

IFRS Business Transformation

It's more than finance and accounting. Are you ready?

Critical IFRS milestones are approaching fast, with data for opening financial statements required as of January 1, 2010, parallel accounting and dual reporting considerations required during the comparative year (calendar 2010), and the final transition to IFRS on January 1, 2011.



Challenges you will face

Scope and magnitude of change

- Understanding the full implications of IFRS requirements, impact on the strategy of the organization and the resources required to execute the whole conversion

Governance and compliance

- Understanding the need for robust IFRS project governance structure and addressing impacts to periodic CEO, CFO certification

Stakeholder engagement

- Identifying impacted stakeholders as well as communicating and educating internal and external parties

Change management

- Understanding impacts on people, process and technology and minimizing lost opportunities to embed change

Sustainability

- Realizing the benefits of the IFRS change initiatives into long-term finance and operational effectiveness

IFRS is not merely an accounting exercise. Successful implementation and realizing full benefits will depend on preparing and executing a transition plan that addresses all aspects of the changeover. Are you prepared for the challenges that lie ahead?



How PwC can help

Areas of focus	Benefits	Solutions
<p>Project Management</p> <p>Key Challenges</p> <ul style="list-style-type: none"> • IFRS conversion program is not planned and executed effectively and efficiently to meet critical milestones 	<ul style="list-style-type: none"> • Achieve business goals through structured project management • Reduce/manage engagement risk • Effective achievement of project milestones • Practical solutions based on vast experience • Develop short-term versus long-term solutions 	<ul style="list-style-type: none"> • Advice on project management leading practices • Project leadership to ensure IFRS initiative achieves intended benefits • IFRS “health check” to assess overall project status
<p>Process and Systems</p> <p>Key Challenges</p> <ul style="list-style-type: none"> • The IT organization is inadvertently on the critical path • IFRS requirements are not embedded into critical on-going transformational projects • IFRS reporting requirements add another layer of complexity to the financial close process • CEO/CFO certification requirements are constantly in catch-up mode 	<ul style="list-style-type: none"> • Improved quality and transparency of financial and operational information • Reduction in financial accounting and reporting complexity • Enhanced financial close process • Access to valuation professionals with technical knowledge and experience in IFRS • Reduction in cost of compliance • Sustainable, efficient and effective financial and operational processes/ systems and controls • Top-down and risk-based approach for addressing the IFRS implications for CEO/CFO certification 	<ul style="list-style-type: none"> • CIO IFRS diagnostic to assess if IT is on the critical path • IT strategy and advice on embedding IFRS into systems (e.g. SAP, Oracle, JD Edwards, Hyperion, Microsoft) • Assessment of current state processes, systems and controls • Assessment, design and implementation of enhanced IFRS relevant processes, systems and controls • Automation of spreadsheet solutions • Redesign of chart of accounts and use of multi-GAAP reporting • Data cleansing and mapping • Accounting policy/financial reporting assessment, design and implementation • Designing or re-engineering of financial close process • Assistance in valuation needs and impairment testing
<p>People and Change</p> <p>Key Challenges</p> <ul style="list-style-type: none"> • Lack of knowledge of IFRS impacts across key stakeholder community • Inconsistent levels of IFRS skills within organization 	<ul style="list-style-type: none"> • Effective communication • Successful adoption of change • Increased IFRS knowledge and skills 	<ul style="list-style-type: none"> • Assessment and/or design of communication and training strategy • IFRS competency development • Assistance in defining changing roles and responsibilities

“PwC was selected by Ontario Power Generation to strategically address their IFRS conversion challenges from both accounting and technology perspectives. This included identifying early issues and dependencies and implementing a structured approach to IFRS conversion.”

Ontario Power Generation (OPG)

How PwC has helped others

Client	Issues	Value provided
<p>Major aerospace and defence company</p> 	<ul style="list-style-type: none"> The client is currently planning to convert from Canadian GAAP to IFRS and is also in the midst of a significant multi-year Oracle ERP roll-out. The client chose to centrally drive its IFRS conversion program with local execution at the business units. 	<ul style="list-style-type: none"> Identification of short-term versus long-term strategy for the data, systems and process considerations. Avoidance of duplicate costs by proactively integrating IFRS requirements into their global Oracle roll-out. Early identification of issues and providing resolution, thus helping the client prioritize its efforts to adhere to critical IFRS timelines. Reduced cost of compliance by rationalizing the control structure. Leveraging IFRS initiative to rationalize and reduce complexity in financial accounting, reporting and close process.
<p>Major hydro utility company</p> 	<ul style="list-style-type: none"> The client is currently in the process of converting from Canadian GAAP to IFRS and is planning to migrate to the latest release of SAP in 2010. The client is also in the midst of a major enhancement and upgrades to its other business applications feeding into SAP. The client is managing its IFRS system conversion through a central project management office that actively and regularly reviews all elements of the project. 	<ul style="list-style-type: none"> Identification and evaluation of different parallel accounting and dual reporting options available to the client. Continuous coaching and training through workshop sessions and strategic touch points. Leveraging IFRS initiative to rationalize and reduce complexity in spreadsheet models in terms of both controls and process efficiencies. Early identification of issues and gathering of critical business requirements to help the client prioritize their efforts to adhere to critical IFRS timelines.

To find out more about how PwC can help you drive additional value from your IFRS conversion, please contact:

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