

Industry and accounting experts working together



Welcome

With the changes and complexity in financial reporting standards – and with more countries moving to global standards – it is more important than ever that our clients receive clear and consistent advice that supports their business objectives.

Our Retail & Consumer Industry Accounting Group brings together industry and technical expertise to provide clients and engagement teams with up-to-date, consistent and accurate interpretation of financial reporting standards.

What are the likely business implications of new accounting standards?
What are the particular impacts for retail and consumer companies?

In these pages you will find out more about how we work collaboratively on a global basis to interpret new standards and support clients in resolving issues. You will also meet our team of industry and technical partners who stand ready to help you address reporting for complex business transactions.

You are welcome to get in touch with the members of our team, using the contact information provided on the last page.



A handwritten signature in black ink that reads "Carrie Yu".

Carrie Yu
Global Retail & Consumer Leader
carrie.yu@hk.pwc.com

Introduction

The focus of the IFRS Retail & Consumer Industry Accounting Group is to provide technically reliable and commercially sound accounting advice to our clients in the retail and consumer sectors. We are a group of partners with both industry and technical experience and are appointed by the global industry leadership team and the Global Accounting Consulting Services (Global ACS) management team.

Our group has broad membership, both professionally and geographically. In fact, we cover several of the territories in which PricewaterhouseCoopers has dominant market positions.

What we do

Our main goals are to:

- Ensure the quality and consistency of the accounting technical advice that our industry client service teams give to clients.
- Provide client service teams with clear and consistent support on the advantages and points that may be challenged on each acceptable treatment – knowing that there may be alternative acceptable treatments.
- Centralise the process of issuing thought leadership papers on industry accounting technical matters thereby ensuring that the responses are technically robust, demonstrate our understanding of industry issues and present a consistent view.
- Facilitate industry input as the firm develops views on new accounting standards and interpretations.

How do we make it happen?

- By working closely with accounting experts in Global ACS to develop general application guidance to help engagement teams and their clients.
- By being an integral part of the firm's process to produce comment letters on new accounting standards and interpretations.
- By being responsible for thought leadership on retail and consumer accounting matters to help clients find quality workable solutions – and increase our own understanding of industry issues.

Client service teams and clients are invited to contact any member of our group to discuss issues which arise in the practical application of IFRS.

What is the Global ACS Group?

Global ACS provides engagement teams with advice on IFRS matters – bringing together IFRS specialist technical partners and staff at a territory, central or regional level to promote the consistent interpretation of IFRS.

National and regional experts are able to call for support from accredited topic specialists – whether located centrally or regionally. Similarly, when industry input is needed, the experts from the industry global technical committees may also be involved.

Global ACS has three topic teams: financial instruments, business combinations and revenue/liabilities. Each team meets regularly and communicates regularly. The result is that engagement teams benefit from the knowledge of the best expert on the subject, no matter where they are based.

Role in capital markets

As auditors we play a unique role in the capital markets. Although the company or its audit committee engages us, our primary role is to report on the company's financial statements – as the financial statements will be part of the information available to investors.

We put the needs of the investing public and capital markets first. Because investors may evaluate our work based on the quality and transparency of our clients' financial reporting we strive to minimise defects and restatements by helping clients get their financial reporting right the first time.

Our process – a team approach

The decision resolution process for client issues often follows a pattern. A client identifies a matter, develops its view of the appropriate accounting and financial reporting and then approaches the client service team. Alternatively, the client discusses the matter with the client service team while developing its own view. In either case, the client service team starts the decision-making process by researching the matter and developing its preliminary view. In certain cases the client service team approaches Global ACS for advice about its preliminary view. Working together, the client service team and Global ACS consider all significant and relevant aspects of the issue.

Most issues escalated in this way are complex and require significant thought and analysis. For this reason and due to the complicated nature of financial reporting guidance, resolving issues can be challenging.

Significant judgment is often exercised when arriving at our final view. The process may involve obtaining the views of a number of experienced people who work together, keeping an open mind. We seek to arrive at a common view that all participants find acceptable within the financial reporting guidance. In summary, we work collaboratively to develop the PwC view.

Our philosophy

Our philosophy is to promote high-quality financial reporting and to 'do the right thing' in making decisions.

We make our own decisions and our view may not be the same as our client's view. We also recognise that other firms may accept different views. If ours is the only acceptable view, we are firm unless new information arises.

We also recognise that sometimes there is more than one acceptable view. If we believe that this is the case, but that our view is preferred, we recommend the use of the preferred treatment. If a client insists, an alternative treatment will be acceptable when the engagement team and Global ACS are both comfortable that there is appropriate support for the client-proposed treatment. In addition, the treatment has to reflect reasonably the economics of a transaction or – if not – appropriate transparency must exist in the financial statements.

Support must be such that we can demonstrate the acceptability of the treatment in accordance with financial reporting standards and the treatment is appropriately disclosed. If the client-proposed treatment is followed but not considered preferable, the client service partner should discuss the underlying thinking with the client's top management and audit committee (or equivalent governing body) to ensure that all parties understand our view.

Good financial reporting reflects the economic substance of transactions; however, we do recognise that sometimes financial reporting standards require entities to report the form of transactions.

We view transactions entered into for the purpose of meeting the form of certain accounting treatments in order to achieve desired financial reporting results with a higher degree of skepticism. In such situations it is necessary to determine whether all aspects of the rules are complied with.

Although financial reporting standards must be followed, if the required accounting and economics of the transaction appear to diverge because the form must be followed, we will consider recommending disclosures and transparency in the financial report to provide investors with an understanding of the economic substance of the reporting.

Our Team



David Mason

David is the chairman of our group. David has been based in Geneva, Switzerland since 1989. He has extensive experience with our firm's major consumer goods clients, including Altria and Bacardi. David is currently the lead engagement partner for Compagnie Financiere Richemont, the owners of Cartier, Montblanc and other famous brands. He has also been involved in the audits of Burberry and Great Universal Stores.

Since 1998 David has acted as the IFRS technical partner for PwC Switzerland and since 2005 has been a partner within Global ACS, specialising in revenue issues. In this last role he has assisted many clients and their client service teams in resolving the challenging issues of accounting for complex business transactions.



Christine Bouvry

Christine is an audit partner based in Paris. She has strong experience serving major international retail and consumer clients. She has provided audit and accounting advice, as well as transaction related services, to a number of the firm's largest clients, including Richemont, British American Tobacco, Swarovski, Kesa and Grand Vision.

Christine is also the lead partner for DBApparel, the owner of Dim, Playtex and other innerwear brands. Christine is a member of the Institute of the Chartered Accountants in France.



John Ellis

John is a chartered accountant based in London. John has significant experience working in both the retail and consumer sectors. He has provided audit and accounting advice and transaction related services to a number of the UK firm's largest clients in the sector, including BAT, Cadbury Schweppes, Marks & Spencer and Kingfisher.

John was heavily involved in IFRS transition projects at Marks & Spencer and Kingfisher, sitting on the steering groups of both conversions. He has focused heavily on the IFRS implications around property, revenue recognition, intangibles and segmental analysis. John is a member of the Retail Technical Forum in the UK, which considers current technical accounting issues facing retailers.



Daniel Rosenberg

Daniel is an audit partner in Melbourne, specialising in retail and consumer clients. He has worked with a number of significant retailers in both Australia and the UK including the Coles Group and John Lewis. Daniel has been heavily involved in major retail and consumer companies' transitions to IFRS. He is a member of the Institute of Chartered Accountants in Australia.



John Ryan

John is an assurance partner based in Hong Kong for 11 years. He has strong experience serving major international retail and consumer clients. He is the lead partner for AS Watson Group, the retail division of Hutchison Whampoa Limited. Hutchison Whampoa Limited is the largest health and beauty retailer in the world, with operations in 36 countries.

John is also the lead partner for CITIC Pacific Limited, a major conglomerate and a Hang Seng constituent with retail interests. John has been the lead audit partner for Esprit Group. His other major retail and consumer clients include Jardine Motors (a subsidiary of Jardine Matheson) and Burberry. He is a member of the Chartered Accountants in Ireland and the Hong Kong Institute of Certified Public Accountants.



Tony de Bell

Tony is a global topical team leader for the revenue and liabilities team, dealing with accounting for revenue, deferred taxes, employee benefits and share-based payments and provisions. He leads a group of more than 20 partners from around the world who develop PwC's views and guidance for revenue and liabilities issues. He specialises in retail and consumer goods, as well as hospitality and leisure.

Tony has experience reviewing IFRS financial statements prepared in connection with IPOs and other transactions, including offerings involving companies in developing markets – such as Russia and China. He has special expertise in financial reporting for first-time adopters of IFRS. Some of his clients include: Marks & Spencer, Tesco, Kingfisher, Burberry, Argos, Debenhams, Coles, Praktiker, Shoprite (SA) UK, Unilever, Reckitt Benckiser, Danone, L'Oreal and Richemont. Tony is a UK chartered accountant.



Ranjan Sriskandan

Ranjan is the lead client service partner for Marks & Spencer and RHM plc. He was previously the lead engagement partner for BAT, and he has worked with a number of listed clients. He is an accredited due diligence and listings specialist.

Ranjan is a member of Institute of Chartered Accountants in England and Wales and has been an assurance partner in London. He leads the assurance retail and consumer specialty in the UK. Ranjan was involved in the 2004 bid for Marks & Spencer by Philip Green, the Premier Foods acquisition of RHM and the merger of BAT and Rothmans.



James Geary

Jim is an assurance partner based in the Florham Park, New Jersey practice office. He is currently PwC's retail and consumer IFRS sector champion. His current and past clients have included Colgate-Palmolive, Tiffany & Co, Rafaella, Alcoa, Tommy Hilfiger, Unilever, and L'Oreal.

Jim's experience also includes a two-year fellowship at the Financial Accounting Standards Board (FASB), as well as a tour in PwC's national office, focusing on topical areas such as accounting for income taxes, business combinations, restructurings and stock compensation.



Julia Tabakova

Julia is an assurance partner based in Moscow. Her client portfolio includes primarily retail and consumer companies. She has worked with a significant number of Russian domestic retailers, as well as subsidiaries of international companies in the consumer products sector, including Coca-Cola HBC, Danone and BAT.

Julia has an extensive experience of working with clients reporting under IFRS both in the years of transition and in subsequent years. She is a Fellow of the Association of Chartered Certified Accountants.



Sebastian Heintges

Sebastian is a partner in Düsseldorf, Germany, in charge of the International Reporting Group. This group advises clients on the conversion to IFRS, provides technical guidance to client service teams, resolves complex technical questions on IFRS accounting, formulates positions on emerging issues, responds to proposed technical pronouncements and maintains liaison with authoritative bodies. Sebastian has been responsible for numerous IFRS and US GAAP conversions for companies in the retail and consumer sector, as well as the audits of national and international companies. Among the larger clients he works for are Metro Group AG and REWE.

Sebastian is member of the working group "IFRS Accounting" of the German Institute of Chartered Accountants (Institut der Wirtschaftsprüfer).

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