IFRS Readiness Tracking Survey

September/October 2008
Survey Background

- Initial execution of what is to become a semi-annual survey
  - Conducted 9/22 through 10/2 2008
  - 1495 responses – 1306 qualified (BI or Public Practice member)
- Measures members readiness to implement IFRS along with other questions that will vary with each iteration of the survey
- This iteration provides information on what challenges members expect to face and what resources they may need and want
Survey Highlights

- A majority of members need to increase their knowledge of IFRS
  - 54% have a gap between their self-reported current knowledge and their self-reported needed knowledge
  - 77% specifically said that they needed to know more
- Most companies and firms are not yet preparing or ready to adopt/support IFRS
  - Only 14% of respondents from public companies are actively preparing or ready to adopt. 30% say their company has no plans to adopt.
  - Only 16% of respondents from public practice are actively preparing or ready to support.
- The top challenge that all respondents foresee is education of staff. More than 50% of respondents also see managing the transition and updating accounting policies as large challenges
- The most desired tools and resources were implementation kits & lists, and how-to guides. Public company respondents also are interested in industry specific briefs, technical topic briefs and training for financial staff
- In-person training is the favored mode of learning
  - Public company respondents also were interested in webinars and online self-study
Members possess basic knowledge of IFRS but need to know more
Familiarity with IFRS

B&I Members

- 35% None
- 40% Basic
- 20% Some
- 25% Advanced
- 10% Expert

NA: Current
Needed: Needed

(Bar chart showing percentages of B&I members' familiarity with IFRS)
Familiarity with IFRS
Public Companies

- 40%
- 45%
- 50%
- 25%
- 30%
- 35%
- 40%
- 10%
- 15%
- 20%
- 25%
- 0%
- 5%
- 10%
- 15%
- 20%
- 25%
- 30%
- 35%
- 40%
- 45%
- 50%

Current Needed

- NA
- None
- Basic
- Some
- Advanced
- Expert
Familiarity with IFRS

Private Companies

- Private Companies
  - Current
    - None: 40%
    - Basic: 45%
    - Some: 25%
    - Advanced: 30%
    - Expert: 10%

- Needed
  - None: 45%
  - Basic: 30%
  - Some: 25%
  - Advanced: 20%
  - Expert: 15%
Familiarity with IFRS
Public Practice

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<th>Level</th>
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Current Familiarity with IFRS

B&I by position

- Manager
- CEO
- CFO
- Controller
- COO
- Other

Percentage distribution:
- NA
- No
- Basic
- Some
- Advanced
- Expert
The Knowledge Gap – Most CPAs Still Need to Know More

Target = 100% of CPAs “Know Enough”

- **Public Company**:
  - Don’t Need to Know: 29%
  - Know Enough: 65%
  - Need to Know More: 6%

- **Private Company**:
  - Don’t Need to Know: 32%
  - Know Enough: 51%
  - Need to Know More: 17%

- **Public Practice**:
  - Don’t Need to Know: 24%
  - Know Enough: 50%
  - Need to Know More: 26%

Need for more IFRS knowledge is highest for public company members.
54% of respondents need to increase their knowledge of IFRS.

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65% of public company respondents need to increase their knowledge of IFRS.

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51% of private company respondents need to increase their knowledge of IFRS.

**IFRS Knowledge Grid**

Private Companies

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### IFRS Knowledge Grid

#### Public Practice

50% of public practice respondents need to increase their knowledge of IFRS.

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

Prepared to Adopt?
By type of organization

![Bar chart showing the percentage of companies prepared to adopt IFRS by type of organization (Public Co, Private Co, Public Practice) and status (No plans, Still evaluating, Planning, Preliminary, Preparing, Ready).]
Please rate the extent to which your company (firm) is prepared for IFRS adoption.

Prepared to Adopt?
US-owned vs Foreign-owned

[Bar chart showing preparedness levels for US-owned vs Foreign-owned firms across different stages: No plans, Still evaluating, Planning, Preliminary, Preparing, Ready.]

Legend:
- US Public
- Foreign Public
- US Private
- Foreign Private
Please rate the extent to which your company (firm) is prepared for IFRS adoption:

Prepared to Adopt?
By size of US owned public company

- NA -- No plans
- Still evaluating
- Planning
- Preliminary
- Preparing
- Ready

Legend:
- Under $10M
- $10M to $100M
- $100M to $1B
- Over $1B
Please rate the extent to which your company (firm) is prepared for IFRS adoption.

Prepared to Adopt?
By size of US owned private company

- NA -- No plans
- Still evaluating
- Planning
- Preliminary
- Preparing
- Ready

Under $10M $10M to $100M $100M to $1B Over $1B
Please rate the extent to which your company (firm) is prepared for IFRS adoption

Prepared to Adopt?
By size of public practice firm

- NA -- No plans
- Still evaluating
- Planning
- Preliminary
- Preparing
- Ready

Legend:
- Under $3M
- $3M to $6M
- $6M to $10M
- $10M to $20M
- $20M to $40M
- Over $40M
What are the largest challenges that implementing IFRS has presented/will present to your firm/company? (Select all that apply)

- Managing transition
- Updating accounting policies
- Educating the Public/Managing public perception
- Updating/changing IT systems
- Educating clients
- Educating non-CPAs/non-financial staff
- Educating CPAs/financial staff
- Other

[Bar chart showing the percentage of respondents for each challenge across different sectors: Public Co, Private Co, Public Practice]