

## IFRS Survey Results 2009: Update on views and activities

Almost 90% of respondents view IFRS conversion to be highly or somewhat likely to become mandatory in the U.S.

Anticipation of Securities and Exchange Commission (SEC) action regarding IFRS runs high among many U.S. companies. As executives await news from the SEC on its proposed IFRS roadmap, many are preparing their organizations for change and mobilizing around IFRS planning and transition activities.

According to a recent Deloitte survey, 89% of respondents indicated their companies viewed mandatory IFRS conversion to be highly likely or somewhat likely in the U.S. And companies are taking action or planning to take action, with 80% of respondents indicating their companies' involvement with a high-level IFRS assessment. These results, compared to trends reported by Deloitte earlier in 2009,<sup>1</sup> are a strong indication that attitudes and dynamics around IFRS are changing in the U.S.—and companies are beginning to alter their stance when it comes to IFRS readiness.

The Deloitte survey, with over 245 financial executives participating, was conducted in July 2009 to gather data and information on current views about IFRS in the U.S. and activity around IFRS planning.<sup>2</sup>

### Ramping up

Expectations for U.S. regulatory activity around IFRS appear to be heightening all around. The majority of survey respondents view a mandated IFRS conversion in the U.S. to be likely—with 59% viewing mandatory conversion in the U.S. as **highly** likely. More executives believe the SEC should require an IFRS transition—a belief that seems to be widely held outside the U.S. as well.<sup>3</sup>

Other countries appear to be waiting expectantly for the SEC to approve its proposed IFRS roadmap. Sir David Tweedie, Chairman of the International Accounting Standards Board, recently commented:<sup>4</sup> “If [we’re] going to have global standards, we need the U.S., but we can’t go on indefinitely.” He continued, “The European Federation of Accountancy Bodies [recently said that] the point has been reached where there have been diminishing returns from convergence with U.S. GAAP, particularly as more and more countries, including major economies such as Japan and India, move toward direct adoption of full IFRS.”

### Current IFRS planning and conversion activities

U.S. companies, in the meantime, appear to be not only keeping a close eye on the global trends, but preparing accordingly. Over two-thirds (67%) of respondents indicated that their company had designated a person or team to focus on IFRS or monitor IFRS developments.

Eighty percent (80%) of respondents indicated their companies are positioning themselves to address IFRS: 40% are performing or have performed a high-level IFRS assessment, while another 40% plan to perform an assessment. Companies with plans and strategies in place will likely be better equipped to address upcoming IFRS-related changes. While 40% of respondents are planning to perform an assessment in the next 1-2 years, 20% of respondents indicated no plans for IFRS assessment activities.

### Survey highlights

- 89% of respondents indicated their companies viewed IFRS conversion to be highly or somewhat likely to become mandatory in the U.S. Fifty-nine percent (59%) viewed mandatory conversion in the U.S. as **highly** likely.
- Over two-thirds (67%) of respondents indicated that their company had designated a person or team to focus on IFRS or monitor IFRS developments
- Eighty percent (80%) of respondent companies are positioning themselves to address IFRS: 40% are performing or have performed a high-level IFRS assessment, while 40% plan to perform an assessment.

Continued on next page >>

<sup>1</sup> For further survey information and Deloitte publications about IFRS, see <http://www.deloitte.com/us/ifrs/library>.

<sup>2</sup> Survey participants were self-selected, and responded through a web-based survey. Polling results are solely the thoughts and opinions of survey participants and not necessarily representative of the total population of financial professionals.

<sup>3</sup> In a recent Deloitte webcast poll, almost three-quarters (72%) of webcast participants responded that they believe the SEC should require U.S. issuers to transition to IFRS at some point in the future. Source: Financial Reporting Dbriefs webcast, “IFRS: A Regulatory Update and a Deeper Dive into Revenue Recognition and Derecognition,” held July 29, 2009, with 3,235 attendees.

<sup>4</sup> Webcpa.com, “Tweedie Warns of 2011 Deadline for IFRS Choice,” August 4, 2009.

# Continued

When it comes to seeking outside assistance with planning activities, such as assessments, some respondents indicated that their companies are accessing help from either their external auditor or another outside professional services firm. The survey indicates that approximately sixty percent (60%) of companies who performed or are performing a high-level IFRS assessment sought or are seeking external assistance. However, a significant number of respondents (around 40%) are taking on the task themselves. Given the economic climate and the pressure on cost-reduction, the go-it-alone strategy may not be surprising.

For post-assessment plans, many survey respondents are looking at cross-functional approaches that include not only accounting, but also tax, technology/systems, and training personnel/human resources.

IFRS can be expected to be in the forefront of discussions among financial executives in the months ahead with the upcoming G-20 Summit in September and the anticipated SEC discussion on its proposed roadmap in the fourth quarter.

## IFRS Survey results

1. Does your company have any IFRS reporting requirements today?	
Yes	25%
No	73%
Not sure	2%
2. Has your company designated a person or team to focus on or monitor IFRS developments?	
Yes	67%
No	28%
Not sure	5%
3. What is your company's perception of the likelihood of IFRS conversion becoming mandatory in the U.S.?	
Highly likely that IFRS will become mandatory in the U.S.—it's just a matter of when	59%
Somewhat likely that IFRS will become mandatory in the U.S.	30%
Neither likely or unlikely	5%
Somewhat unlikely that IFRS will become mandatory in the U.S.	5%
Highly unlikely that IFRS will become mandatory in the U.S.	1%
4. What is the status of your company performing a high-level IFRS assessment, such as evaluating technical accounting differences?	
Performed an IFRS assessment, was assisted by my external auditor	9%
Performed an IFRS assessment, was assisted by a professional services firm other than my external auditor	5%
Performed an IFRS assessment, without external assistance	9%
Performing an IFRS assessment, with assistance from my external auditor	6%
Performing an IFRS assessment, with assistance from a professional services firm other than my external auditor	4%
Performing an IFRS assessment, without external assistance	7%
Plan to perform an IFRS assessment, with help from my external auditor	14%
Plan to perform an IFRS assessment, with the help a firm other than my external auditor	8%
Plan to perform an IFRS assessment, without external assistance.	18%
Not planning to perform IFRS assessment activities	20%

5. In your view, select the response that represents your company's readiness for an IFRS conversion:	
Already on IFRS	6%
Performed an assessment; starting implementation	5%
Performed an assessment; not planning an implementation at this time	12%
Currently performing an assessment	15%
Planning to perform an assessment at some point in the next 1-2 years	40%
Not planning any action other than education	22%
6. Which areas are likely to be the focus for your follow-on or post-assessment plans? (Please select all that apply.)*	
Accounting	90%
Tax	67%
Technology/systems	64%
Training personnel/human resources	58%
Other, please specify	6%
7. Identify the primary industry of your company:	
Financial services	26%
Health services and government	5%
Consumer and industrial products	27%
Energy and resources	10%
Technology, media, and telecommunications	12%
Other, please specify	20%

\*Note: Total exceeds 100% as respondents could select more than one option.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte LLP and its subsidiaries. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.