Mazars is an international, integrated, independent organisation, specialised in audit, accounting, tax and advisory services.
The year 2005 marks a new stage in the implementation of International Financial Reporting Standards (IFRS) in the countries of the European Union.

At a time when companies affected by the change are beginning to issue their first financial statements under IFRS, we can state without doubt that the parties involved are, overall, moving forward as we would expect them to.

This survey, which we carried out in April 2005, at the time when the first detailed IFRS financial information was being published, testifies to the motivation of the economic parties involved and their confidence in the objectives being pursued through standardisation, but also to the length of the road ahead.

It is true that results are still imperfect, many areas remain uncertain or lack easy solutions and, for some, the new requirements are still controversial. However, proactive European support for standardisation, as well as the way in which companies, accounting professionals, the IASB\(^1\), IFRIC\(^2\) and generally all players in the process have actively mobilised, allows us to hope that the goals of harmonising accounting rules and increasing financial transparency will be met in the very near future.

Mazars’ latest survey, extending the scope of the earlier survey carried out in the spring of 2003 to a wider area, illustrates the distance that has already been travelled, as well as the expectations of financial market participants - analysts, asset managers, attorneys or communication professionals - who are united in their desire for further information and transparency in order to measure the impact of the changes, and also to understand the strategic motivations behind selecting options under the new accounting requirements.

Jean-Louis Lebrun
Mazars Partner
Member of IFRIC

\(^1\) International Accounting Standards Board
\(^2\) International Financial Reporting Interpretations Comittee
The 2005 IFRS survey is the second carried out by Mazars on this subject. Already in 2003, we surveyed 500 listed and non-listed companies in seven European countries (Germany, Belgium, Spain, France, Italy, the Netherlands and the United Kingdom), in order to ascertain, two years before the deadline, their level of readiness and their general view of the imminent adoption of new accounting standards.

Today, with the conversion accomplished, it seemed pertinent to revisit and renew this survey in a modified form.

This time around, we chose to limit our investigation to listed companies, for whom the current year is the deadline for adopting IFRS.

In addition, we aimed to be more ambitious in our geographic coverage of Europe. Consistent with Mazars’ international reach, we enlarged our survey base to include five additional European countries (Ireland, Luxembourg, Poland, the Czech Republic and Turkey).

Four of these countries are members of the European Union, and the last strongly wishes to join. We hoped to measure the attitudes of Turkish companies and their willingness to adopt IFRS, within the context of the Ankara government’s strong pursuit of EU membership.

In all, more than 550 listed companies, chosen from among the largest market capitalisations in each of 12 countries, replied to the 2005 IFRS survey undertaken by Mazars.

An initial rapid overview of the main trends revealed by the survey highlights the diversity of situations across Europe. Commonly perceived national characteristics of many large European countries appear with an almost caricatural clarity. Thus, Italian companies seem content with a sort of southern nonchalance, while German companies exhibit a rigorous and disciplined approach to the conversion, and the French show a very Gallic conservatism and mistrust.

Beyond such stereotypes, however, we find that perceptions of the new standards and of their impacts, degree of readiness, communication efforts, team training efforts and the application of specific standards vary greatly from one country to another, and that it is difficult today to detect any truly homogeneous European attitudes, whether along geographic or sector based lines.

* Details of the number of companies per country appear in the final pages.
In conclusion, and in order to provide all the keys for the most informative possible reading of survey results, the following points should be kept in mind:

- Results were obtained for this survey from responses given by the persons questioned. These responses are thus of a “declarative” nature.

- For a number of countries covered in our European survey, specific national conditions may influence the results obtained. When this is the case, such characteristics are detailed in the survey analysis for the individual country in question.

- The survey was administered in all the European countries between 7 March and 15 April 2005. Some data, particularly concerning the quantification of impact and financial communication, have since evolved, with the recent publication of the first interim financial statements under IFRS.

We wish you enjoyable reading.
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Overall Results

The major trends

An uncertain transition phase

- The stakes involved in adopting IFRS are generally recognised today by the finance and accounting community. However, in the eyes of European companies, the need to apply these principles is not always perceived as a positive evolution of international accounting standards.

In particular, the results of the 2005 Mazars survey show that only 63% of European companies believe that the new standards will facilitate comparison of financial statements, and less than half believe they will enhance transparency. As these two points represent the principal arguments in favour of the new standards, it appears that not all companies have been persuaded that the chosen system of reference, namely IFRS meets these objectives.

Do you believe IFRS will aid comparability of financial statements?

- In addition, 55% of companies surveyed refute one of the main criticisms made of IFRS, that of increased volatility of reporting. Finally, 55% of companies plan to use IFRS in their domestic accounting.

European outlook

Do you believe IFRS will aid comparability of financial statements?

- It should be noted, however, in favour of IFRS, that European companies do not want to abandon these Standards in favour of either the creation of specifically European standards (73%) or U.S. GAAP (86%).

Would you have preferred the EU to develop its own standards?

- In addition, 55% of companies surveyed refute one of the main criticisms made of IFRS, that of increased volatility of reporting. Finally, 55% of companies plan to use IFRS in their domestic accounting.
Overall Results

Initial analysis of the changeover is encouraging

- Companies' perceptions of the value of the new accounting standards appear to have little or no influence on their dedication to the changeover project.

- 87% of listed companies consider themselves well-prepared for the adoption of IFRS. This number reflects a subjective evaluation which is usefully compared to more factual data: 74% and 66% of companies have, respectively, prepared their IFRS opening balance sheets and completed a simulation of 2004 financial statements under the new standards.

- Considering the end date of the survey (15 April 2005) and the fact that some companies' year-end is not 31 December, these observations are positive and indicate a smooth transition for the 2005 financial year.

- It is interesting to note that, in those areas where IFRS 1 'First-time adoption of International Financial Reporting Standards' provides options to companies, almost half do not yet know which options they plan to apply. Nevertheless, many companies have chosen to use the exceptions, thereby facilitating their transition process.

Has conversion to IFRS been a major cost to your enterprise?

- Concerning the cost of conversion, only 45% of European companies consider it to be high and 55% believe that the benefits of conversion justify the costs.

Do you believe you are fully prepared for first-time application of IFRS?

- 87% of listed companies consider themselves well-prepared for the adoption of IFRS. This number reflects a subjective evaluation which is usefully compared to more factual data: 74% and 66% of companies have, respectively, prepared their IFRS opening balance sheets and completed a simulation of 2004 financial statements under the new standards.

If you are adopting IFRS for the first time in 2005/06 have you already prepared your opening IFRS balance sheet?
Effects of the new standards: current and future perspectives

- 55% of companies interviewed believe they have correctly anticipated the effects of the transition.

- However, the perceived impact, in terms of increased or decreased net equity and net income, is quite variable and shows no strong trend in any one direction.

- The financial impact of the changeover to IFRS on net equity and net income appears to be affected by neither the company's country of origin nor its sector of activity. Across categories, companies anticipate positive impacts as often as negative effects on these numbers.

- Further effort would thus seem advisable to facilitate the new standards' practical application: 59% of companies surveyed would welcome more interpretation from IFRIC and 50% find that the new standards are not well adapted to their own sector and would like to see more complete sector guidance.

Overall lessons: complex standards which more closely reflect economic substance

- We observe here similar conflicting perceptions. The majority of companies recognise that IFRS brings accounting practices closer to economic substance. However, the two most common criticisms relate to the complexity of the new standards and thus also the amount of work needed to correctly apply them.

Country by country: an enlightening analysis

Support for the standards: “Mediterranean enthusiasm”

When considering support for the new accounting standards and the desire to implement them, we can distinguish between three groups:

- The first includes Turkey, Spain and Italy, who greet the new accounting principles with enthusiasm and whose “militant” support may stem from a desire to escape unsatisfactory national standards. For Turkey, the pursuit of European membership may also be seen as an important factor. Germany also appears to confidently accept the new accounting standards, which could be explained by the fact that many large listed German companies have been applying IFRS for several years.

- The Czech Republic, and Poland belong to a second group of countries which, to various degrees, express more mixed opinions about the expected benefits of IFRS.

- Finally, in the Benelux countries, the United Kingdom, Ireland and France, the advantages of the new accounting principles do not seem to be apparent to companies, who on the whole are satisfied with their existing national standards.

Implementing the new standards: Germany, the Netherlands and Spain form the leading trio

Concerning implementation of the changeover:

- The Netherlands, Germany and Spain are ahead of the pack in terms of strict and early application.

- France, the United Kingdom, Ireland, Belgium, the Czech Republic, Poland and Turkey belong, for various reasons (delays, difficulties or lack of motivation) to a second group whereby implementation is less advanced than in the three leading countries.

- Finally, Italy's split personality stands out: companies in this country declare themselves well-prepared for the changeover and show a strong motivation, which contrasts with weaknesses in the conversion process. We expect rapid progress in Italy in the coming months.
Belgium and Luxembourg
An early but forced conversion

Overview
- Four Belgian or Luxembourg companies in five feel ready for the transition to the new accounting standards. This rate is somewhat below the European average (86%). They have in general prepared their IFRS opening balance sheets (79% of companies), in contrast to the simulation of 2004 financial statements, prepared by only 51% of companies.

Have you now completed a simulation of your 2004 financial statements under IFRS?

- The cost of conversion is considered to be high by 60% of companies in these two countries, and 55% do not consider this expense justified.

Investor communication
- 64% of companies have already begun communication with their shareholders. As a percentage of those companies who consider themselves ready for the conversion, Belgium and Luxembourg are well ahead of the European average. Such communication is almost exclusively carried out by companies who consider themselves prepared for conversion, which explains the high rate of quantified information available (81%).

Have you already communicated the impact of adopting IFRS to your stakeholders?

- Companies who have not yet communicated the impact of applying IFRS are motivated to begin soon, as 68% plan to undertake this before the month of June.

Note: To ensure statistically meaningful samples, the responses of the Luxembourg companies were aggregated with the Belgian firms.
Employee training and preparedness

- The use of external consultants was limited, with 52% of companies calling on outside consultants for certain aspects of conversion, while only 3% fully externalised the project. In addition, the number of employees working on IFRS conversion is low: 52% of companies assigned only one or two employees. Companies in these countries appear to have chosen a long-term approach using smaller teams.

Financial impact

- 60% of companies rated the impact of conversion "as expected". This percentage is one of the highest in all the countries surveyed.

- Volatility caused by the new standards is an issue for 55% of companies. These same companies believe that IFRS will tend to cause an increase in net equity and net income.

- However, only one third of companies have decided to revise their performance measures under the new standards which is slightly less than the average in Europe.

- Belgians and Luxembourgers are relatively unconvinced of the benefits of the new standards: 39% believe they will improve transparency, versus 28% who hold an opposing opinion, and 45% think they will aid comparisons while 19% disagree. Companies in these two countries thus expressed limited enthusiasm, as the European average is systematically higher.

Specific standards

- Belgium and Luxemburg are in sync with European trends, in that financial instruments is ranked the most challenging area by 44% of companies. Fixed assets as well as employee benefits and pensions are the next-highest ranking areas.

- Consistent with the half-hearted support for the new standards in the Belgian and Luxembourg business communities, only 20% of companies have modified their management of financial operations. These companies are principally in the finance sector.
A preference for strictly European standards is shown by 30% of companies, which is a higher rate than average. U.S. GAAP would only interest 5% of those surveyed and is thus not seen as a viable alternative.

Companies exhibit a wait-and-see attitude when it comes to the IFRS 1 options: 42% do not yet know which options they will apply.

Only 38% of those surveyed believe that the margin for interpretation is greater with the new standards: this is lower than the European average of over 40%. As could be expected therefore, these companies do not seek greater intervention from the IFRIC, with only 35% welcoming further interpretation.

Companies are divided regarding the applicability of IFRS to different sectors: 53% are satisfied with the standards in their own sector. This is about equal to the European average. There is significant desire for more sector guidance, however, with 57% of respondents stating that the standards are not well-adapted to their sector and wishing for further interpretation.

Do you think the margin for interpretation has increased due to implementation of IFRS?

Focus

A preference for strictly European standards is shown by 30% of companies, which is a higher rate than average.
Czech Republic

Rigour and realism

Overview

- Czech companies exhibit a strong mastery of the conversion process and declare themselves ready for the transition at a rate of 84%. 54% have already prepared their opening IFRS balance sheet.

- Only 20% of companies find the application of IFRS to be costly, the second lowest rate in Europe. This is even more surprising in that Czech companies are those who have externalised their conversion: 92% compared to a European average of 59%. Further, 64% of companies believe that the costs are justified, which is the highest level in Europe (which averages 40%).

Investor communication

- The Czech companies surveyed seemed unconcerned about communication with investors (their rate is the lowest in Europe with only 29% having already effected communications), but they are quite prepared to issue annual reports at the same date as the preceding year (88%), which shows their advanced position in the conversion process.

Employee training and readiness

- We note that while Czech companies have put in place relatively small internal teams (less than 6 employees), all personnel are deemed to have sufficient or excellent knowledge of the new standards and 84% of employees have received specific training, a remarkable rate compared to the European average of 73%.
Financial impact

- This country’s companies seem to have approached the transition calmly and with proper expectations, as 72% have found the impact of IFRS as expected (compared to 55% in Europe). Only 24% are concerned about increased volatility under the new standards, compared to a European average of 46%.

- This smooth scenario may be explained by Czech companies’ strong interest in the new standards: 56% (compared to 47% in Europe) believe that IFRS will improve the transparency of financial statements and 64% (62% across Europe) consider that the new standards will facilitate international comparisons.

Specific standards

- Financial instruments and fixed assets stand out clearly as creating the greatest challenges in the view of Czech companies.

- 58% of the Czechs believe that the margin for interpretation will increase with the transition. This high rate compared to the European average is further supported by the following statistics: 76% of those interviewed would welcome more interpretation from IFRIC (compared 59% in Europe), and the demand for specific sector adaptations is also higher than the European average.

Would you have preferred to use U.S. GAAP instead of IFRS?

- No Czech company would have preferred specifically European standards, while 20% would have opted for U.S. GAAP over IFRS, compared to an average of 14% across Europe.

Focus

58% of Czech companies believe that the margin for interpretation has increased under IFRS.
Overview

With 80% of companies declaring themselves fully prepared for the IFRS conversion, compared to an average of 87% across the continent, France trails behind the rest of Europe. This number is illustrated by the fact that only 51% of French companies have completed a simulation of their 2004 financial statements, which is 15% below the European average.

We should note however that, for 15% of companies surveyed, the financial year ends after 31 December 2004, and for 3% the year will close on 30 June 2005. When considering only those companies whose financial year closed last 31 December, the percentage declaring themselves fully prepared reaches 93%, or 6% higher than the European average.

Investor communication

French companies who consider themselves ready for the conversion have all communicated with shareholders the impact of the new standards. More generally, with a national rate of 57%, France is one of the leaders in the Union in terms of communication. Two thirds of French companies have already quantified this impact and those who have not yet done so plan to carry out quantification by September, over half by June.

Do you believe applying IFRS will improve understanding and the transparency of your financial statements for users?

With only a quarter of French companies, compared to almost half across Europe, believing that IFRS will improve understanding and transparency of accounts, and 37% versus 63% believing they will facilitate comparisons between countries, France is without contest the country with the most sceptical attitude towards the new standards. This explains, in part, the weak support by French companies for implementation of the standards.
Employee training and readiness

- Only 54% of companies surveyed indicate that employees have received specific training in the new standards. Here again, the late year-end date may in some cases affect this result.

- Almost 57% of companies partially or completely externalised their conversion with only 43% managing their project internally. French investment was no lower than that of its neighbours, because the size of the French conversion teams is slightly higher than the European average at 6 employees.

Financial impact

- France is among the countries the most surprised by the financial impact of IFRS (21% felt the impact was greater than expected, compared to 14% across Europe).

- French companies express some of the greatest concern in Europe with regard to the increased volatility caused by the greater conformity of accounting to economic substance (60% compared to 45% across Europe).

Specific standards

- As in the rest of Europe, financial instruments (for over 40%) and fixed assets (for 20%) create the greatest challenges for French companies. Employee benefits and pensions are not seen as creating major issues, while share-based payments are. France is one of the countries where the least change has taken place in managing financial operations.
Unsurprisingly, given their critical attitude towards IFRS, French companies are more likely (34% versus 27%) to retain existing standards for their domestic accounting.

The French are the most likely in Europe (more than 60% compared to 40% in Europe) to believe that application of IFRS increases the margin for interpretation.

They demonstrate yet again their scepticism towards IFRS in the belief, for over 60% compared to 50% on average across Europe, that the standards are not well adapted to their business sector.

As elsewhere in Europe, French companies do not tend to prefer the development of European Union standards, and they are paradoxically the most supportive of applying U.S. GAAP (28% or double the average), not least because around 30 large French companies are listed on Wall Street.

Focus

Almost 57% of French companies partially or completely externalised their conversion and over 43% managed their project internally.

Do you think the margin for interpretation has increased due to implementation of IFRS?
Interview

Klaus Rainer Kirchhoff, CEO of Kirchhoff Consult AG*

“Introduction of IFRS standards increases transparency and comparability”

For 80% of the companies interviewed at the end of 2003, communication was not seen as a priority in the process of IFRS conversion. Apart from some exceptions communication towards shareholders was still not a priority goal at the beginning of 2005. However, the majority of European companies intend to communicate on the impact of the IFRS implementation at least by the end of June.

Have you noticed an evolution due to the implementation of the IFRS standards with regard to communication since 2004?

Compared to most European countries, many German listed companies implemented IFRS at an early stage and have carefully prepared the conversion notably regarding the communication aspects. In 2003, the German Stock Exchange implemented a new segmentation obliging the companies belonging to the Prime Standard (less than the half of German quoted companies) to use IFRS or U.S. GAAP for their financial statements. Thus, already in 2004 the main focus was on the general explanation of the effects of international accounting standards on financial statements. In 2005, the main focus will rather be on the communication of the impact of specific modifications of IFRS rules such as goodwill accounting.

Which advantages do you see in the new accountancy standards for financial communication?

The challenge of good financial communication is the transparency and credibility of the numbers. According to IFRS standards, companies are obliged to produce comprehensive explanatory notes. This is a big step forward in terms of transparency. And transparency is the basis for credibility.

IFRS have substantially contributed to an enhanced comparability of companies on an international level. As a result, financial communication has been facilitated: in Germany for example, reconciliations for the comparison of German GAAP results have become redundant.

Which problems did you face in the communication field regarding the practical implementation of IFRS?

Although IFRS conversion had in most cases been well prepared by internal employees with the assistance of external experts, most companies underestimated the necessary time investment. The trend in financial communication focuses on shorter publication periods for financial reports.

Due to the high time investment, companies implementing IFRS were often not able - as intended - to publish their financial statements earlier. Moreover, the additional explanations required by the new standards complicated efficient and prompt reporting.

*German financial communication agency
Which key advice did you give your clients concerning the communication aspects?

For transparency reasons, we have advised our clients to explain in detail the impact of IFRS on their financial statements, presenting a complete comparison of their balance sheet and income statement instead of only the required items.

Our task was to manage expectations of the shareholders at an early stage by integrating IFRS simulations in investor presentations before the conversion was fully implemented.

For example, the abolition of goodwill amortisation represents a particular challenge for financial communication: It often will result in a seemingly strong increase of net income in 2005, which, in fact, is nonrecurring. This has to be consequently explained. Thus, increased earnings guidance is on the agenda due to higher earnings variability of IFRS financial statements compared to German GAAP.
Germany

“Head of the class”

Overview

- Germany is the country best prepared for the transition to IFRS. 98% of listed companies consider their implementation of the new standards to be a success. This country is one of the leaders in Europe in preparing their opening balance sheets and simulating 2004 financial statements (91%), results which are as impressive in absolute numbers as they are in comparison to other countries.

- Even if German companies feel that transition costs are somewhat high, close to 50% consider the change to be worth the cost, and 83% are prepared to publish their first IFRS report in the same timescale as last year. This may be seen as the fruit of early and efficient preparation, because 61% of companies state that the impact of the conversion conforms to their expectations.

Have you already communicated the impact of adopting IFRS to your stakeholders?

Investor communication

- German companies have worked to ensure their success: 82% have already communicated the impact of IFRS to their shareholders, and the impact is quantified in 81% of cases.

Employee training and readiness

- German companies lead in this area, and the fact that 98% of companies declare they are ready and unworried with regard to the transition, is not accidental. These companies have created the means for their success, which explains why companies here, more than elsewhere, consider the conversion to IFRS to have been a major cost.

Note: For several years, numerous listed German companies have applied IFRS, as required by law in this country. This is true of some of the companies interviewed for this survey.

Do you believe you are fully prepared for first-time application of IFRS?
Thus, 91% of companies believe that their finance teams have good or excellent knowledge of the standards. While only 38% externalised the project, 50% created teams of more than six people to manage implementation of IFRS. This can be seen as a sign of their desire to ensure a successful transition and wish to master the new principles.

Only 18% of German companies expressed concern about increased volatility under IFRS.

German companies strongly support the new standards, and this explains their dedication in terms of human and financial resources. 55% believe that IFRS will improve financial transparency and 71% expect the new standards to facilitate the comparison of financial statements.

Only 18% of German companies expressed concern about increased volatility under IFRS.

German companies strongly support the new standards, and this explains their dedication in terms of human and financial resources. 55% believe that IFRS will improve financial transparency and 71% expect the new standards to facilitate the comparison of financial statements.

Whilst financial instruments are the area in which the new standards have been the most challenging, only 25% of German companies state that IFRS has led them to change the way they manage their financial operations.
German companies appear to be comfortable with the conceptual framework provided by the IASB and convinced of the new standards’ ability to improve comparability of financial statements. In all, 56% believe that scope for interpretation has not increased, and only 35% would like to see further interpretation by IFRIC.

The only reservations apparent among German companies concern adaptability of the new standards for particular sectors. 66% believe that the new standards are not well-adapted to their own sector. This does not however imply a lack of trust in IFRS: only 10% of German companies would have preferred the application of European Standards or U.S. GAAP over IFRS. Although German companies have accepted IFRS for their consolidated accounts, among European countries they remain the most attached (50% of them) to their previous standards for their national accounts.

Focus

Although German companies consider the cost of transition to be high, close to 50% believe the benefits of the new standards to be worth the cost.
Overview

- With 82% of companies declaring themselves prepared for the transition to IFRS, Italy trails somewhat behind in the conversion process. This impression is confirmed by their progress in preparing paperwork: only 54% of companies have prepared their IFRS opening balance sheet, and 48% have completed a simulation of their financial statements.

- In fact, it is surprising that so many companies consider themselves ready, when core IFRS information for so many is not up to date. It appears that Italian companies are reacting to the deadline and have not completely understood the impact of conversion.

- Italian companies are aware of the cost of conversion, as 68% consider it to be high. They do, however, believe the cost to be justified given the benefits of the new set of accounting rules.

Investor communication

- Italian companies have not yet communicated much about the new standards with their investors. Only 43% have already done so. Furthermore, communication which has taken place has generally not been quantified, which confirms that it is not necessarily the result of a fully engaged conversion process.

- Italian companies all plan to communicate with their shareholders. Their deadlines are quite variable; however, close to 70% intend to inform shareholders of the impacts of IFRS by June 2005.

- Italian companies do not anticipate delays in issuing their financial statements, a further sign of efficient preparations in spite of the late start.
Employee training and readiness

- Italian finance teams are fairly well trained: Just over 92% of companies surveyed believe their knowledge to be excellent or satisfactory. This places them in the upper ranks in Europe, and can be explained by a high rate of training (95%). The Italians have, therefore, planned for the conversion but have not yet implemented it. It is fair to expect rapid progress of IFRS conversion in the coming months in Italy.

Did you externalise your IFRS conversion project?

- The large majority of companies (76%) have called upon outside consultants for their conversion. This is the second highest rate in Europe. On average, 6 employees work on the transition project; this number is close to the European average. We can conclude that Italian companies have given themselves the means to catch up, in terms of the size of their internal teams as well as use of external consultants.

Financial impact

- One quarter of companies admit to not yet knowing what impact the new standards will have on their financial statements. This is the highest rate in Europe. As a result, they are also the most concerned about volatility in reporting under IFRS (77% of those surveyed).

- Italians appear to be resolute in their adoption of the new standards, as 46% of companies have modified their performance measures in relation to IFRS. This is the highest rate in Europe.

- The Italians are fairly convinced of the advantages of IFRS: 68% believe the new standards will improve financial transparency and 77% that they will facilitate international comparisons. The Italian business community thus generally accepts as valid the stated objectives of IFRS, and are the most convinced of all Europeans as to the benefits of conversion.
Specific standards

= As with most European countries, financial instruments present the greatest challenge to Italian companies. Fixed assets are also seen as a significant problem area. Employee benefits and pensions also appear to be a challenging issue.

= For 54% of companies, the margin for interpretation has increased with the adoption of IFRS. As a result, 82% of respondents would welcome further interpretation from the IFRIC. These are the highest rates in Europe.

= Concerning the adaptability of the new standards to different business sectors, Italian companies are the most satisfied: 61% of companies believe the standards to be appropriate to their particular sector. 80% of the dissatisfied companies would like more interpretation from IFRIC, indicating an important role for this institution in the implementation of the new standards.

Would you have preferred the EU to develop its own standards?

= Italy appears to generally be on the right track in their conversion to IFRS. Italian companies would nevertheless not have been opposed to the creation of specifically European standards (52% in favour, placing Italy second in Europe). Rejection of U.S. GAAP is broad, however with only 11% of companies supporting its application, a rate well below average.

= In the long run, Italian companies plan to use IFRS in their national accounting: 40% intend to undertake this conversion as quickly as possible, a rate equal to the average across Europe.

Focus

68% of Italian companies believe that IFRS will improve financial transparency and 77% that the new standards will facilitate international comparisons.
The Netherlands
A successful transition despite scepticism

Overview

– Dutch companies have taken IFRS conversion very seriously and are well prepared: 95% declare themselves fully prepared, thus placing themselves second in Europe just behind Germany. An opening IFRS balance sheet is prepared in almost all cases (92%), and preparation of simulated 2004 financial statements is well advanced (69%, slightly higher than the European average).

= 38% consider the cost of conversion to be high, less than the European average (45%), doubtless expressing a higher rate of readiness on the part of both companies and regulatory bodies.

Investor communication

– Concerning communication with shareholders, the Netherlands share the lead with Germany, as almost 80% of listed Dutch companies (compared to 58% in Europe) have already communicated the impact of IFRS, three quarters of them with quantified information.

= Of those companies who have not yet done so, 70% intend to carry out communication before June 2005. The communication effort by Dutch companies is thus both broad and timely.

= Dutch companies’ readiness for IFRS is further shown by their intention of issuing their annual reports (at a rate of 92%) on the same date as last year.

= Paradoxically, Dutch companies are relatively pessimistic regarding the ability of the new standards to improve understanding and transparency of financial statements (28%, close to the French rate of 25% which is the lowest in Europe). Similarly, barely over half of companies surveyed believe the standards will increase comparability of accounts. This rate is well below the average for European companies (63%). There is no denying a certain level of scepticism as to the ability of the new standards to meet their stated goals.
Employee training and readiness

= If the Netherlands are perfectly prepared for transition to IFRS, this is to a great extent thanks to the excellent knowledge possessed by their finance teams, with 95% of companies surveyed (compared to 75% in Europe) considered to have good or excellent knowledge. These results are not explained only by superior training, but also by massive recourse to external consulting services (in almost three quarters of companies, compared to less than 60% across Europe). It is therefore not surprising that internal teams are among the smallest in Europe (4 employees, of which half contain two or less persons), which is similar to team sizes in Belgium and Luxembourg.

Has the impact of IFRS conversion been greater or less than expected?

= The Netherlands predicted fairly successfully the impact of the IFRS conversion; for more than 60% this impact corresponded to expectations. However, Dutch companies are among the most concerned about increased volatility resulting from the application of the new standards.

Financial impact

= Dutch companies have not changed their management of financial operations (76%). The standards are adopted because they are required, but they are not bringing about a revolution in the Netherlands.
Which areas have you found the most challenging to your business?

Specific standards

- It is the area of financial instruments which poses the greatest challenge to Dutch companies (40% of respondents). Employee benefits and pensions are also cited as a major issue. In this area the Netherlands stand out clearly from the other countries surveyed.

- For one quarter of companies who changed their management of financial operations, over 50% did so in the areas presenting the most challenges, that is financial instruments and employee benefits and pensions.

- Dutch companies deny (76%) that application of IFRS will increase scope for interpretation. However, 80% would welcome continued input regarding interpretation, as has been their habit for their national standards.

- Concerning the hypothetical adoption of alternative standards, Dutch companies make their position clear. They would support neither European (14% in favour) nor American standards (3% in favour).

= Finally, with only 8% of companies not intending to adopt IFRS for their domestic accounts in the short or the long term, the Netherlands confirm their broad support for IFRS.

Focus

80% of Dutch companies would welcome further interpretation by IFRIC.
Interview

Kathryn Cearns
Consultant Accountant, Herbert Smith*
“European regulators must encourage comparability”

How have British and Irish companies reacted to the changeover to IFRS? What are the main challenges they have to meet? Kathryn Cearns, consultant accountant and IFRS expert, explains.

Do you consider that IFRS communications strategies have been undertaken well by companies?

This has been very mixed. There are some companies that are absolutely on top of things and that have kept the market well-informed, restating 2004 figures early on and in a very clear manner. There are others that have not, and I can say that with certainty because there are listed companies out there that have said nothing at all! For some the delay is justified, usually because they are not in the first tranche of affected companies (those with 31 December year ends). In other cases it is more worrying that we are nearly up to the end of the first half year under IFRS and restatements of 2004 figures have not yet been issued by some companies; it begs the question about what problems are causing the delays.

The regulatory authorities have pushed quite hard to get companies to communicate well with the market, but only when the 2005 interim reporting season is upon us will we get a much more comprehensive picture of what companies are actually doing. It remains to be seen how much the market will punish laggards, but undoubtedly poor communicators will be penalised.

There are question marks over whether, even where 2004 figures have been restated and disclosed, enough information is being supplied to give a full enough picture, but in that case analysts need to push companies to give more. No matter how well companies explain things, of course, those using the information have a responsibility to be diligent in educating themselves about IFRS - the companies can’t do it all for them.

Are you expecting any problems to come to the fore when companies release their full IFRS accounts?

There are bound to be some problems with such a fundamental change in the basis of accounting, but it is impossible to predict with any certainty because the combination of impacts is almost infinite on a company by company basis.

Changes to gearing and net assets mean that we may see some more adjustments becoming necessary to borrowing power limits in company articles, and that could be difficult if any required change does not go through at this year’s AGM - it would mean calling an extra meeting. Similarly, debt covenants may be hit and require renegotiation. Distributable profits issues may hit some companies, for example because of pension deficits, although this is just as likely to arise from the impact of new UK accounting standards on individual company accounts within a group that have not been moved over to IFRS.

* Herbert Smith is an international legal practice
We also don’t yet know how the regulatory authorities, such as the Financial Reporting Review Panel, are going to react. Are they planning to ‘go easy’ to start with, to let companies correct their own mistakes as they gain more understanding of the new standards? Given they have moved to a proactive regime of examining accounts, this would seem unlikely.

**Do you believe that accounts will become more comparable following the introduction of IFRS?**

Yes, but there will need to be a period of ‘bedding down’ for that comparability to be fully realised. Only after the first few years will investors get used to the numbers and industry practices build up.

‘Comparability’ is a word requiring some caution, of course. In a principle-based system of accounting there are likely to be divergences of view, and each company faces its own unique set of circumstances. Clear disclosure will therefore be key, so that where differences in approach arise, the impacts are clear to users of financial statements. Better comparability should lead to a reduction in the cost of capital in theory across Europe, although there are other regulatory hurdles that may prevent it. European regulators will need to make sure the enforcement regime across Europe encourages comparability, but within the framework of the application of professional judgement to apply the principles.

**Have you been surprised by the financial impact of IFRS for UK and Irish companies?**

Not particularly so far. Most of the big changes were as expected, but for many companies the overall net impact seems relatively small - a kind of ‘swings and roundabout’ effect. The devil is in the detail, as always, and it is the line by line impact that has been most significant; a focus on only the net figures does not give the full picture.

I think many thought that listed groups would move all the individual company accounts within their group over to IFRS, creating (at least across Europe) a significant cost saving. However, this has not proved possible, partly because some European countries will not permit it, but also because of tax and distributable profits problems. This is a cost burden that European regulators should seek to mitigate.

**Do you foresee any hidden dangers for companies in the future?**

Generally, not for well-prepared companies. If companies have been paying attention to what has been going on, reacted to guidance and developments in practice and checked properly for knock-on implications, they should be fine. Of course, there are still one or two issues coming out of the woodwork which are causing problems - hardly surprising when some of the standards are very new - but a company that is well prepared should have time to react.

In the longer term, the dangers relate to IFRS becoming too prescriptive and regulator-focused, at the expense of both investors (who will find things harder to understand) and companies (who will be straightjacketed into giving information in a form they find meaningless and not relevant to the way they run their business). In a principle-based regime, best practice often tends to develop over time; imposing more prescriptive standards stifles best practice development and can reduce the usefulness of the accounts as a communication medium.
Overview

- 81% of Polish companies believe they are ready for transition. This number is not disturbing in the absolute sense, but compared to the European average (87%), Polish companies do show a certain tardiness. Still, concern can be mitigated in light of these additional elements: 65% of listed companies have prepared their opening IFRS balance sheet and 77% have completed a simulation of their 2004 financial statements; these rates correspond to the European average. However, 32% intend to issue their first IFRS annual report at a later date than the preceding year, compared to 8% in Europe.

Has conversion to IFRS been a major cost to your enterprise?

- 50% of companies surveyed find the conversion costs to be high, which is a large proportion, especially when considering that only 30% believe the cost to be justified.

Employee training and readiness

- Polish companies appear to show a significant delay compared to their counterparts across Europe in terms of training in the new standards: only 45% of employees directly involved in the conversion project have received formal training.

Have all your employees affected by the changeover of Standards received specific training in IFRS?
= 16% (compared to 7% in Europe) of companies believe that their finance teams have minimal or no knowledge of the new standards. In absolute terms, and relative to the rest of Europe, these numbers are fairly alarming, particularly as no company surveyed has created IFRS conversion teams of more than 6 employees. We can note, however, that Poland is the country which has externalised application of IFRS to the greatest extent (84% of companies made this choice, compared to a European average of 59%).

Financial impact

= While companies appear fairly convinced of the contribution of IFRS to better understanding of accounts (57%) and comparability of financial statements (62%), they find the impact of transition to be less than anticipated (35%) and are not overly concerned by increased volatility (35%) or the modification of performance measures (35%).

Specific standards

= Not surprisingly, these companies are most concerned about the area of financial instruments, where IFRS presents the most challenges, and Poland, at 37%, is in the top three countries for stating that the new standards have changed the way they manage their financial operations.

Focus

32% of Polish companies will issue their first IFRS annual report at a later date than the previous year, compared to an 8% average in Europe.
Overview

- Remarkably, Spain at 91% ranks third in Europe for the number of companies who feel they are prepared for the conversion to IFRS. Spain also ranks highly for the preparation of opening balance sheets and of 2004 financial statement simulations, 85% and 90% of companies respectively.

- However, companies point out the high cost of conversion (54% consider it a major cost), even though the country is within the European average for externalisation of the conversion project (60% versus 59%), and only 38% (40% average in Europe) believe that the cost of transition is justified. In addition, only 88% of companies surveyed believe that IFRS will result in a better understanding of financial statements.

Have you already communicated the impact of adopting IFRS to your stakeholders?

Investor communication

- Spanish companies are the least concerned in Europe (34%) with shareholder communication. Only 43% have quantified the impact of adopting IFRS.

- We note nonetheless that 94% of companies will issue their first IFRS annual report at the same date as the preceding year. Spanish companies appear determined to view IFRS as a lesser evil.

Employee training and readiness

- Spain is within the European average in this area. 60% of Spanish companies externalised their conversion project to some extent, which in absolute numbers demonstrates their desire for successful implementation. In addition, finance teams are well-trained and prepared (86% of them), and more than half of companies chose to work with fairly large teams (6 or more people).
Financial impact

- 70% of Spanish companies state that they correctly assessed the impact of the conversion.

- The two areas mainly affected by the new standards in the view of the Spanish business community are the improved comparability of financial statements (for 87% of companies) and the increase in volatility (for 63%).

Has the impact of IFRS conversion been greater or less than expected?

What do you expect the impact of IFRS to be on net equity?

- Spain appears to be the country in which IFRS has the smallest impact. Spanish companies anticipate no impact on net equity (69% compared to a European average of 25%), no impact on net income (48% compared to a European average of 25%), and no impact on performance measures (21% compared to a European average of 35%).

Specific standards

- It is clearly in the areas of fixed assets and revenue recognition that the new standards have created the most challenges in Spain. We can further contextualize by considering that Spain, together with the United Kingdom and Ireland, is the country in which IFRS has had the least impact on financial operations (change occurring for only 11% of companies).
Which areas have you found the most challenging to your business?

![Bar chart showing percentages for fixed assets, financial instruments, and revenue recognition.]

Would you welcome more interpretation by IFRIC (International Financial Reporting Interpretations Committee)?

- 80% of listed Spanish companies would welcome more interpretation from IFRIC, compared to a European average of 58%.

- Similarly, when considering the specific needs of various sectors, 80% of companies would like more interpretation, compared to a European average of 59%.

- Compared to the European average, the Spanish appear more open to alternative solutions (52% versus 27% favour European standards, and 22% versus 14% would prefer U.S. GAAP).

Focus

At 91%, Spain comes out in third place among European countries in terms of companies’ declared readiness for the changeover to IFRS.
Overview

- Turkey's level of preparation for the IFRS conversion is within the European average: 86% of companies believe they are prepared for the transition, compared to 87% across the 12 countries surveyed. In addition, 69% of companies have already prepared their opening balance sheet (European average of 74%) and 67% have completed a simulation of their 2004 financial statements (66% average across Europe). It appears that Turkish companies are justified in thinking themselves prepared for conversion.

- 80% of companies surveyed do not see conversion as constituting a major cost; this is the second highest rate in Europe. As could be expected, the cost of conversion is thought to be justified, even by companies who found it to be high.

- Indeed, the Turks are convinced that the new standards will improve accounting in their country: 84% of companies believe that IFRS will allow easier comparison between countries. The particular enthusiasm of the Turks explains the efforts undertaken by these companies.

Investor communication

- Turkish companies have communicated with their shareholders en masse, as 80% have already done so. This rate is only slightly lower than that of the Germans, who are the leaders in this area. Companies in Turkey have thus foreseen the impact that IFRS conversion could have on shareholders. In addition, this communication was quantified in 75% of cases, a number again higher than the average.

- Companies who had not yet communicated at the time of the survey appear resolved to do so as quickly as possible: 63% planned to communicate imminently. We estimate that 87% of Turkish companies have now communicated with their shareholders regarding the impact of IFRS.

- In general Turkish companies do not plan to delay issuing their first IFRS annual reports with only 20% planning to publish later. These numbers support the image of a modern Turkey which has anticipated the changeover to IFRS, with encouraging results.
Employee training and readiness

- Their employees' knowledge of IFRS is judged satisfactory by Turkish companies: 72% consider IFRS knowledge of their teams to have been good to excellent. This rate (even if the 16% of companies who judge themselves to be somewhat prepared are added) is somewhat lower than the European average. In addition, the percentage of employees who have received training in IFRS is much lower than average (57% versus 73%).

- Turkey stands out clearly, however, in its approach to IFRS conversion. 67% of companies have chosen not to externalise this project. This is the lowest rate among all countries surveyed. Turkish companies thus prefer to capitalise on their employees' expertise. As a result, the size of their internal conversion teams are much higher than average (slightly more than 7, compared to an average of more than 5 across Europe).

Financial impact

- Only 30% of companies came across effects different from those expected.

Specific standards

- The area of fixed assets created the greatest challenges for Turkish companies (23% - first place). The strongly inflationary context, unique to a country which is not yet a member of the European Union, should be noted. The most common second choice is the area of employee benefits and pensions. Finally, financial instruments are cited in third place.
In contrast to their treatment of performance measures, only 28% of companies have changed their management of financial operations. This is almost equal to the European average.

Turkey is one of the countries most convinced that margins for interpretation are greater with IFRS. However, only 58% of respondents would welcome further interpretation from IFRIC, which is equal to the European average.

Turkish companies are only partly satisfied with the appropriateness of the new standards to different business sectors: 43% of those surveyed were satisfied.

Around half of respondents would have liked to see the creation of European standards, one of the highest rates in all countries surveyed. Rejection of the U.S. GAAP option is quasi-unanimous, however: with only 2% of companies in favour of this latter solution. Turkey thus demonstrates its strong European ambition.

Finally, Turkish companies are very willing to apply IFRS to their national accounting: 56% already use these standards and 20% plan to change over as soon as possible. These rates are the highest in Europe.

Focus

84% of Turkish companies believe that IFRS will facilitate international comparisons.
United Kingdom and Ireland
Continuity and conversion

Note: To ensure statistically meaningful samples, the Irish companies’ responses were aggregated with those of British firms.

Overview

An important first point is that both these countries stand out from their European counterparts in terms of their year-end, which occurs on 31 December for only 50% of companies, compared to 87% in Europe. This no doubt explains why these companies are slightly below the European average in terms of preparation level (84% versus 88%) and the simulation of 2004 financial statements (54%), and only near the average with regard to the preparation of their opening IFRS balance sheet (75%).

Has conversion to IFRS been a major cost to your enterprise?

- However, the UK and Ireland are the only countries in which the overwhelming majority of companies (83% compared to 66%) do not find the conversion to constitute a major cost.

Investor communication

- Even though companies in these countries are the most advanced in terms of shareholder communication, they lag behind the rest of Europe for communicating on IFRS, as only 47% have communicated their quantified impact of the new standards.

Do you believe applying IFRS will improve the understanding and the transparency of your financial statements for users?

- British and Irish companies already applied accounting standards geared towards financial markets. Transition to IFRS is thus rarely seen as a means to increase transparency (27% compared to almost 50% in Europe), and only half of these companies see IFRS as facilitating comparability between countries.
Employee training and readiness

= 100% of British and Irish companies (undisputed leaders in Europe) consider their finance teams to be sufficiently trained in IFRS; 88% are declared to have excellent knowledge of the new standards. This superb performance is due in particular to the training programmes put in place by over 88% of companies, compared to 73% across Europe.

= These companies preferred internal management of their conversion projects at a rate of over 50%, which explains the systematic nature of the training provided: 90% of companies who did not externalise their project provided employee training.

Financial impact

= Companies in the U.K. and Ireland accurately anticipated the impact of transition (more than 61%), and are not very concerned about increased volatility which could be caused by the new standards.

= Although most British and Irish companies consider the cost of IFRS conversion to be low, only 44% consider it justified; this rate is still within the upper range among European countries.

Specific standards

= Over 45% of British and Irish companies believe financial instruments standards (IAS 32 and 39) pose the greatest challenge, with share-based payments (IFRS 2) the second main area of difficulty.

= Companies in the UK and Ireland in no way plan to change their management of financial operations (91%), and those few who do will make changes in the area of financial instruments.
Companies in the UK and Ireland are also the most numerous to categorically reject the idea of European Union standards, while 16% would have supported the introduction of U.S. GAAP. They are not the strongest supporters of this latter alternative, in contrast to what might have been expected.

Would you have preferred the EU to develop its own standards?

Companies in the UK and Ireland are also the most numerous to categorically reject the idea of European Union standards, while 16% would have supported the introduction of U.S. GAAP. They are not the strongest supporters of this latter alternative, in contrast to what might have been expected.

Finally, British and Irish companies are close to the European average in their plans to apply IFRS in their national accounts. 32% have already done so, 42% plan to in the short or long run and 26% do not plan to make this switch.

Focus

The United Kingdom and Ireland are the only countries in which the overwhelming majority of companies (83% versus 66%) do not feel implementation of IFRS to have been a major cost.
The ongoing implementation of IFRS does not directly impact fund management, but presents a certain number of difficulties and questions for portfolio managers, particularly in terms of performance analysis measures and comparisons between sectors.

What are the main advantages and challenges presented by the conversion to IFRS, and where are the major advances, pitfalls and problem areas?

By mandating accounting of most acquired contingent liabilities, IFRS make us better able today to gauge their value and consequences. However, it is regrettable that the mark to market rule is favoured to reflect the financial stability of a company whose financial and business cycles are simultaneously short-term and multi-year.

The major problem areas remaining today reside in the lack of clarity about strategies for choosing the various restatement choices. While IFRS has certainly shed light on the choices available, it leaves broad scope for selecting secondary options whose effects can only be felt over the long term: for example, why leave open the possibility of differential activation of development expenditures, which leads to distortions within a given sector? What will the consequences be in several years?

What is your assessment of the IFRS conversion process for the institutions you observe?

Listed companies are on board (even if their information remains imperfect) and are well aware of the need to communicate in a timely manner. But technical explanations are not enough; they must be accompanied by a discourse on strategic motivations: financial statements are not just a reflection of the value of assets, liabilities and performance for a company, but also of its strategy and its future, as accounting choices influence the taxation of its products, its profits, etc.

What do you think of the quality and relevance of the information provided by companies, especially in terms of quantifying the impact of IFRS, and market expectations of financial statement quality and information on conversion?

The heterogeneity of accounting options chosen makes it difficult to gain an overall picture, such that studies carried out on sectorial consolidation of impacts have little value. There are two possible negative consequences. On the one hand, markets may only react when they’ll be able to evaluate the gap between two supposedly comparable companies who have made different choices under IFRS, and this will take around two years. On the other hand, operators may take the easy path of only paying attention to the latest numbers released. Are we chasing a rainbow when we suppose that fair value will be the sole determining factor in the long run?

Market anticipation remains focused on a 6- to 12-month window. This will not change unless the introduction of short-term measures (quarterly, mark to market, for example) strongly impacts valuations.
However, investors are asking for better consistency within sectors, strategic explanations of restatements, an accounting of companies' long-term liabilities and temporal stability in asset values. They would also like a simple presentation of the stakes involved in IFRS, through the use of ratios and data such as the very successful EV or Enterprise Value, to ensure that value is never artificially created.

Has the changeover to IFRS had an effect on your daily activity, and has it led you to modify your analysis criteria for companies' financial statements and performance?

Conversion to IFRS has no direct impact on our portfolio management. However, the analysts who contribute to the fund management decision-making process have had to make significant adaptations to their models.

Because applying IFRS can cause significant evolution of certain operating and balance sheet items (recording the effects of exchange rate variations, depreciation periods, recording contingent liabilities, activating development expenditures...), analysing ratios based on net returns is precarious under the current level of available interpretation. As a result, our profession is turning to more widespread use of price/cash flow, price to book and ROIC/WACC ratios. These ratios serve to limit uncertainty because they are less impacted by the change in standards and make it possible to maintain satisfactory sectorial and multi-year comparisons.

Many of the difficulties encountered by our analysts stem from companies' inability to provide information on all elements affected by IFRS, because stable information has not yet been achieved. We thus anticipate a new phase of intense communication when 2005 closing balance sheets are issued. A further hurdle is our inability to understand why we observe almost as many processing choices as we do companies, even within a given sector.

Which standards are the most problematic for the banking sector today?

The most contested standards in the banking and insurance sectors are those relating to mark to market valuations and activation rates. These two areas introduce a previously unimagined level of volatility into the calculation of interest rates and share values, which are fundamental parameters for banking and insurance operations. In particular, ALM rules become far more difficult to control, thereby leading to legitimate uncertainties as long as detailed verification is not provided. And this problem is further exacerbated by the randomness of valuations selected for fixed assets, which can range from scrap value to generous amounts, possibly causing balance sheets' artificial inflation. Only the funding levels for doubtful debt appear to satisfy analysts, less for their underlying calculation methods than for the modest amounts involved in a solid and reenergised economic environment.
European Benchmark

For each question, we have taken into account positive answers only.

- Have you already prepared your opening IFRS balance sheet? 73%
- Have you now completed a simulation of your 2004 financial statements under IFRS? 66%
- Do you believe you are fully prepared for first-time application of IFRS? 87%
Do you believe IFRS will aid comparability of financial statements?

Have you already communicated the impact of adopting IFRS to your stakeholders?

Do you believe applying IFRS will improve the understanding and the transparency of your financial statements for users?

Are you any more concerned than before by volatility in reporting under IFRS?
Methodology and sample structure

The administration of this survey was implemented by HEC Junior Conseil between 7 March and 15 April 2005.

The interviews

The survey was mailed with a cover letter, then administered over the phone.

556 telephone interviews were carried out with administrative, finance, accounting, and audit managers for listed Belgian, British, Czech, Dutch, French, German, Irish, Italian, Luxembourg, Polish, Spanish and Turkish companies.

The companies

556 listed companies were surveyed (100 % of the panel).

Companies surveyed were selected as representative of the economy of the various countries. Different sectors were included (banking and insurance, light industry, chemical and pharmaceutical, heavy industry and energy, construction and real estate, media and telecommunications, food-processing, transport, electronics and IT).

= 47 interviews in the Belgium
= 25 interviews in the Czech Republic
= 67 interviews in France
= 68 interviews in Germany
= 15 interviews in Ireland
= 63 interviews in Italy

= 11 interviews in Luxembourg
= 39 interviews in the Netherlands
= 43 interviews in Poland
= 65 interviews in Spain
= 50 interviews in Turkey
= 63 interviews in the United-Kingdom
Positions of persons interviewed*
By country

Belgium/Luxembourg
Chief Financial Officer: 23.6%
Chief accountant: 18.2%
IFRS application manager: 14.5%

Czech Republic
Chief Financial Officer: 48%
Chief accountant: 8%
IFRS application manager: 16%

France
Chief Financial Officer: 17.9%
Chief accountant: 29.9%
IFRS application manager: 14.9%

Germany
Chief Financial Officer: 1.6%
Chief accountant: 49.2%
IFRS application manager: 3.3%

* Some of the interviewees may cumulate several positions.
Methodology and sample structure

**The Netherlands**
- Chief Financial Officer: 5.4%
- Chief accountant: 18.9%
- IFRS application manager: 8.1%

**Italy**
- Chief Financial Officer: 3.8%
- Chief accountant: 42.3%
- IFRS application manager: 11.5%

**Poland**
- Chief Financial Officer: 7.7%
- Chief accountant: 53.8%
- IFRS application manager: 10.3%
Turkey
Chief Financial Officer: 6.4%
Chief accountant: 85.1%
IFRS application manager: 4.3%

Spain
Chief Financial Officer: 19.3%
Chief accountant: 43.9%
IFRS application manager: 0%

United-Kingdom/Ireland
Chief Financial Officer: 12%
Chief accountant: 30.7%
IFRS application manager: 14.7%