

## Circular

**Subject: Application of the Full IFRS Accounting Standards by Not-For-Profit Entities (NFPs)**

### **Messrs. Certified Public Accountants,**

Having examined whether an NFP could apply the full IFRS Accounting Standards (instead of the IFRS for SMEs Accounting Standard), along with the Accounting Standards for Not-for-Profit Entities issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) with respect to matters not covered by the Accounting Standards for Not-for-Profit Entities and, in subsequent periods, revert to applying the SMEs Accounting Standard;

**SOCPA's Accounting Standards Committee has decided that an NFP that prepares general purpose financial statements may apply recognition, measurement and disclosure requirements of the full IFRS Accounting Standards (instead of the SMEs Accounting Standard) along with the Accounting Standards for Not-for-Profit Entities issued by SOCPA with respect to matters not covered by the Accounting Standards for Not-for-Profit Entities, provided that the NFP:**

- 1. applies all IFRS Accounting Standards that are applicable to it; and**
- 2. continues to apply the full IFRS Accounting Standards and doesn't revert to applying the SMEs Accounting Standards unless a significant change in its status occurs such that the high costs and efforts for the preparation of financial statements in accordance with the full IFRS Accounting Standards are no longer justifiable when compared to those for the preparation of financial statements in accordance with the SMEs Accounting Standards. For example, when an NFP undergoes a material restructuring leading to a significant reduction in its operations, the high costs and efforts for the preparation of financial statements in accordance with the full IFRS Accounting Standards would not be justified by the corresponding benefit.**

For your information and to act accordingly.

Kind Regards,

**Secretary General**

**Dr. Ahmed Almeghames**