

IFRS Survey Results 2009: Current issues

70% of respondents indicated that the SEC should approve its proposed IFRS Roadmap either “as is” or by pushing back the proposed mandatory deadline by a year

Recent statements from the Securities and Exchange Commission’s (SEC) chairperson and new chief accountant suggest that IFRS is returning as a front burner issue. And many financial executives are showing support for decisive SEC action in approving its proposed IFRS roadmap, according to a new Deloitte survey.¹

Seventy percent (70%) of respondents indicated that the SEC should approve its proposed roadmap or a modified version of it. Specifically, 51% responded that the SEC should approve the proposed roadmap, but consider pushing back the mandatory deadline by a year, and 19% responded that the SEC should approve its proposed roadmap “as is.”

The Deloitte survey, with over 150 financial executives participating, was conducted in September 2009 to gather data and information on the latest IFRS trends, views, and assessment activities.

Prioritizing IFRS

Recent comments from James Kroeker, the SEC’s chief accountant, regarding the SEC’s commitment to a single set of global accounting standards have stirred discussions on what the future holds for IFRS in the U.S. “Convergence of accounting standards and the proposed roadmap will be a priority for us in the weeks and months to follow,” stated Kroeker, the SEC’s chief accountant.² Kroeker’s comments come at a time when the Group of Twenty (G-20) nations re-emphasized the importance of a single set of global accounting standards.

In November 2008, the SEC formally issued its proposed IFRS roadmap that included a projected timetable and related milestones for mandatory transition to IFRS, beginning in 2014 for large accelerated filers. Rule changes that would give certain U.S. issuers the option to use IFRS earlier were also proposed. Since its issuance, a number of factors have contributed to delays and uncertainty regarding next steps, but this may soon change in the weeks ahead.

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Survey highlights

- Seventy percent (70%) of respondents indicated approval for the SEC’s proposed roadmap: 51% responded that the SEC should approve the proposed roadmap, but consider pushing back the mandatory deadline a year; and 19% responded that the SEC should approve its proposed roadmap “as is.”
- Forty-five percent (45%) of respondents selected “delay in the finalization of the SEC’s roadmap” in characterizing the reason why their companies’ IFRS assessment plans may have been delayed. Only 9% of respondents identified “economic challenges or constraints” as the reason for delaying an IFRS assessment.
- Thirty-four percent (34%) of survey participants indicated IFRS adoption would make the U.S. more competitive in the global market place, while 38% responded that IFRS adoption would not.

¹ The Deloitte survey, conducted in September 2009, had over 150 respondents, including finance professionals, CFOs, and finance managers. 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.

² BNA, “SEC Officials Stress Commitment to IFRS,” September 2009.

Continued: IFRS survey results 2009

Survey respondents attributed the uncertainty around finalizing the SEC's proposed roadmap as the primary reason for deferring their own IFRS assessment plans, ranking ahead of economic challenges. Forty-five percent (45%) of respondents selected "delay in the finalization of the SEC's roadmap," when asked about why assessment plans had been deferred. Twenty-six (26%) indicated there was no delay in their assessment plans. Only 9% of respondents cited "economic challenges or constraints" as a reason for delaying an IFRS assessment. In addition, 11% noted "lack of internal support and resources" as a reason for delaying assessment plans. Many U.S. companies would likely respond to action by the SEC on its proposed roadmap in the months ahead through additional planning and increased resources for IFRS preparation.

Respondents' views about whether IFRS adoption would make the U.S. more competitive in the global marketplace were split. Thirty-four percent (34%) of survey participants indicated IFRS adoption would make the U.S. more competitive, while 38% responded that IFRS adoption wouldn't. Twenty-eight percent (28%) weren't sure.

Approaches to IFRS assessments

Companies appear to be taking a broader approach to assessing the impact of IFRS. The survey results suggest that many companies are being thorough in their evaluation of how IFRS will affect the organization at large, looking beyond technical accounting. Respondents indicated that their companies consider the following components in their assessments (respondents could choose all that applied):

- Accounting (78%)
- Tax (66%)
- Technology/systems (63%)
- Statutory (46%)
- Organizational (52%)

Nearly two-thirds of respondents indicated that their companies were factoring systems considerations into their assessments. The majority of respondents also indicated that the systems analysis included dual reporting strategies and sub-ledger impacts. Sixty-two percent (62%) of survey participants selected "yes" when asked whether their companies considered the systems analysis to address dual reporting strategies. Fifty-three percent (53%) stated that their companies are addressing sub-ledger impacts.

Yet some companies may not be addressing either dual reporting or sub-ledger impacts comprehensively. Nineteen percent (19%) of respondents indicated "no" or "not sure," regarding their companies' consideration of dual reporting, while more than a quarter (26%) responded "no" or "not sure" on whether their companies' considered sub-ledger impacts in the systems analysis.

Despite regulatory uncertainty regarding IFRS in the U.S., many companies remain focused on key IFRS trends and their own IFRS planning activities.

Survey questions and results follow on next page.

Survey results

1. To the extent you have delayed plans in 2009 to perform an IFRS assessment, which answer below best characterizes the reason for such a delay?

Economic challenges or constraints	9%
Delay in the finalization of the SEC's roadmap	45%
Lack of internal support and resources	11%
No delay – currently on track	26%
Other	9%

2. What should the SEC's position be on its proposed IFRS roadmap?

Approve "as is"	19%
Approve, but consider pushing back the mandatory deadline a year	51%
Reject the proposed roadmap in its entirety	12%
Not sure	18%

3. In your view, what should the IASB's and FASB's approach be to convergence?

Extend a comprehensive convergence plan over the next five to ten years	39%
Achieve as much convergence as possible between now and 2011, and then focus on IFRS conversion at that point	39%
Wind down convergence efforts at this time, and support IFRS conversion	17%
Not sure	5%

4. Will IFRS adoption make the U.S. more competitive in the global marketplace?

Yes	34%
No	38%
Not sure	28%

5. What areas is your company considering or factoring in the assessment? (Please select all that apply)*

Accounting	78%
Tax	66%
Technology/systems	63%
Statutory	46%
Organizational (communication, training, etc)	52%
Other	16%
N/A – have not performed and are not considering performing an assessment at this time	20%

6. As part of the IFRS assessment, does your company consider the accounting assessment to include an analysis of technical accounting differences?

Yes	77%
No	1%
Not sure	4%
N/A – have not performed and are not considering performing an assessment at this time	18%

7. As part of the IFRS assessment, does your company consider the tax analysis to include tax planning risks and opportunities?

Yes	61%
No	3%
Not sure	18%
N/A – have not performed and are not considering performing an assessment at this time	18%

8. As part of the IFRS assessment performed, does your company consider the systems analysis to address dual reporting strategies?

Yes	62%
No	6%
Not sure	13%
N/A – have not performed and are not considering performing an assessment at this time	19%

9. As part of the IFRS assessment, does your company consider the systems analysis to address subledger impacts?

Yes	53%
No	9%
Not sure	17%
N/A – have not performed and are not considering performing an assessment at this time	21%

10. As part of the IFRS assessment, which areas were or will likely be addressed in the organizational analysis? (Select all that apply)*

A company-wide communication plan	45%
The development of a training plan	50%
Not sure	22%
N/A – have not performed and are not considering performing an assessment at this time	20%

11. Identify the primary industry of your company:

Financial services	26%
Consumer and industrial products	23%
Energy and resources	13%
Technology, media, and telecommunications	13%
Health services and government	4%
Other	21%

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

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