



IFRS Readiness Tracking Survey

May 2011

Survey Background

■ Semi-annual survey

- Conducted 4/19 through 5/11, 2011
- 1351 responses – 1167 qualified (BI or Public Practice member)
 - 146 from US Public Companies
 - 185 from US Private Companies
 - 46 from Foreign Public Companies
 - 36 from Foreign Private Companies
 - 35 from Not for profit or educational institutions
 - 718 from Public Practice

■ Measures members readiness to implement IFRS

■ In addition to tracking questions, contains a number of questions unique to this survey

■ Provides information on their views surrounding other issues related to IFRS adoption

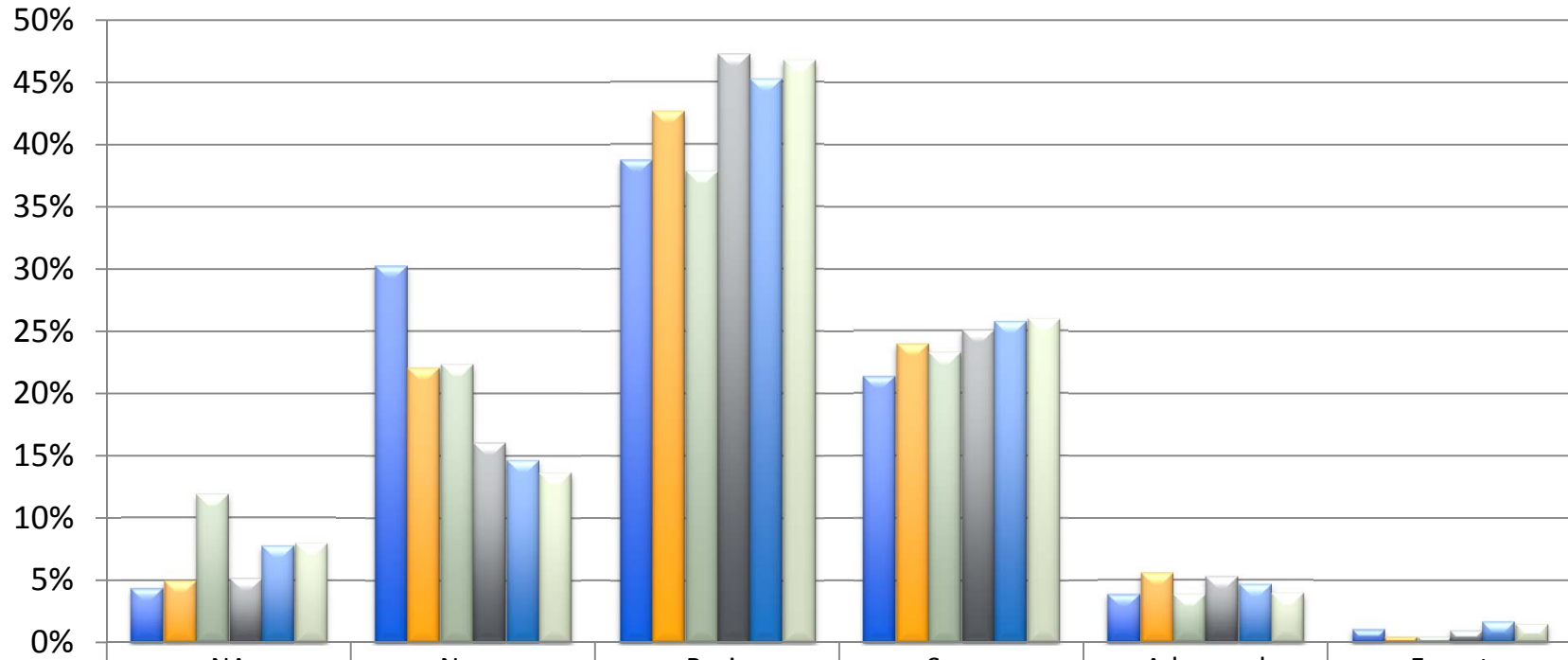
Key Messages from IFRS Readiness Survey May 2011

- **Familiarity with IFRS has remained stable since May 2010**
- **U.S. public companies have backed off IFRS planning**
 - The percentage of respondents in the planning stages of IFRS adoption fell
 - The number of respondents delaying IFRS preparations until the SEC makes a decision increased
 - Preparations by CPAs in public accounting remained steady
- **Members support adoption of IFRS, although more convergence is desired first**
 - 51% of members believe a 2015-2016 adoption date would allow enough time for implementation, 17% said no and 32% are unsure
- **A majority of members are aware of FASB/IASB convergence projects**
 - However, most do not plan to study the details until standards are issued
 - A high percentage are unsure whether the proposals will result in improvements
 - Members are about evenly spread between those that think the pace of change is too fast, about right or are unsure. Few think the pace is too slow.

Familiarity with IFRS

Current Familiarity with IFRS

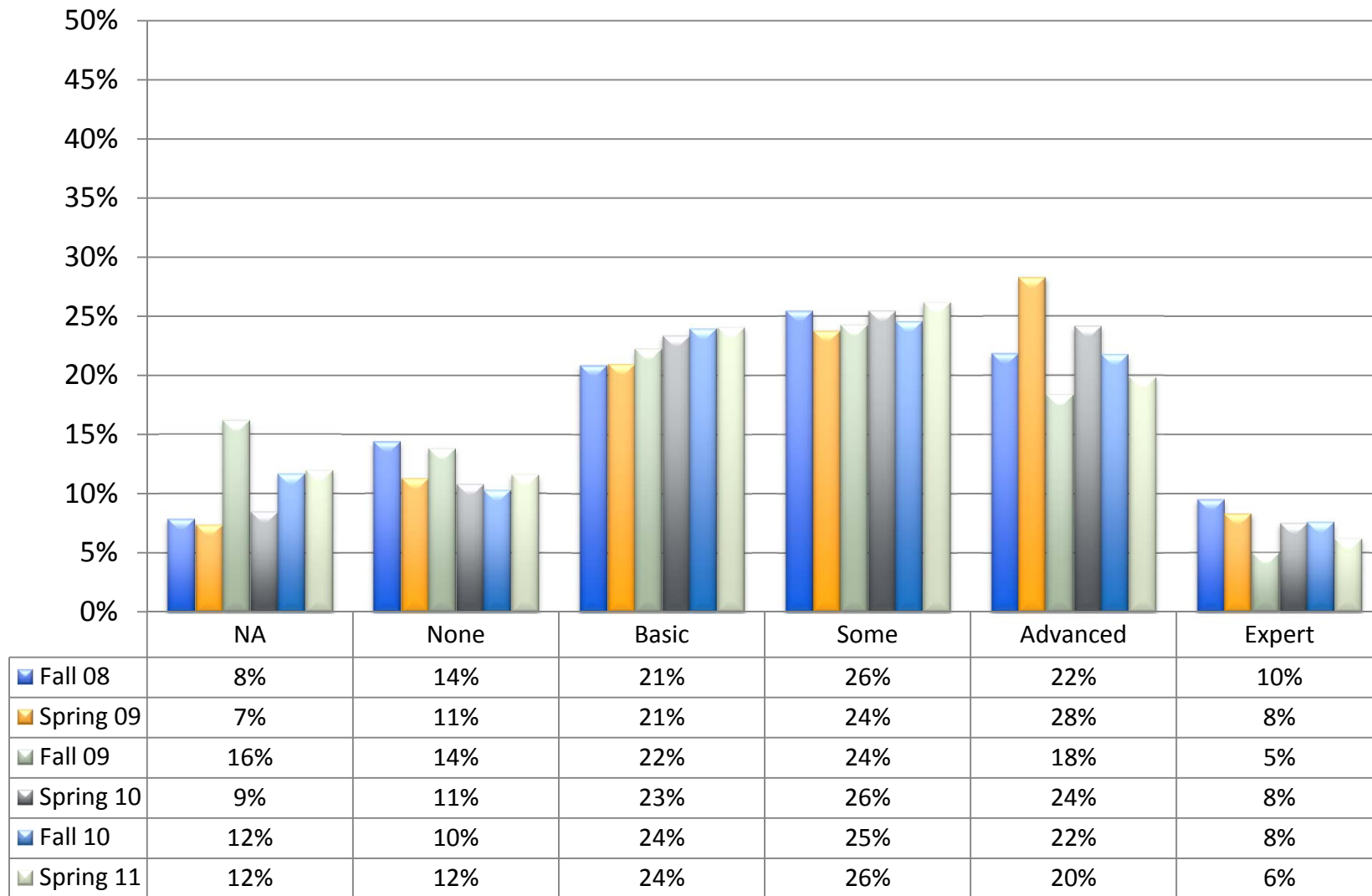
All Members



	NA	None	Basic	Some	Advanced	Expert
■ Fall 08	4%	30%	39%	21%	4%	1%
■ Spring 09	5%	22%	43%	24%	6%	1%
■ Fall 09	12%	22%	38%	23%	4%	1%
■ Spring 10	5%	16%	47%	25%	5%	1%
■ Fall 10	8%	15%	45%	26%	5%	2%
■ Spring 11	8%	14%	47%	26%	4%	2%

Needed Familiarity with IFRS

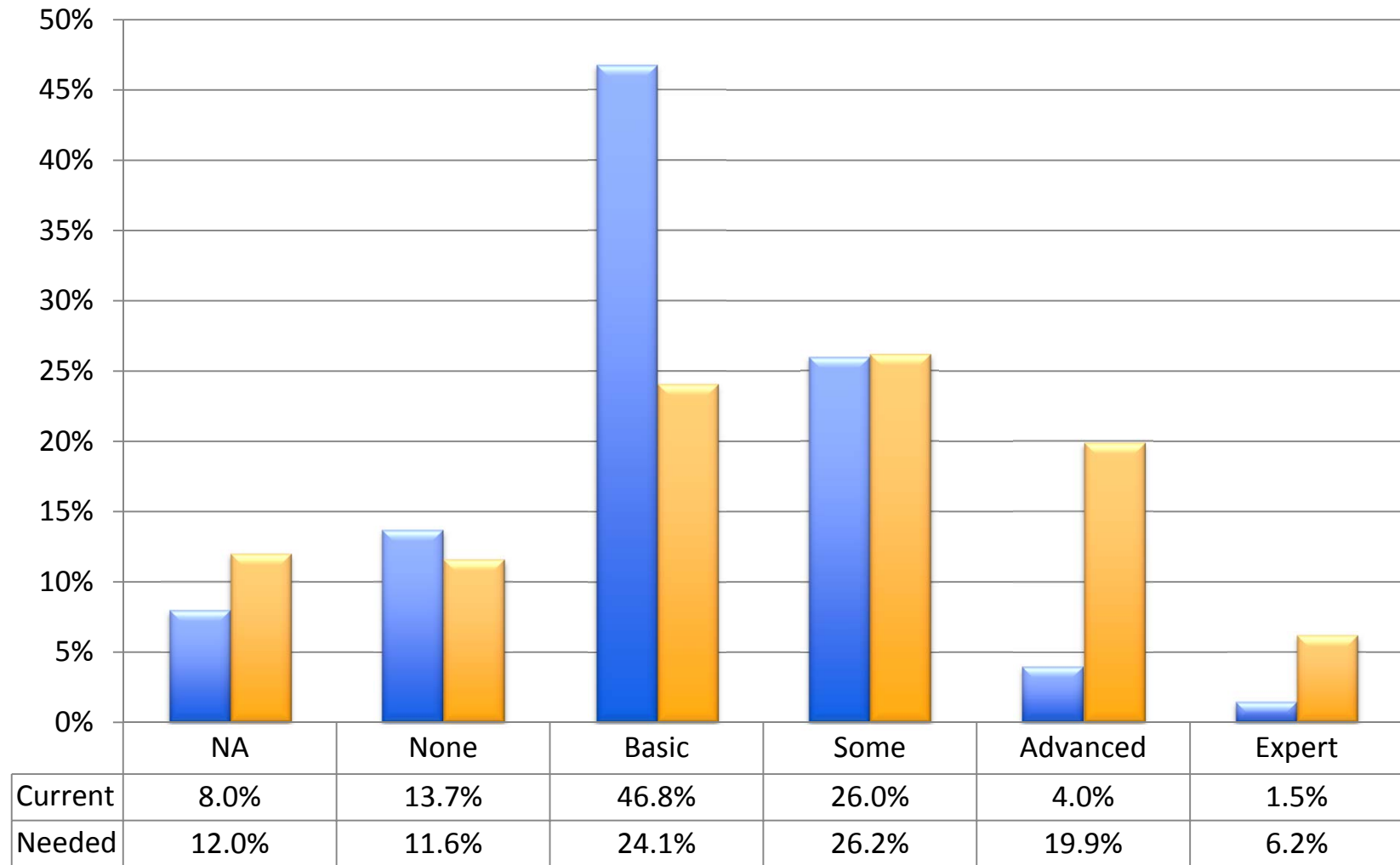
All Members



Familiarity with IFRS

Current vs Needed

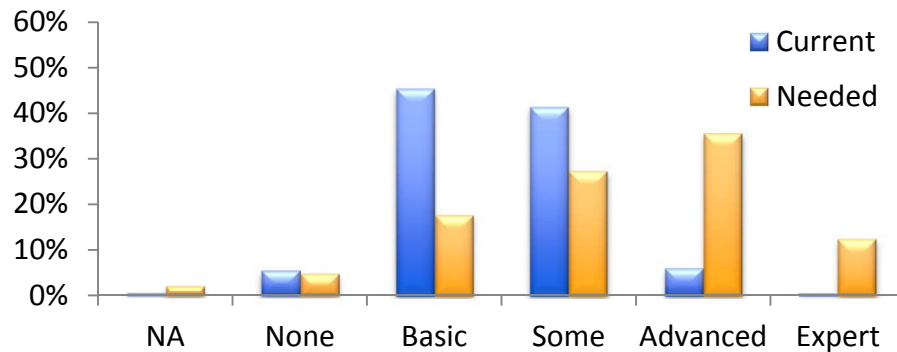
All Members



Familiarity with IFRS

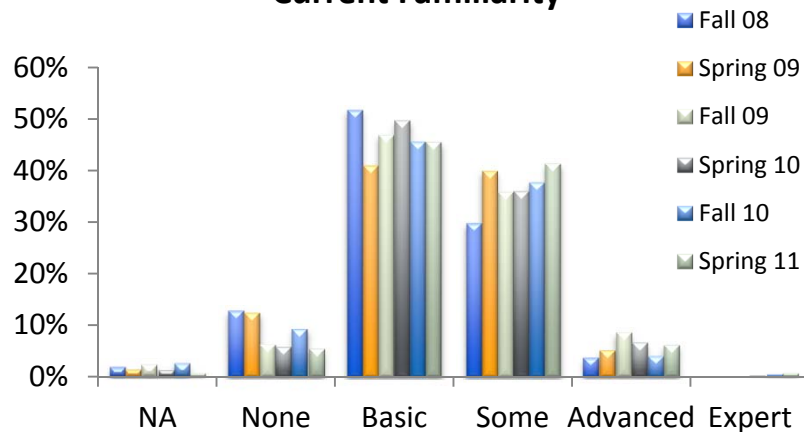
US Public Co Members

Current vs Needed

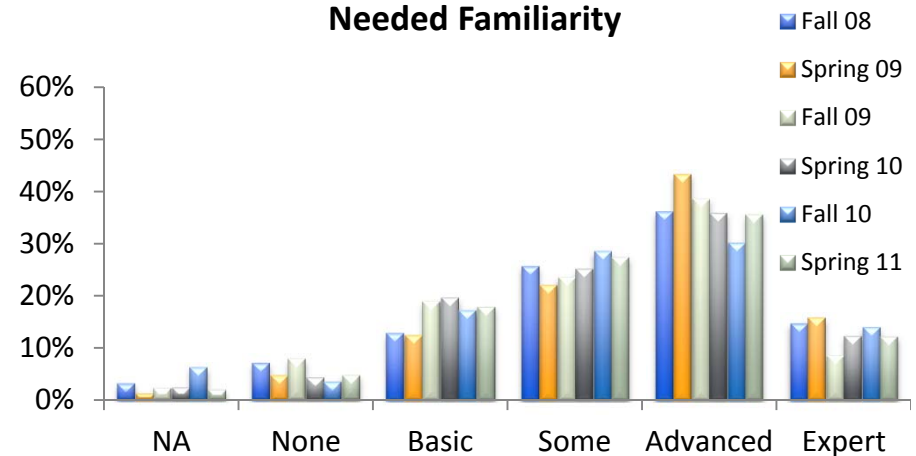


- A fairly large gap still exists between the level of familiarity public company respondents have and what they believe they need
- The percentage members who know at least some about IFRS has been climbing steadily since Fall 09
- Expectations for Needed Familiarity are also fairly stable

Current Familiarity



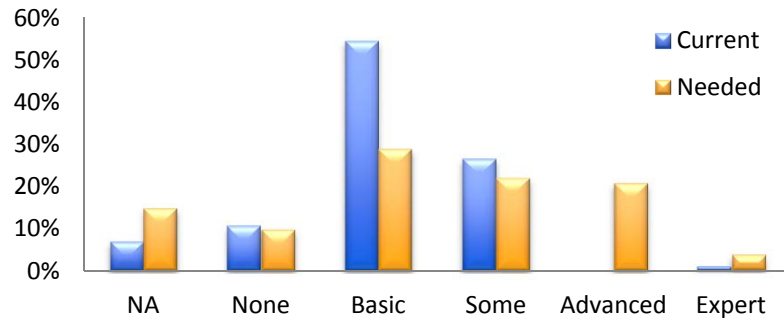
Needed Familiarity



Familiarity with IFRS

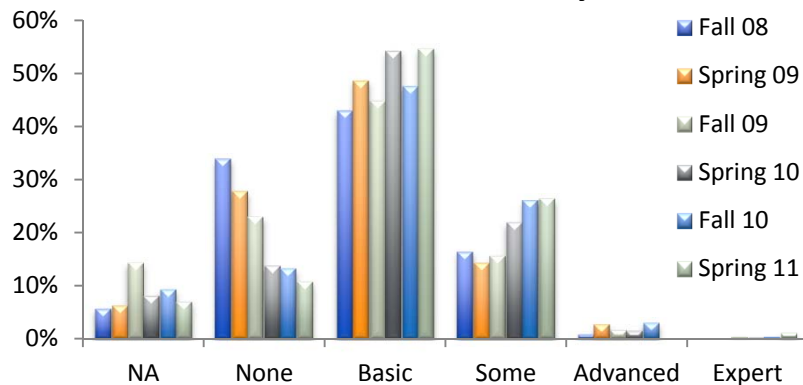
US Private Co Respondents

Current vs Needed Familiarity

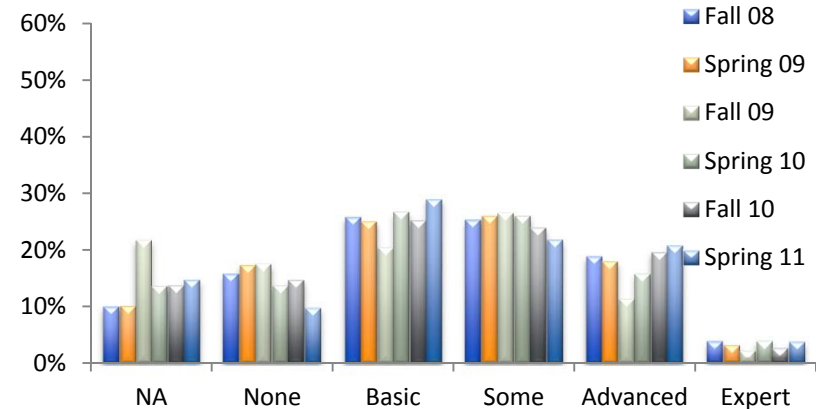


- Members who work for US Private Cos generally have less familiarity with IFRS than they need
- However familiarity has consistently grown since October 08
- The percentage of members who think they will need at least some knowledge has continued to grow.

Current Familiarity



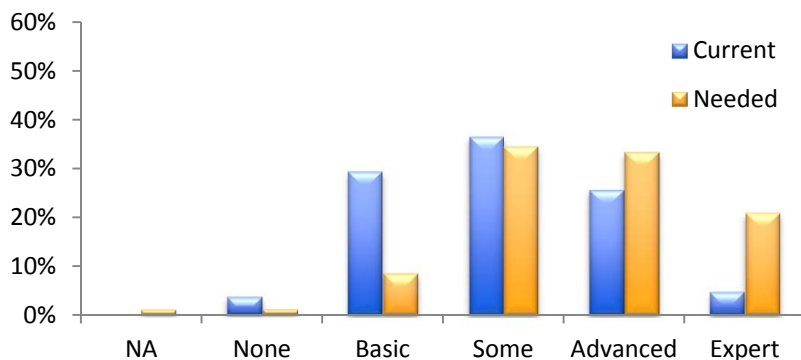
Needed Familiarity



Familiarity with IFRS

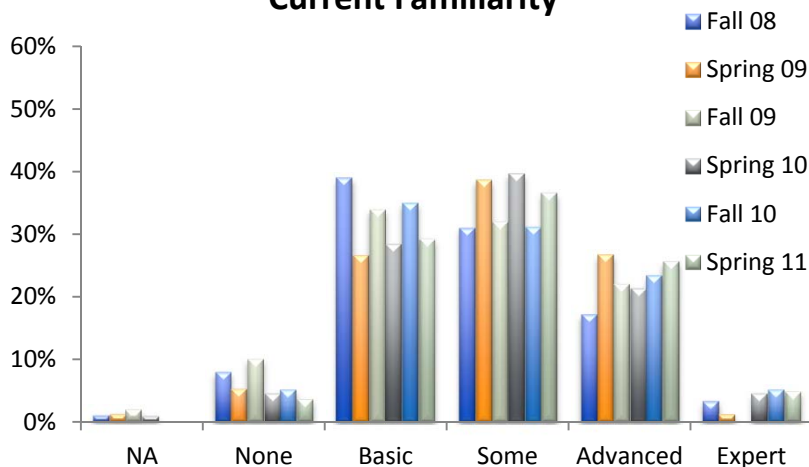
Foreign Owned Co Members

Current vs Needed

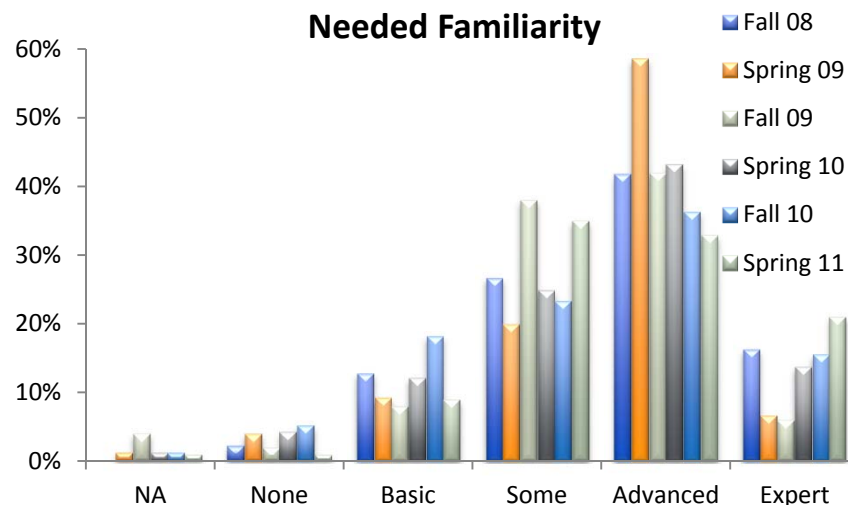


- Like their US counterparts members who work for Foreign companies generally have less familiarity with IFRS than they need but the gaps are smaller
- Current familiarity increased slightly this spring
- Expectations for familiarity needed also increased slightly
- Caveat: Because of small number of foreign company respondents (81) these changes may or may not be significant

Current Familiarity



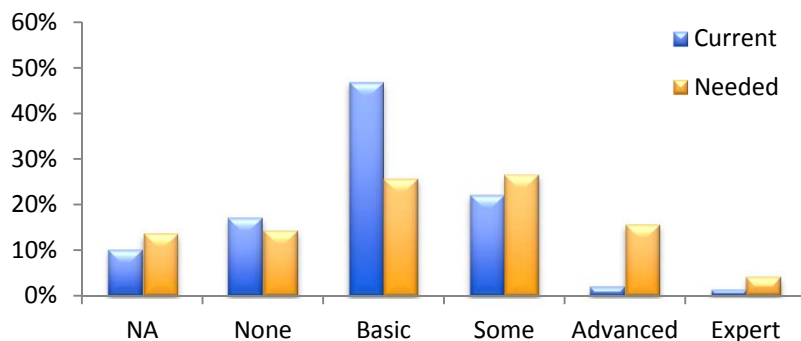
Needed Familiarity



Familiarity with IFRS

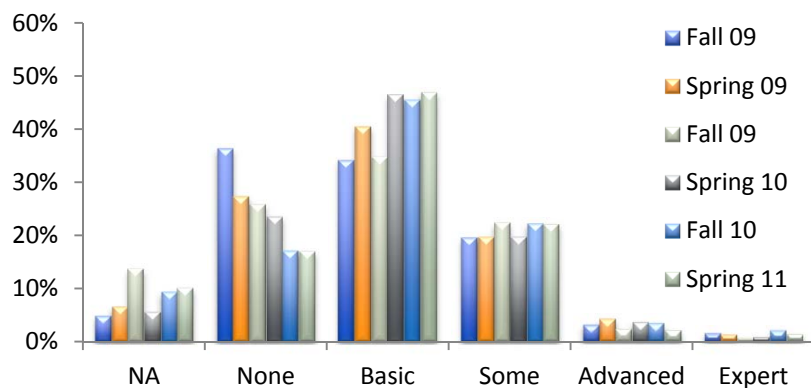
Public Practice Members

Current vs Needed

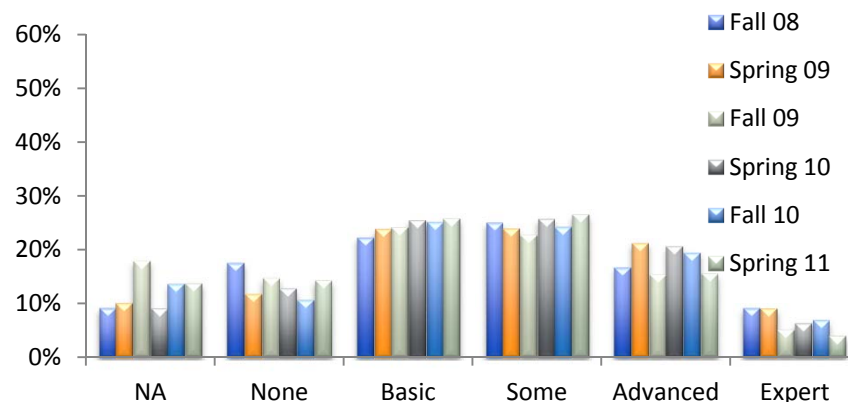


- Members who work for Public Practice continue to have less familiarity with IFRS than they need
- The percentage of members with at least Basic knowledge has remained stable for the past year.
- Members expectations for what they think they will need have also remained stable

Current Familiarity



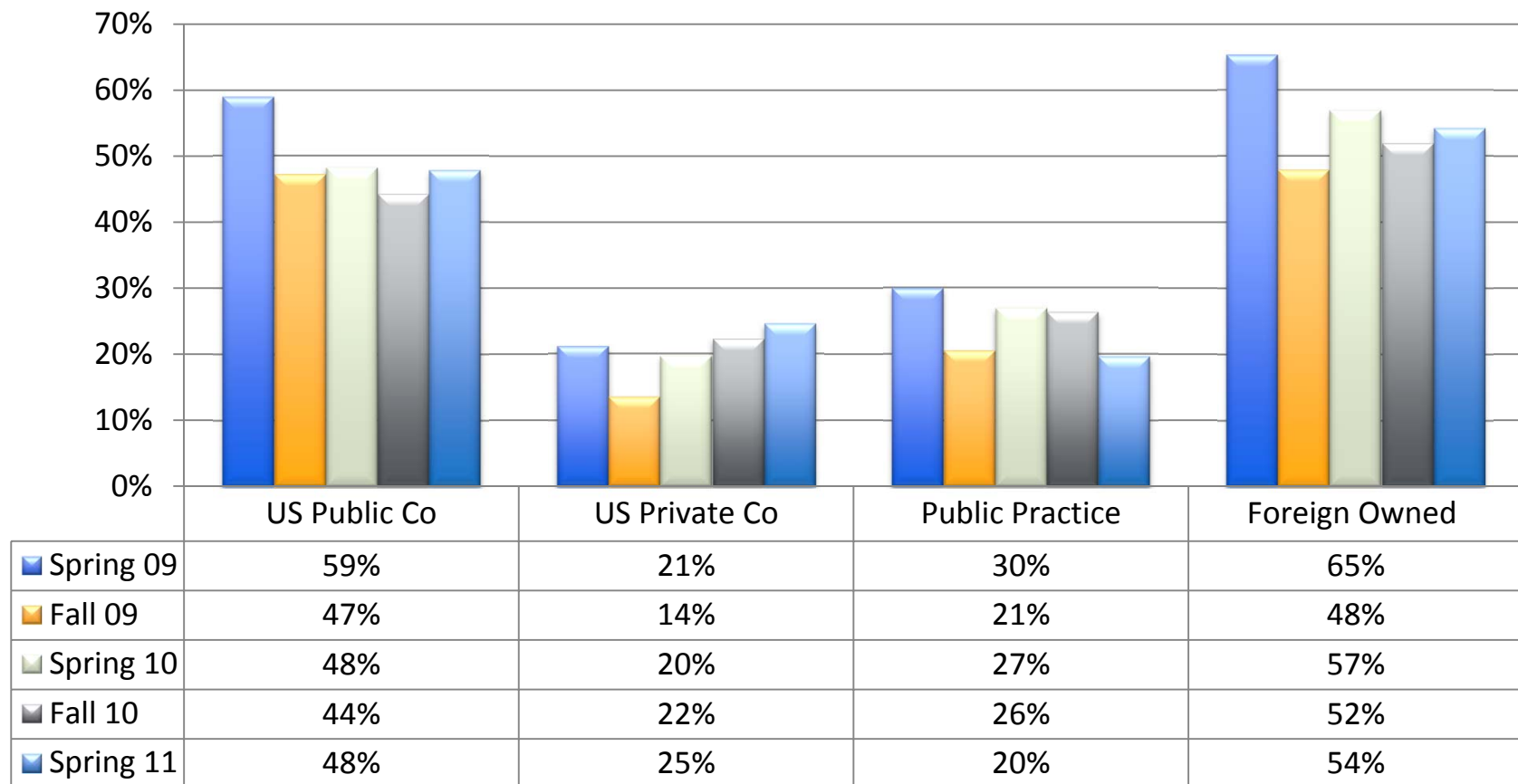
Needed Familiarity



Who Needs Advanced & Expert Knowledge of IFRS?

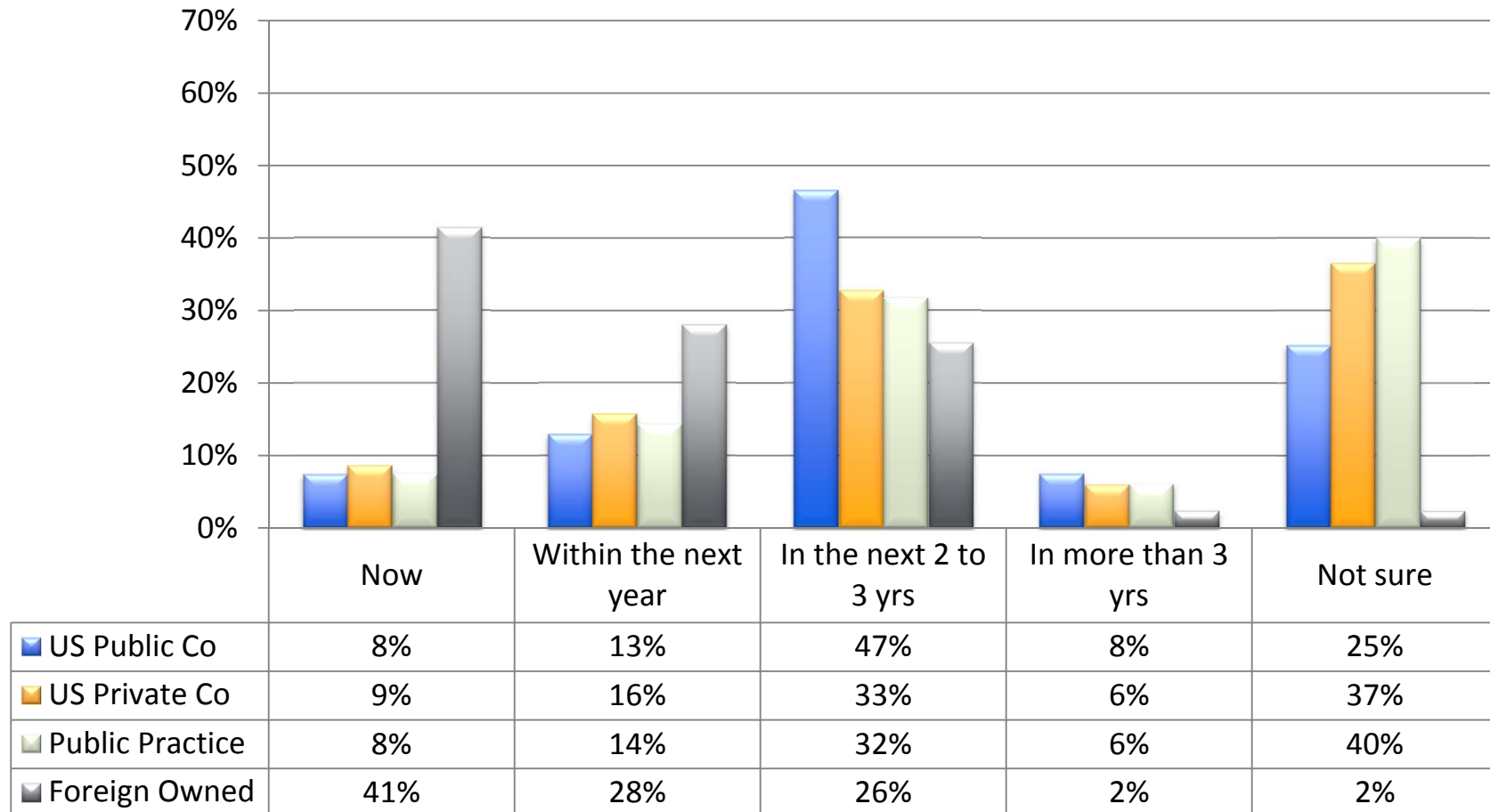
By type of organization

Percent that need Advanced or Expert Knowledge



When is IFRS knowledge Needed?

By type of organization

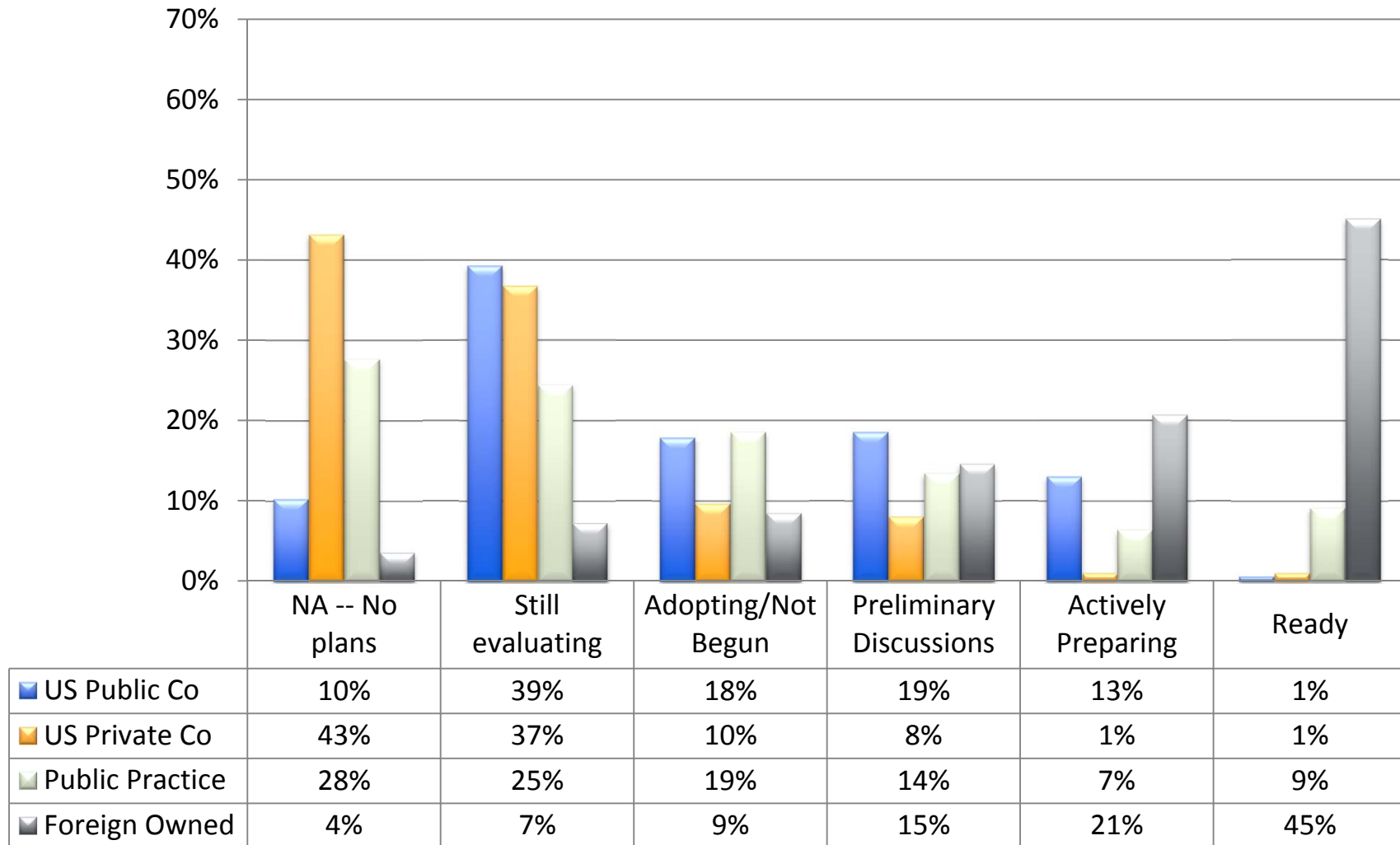


Adoption and Implementation Plans

Prepared to Adopt?

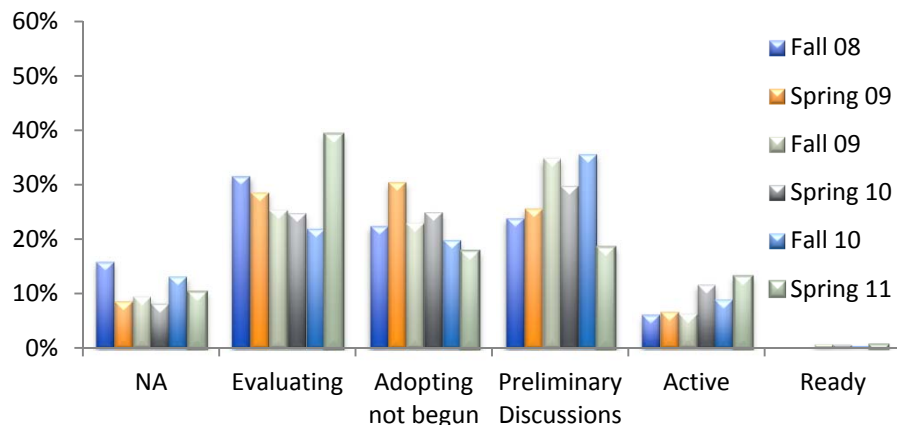
By type of organization

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



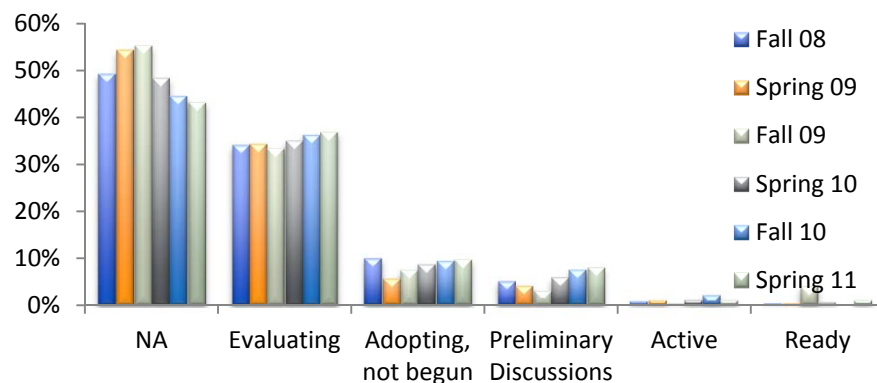
Prepared to Adopt/Support Adoption?

US Public Companies

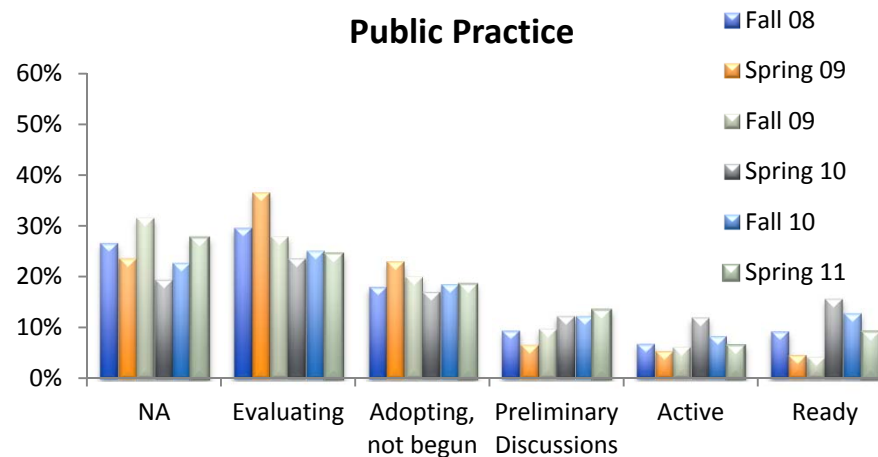


- US Companies have been moving slowly out of the evaluation phase
- US Private Companies are still not planning to adopt or only in early stages
- Most public practice firms are still not prepared for IFRS adoption but there has been an increase in the number of respondent who indicate their firm is ready

US Private Companies



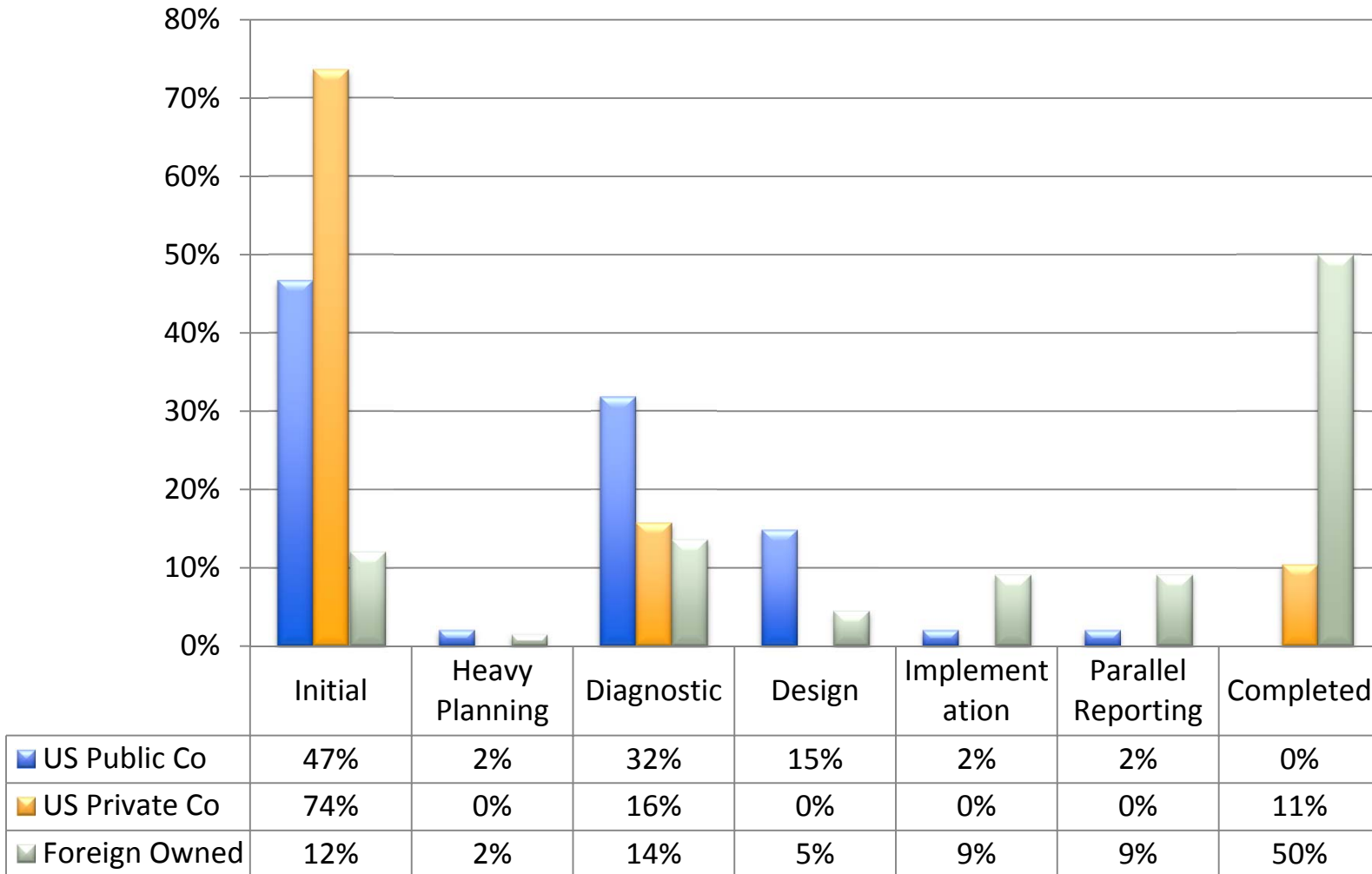
Public Practice



Stage of Transition?

Asked only of companies in the Preliminary Discussions or Actively Preparing phase

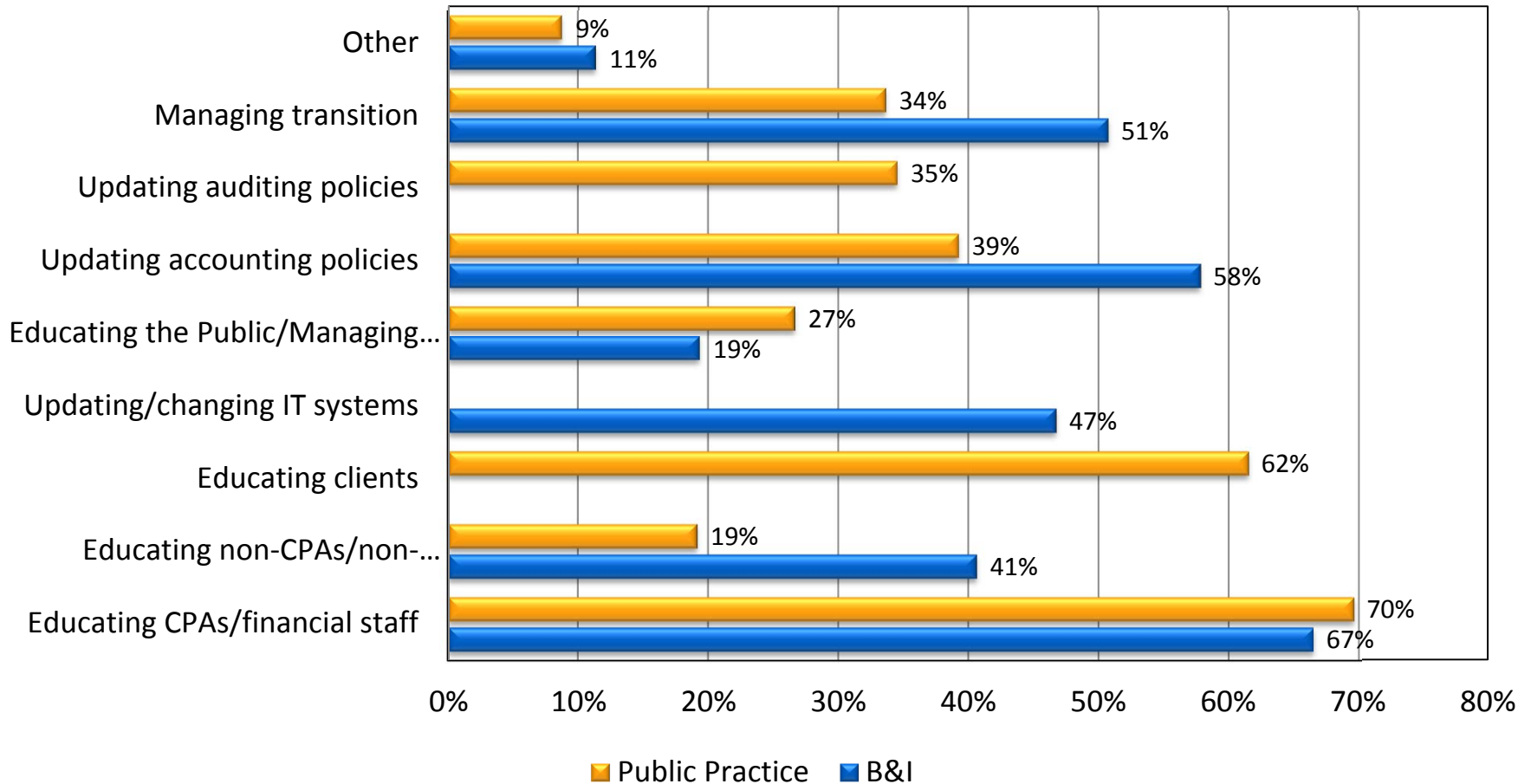
Please select the stage of transition that best describes the status of your implementation.



IFRS Implementation Challenges

All Members

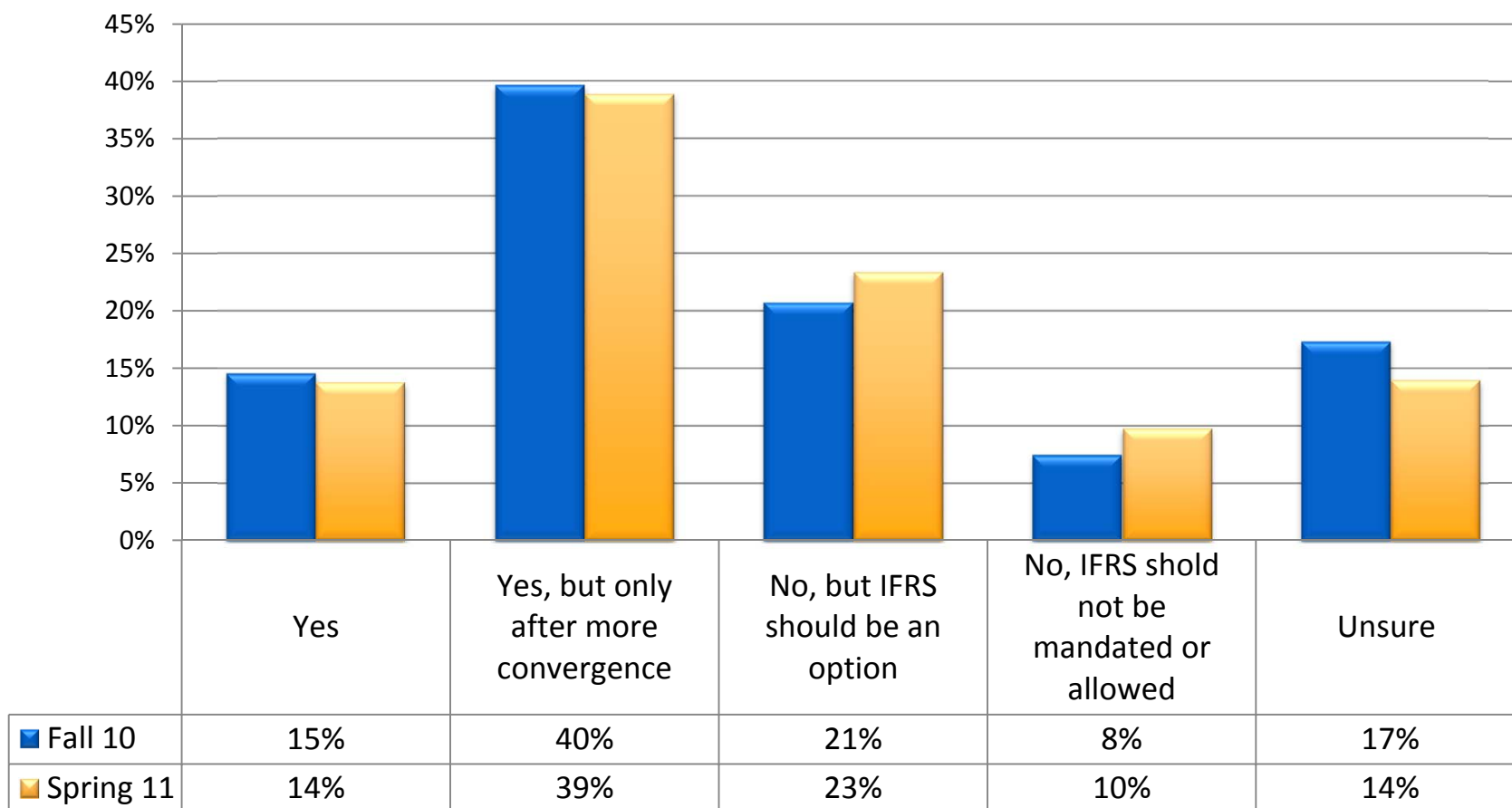
What are the largest challenges that implementing IFRS has presented/will present to your firm/company? (Select all that apply)



Views on SEC Decision

SEC Decision on IFRS?

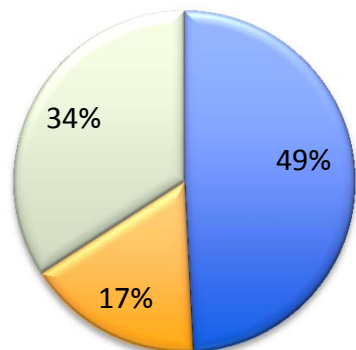
On February 24, 2010 the SEC outlined a work plan for the continued consideration of whether and how to incorporate IFRS into the U.S. financial reporting for U.S. issuers. The work plan contemplates a 2011 decision on whether to require or permit IFRS. Do you believe ultimately the SEC should require adoption of IFRS for U.S. public companies?



Timeline for IFRS Adoption?

If the SEC makes a decision in 2011 to require or permit use of IFRS for public companies, it believes the first time U.S. companies would report under the system would be 2015 or 2016. Do you believe this timeline will allow enough time for implementation?

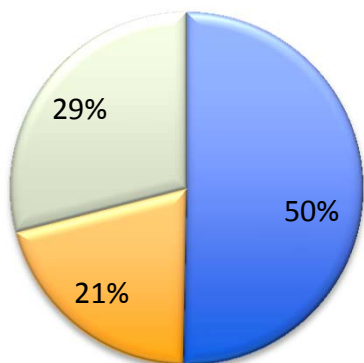
Public Practice



■ Yes ■ No ■ Unsure

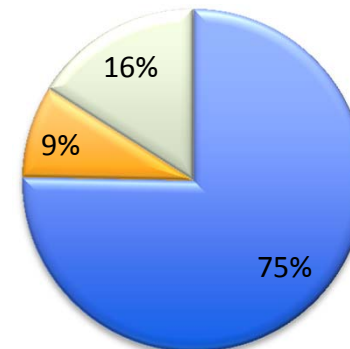
- Only about half of US Public Accounting firms and Public Companies believe the SEC timeline would permit enough time for implementation
- Members from Foreign owned companies, most of whom already use IFRS are much more confident

US Public Companies



■ Yes ■ No ■ Unsure

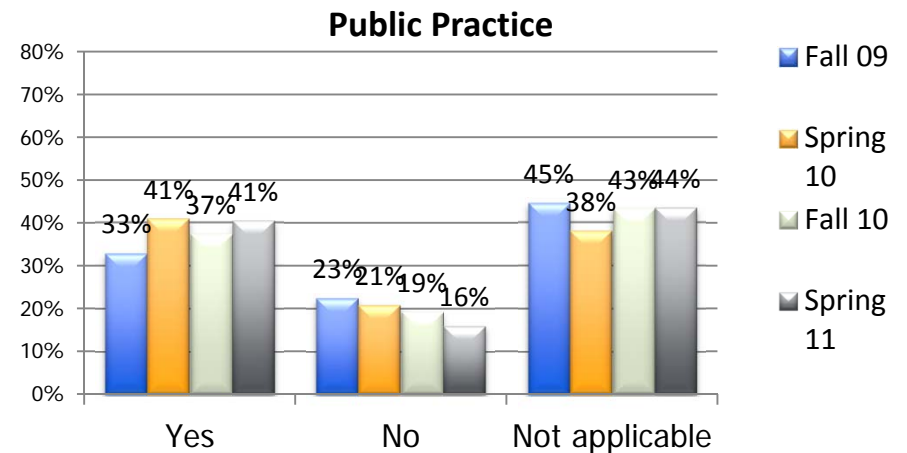
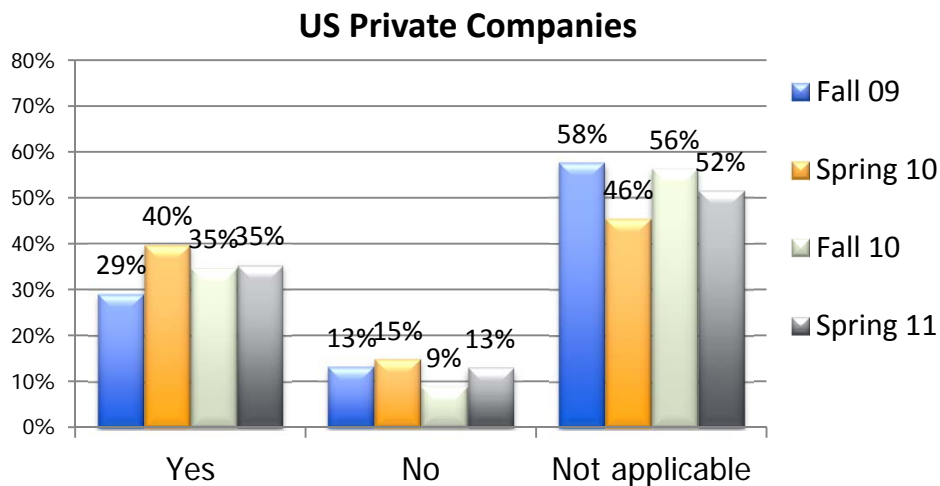
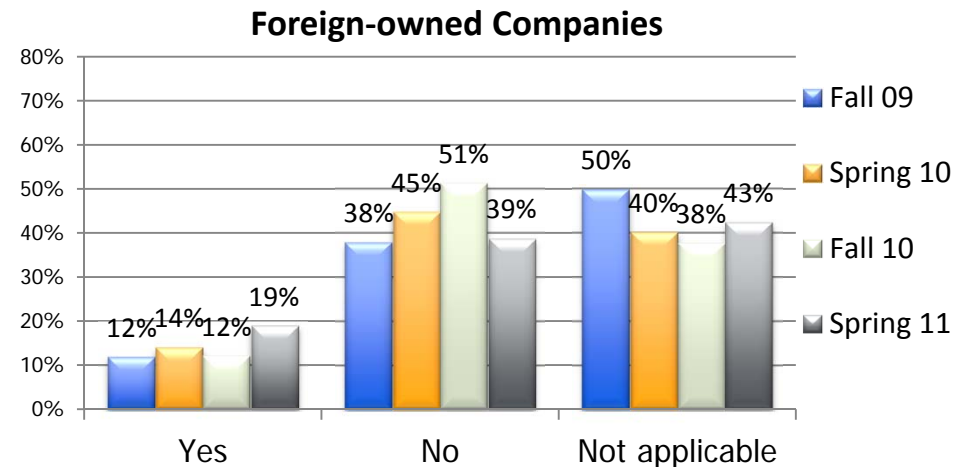
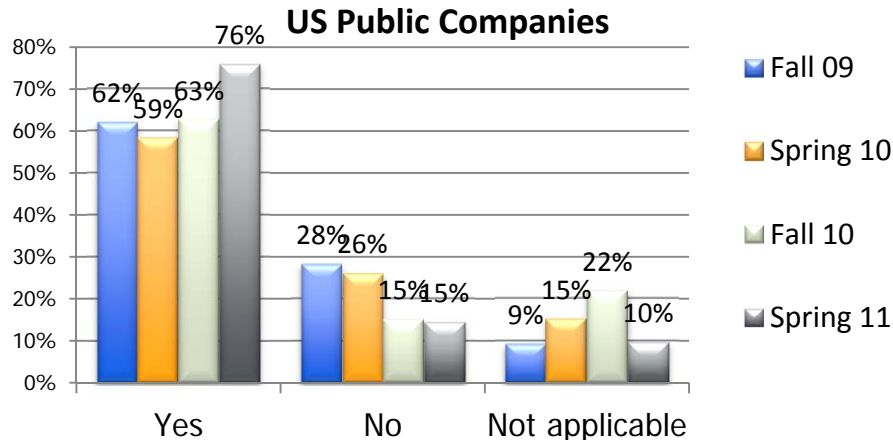
Foreign Owned Companies



■ Yes ■ No ■ Unsure

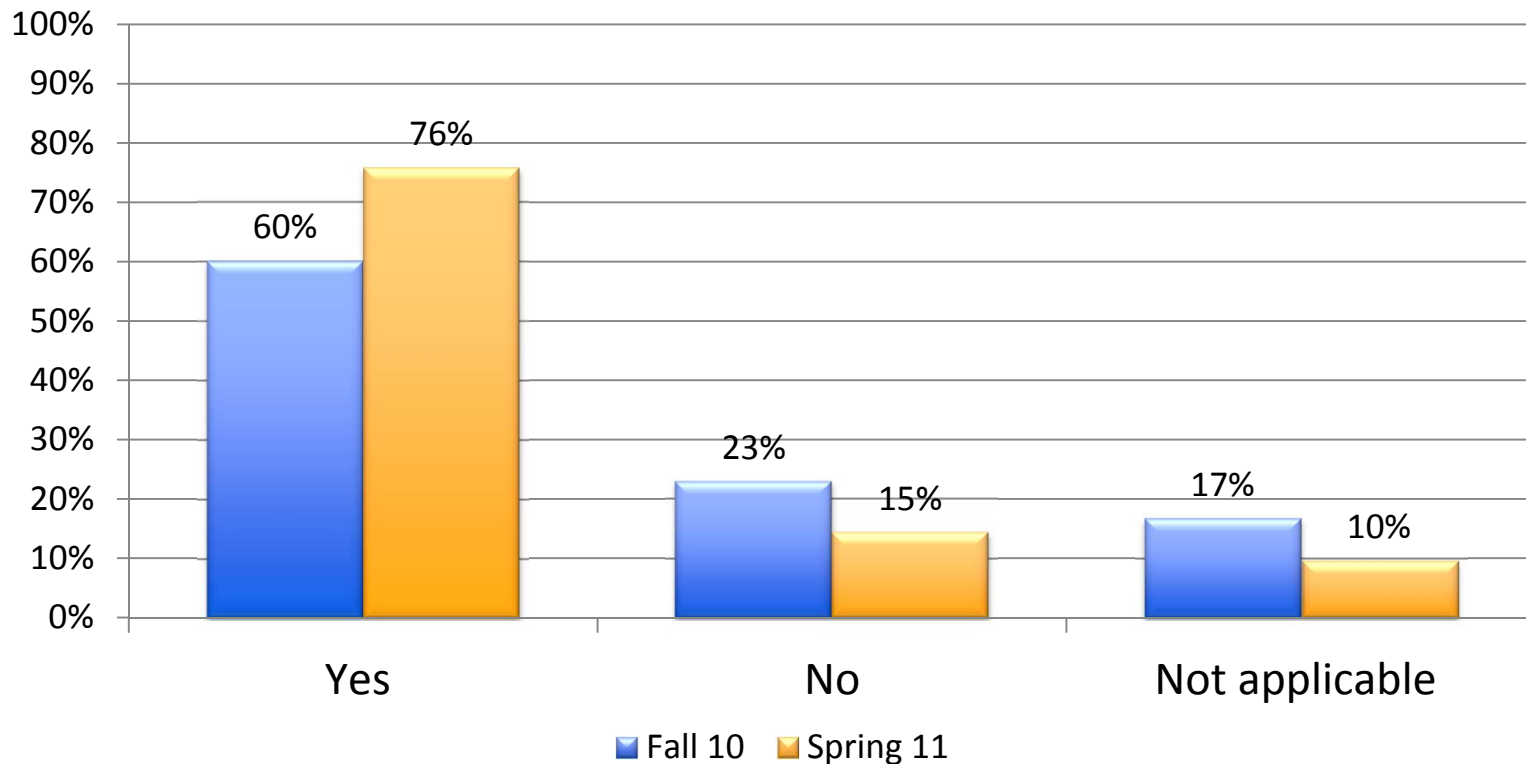
Delaying IFRS Preparations?

Are you delaying IFRS preparations until the SEC announces that it will set a date certain for its adoption in the United States?



More US Public Companies are Delaying Preparations for IFRS

Are you delaying IFRS preparations until the SEC announces that it will set a date certain for its adoption in the United States?

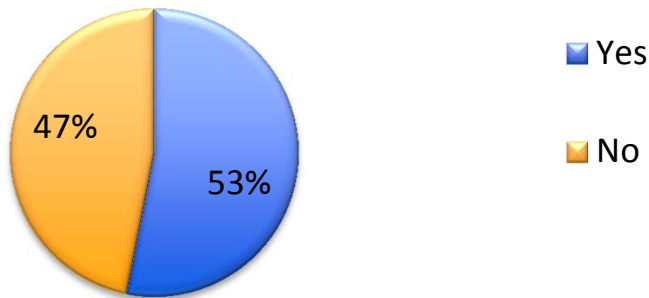


IFRS for SMEs

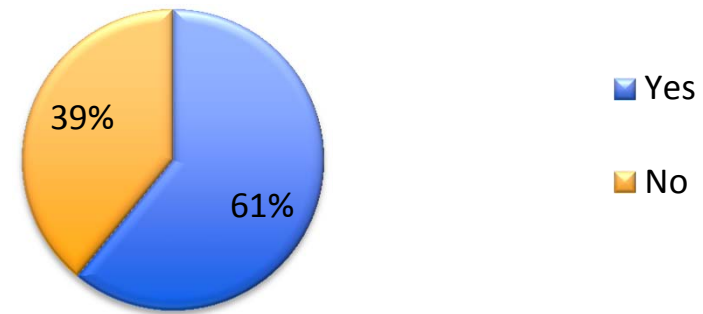
IFRS for Small & Medium-sized Entities?

Are you aware that the IASB issued an International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), which is a simplified, self-contained set of accounting standards designed to meet the financial reporting needs of constituents of private entities?

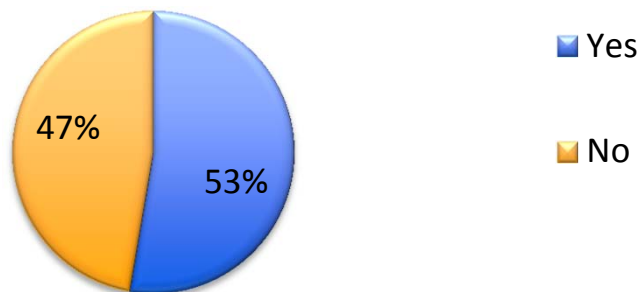
US Public Companies



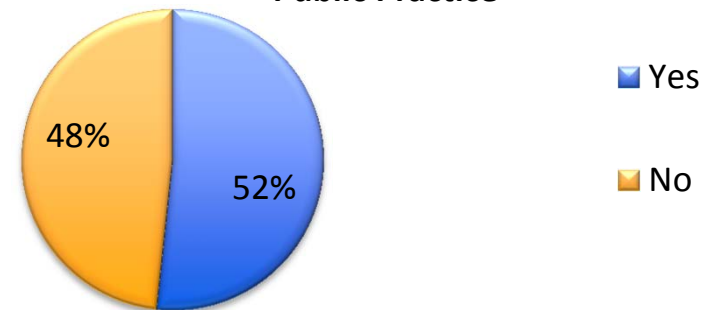
Foreign-owned Companies



US Private Companies

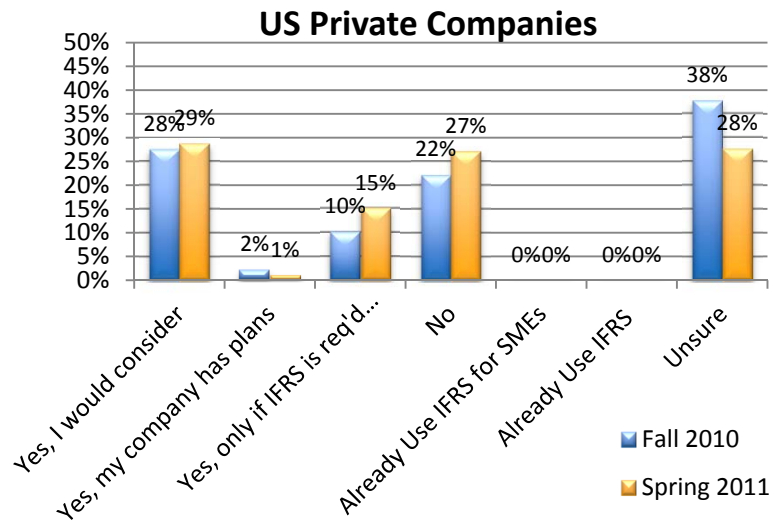


Public Practice

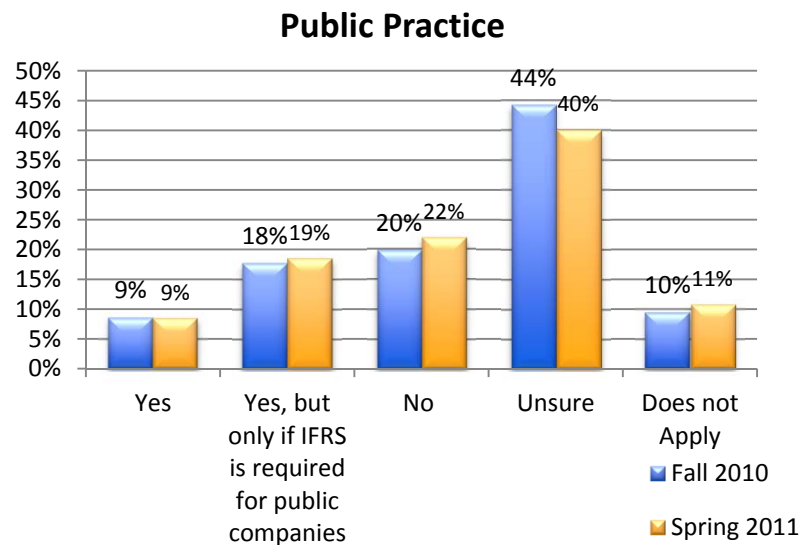
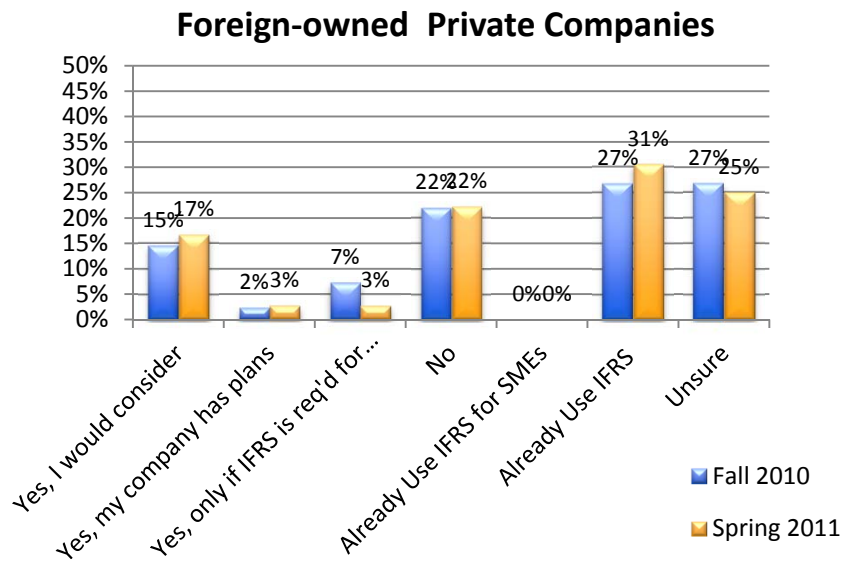


Adopt IFRS for SMEs?

Would you consider adopting/would you advise your clients to consider adopting the IASB's recently issued IFRS for Small and Medium-sized entities?



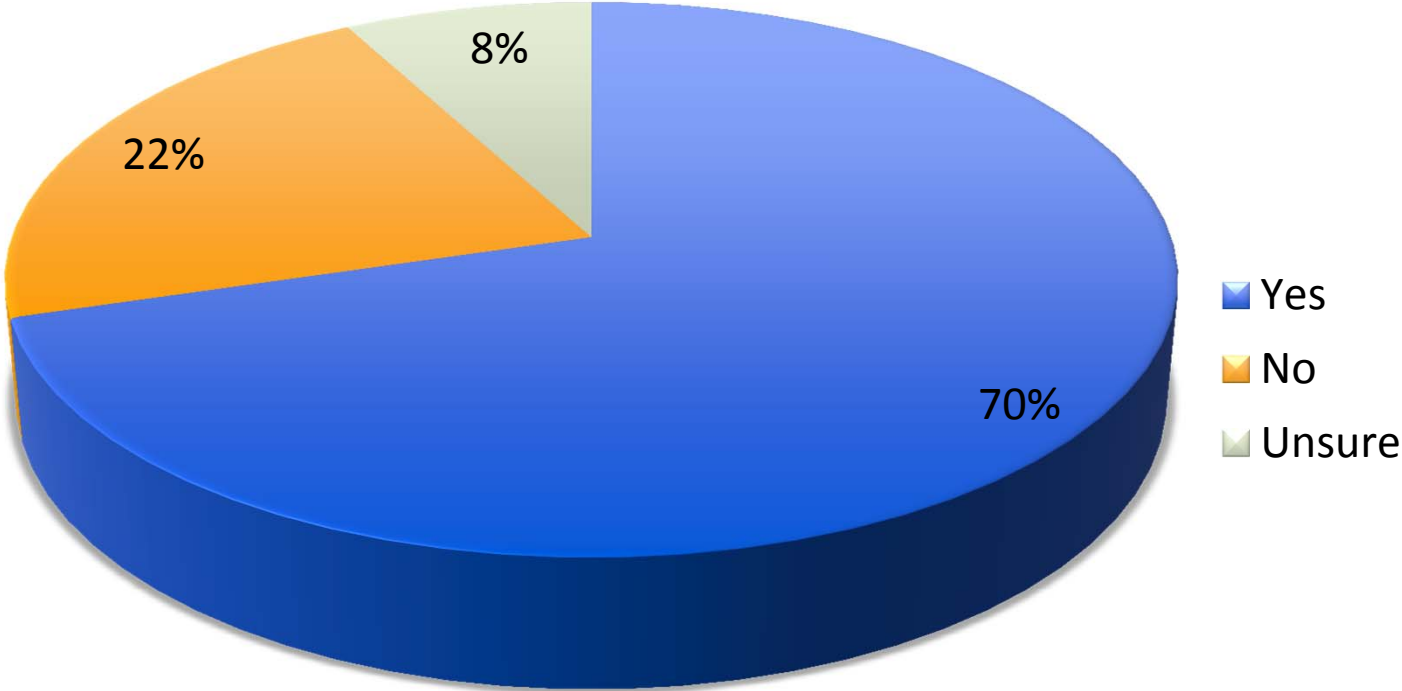
- Fewer respondents working for US entities are unsure about IFRS for SMEs than in the Fall
- Respondents working for foreign companies are more certain but are about as equally likely to be positive as to be negative



Convergence

Convergence: Awareness of Priority Projects

Are you aware that the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) have identified several priority projects, including revenue recognition, leases and financial instruments for completion in 2011?



Converged Standards

Revenue Recognition, Leasing

On June 24, 2010, the U.S. FASB and IASB issued an exposure draft for a proposed standard on Revenue Recognition: Revenue from Contracts with Customers.

On August 17, 2010, the U.S. FASB and IASB issued an exposure draft for a proposed accounting standard to improve the financial reporting of lease contracts.

Have you or do you plan to read the proposals outlined in the exposure draft and follow board deliberation on the proposals?	Recognition	Leases
No, I will wait for a final standard to be issued	40%	35%
Yes, but I do not plan to study the implications for my company or clients until a final standard is issued	20%	21%
Yes, and I have (or will) investigate how the proposals will affect my company or clients	17%	24%
I am not aware that an exposure draft had been issued	13%	10%
Unsure or Other	10%	10%

Converged Standards

Revenue Recognition, Leasing

On June 24, 2010, the U.S. FASB and IASB issued an exposure draft for a proposed standard on Revenue Recognition: Revenue from Contracts with Customers.

On August 17, 2010, the U.S. FASB and IASB issued an exposure draft for a proposed accounting standard to improve the financial reporting of lease contracts.

Do you believe proposals are understandable and think the implementation and application guidance provided is sufficient to make the proposals operational?	Revenue Recognition	Leases
Yes	11%	18%
No	16%	19%
Unsure	73%	63%

Converged Standards

Revenue Recognition, Leasing, & Financial Instruments

On June 24, 2010, the U.S. FASB and IASB issued an exposure draft for a proposed standard on Revenue Recognition: Revenue from Contracts with Customers.

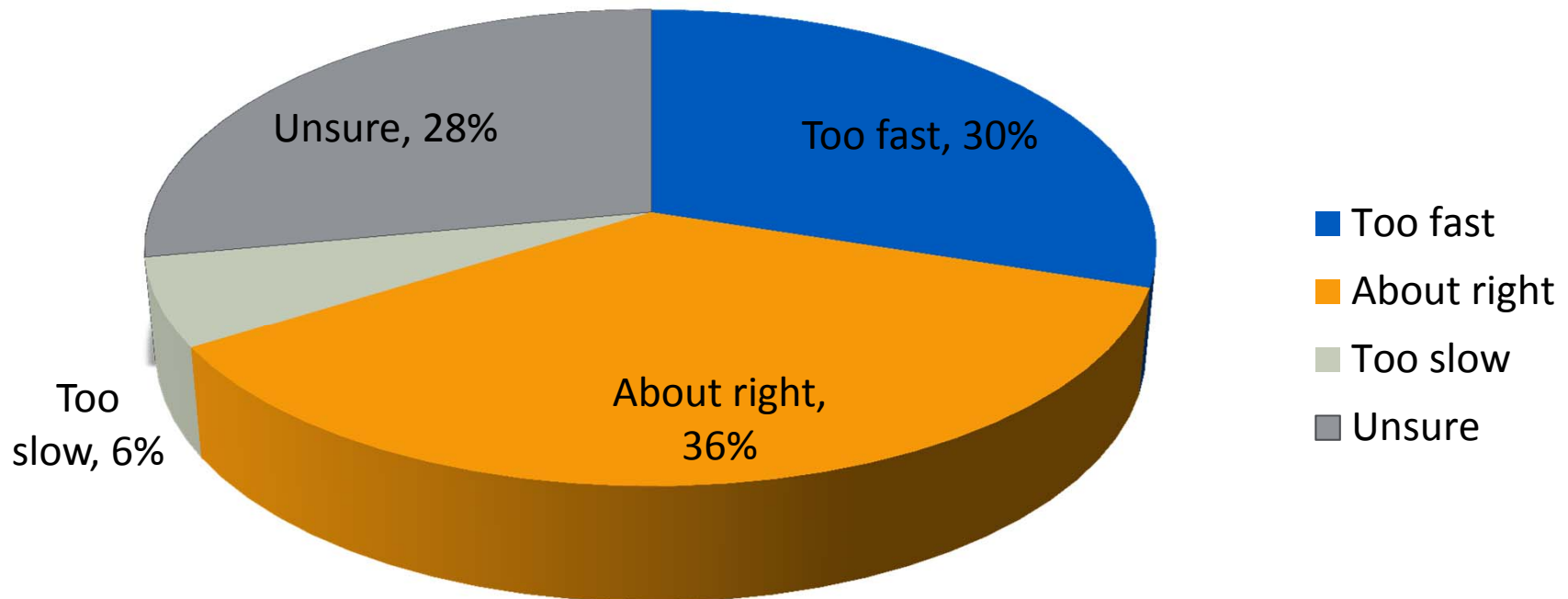
On August 17, 2010, the U.S. FASB and IASB issued an exposure draft for a proposed accounting standard to improve the financial reporting of lease contracts.

The U.S. FASB and IASB are working to replace current standards for accounting for financial instruments with a common standard in 2011. The Boards believe that simplification of the accounting requirements for financial instruments should be an outcome of this improvement.

Do you believe the proposals will result in improvements to current accounting requirements?	Revenue Recognition	Leases	Financial Instruments
Yes	12%	17%	23%
No	20%	26%	15%
Unsure	68%	57%	62%

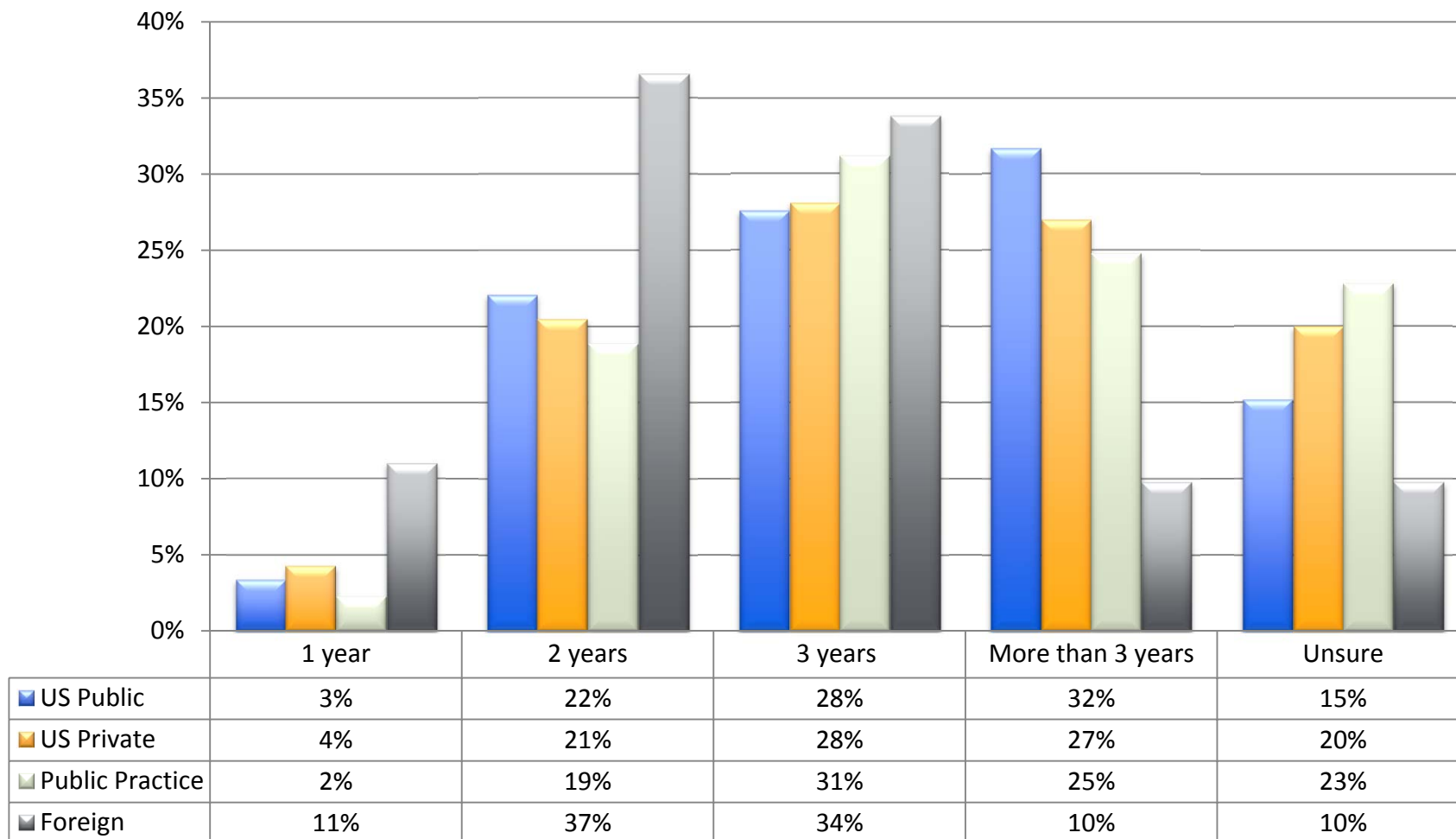
Convergence: Pace of Change

By the end of 2011, FASB and IASB plan to complete major convergence projects outlined in their Memorandum of Understanding and issue several new accounting standards codification updates and IFRS amendments. What is your opinion about the pace of change?



Implementation time

How long of an implementation period do you believe will be needed to adopt the new converged standards?

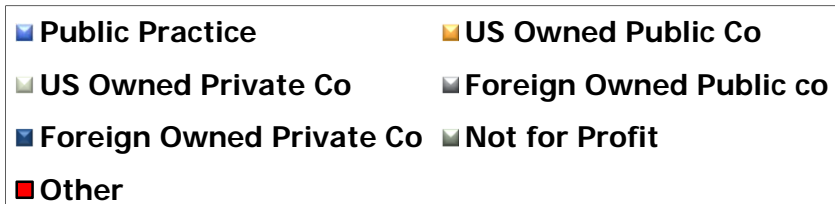
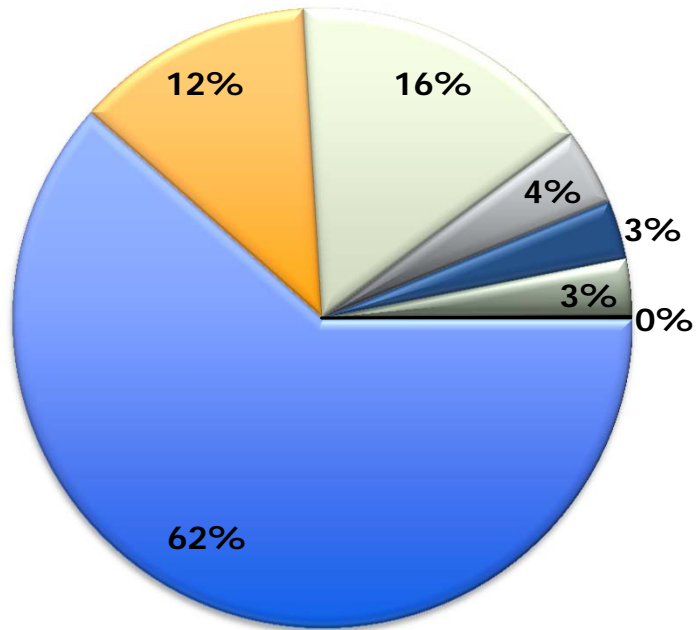


Demographics

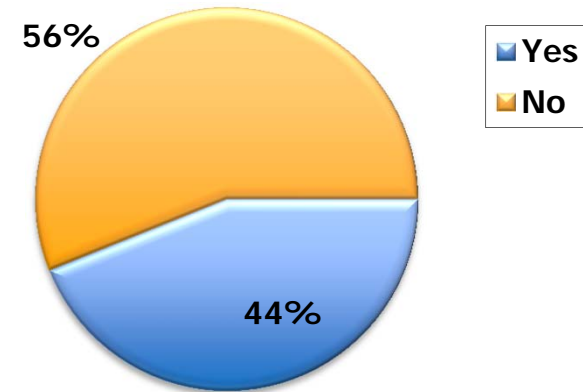
Respondent Demographics

All Members

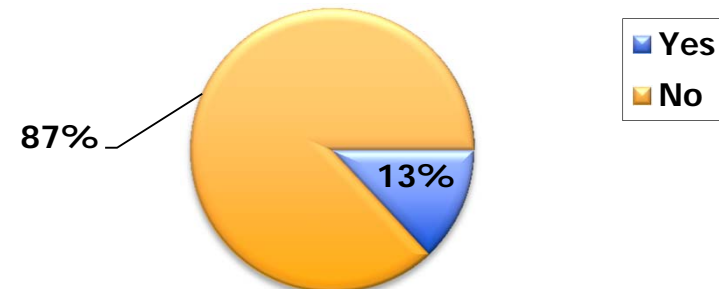
Respondents by Organization Type



Multinational Company (B&I)?

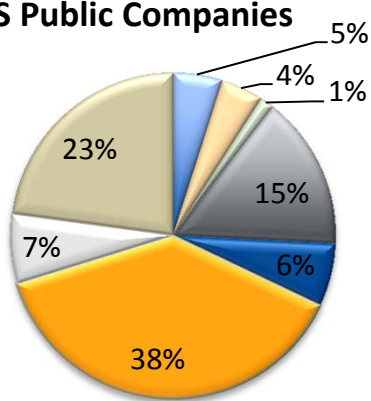


Multinational Firm (PA)?



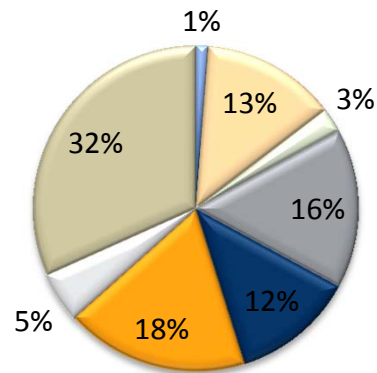
Organization Size

US Public Companies



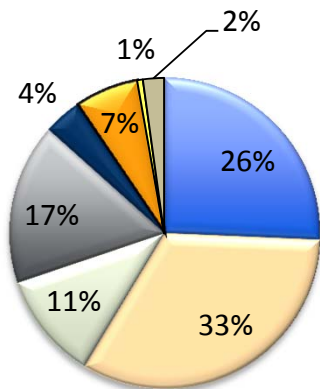
- \$0 to under \$10M
- \$10M to under \$50M
- \$50M to under \$100M
- \$100M to under \$500M
- \$500M to under \$1B
- \$1B to under \$5B
- \$5B to under \$10B
- over \$10B

Foreign-owned Companies



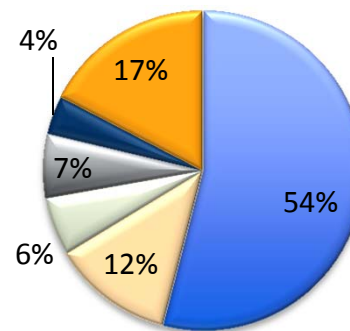
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- \$50M to under \$100M
- \$100M to under \$500M
- \$500M to under \$1B
- \$1B to under \$5B
- \$5B to under \$10B
- over \$10B

US Private Companies



- \$0 to under \$10M
- \$10M to under \$50M
- \$50M to under \$100M
- \$100M to under \$500M
- \$500M to under \$1B
- \$1B to under \$5B
- \$5B to under \$10B
- over \$10B

Public Practice



- Less than \$3M
- \$3M to under \$6M
- \$6M to under \$10M
- \$10M to under \$20M
- \$20M to under \$40M
- Over \$40M