



## News Release

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### **TWENTY PERCENT OF U.S. COMPANIES WOULD CONSIDER ADOPTING IFRS -- BUT MORE TRAINING IS NEEDED: DELOITTE SURVEY**

*General lack of awareness about IFRS also exists among U.S. companies*

**NEW YORK, Oct. 29, 2007** –Preliminary results of a new survey by Deloitte & Touche LLP show that approximately 20 percent of CFOs and senior finance professionals (representing approximately 300 U.S. companies) would consider adopting International Financial Reporting Standards (IFRS), if given a choice by the U.S. Securities and Exchange Commission (SEC). Approximately two-thirds of those companies would consider adopting IFRS within the next three years.

While interest in adopting IFRS exists, the survey results indicate that companies believe their personnel lack sufficient knowledge of IFRS to make the conversion and to maintain IFRS financial statements, both among domestic and non-U.S. operations. More than half those companies considering IFRS say they lack skilled resources in their U.S. operations, while approximately one-third felt they lacked skilled resources in their non-U.S. operations.

“These results suggest that a number of U.S. companies have an interest in IFRS. The movement toward IFRS is being driven largely by the markets. As more companies outside the U.S. report using IFRS, there will likely be increasing pressure on U.S. companies to do the same,” said D.J. Gannon, a partner with Deloitte & Touche LLP.

The Deloitte & Touche survey follows the recent concept release by the SEC on whether U.S. companies should be permitted to prepare their financial statements using IFRS, as published by the International Accounting Standards Board (IASB). On the basis of the responses received, it is possible that by 2010 or 2011, U.S. companies may have a choice of IFRS or U.S. generally accepted accounting principles (GAAP) for public reporting purposes in the United States.

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The SEC identified the lack of experience in preparing IFRS financial statements in the U.S. market as a potential issue in its concept release and asks what implementation concerns

should be considered by the SEC. Specifically, questions are posed regarding education and training, application and regulation, auditing, and transition and timing.

The Deloitte & Touche survey also confirms the need for more awareness about IFRS. Approximately 20 percent of U.S. companies say they have insufficient knowledge to determine whether they would consider adopting IFRS, if given a choice. Another 15 percent were undecided as to whether they would or would not consider IFRS adoption.

According to Gannon, “approximately 40 percent of the Fortune Global 500 companies currently use IFRS, and that percentage will increase in the next couple of years as countries like Canada and Brazil move to IFRS.” Gannon further notes that, “Interest in adopting IFRS should grow once U.S. companies become more familiar with the standards. We believe the percentage of U.S. companies that are interested in adopting IFRS will only increase over time.”

In weighing the decision to adopt IFRS, companies need to assess the impact of local or statutory reporting by non-U.S. subsidiaries. According to the survey, almost two-thirds of U.S. companies that would consider adopting IFRS believe they have good visibility over statutory reporting requirements governing their non-U.S. subsidiaries.

“Ultimately, a company should identify countries that may now have a local IFRS reporting requirement (equity investees and joint ventures should be included in this analysis),” said Gannon. “A company also should consider where it may have complex cross-border structures and whether there are IFRS requirements resulting from such structures.”

Regarding potential obstacles, the survey asked what companies see as the most significant obstacle for not adopting IFRS. About one-third of companies that indicated they would not consider adopting IFRS felt the most significant obstacle is that IFRS are not viewed as acceptable as U.S. GAAP by investors and analysts. “As many investors and analysts have accepted IFRS as a reporting basis, it appears that more education is needed in helping companies understand how investors and analysts view IFRS,” Gannon concluded.

D.J. Gannon, partner and leader of Deloitte & Touche’s IFRS Centre of Excellence for the Americas region, is available to discuss the survey results and the potential implications for U.S. and non-U.S. based companies. Please contact Daniel Mucisko at 973-683-6063 or [dmucisko@deloitte.com](mailto:dmucisko@deloitte.com) to schedule an interview.

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