

IFRS: Lessons learned from 100 countries

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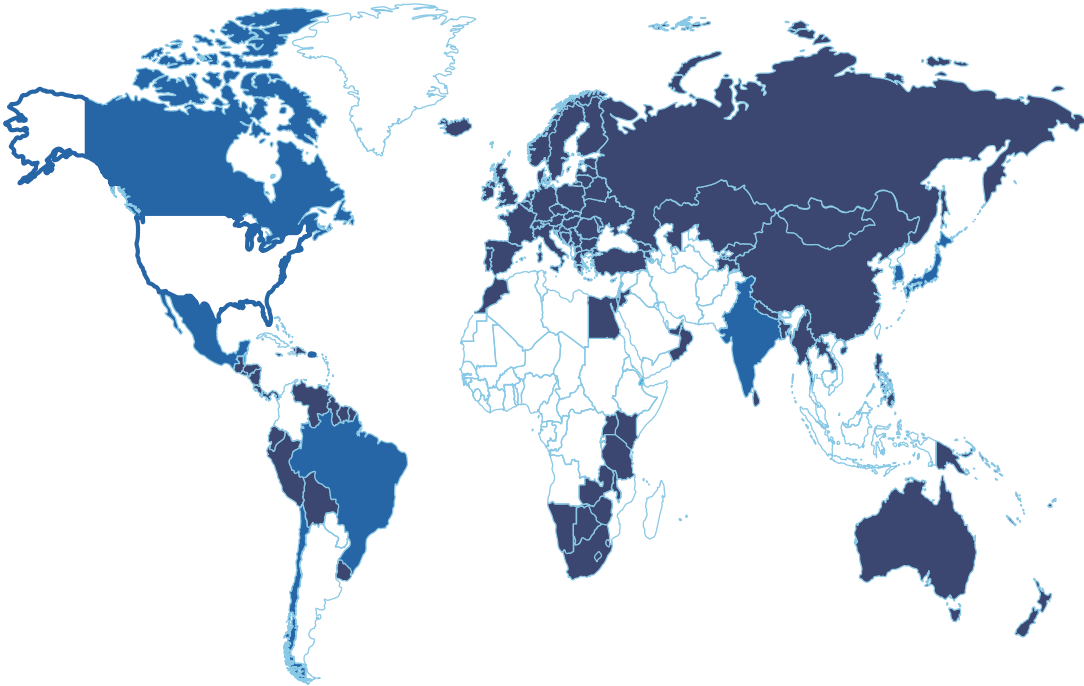
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IFRS Refresher

Consideration of International Financial Reporting Standards (IFRS)

A Global Revolution

More than 100 countries require, permit or are converging to IFRS



- Countries converging to IFRS with the goal of adoption
- Countries that require or permit IFRS
- Countries with no current plan to adopt

Source: Economist Intelligence Unit

Top 10 Global Capital Markets		
Country	Standard	Market Cap (\$T)
US	US GAAP today	17.0
Japan	Converging to IFRS	4.7
UK	IFRS	3.1
France	IFRS	1.7
Canada	Converging to IFRS	1.5
Germany	IFRS	1.2
Hong Kong	IFRS	1.0
Spain	IFRS	1.0
Switzerland	IFRS or US GAAP	0.9
Australia	IFRS	0.8

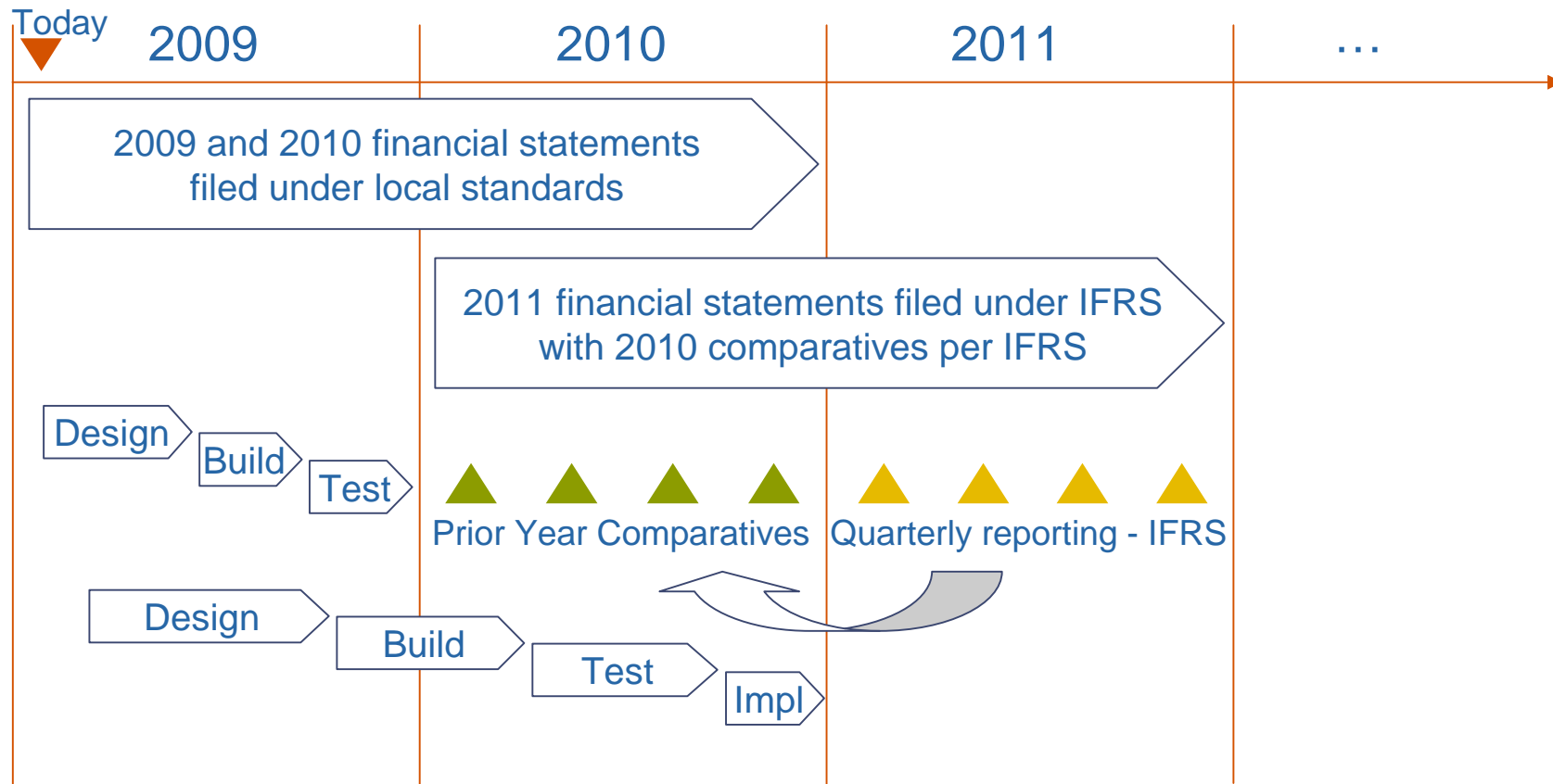
Where is IFRS Today and Where Are You in the Process?

- IFRS is here to stay in Canada.
- US conversion timeline proposed to be determined in 2011 for mandatory adoption in 2014.
- The Standards are evolving.
- Many Canadian companies have completed a diagnostic assessment, some have not, and some are deep in their conversion journey.

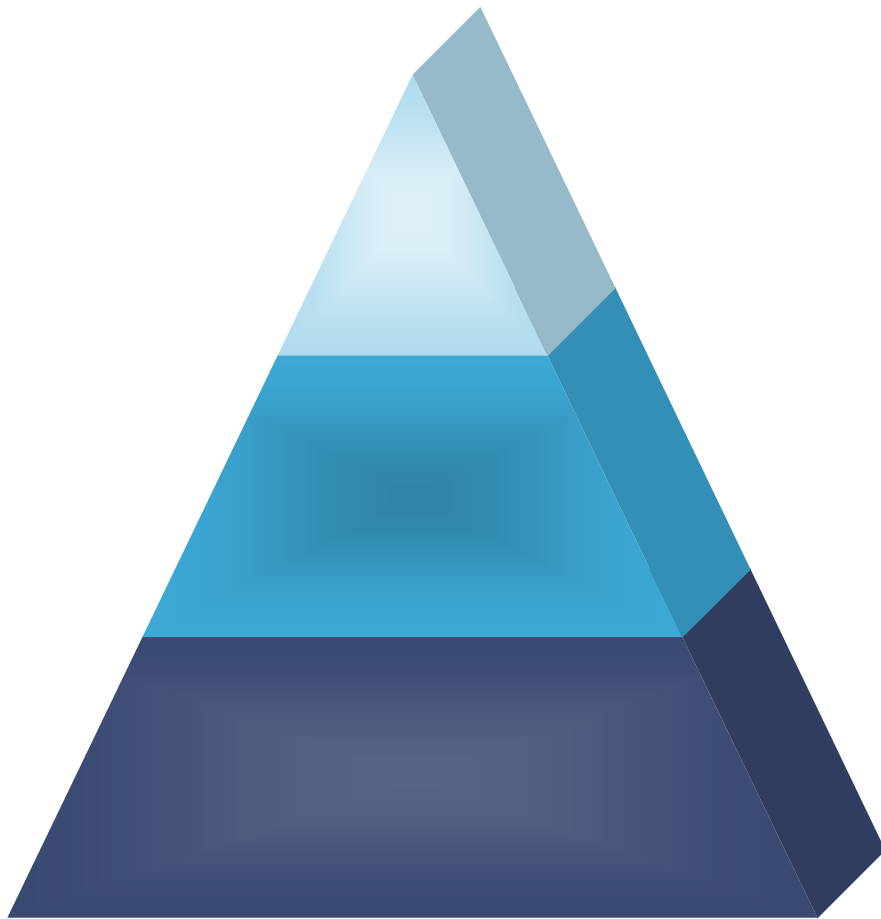
IFRS timelines are shorter than you think

IFRS will become mandatory in Canada with the first financial statements published in Q1-2011.

Canadian Accounting Standards Board Timeline



Not All IFRS Conversions Are Created Equal



Strategic

- Embeds IFRS end-to-end.
- Looks at the effort as an opportunity to embed other changes in your business, processes, etc.

Tactical

- A robust implementation plan which embeds IFRS end-to-end throughout the organization.
- Limits its scope to IFRS.

Reactive

- Doesn't embed IFRS end-to-end.
- Focuses on reconciling results with IFRS at the back end.
- Likely results in future fixes post implementation – highly costly.
- Increases risk of error.

Lessons Learned from 100 Countries

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1. Establish a clear vision at the onset. Maintain credibility by establishing the tone at the top and setting up the right governance structure and clear decision-making powers.
2. IFRS is not simply a financial reporting issue – it is pervasive across the business.
3. IFRS resources will become scarce and expensive, so grow your own.
4. Develop a robust conversion plan that takes your peaks and valleys of activity into account (e.g. quarterly reporting, etc.)
5. Consider how IFRS will impact KPIs and your communication strategy.

Lessons Learned from 100 Countries (cont'd)

6. Take easy steps to communicate with and influence regulators / tax authorities / other stakeholders.
7. IFRS will continue to evolve during the implementation phase so become engaged with the standard-setting process.
8. Embrace the opportunity to fix other things / gain project efficiencies.
9. Consider opportunities for reporting rationalization / streamlining.
10. Implement at the business unit level rather than at the corporate level, impact on business units could be profound.

Key Messages

- IFRS is coming sooner than we think.
- Not all IFRS conversions are created equal.
- You have the opportunity to drive additional value from your IFRS conversion depending upon your approach and objectives.
- The balance between time, cost and quality must be understood.
- We can help.

Questions?

Thank you

www.pwcifrs.ca