



IFRS READINESS AND CONVERSION SOLUTIONS

Turning tomorrow's compliance requirement into today's opportunity.

The SEC's recent announcement of a proposed roadmap for conversion to IFRS has elevated the importance of considering the implications of such a conversion. For public company CFOs, competing in global markets requires quality and integrity in financial reporting and in communication with potential investors, shareholders, and regulators. What has, in the past, been a curiosity in board rooms and executive offices is fast turning into demand for information about the enterprise-wide implications of the move to IFRS. The trend toward IFRS in the U.S. and abroad is irreversible. The time is now.

MorganFranklin helps clients build strategies and transition plans to aid in a smooth, affordable conversion to IFRS.

SEE THE OPPORTUNITY

The motivations for conversion to IFRS are numerous: stay competitive in global capital markets, streamline and reduce the cost of reporting globally, easily compare operations with competitors, make better decisions by utilizing standardized data, and more.

We believe that it is wise to look at conversion as an investment opportunity—one that provides a beneficial return. How do you seize opportunities from IFRS? Conversion is so much more than a compliance-driven accounting exercise. In many ways it is a fundamental change in the way companies do business. From systems, to policies and procedures, to human resources, and tax planning considerations, organizations need to be prepared to make the changes required to extract maximum value from the investment in IFRS.

Conversion should not be a hurried, disruptive effort. Instead, it should be a strategic initiative that ensures a smooth transition while also driving process and performance improvement. Companies that recognize this opportunity and respond positively are more efficient and more attractive to stakeholders.

MorganFranklin works with clients to implement a "value-driven" strategy and plan for IFRS conversion. Together, we find ways to improve your business by:

- Tapping capabilities of existing and future IT investments
- Streamlining closing and reporting processes
- Exploring shared-service finance centers and outsourcing
- Training early to create "trained trainers"
- Preparing a strong communication program around your conversion
- Minimizing disruption in operations
- Monitoring competitors' conversion projects to help deliver comparable reporting to investors

Delivering on the Benefits of IFRS:

- One Global Language for financial reporting
- Applying broad principles to financial decisions, not restrictive rules
- Reduced reporting costs
- Reduced complexity
- Providing investors with an accurate financial picture
- Clear basis for management decisions
- Valid industry comparisons
- Improved access to foreign capital markets
- Showing commitment to transparency
- Global visibility and awareness
- Clear picture of financial health

PLAN WELL, GET MAXIMUM VALUE WITHOUT DISRUPTION

Conversion to IFRS will no doubt present challenges, but with proper planning and sufficient implementation time, we believe that it is a manageable project. IFRS conversion will impact a wide range of systems and controls, the need to train and hire new resources, and many other areas. MorganFranklin helps clients anticipate and eliminate conversion obstacles while remaining focused on the factors that will ultimately improve their businesses. Some of these challenges include:

- Change of mindset and re-education: principles vs. rules-based standards
- Strengthening policies and procedures to support the added judgement required by a principles-based approach
- Changes in process, controls, and information gathering requirements
- Changes in accounting systems
- Accurate budgeting for the cost of conversion
- Maintaining compliance with SOX
- Anticipating demands to avoid disruptions
- Communicating with the shareholders, potential investors, and regulators

CHOOSE MORGANFRANKLIN

MorganFranklin provides comprehensive solutions to companies striving to make the most of their investment in IFRS. Since conversion is an enterprise initiative, we go beyond pure accounting expertise. Our IFRS conversion teams are comprised of experts in process improvement, systems implementation, risk and control, business intelligence, and project management. Our services include:

- Analysis of IFRS pronouncements and their impact on reported results
- Cost-Benefit Analysis and business case development of transition to IFRS
- Gap Analysis to determine level of effort, budget requirements, timelines, and expected impact on people, process, and technology
- Communication strategies to educate investors and other stakeholders on how IFRS impacts your financial reporting
- Management and staff training
- Identification of performance improvement opportunities, including the centralization of accounting functions across business units
- Internal control evaluation and documentation to maintain SOX compliance

For 10 years, we have helped domestic and international public companies tackle global reporting challenges. In addition to an extensive track record in helping companies with IFRS conversion, we have significant experience working with executives on finance, operations, and IT transformation. All of this adds up to a team that you can count on to help focus on the details and see the big picture opportunities of your IFRS conversion objectives.

Sample Self-Assessment:

POTENTIAL CONVERSION AREAS	APPLY
Financial Statement Presentation IFRS differs in several respects from U.S. GAAP	
Contract Accounting IAS 11 does not allow Completed Contract Method	
Multiple Element Arrangements IFRS requires different allocations from U.S. GAAP	
Service Contracts Revenue Percentage of completion vs. proportional performance or straight-line	
Business Combinations Current rules differ from IFRS 3 and FAS 141 (FAS141R—Effective 09)	
Share-based Payments FAS 123R differs in several respects from IFRS 2	
Defined Benefits Plans Certain differences exist	
Leases U.S. GAAP is more rules-based as to when to capitalize	
PP&E IFRS estimates of useful lives are reviewed and changes are made each year-end	
Impairment Analysis of Intangibles IFRS uses different methodology and allows for reversals	
Debt vs. Equity Differences exist between IFRS and U.S. GAAP in terms of classifications	
Disclosures There can be significant differences in requirements	



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