

Talal Abu-Ghazaleh & Co. International



CONSULTING SERVICES

For conversion to IFRS for SMEs

As required by SOCPA



A Member Of

Talal Abu-Ghazaleh Organization

IFRS Conversion is Coming!!!!

(A key success factor of the IFRS conversion projects is to start as early as possible)

IFRS Conversion experience in Europe, as well as Asia and Australia, shows that conversion projects often take more time and resources than anticipated. Historically, that has led some companies to rush and risk mistakes or outsource more work than necessary, driving up costs and hindering the embedding of IFRS knowledge within the company.

Adopting IFRS will likely impact key performance metrics, requiring thoughtful communications plans for the Board of Directors, shareholders and other key stakeholders. Internally, IFRS could have a broad impact on a company's infrastructure, including underlying processes, systems, controls, and even customer contracts and interactions.



The Requirement “IFRS for SMEs”

Starting from 1st January 2017 all Saudi companies with public accountability (including listed companies) are required to adopt and file their financial statements using the full version of IFRS, whereas all other companies may apply IFRS for SMEs, starting from 1st January 2018.

Keeping in view the complex nature of international standards, SOCPA followed the international trend in developing two sets of accounting standards, the first one represents converged standards applied to publicly accountable entities (such as listed companies), while the second set, representing topics covered by accounting standards for all non-publicly accountable entities i.e. small and medium size entities (SMEs)

Recently, SOCPA (Saudi Organization of Certified Public Accountants) endorsed IFRS for SMEs (the “Standards”) with few modifications that are to be used by all non-publicly accountable entities.

Overview of “IFRS for SMEs”

IFRS for SMEs was issued in July 2009 and it provides a self-contained framework for those entities eligible to prepare financial statements. It is an alternative, rather than a supplement, to compliance with full IFRS. SMEs are entities that:

- ▶ Do not have **public accountability**; and
- ▶ Publish **general purpose financial statements** for external users

Some topics in the full version of IFRSs are irrelevant to SMEs and do not serve the needs of its financial statements users. Hence, IFRS for SMEs is based on full IFRS with modifications to reflect the needs of users of SMEs financial statements and cost-benefit considerations. IFRS for SMEs contains five types of simplicities as compared to full version of IFRSs:

- ▶ Some topics of full version of IFRSs are omitted because they are not relevant to typical SMEs;
- ▶ Some accounting policy options in full version of IFRSs are not allowed because a more simplified method is available to SMEs;
- ▶ Simplification of many recognition and measurement principles that are in full version of IFRSs;
- ▶ Substantially fewer disclosures; and
- ▶ Simplified redrafting

For the IFRS convergence, closing balances in the statement of financial position of the entities as of 31 December 2016 will be used to prepare IFRS Opening Statement of Financial Position as of 01 January 2017 along with application of Section 35 *Transition to the IFRS for SMEs*, which will result in:

- ▶ Changes in accounting policies
- ▶ De-recognition of some previous SOCPA assets and liabilities
- ▶ Recognition of some assets and liabilities not recognized under SOCPA
- ▶ Reclassifications
- ▶ Profit and equity reconciliations
- ▶ Additional disclosures

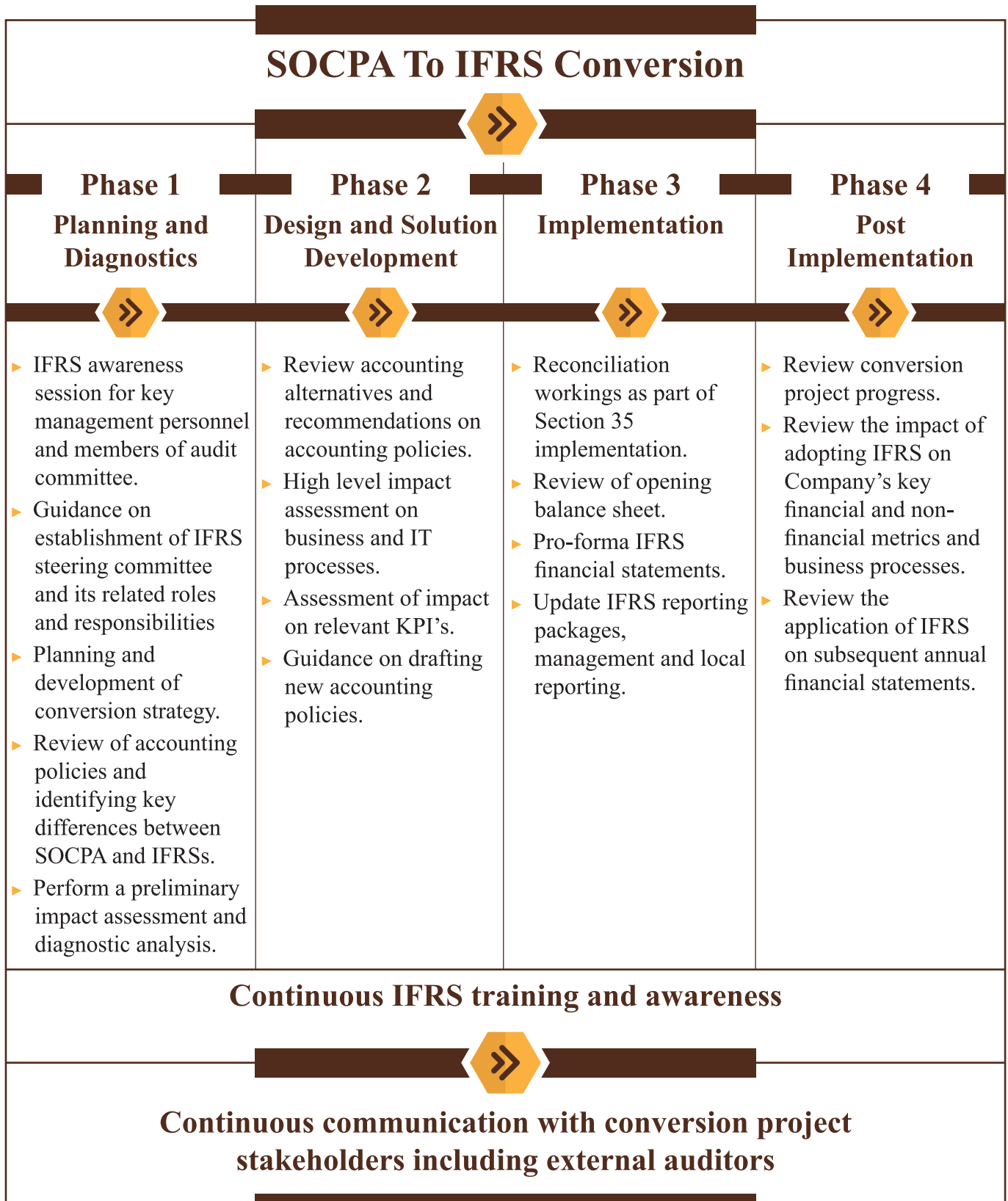
List of Activities & IFRS Conversion Time Frame

-  **Gap Analysis**
-  **Analysis & Selection of Appropriate Accounting Policies**
-  **Assets, Liabilities & Equity Reconciliations**
-  **Proforma Opening Statement of Financial Position**
-  **Annual IFRS Complied Financial Statements**



OUR METHODOLOGY

The methodology has been developed by us for smooth transition from SOCPA to IFRS. It not only deals with the core convergence issues, but also with the issues surrounding the convergence.





About HE Dr. Talal Abu-Ghazaleh

Born on April 22, 1938, Dr. Abu-Ghazaleh is the Founder and Chairman of the Talal Abu-Ghazaleh Organization (TAG-Org) that was established in 1972 to become a global leading provider of professional and educational services operating out of 85 offices worldwide.

He is often referred to as the godfather of the Arab accounting profession and is considered one of the most influential leaders in the world in various fields including Intellectual Property, Management, Information Technology, and Law.



About TAG-Org

The Talal Abu-Ghazaleh Organization (TAG-Org) is the largest global group of professional service firms in the fields of Accounting External Audit, Internal Audit, Corporate Governance, Taxation, Educational Consultancy, Economic and Strategic Studies, Management Advisory Services, Professional and Technical Training, Technology Transfer Project Management, Real Estate Management, Investors and Business Advisory Services, Human Resources and Recruitment Services, E-Government, E-Commerce, E-Education, IT and Security Audit, Web Design, Professional Interpretation and Translation, Website Arabization, Domain Names Registration, ICT Strategic Planning, ERP Consulting Services, IT and Internet Skills Training and Examinations, Intellectual Property News Agency, IP Business and Asset Valuation and Branding Services, IP Registration and Protection, Intellectual Property Renewals, IPR Protection and Management, Legal Services, and Public Offering.

TAG-Org operates out of 85 offices worldwide.

Operating, in particular, in the Arab region - an area of the world that is experiencing radical and unprecedented change- TAG-Org is well aware of and experienced in all aspects of the regional economic environment, including the social and regulatory factors governing it. We recognize the need to systematically develop Arab institutions in order to build a solid future. TAG-Org is meeting this challenge by providing highly experienced specialists who anticipate economic and social trends and evaluate alternatives to determine the most creative solutions for both present and future challenges.

TAG-Org has acquired an outstanding record of success among its clients, which include important agencies, international and Pan-Arab governmental funding organizations, as well as leading companies in banking, industry, insurance and commerce. We have successfully assisted these clients with complex business and management decisions involving people, equipment, facilities and capital.

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