

VICTORIA 2010



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IFRS – The Push to the Finish Line

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IFRS Readiness in Canada



Background to 2010 Executive Report

- Report prepared by Canadian Financial Executives Research Foundation (CFERF) – sponsored by PwC
- Intent of the report was to determine where Canadian companies of different types/sizes are in their IFRS transition process
- Study is the third in a series of reports covering conversion activities, beginning in 2008
- Comprises responses of 146 senior executives in Canada from public companies (86), private companies (30) as well as government/crown enterprises and NPO's (30)

State of Conversion

- Over 75% indicated at least 40% along conversion path. Public companies further along than private companies and Crowns
- Out of the top four industries responding, utilities seem furthest ahead, followed by insurance, mining and oil and gas and finally manufacturing
- For some companies conversion process not necessarily linear – for e.g. 31% have not even completed an initial diagnostic assessment

Size Matters

- Large cap pubco's with dedicated resources better prepared
- Of the small cap pubco's that responded, less than 50% were substantially complete
- Mixed bag for private companies
- 30% of respondents with revenue less than \$50 million admitted they have insufficient resources to handle the conversion

Financial Statement Impacts

- 51% of respondents say the new reporting will change the value of their assets
- 28% of respondents expect a decrease in net income
- 28% of respondents expect an increase in pension liabilities
- Greater volatility in financial statements is expected

Reporting

- A majority of the respondents (61%) expected their preliminary opening IFRS balance sheet to be complete by the end of the second quarter 2010
- 72% of respondents were planning to run parallel IFRS and Canadian GAAP accounts during 2010
- Only 23% of respondents had spoken to analysts/other external users about the impacts of IFRS

Summary

- Considerable progress has been made, however still work to be done
- IFRS can have significant implications on IT systems, finance processes and other areas such as training, communications and business processes
- Companies need to leave enough time in the transition timetable to prepare for unanticipated issues

Questions?

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Please visit PwC's IFRS Microsite: www.pwcifrs.ca