

AccountancyAge

Unilever puts PwC audit up for tender

by Richard Crump

29 Jul 2013



CONSUMER GOODS GIANT Unilever has announced plans to replace PwC as its auditors in order to comply with new rules unveiled by the Competition Commission last week.

The decision to ditch PwC after 26 years vetting the Anglo-Dutch company's accounts makes Unilever the first FTSE 100 business to put its external audit out to tender since the UK competition watchdog demanded companies to allow auditors to bid for their work every five years.

In a statement to the markets, Unilever chief financial officer Jean-Marc Huët said the company

was changing its auditors to maintain the company's position at the forefront of good governance.

"Our business is very large in scale and reach, with operations in over a hundred countries. The challenge that this poses for our auditors has been successfully met by PwC over many years and we have always been impressed with the rigour and quality of their audit. However, given changes in the regulatory environment and market expectations, it makes sense for Unilever to rotate its auditors at this time," Huët said.

Introduced as a result of auditors signing off on the accounts of Britain's banks weeks before they were rescued by taxpayer-funded bailouts in 2008, the measures are intended to encourage greater rivalry among accountants and break the "cosy" relationships enjoyed by company management and their auditors.

The measures build on proposals introduced by the FRC last year that required companies to consider changing their auditors every ten years.

Combined pressure from regulators and politicians has resulted in a number of FTSE 100 companies to change, or consider changing their auditors.

Last month, PwC was replaced by EY as auditors of Land Securities, after vetting the books of Britain's largest property developer for its entire 69-year history. In October, oil and gas explorer BG Group chose E&Y as its auditors after 16 years with PwC, while the firm also lost out to KPMG as Schroders changed its auditors for the first time in 50 years since it listed, though PwC was later reinstated.

© Incisive Media Investments Limited 2013, 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