



# IFRS Readiness Tracking Survey

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March 2009



## Survey Background

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- Second execution of semi-annual survey
  - Conducted 3/3 through 3/17, 2009
  - 1049 responses – 917 qualified (BI or Public Practice member)
  - In addition to tracking questions, contains a number of questions unique to this survey
- Measures members readiness to implement IFRS
- Provides information on their views surrounding other issues related to IFRS adoption



# Key Messages from IFRS Readiness Survey

## March 2009

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- Familiarity with IFRS has increased since October 2008, however organizations have made little progress toward preparing for adoption
- Currently most members do not believe the benefits of IFRS outweigh the costs
  - Members working for foreign-owned companies are the exception
- Members favor a delay in the currently proposed SEC timeline
  - Again members working for foreign-owned companies are the exception
- Members believe the transition process should be shorter rather than longer
  - Most favor one-time vs annual reconciliations
  - Most favor two vs three years of dual reporting



# Survey Highlights

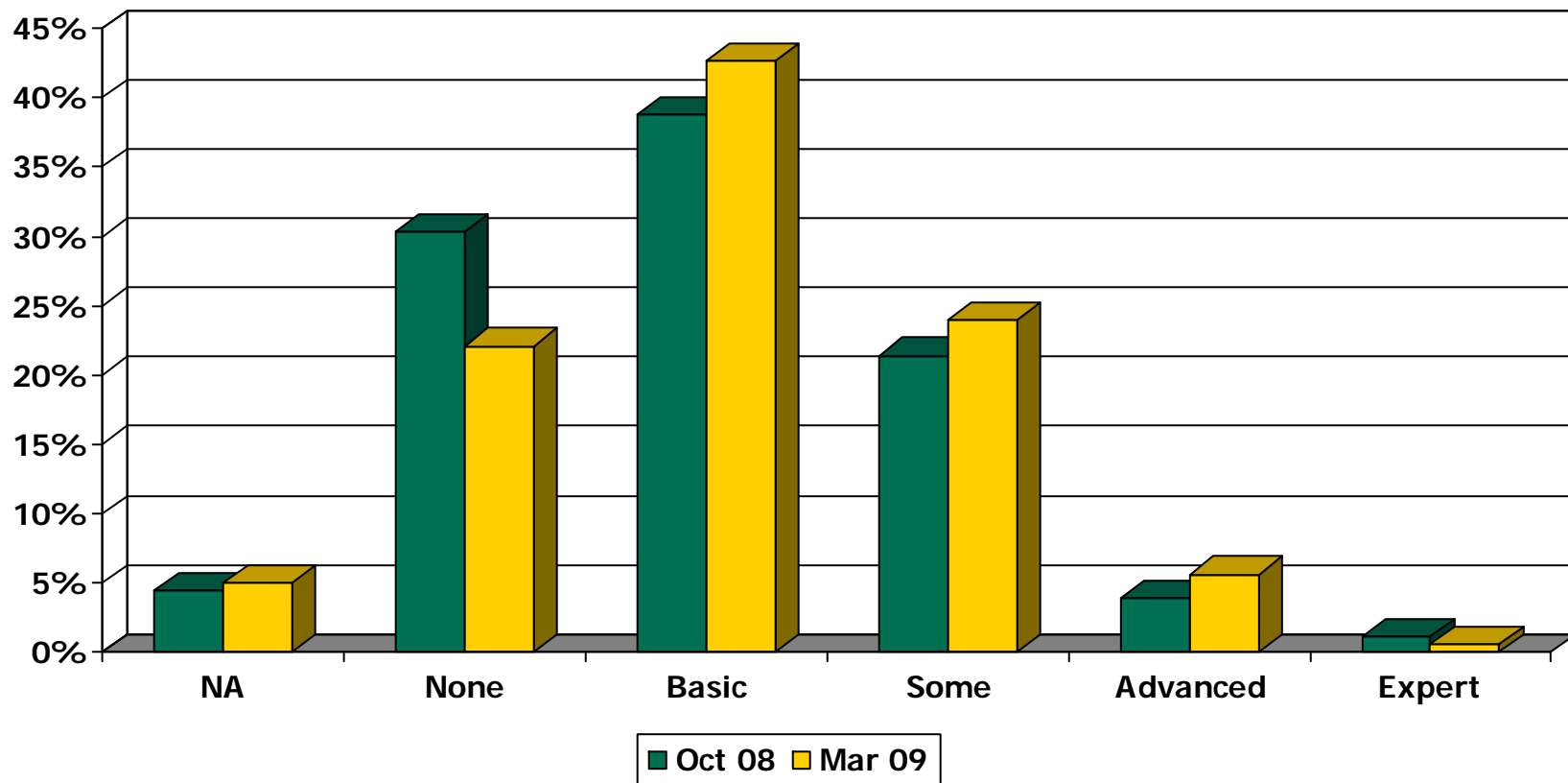
## Familiarity and Adoption Plans

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- Familiarity with IFRS has increased since October 2008
  - Familiarity has increased across all member groups
- The amount of familiarity needed has also increased
  - Driven by members working in US Public Companies and Foreign-owned Companies
  - Familiarity needed by members working at US Private Companies and in Public Practice has remained stable
- A majority of members still need to increase their knowledge of IFRS
  - 53% have a gap between their self-reported current knowledge and their self-reported needed knowledge.
  - This is consistent with October results as more members now believe they need advanced or expert levels of familiarity
- Most companies and firms have not yet begun to actively prepare for IFRS adoption
  - Only 7% of US Public Companies and 10% of Public Practice firms are actively preparing or ready to adopt IFRS.
  - Over 50% of US Private Companies have no plans to adopt IFRS in the next 5 years.

# Current Familiarity with IFRS

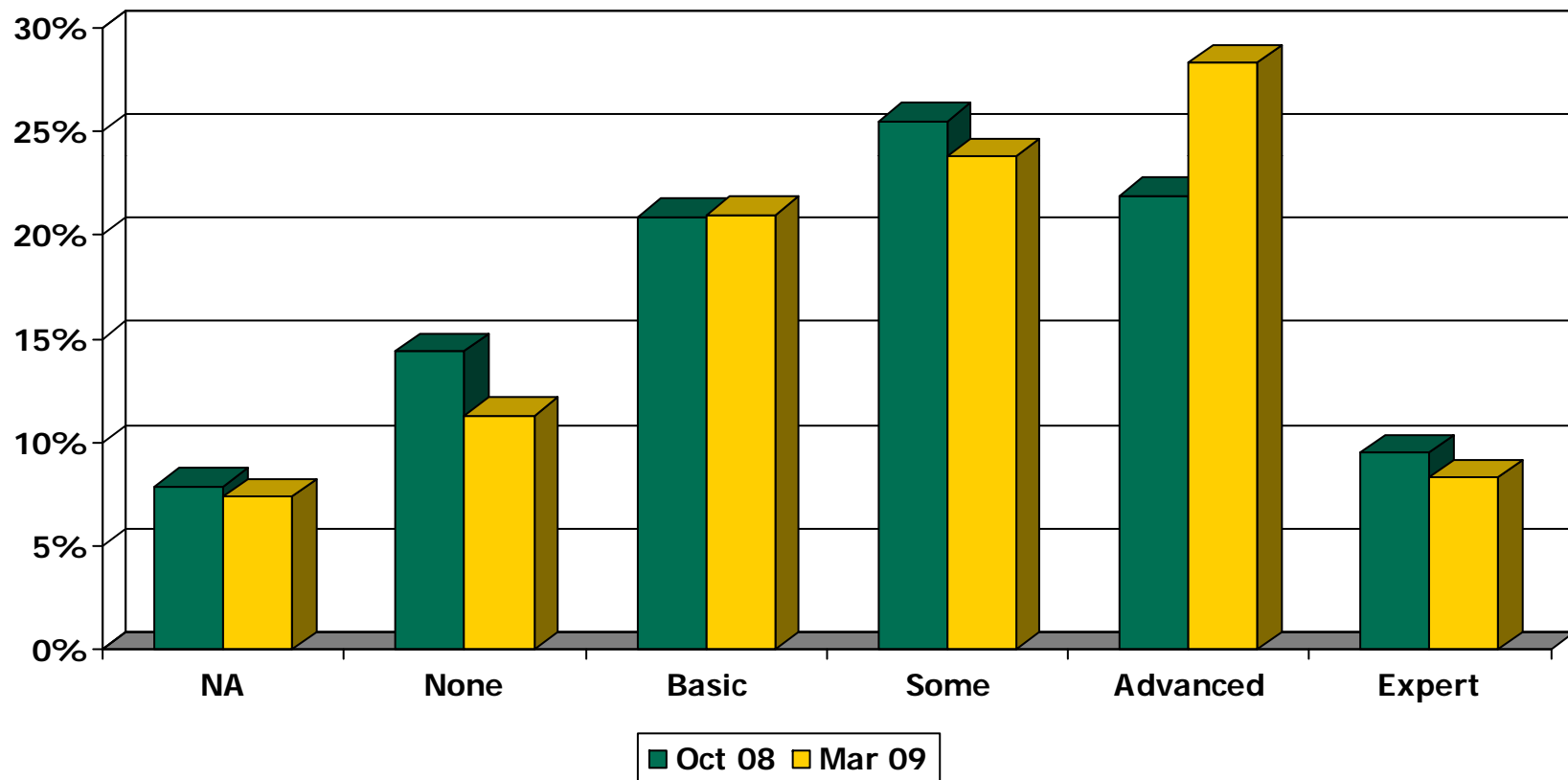
All Members



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# Needed Familiarity with IFRS

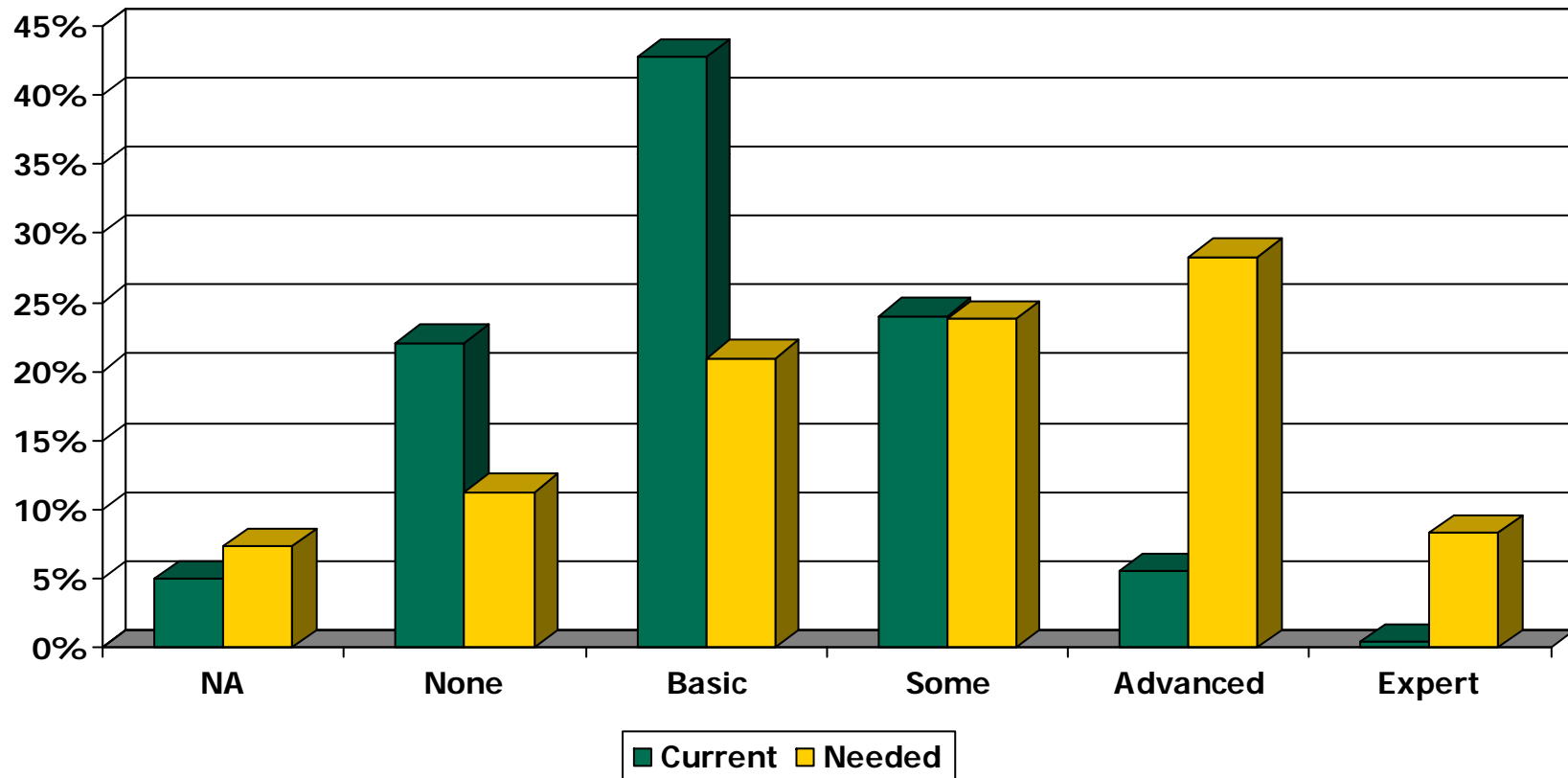
All Members



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# Familiarity with IFRS

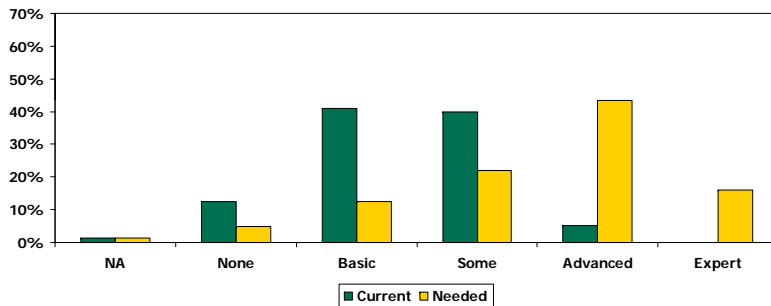
Current vs Needed  
All Members



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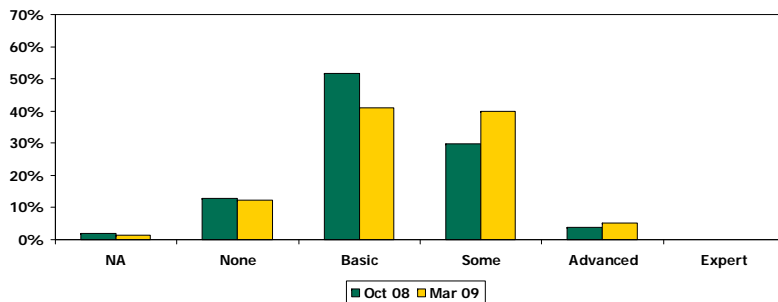
# Familiarity with IFRS US Public Co Members

Current vs Needed

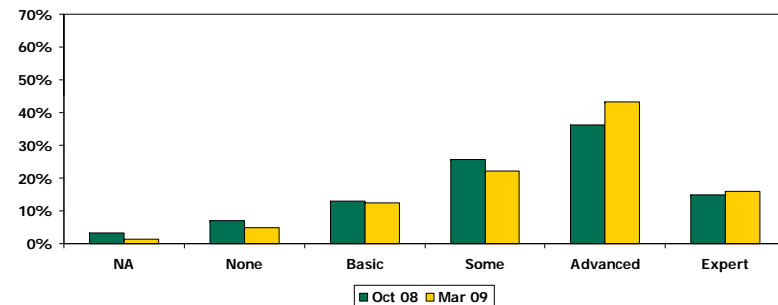


- Members who work for US Public Co's are more likely to need advanced or expert levels of familiarity but few have it.
- However the overall familiarity of the members has increased since October
- More members now expect to need advanced familiarity

Current Familiarity



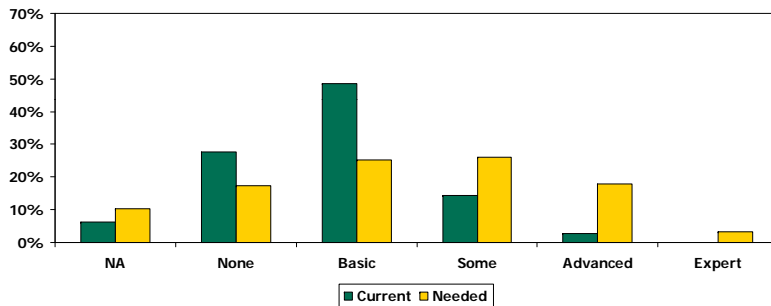
Needed Familiarity





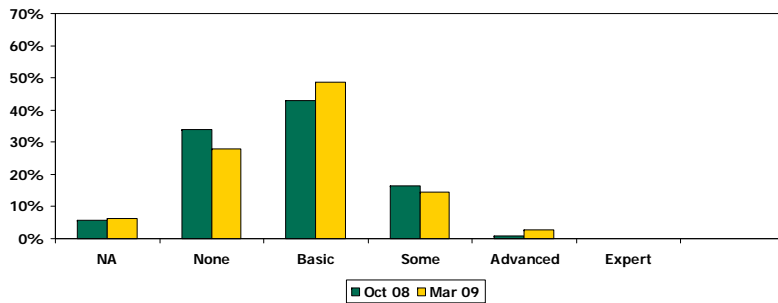
# Familiarity with IFRS US Private Co Members

Current vs Needed

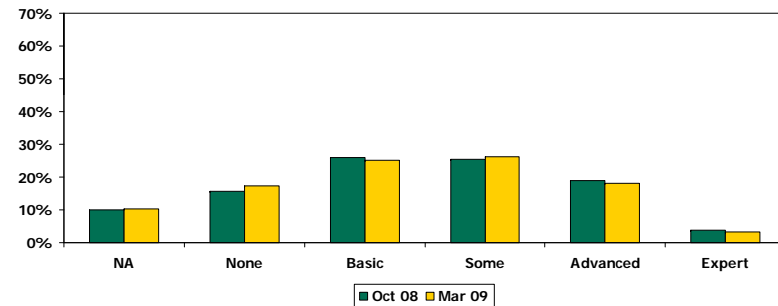


- Members who work for US Private Cos generally have less familiarity with IFRS than they need
- However the overall familiarity of the members has increased only slightly since October
- Members expectations for what they think they will need have not changed

Current Familiarity

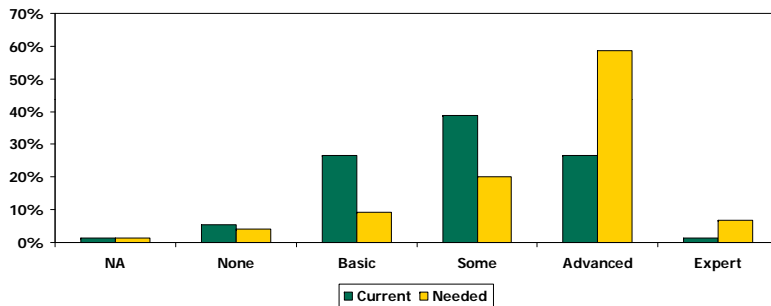


Needed Familiarity



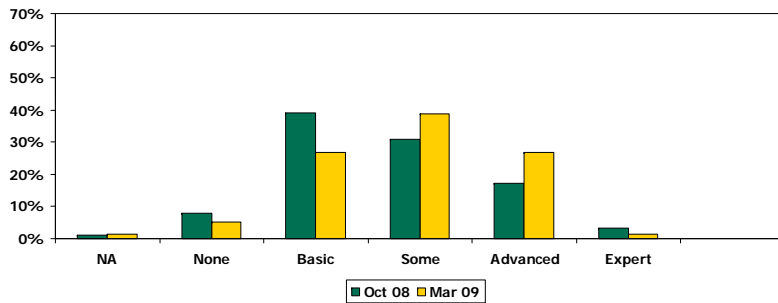
# Familiarity with IFRS Foreign Owned Co Members

Current vs Needed

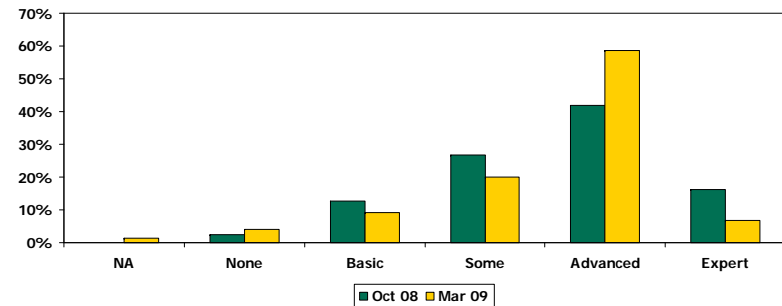


- Like their US counterparts members who work for Foreign companies generally have less familiarity with IFRS than they need
- However the overall familiarity of the members has increased only slightly since October
- Members expectations for what they think they will need have also increased

Current Familiarity

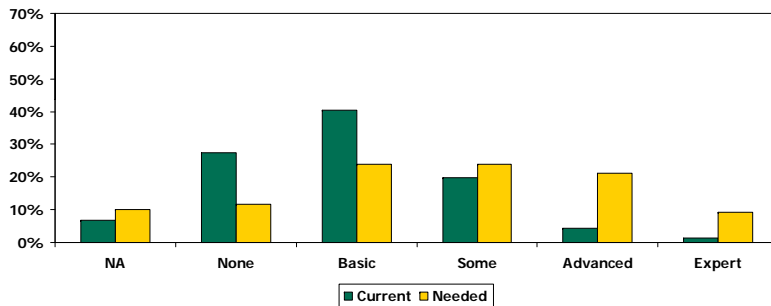


Needed Familiarity



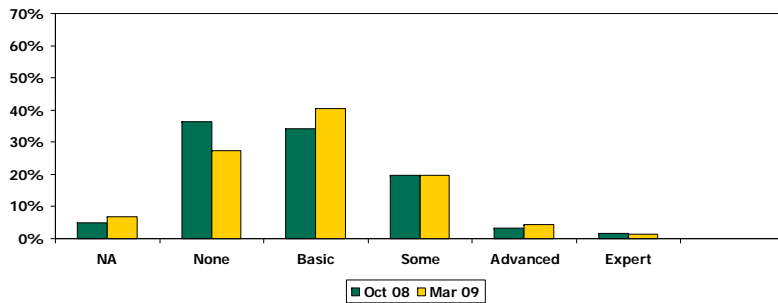
# Familiarity with IFRS Public Practice Members

Current vs Needed

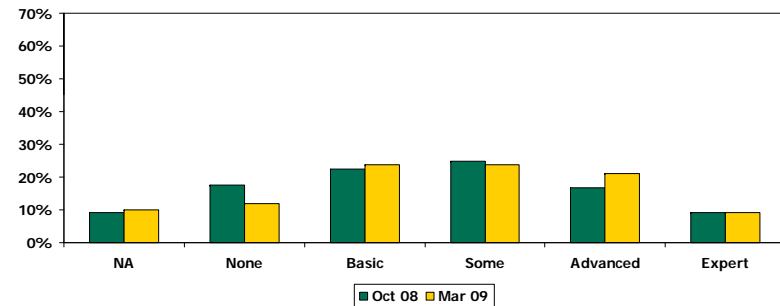


- Members who work for Public Practice generally have less familiarity with IFRS than they need
- However the overall familiarity of the members has increased only slightly since October
- Members expectations for what they think they will need have increased very slightly

Current Familiarity

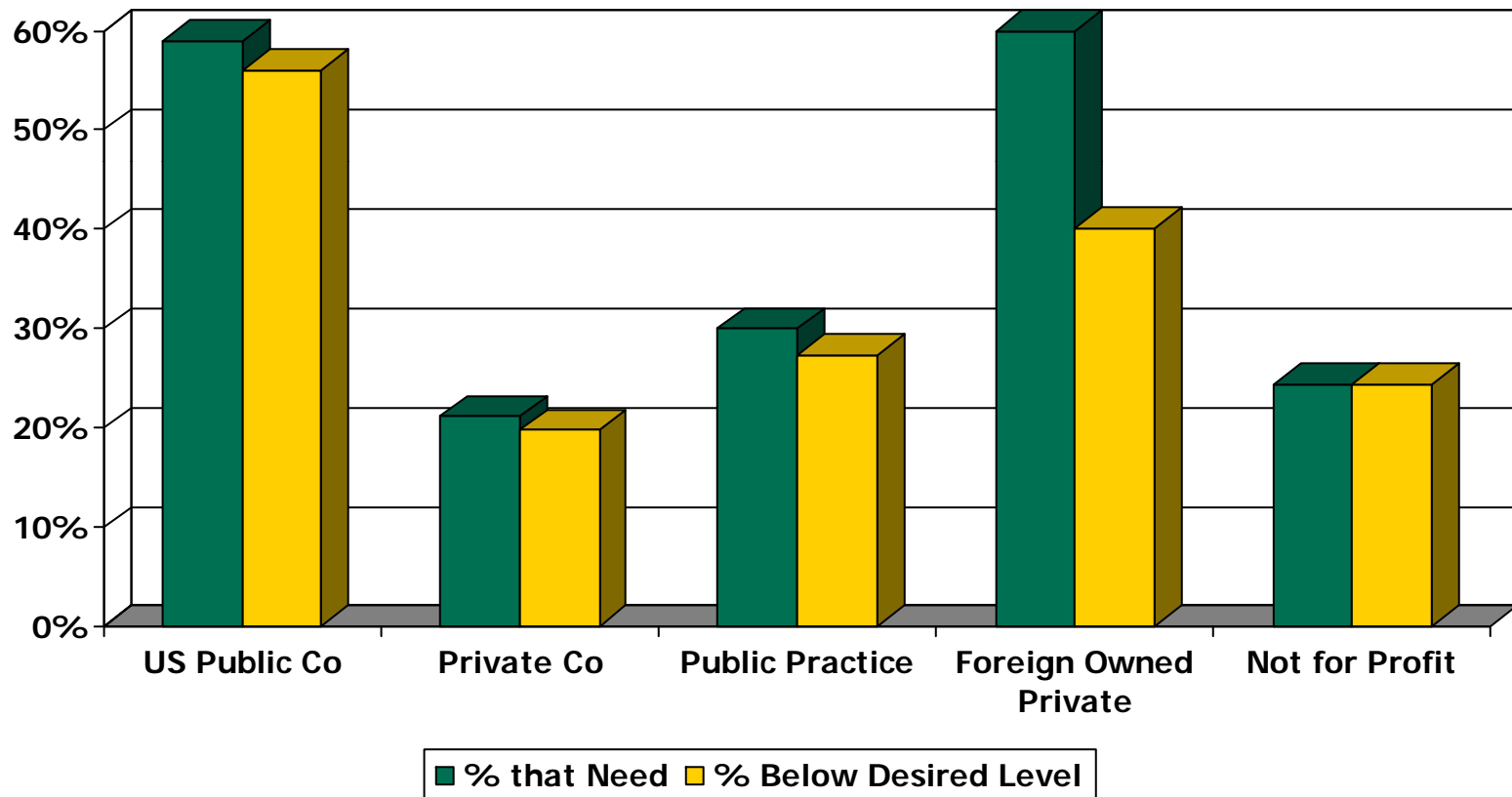


Needed Familiarity



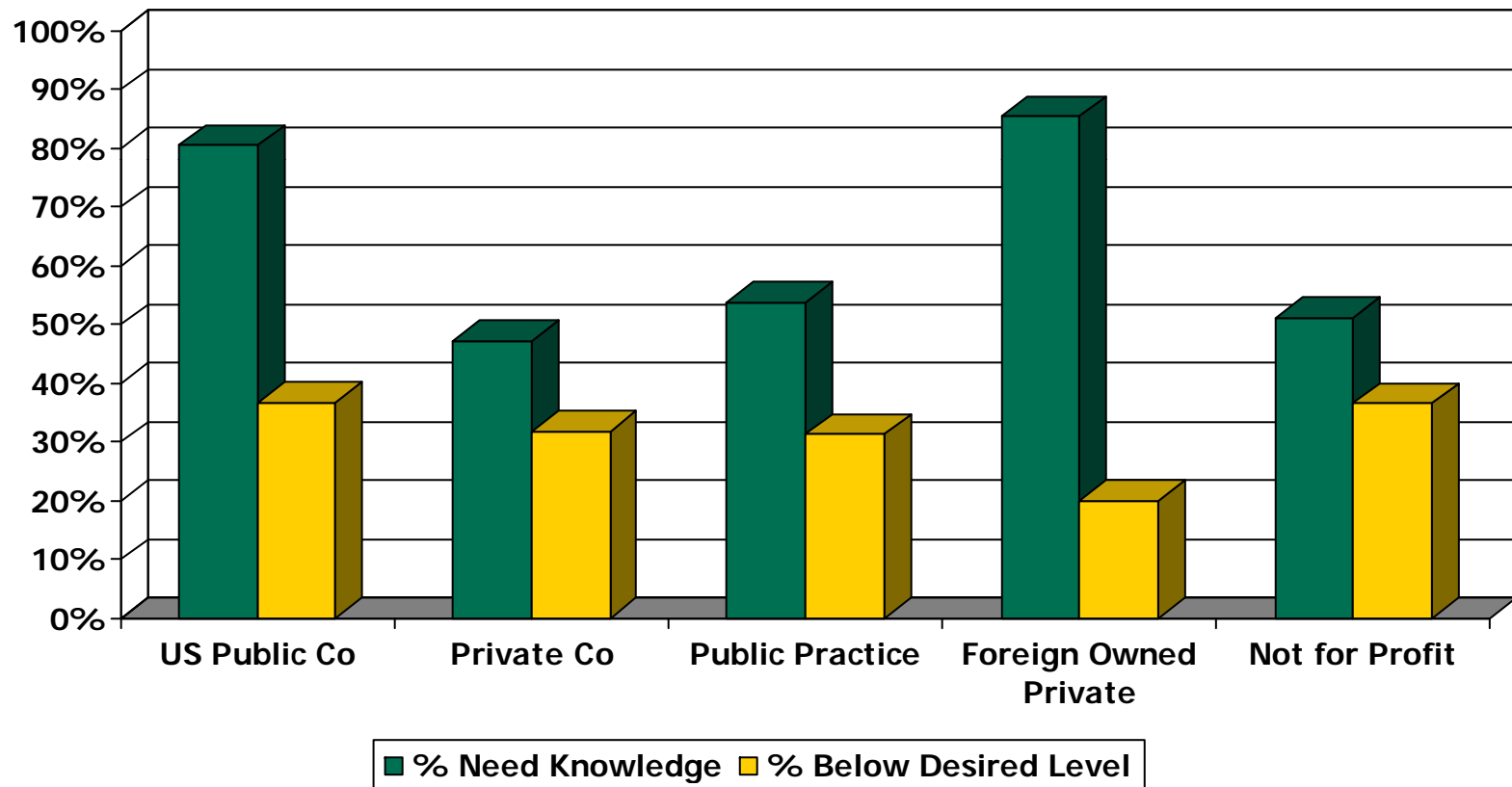
# Who Needs Advanced & Expert Knowledge of IFRS?

By type of organization



# Who Needs at Least Some Knowledge?

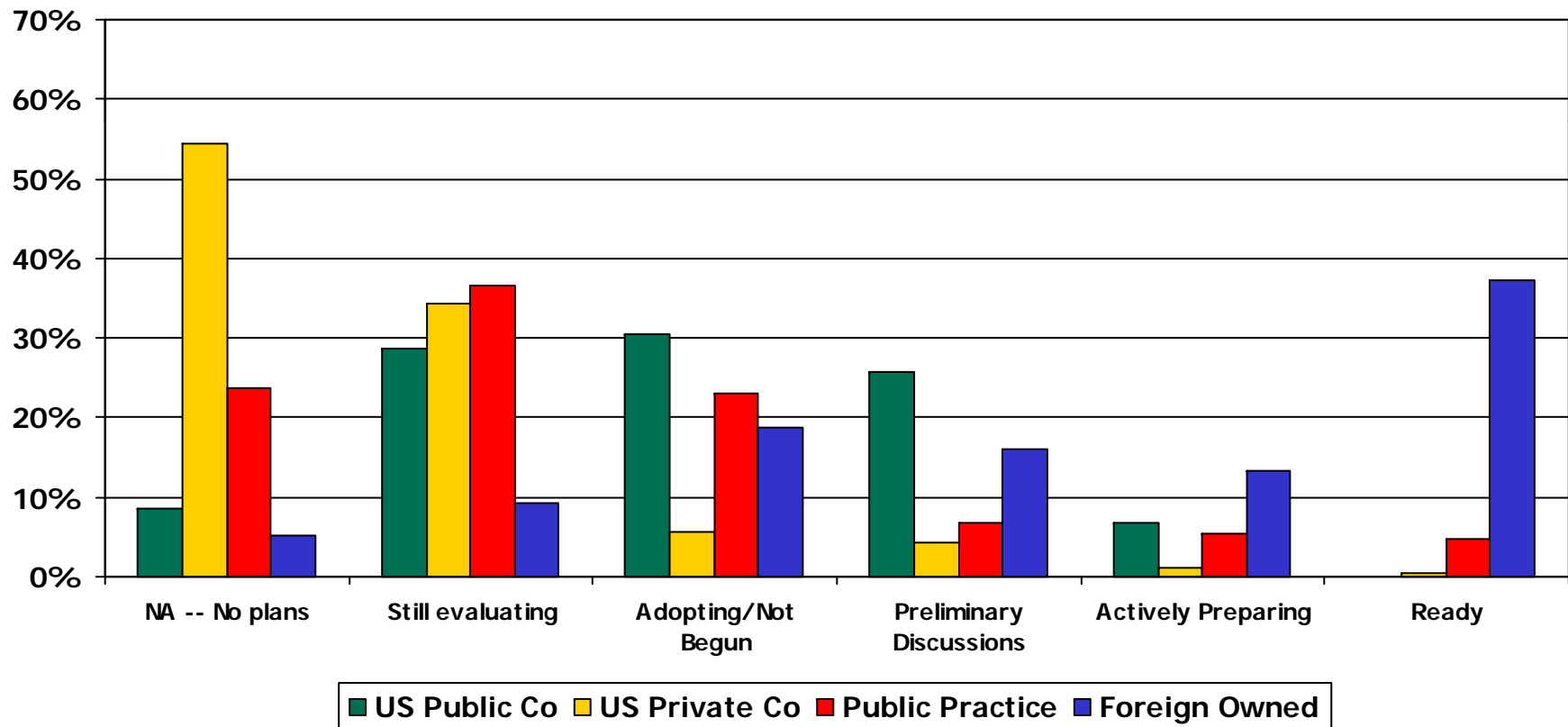
By type of organization



Please rate the extent to which your company (firm) is prepared for IFRS adoption

# Prepared to Adopt?

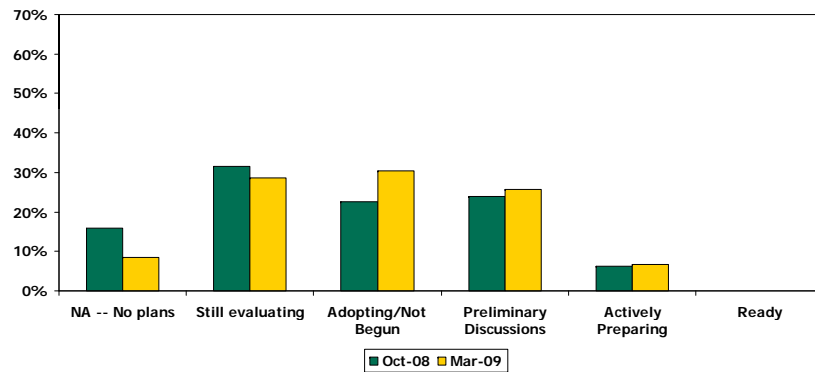
By type of organization (Mar 09)



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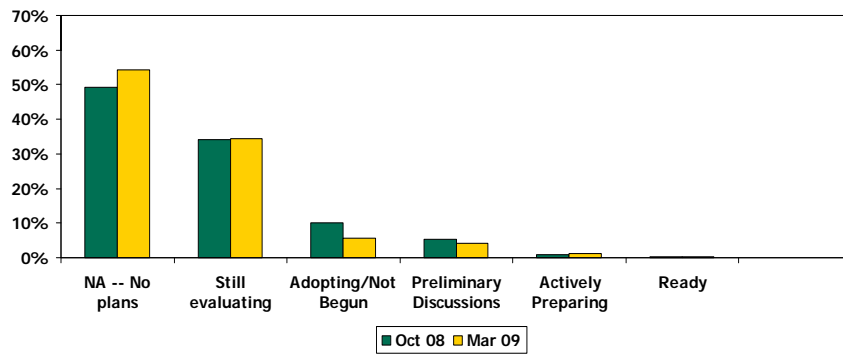
# Prepared to Adopt? Oct 08 to Mar 09

## US Public Companies

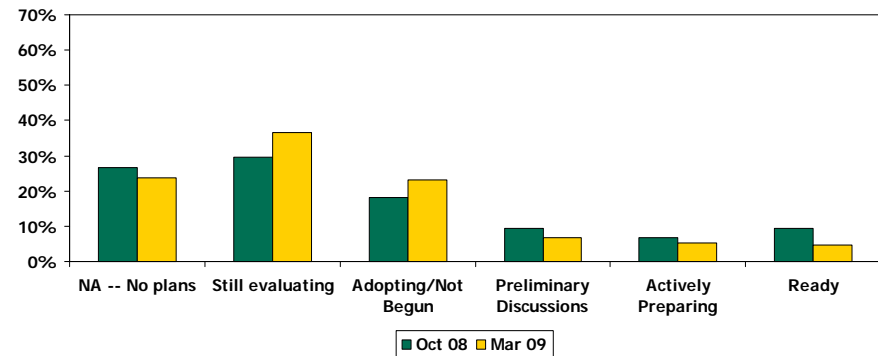


- US Public Companies are moving forward in preparing for IFRS
- US Private Companies are still not planning to adopt or only in early stages
- Most public practice firms are still not prepared for IFRS adoption

## US Private Companies



## Public Practice



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# Survey Highlights

## Opinions on SEC proposed roadmap

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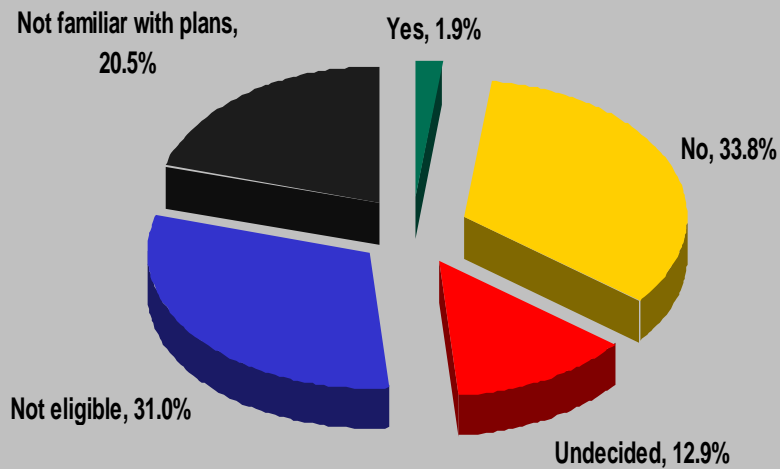
- Very few members indicated that their US Public Company planned early adoption of IFRS
- Most members do NOT currently believe that the benefits of IFRS outweigh the costs
  - Members working at Foreign-owned companies were the exception with about 50% indicating that they felt benefits outweighed costs
- On a related question almost half of all members saw “No benefits” in adopting IFRS
  - Members who worked for Foreign Companies were most likely to see a benefit with improved comparability between companies within an industry and simplified financial accounting and reporting being the two benefits most frequently chosen.
- Once members begin to transition to IFRS they wish to do it quickly
  - Most favor doing a one-time reconciliation rather than annual reconciliations for three years
  - Similarly most favor 2 years rather than 3 years of dual record keeping
  - While the degree of support for these positions varied somewhat across the different business types, the preferences were consistent across all groups.
- Support for delaying the implementation timeline was also strong



# Early Adoption Plans

## US Public Companies Only

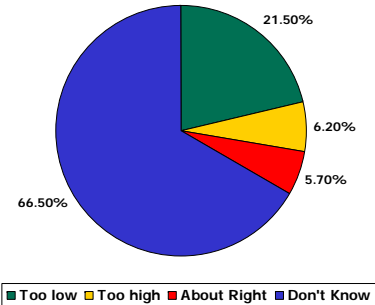
If your company is eligible for early adoption of IFRS under the SEC's proposed roadmap, is your company planning to adopt early?



➤ Only 4 US owned public company respondents indicated their companies were planning to adopt IFRS early

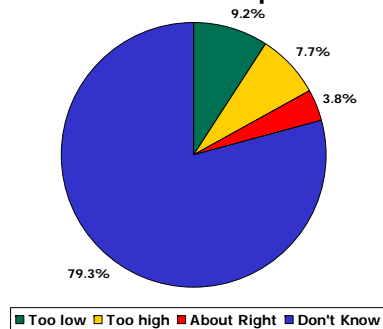
# Estimated Cost to Adopt?

US Public Companies

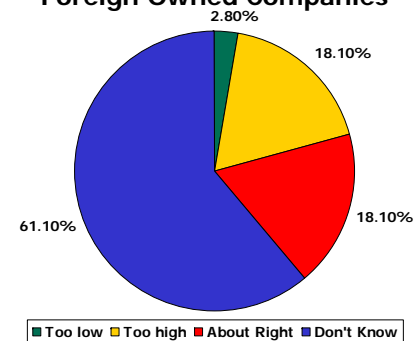


- There is still much uncertainty about what transitioning to IFRS will cost
- Even respondents from foreign-owned companies do not know
- What is not clear is whether organizations themselves do not know or whether respondents to this survey do not know

US Private Companies



Foreign Owned Companies



# One-time vs annual reconciliation?

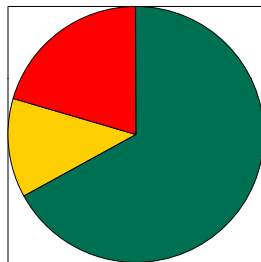
The SEC is proposing two alternatives with respect to the disclosure of US GAAP information:

-- Under Proposal A, US issuers would provide a one time reconciliation from certain US GAAP financial statements in accordance with IFRS 1

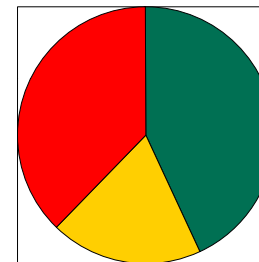
-- Under Proposal B, US issuers would provide a reconciliation from IFRS financial statements to US GAAP on an annual basis, covering a three year period.

Which proposal do you favor?

**US Public Companies**



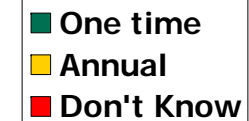
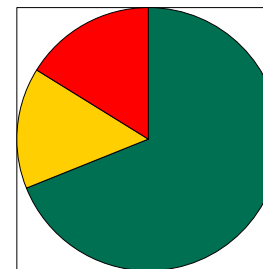
**Public Practice**



**US Private Companies**



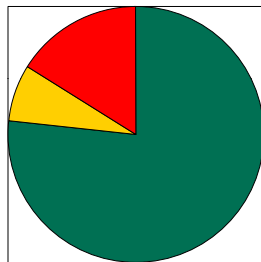
**Foreign Owned Companies**



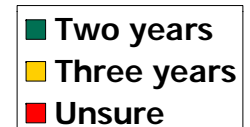
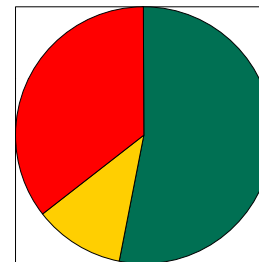
# Dual record keeping two vs three years?

To keep the period of dual record keeping to a minimum, would you support an SEC rule that would allow the ability to provide only two years of IFRS financial information, instead of requiring three years of historical financial information?

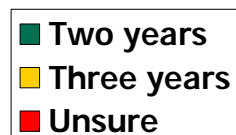
US Public Companies



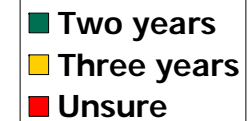
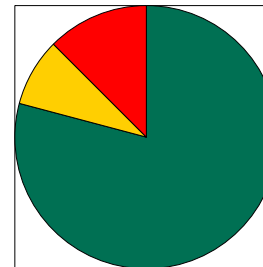
Public Practice



US Private Companies



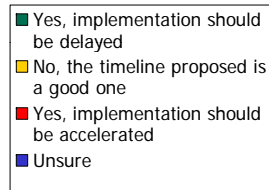
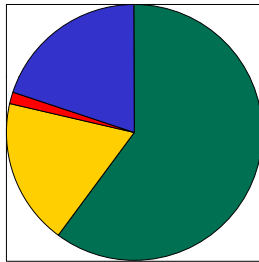
Foreign Owned Companies



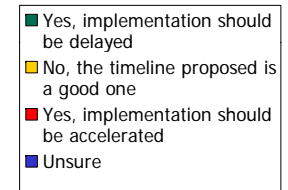
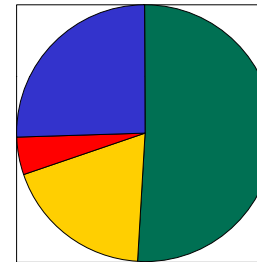
# Implementation timeline?

During her confirmation hearing SEC Chairwoman Mary Schapiro indicated a willingness to reconsider the proposed SEC roadmap and change the timeline for IFRS adoption. Should the timeline outlined in the originally proposed SEC roadmap, which will require IFRS adoption starting in 2014 be changed?

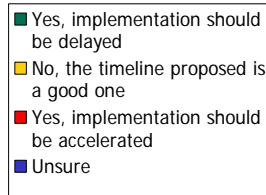
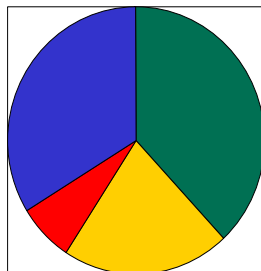
**US Public Companies**



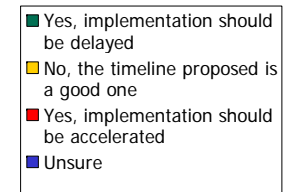
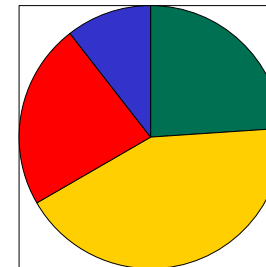
**Public Practice**



**US Private Companies**

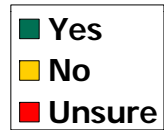
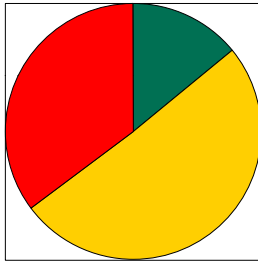


**Foreign Owned Companies**

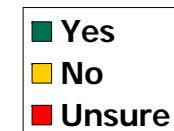
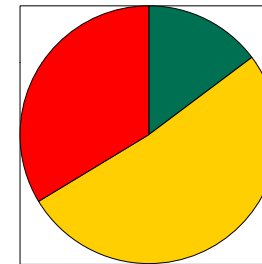


# Do the benefits of IFRS outweigh the costs?

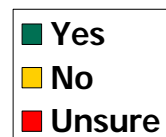
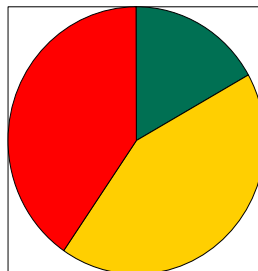
US Public Companies



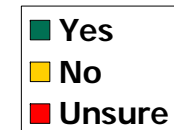
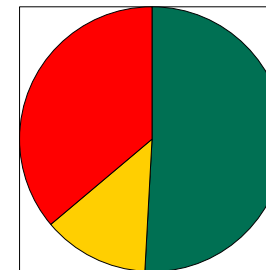
Public Practice



US Private Companies



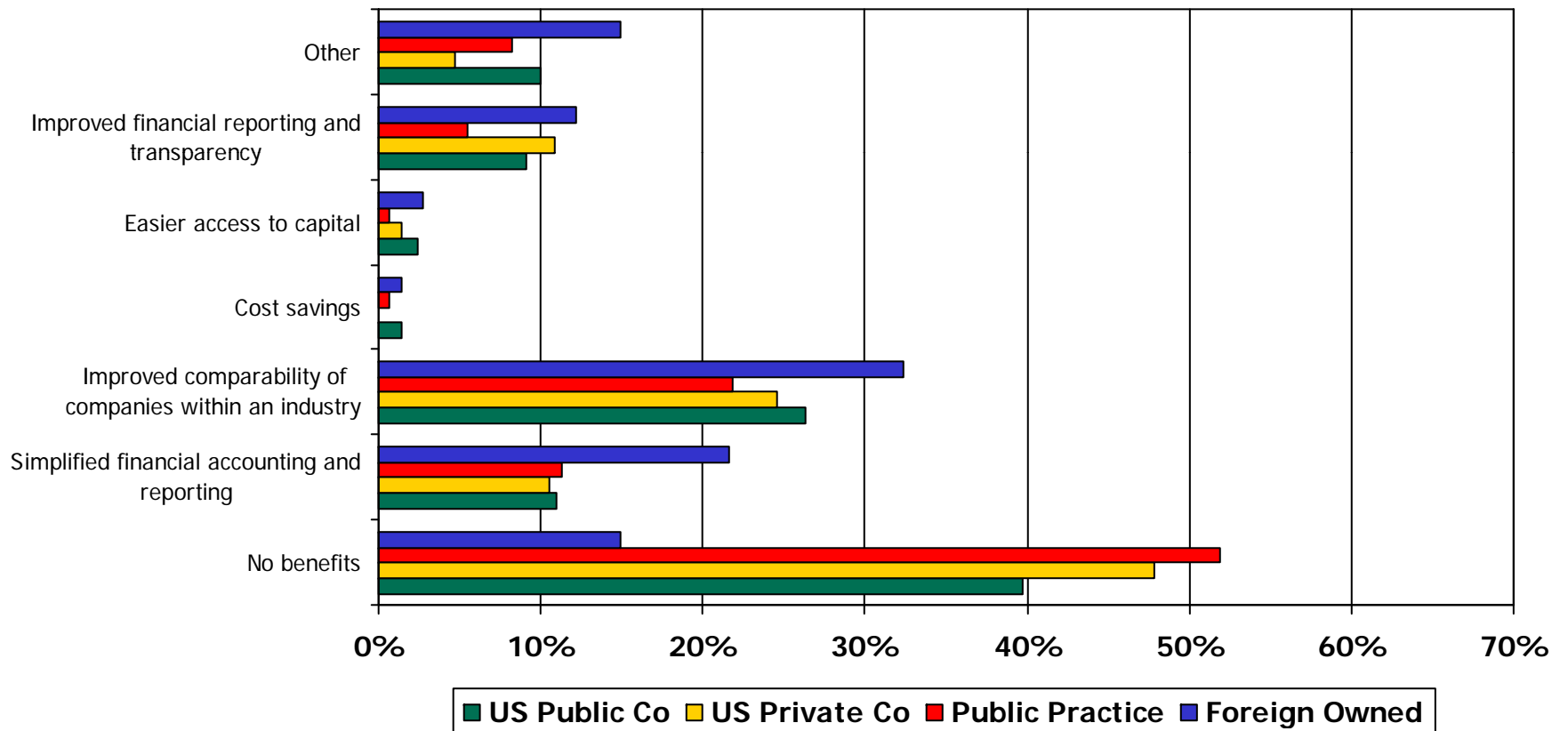
Foreign Owned Companies



# Most significant benefit of adopting IFRS

## All Members

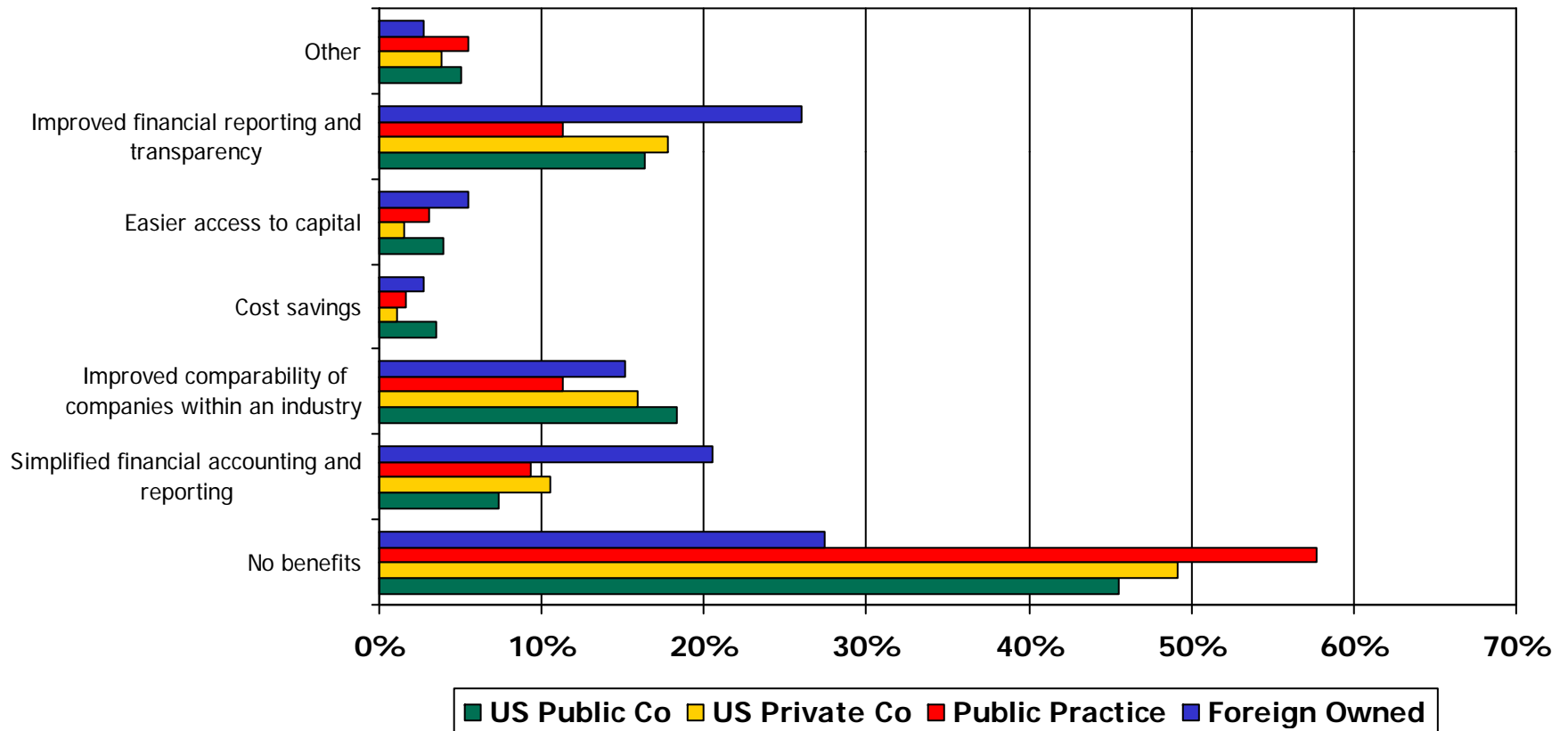
What do you perceive as the most significant benefit to adopting IFRS?



# Next most significant benefit of adopting IFRS

All Members

What do you perceive as the next most significant benefit to adopting IFRS?







# Backup Slides

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# IFRS Knowledge Grid

All Members

53% of respondents need to increase their knowledge of IFRS – this is consistent with October 55%

Familiarity Needed *(Numbers in () are from Oct 08)*

	NA	None	Basic	Some	Advanced	Expert	Total
NA	4% (4%)	1% (1%)	0% (0%)	0% (0%)	0% (0%)	0% (0%)	5% (4%)
None	2% (3%)	7% (11%)	5% (7%)	5% (6%)	2% (3%)	1% (1%)	22% (30%)
Basic	1% (2%)	3% (2%)	14% (11%)	10% (12%)	12% (9%)	2% (2%)	43% (39%)
Some	0% (0%)	0% (0%)	2% (2%)	8% (7%)	11% (8%)	3% (4%)	24% (21%)
Advanced	0% (0%)	0% (0%)	0% (0%)	0% (0%)	3% (2%)	2% (2%)	6% (4%)
Expert	0% (0%)	0% (0%)	0% (0%)	0% (0%)	0% (0%)	1% (1%)	1% (1%)
Total	7% (8%)	11% (14%)	21% (21%)	24% (25%)	28% (22%)	8% (9%)	100%

Current Familiarity

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# IFRS Knowledge Grid

US owned Public companies (N=210)

- **59%** of Public company respondents need expert or advanced knowledge
- **only 2%** have it.

## Familiarity Needed

	NA	None	Basic	Some	Advanced	Expert	Total
NA	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%
None	0.0%	3.8%	2.9%	2.9%	2.4%	0.5%	12.4%
Basic	0.0%	1.0%	9.0%	9.0%	19.0%	2.9%	41.0%
Some	0.0%	0.0%	0.5%	10.0%	19.0%	10.0%	40.0%
Advanced	0.0%	0.0%	0.0%	0.0%	2.4%	2.4%	5.2%
Expert	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	1.4%	4.8%	12.4%	21.9%	42.9%	15.7%	100.0%

Current Familiarity

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# IFRS Knowledge Grid

US owned Private companies (N=284)

- **51%** of Private company respondents need Basic or Some knowledge
- **21%** need advanced or expert knowledge
- **28%** claim no knowledge needs

## Familiarity Needed

		Familiarity Needed					Total	
		NA	None	Basic	Some	Advanced	Expert	Total
Current Familiarity	NA	5.3%	0.4%	0.7%	0.0%	0.0%	0.0%	6.3%
	None	2.5%	11.3%	5.6%	6.0%	1.8%	0.4%	27.8%
	Basic	2.5%	4.9%	17.6%	14.4%	8.8%	0.4%	48.6%
	Some	0.0%	0.7%	1.1%	5.6%	6.0%	1.1%	14.4%
	Advanced	0.0%	0.0%	0.0%	0.0%	1.4%	1.4%	2.8%
	Expert	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Total	10.2%	17.3%	25.0%	26.1%	18.0%	3.2%	100.0%

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# IFRS Knowledge Grid

Foreign companies (N=75)

- **65%** need advanced or expert knowledge
- **25%** have it
- Only **5%** believe they don't need any knowledge

## Familiarity Needed

		Familiarity Needed						
		NA	None	Basic	Some	Advanced	Expert	Total
Current Familiarity	NA	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%
	None	0.0%	2.7%	2.7%	0.0%	0.0%	0.0%	5.3%
	Basic	0.0%	1.3%	5.3%	6.7%	10.7%	2.7%	26.7%
	Some	0.0%	0.0%	1.3%	12.0%	24.0%	1.3%	38.7%
	Advanced	0.0%	0.0%	0.0%	1.3%	24.0%	1.3%	26.7%
	Expert	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	1.3%
	Total	1.3%	4.0%	9.3%	20.0%	58.7%	6.7%	100.0%

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# IFRS Knowledge Grid

Not for Profit (N=41)

- **58%** of NFP respondents need Basic or Some knowledge
- **24%** need Advanced knowledge
- Only **37%** have the knowledge they need

## Familiarity Needed

		Familiarity Needed					Total	
		NA	None	Basic	Some	Advanced	Expert	Total
Current Familiarity	NA	4.9%	2.4%	0.0%	0.0%	0.0%	0.0%	7.3%
	None	0.0%	4.9%	4.9%	9.8%	0.0%	0.0%	19.5%
	Basic	0.0%	4.9%	24.4%	12.2%	14.6%	0.0%	56.1%
	Some	0.0%	0.0%	2.4%	4.9%	9.8%	0.0%	17.1%
	Advanced	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Expert	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Total	4.9%	12.2%	31.7%	26.8%	24.4%	0.0%	100.0%

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# IFRS Knowledge Grid

Public Practice (N=300)

- **47%** need Basic or Some knowledge
- **30%** need Advanced or Expert knowledge
- **23%** don't need any knowledge

## Familiarity Needed

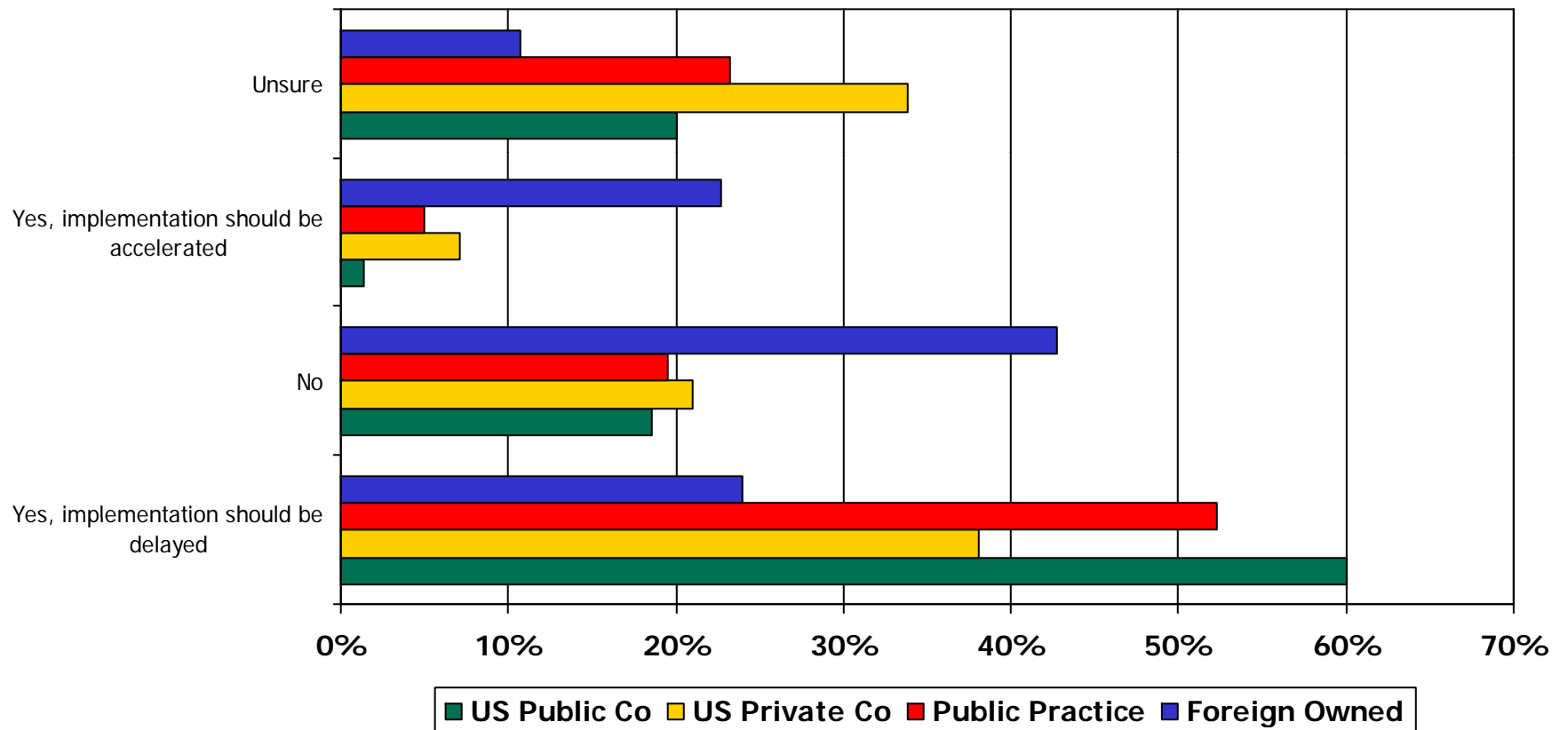
		Familiarity Needed					Total	
		NA	None	Basic	Some	Advanced	Expert	Total
Current Familiarity	NA	5.0%	1.0%	0.7%	0.0%	0.0%	0.0%	6.7%
	None	2.7%	8.0%	6.7%	6.0%	2.3%	1.0%	27.3%
	Basic	2.0%	2.3%	13.7%	8.0%	10.3%	3.7%	40.3%
	Some	0.3%	0.3%	2.7%	8.3%	7.0%	1.0%	19.7%
	Advanced	0.0%	0.0%	0.0%	1.0%	1.3%	2.0%	4.3%
	Expert	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	1.3%
	Total	10.0%	11.7%	23.7%	23.7%	21.0%	9.0%	100.0%

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# Implementation timeline?

All Members

During her confirmation hearing SEC Chairwoman Mary Schapiro indicated a willingness to reconsider the proposed SEC roadmap and change the timeline for IFRS adoption. Should the timeline outlined in the originally proposed SEC roadmap and change the timeline for IFRS adoption. Should the timeline outlined in the originally proposed SEC roadmap, which will require IFRS adoption starting in 2014 be changed?

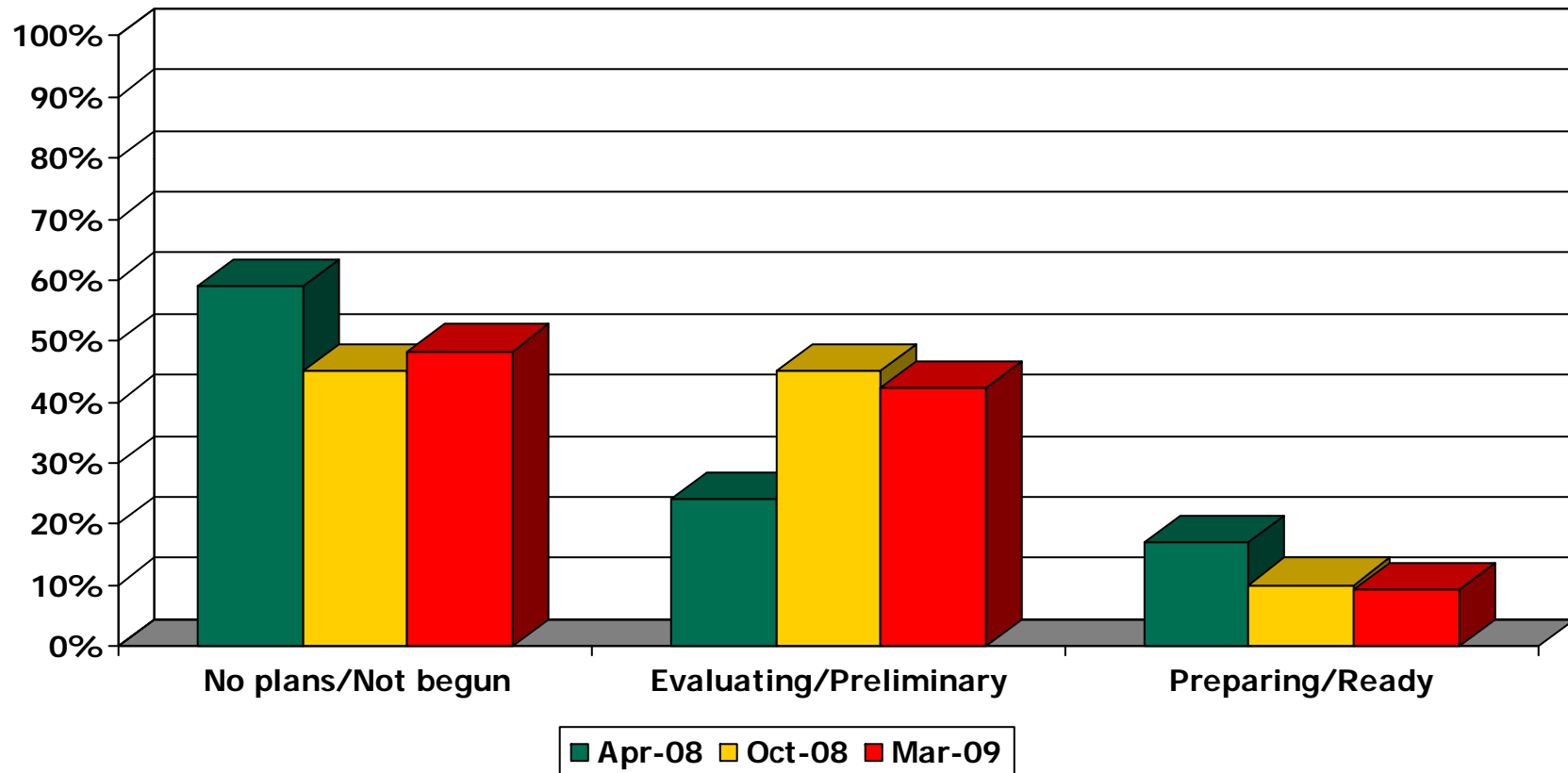




# Preparing to Adopt?

B&I members only

Adoptions plans have remained stable since October



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