Proactively Training for IFRS – Get Ahead of the Inevitable

According to a recent survey of finance and accounting professionals, Kforce Finance and Accounting found that only 13 percent of the respondents said their employers are currently providing staff training on International Financial Reporting Standards (IFRS). These statistics are not surprising considering the Securities and Exchange Commission (SEC) has yet to make a decision on whether IFRS will be adopted by public companies in the U.S.

"It is not an easy decision to toss out U.S. Generally Accepted Accounting Principles; however, the SEC is seriously considering IFRS for public companies," said Marc Gardiner, CPA, CEO of *IASeminars*, an independent global financial training company specializing in international accounting seminars. "While a formal decision on this was promised for last year, the SEC has deferred their decision to this year. Months have passed and still no verdict has been reached. At this point, it could happen at any moment."

Despite the SEC's stalemate, 42 percent of the Kforce survey respondents indicated that their interest in IFRS training is high. For finance and accounting executives in the U.S., this may be due to increased exposure to IFRS through the globalization of business.

"We live in an increasingly cross-border world where more and more companies are participating in business internationally," said Gardiner. "Currently, the UK and the rest of the European Union, Canada and over 100 other countries have adopted IFRS. Mexico, Brazil, Russia, India, China and other major economies are already committed to doing the same. Global accounting harmonization is an inevitability – why should company profits be computed differently from country to country? IFRS questions already figure in the CPA and CFA exams."

This exposure to IFRS in the global marketplace has many U.S. organizations considering training efforts whilst still waiting for the SEC's decision. Another good reason to do so is the ongoing convergence program between IFRS and U.S. GAAP.

However, many organizations have still not made IFRS training a priority.

"Not everybody wants to spend time and money on something that is not required right now," said Gardiner. "However, training for IFRS is both useful and important today. Many other countries are already using IFRS, so even if the U.S. does not come around to IFRS adoption, you cannot avoid it anymore. It is far too advanced around the world to ignore."

Proactive training may also benefit those companies that will be affected by the SEC's decision if positive, as adopting IFRS will require significant investment of both time and money.

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“Transitioning to IFRS is not quick or cheap, and it is certainly not something that a company can afford to get wrong. It is a complex and technical matter affecting all aspects of the business,” said Gardiner. “This transition will have an enormous impact, ultimately affecting businesses inside and out, and people must be prepared. Planning is essential, and training is how they will acquire the necessary knowledge.”

Of the estimated 1 million accountants in the U.S. today, most will be affected by any decision to adopt IFRS. This is in addition to the many other roles that will be impacted, such as actuaries, attorneys, internal and external auditors, senior management and the board of directors, all of whom are involved in preparing or dealing with profit figures and other financials.

“IASeminars is one of a handful of organizations that offer this training in the U.S.,” said Gardiner. “From online classes to in-person events, we can cater to the full range of IFRS training requirements. We started in Europe 10 years ago and have trained some 13,000 professionals since then.”

Whether organizations decide to seek proactive IFRS training or wait for the SEC to come to a verdict, Gardiner suggests that every organization should have at least one person monitoring the IFRS situation.

“A certain level of awareness is necessary for organizations to be able to successfully respond to the SEC’s decision when it comes,” he adds. “Whether that is done through formal training or proactive monitoring, it is something that needs to be considered.”