



Most accounting and finance professionals believe a shift to IFRS in the United States is a positive change

Today **SolomonEdwardsGroup (SEG)** released the results of a recent survey of finance and accounting practitioners on the topic of International Financial Reporting Standards (IFRS). In its survey, SEG polled a cross section of respondents from accounting and finance roles in industry, the public accounting profession and the regulatory sector. An overwhelming majority (nearly 85%) of survey participants believe that a shift to IFRS is a positive development in the United States.

Over the course of the last decade, U.S. and international standard setters have been working together to converge global accounting and reporting rules with those principles generally accepted here in the United States (US GAAP). These global convergence efforts have been largely sponsored by the United States Securities and Exchange Commission (SEC). In the United States, the SEC serves as a protector for investors and a promoter for our

country's capital markets. Additionally, the SEC is our country's designated standard setting authority for accounting and reporting rules. The SEC's support for IFRS has been motivated by a number of important considerations that align with its mission.

Over the last decade, a ground swell of support has been growing among financial statement users across the world to move toward one set of consistent and easily understood rules that govern financial reporting. It is widely believed that one global set of accounting and reporting rules would improve investor protection by simplifying the increasingly complex landscape of regulations currently in effect in the United States. As a result, the SEC has been subjected to mounting public pressure to join the global movement toward IFRS adoption that has already been accepted in over 120 countries around the world. While the ultimate time-



frame for an SEC mandate of IFRS in the United States remains unclear it appears certain that the SEC supports this initiative in promoting investor protection.

A second but perhaps even more critical motivator for the SEC in considering the shift to IFRS has been its interest in maintaining the competitiveness of the United States in the global capital markets. For decades the United States capital markets have set the gold standard for the rest of the world to follow. Over the last ten years, several factors including the cost and complexity of U.S. accounting and reporting requirements and the emergence of new and vibrant capital markets outside the United States have threatened this position of leadership. The framework of rules and oversight measures that provides investor protection in the United States was created in the 1930's, and has begun to show its age as corporate scandals and the most recent sub prime mortgage crisis have greatly enhanced the scrutiny placed upon the U.S. capital market machine.

Organizations like the United States Chamber of Commerce (the Chamber) have been lobbying to promote changes aimed at solidifying the position of the United States as the world's leading global capital market. Meanwhile, the U.S. Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) have spent several years working together to converge US GAAP and IFRS standards by co-authoring most new accounting and reporting standards. The SEC, for its part, has bolstered the position of IFRS in the United States by removing its requirement for foreign registrants reporting under IFRS to provide a reconciliation of their financial statements to US GAAP. Moreover, in 2008 the SEC issued a road map for the potential adoption of IFRS by public companies in the U.S.

All of these efforts have placed the accounting and finance profession in the U.S. in a position of uncertainty. An outside observer might presume that today's uncertain job market coupled with the prospect of being forced to invest significant training time to learn about IFRS might persuade an accounting and finance profes-

Is the proposed shift from US GAAP to IFRS a positive development for the United States?

Yes

85%

No

15%



sional toward a preference for the status quo. Surprisingly, nearly nine out of every ten survey respondents told SolomonEdwardsGroup that despite these potential personal challenges, a shift to IFRS is indeed a positive development for the United States.

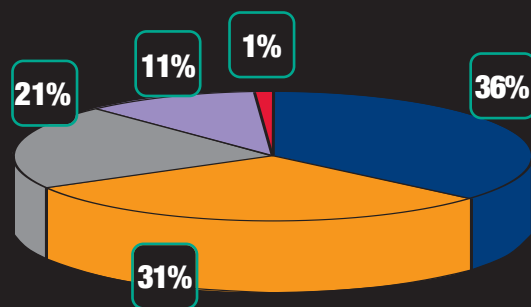
Perhaps unsurprisingly, the strong feeling for a U.S. shift to IFRS was greater among regulators

one challenge facing the United States adoption of IFRS. The Lack of Global IFRS Consistency was identified by 31% of survey participants as the top IFRS challenge and 21% noted the Lack of Comprehensiveness as compared to US GAAP as their primary concern. Despite the strong objections to the high cost of compliance raised by the profession in the wake of Sarbanes-Oxley, only 11%

Top Challenge Impacting IFRS

- Training & Education
- Lack of Global Consistency
- Comprehensiveness vs. US GAAP
- Cost of Conversion
- IASB Structure & Funding

Adoption in the United States



and public accounting professionals than industry practitioners. 100% of regulators and nearly 90% of public accounting professionals surveyed viewed a shift to IFRS positively as compared to 78% of industry practitioners who favor the move to IFRS. Despite the strong feeling that a move to IFRS is a positive development for the U.S., the accounting and finance professionals we surveyed have highlighted several challenges impacting IFRS adoption in the United States.

Based upon our survey, 36% of respondents identified Training & Education as the number

of survey respondents told SEG that the Cost of Conversion was the top challenge impacting IFRS adoption in the U.S.

The perspective of survey participants did influence their perspective when considering the most critical IFRS adoption challenges. Industry practitioners (32%) and regulators (31%) highlighted training as the primary challenge facing the U.S. as it prepares for a shift to IFRS reporting standards. However, public accounting professionals held training as an even higher priority with 48% identifying it as the top IFRS hurdle.



For regulators, the lack of global IFRS consistency ranked as the most significant issue facing the United States at 54%. As noted, the cost of conversion was not one of the top three priorities for survey respondents overall, but industry practitioners held cost in higher regard with 14% ranking expense as the primary IFRS adoption challenge. Both regulators and public accounting professionals ranked cost as a much lower concern as compared to their industry practitioner peers.

The SEC also noted that in 2011 it will make a determination as to next steps for IFRS adoption in the U.S., however this transition will likely not take place before 2015. Notwithstanding, the practitioners we

Percentage of Survey Respondents Identifying Training & Education as the Top IFRS Challenge in the United States.

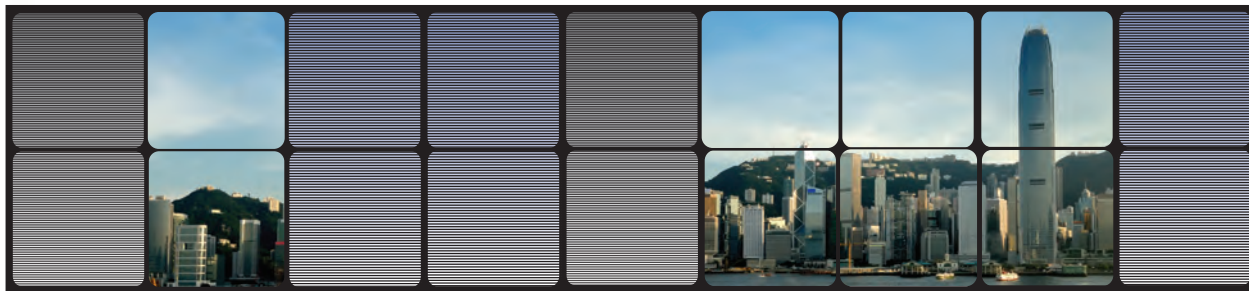
Industry Practitioners 32%
Public Accountants 48%
Regulators 31%

While an ultimate shift to IFRS in the United States has not yet been mandated, on February 24th, 2010, the SEC did reaffirm its commitment to a single set of high-quality global accounting standards.

surveyed view a move to IFRS in the United States as a positive development despite the potential hurdles that may need to be overcome to accomplish such a conversion.

Top Challenges Impacting IFRS Adoption in the United States

Survey Group	Training & Education	Lack of Global Consistency	Comprehensiveness vs. US GAAP	Cost of Conversion	IASB Structure & Funding
Industry Practitioners	32%	31%	22%	14%	1%
Public Accountants	48%	24%	21%	3%	4%
Regulators	31%	54%	7%	8%	0%



About the survey:

SEG surveyed 200 accounting and finance professionals in its IFRS survey. Survey participants characterized themselves in one of three roles within the profession: industry

accounting operations, business performance, risk and regulations, and resource management. We specialize in providing our clients with the talent and know-how to execute special

Is the proposed shift from US GAAP to IFRS a positive development for the United States?

projects in accounting and finance. SEG is proud of its track record in assisting clients with SEC, US GAAP and IFRS Compliance requirements. SEG can serve as a technical advisor, mobilize and manage resources for compliance initiatives, provide professionals to augment client teams

Survey Group	Yes	No
Industry Practitioners	78%	22%
Public Accountants	90%	10%
Regulators	100%	0%

practitioner, public accounting professional or regulator. The participants were asked two questions. The first addressed whether they believed that a shift to IFRS in the United States was a positive development. The second question asked participants to consider five adoption challenges facing a transition to IFRS in the United States. Participants were asked to rank those challenges 1 through 5 with 1 being the most critical issue in the opinion of the survey respondent.

during peak compliance periods, or recruit talent to fill permanent positions. SEG is not a registered public accounting firm.

For more information contact:

Brian Markley
 Partner
 212-545-9500
 bmarkley@solomonedwards.com

Josh Irushalmi
 Director, Business Development
 212-545-9500
 jirushalmi@solomonedwards.com

About the SolomonEdwardsGroup:

SEG is a CFO services firm solving the shifting needs of the CFO and the accounting and finance profession. We deliver talent, perspective, and action in the critical areas of