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Oracle's Financial Management Solutions: Transition to IFRS with PeopleSoft

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EXECUTIVE OVERVIEW

This white paper explores how Oracle's Financial Management Solutions can help companies transition to IFRS. It identifies the challenges that organizations face as US GAAP converges with International Financial Reporting Standards (IFRS) and public companies adopt IFRS. This white paper provides a detailed view of how PeopleSoft Financial Management supports IFRS.

Introduction

Current Activity

In the fall of 2008, the SEC published a discussion road map for the adoption of IFRS by US public companies in which early IFRS adopters could file as soon as 2011, and regular filing under IFRS would begin in 2014. In March 2010, the SEC announced that in 2011 they would consider accepting IFRS into the US Financial Reporting system if certain readiness conditions were met and IFRS and US GAAP had reached convergence by mid 2011. This would mean that 2015 might be the earliest possible date for IFRS reporting.

The SEC's March announcement brought focus on "convergence" that would now need to happen before the SEC finalized their decision to adopt IFRS. This means that US filers would adopt the revised standard under US GAAP in advance of IFRS adoption. Simultaneously, IFRS filers would adopt the same standard under IFRS.

For several years, FASB and IASB (the Boards) have been working on the convergence project with the objective of completing the urgent convergence projects by mid 2011, and they now intensified their efforts. As both Boards have to negotiate general acceptance for the standards, it is difficult to forecast the actual completion date.

The convergence project includes many sub projects. The following lists the four most important projects from a system viewpoint:

- Financial Statements
- Revenue Recognition

- Lease Accounting
- Financial Instruments

In May 2010, the Boards published “Comprehensive Income,” a proposed modification to both the US GAAP Codification topic 220 and to IAS 1. This was the first major proposal from the Convergence project.

In the area of financial reporting, the Boards published a series of proposals that require more disclosure, in particular distinguishing operating and investment assets and requiring the use of direct cash flow reporting. The proposal is partially definitive – a draft standard was published May 26, 2010 - and the Boards have not yet agreed on a final proposal for public review.

Regarding Revenue Recognition, there are proposals to replace US GAAP revenue recognition (e.g., VSOE) and IFRS revenue recognition (IAS 18) with a Performance Obligation model. The proposal is not yet definitive, and the Boards have not yet agreed on a final proposal for public review.

In the area of Lease Accounting, the proposals clarify the difference between long-term financing of assets and short-term rental of assets. While neither Board is keen on the current standards, the existing standards in US GAAP and IFRS are quite similar. It is anticipated that a proposal will be published in the summer of 2010.

Regarding financial instruments, the Boards are deep in consultation with the financial industry, regulators, and authorities around the world to determine the best way to value and report on complex financial instruments and transactions. Both Boards have published standards and proposals covering elements of this topic, but the overall position is not definitive, and the community is not in agreement on what is generally acceptable.

Background

Over 12,000 companies in a hundred countries have successfully adopted IFRS. They include countries in the European Union (EU), China, Australia, Russia, South Africa, Brazil and Chile. India, Canada and Japan will adopt IFRS starting in 2011. The US joins Mexico in adopting IFRS within the next few years, thereby completing the worldwide

adoption. The diagram in Figure 1 below illustrates the momentum towards global IFRS adoption.

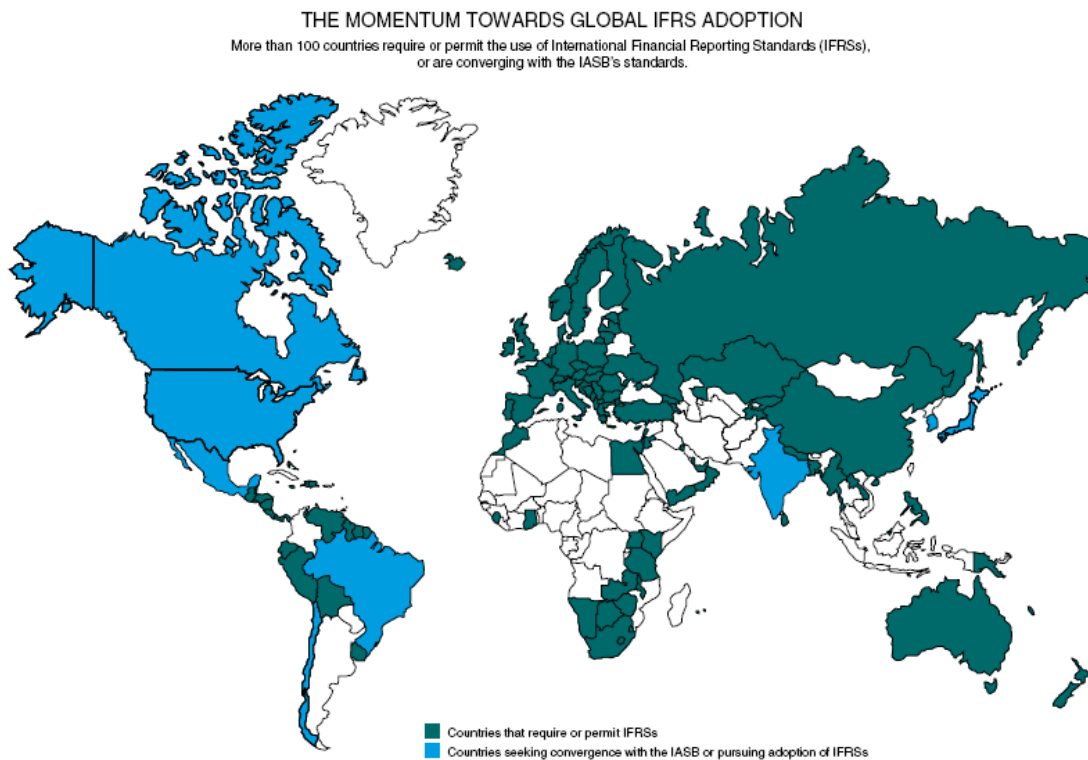


Figure 1: The Momentum towards Global IFRS Adoption (Source: The Journal of the IASB and the IASC Foundation, Insight Newsletter, Q3, 2007)

As the US enters this period of historic debate over global accounting and financial reporting standards, companies should be preparing for change. US companies that plan ahead will be able to adopt leading practices designed to help them achieve a smooth, efficient and effective transition and actively deploy technologies to facilitate the process. Whether your organization is currently adopting IFRS or plan to do so in the next few years, this white paper will help explain how PeopleSoft Financial Management Solutions address the challenges of global accounting and financial reporting. The following

describes how companies outside the US have successfully transitioned to IFRS with PeopleSoft Financial Management Solutions.

IMPACT OF THE CONVERGED STANDARDS

Both US and non-US companies will be required to adopt the converged standards when they become effective. American filers will adopt them as part of US GAAP; IFRS filers will adopt them as part of IFRS.

Before the new set of standards can be published, the Standards Board will publish a draft and then obtain "general acceptance" with a comment period of several months. If issues are raised during the comment period, the standard may be substantially revised. When the proposal reaches general acceptance, it is published as an accounting standard with an effective date of approximately one year thereafter. In some cases, the Boards will work with the stock markets, regulators and other interested parties to coordinate effective dates.

It is anticipated that the Boards will publish the urgently required Convergence standards as final proposals by mid 2011 with general acceptance by the end of 2011; however, the date of general acceptance has not been confirmed. If they coordinate the effective dates of the standards, one might think that 2013 would be the year in which they would be applied, but this has not been determined or announced.

Oracle's functional experts and product planners are closely monitoring the process. We have draft designs that are constantly amended as the proposals change. As the proposals are finalized, we will work with our Customer Strategy Councils and Advisory Boards to understand our customers' response to the revised standards to ensure compliance.

CHALLENGES OF TRANSITIONING TO IFRS

Although there will be significant challenges along the way, the transition to IFRS will bring considerable benefits to worldwide businesses. A single set of global accounting and financial reporting standards applied consistently will not only increase comparability for investment purposes and reduce accounting complexity, but it will also increase the competitiveness of companies and capital markets. As with any significant change, companies will need to plan for it to address challenges and obstacles. The following section takes into consideration the top challenges US companies will face.

Impact of the Differences between US GAAP and IFRS

From an operational point of view, the post-Convergence differences between IFRS and US GAAP remain substantial. IFRS are statements of principles and do not include the detailed guidance that is a hallmark of US GAAP.

A company reporting under IFRS is likely to recognize a different amount of revenue, expense and income than it did under US GAAP. Certain assets and liabilities have different recognition and measurement criteria. Disclosure rules are different and there are more disclosure data points. In some cases, a business model implicitly based on US GAAP will produce different results under IFRS and will need to be changed.

It is anticipated that many companies will initially create the IFRS view of the business by using financial modeling techniques. As these companies identify the requirements they need to comply with, they will later seek to capture the corresponding data in subsystems.

Implications of the Timeline

It appears that American companies will have a two-step transition to IFRS. Around 2013 or 2014, US GAAP will implement the Convergence standards ("Convergence"), and around 2015 and 2016, adoption of IFRS ("Adoption") will occur.

In June 2010, the FASB and IASB wrote to the SEC, G20 and others suggesting the establishment and discussion of the timing implications of Convergence. Nothing has been decided at this time.

In respect to Adoption, the SEC's 2008 proposal suggested that for the first filing under IFRS a filing entity will report the current year and two years of history using the IFRS conventions, and this proposal is likely to endure. To create this history, public companies will need to value their assets and liabilities and recognize their revenue and expenses under both US GAAP and IFRS for the two years prior to the IFRS adoption date. This implies that they will need to be able to create their IFRS opening position three years before actually reporting under IFRS.

The data used in these valuations will be managed both in high level analytic products and, as detail becomes necessary, in transaction level subsystems.

Geographic Variances in Accounting Compliance

IFRS are standards that define shareholder reporting for a complete enterprise, both domestic and overseas. While the standards have been adopted worldwide for public company shareholder reporting, not all countries have adopted them for private company reporting. In fact, some 30 countries actually disallow the use of IFRS for subsidiary statutory reporting.

During the migration period, many companies may have to simultaneously comply with three regulations: local statutory, US GAAP and IFRS. There will likely be three channels of transaction data:

- In the US, where no statutory reporting is required, certain IFRS data will be captured in the subsystems.
- In countries where IFRS is permitted for statutory filing, local general ledgers will be IFRS compliant. However, consolidation adjustments and currency conversion will still be necessary.
- In countries where IFRS is not permitted for statutory filing, local compliance might be the daily operational routine and the accounts from such subsidiaries may need substantial conforming adjustments – as companies do today with their non-GAAP subsidiaries.

Internal Control and the Migration to IFRS

Many companies use the framework from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to assess their processes and controls over financial reporting. The framework presents a definition of internal control and a common standard through which organizations evaluate and improve their controls. With the advent of IFRS and a complete change in the rules that define financial reporting, maintenance of the internal control system becomes critical. Processes and associated controls will be revised to align to IFRS, and organizations will need the ability to easily compare GAAP and IFRS policies and processes during the dual accounting years.

An Organization's Response

Initially, management might consider top-side IFRS modeling and adjustments as the transaction system continues to process US GAAP data. Gradually, the company will reconfigure transaction systems to produce IFRS data directly both at home and in subsidiaries to facilitate IFRS for statutory reporting. The controller shop will document and attest to the opening position and the beginning history in this mode.

Later, subsystems will process IFRS data in anticipation of the switch and adjust back to GAAP. Management might make decisions about how the subsidiaries will comply, e.g., corporate IFRS first or local statutes first, and implement the changes while tracking both to IFRS and GAAP. The internal control system will need to reflect the changes.

And eventually the company and its subsidiaries will cut over to IFRS on a date agreed upon with the SEC. External reporting accountants will likely continue with topside adjustments for a range of specific issues and foreign subsidiaries, while most of their Enterprise Resource Planning (ERP) system will be configured for IFRS data capture.

IFRS Migration Plan

Oracle customers around the world who have migrated to IFRS have adopted migration plans that follow a common outline, similar to the plan identified in Figure 2.

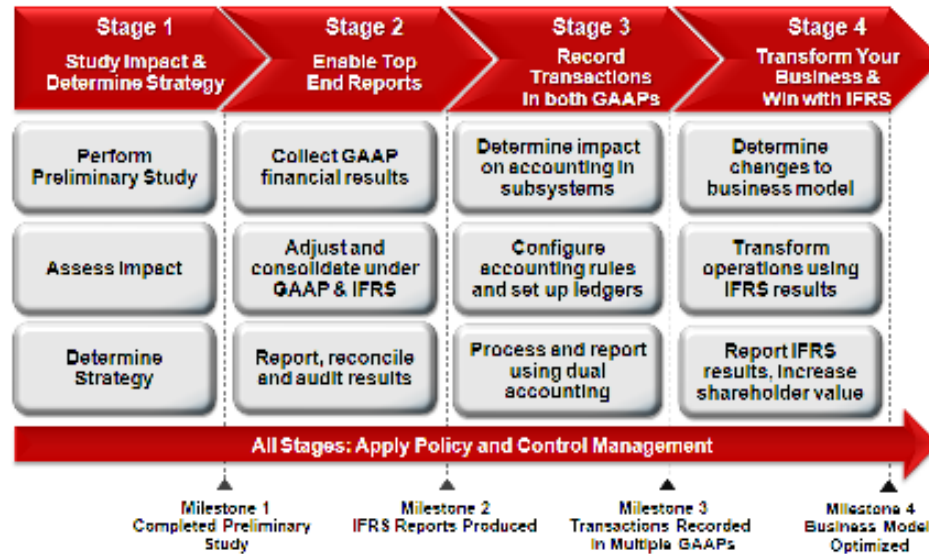


Figure 2: Recommended IFRS Migration Plan

This plan lays out the logical stages that you should consider in an IFRS project, highlighting some of the impacts on your systems.

1. Study Impact and Determine Strategy

During this beginning stage, customers perform preliminary studies in conjunction with an accounting compliance advisor to assess the impact of IFRS on their business and systems. With this analysis, they will be able to determine their overall IFRS adoption strategy.

2. Enable Top End Reports

In this stage organizations are still reporting based on US GAAP but will need to model their business and future comparatives under the IFRS valuation rules. The objective here is to produce the IFRS reports. With market leading analytic solutions, such as Hyperion Financial Management (HFM), IFRS results can be modeled on the basis of the US GAAP actual accounting values with the ability to perform consolidations and adjustments to both US GAAP and IFRS. More importantly, differences can be analyzed in terms of ongoing business analysis and reporting to

the street as well as potential system changes. Processes and data quality management will document the heuristics.

3. Record Transaction in Both GAAPs.

As companies gain familiarity with the principles and the data needed to reflect them, companies will want to account for routine detail transactions in multiple GAAPs. At this point, organizations will have an understanding of the data needed for IFRS, the impact on their subsystems, revisions to accounting rules, and knowledge of the accounts and ledgers that are required. Dual accounting, multiple ledgers, book codes, and similar features help Oracle ERP users process and report under both GAAPs. The deployment of ERP features together with Enterprise Performance Management (EPM) features will be documented in support of the enhanced accounting.

4. Transform Your Business and Win with IFRS

IFRS values a company's business differently than US GAAP, and the impact could be minimal or significant. The strategies to optimize that value will be different to the degree that the principles are different. As companies understand the impact, they may have to adjust their current business model to one that will resonate with investors evaluating their performance using IFRS.

At all stages, it is paramount to have the proper policy and control management in place, allowing an organization to attest to and file IFRS reports with the SEC and to its shareholders.

ADDRESSING IFRS CHALLENGES WITH PEOPLESOFT FINANCIAL MANAGEMENT SOLUTIONS

PeopleSoft Financial Management Solutions help solve the fundamental information integrity issues, such as how to consistently collect, calculate, analyze, and store data from multiple systems, that are associated with the transition to a new accounting framework. The following section discusses Oracle's solutions in the context of supporting an IFRS migration plan.

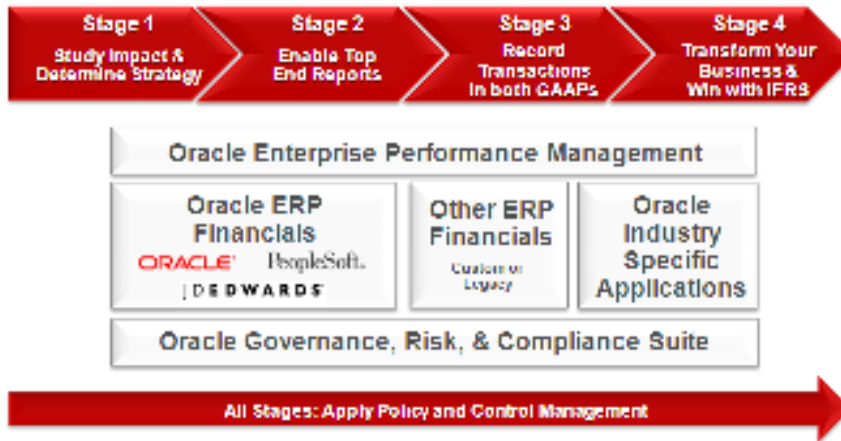


Figure 3: Deploying Oracle in support of the IFRS migration

Oracle Enterprise Performance Management

Oracle Hyperion Financial Management (HFM) helps organizations align the processes for collecting financial results, operating results, and sustainability information in response to investor demands for increased disclosures of both financial and non-financial metrics. HFM streamlines the collection, consolidation, and reporting of financial and non-financial information. The result is more control and consistency over financial and non-financial reporting, improved data integrity and audit trails, as well as savings in time, effort, and costs.

HFM supports standardized consolidation and reporting processes in compliance with US GAAP, IFRS, and local statutory requirements. It provides intercompany eliminations, multicurrency translations, and minority interest calculations, delivering them quickly and cost-effectively out of the box. HFM is comprised of entity structures which define the group structure, i.e., the management or statutory hierarchies of reporting units and a chart of accounts hierarchy, which maintains the relationship or roll-up of account lines used in management and statutory reporting.

Oracle Hyperion Financial Data Quality Management together with Oracle Hyperion Financial Management eliminates the data integrity risks associated with collecting, mapping, verifying, and moving critical financial data from multiple source systems. It allows business analysts to develop standardized financial data management processes and validate data from any source system—all while reducing costs and complexity.

For example, HFM has been used by many organizations in Europe and other regions to support the transition to IFRS. HFM allows customers to load GAAP financial results from transactional systems, make the required adjustments, and then run reports

comparing the results under different reporting standards. Key capabilities of HFM include:

- Core consolidation features, such as a flexible rules engine and journal adjustments to support multi-GAAP reporting
- Custom dimensions to roll up data under different reporting standards to easily track IFRS vs. GAAP adjustments
- Document attachments feature that allows users to document the details behind adjustments. These then become part of an electronic briefing book which includes the original data, adjustments, and supporting details with full audit trails.
- Flexible reporting tools which allow easy viewing, reporting and reconciling of your financial results under IFRS vs. GAAP

Oracle Hyperion Financial Management integrates directly with Oracle and non-Oracle transactional systems and can be deployed quickly to address your Stage 2 transition requirements.

Oracle Governance, Risk, and Compliance

Oracle Governance, Risk, and Compliance (GRC) Applications provide a central documentation repository that aligns any changes to the business processes and the corresponding control policies to IFRS. Organizations can manage IFRS compliance documentation with the same platform they would use to manage compliance with SOX or environmental compliance regulations.

The GRC Applications streamlines the process of compliance. From initial documentation to risk assessment to scoping, testing, and certification, the GRC Applications automate hand-offs and ensure that the compliance process proceeds in a timely and controlled fashion. With the GRC Applications, companies have the tools to automate steps to audit IFRS compliance.

Oracle GRC Applications monitors the automated controls that function in your enterprise applications, such as Oracle E-Business Suite, PeopleSoft Enterprise, JD Edwards EnterpriseOne or World, or other custom/legacy applications. Organizations can embed controls to prevent transactions that are against IFRS policies from occurring in the first place. By automating the monitoring of controls, organizations can reduce costs and increase effectiveness.

Further, Oracle GRC Applications have pre-delivered, role-based dashboards as well as risk indicators that give organizations enterprise visibility into key metrics for IFRS compliance.

PeopleSoft Financial Management and IFRS

PeopleSoft Financial Management is an ideal vehicle for the migration to IFRS. Over 1,000 customers around the world are using its features to comply with IFRS.

Since the focus of this paper is to provide a more detailed look into how PeopleSoft Financial Management supports and has been supporting IFRS, the remainder of this paper is dedicated to describing the background and specific capabilities in detail. Specific IFRS features will be examined, such as the Parent-Child Net Book Value Component. In addition, this paper will discuss the dual accounting and reporting capabilities of PeopleSoft Financial Management.

History of PeopleSoft Support for IFRS

Oracle has participated in the IFRS adoption process along with other software companies as members of an International Accounting Standards Board (IASB) System Company Discussion Group since its founding. Oracle's accounting domain experts monitor developments in the regulatory environment to ensure our software reflects best practice and compliance.

PeopleSoft had customers reporting under the IFRS standards in the European Union since PeopleSoft Financial Management Release 8.4 and continues to have many customers doing so around the world.

Familiar Features Support IFRS Requirements

PeopleSoft Financial Management has the features needed to ensure that the data is both adequately captured and presented to management for compliance with IFRS and other external reporting needs.

Many external reporting features are not specific to IFRS, but can be used to support IFRS. For example, users can use the Book Code ChartField to identify a transaction as either local GAAP or IFRS. Users can then use the Ledger Code to produce local GAAP and IFRS reports. This allows organizations to ensure consistency with accounting and data gathering across the world, while at the same time recording transactions in compliance with local regulation.

There are many other features PeopleSoft customers will be familiar with that are currently used to support US GAAP environments. Some reconfiguration may be necessary to comply with IFRS principles. For example, PeopleSoft Cost Management provides support for a variety of inventory valuation methods. However, to comply with IAS 2, inventory cannot be valued using the LIFO method.

For “development” expenses, expenses that might have been expensed immediately under US GAAP would need to be posted to the balance sheet and later released onto the P&L according to the IFRS principles. Customers can comply with this IFRS principle by deploying PeopleSoft Enterprise Service Automation, by creating cost centers on the balance sheet and using allocations to release the expense, or by tracking the development into bills of material using PeopleSoft Cost Management. The appropriate choice will depend on the circumstances of the customer, the products involved, the underlying business process, and so on.

Since many European, Asian, and Americas’ customers adopted IFRS during the period of 2004 to date, various setup and other options were updated to include support for IFRS. US customers may need to reconfigure some of these options based on guidance from their accounting advisors.

Unique IFRS Features

IFRS does have some principles that translate into requirements that are not required by other GAAP or regulatory standards. PeopleSoft Financial Management includes specific features designed to meet these requirements as well.

An important example of a feature not widely used outside of IFRS compliance is “componentized assets” where an asset is tracked by its components when those components have different useful lives (e.g., roof, elevator and frame of a building may have different lives). Under IFRS, each component would be depreciated under its own useful life. PeopleSoft’s Parent-Child Net Book Value Component facilitates grouping child assets (depreciated separately) into parent assets (managed as one) and further into asset groups.

Another example is the IFRS approach to asset impairment. The IFRS valuation method is different from US GAAP, and the impairment can be reversed. PeopleSoft’s Asset Impairment Worksheet accommodates both of these options. With the Asset Impairment Worksheet, users have an accelerated method of depreciation for physical assets or asset write-off for non-tangible assets.

Dual GAAP Reporting

One of the most common questions asked about IFRS in regards to ERP systems, is “how is dual or multiple GAAP reporting supported?”

PeopleSoft Financial Management has powerful multiple GAAP reporting features that automate dual GAAP reporting for an IFRS company. In addition to this support, Oracle Hyperion Financial Management (HFM) provides consolidation and reporting capabilities that support dual GAAP reporting.

Which solution to use: Macro-Level in EPM solution, Transaction-Level in PeopleSoft ERP, or a Hybrid Approach?

During the comparative reporting period of the IFRS transition, companies will need to report under dual or multiple GAAP financial reporting. Depending on the complexity of the change from GAAP to IFRS compliance, the differences can be managed in a variety of ways. Customers will find themselves on a spectrum from a macro level approach to a detailed transaction approach when it comes to dual GAAP reporting. If a top-down approach is best, they can look to an Enterprise Performance Management (EPM) solution (such as HFM or GC); whereas if a transaction level approach is more appropriate, they can address dual GAAP reporting within their ERP solution. Customers should work with their accounting compliance advisors to identify their circumstances and the appropriate approach.

It is important to note that the decision is not absolute and will both change over time and differ by accounting area or by regional migration plans. Most customers plan to use ERP dual accounting in conjunction with an EPM solution (e.g., HFM or GC).

The configuration will change as customers move through the migration period. Many customers may initially create IFRS reporting all within HFM and make macro-level adjustments. Others may use dual ledgers at the transaction level while continuing to use HFM for consolidation, reporting, reconciliation, and extended close support.

Other customers may plan to use HFM for adjustments in certain areas and transaction detail in others. For example, a customer might manage revenue recognition GAAP-IFRS differences on the basis of periodic activity in HFM while handling fixed asset GAAP-IFRS differences at the transaction level in PeopleSoft Enterprise Asset Management.

Some of those same customers will also be using multiple ledgers to handle individual subsidiaries' statutory reporting while sending the IFRS version of those subsidiaries' numbers to HFM for IFRS consolidation.

For a complete discussion on Hyperion Financial Management's support of IFRS, the following white paper entitled "Managing the Transition to International Financial Reporting Standards" is available at the Oracle IFRS website (<http://www.oracle.com/applications/ifrs/index.html>).

To support multiple GAAP reporting in PeopleSoft, Book Codes will be used to identify necessary dual accounting entries as either local GAAP or IFRS entries. Ledger Code is then used to produce both GAAP reports and IFRS reports. Using these two features in conjunction provides powerful dual reporting capabilities.

Multiple Ledgers Reporting in PeopleSoft

PeopleSoft has a couple of approaches to enable support of multiple GAAPs. There is the Ledger Approach, the Book Code Approach, and a combination of the two.

Ledger Approach

The Ledger approach allows users to define different or multiple ledgers to suit the organization's structure. The user can have one ledger that addresses common transactions, a second ledger that groups IFRS adjustments, and a third ledger for entering local GAAP adjustments. The user can then create reports using nVision and Tree Manager to group the ledgers as appropriate. For example, for IFRS reporting, the user would create a report using the transactions in the common ledger and the IFRS adjustment ledger.

This approach works well for functional differences in inventory valuation. For example, PeopleSoft Cost Management supports the concept of multiple cost books. With this, the books can value inventory in different methods, e.g. FIFO or average cost, and each of the books can be routed to different ledger groups and ledgers.

Book Code Approach

With this feature, companies can handle multiple GAAP requirements within the same ledger. Using Book Codes, users can define whether an accounting entry applies is local GAAP, IFRS, or both. This allows items that affect both local GAAP and IFRS simultaneously to be entered only once rather than duplicated to each associated ledger. Users can then use Ledger Codes to define what transactions (based on Book Codes) to use in their reports. For example, users would use Ledger Codes to select transactions that have been identified as common to IFRS and GAAP as well as transactions that have been identified as IFRS-specific to produce IFRS reports.

This approach works particularly well for the specific asset treatments and other adjustments that need to be made in General Ledger. For example, in PeopleSoft Asset Management, each transaction accounting entry can contain a Book Code value which indicates whether the entry applies to local GAAP, IFRS or both.

Combination of Both Approaches

Customers can utilize either approach or a combination of the two. As noted, the ledger approach works well for inventory specific differences whereas the Book Code approach works well for the specific asset treatments and other adjustments that need to be made in General Ledger. Reporting tools, such as nVision, or top level consolidation solutions, such as Oracle HFM, serve to combine the approaches for a complete recording or reporting of multiple GAAPs and IFRS.

In all cases as part of the external reporting extended close and the consolidation process, GAAP, adjusting and IFRS positions can be passed to Hyperion Financial Management.

Automation and Control

PeopleSoft Financial Management facilitates the automation of accounting for US GAAP and for IFRS at the detail transaction level. In some situations, dual representations of a given transaction will be available. For example, a company might deploy multiple fixed asset books, one with non-componentized assets in US GAAP and another with componentized assets in IFRS. In others, the data for each of the IFRS and GAAP accounting will be intrinsic to the transaction, and a company can refer to different attributes of the transaction to derive the differing IFRS and GAAP valuations.

Eventual adoption of IFRS

In the March 2010 announcement, the SEC committed to providing adequate time for filers to prepare for IFRS following the 2011 decision and reaffirmed their intention of adopting the world-wide standards. Adoption of IFRS is likely to begin occurring in 2016, two years after the convergence standards are introduced under US GAAP.

PeopleSoft customers will have the following different avenues of response to make IFRS their primary accounting principle:

- **Minimal to Low Impact:** Customers who did not have to make significant changes for the dual reporting period will likely not have to make significant changes for the eventual cut-over. For example, a company that has been using the same ledger and modeling IFRS and US GAAP from the same trial balance can continue using that trial balance to produce IFRS results.
- **Medium Impact:** Customers that need to record transactions under both IFRS and US GAAP in the subsystems during the dual reporting period may be required to make adjustments to their transaction system configuration (e.g., implement Book Code in Asset Management, implement multiple cost books in Cost Management, etc.).
- **High Impact:** If the impact of IFRS compliance requires changes to a customer's business model, accounting practices and business processes, then the magnitude of this change may require a reimplementation of impacted areas. Again, it is essential for customers to work with their accounting compliance advisors (e.g., Deloitte, PricewaterhouseCoopers, etc.), to evaluate the approach most appropriate to allow for the most seamless conversion from US GAAP to IFRS.

Opportunity to Simplify

The adoption of IFRS at the corporate level in a company presents an interesting opportunity to review their subsidiary and data consolidation practices. IFRS is accepted for private company statutory filing in approximately 60 countries but not allowed in another 30 countries. Nonetheless, having the same reporting standard in some 60 countries is a new circumstance that will facilitate changing and simplifying the external, periodic and management closes. The following are some simplifying questions:

- Is it necessary to maintain separate statutory books in the countries we operate in now?
- Can we eliminate non-standard charts of accounts?
- Can we eliminate areas where conforming adjustments are required by adopting standard IFRS practices and definitions?
- Can we adopt standardized IFRS systems in respect to billing and revenue recognition?
- Can we adopt foreign currency practices that comply with IFRS when recording unrealized gains and losses according to IAS 21? (Until now, it was often forbidden to record unrecognized gains and losses in-country).

Opportunity to Optimize for Shareholder Value

As a company adopts IFRS and orients itself to optimizing shareholder returns using IFRS, it will no longer need to maintain processes designed to optimize US GAAP results that no longer apply. These changes will also impact the company's deployment of ERP, EPM and GRC systems. Planning for IFRS adoption should include an allowance for a certain amount of business re-engineering.

Conclusion

The shift to a global accounting and reporting standard is underway. IFRS will have implications not just for external reporting but also for internal reporting and performance measurement processes. Companies need to ensure their financial systems can account and report in both IFRS and existing standards by modeling the impact IFRS may have on their financial results and taking action to minimize any negative impacts.

Organizations should start looking into an IFRS migration plans early. This means working with their accounting compliance advisors, such as PricewaterhouseCoopers, Deloitte, Ernst and Young, KPMG, Accenture or our partners at IBM to identify the right migration plan for the individual organization and to ensure they configure their systems to be in compliance with IFRS.

PeopleSoft Financial Management is complementary to Hyperion Financial Management and Oracle's Governance, Risk, and Compliance (GRC) Suite. All three together provide a comprehensive and powerful IFRS solution.



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