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The implementation of International Financial Reporting Standards in Belgian

hotels

by

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Declaration :

No portion of the work referred to in this dissertation has been submitted in support of an application for another degree or qualification of this University or any other institution of learning.

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Abstract

A new system of accounting standards (International Financial Reporting Standards) is to become compulsory in the European Union by 2005 for quoted companies. The Belgian legislator has decided to make the new standards compulsory for all companies by 2007. This research is focusing on whether or not the Belgian hotel sector is ready to cope with these new standards.

The research is based on both quantitative and qualitative methods in the form of a questionnaire and interviews, supported by a thorough review of the literature. The review of the literature comprises both a general review and a detailed comparison between IFRS and the current norms in use in Belgium. The questionnaire was distributed to all Belgian hotels that are currently publishing accounting data publicly. It was developed based on a survey performed by PriceWaterhouseCoopers and improved by using an iterative technique of interviews. The results of the questionnaire were analysed using SPSS version 11.0 and compared with former studies found in the literature.

A comparison between the Belgian norms and the new set of norms shows that major differences exist and implementation should be considered carefully. Findings from the questionnaire indicate that levels of both knowledge and planning are far lower than found in the literature. Motivation is considered to be low; the main motivation mentioned to implement the new set of standards is its compulsory form. The majority of the respondents have no opinion on whether the new standards would have an impact on the different parts of their accounts; showing once more that knowledge on the new norms is limited. The major obstacle to the implementation is considered to be the training of staff in order to use the new set of standards.

It is recommended that the introduction of the new standards should be guided with a promotional campaign in order to raise the awareness and knowledge levels on the new standards. Furthermore training should be provided to accountants in order to make sure they are ready for implementing the new standards.

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List of Abbreviations

ASB: Accounting Standards Board

EFRAG: European Financial Reporting Advisory Group

GAAP: Generally Accepted Accounting Principle

IAS: International Accounting Standard(s)

IASB: International Accounting Standards Board

IASC: International Accounting Standards Committee

IFRS: International Financial Reporting Standard(s)

IOSCO: International Organization of Securities Commissions

PWC: PriceWaterhouseCoopers

SIC: Standing Interpretations Committee

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Chapter 1 Introduction

This research handles with the implementation of a new set of accounting standards, the International Financial Reporting Standards, into Belgian hotels. The need for the implementation is created by both the European and the Belgian legislator who both have set deadlines for the implementation of these new accounting standards by all or a limited number of companies. The hotel industry like all other industries will be affected by the introduction of these new standards. This chapter provides the reader with a general introduction to the work at hand. It gives indications as to the aim and objectives of this research, provides an outline for reading the rest of this text and gives some insight into the domain of the research. Furthermore it gives some background with the research both on the International Financial Reporting Standards and Belgian hotel industry.

1.1 Research domain

This research is conducted in the general domain of financial accounting and more specifically in the field of financial reporting for companies. It is concentrating on the hotel industry in Belgium. It is concerned with the implementation of the International Financial Reporting Standards that were introduced by the European Parliament in 2002 and has to be completed for companies that are quoted on a publicly accessible stock exchange by 2005 (European Parliament and the Council 2002). The Belgian legislator has furthermore proposed that all companies will have to comply with these new standards by 2007 (Commissie voor boekhoudkundige normen, 2003).

1.2 Research background

1.2.1 International Financial Reporting Standards

According to studies performed by PriceWaterhouseCoopers (2000 and 2002) the major advantages of IAS (now IFRS) are the greater convergence that will exist between

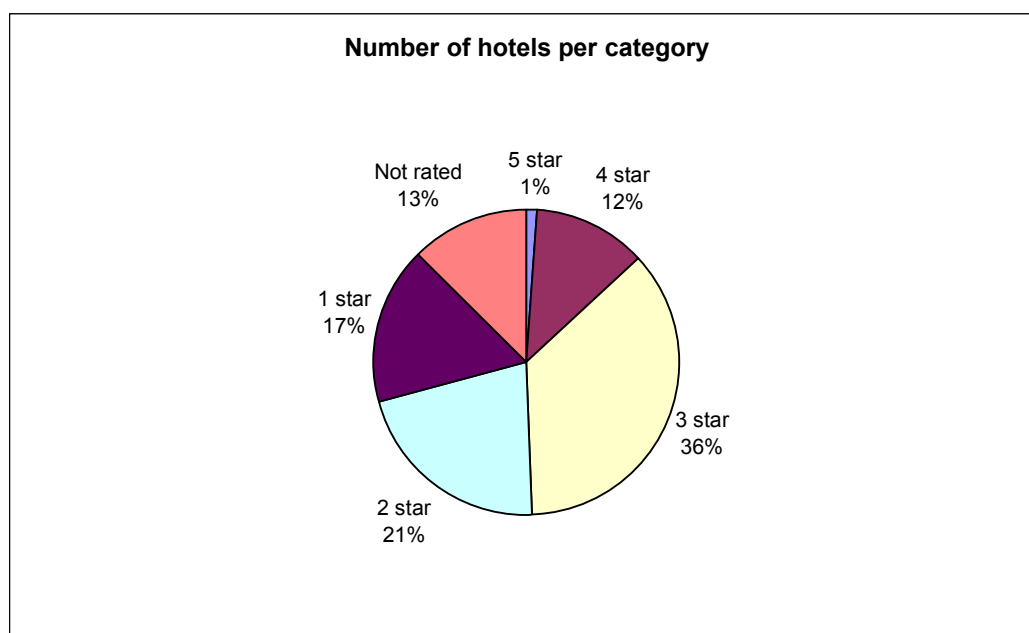
international financial statements and the higher transparency of them. In these surveys, which are discussed in more detail in chapter two, 667 Chief Financial Officers of EU listed companies of which 85% are not using IFRS yet¹, but 93% of these companies hope to introduce IFRS by 2005 are surveyed. One of the respondents said that ‘Conversion will require a lot of knowledge and competence both at the parent company and at the subsidiaries’ (PriceWaterhouseCoopers 2002; p18), while another claimed that ‘training employees is one of the main obstacles [to implementing IFRS]’ (PriceWaterhouseCoopers 2002; p.2). Although yearly accounts only have to implement IFRS by 2005 for quoted companies and by 2007 for the others, the transition will start earlier as accounts for those years need comparative figures for the year before (Awty 2001). Belgium, being a member country of the European Union, is definitely affected by this reform and so is the hotel sector in Belgium.

1.2.2 The hotel sector in Belgium

According to HoReCa (2001), the Belgian national association of hotel, restaurant and pub operators, Belgium had a total of 1,699 hotels in 2001, 952 of them in the Flemish part, 570 in the Walloon part and 177 in Brussels. All hotels together provide 58,577 rooms. The hotels are divided as in most countries using stars as a measure of quality, the stars are attributed by the regional governments (Flemish, Walloon and Brussels) and can not be considered to be equal as the quality standards are set higher by the Flemish and Brussels government than by the Walloon government (ibid). The total number of hotels in the classification by category pie chart is different from the total number of hotels found in the HoReCa statistics (1,762 as compared to 1,699) , as they are based on the figures provided by the regional governments. In this study however not all the hotels were included, only hotels that are currently reporting financial information. Reasons for hotels not to report financial information are that some hotel-groups only have one legal entity comprising and reporting for multiple hotels, some

¹ Figures for March 2002

hotels might be run under a personal name in which case they would not need to report financial information as there is no enterprise. (Branson and Breesch, 1998)



Graphic 1 : Number of hotels per category (Source: HoReCa 2001, p 5)

Although the five star hotels only make up one percent of the total number of hotels they provide about eight percent of the rooms. The same trend can be seen with four star hotels where 12 percent of the hotels provide 25 percent of the rooms. The more budget type of hotels of two stars and under makes up 51 percent of the total number of hotels, but only provides 29 percent of the total number of rooms. How higher the hotel quality standard how higher the average size of the hotel appears to be.

1.3 Research objectives

The general aim of this research is to evaluate the readiness of Belgian hotels in implementing the International Financial Reporting Standards by 2005/2007. This aim is attained by conducting a thorough literature study to explore past research in the area and to analyze the major differences between Belgian legislation and the International Financial Reporting Standards. Furthermore the research will examine the implementation process of the new standards in Belgian hotels. An evaluation of the progress made by Belgian hotels in the

implementation of IFRS into their companies was made through the means of a mail questionnaire. Finally a number of recommendations are made to hotel managers, accounting specialists and sector representatives on how and when to implement IFRS into the accounting process. These different objectives can be summarized and numbered as follows:

1. To determine essential differences between the current Belgian accounting procedures and the International Financial Reporting Standards;
2. To examine issues pertaining to the transfer process from the current standards to the International Financial Reporting Standards;
3. To evaluate how advanced Belgian hotels are in transferring from the current standards to the International Financial Reporting Standards ;
4. To recommend to hotel managers, accounting specialists and sector organizations ways of implementing the International Financial Reporting Standards in hotels and to provide views on further research that can be conducted.

1.4 Research reporting

The research is reported in the following parts. The second chapter encloses a research of the existent literature regarding IAS/IFRS and a brief summary of the environment in which IAS/IFRS is to be implemented, including the intended means of implementation. The third chapter contains a comparison between Belgian accounting rules and the IAS/IFRS framework, with reference to the hotel industry. In the fourth chapter a detailed methodology of the conducted research can be found. The fifth chapter focuses on the reporting and analyzing the research data whereas in the last chapter conclusions are formulated and a list for further research is given.

Chapter 2 Review of the Literature

2.1 Introduction

In this chapter at first the necessity of international accounting norms and standards is discussed. Secondly a summarized description is given of what International Accounting Standards are, how the current Belgian accounting system works and what it is based on, what the European Union has regulated so far and how the Belgian legislator intends to adapt the current system towards an IAS/IFRS system. Finally a summary will be given on studies conducted in the area of the implementation of IAS/IFRS. In the next chapter a detailed comparison can be found on all the different IAS/IFRS norms in comparison to the current Belgian accounting system, with reference to the hotel industry.

2.2 The need for international accounting and set standards

Traditionally accounting regulation was a national privilege; the national legislators created their own way of how accounting should be done (Walton, Haller and Raffournier, 1998) or had it create by national professional bodies of accountants or auditors. Accounting can be considered as a process of (economic) communication, where amongst cultures great differences and therefore misunderstandings can arise. This is due to different reference points between the sender and the receiver of the information. (Radebough and Gray, 2000).

Accounting is considered to be a response inspired by culture to economical facts (Walton, Haller and Raffournier, 1998). Therefore accounting is not a neutral measuring device, but rather the result of a political process where economic interests are affected. Economic circumstances differ by country and time, thus it follows that accounting rules are affected by the economic environment in which they are created (ibid). According to Walton, Haller and Raffournier (1998) continental European companies are more family owned and are financed by banks, which makes that there is a tendency to undervalue the assets and overestimate the liabilities leading to an undervaluation of the company. They state that it is not the meaning of

accounting in these countries to provide transparency into the real situation of the company but rather to calculate a lower income mainly for tax purposes. In the Anglo-Saxon world a wider use of public capital puts the emphasis rather on the transparency and the disclosure of the information, in order to provide all the stakeholders with the same detailed information.

The interpretation of the law is different according to the culture and the way in which laws are stated. Some countries like for example Germany or France have very detailed laws whereas for example the UK uses a system where a minimum number of laws and statutes are completed by best practice rules (ibid). In every system however the law or codes of best practice are complemented with unwritten code that belongs to the culture of the society in which the rules are used. In some countries law is to be obeyed whereas in others there is an understanding in society about which laws should be obeyed and to what extent (ibid).

Accounting regulations are however inspired onto what other countries have done or are doing, this makes that there is a certain form of coherence between the different systems (Radebough and Gray, 2000).

The total set of accounting rules and practices is commonly referred to as a country's GAAP (Generally accepted accounting principles or practices). Davies et al (1999) consider GAAP to be a dynamic concept, including the conventions, rules and procedures necessary to perform the accounting profession. Generally accepted does not mean that a certain practice should be generally used, but that it should be accepted by the accounting profession as an acceptable practice (Davies et al, 1999). This means that a GAAP can contain more solutions for the same problem.

The scope in which the accounting rules are used also varies widely between countries, in France accounting rules apply to all commercial activity, whereas in the US only the around 12,000 companies that are under the supervision of the Securities and Exchange Commission, because they use money from the public, are affected by the US GAAP. In the UK and Germany the application of the rules depends on the size and the legal form the organization has. (Radebaugh and Gray, 2000). In Belgium the current system enforces the rules to every

company with limited liability, but allows for some figures to be left out, such as revenue or profit, in the case of smaller companies (Branson and Breesch, 1998)

Multinational companies have a lot of drawbacks from the communication misunderstandings. They prefer to work with one companywide accounting system as this avoids many interpretational problems and eases both internal and external audit functions. The problem with this however is that the data needs to be converted again towards the different local systems for the purpose of external stakeholders (local banks, the tax authorities, local investors etc.) (Walton, Haller and Raffournier, 1998). A multinational company can therefore have the need to comply with the GAAP of multiple countries, and may have the need to convert the accounts multiple times.

The solution to these differences can, according to Walton, Haller and Raffournier (1998), be found in a harmonization of the rules towards one internationally accepted standard. They point out the advantages and the disadvantages of a harmonizing trend. As its major advantages they list: the facilitation of cross-border transactions, clearer and more readable communication towards external stakeholders and the reduction of the number of different standards to be used by multinational organizations. The major disadvantage is that the benefits of a harmonization would go to the multinational companies and that the smaller local companies have to bear the burden without participating in the benefits.

2.3 International Financial Reporting Standards

IFRS is a set of “authoritative statements of how particular types of transactions and other events should be reflected in financial statements”² (International Accounting Standard Committee, 2003). Until April 2001 they were named International Accounting Standards and were issued by the International Accounting Standard Committee. Since then the IASC has

² <http://www.iasc.org.uk/cmt/0001.asp?s=9206594&sc={DFB17E64-0342-436F-9D0B-51D8105EACB8}&sd=940292578&n=3294>

been succeeded by the International Accounting Standards Board (IASB). The IAS issued before April 2001 are still referred to as IAS, but the complete set of norms, as well as the new norms are to be referred to as IFRS. IAS are numbered from 1 up to 41, several of them have been withdrawn which explains for the missing numbers that are encountered. The first IFRS to be called like that was issued on 19th of June 2003 and is called IFRS 1. Furthermore from 1997 onwards the IAS/IFRS norms are interpreted by the International Financial Reporting Interpretations Committee (formerly named Standing Interpretations Committee) which issues SIC rules numbered from 1 up to 33. A list of IAS/IFRS and subjects can be found in Appendix A.

The IASC was created in 1973 as a combination of professional accounting bodies from nine different countries (Walter, Haller and Raffournier, 1998), it has grown considerably and consisted in 1999 of 143 accounting organizations from 104 different countries (Schumesch, Dams and Vermoesen, 1999).

2.4 The European Union and IAS/IFRS

2.4.1 Background

EU accounting legislation can be found mainly in the fourth and seventh directive. This legislation has provided a higher quality and more comparability in EU accounting practices. It also improved the acceptance of accounts over Europe and enabled companies to list on foreign stock exchanges, to lend money abroad etc. (Ernst&Young, 2001)

In 1995, according to Ernst&Young (2001), the European Commission issued a Communication³ that the directives that have been in operation have improved the quality of the accounts in the Union but do not give an answer to all the problems. According to this communication the Commission concluded that it would be better not to amend the Directives

³ Communication from the European Commission “ Accounting harmonization: a new strategy vis-à-vis international harmonization”, 1995

any further, but rather to associate with the IASB and IOSCO to create a broader international harmonization of accounting practices. It was only in 2000, five years later that the real integration began.

2.4.2 Recent developments

In 2000 the Lisbon European Council of 23-24 March's conclusions underlined the need to accelerate the completion of the internal market for financial services. They made the deadline to be 2005. On 13th June 2000 the European Commission announced "it would present proposals to introduce the requirement that all listed EU companies report in accordance with IAS by 2005"(Ernst&Young, 2001, p. 12). On 19th July 2002 the European Parliament and the Council of the European Union approved the Regulation to make IAS/IFRS mandatory for all EU listed companies by the latest in 2005.⁴ In this regulation the Parliament and the Council also provide for an endorsement organization (the EFRAG, European Financial Reporting Advisory Group) which is to be supervised by the European Commission. The EFRAG has as a main objective to "oversee the adoption of new standards and interpretations, intervening only when these contain material deficiencies or have failed to cater for features specific to the EU economic and legal environment" (Regulation No. 1606/2002).

2.5 The Belgian accounting system

2.5.1 Background

Traditionally the accounting system used in Belgium has been influenced by the European legislation, namely the fourth and the seventh directive (Maes, 2000). The fourth European directive has formed the basis of accounting legislation in Belgium and has resulted in the act

⁴ Regulation No 1606/2002 of 19 July 2002

on yearly accounts and accounting of companies⁵ of 17th July 1975. This act has installed the Accounting Standards Commission⁶ which has since then issued about 200 norms⁷. These norms are not mandatory and can therefore not be legally enforced, but are commonly accepted amongst accountants and tax inspectors. In 1999 there was a codification of all the laws regarding companies, including the act on yearly accounts, this resulted in the company legislation act of 7th May 1999, completed by the Royal Decree of 30th January 2001 (Ernst&Young, 2001).

All these different legislations are together referred to as the Belgian GAAP (Generally Accepted Accounting Principles).

2.5.2 IAS/IFRS within the Belgian GAAP

Belgian regulations allow listed companies (and under certain conditions also unlisted companies) to prepare their consolidated financial statements using the IAS/IFRS system. The use of this option has to be authorized in advance by the minister of Economic affairs, it must be properly justified and it should not lead to incompatibilities with EU directives. (Royal Decree of 30th January 2001).

In practice however it is not feasible to only report in IAS/IFRS due to the many incompatibilities, this means that companies whom currently have to report in IAS/IFRS (e.g. due to the stock market requirements) have to produce double reports and in some cases even triple reports (if they are also bound to even other norms e.g. US GAAP or UK GAAP). (Ernst&Young, 2001)

⁵ Wet op de boekhouding en de jaarrekeingen van 17juli 1975

⁶ Commissie voor Boekhoudkundige Normen/Commission des Normes Comptables

⁷ Source: http://www.cnc-cbn.be/NL/fichiersAvis/NL_CNCTablematAvis.htm

2.6 Adoption of IAS/IFRS by Belgium Corporations

The Belgian Accounting Standard Commission (ASC) has recommended that the adoption of IAS be made mandatory for all listed companies by 2005 (the latest date allowed by the European regulation) without any requirement for earlier adoption. (Ernst&Young, 2001).

In May 2003 however the Belgian ASC issued another recommendation stating that IAS/IFRS should be adopted by all Belgian companies, including small and medium enterprises, by 2007. (Commissie voor boekhoudkundige normen, 2003) This new recommendation does not change the previous one but rather extends it to all companies by 2007. The Belgian ASC argues that, however IAS/IFRS is conceived for big, multinational corporations and to improve the quality of their accounts, size can not be taken as a criterium for the quality of accounts. Each company that has to publish its accounts should therefore adhere to the same levels of quality and publish its accounts according to IAS/IFRS standards. (Commissie voor boekhoudkundige normen, 2003) This in order to improve the clarity, the relevance, the reliability and the comparability of the accounts across the country.

2.7 Previous studies on the implementation of IAS/IFRS

2.7.1 Introduction

Many technical studies have been conducted on the differences between IAS/IFRS and local legislations, covering the major differences and issues regarding the implementation of IAS/IFRS in specific countries⁸. These relating to Belgium will be analyzed in regard to the hotel sector in the next chapter. A number of technical works exist in an attempt to explain IAS/IFRS; again these will be used in the next chapter to clarify the implementation with regard to the Belgian hotel sector. The number of descriptive studies on the implementation of

⁸ Examples of these can be found in the bibliography

IAS/IFRS is fairly limited and consists of two studies carried out by PriceWaterhouseCoopers (2000 and 2002) and one by KPMG (2000).

2.7.2 The KPMG study (US GAAP or IAS?)

The KPMG study (2000) consists of a survey making a comparison between US GAAP and IAS/IFRS. In order to achieve this they surveyed 122 “preparers of financial statements” (KPMG, 2000, p2) in 17 countries (EU-countries, Switzerland and Norway). It should be noticed that this survey took place before the EU had made any regulation regarding the implementation of IAS/IFRS.

2.7.2.1 Findings and figures

One of the findings is that even though not compulsory, 30% of the respondents said to be using IAS already⁹. 75% of the respondents replied they had a good or very good knowledge of IAS. Over a quarter of the respondents (39 out of 109) said that (even without any government intervention) they would change to another GAAP within the next 3 to 5 years. 59% of them are currently using a domestic GAAP and of these 56% are considering changing to IAS.

2.7.2.2 Implications to the study

This survey from 2000 shows that a notable part of the multinational companies was already using IAS/IFRS and more were considering the move towards it. If it comes to the decision between IAS/IFRS and US GAAP the study shows a clear move towards IAS/IFRS and an even more apparent move away from national (European) GAAP. When the choice between IAS/IFRS and US GAAP has to be made the study prints a summarizing comment from one of the respondents (KPMG, 2000, p5) “The support the European Commission grants the IASC in developing a real worldwide accepted accounting standard cannot be granted to the

⁹ As some European countries already allowed to have accounts published in IAS format (KPMG, 2000, p3)

FASB¹⁰ in further developing the US GAAP as the worldwide accepted accounting standard. US GAAP is one – of course the most important – national accounting standard but developed without any possibility for international influence”

2.7.3 The PriceWaterhouseCoopers studies

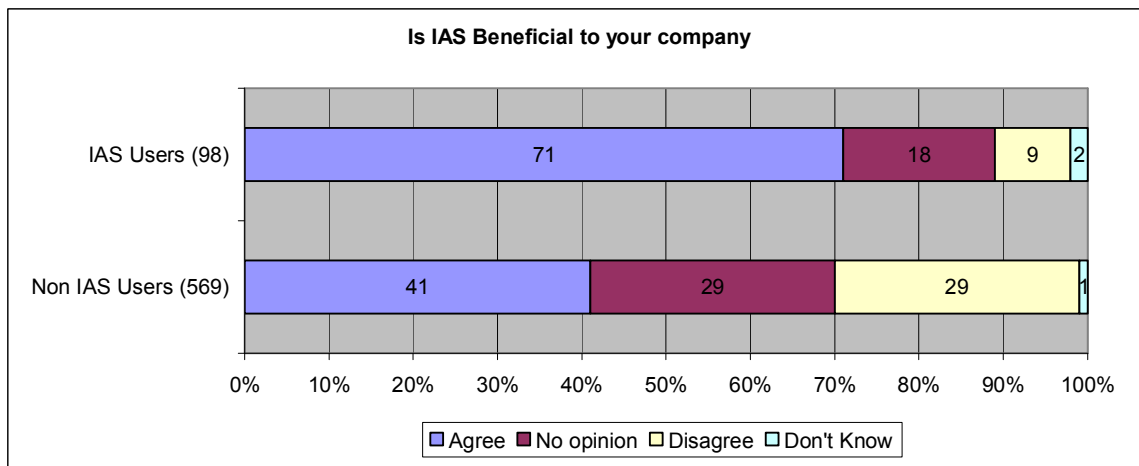
In 2000 PriceWaterhouseCoopers¹¹ conducted a study to find out what the opinions and knowledge amongst 717 Chief Financial Officers in the 15 EU countries was. In 2002 they performed a follow-up study with 667 Chief Financial Officers this time in 16 countries (including Switzerland into the research). The study was conducted amongst companies that are quoted on a stock exchange. The two studies will be discussed simultaneously as most of the questions are comparable and this enables an easier comparison between the two studies.

2.7.3.1 Findings and figures

The willingness of the Chief Financial Officers to achieve international convergence is high. Where IAS is already allowed about 40% of the companies used it in 2002. 71% of the companies that are currently using IAS say that it has more benefits than drawbacks towards only 41% of the companies currently not using IAS. This shows that the perception of IAS is far worse than the reality.

¹⁰ FASB: Federal Accounting Standards Board, The US institution composing the US GAAP

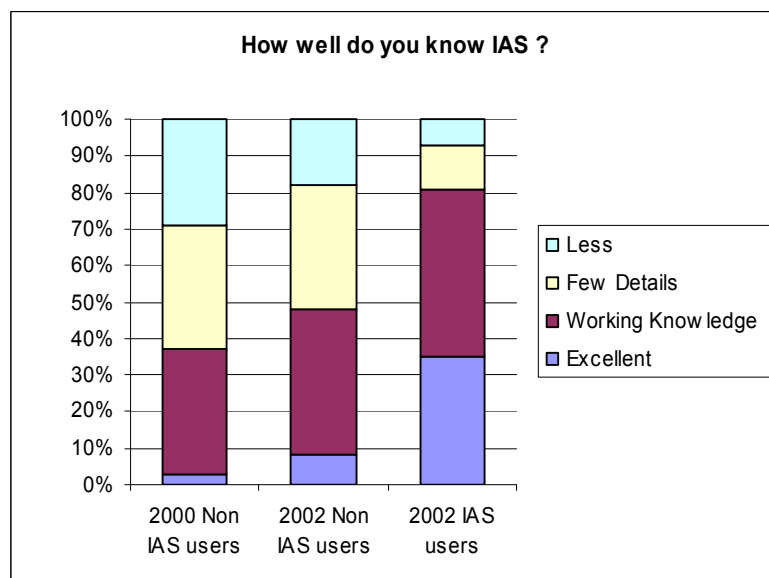
¹¹ The actual research was conducted by Research International



Graphic 2 : Benefit from IAS ? (Source: PriceWaterhouseCoopers, 2002, p5)

The awareness of the fact that implementation is imminent with Chief Financial Officers has risen between 2000 and 2002 from 79% to 95%. In 2002 nine out of ten respondents that currently do not use IAS are confident that they will make the deadline by 2005, as opposed to only two thirds in 2000.

The knowledge about IAS has improved between 2000 and 2002. Amongst those who do not use IAS already the number of Chief Financial Officers who had working knowledge or more grew from 37% to 48%. The knowledge on IAS is spread unequally amongst the surveyed countries. Belgium has the second best knowledge on IAS right after Germany with 64% of the respondents claiming to have working knowledge or better, the UK ends up last with only 25% claiming to have working knowledge or better, none of the UK respondents claimed to have Excellent knowledge of IAS.



Graphic 3 : How well do you know IAS (Source: PriceWaterhouseCoopers, 2002, p18)

According to the research companies still have a long way to go since half way through 2002 less than 15% of the companies had already adopted IAS. The research gives a list of deadlines for companies to adhere to in its IAS countdown table (PriceWaterhouseCoopers, 2002, p27).

Deadline	Action
1 January 2003	Opening balance sheet for those who present 2 years of comparatives. Start IAS record keeping.
1 January 2004	Opening balance sheet for those who present 1 year of comparatives. (the minimum required under IAS) Start IAS record keeping.
31 March 2005	First IAS interim quarterly statements.
31 December 2005	First IAS financial statements.

Table 1: Deadlines for the introduction of IAS/IFRS (Source: PricewaterhouseCoopers 2002,p27)

The planning of IAS implementation shows that in Belgium 68% of the companies surveyed already started (half way through 2002), 17% would start in 2002, 11% would start in 2003, the rest would start the implementation later on. Comparative figures for the UK show that only 18% already started the implementation, 32% would start in 2002 and 34% would start

in 2003. This makes that by the end of this year 96% of the Belgian quoted companies should have started their implementation process.

By 2005 almost 75% of the respondents all over Europe think they will be using IAS for both their internal and their external reporting.

The most important obstacles towards implementing IAS are deemed to be the changes in accounting policy (71%), the changes in the IT system (62%) and the training of management and staff (62%).

The impact of the conversion on profits and net assets is perceived (by non-IAS users) to be smaller than the reality (by IAS-users). Only 38% of the non-IAS users think there will be some or more difference as opposed to 61% of the IAS users.

2.7.3.2 Implications to the study

These two surveys have shown that amongst the Chief financial Officers of companies quoted on a stock exchange; both the knowledge and the willingness exist to make IAS in 2005 work. The companies in these researches are much bigger than the hotel organizations that this paper is examining; however these studies build the good hope to make IAS/IFRS possible in Belgium by 2007 for all companies. Due to the two year delay for companies that are not quoted on the stock exchange, between 2005 and 2007, these companies should now have reached a status comparable to where quoted companies were around 2001, so somewhere in the middle of these two studies.

Some questions from these surveys were used in the questionnaire for this research in order to allow comparison between these European results and the ones found in the Belgian hotel sector.

2.8 Conclusion

In this chapter the diversity of accounting rules was explained according to cultural, economical and historical differences. The need for harmonization was elucidated. A brief

summary was given on what International Financial Reporting Standards are, how the implementation is planned at both the European level and the Belgian level. An introduction was provided to the Belgian accounting principles and how they are conceived. Finally a summary was given to the empirical research conducted in Europe on the implementation of IAS/IFRS from which the most important numbers were quoted. In the next chapter an insight will be given into the major differences between the current Belgian GAAP and the IAS/IFRS, bearing in mind the applications for hotels.

Chapter 3 A comparative study of IFRS and Belgian GAAP

3.1 Introduction

In this chapter a comparison is made between the IFRS/IAS on the one hand and the Belgian GAAP on the other hand. The comparison is restricted to the parts that are important to the hotel industry as many of the standards are not applicable to hotels, or are only in exceptional cases applicable to hotels. A complete comparison between IFRS and Belgian GAAP can be found in Ernst&Young (2001) or in Schumesch, Dams and Vermoesen (1999).

The Belgian GAAP is defined in this chapter as being the following: the Company Law of 7 May 1999, the Royal Decree of 30 January 2001 and the recommendations made by the Belgian Accounting Standards Committee. The emphasis in this chapter will be on the differences between IAS/IFRS and the Belgian GAAP, common practice is left out. The work in this chapter has been inspired on Ernst&Young (2001) and in Schumesch, Dams and Vermoesen (1999). The lay out of the chapter was inspired following Ernst&Young (2001)

At first a number of general differences is discussed, after that the focus is put to principal differences over accounting principles and finally a conclusion is given regarding the implementation of IAS/IFRS in Belgian hotels.

3.2 General principles in the preparation of financial statements

3.2.1 Substance over form

In IAS/IFRS it is necessary to account according to the principle of “substance over form” which means that the legal form in which a construction is presented is unimportant but the economic reality is. The Belgian GAAP has no general reference to this and allows the legal form of a transaction to be followed rather than the economic reality (Ernst&Young, 2001).

3.2.2 Prudence

The Belgian GAAP is based mainly on prudence as a way of having fair representation, under IAS/IFRS prudence is only a way to get reliable information. The prudence in the Belgian GAAP can be explained by the major concern of the Belgian legislator with the interests of creditors rather than the interests of investors. (Schumesch, Dams and Vermoesen, 1999)

3.2.3 Accrual accounting

Both systems have an accrual vision on accounting which states that events should be recorded when they occur, not when the payment is made. A sale would therefore be recorded on the date of the delivery and not on the date of payment which can be earlier or later than the delivery. The Belgian GAAP has however a provision stating that this principle can be overridden when payment is uncertain (Royal Decree art 33,125). (Ernst&Young 2001)

3.2.4 Materiality

Belgian GAAP has no definition of materiality as can be found in IAS 1. Materiality allows for things not to be accounted for or to be estimated as long as the estimate or the event (or the accumulation of events) is not of material importance to the stakeholders. (Ernst&Young, 2001).

3.2.5 Comparative information

Comparative information is required by IAS/IFRS for the past year, this is not the case for Belgian GAAP where comparable information from the previous public statement should be provided (this can be the last trimester, semester or last year). IAS/IFRS requires the previous data to follow the current standards (the standards valid at the end of the second period), meaning that these figures may need to be recalculated; this is explicitly forbidden in Belgian GAAP. (ibid)

3.2.6 Others

Where Belgian GAAP provides a detailed fixed lay-out that can be sub-divided by the reporting entities, IAS/IFRS only makes a general division between assets, liabilities and equity. (ibid).

Measurement of elements in financial statements is made by using the acquisition value only under Belgian GAAP. IAS/IFRS allow for multiple values to be used, however more recent standards refer to something called the fair value; others are the historical cost, the current (replacement) cost, the realisable value or the present value. (ibid)

3.3 Presentation of financial statements

Under Belgian GAAP a company is only required to publish a balance sheet, an income statement and notes to the accounts, under IAS/IFRS companies must also provide for a statement of changes in equities and a cash flow statement. Not compulsory but recommended in IAS/IFRS are additional statements such as a financial review by the management or environmental reports. (Schumesch, Dams and Vermoesen, 1999). Belgian GAAP however has something included and compulsory called a social balance sheet, which will be discussed later in this chapter. (Jorissen, 1998)

Under Belgian GAAP a company has to publish the accounts at the latest seven months after the balance sheet date and at least once per year (with an exception for the first year of operation) IAS/IFRS allows only for a maximum period of six months after the balance sheet date and has no exception to the one year rule. (ibid)

The Belgian GAAP has a fixed lay-out to be used by all the companies (with a different, limited lay-out for small companies), IAS/IFRS contains a list which can be found in IAS nr 1 but has no fixed lay-out whatsoever. (Ernst&Young, 2001)

3.4 Long term investments

As hotels tend to have long term investments, not only in the hotel itself but also in refurbishments, decoration, IT systems etc, this section is discussed in more detail.

The initial cost of the investment should under IAS/IFRS include all the costs that have to be made to make sure the investment can render revenue, such as costs for the installation, import duties, ... This can also include the future costs for dismantling the asset (IAS 37)

Under Belgian GAAP however only the current costs will be included in the investment, no future costs will be taken into account at the moment of investment. (Schumesch, Dams and Vermoesen, 1999).

The costs of major repairs and overhaul can under the Belgian GAAP be provisioned for; this is not the case under IAS/IFRS where these costs can however in certain cases be activated and later on amortized with the investment. (ibid)

The IAS/IFRS system allows for multiple depreciation methods to be used including: the straight line method, the diminishing balance method and the sum-of-units method. The Belgian GAAP allows under the restrictions set by tax regulations only for the straight line method of depreciation. The Belgian GAAP however allows for depreciations to be written back in order to establish equality between the book value and the economic value. Under IAS/IFRS however the writing back is not possible unless a material error has occurred (under IAS 8), however it allows for an adjustment of the current and future depreciation values. Furthermore under IAS/IFRS the residual value of the asset should be taken into consideration whereas under Belgian GAAP depreciation is done without taking a residual value into account. (Ernst&Young, 2001) Depreciations under Belgian GAAP are done per annum, meaning that something bought in December will be depreciated for a whole year nevertheless. This type of deduction is tax driven and is not allowed under IAS/IFRS where something should be depreciated pro rata temporis. (ibid)

Disclosures of investments should be made under the Belgian GAAP using the provided lay-out whereas the IAS/IFRS system sets a list of things to disclose. The list under IAS/IFRS is however far more detailed than the lay-out under Belgian GAAP. (Ernst&Young, 2001)

3.5 Leasing

Leasing as can be used in hotels is described in IAS nr 17, other types of leases are described elsewhere but are of no importance to hotels as it is concerned with for example the leasing of exploration rights for natural gas. The definition of leasing within IAS/IFRS and Belgian GAAP is different in that the Belgian GAAP has no definition for what is referred to in IAS/IFRS as an operational lease. In Belgian GAAP all leases are considered to be financial leases although some leases have to be qualified as either purchases or rents. IAS/IFRS makes a difference between financial and operational lease; the first one transfers all the ownership properties to the lessee whereas the second one does not. In the first case a leasing can be considered to be a loan as where in the second one rent is an appropriate parallel.

(Schumesch, Dams and Vermoesen, 1999)

As the definition of leasing under the both systems is incomparable the use of it in accounting is completely different, however financial leases exist in both systems the differences between the accounting for them are too wide for a thorough discussion in this paper.

Sale and leaseback operations, in which a good is first sold and leased afterwards, are not specifically considered in Belgian GAAP. IAS 17 on the other hand creates a whole set of rules for a sale and leaseback operation where for example the incurred losses to profits should be deferred or amortized over the period of the lease. (ibid)

3.6 Inventory

As inventory within a hotel is of limited importance, this will be dealt with only briefly. The cost of inventory can be calculated in four different ways under Belgian GAAP namely: first in first out (FIFO), last in first out (LIFO), weighted average price or individually. However

Belgian GAAP state that a company should adhere to the same system for the same goods over time, once a system has been in operation for one type of good it cannot be changed unless specific motivated communication of this is made in the notes of the financial report following the change. The FIFO system assumes that the good which is bought first is sold first, whereas LIFO assumes that a good that has been purchased last will be sold first, the weighted average takes a weighted average of the cost of all similar goods at the beginning of a period. In the individual system each good in the inventory is followed separately and its purchase price is removed from the inventory when it is sold.

IAS/IFRS allows only for FIFO, weighted average and individually; LIFO is considered not to be used however it can be in special cases as laid out in IAS 2. (Ernst&Young, 2001)

The list of items to disclose regarding inventories is much more detailed under IAS/IFRS. (Ernst&Young, 2001, p336)

3.7 Pension costs

Based on the Belgian insurance legislation a company is not allowed to keep pension benefits within the company and has to either take out a contract with an insurance company to cover its liabilities or in some cases start its own separate insurance fund. In both cases however the payments made to the fund will be incurred as a cost in the year they are paid. The systems available for this under IAS/IFRS are far more complicated and are laid down in IAS 19. However with the current status of the insurance legislation in Belgium it is yet unsure which of the possible options will be open to Belgian companies. They are therefore not discussed in any more detail.

3.8 Others

Before some of the differences between IAS/IFRS and Belgian GAAP were considered. Many more however exist but were considered to be not or less relevant to the hotel industry, a record of them is given here in order to allow the reader to have a full overview of the

differences. First of all the accounting for changes is different, this occurs when changes need to be made after the publication of the financial report be it due to material errors or due to misleading information that has been published. Furthermore considerable differences exist in the creating of consolidated financial statements; this is where group figures are combined in order to achieve a complete account for a whole group of companies that belong together. In the accounting for joint ventures and in the treatment of goodwill significant differences exist as in the treatment of financial assets, liabilities. The use of financial derivatives and hedging techniques are treated and categorized differently in Belgian GAAP and IAS/IFRS. Furthermore major differences exist in the treatment of transactions with related companies (transactions that are conducted with companies where other ties exist, for example one is a considerable shareholder in the other). Finally the acceptance and treatment of government grants is a major point of contrast. (Ernst&Young, 2001 and Schumesch, Dams and Vermoesen, 1999)

3.9 The social balance sheet

The social balance sheet is compulsory under Belgian GAAP and provides information about the employment policy of the company. No reference to something similar has been found in the IAS set of norms. The social balance sheet has the aim to provide the government with information on its employment policy and to provide the works councils with information about the company's employment policy. As with the regular balance sheet small companies can publish a limited version of the social balance sheet. It is however very unlikely that with the implementation of the IAS/IFRS standards the social balance sheet will disappear as it is included in some of the arrangements made between unions and employers. (Jorissen, 1998)

3.10 Non-public disclosures

Belgian companies with more than fifty employees have the statutory obligation to construct a works council in which employees and employers are equally represented. This council has the right to obtain complete financial reports (as under Belgian GAAP) at set intervals,

depending on the number of employees. The frequency of these reports can be monthly, every trimester or half-yearly. The reports have to contain complete data (as sometimes is not the case with public reports). (Jorissen, 1998)

3.11 Conclusion

In this chapter a number of general differences between IAS/IFRS and Belgian GAAP were discussed, some in more detail than others. Furthermore a completing list was given in order to provide the reader with all the necessary information. The contrasts between IAS/IFRS and Belgian GAAP are numerous, but not invincible. Some of the more complete parts in Belgian GAAP such as the social balance sheet or the internal disclosures to the works councils are more likely to stay. Some new items, such as a cash flow statement and some more complete notes to the accounts, will become part of the financial reports. The result being more complicated accounts that have to be produced. In contrast with the complication brought up by the introduction of IAS/IFRS, an increased level of accuracy and completeness will be attained. The complete disclosure necessary under IAS/IFRS might also have its effect on business as more information will be publicly available to for example the competition. The implementation of IAS/IFRS will be a heavy and complicated task, the time frame for the introduction is tight as the first figures using IAS will have to be in the beginning of 2004 for listed companies and 2006 for non listed companies, and as we might find from the results of this study the readiness within Belgian hotels is low.

Chapter 4 : Methodology of the research

4.1 Introduction

This research aimed to evaluate the readiness of Belgian hotels in implementing the International Financial Reporting Standards. The research was split up in two major parts. The first part, serving objectives one and two, was conducted using different text-books and articles found in both UK and Belgian libraries and on the internet; they were described in chapter two and three. The second part, serving objective three, consisted of setting up, conducting and analyzing a questionnaire. The setup of this questionnaire was preceded by the conduction of three interviews, which were used to compose the questionnaire and to partially serve objective four. This approach was inspired by Gillham (2000) who states that the use of semi-structured interviews is desirable in order to test and compose a questionnaire.

4.2 Research design

The design of the research has been both inductive and deductive. A draft questionnaire was constructed using a deductive approach where the questions mainly were based on the literature. This questionnaire has than been refined using the induction of data from three different interviews to complete and adjust the original questionnaire. This combination of inductive and deductive research methods is not uncommon according to Saunders, Lewis and Thornhill. (2003, p 88)

4.3 The data collection

The data collection in the first part, the review of the literature, was conducted through the collection of secondary data from libraries and from websites of professional organizations and the IASB (International Accounting Standards Board). A concise review of this literature can be found in chapter two and three.

For the second part, the questionnaire, secondary as well as primary data was collected and used. Primary data was collected during the setup of the questionnaire and through conducting the questionnaire.

4.3.1 The interviews

In order to setup the questionnaire an iterative technique was used in which during the course of three semi-structured interviews the original questionnaire was improved and completed. Furthermore the interviews were used to provide an insight into the accounting systems and procedures used in hotels. The first interview, later referred to as I1, was conducted on 2nd July 2003 with the European chief accountant of a renown international hotel chain. The second interview, later referred to as I2, was conducted on 4th of July with an IAS/IFRS specialist within the Belgian branch of one of the big four accounting corporations. The third interview, later referred to as I3, was conducted on 10th of July with the head of the accounting department of an international hotel group in Belgium. The I2 and I3 were referred to by I1. All interviews were conducted in Dutch and were tape-recorded. The results of these semi-structured interviews will be discussed in chapter five as an introduction to the results of the questionnaire.

4.3.2 The questionnaire

A mail questionnaire technique was used as it offers the advantage of being low in cost, both in time and in money, it makes it easy to get information from many people who are geographically spread and to allow for the respondent to answer the questions at his/her convenience (Gillham, 2000). Furthermore it allows for people to think about the questions, as there is no high time pressure to answer in contrast to a telephone survey (Walliman, 2001). It can also offers the option of complete anonymity and is not suffering from interviewed bias as everyone receives the same questions, in the same way (Churchill, 1999). The major disadvantage given by Churchill (1999) is the low response rate for mail-administered questionnaires. Furthermore Gillham (2000) reports that questionnaire design is

very important and often is very poor, that there is a no way correct misunderstandings or to provide more information to the questions and that it is impossible to check the seriousness or honesty of the respondent. Having considered all these advantages and disadvantages it was clear that only by administering a mail questionnaire it was possible to reach a diversity of people over a geographically spread area. The only real alternative would be a telephone questionnaire or telephone interview but these would not allow for the respondent to enjoy complete anonymity which was brought up by the first interviewee to be of major importance in the field of accounting, as he stated that “accountants are always suspicious to provide information, it is in the nature of their job”¹² (I1).

4.3.2.1 Design

In the setup of the questionnaire the feedback from the interviews was used together with some of the questions from the surveys conducted by PriceWaterhouseCoopers (2000 and 2002). The questionnaire was used to collect primary quantitative data. In the setup of the questions and during the conduction of the interviews attention was paid to multiple areas. Following Churchill (1999) the following important attributes of the questionnaire were verified. It was examined to see if every question was necessary to be asked, as not all the questions would serve to the purpose of the research some were removed during the setup and testing of the questionnaire. The possible willingness of respondents to provide information was verified during the interviews; here some of the more delicate questions were altered or removed. A use of simple wording was aimed for, ambiguous wording was avoided and the use of implicit alternatives or implicit assumptions was tested. In the sequence of questioning the following rules as set by Churchill were adhered to: the use of simple opening questions,

¹² Statement translated into English

the use of as few as possible branching¹³ questions as possible and difficult or sensitive questions were placed towards the end of the questionnaire.

During the setup phase the questionnaire was handled in Dutch only, a translation in French was made before the pilot test and was piloted separately and together to check for consistency in the different languages.

An English translation of the questionnaire together with the French and Dutch versions can be found in Appendix B.

4.3.2.2 Population

The population was defined as all the accountants of Belgian companies that submitted an annual account in 2002 (based on figures of 2001) and qualified their company as belonging to the hotel sector. In Belgium every company that publishes an annual account has to mention one or different NACE-BEL codes identifying the sector(s) in which it operates. As hotels the following codes were identified 551 general hotels, 5511 hotels with restaurant and 5512 hotels without restaurant and included in the population.

4.3.2.3 Sampling frame

The selection was made on the April 2003 version of the Bel-First software, a quarterly produced DVD with all the information about published accounts in Belgium as they were deposited to the National Bank of Belgium. This sampling frame allows for exclusion of all hotels that do not publish accounting data up till now. As there is no indication of a change in the criteria the need of publication this sampling frame will include all the hotels that have a need to adopt IAS/IFRS and that have published an account in 2002. The sampling frame does therefore not include new hotels; it does show hotels that have stopped business in 2002 or 2003. Some hotel groups have however only one account published for the whole country

¹³ “Branching questions are used to direct a respondent to different places in the questionnaire” (Churchill, 1999, p359)

(e.g. Accor Belgium) and have therefore only one entry in the sampling frame; others have different accounts published for each hotel (e.g. Six Continents group) and have therefore multiple entries in the sampling frame. The sampling frame therefore complies with the checklist set out by Saunders, Lewis and Thornhill (2003, p154): it is complete, precise and relatively current (it is the most recent data that is available).

The sampling frame shows detailed accounting data and provides the full addresses of each hotel. The accounting data is however not complete as companies currently are not forced to provide all the data as e.g. revenue or profit (Branson and Breesch, 1998).

The sampling frame contains 867 hotels in Belgium of which 503 in the Flemish speaking part, 236 in the French speaking part and 130 in the Brussels capital region.

4.3.2.4 Sample

As suggested by Zikmund (2000) and Churchill (1999) the response rate of a mail administered questionnaire is rather low. As the sampling frame only contains 867 items and the response rate can be estimated 10% according to Jankowicz (1995) even a census would provide only about 87 answers. In order to perform statistical analysis Saunders, Lewis and Thornhill (2003) state that the size of the sample should be around 30 in each category (referring to the Economist). Also considering that there is no possibility as to administer more questionnaires, both due to time restrictions and in order not to make a time difference between different respondents, it was found appropriate to conduct a complete census of the sampling frame and therefore the estimated population.

4.3.2.5 Pilot study

Before conducting the pilot study the Dutch questionnaire was translated into French. A pilot study then was conducted within the Belgian branch of one of the big four accountants asking 15 accountants to fill out the final draft of the questionnaire. Five of them were given only the Dutch version, five only the French version and five bilingual accountants were asked to fill out both and to verify if there was a correct translation of the questionnaire. All of the

respondents were observed while answering the questions and were asked to comment on any difficulty they might have had. The pilot study showed that some of the wording had to be replaced, especially in the French version, as some of the grammar was not correct. The respondents in the pilot study had however no problems filling out the questionnaires. The pilot study was not carried out within the population as every subject within the population would receive the questionnaire later on.

4.3.2.6 Response rate

As the response rate had to be high enough, multiple precautions were taken in order to try and improve the rate. First of all a cover letter was added providing most of the information as given by Churchill (1999): a note was made to the importance of the respondent to the research, the research was explained, importance to reply even if the respondent is not able to reply to all the questions, it was noted that replying would only take a small amount of time, answers could be sent in full anonymity, attention was paid to the style and format of the letter and it was explained that answers on all different levels of hotels were needed (from large and small, from luxurious and budget hotels). Secondly the respondents were provided with two options of sending back the questionnaire, by prepaid mail or by fax. Thirdly an explanation of about half a page was given on IAS/IFRS and the importance of it. And lastly the respondents were given the opportunity to receive the results of the study.

4.3.2.7 Analysis of the data

The results of the questionnaire were analysed using SPSS version 11.0 and were compared with the results of the surveys as conducted by PriceWaterhouseCoopers (2000 and 2002). Different techniques were used to analyse the data. At first most of the data was analysed using descriptive statistics (frequencies and descriptives) where appropriate. Relations were analysed using cross tabulations. The strength of the association between variables was determined using the Cramer's V statistic (Field, 2000) in the case of data on a nominal scale and using Kendall's tau-c (Norusis, 1993) in the case of data on an ordinal scale. The

Cramer's V statistic was preferred above the Phi statistic because it allows analysing the strength of a relationship with cross tabulations larger than 2x2 (Field, 2000). Kendall's tau-c was preferred to Spearman's Rank correlation because many items provided the same result (Field, 2000).

4.3.2.8 Errors in the research

As a complete census of the population was performed a major source of errors was avoided, namely the sample error. According to Churchill (1999) non sampling errors can be divided in observation and non-observation errors. The observation errors include field and office errors. As office errors can not be avoided most type of field errors were. Field errors include observer errors due to different observers, errors arising from malfunctioning communication for example bad telephone lines etc. The number of field errors was minimized using the mail questionnaire format, as everyone received exactly the same questionnaire to fill out (except for possible mistakes made in the translation of the questionnaire).

The remaining errors, the non observation errors include non-coverage errors and non-response errors. The non-coverage errors are defined as the difference between the sampling frame and the population. The sampling frame used in this survey however assures accuracy, on the other hand it is not completely up-to-date and some differences between the population and the sampling frame might exist. The major concern however in this research is the non-response error. As shown in the next chapter the demographics of the respondents do not match the overall demographics of the population. The extent as to which this has an influence on the results of the research can not be determined.

4.4 Conclusion

The questionnaire was administered to 867 Belgian hotels on 14th July, after one month on 14th August the responses were closed with 55 answers received. The hotels in Brussels were administered a questionnaire and cover letter in both French and Dutch as Brussels is a

constitutional bilingual part of Belgium and no reference was found to the language of the particular hotels in the data provided by the sampling frame.

Chapter 5 Results of the empirical research

5.1 Introduction

In this chapter the results of the conducted study will be synthesized and analyzed. At first the interviews leading to the questionnaire will be discussed in more detail, and then the results of the questionnaire will be discussed and analyzed. At the end a summary of the key findings will be stated leading to the next chapter in which the research's conclusions will be developed. More detailed statistics can be found in appendix D.

5.2 Interviews

As stated in the previous chapter three interviews were conducted leading to the questionnaire, a transcript from one of them can be found in appendix C. The interviews were semi-structured using a pre prepared questionnaire and some key issues for discussion. The interviews and their influence to the questionnaire will be discussed at first. At second other relevant material deducted from the interviews will be revealed.

5.2.1 Interviews and the questionnaire

Before conducting the first interview a rough draft of the questionnaire was sketched. It was inspired by the two studies from PriceWaterhouseCoopers (2000 and 2002) that have been examined before, bearing in mind the hotel industry and the specified research objectives of this dissertation. The interviews were used in an iterative way, showing every next interviewee with an updated version of the questionnaire.

5.2.1.1 The size of a hotel

During the first interview certain issues were raised concerning the determination of the size of a hotel. The first draft included revenue to determine the size of a hotel. I1 argued that revenue is a biased variable that contains not only the size but also the quality level of the hotel (as this influences the revenue). Furthermore I1s argument included reference to the

non-housing parts of the hotel, such as restaurants or spas, that would influence the revenue but not necessarily to size of the hotel. Finally he stated that asking for revenue in the first questions would scare the respondents as accountants according to the interviewee tend to be rather reticent on disclosing information. The size would therefore be determined by asking the number of rooms the hotel has rather than revenue. I1 also set the boundaries for the different classes and classified hotels with less than 25 rooms as small, hotels with rooms ranging from 25 to 100 medium and hotels with more than a hundred rooms as big. He did state that this judgement was based on his limited knowledge of the Belgian hotel market. Other interviewees (I2 and I3) agreed with this opinion when explained to them so it was included in the questionnaire.

5.2.1.2 The category of a hotel

The draft questionnaire contained a list of star ratings from one to five in question two. I3 noted that some hotels are not being rated so an extra option was included to allow for respondents to choose 'no rating'. However none of the respondents used this option when submitting the questionnaire.

5.2.1.3 Stock exchange

On question three I2 doubted that any of the hotels would be quoted on a stock exchange and inferred that if the question was to remain it would be appropriate to include the group to which the hotel was belonging into the question. A question about this was posed to I3 who was employed by a group that is quoted. He stated that the referral to the group in the question would be a good thing as otherwise none of the hotels in his group would answer that they are quoted; but the question was to remain as certainly part of the hotel industry makes use of the stock market. It was then decided that the question would be restated but would remain in the questionnaire, as it was moreover necessary to differentiate between hotels that needed to incorporate IAS/IFRS by 2005 and hotels that have to meet this obligation by 2007.

5.2.1.4 Timing of implementation

The development of question five will be discussed here. In the initial draft all the years between 2003 and 2007 were included as well as an option later. I2 looked through this question and stated that it would be too late now for adoption in 2003 as the opening balance sheet should contain IAS/IFRS data. He also stated that 2007 would not be appropriate as this would be too late to comply with the legislation as it is necessary to provide at least one year of comparative data. The years were therefore reduced from 2003-2007 to 2003-2006, this to enable respondents willing to show their intention for a fast change by indicating changes in 2003. None of the respondents however used this option. I3 mentioned that it would be appropriate to include a 'do not know' option as an answer to this question. This was done and 42 out of the 49 valid responses made a use of this option.

5.2.1.5 Advantages – disadvantages and influence

The questions on influence of IAS/IFRS (questions six, seven and eight) were inspired by the survey as conducted by PriceWaterhouseCoopers (2002) and were a point of argument between the interviewees. Both I1 and I3 argued that these questions were not appropriate and might scare of possible respondents. I2 however (the IAS/IFRS specialist) argued that the questions could lead to some interesting information as according to him there is no general way in which IAS/IFRS implementation would influence the accounts other than make them more 'correct', however he stipulated that in the specific circumstances of the hotel sector there might be a clear trend. A question on what direction the trend would have according to him was not answered as he was not familiar enough with the sector. The questions remained in the questionnaire.

5.2.1.6 Opinions

Some opinionated questions (in question 10) were included in order to find out what the respondents thought about the appropriateness of implementing IAS/IFRS into the sector.

These questions were refined by I2 and I3 in order to make the language used in the statements more sharp-edged.

5.2.1.7 Motivation and anticipated problems

Questions eleven and twelve were taken from the PriceWaterhouseCoopers (2002) research. I1 argued that question eleven had answers which were too vague he stated that it would be appropriate to specify these statements further in order for respondents to understand them better. I2 and I3 however commented that they had no problems with the wording and that the questions were ok. Finally the decision was taken to leave the questions as they were in order to allow for comparison with the previous research as conducted by PriceWaterhouseCoopers (2002).

5.2.2 Other information from the interviews

Although the interviews were mainly aimed to test and improve the questionnaire, other issues regarding IAS/IFRS implementation and hotel accounting were explored, they will be discussed here.

5.2.2.1 The knowledge of the interviewees

I1 was head of the European accounting department of an important international hotel group. He stated that the treatment of IAS/IFRS was taken care of by the headquarters within a task-force type of environment. This happened in the groups headquarters in Copenhagen. The company reports its figures using IAS/IFRS since two years but uses it only as an external reporting language. The interviewee was not acquainted with this type of reporting as it was the headquarters that arranged this publication. His job however was to consolidate the data of the different hotels which all used the national reporting standards of the countries they were in. Furthermore the company is consulting one of the big four accounting offices with regard to compliance with IAS/IFRS. I1 therefore referred to his consultant for further questions. This brings us to I2.

I2 has worked as an IAS/IFRS specialist for one of big four accounting office's Belgian branch for many years. It was therefore obvious that this interviewee was at acquainted with IAS/IFRS; however his knowledge of hotel accounting and specific needs of hotels was limited. He only had one client within this industry (I1's employer) and could obviously not make any general assumptions on the industry as a whole.

I3 was the Belgian accountant of another international hotel group. His company however is as yet not using the IAS/IFRS framework; internal as well as external reporting is currently done using the French GAAP. They did have an international seminar a couple of months before the interview regarding the companywide implementation of IAS/IFRS. His company was therefore seeking to implement IAS/IFRS by 2005 and was currently setting up a 'plan for conversion' (I2). His involvement in this was pretty recent however he had some more advanced knowledge of the effect of implementation.

5.2.2.2 The accounting procedure currently used

Only I1 and I3 are related to this theme. They both had a common system of reporting accounts. It was based on the fact that internal entities reported their figures using the national GAAP and then the reporting was prepared in the headquarters in respectively IAS/IFRS and French GAAP. The main difference in the current accounting system however was that with the I3's company the data was first consolidated on a national level and then reported (as they has only one legal entity in Belgium for around 50 hotels), afterwards it was then converted into French GAAP. In the case of I1 each hotel had a separate legal entity and provided (in the countries where needed) reports per hotel, the figures were then transferred to the European headquarters in Belgium where they were consolidated per country, they were then sent to the Copenhagen headquarter to be converted into IAS/IFRS (with the help of one of the big four accountants) and consolidated Internationally.

5.2.2.3 The difficulty of implementing IAS/IFRS

According to I1 they have not started the implementation of IAS/IFRS at the level of the separate hotels, however for now they have chosen to adopt a system of conversion to IAS/IFRS at the consolidated level. The new regulations regarding the implementation of IAS/IFRS however show the need for a conversion at the hotel level, as every hotel has a different legal entity. The company is looking into it but the interviewee had no further information regarding the progress or status of this project.

According to I2 the implementation of an IAS/IFRS system is not all too difficult although he considered the education of the accountants to be most time consuming. Furthermore he warned for a reoccurrence of what he referred to as the 'Euro phenomenon' (I2) where accounting changes were neglected by many companies and a crisis situation aroused at the moment of implementation. An over demand existed for accountants at that time so cost for the companies went up and the quality of the service was poor. He stated that during that period mostly small companies were found not to be prepared for the switchover.

I3 was in the phase of investigating the problem and did not want to comment.

5.3 Pilot test

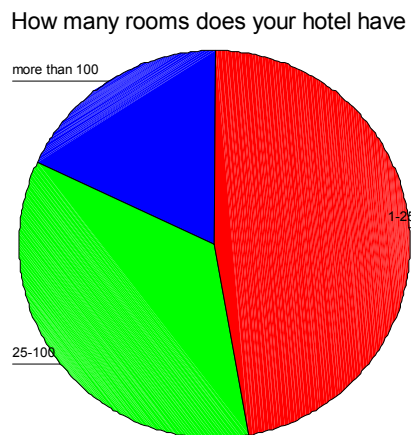
As described in chapter four after the interviews a translation of the questionnaire was made and a pilot study was conducted. It would have been inappropriate to conduct the pilot study amongst the future respondents of the study as they would be biased when answering the real questionnaire which they were going to receive as a census of the population was done. The pilot study was therefore conducted amongst fifteen accountants located at the Belgian headquarters of one of the big four accountants. Five were given only the Dutch version five only the French version and five were given both versions and were asked to compare the two. The result of this pilot study was satisfying as most of the respondents filled out the questionnaire without any comments. The only comments were made on some of the French grammar mistakes that had been made. The contents seemed to be satisfactory.

5.3.1 Demographics

The responses are dissipated along three dimensions: size, quality level and the quoting on the stock market. For size the variable number of rooms is used whereas for the dimension of quality the number of stars is used. The distribution amongst the responses will now be described and analyzed.

5.3.1.1 Size

In the following graphic we can see that the vast part of hotels is in the small group (47.3 percent), however the majority is made up from large (18.2 percent) and medium (34.5 percent) sized hotels. According to the data available by HoReCa (2001) the average room size of a hotel in Belgium is 33.24. The central tendency of the responses therefore seems to match the central tendency of the population as a whole.

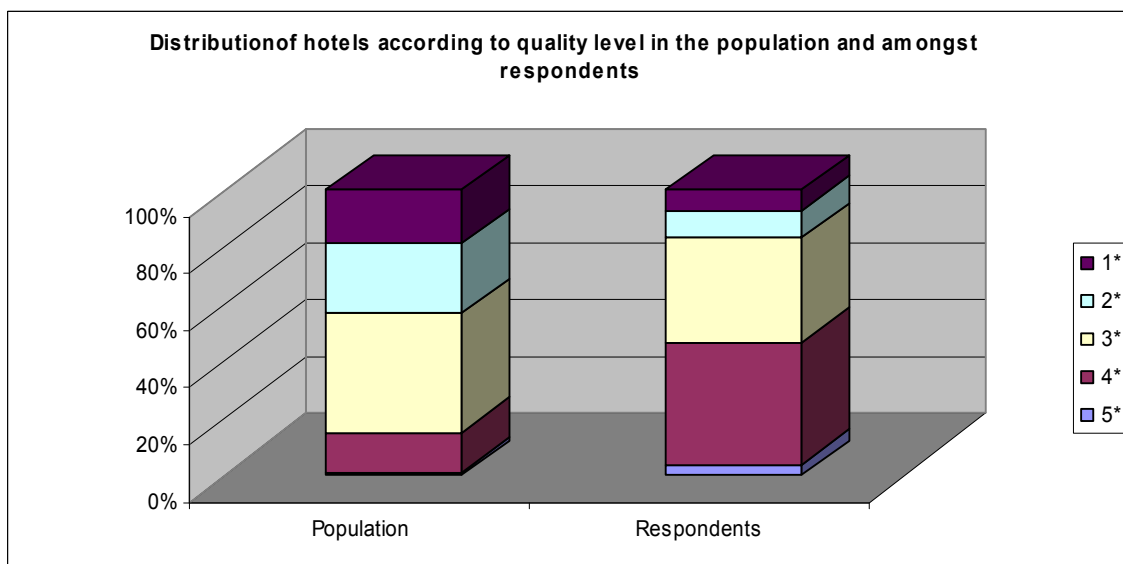


Graphic 4: How many rooms do the hotels have ?

5.3.1.2 Quality

As can be seen in the following graph the distribution of hotels according to quality level is not comparable. Amongst respondents there is a clear overrepresentation of high quality hotels, and an under representation of lower quality hotels. Five star hotels are more than five times overrepresented amongst respondents where 5.45 percent of the hotels is in this group whereas only 1.08 percent in the population. The overrepresentation is about four times for

four star hotels. Three two and one star properties are under represented. This fact can be attributed to the fact that higher quality properties have probably more staff and more time to fill out and send back questionnaires.



Graphic 5: Comparison of quality level of hotels amongst respondents and in the population

5.3.1.3 Quoting on a stock market

Within the respondents only eight out of 53 (valid responses) said the group they belonged to was quoted on a stock market. This gives a relative representation of 14.5 percent of the sample. According to the sample frame only one company was directly quoted on the stock market. This shows that most of the respondents referring to stock market quotation do so as a member of a quoted group and not as a directly quoted entity. It should be bared in mind that in the studies as conducted by PriceWaterhouseCoopers (2000 and 2002) all the researched companies were quoted on a stock market.

5.4 Current status

In order to asses the readiness it is of vital importance to first asses the current status of the accounting practices in use. The current norms used show that 94.5 percent of the companies use the current Belgian standards, in the study as performed by PriceWaterhouseCoopers (2002) only 74% of the respondents used the national GAAP. In the research conducted here Tim Smet

however it is to be noted that all of the respondents not using Belgian GAAP are part of a group quoted on the stock market, are either four or five star properties and are large hotels (more than 100 rooms), as can be seen in the following tables.

Crosstab

Count		What are the current norms used ?			Total
		IAS/IFRS	Belgian norms	Other	
How many rooms does your hotel have	1-25		26		26
	25-100		19		19
	more than 100	1	7	2	10
Total		1	52	2	55

Crosstab

Count		What are the current norms used ?			Total
		IAS/IFRS	Belgian norms	Other	
What Category is your hotel in	1 star		4		4
	2 stars		5		5
	3 stars		20		20
	4 stars		22	1	23
	5 stars	1	1	1	3
Total		1	52	2	55

Crosstab

Count		What are the current norms used ?			Total
		IAS/IFRS	Belgian norms	Other	
Is your hotel quoted on the stock market ?	No		45		45
	Yes	1	5	2	8
Total		1	50	2	53

Table 2 : Cross-tabulation for current norms used.

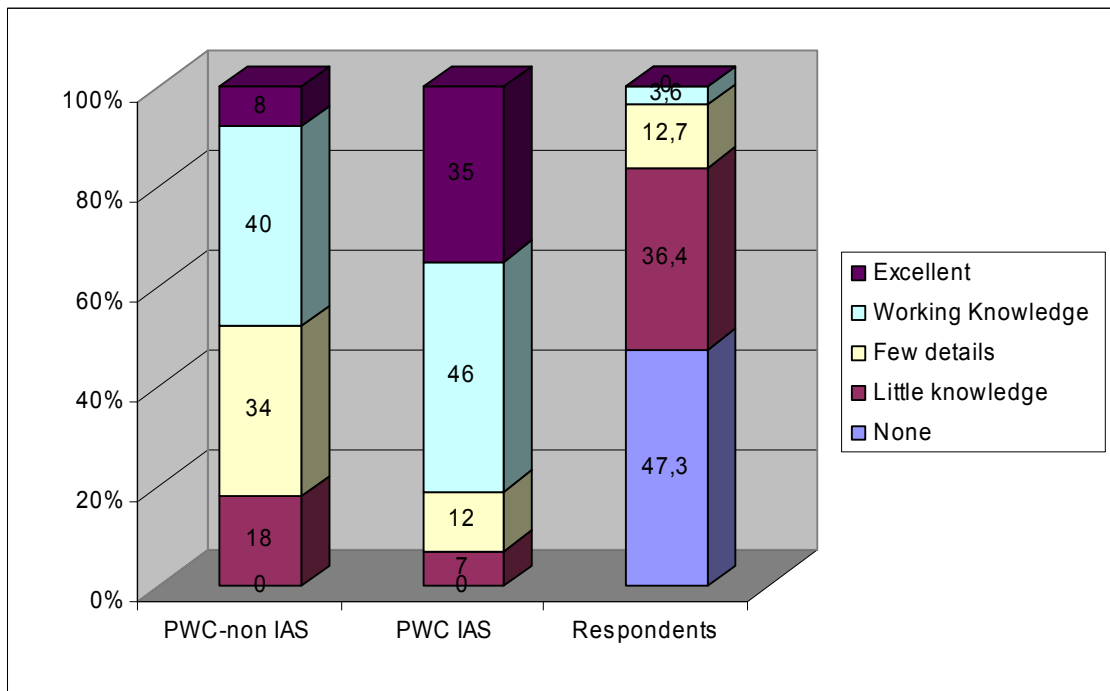
Furthermore the Cramer's V statistics show an association between the type of norms that are used and the size (Cr V= 0.360;p < 0.01), the quality level (Cr V= 0,495;p < 0.01) and the quotation on the stock market (Cr V= 0.581; p < 0.01). All of them are highly significant and all showing a high association between the variables.

5.5 Anticipated time of implementation

The respondents were asked to report as to the anticipated timing of the implementation towards IAS/IFRS within their company. The vast majority of the respondents (85.7% of the valid answers) stated that they did not know when implementation would be planned within their company. Only eight percent of the respondents stated they were intending to implement IAS/IFRS before 2007. The remainder pointed out to have the intention of implementing IAS/IFRS later than 2006. Due to the limited number of significant responses (other than do not know) the test statistics show no association between the anticipated timing of the implementation and the demographics. However cross tabulations show that hotels with set dates for implementation are mostly small, three star and not quoted. More detailed tables can be found in appendix D. In comparison with the numbers attained by PriceWaterhouseCoopers (2002) the results are significantly different where only 26% had no idea (compared to 85.7% in this research). The intentions regarding the implementation of IAS/IFRS could be due to the knowledge regarding IAS/IFRS as explored in the next paragraphs.

5.6 Current knowledge on IAS/IFRS

In order to have an idea about the reason behind the gap in intentions for implementation between the respondents to the questionnaire and the respondents in the PriceWaterhouseCoopers (2002) survey it is important to look at the difference in the knowledge regarding IAS/IFRS.



Graphic 6 : Comparison between PWC and study respondent knowledge on IAS/IFRS

As can be seen in the graphic above the knowledge of the respondents in this survey is significantly smaller than the knowledge of the corresponding respondents in the PriceWaterhouseCoopers (2002) survey. The level of knowledge recorded here is merely the perception of the respondents themselves, it has not (in both cases) been tested in any way. The limited knowledge of the respondents in this study could be due to the size of the company, as the cross tabulation with the demographics shows. The Kendall's tau-c statistic for a cross tabulation of size of hotels with knowledge (Kendall tau-c= -0.315; $p < 0.01$) shows that the relation is highly significant. The correlation shows that in larger hotels, the knowledge on IAS/IFRS is better. The negative sign is due to the negative coding of knowledge¹⁴ and should be regarded as being positive. Furthermore a significant relationship is found between the quality level of a hotel and the knowledge regarding IAS/IFRS (Kendall

¹⁴ Higher knowledge was given a lower value than lower knowledge during the coding process. One of the dimensions is therefore scaled in the opposite direction.

tau-c = -0.271; $p < 0.05$). Size and quality level therefore said to be determinant for knowledge on IAS/IFRS

5.7 Perception of IAS/IFRS

Although the knowledge on IAS/IFRS is limited amongst respondents, some have provided answers on questions regarding their perception on IAS/IFRS.

5.7.1 Impact on profit

The majority (54.9%) said they did not know if the implementation of IAS/IFRS would have any impact on the profit of their hotels. Disregarding these respondents the values associated with the knowledge level will be analyzed further.

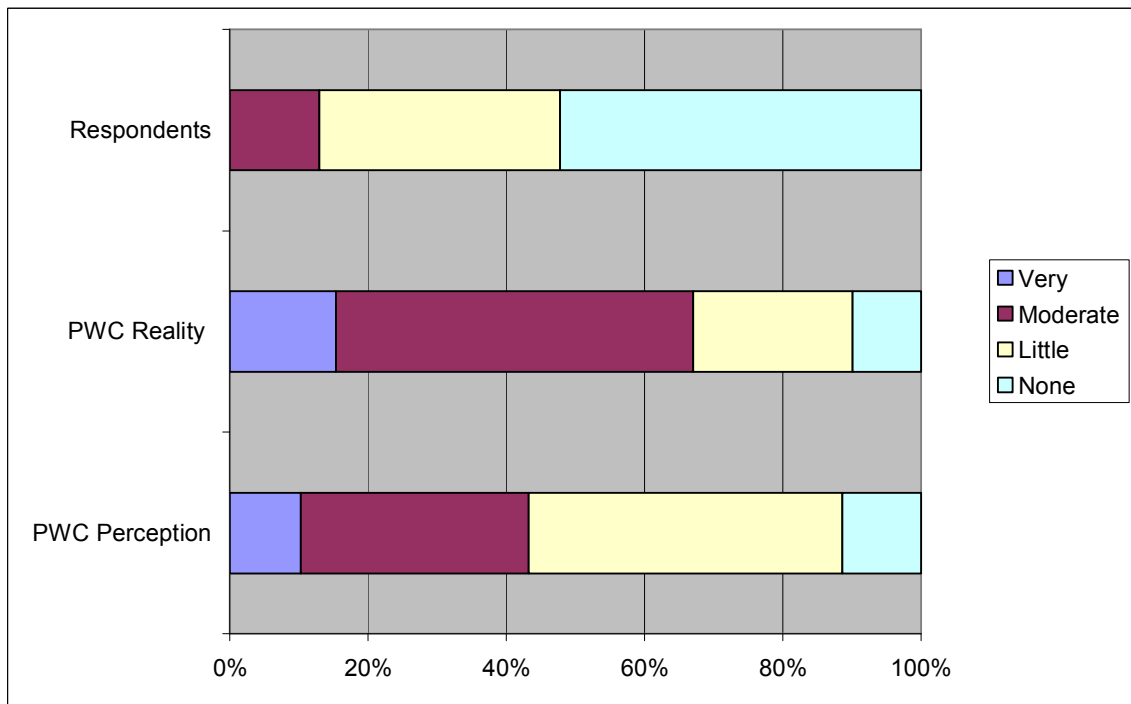
The rest of the respondents, as shown below, perceived a limited difference in profits under the IAS/IFRS system.

What difference will IAS make to your profit ?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Moderate	3	5,5	13,0	13,0
	Little	8	14,5	34,8	47,8
	No difference	12	21,8	52,2	100,0
	Total	23	41,8	100,0	
Missing	System	32	58,2		
Total		55	100,0		

Table 3 : Frequencies for impact on profit, after removal of do not know values

As pointed out by the PriceWaterhouseCoopers (2002) survey the perception of impact on profits is smaller than the actual result. This was tested comparing the answers to a similar question of respondents having already implemented IAS/IFRS with those who did not already go through the implementation process yet. Details can be found in the following graphic.



Graphic 7 : Perception/reality of influence on profits

These figures show that the respondents in this study perceive the impact of IAS/IFRS on profits as being much smaller than the respondents in the PriceWaterhouseCoopers (2002).

There are no significant associations between the perception of profit under IAS/IFRS and the demographics.

5.7.2 Impact on assets

Concerning the impact of the implementation of IAS/IFRS on the total assets of the hotel, the majority (52%) did not know if it would have any impact or not. Disregarding these respondents, two thirds of the respondents think that the implementation of IAS/IFRS will have no or little influence on the valuation of their assets

What difference will IAS make to your assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A lot	2	3,6	8,3	8,3
	Moderate	6	10,9	25,0	33,3
	Little	7	12,7	29,2	62,5
	No difference	9	16,4	37,5	100,0
	Total	24	43,6	100,0	
Missing	System	31	56,4		
Total		55	100,0		

Table 4 : Perception of influence on assets

5.7.3 Impact on liabilities

The perception of the impact on liabilities by the respondents showed once more that the majority (54%) did not know if the implementation of IAS/IFRS would have an influence on them. Disregarding those respondents almost eighty percent of the respondents thinks that the implementation of IAS/IFRS will have only a small or no impact on their liabilities.

What difference will IAS make to your liabilities ?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Moderate	5	9,1	21,7	21,7
	Little	8	14,5	34,8	56,5
	No difference	10	18,2	43,5	100,0
	Total	23	41,8	100,0	
Missing	System	32	58,2		
Total		55	100,0		

Table 5 : Perception of influence on liabilities

5.8 Advantages and disadvantages of IAS/IFRS

When asked if the implementation of IAS/IFRS would have any advantages, a majority (52,7%) stated that they did not know. From the remaining respondents only 24 percent said that IAS/IFRS might have a moderate number of advantages. 76 percent stated that the advantages would be little to none.

When asked to compare between the advantages and disadvantages, again a majority (71,2%) did not know. From the remainder of the respondents two thirds stated that the implementation of IAS/IFRS would have more disadvantages than advantages, one third stated that it would have more advantages than disadvantages.

5.9 Motivators for implementation

Where in the PriceWaterhouseCoopers survey (2000) the mandatory character of IAS/IFRS was only reported by three respondents this research shows it to be the single most important motivator. (69% of the respondents) Furthermore strategic or financial issues are only third in this research where they were the single most important issue in the PWC survey. Pressure of superiors (2.4%) and the fact that IAS/IFRS would be better than the current set of standards (9.5%) were the least important motivators. Furthermore on average each respondent has raised 1.5 motivators.

5.10 Issues in the implementation

When asked for their perception of the possible issues relating to the implementation of IAS/IFRS, a majority mentioned the training of the staff (52.5%), followed by the adjustments to the IT systems (42.5%) and the adoption of new internal accounting schemes (32.5%). This shows that the major issue could be training the staff to use the new system.

5.11 Summary

In general the readiness of hotels to adopt IAS/IFRS can be rated as being low. The current status shows only one hotel currently complying with the standards. Knowledge on IAS/IFRS low; however shows signs of improvement when moving up towards properties that are bigger in size and that have higher quality standards. Implementation planning has not been made yet, as most respondents do not know when they will start the implementation.

In general the perception exists that the move towards IAS/IFRS will have little influence on profits, liabilities and assets; where it was shown both in chapter three and in the

PriceWaterhouseCoopers (2002) survey that the impacts are important. In general a perception exists that IAS/IFRS brings more disadvantages than advantages to the companies. This is supported by the fact that the mandatory character of the regulation is shown to be the most important motivator for implementation.

Chapter 6 Conclusions and recommendations

6.1 Introduction

In this chapter the different parts of the research are brought together and they are tested against the different objectives as they were set in chapter one. Furthermore the recommendations, as described in objective four will be discussed in more detail. At the end some reflections on the research's limitations are made and a note for further research issued.

6.2 Conclusions

6.2.1 Objective one

To determine essential differences between the current accounting procedures and the International Financial Reporting Standards.

In chapter three an outline has been given on the differences between Belgian GAAP and IAS/IFRS. It was found that there are a great number of differences that need to be overcome in order to be able to fully implement IAS/IFRS into the accounting system. Furthermore I2 suggested that it is important to start the adoption early as the phenomenon perceived during the introduction of the Euro might return. He referred the time when it was actually too late to start the implementation of the euro and the high prices and poor quality of service from specialists that were common in that period. Also the literature suggests that the year in which the final implementation is to take place, be it 2005 or 2007, is too late to start the implementation process as comparative data is needed within the IAS/IFRS norms. In the questionnaire the training of staff turned out to be the most important concern of the respondents, letting the adoption of IT systems second and the implementation of internal systems third with all significant numbers. All of this shows that the implementation of IAS/IFRS is a job that needs consideration, dedication and advice. Training should be started as soon as possible.

6.2.2 Objective two

To examine issues pertaining to the transfer process from the current standards to the International Financial Reporting Standards

Different issues were examined more thoroughly in chapter three. In the questionnaire the conversion was perceived as having almost no advantages, when asked to compare more disadvantages than advantages were found according to the respondents. The following table shows an adapted version of the table from chapter two, it gives the deadlines that are to be obeyed by different companies in order to implement IAS/IFRS by 2007.

Deadline	Action
1 January 2005	Opening balance sheet for those who present 2 years of comparatives. Start IAS record keeping.
1 January 2006	Opening balance sheet for those who present 1 year of comparatives. (the minimum required under IAS) Start IAS record keeping.
31 March 2007	First IAS interim quarterly statements.
31 December 2007	First IAS financial statements.

Table 6 : Deadlines for implementation by 2007

The table indicated that for non-quoted companies the deadline for implementation is in 2006 as comparative figures are needed within IAS/IFRS.

The transfer process is a long process, as has been indicated by I2. As mentioned before the process involves not only the turnover by the accountants, but also the adoption of the computer accounting software and training of the staff at all the different levels.

We can therefore conclude that transfer towards IAS/IFRS is to be attained to as soon as possible.

6.2.3 Objective three

To evaluate how advanced Belgian hotels are in transferring from the current standards to the International Financial Reporting Standards

This evaluation has been performed at different levels. At first the current status of the hotels was analyzed. It was shown that currently a vast majority still use Belgian GAAP, only one respondent claimed to be using IAS/IFRS currently. Secondly the intentions towards the implementation of IAS/IFRS were tested. The vast majority of the respondents did not know when implementation would be done within their company. At last an assessment was made of the knowledge on IAS/IFRS with the accountants of the hotels. When answering to a direct question about their knowledge, results were poor, even when compared to the results in the PriceWaterhouseCoopers (2002) study. In other questions a general trend existed to answer 'do not know' to the questions, once more showing the lack of knowledge about IAS/IFRS. One of the respondents even indicated on the survey that this was the first time ever that he heard about IAS or IFRS.

Furthermore the major motivator by far for implementing IAS/IFRS that was named was the compulsory character of the norms. This indicates that the motivation is taken from the fact that implementation is necessary rather than from an internal drive to implement the standards.

A trend can however be detected where larger and more luxurious hotels seem to have better knowledge on IAS/IFRS.

All of this leads to the conclusion that implementation is not high on the agenda of accountants in hotels, and is not likely to get there soon. Considering however the level of difficulty and planning involved in the implementation, it is deemed necessary to start the process as soon as possible.

6.3 Recommendations

This section is aimed at objective four *“To recommend to hotel managers ,accounting specialists and sector organizations ways of implementing the International Financial Reporting Standards in hotels and to provide views on further research that can be conducted”* The recommendations are based on the different factors as explored during the

research. At first the complexity of the implementation and the long time that is necessary to complete the process; the low motivation and knowledge on IAS/IFRS with Belgian hotel accountants; the mandatory character of the norms in the future.

6.3.1 Recommendations to Belgian hotel accountants

It is important to understand the impact and complexity of the new standards on the accounting system. It should be considered that this process will come on top of all the other duties that have to be performed. The implementation process should therefore be studied as soon as possible.

It is important to understand that implementation will be necessary for all companies and not just companies that are quoted on stock markets.

The organization of companywide training sessions for brand hotels would be a good idea, other hotels could make use of the general sessions that are organized by accounting offices or accounting associations.

If the hotel makes use of an external accountant it is appropriate to talk to him/her about the implementation process.

It is important to set up a plan detailing and timing the different steps towards implementation so all the people involved know what they are up for.

6.3.2 Recommendations for accounting specialists

It is important to understand that IAS/IFRS will need to be implemented in all companies, making it a huge task on the accounting profession. Therefore companies should be urged to start the process of implementation as soon as possible in order to spread the pressure on the professional consultants.

It would be useful to put pressure on the government in order to allow for the use of IAS/IFRS in accounts before the date of compulsory implementation (and this without prior

special authorization by the minister of economic affairs). This would allow to spread the implementation over the years.

6.3.3 Recommendations to Sector organizations

As a sector representative a campaign should be run in order to notify hotel accountants of the fact that IAS/IFRS is coming. Furthermore training should be provided by the sector organizations, more specifically a course on IAS/IFRS could be introduced in the extensive training package that is currently offered by HoReCa.

6.4 Reflections and limitations of the study

In this part of the chapter the most important limitations to the study will be summarized. Furthermore a reflection of the research will be made.

6.4.1 Limitations

The most important limitation to the study was introduced by the time and timing. The study was conducted during a short period of time (two months) and during the summer vacation. The influence of the summer vacation is showing in the low response rate to the mail questionnaire. The short timing did not allow for a proper testing of the mail questionnaire instrument. The pilot test was performed using a convenient set of specialized accountants that were all well aware of the issues; a more appropriate sample should have been taken, and would probably have shown the little knowledge that exists amongst hotel accountants on the issue.

In the results of the mail questionnaire the problem raises that people claiming they have no knowledge on IAS/IFRS whatsoever provide opinions on other more detailed points in the questionnaire. It could however be argued that they do have some knowledge or at least some perception of what IAS/IFRS is.

6.4.2 Reflections

This research is not likely to be limited to the hotel industry; other small and medium sized companies in Belgium are facing the same situation. Chapter three would in that case not be complete as some sectors would have the need of a detailed description of differences specific to their activity.

The summer period has allowed the research to be complete as during the course of the year additions and changes are made constantly to both the set of IAS/IFRS rules and the needs for implementation.

6.5 Further research

It should be noted that both the rules for implementation (timing, spread...) and the set of IAS/IFRS standards are constantly changing. As the deadline approaches it would be appropriate to conduct the research again which would allow for comparison between the current and the future numbers. An expansion of the research to other sectors would allow for comparison between sectors. An international dimension to the research would allow for comparison between countries (preferably in the EU). However one should be careful with comparing in this dynamic area.

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International Accounting Standards Committee , www.iasc.org.uk

International Federation of Accountants, www.ifac.org

Appendix A: List of outstanding IAS/IFRS standards¹⁵

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies
IAS 10	Events After the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 15	Information Reflecting the Effects of Changing Prices
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 22	Business Combinations
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 27	Consolidated Financial Statements and Accounting for Investment Subsidiaries
IAS 28	Accounting for Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 31	Financial Reporting of Interests in Joint Ventures
IAS 32	Financial Instruments: Disclosures and Presentation

¹⁵ <http://www.iasc.org.uk> as on 15th of July 2003

IAS 33	Earnings per Share
IAS 34	Interim Financial Statements
IAS 35	Discontinuing operations
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture
IFRS 1	First-time adoption of International Financial Reporting Standards

The interruption in the numbering of the Standards is due to the withdrawal of standards or to the replacement of certain standards by others.

Appendix B: The questionnaire

This appendix contains three versions of the questionnaire, first of all the English version which was not used, secondly the French version and lastly the Dutch version.

Research into the implementation of International Accounting Standards in Belgian hotels.

1. How many rooms does your hotel have?

- 1-25
 25-100
 More than 100

2. How many stars does your hotel have?

- 1 2
 3 4
 5 No category

3. Is your hotel part of a group that is quoted on a stock exchange?

- Yes
 No

4. Which accounting standards are currently in use by your hotel?

- IAS/IFRS
 Belgian
 Others

5. In the case you are not currently using IAS/IFRS by when do you anticipate the change towards IAS/IFRS?

- 2003
 2004
 2005
 2006
 Later
 Don't know

6. Do you think that the change towards IAS/IFRS will make a difference in:

	A lot	Moderate	Little	None	Don't know
The profit of your company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The assets of your company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The liabilities of your company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. In your opinion, will the change to IAS/IFRS have more advantages or more disadvantages for your hotel?

- More advantages more disadvantages don't know

8. Do you think that IAS/IFRS will offer/offers benefits for your hotel?

A lot	Moderate	Little	No difference	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. How well do you know IAS/IFRS?

Excellent	Working knowledge	Few details	Little	None
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. What is your opinion on the following statements:

	Fully agree	Agree	Neutral	Disagree	Fully disagree
IAS/IFRS is nothing for hotels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS has no added value to hotels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS is better than the Belgian system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS is necessary in an international environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Belgium is too small to have its own accounting system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Which factors have motivated/would motivate you the most to make the change to IAS/IFRS? (Multiple responses possible)

- a. Financial Strategic motives
- b. The possibility to compare numbers
- c. The competition has implemented IAS/IFRS
- d. IAS/IFRS are better than the current system
- e. Pressure of your superiors
- f. The governments' decision to make IAS/IFRS mandatory
- g. Others

12. Where do you think the major problems will be in the implementation of IAS/IFRS? (Only one answer)

- a. The adoption of the internal accounting regulations
- b. The adoption of the IT systems
- c. The training of all the staff to use the system
- d. Others

If you wish to receive the results of the research please indicate your coordinates (e-mail or mailadress)

.....

You can fax this form back on the number 02/757.23.14 or make use of the enclosed envelope. For more information you can always reach me by e-mail at tim.smet@ritz.edu

Etude sur l'implémentation de IAS dans les hôtels belges

1. Combien de chambres compte votre hôtel ?

- 1-25
 25-100,
 plus que 100

2. Dans quelle catégorie se situe votre hôtel ?

- ☆ ☆☆ ☆☆☆ ☆☆☆☆ ☆☆☆☆☆
 Pas de catégorie

3. Votre hôtel fait-il partie d'un groupe coté en bourse?

- Oui
 Non

4. Quels normes comptables sont actuellement appliquées dans votre hôtel?

- IAS/IFRS
 Les normes belges
 Autres

5. Si vous n'avez pas encore adapté les normes IAS/IFRS, quand pensez-vous le faire?

- 2003
 2004
 2005
 2006
 Plus tard
 Sais pas

6. Quel niveau de différence pensez-vous que l'implémentation des normes IAS/IFRS engendrera pour :

	Beaucoup	Modéré	Peu	Rien	Sais pas
Les bénéfices de votre entreprise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L'actif de votre entreprise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Le passif de votre entreprise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Pensez-vous que les normes IAS/IFRS apporteront beaucoup d'avantages à votre hôtel?

Beaucoup d'avantages	Des avantages modérés	Peu d'avantages	Pas d'avantages	Sais pas
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Le changement a-t-il, selon vous, plus des avantages ou plus de désavantages pour votre hôtel ?

- Plus d'avantages Plus de désavantages Sais pas

9. Quel était votre connaissance des normes IAS/IFRS?

Très bien	Bien	Connaissance de base	Au courant de l'existence	Pas
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Quelle est votre opinion sur les thèses suivantes:

	Entièrement d'accord	D'accord	Neutre	Pas d'accord	Absolument pas d'accord
IAS/IFRS ne servent à rien pour les hôtels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS n'ont pas de plus-value pour le secteur hôtelier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS sont meilleurs que les normes belges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS sont nécessaires dans un marché international	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
La Belgique est trop petite pour créer ses propres normes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Quels facteurs vous motiveraient le plus/ vous ont motivé le plus pour adopter les normes IAS/IFRS? (Plusieurs possibilités)

- a. Motifs financiers/stratégiques
- b. Possibilité de comparer les chiffres dans le groupe
- c. La concurrence qui implémente les normes IAS/IFRS
- d. Les normes IAS/IFRS sont meilleurs que les normes existants
- e. Pression de la direction
- f. La décision du gouvernement d'obliger les normes IAS/IFRS
- g. Autres

12. Quel est, selon vous, le plus grand problème pour l'implémentation des normes IAS/IFRS? (1 réponse)

- a. L'ajustement des directives pour la comptabilité
- b. L'adaptation des systèmes informatiques
- c. La formation de tous les collaborateurs aux normes IAS/IFRS
- d. Autres

Si vous désirez recevoir les résultats de notre étude, veuillez compléter vos coordonnées ci-dessous (adresse postale ou adresse email) :

.....

Veuillez faxer ce formulaire au numéro 02/757.23.14 ou le renvoyer dans l'enveloppe en annexe. Pour plus d'informations vous pouvez me contacter par email à l'adresse suivante: tim.smet@ritz.edu

Onderzoek naar de implementatie van International Accounting Standards in Belgische hotels.

1. Hoeveel kamers telt uw hotel

- 1-25
 25-100
 meer dan 100

2. Hoeveel sterren heeft uw hotel:

- 1 2
 3 4
 5 Geen rating

3. Maakt Uw hotel deel uit van een beursgenoteerde groep?

- Ja
 Neen

4. Welke boekhoudnormen worden momenteel gebruikt door uw hotel?

- IAS/IFRS
 Belgische
 Andere

5. Indien U nog niet overgeschakeld bent op IAS/IFRS tegen wanneer voorziet u een overschakeling?

- 2003
 2004
 2005
 2006
 Later
 Weet niet

6. Denkt U dat het implementeren van IAS/IFRS een reëel verschil zal maken voor:

	Veel	Matig	Weinig	Geen	Weet niet
De winst van uw onderneming	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
De activa van uw onderneming	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
De passiva van uw onderneming	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Heeft de overschakeling in uw opinie meer voordelen of meer nadelen voor uw hotel?

- Meer voordelen Meer nadelen Weet niet

8. Denkt U dat IAS/IFRS voordelen zal bieden/biedt voor Uw hotel?

Vele voordelen	Matige voordelen	Weinig voordelen	Geen voordelen	Weet niet
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Hoe goed was U op de hoogte van IAS/IFRS?

Zeer goed	Goed	Basiskennis	Op de hoogte van het bestaan	Niet
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Wat is Uw mening over volgende stellingen:

	Helemaal akkoord	Akkoord	Neutraal	Niet akkoord	Helemaal niet akkoord
IAS/IFRS is niets voor hotelondernemingen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS heeft geen meerwaarde voor de hotelsector in zijn geheel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS is een beter systeem dan de Belgische normen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IAS/IFRS is nodig in een internationale markt.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
België is te klein om eigen regels op te stellen i.v.m. boekhoudnormen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Welke factoren zouden U het meest motiveren/hebben U het meest gemotiveerd om de overstap naar IAS/IFRS te maken? (meerdere antwoorden mogelijk)

- a. Financieel-Strategische motieven
- b. Mogelijkheid tot vergelijken van cijfers binnen de groep
- c. Competitie die IAS/IFRS implementeert
- d. IAS/IFRS is beter dan bestaande systemen
- e. Druk van directie
- f. De beslissing van de overheid om IAS/IFRS verplicht te maken
- g. andere

12. Waar denkt U dat zich het grootste probleem voor de implementatie van IAS/IFRS bevindt? (slechts een invullen)

- a. Het aanpassen van de beleidslijnen voor de boekhouding
- b. Aanpassingen aan het computersysteem
- c. Het opleiden van alle medewerker voor het gebruik van IAS/IFRS
- d. Andere

Indien U de resultaten van ons onderzoek wenst te ontvangen, gelieve hieronder uw gegevens te vermelden (e-mail of postadres)

.....

U kunt dit formulier steeds terugfaxen op het nummer 02/757.23.14 of gebruik maken van de bijgevoegde enveloppe. Voor verdere inlichtingen kan U mij steeds via e-mail bereiken op tim.smet@ritz.edu

Appendix C: Transcript of the first interview

In this appendix a transcript of the first interview can be found in Dutch, at the end a translation into English is attached. Questions as asked by the researcher are put in bold.

Original interview

Goed laten we beginnen, de bedoeling van het interview van vandaag is om enerzijds de vragenlijst die ik hier bij mij heb en die ik u per e-mail toegestuurd heb door te nemen en anderzijds van de situatie binnen uw hotelgroep te bespreken. Misschien kunnen we beginnen met de vragenlijst. Heeft u algemene opmerkingen ?

Ja, ik denk dat de laatste twee vragen niet echt duidelijke antwoorden geven, ze zijn daarom niet onbelangrijk maar ik denk dat er iets meer uitleg moet gegeven worden over de verschillende opties, ik denk ook dat het niet mogelijk is om deze dingen onder een optie onder te brengen.

Dus er zou een mogelijkheid moeten zijn om meer opties aan te kruisen?

Inderdaad, maar niet alleen dat, ook de antwoorden zouden meer uitleg moeten hebben. Wat bedoelt ge met Financieel strategische motieven?

Motieven die gebaseerd zijn op Financiële voordelen of strategische voordelen bij het invoeren van IAS

Ah zo, ja duidelijk is het voor mij nog niet echt

Deze vraag is overgenomen uit een andere studie en zou in die vorm moeten blijven zodat ik de resultaten kan vergelijken

Tja dan is er niet zo veel aan te doen, ik denk dat het dan wel zal volstaan, misschien zullen sommigen het niet begrijpen en dan die vraag maar overslaan.

Nog iets anders over de vragenlijst?

Ja, ik heb hier nota's gemaakt. Ah ja de omzet, waarom vraagt ge naar de omzet, in België zijn bedrijven niet verplicht om hun omzet te rapporteren. Ik denk dus dat hotels niet graag hun omzet gaan laten weten en dat er dan niemand gaat antwoorden op de hele vragenlijst. Maar wat moet ge juist weten?

Wel, de bedoeling is om een idee te hebben van de grootte van de hotels, om zo te kunnen zien of de grootte een invloed heeft op de andere vragen?

Waarom vraagt ge dan niet gewoon naar het aantal overnachtingen die ze gehad hebben , of zelfs nog beter het aantal kamers dat ze hebben. Als ge naar omzet vraagt om de grootte te vinden van een hotel gaat dat dan niet beïnvloed worden door de luxe van dat hotel? Ik denk dat het aantal kamers beter is.

Ja er zou inderdaad een invloed zijn van de luxe van een hotel op de omzet.

Ja en niet alleen van het niveau van luxe, maar ook van de extra activiteiten die een hotel heeft, denk maar aan het verschil tussen een hotel met of zonder restaurant. Die gaan een verschillende omzet hebben, maar zijn die daarom groter. Da weet ik zo nog niet.

Dus het aantal kamers als factor. Ik zou dat best denk ik indelen in klein, midden en grote hotels. Enig idee?

Ik ben meer thuis in Europese hotels in het algemeen en ik denk dat die iets groter zullen zijn dan Belgische, ik zou zeggen iets rond de 20-25 kamers voor kleine hotels en meer dan honderd dan hebt ge toch al een redelijk groot hotel.

Nog iets in uw notities?

Ja, vragen zeven en acht. Ik denk niet echt dat ge die moet vragen, mensen hebben volgens mij in het algemeen een negatieve kijk op veranderingen. Persoonlijk zou ik ook liever verder gaan zonder al die aanpassingen, het brengt alleen extra werk mee en de voordelen zijn beperkt. Wilt da daarom zeggen dat mijn werkgever niet gebaat is bij die veranderingen, da weet ik zo nog niet. Ik denk ook dat ge daarmee vele mensen gaat afschrikken omdat de vraagstelling nogal direct is.

Ja, maar het is juist de bedoeling om de opinie van de personen die de implementatie moeten ondergaan te kennen, niet van de opinie van een investeerder of een bankier te weten, dan zou ik het aan hen moeten vragen.

Ja, enfin ge ziet maar hé. Ik zou het er uit laten maar het is aan u natuurlijk.

Nog iets in de nota's?

Neen dat is het, voor de rest denk ik dat het er goed uitziet, laat mij iets weten hoe het er mee gegaan is.

Ok zal ik zeker doen. Kunnen we nu iets meer over uw werkgever en de manier dat IAS hier tot uiting komt spreken.

Ja natuurlijk. Dat is hier eerlijk gezegd nogal een catastrofe voor de moment. Ik krijg hier in Brussel alle gegevens binnen van alle hotels, we hebben hier dan een aantal computerprogramma's die de cijfers per land samenbrengen en die worden dan naar Kopenhagen gestuurd om daar omgezet te worden in IAS, we hebben ginder een groep van drie man die dag in dag uit niks anders doen als dat voorbereiden en uitvoeren. We publiceren elk half jaar volledige internationale resultaten en elk kwartaal een rapport over de vooruitgang. Die groep in Kopenhagen doet dat allemaal, maar gebruikt daarvoor nog is serieus wat kapitaal voor de externe accountant. Ik doe hier enkel de Europese cijfers en stuur die door. We krijgen dan van Kopenhagen een geconsolideerd resultaat door in IAS vorm. Ik ken daar persoonlijk bitter weinig van, maar ik denk wel dat nu we intern ook in IAS gaan rapporteren ik mij daar toch is ga in moeten bijscholen.

Wanneer gaan jullie overschakelen naar IAS?

Momenteel gebruiken we al IAS sinds twee jaar, dat is wat die gasten in Kopenhagen doen.

Neen ik bedoelde intern?

Intern, daar heb ik geen idee van, ik denk dat dat geleidelijk aan zal gaan, we zouden daar aan moeten beginnen tegen het einde van het jaar. Waarschijnlijk gaan we eerst in onze Belgische hotels de implementatie doorvoeren. We hebben drie hotels in België en die zijn altijd de sigaar, onze Europese hoofdzetel is in België en we testen dus altijd alles uit in die hotels.

Hoe zijn die hotels in België gestructureerd?

Ze hebben elk een aparte rechtspersoonlijkheid en functioneren grotendeels onafhankelijk op het niveau van boekhouding, operationeel zijn ze echter meer geïntegreerd. Als ge nu aan de boekhouders in die hotels iets zou gaan vragen over IAS, als zij die vragenlijst zouden voorgeschiedt krijgen denk ik dat ze er wel iets zouden van af weten maar eerlijk gezegd niet veel. We gaan echter waarschijnlijk vanuit het hoofdkantoor een soort van opleiding geven over IAS en over wat er zou moeten veranderen in hun intern systeem van boekhouden, maar dat zijn verre toekomstplannen.

Iets meer in detail nu over IAS en de vragen in de lijst ook? Denkt U dat IAS voordelen heeft ?

Ik zou het eerlijk gezegd niet weten. Op het eerste zicht zou ik zeggen van wel omdat het mijn job gemakkelijker zou maken, maar of het voordelen heeft voor het geheel dat zou ik niet weten. Ik kan echter wel eens bellen naar onze externe auditor/consultant om te zien of hij U met die specifieke vragen verder kan helpen.

**Oh bedankt, dan zal ik daar met meer specifieke vragen te raden gaan.
Dan rest mij nog U te bedanken voor het interview.**

English translation

Okay let's start; the intention of today's interview is first to go through the questionnaire that I have here and that I have send you by e-mail a couple of days ago and secondly to discuss further on the situation at an accounting level within your group. Let us start of with the questionnaire, do you have any general comments ?

Yes, I think that the use of words is not very clear in the last two questions, I don't mean that they are unimportant or anything but I think ther should be some more explanation with the different answers, I don't think you could bring all these things under one option.

So it should be possible to answer multiple options?

Indeed, but not only that, the answers should be clearer or should have some explanation. For example what do you mean with financial strategic motives ?

Motives that are based on financial advantages or strategical advantages at the implementation of IAS.

Yeah well, I think you should rethink the phrasing of the answers.

I took this question from another questionnaire so it should remain in this form in order to be able to compare the results afterwards.

Well then I guess you could leave it like that, I should do, the answers give an impression of what is meant, and if some people don't understand the question they can still skip it.

Anything else on the questionnaire?

Yes I made some notes here. Oh yes the revenue, why do you ask for the revenue, Belgian companies are not used to disclosing any revenue so I think they will not be very keen on giving you there revenue. It could be that this question makes sure that no one will answer to the whole questionnaire just because they don't want to disclose their revenue.

Well, the idea behind this question is to determine the size of the hotels, to be able to see like that what the influence is of the size on the other answers.

Why don't you just ask them for the total number of stays they have had, or maybe even better the number of rooms they have. If you ask for revenue to find the size luxurious hotels will be bigger than others. I personally think that the number of rooms would be better to ask.

Yes there would be an influence of luxury level on the revenue of a hotel.

Yes and not only of luxury but also from extra activities organized by a hotel like a restaurant. Is a hotel with a restaurant bigger than one without? I don't know

So the number of rooms will be used as a factor. I think I should make a division between small medium and big hotels.

I am more used to European hotels and I think they are somewhat bigger; but I think that you could use more than a hundred rooms as big and I would say something between 20-25 rooms as small.

Anything else in your notes?

Yes, questions seven and eight. I don't really think you should ask them, people have a general negative look on changes. Personally I would like to continue the way I am doing it for years, there is only extra work due to change. Does this mean that my employer has no benefit from it? I am not so sure about that. I also think it might scare some people of because the questioning is kind of direct.

Yes but it is the idea to get the opinion of the people whom have to undergo the change, not to have the opinion of a banker or an investor. In that case I would have to ask them.

Yes well it's up to you. I would leave them out.

Anything else in your notes?

No that is it, I think the rest looks ok, let me know something of how it is finished off.
Tim Smet

Ok I will certainly do that. Can we talk now a little about your employer and the way he implements IAS?

Yes of course. For the moment it is some kind of a catastrophe here. I get all the data here in Brussels, then we use some different computer programs to get all the figures together per country and these are then sent to Copenhagen where they are converted into IAS. They have a group of three people that are not doing anything else for the whole year than preparing and executing the conversion. Well they do it four times a year, two complete reports and two interim reports. These people in Copenhagen are doing all that, but are also using some external consultants to get the job done. I only do the European figures here and send them. In the end we get the final report and figures back from Copenhagen in an IAS format. I know only little about the conversion but I think we will get some internal training on that pretty soon.

When will you make the transfer to IAS?

For the moment we use IAS since two years, that is what the people in Copenhagen do.

I meant internally

Internally, I don't have a clue, I think it will be a long process; it should start by the end of this year. Probably the first introduction would be in our Belgian hotels. We have three hotels in Belgium and as our European headquarter is in Brussels everything gets tested out in these hotels first.

How are these Belgian hotels structured, on an accounting level?

They are run as separate businesses and each reports its own results. Their accounting is mostly independent, using some regulations set out by the company. Operationally they are more tightly integrated. If you would ask some of our accountants in the hotels something about IAS, if they would for example get to answer this questionnaire I don't think they would know a lot about it honestly. We will need to organize some form of training for the different hotels on IAS in general and the implementation they need to do at the hotel level. But these are plans for the far future.

Some more detail now about IAS and about the questions in the list as well? Do you think IAS has advantages?

I honestly would not know. At first sight I would say yes because it might make my job easier, but if it has any advantages for the company, I would not know. I could call our external consultant to see if he can help you with the specific questions, I am not that comfortable giving you help on the topic.

**Oh thanks, I will talk to him about the specifics than.
I would like to thank you for the interview ...**

Appendix D : statistics used in the research.

Current norms used

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
How many rooms does your hotel have * What are the current norms used ?	55	100,0%	0	,0%	55	100,0%
What Category is your hotel in * What are the current norms used ?	55	100,0%	0	,0%	55	100,0%
Is your hotel quoted on the stock market ? * What are the current norms used ?	53	96,4%	2	3,6%	55	100,0%

How many rooms does your hotel have * What are the current norms used ?

Crosstab

Count

		What are the current norms used ?			Total
		IAS/IFRS	Belgian norms	Other	
How many rooms does your hotel have	1-25		26		26
	25-100		19		19
	more than 100	1	7	2	10
Total		1	52	2	55

Symmetric Measures

		Value	Approx. Sig.
Nominal by	Phi	,510	,006
Nominal	Cramer's V	,360	,006
N of Valid Cases		55	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

What Category is your hotel in * What are the current norms used ?

Crosstab

Count

		What are the current norms used ?			Total
		IAS/IFRS	Belgian norms	Other	
What Category is your hotel in	1 star		4		4
	2 stars		5		5
	3 stars		20		20
	4 stars		22	1	23
	5 stars	1	1	1	3
Total		1	52	2	55

Symmetric Measures

		Value	Approx. Sig.
Nominal by	Phi	,700	,001
Nominal	Cramer's V	,495	,001
N of Valid Cases		55	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

Is your hotel quoted on the stock market ? * What are the current norms used ?

Crosstab

Count

		What are the current norms used ?			Total
		IAS/IFRS	Belgian norms	Other	
Is your hotel quoted on the stock market ?	No		45		45
	Yes	1	5	2	8
Total		1	50	2	53

Symmetric Measures

		Value	Approx. Sig.
Nominal by	Phi	,581	,000
Nominal	Cramer's V	,581	,000
N of Valid Cases		53	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

Timing of implementation

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
How many rooms does your hotel have * When are you intending to implement the new norms?	49	89,1%	6	10,9%	55	100,0%
What Category is your hotel in * When are you intending to implement the new norms?	49	89,1%	6	10,9%	55	100,0%
Is your hotel quoted on the stock market ? * When are you intending to implement the new norms?	47	85,5%	8	14,5%	55	100,0%

How many rooms does your hotel have * When are you intending to implement the new norms?

Crosstab

Count

		When are you intending to implement the new norms?					Total
		2004	2005	2006	Later	don't know	
How many rooms does your hotel have	1-25	1	1	1	1	20	24
	25-100				1	17	18
	more than 100		1		1	5	7
Total		1	2	1	3	42	49

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Phi	,346			,662
	Cramer's V	,245			,662
Ordinal by Ordinal	Kendall's tau-c	,004	,092	,041	,967
N of Valid Cases		49			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

What Category is your hotel in * When are you intending to implement the new norms?

Crosstab

Count		When are you intending to implement the new norms?					Total
		2004	2005	2006	Later	don't know	
What Category is your hotel in	1 star	1				3	4
	2 stars					5	5
	3 stars		2	1	2	13	18
	4 stars				1	20	21
	5 stars					1	1
Total		1	2	1	3	42	49

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Phi	,617			,289
Nominal by Nominal	Cramer's V	,308			,289
Ordinal by Ordinal	Kendall's tau-c	,097	,063	1,541	,123
N of Valid Cases		49			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Is your hotel quoted on the stock market ? * When are you intending to implement the new norms?

Crosstab

Count		When are you intending to implement the new norms?					Total
		2004	2005	2006	Later	don't know	
Is your hotel quoted on the stock market ?	No	1	1	1	3	35	41
	Yes		1			5	6
Total		1	2	1	3	40	47

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Phi	,262			,521
Nominal by Nominal	Cramer's V	,262			,521
Ordinal by Ordinal	Kendall's tau-c	-,014	,076	-,190	,850
N of Valid Cases		47			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Knowledge on IAS/IFRS

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
How many rooms does your hotel have * How well do you know IAS	55	100,0%	0	,0%	55	100,0%
What Category is your hotel in * How well do you know IAS	55	100,0%	0	,0%	55	100,0%
Is your hotel quoted on the stock market ? * How well do you know IAS	53	96,4%	2	3,6%	55	100,0%

How many rooms does your hotel have * How well do you know IAS

Crosstab

Count

		How well do you know IAS				Total
		Working knowledge	Few details	Little	None	
How many rooms does your hotel have	1-25		2	8	16	26
	25-100	1	1	9	8	19
	more than 100	1	4	3	2	10
Total		2	7	20	26	55

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Phi	,489			,041
	Cramer's V	,346			,041
Ordinal by Ordinal	Kendall's tau-c	-,315	,113	-2,785	,005
N of Valid Cases		55			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

What Category is your hotel in * How well do you know IAS

Crosstab

Count

		How well do you know IAS				Total
		Working knowledge	Few details	Little	None	
What Category is your hotel in	1 star		2		2	4
	2 stars			1	4	5
	3 stars		1	6	13	20
	4 stars	1	3	13	6	23
	5 stars	1	1		1	3
Total		2	7	20	26	55

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Phi	,685			,011
	Cramer's V	,395			,011
Ordinal by Ordinal	Kendall's tau-c	-,271	,112	-2,407	,016
N of Valid Cases		55			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Is your hotel quoted on the stock market ? * How well do you know IAS

Crosstab

Count		How well do you know IAS				Total
		Working knowledge	Few details	Little	None	
Is your hotel quoted on the stock market ?	No	1	4	18	22	45
	Yes	1	3	2	2	8
Total		2	7	20	24	53

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Phi	,373			,061
	Cramer's V	,373			,061
Ordinal by Ordinal	Kendall's tau-c	-,212	,123	-1,731	,083
N of Valid Cases		53			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Impact on profit Frequencies

Statistics

What difference will IAS make to your profit ?

N	Valid	23
	Missing	32

What difference will IAS make to your profit ?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Moderate	3	5,5	13,0	13,0
	Little	8	14,5	34,8	47,8
	No difference	12	21,8	52,2	100,0
	Total	23	41,8	100,0	
Missing	System	32	58,2		
Total		55	100,0		

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
What difference will IAS make to your profit ?	23	2	4	3,39	,722
Valid N (listwise)	23				

**Impact on assets
Frequencies**

Statistics

What difference will IAS make to your assets

N	Valid	24
	Missing	31

What difference will IAS make to your assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A lot	2	3,6	8,3	8,3
	Moderate	6	10,9	25,0	33,3
	Little	7	12,7	29,2	62,5
	No difference	9	16,4	37,5	100,0
	Total	24	43,6	100,0	
Missing	System	31	56,4		
Total		55	100,0		

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
What difference will IAS make to your assets	24	1	4	2,96	,999
Valid N (listwise)	24				

Impact on liabilities **Frequencies**

Statistics

What difference will IAS make to your liabilities ?

N	Valid	23
	Missing	32

What difference will IAS make to your liabilities ?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Moderate	5	9,1	21,7	21,7
	Little	8	14,5	34,8	56,5
	No difference	10	18,2	43,5	100,0
	Total	23	41,8	100,0	
Missing	System	32	58,2		
Total		55	100,0		

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
What difference will IAS make to your liabilities ?	23	2	4	3,22	,795
Valid N (listwise)	23				

Advantages of IAS/IFRS **Frequencies**

Statistics

Do you think that IAS will bring you advantages ?

N	Valid	25
	Missing	30

Do you think that IAS will bring you advantages ?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Moderate	6	10,9	24,0	24,0
	Little	9	16,4	36,0	60,0
	No difference	10	18,2	40,0	100,0
	Total	25	45,5	100,0	
Missing	System	30	54,5		
Total		55	100,0		

Descriptives

Descriptive Statistics

	N	Mean
Do you think that IAS will bring you advantages ?	25	3,16
Valid N (listwise)	25	

Motivation

Multiple Response

Group \$MOTIVAT
(Value tabulated = 1)

Dichotomy label	Name	Count	Pct of Responses	Pct of Cases
Financial Stategical motives	Q11.1	10	15,9	23,8
Possibility to compare numbers	Q11.2	8	12,7	19,0
The competition has implemented IAS	Q11.3	11	17,5	26,2
IAS norms are better than the current on	Q11.4	4	6,3	9,5
Pressure of the superiors	Q11.5	1	1,6	2,4
The governments desicion to make IAS man	Q11.6	29	46,0	69,0
		-----	-----	-----
	Total responses	63	100,0	150,0

13 missing cases; 42 valid cases

Issues in the implementation **Multiple Response**

Group \$ISSUES
(Value tabulated = 1)

Dichotomy label	Name	Count	Pct of Responses	Pct of Cases
The adoption of the accounting regulatio	Q12.1	13	25,5	32,5
The adoption of the IT systems	Q12.2	17	33,3	42,5
The training of the staff to use the sys	Q12.3	21	41,2	52,5
		-----	-----	-----
	Total responses	51	100,0	127,5

15 missing cases; 40 valid cases

Appendix E : Frequencies, descriptives and data (SPSS)