

by an investor group, identified inconsistencies between IFRS and existing company law and suggested that directors override the accounting standards in order to comply with competing legislation.

According to the George Bompas, the QC commissioned by the investor group, certain outcomes from the accounting standard that governs how banks provision against loan losses, are contrary to the true and fair view.

Syed Kamall, a UK Conservative MEP who backed the amendment, told the *FT*: "The fundamental question is, are we just pursuing standards for the sake of standards but losing some important concepts along the way, such as prudence and 'true and fair'?"

The MEPs also put forward an amendment that would attach conditions to the €32m the European Commission is set to give the IASB's parent body for the period between 2014 and 2020.

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