

طالال أبو غزالة وشركاه الدوليّة  
Talal Abu-Ghazaleh & Co. International



# IFRS TRANSITION SERVICES

PROVIDED BY  
TALAL ABU-GHAZALEH & CO.



TALAL ABU-GHAZALEH & CO.

A MEMBER OF  
TALAL ABU GHAZALEH ORGANIZATION

## Conversion is coming !!!!

- 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

Starting from 1st January 2017 all Saudi listed companies are required to adopt and file their financial statements under IFRS, whereas for all other companies, this date is 1st January 2018.

For the said convergence:

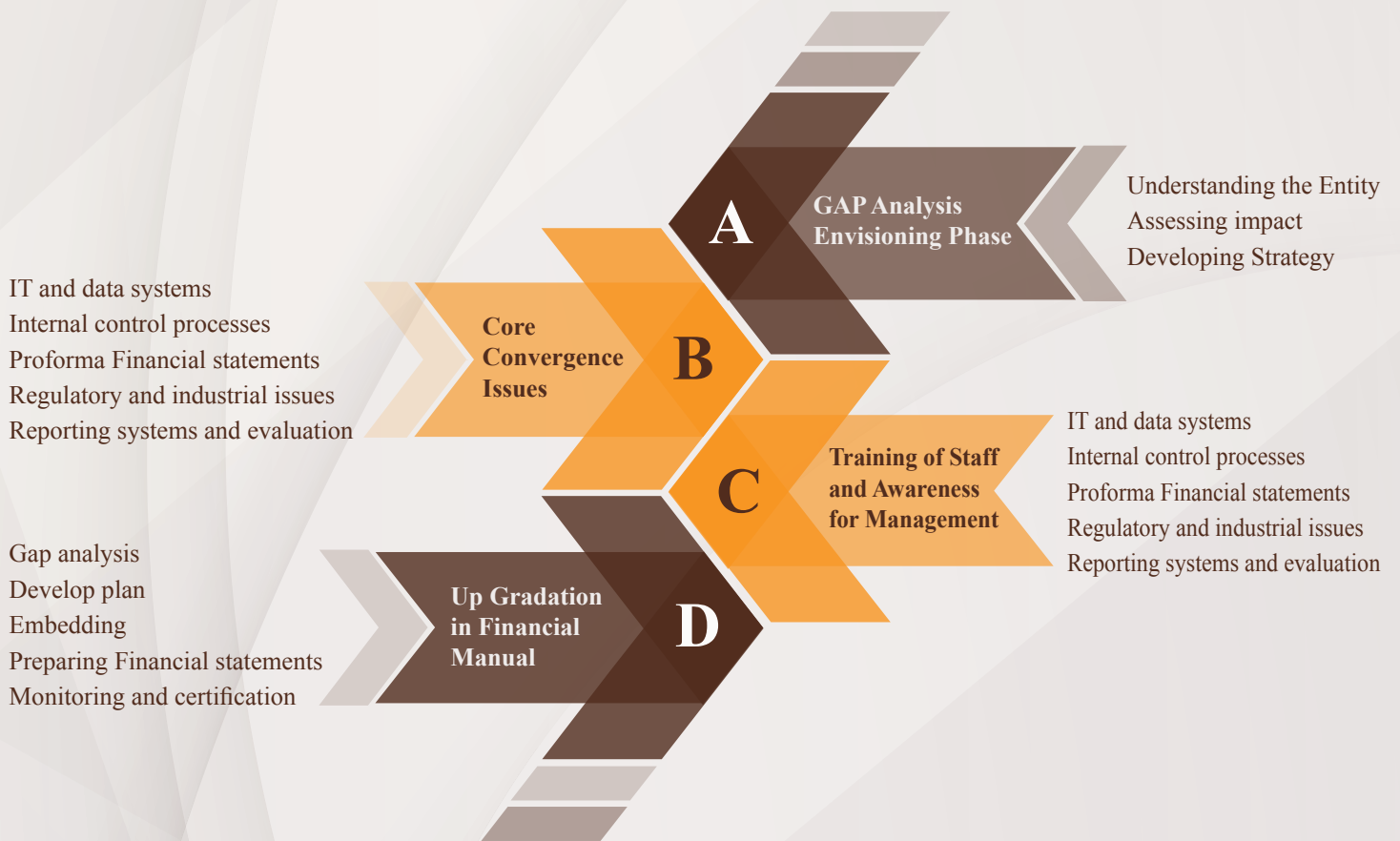
Closing balances in balance sheet for 31st December 2015 will be used to prepare IFRS Opening Balance Sheet for 2016 along with application of IFRS1 (First Time Adoption of IFRS) and 15 IFRSs, 26 IASs and several other IASBs interpretations which will result in:

- Changes in accounting policies.
- Derecognition of some previous SOCPA assets and liabilities.
- Recognition of some assets and liabilities not recognized under SOCPA
- Reclassifications
- Profit and equity Reconciliations.
- Additional disclosures

Listed Companies would need to start preparing IFRS Interim financial statements in Q1 2016 in order to have comparative figures for the 2017 financials. In 2016, companies would still issue SOCPA interim financial statements for Q1 through Q4.

## Services we provide for IFRS transition

- GAP analysis to identify differences between the Company's existing SOCPA accounting standards and IFRS requirements.
- Identification of assessments of likely impacts on IT systems and modifications necessary to facilitate appropriate data collection to satisfy all IFRS Disclosure requirements.
- Identification of expected main business operation impacts from IFRS conversion with specific reference to :
  - Management information systems together with the changes required to be implemented in Entity Recourse Planning.
  - Tax / Zakat implications.
  - Management accounts and internal reporting changes.
  - Impact on Financial ratios.
  - Effect on cash flows.
  - Effect on Debt covenants.
- Identifying resources required by the company for the IFRS transition, during dual financial reporting period and after full transition, together with Transition Milestones for IFRS conversion and respective time schedules.
- Establish and incorporate changes in accounting policies, accounting treatments, accounting entries, consolidation processes and financial statement disclosures to bridge the identified gaps
- Changes in financial reporting packages to be sent to the subsidiaries to facilitate consolidation process.
- Local laws and regulations conflicts with IFRS and resolving them.
- Developing IFRS transition Project management strategy ensuring smooth transition.
- Preparation of IFRS compliant financial statements (Quarterly and annually) after embedding IFRS along with reconciliations with existing financial statements.
- Preparation of a detailed checklist guiding implementation actions for IFRS transition.
- Mentoring and supervising first year implementation of IFRS transition.
- Develop, schedule and deliver training of staff related to transition process and newly adopted IFRS principles.
- Incorporating changes in Chart of accounts.
- Identifying and incorporating changes in procedures manuals and flow charts to cope with the transition to IFRS.
- Identification and resolution of any relevant industry-specific issues.
- Providing detailed future action list after IFRS Transition.
- Providing a written confirmation/certificate that financial statements are IFRS compliant.

**Our methodology for IFRS transition**
**(SOCPA TO IFRS)**


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