

CHALLENGES AND BENEFITS ENCOUNTERING THE IMPLEMENTATION OF IFRS IN SAUDI ARABIA: A ROAD MAP

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ABSTRACT

This research focuses on the challenges and benefits encountering the implementation of IFRS in the Kingdom of Saudi Arabia. Many possible effects can be recognized, and many motives exist for countries adopting IFRS. In today's global business environment, the application of a single system of accounting can enhance the understanding of financial statements, allowing for more effective comparison and consequently facilitate movement of capital and increase economic development. The adoption of IFRS can be associated with difficulties and costs for different countries worldwide and Saudi Arabia is not different. Our research is based on quantitative method to record findings and assess impacts of the implementation of IFRS. Primary data was acquired through interviews. From the findings of this research, we can conclude that implementation of IFRS would increase the level of transparency, efficiency and reduced forecasting errors, satisfaction associated with accounting in multinational companies and enhancing diversity in the economy of Saudi Arabia.

Keywords: IFRS, Saudi Arabia, Earnings Management.

INTRODUCTION

Saudi Arabia joined other countries in implementing the International Financial Reporting Standards (IFRS) since January 1st, 2017. The Saudi Arabian Monetary Authority (SAMA) now requires all listed and unlisted banks and insurance companies to use IFRS, but all other entities, irrespective of their size, are required to use the local GAAP as issued by SOCPA (Almansour, 2019). Studies regarding the implementation of IFRS in Saudi Arabia are quite limited. Some studies have attempted to address the fundamental problems which may be experienced in the process of implementing IFRS (Almotairy & Alsalman, 2011). According to them, Saudi Arabia stands out among the GCC countries not in need of IFRS for all its beneficiary companies. In fact, in support of this statement, Alqahtani, (2010) study has revealed that only companies listed with the Saudi Arabia Stock Exchange are eligible to implement IFRS while others are not allowed. The companies that have been allowed must follow the regulations of the Saudi Accounting Standards (SAS) as issued by SOCPA. Saudi Arabia has been implementing IFRS in the country to enhance the performance of the accounting systems. The process of implementation of IFRS has been facing a lot of problems which have captured the interest of researchers. Saudi Arabia implemented IFRS to improve transparency and financial integrity and to enhance investor's capabilities in making better decisions (Pacter, 2015). There are many challenges that were brought about by the implementation of IFRS in the country. The number of accountants who were professionals was less than the needed accountant to enhance

the implementation of the IFRS. Companies and business owners were also not aware of the importance of implementing IFRS and therefore a lot of time had passed before they could consider including the IFRS in their accounting system (Yamani and Almasarwah, 2019). Due to the many challenges that the country faced in the implementation, the time to fully implement IFRS was long. This study is therefore conducted to increase the awareness of the challenges facing the implementation of IFRS in Saudi Arabia and also potential solutions to these problems in order to accelerate the full implementation of IFRS. This will bridge the gap existing in research and provide more knowledge to help policy makers to move ahead in the implementation of IFRS.

Objectives of the Study

IFRS adoption will hopefully strength all facets of business in Saudi Arabia, including compliance controls, financial information systems, taxes, executive compensation, treasury, regulatory, and cash management. The International Accounting Standards Board (IASB) Chairman Mr. Hans Hoogervorst in a ceremony under the title 'Building Trust', in celebration of SOCPA's 25th anniversary focused on the profession's contribution to Saudi Arabia's Vision 2030, the Kingdom's blueprint for economic reform. The adoption of IFRS will help Saudi Arabia to achieve the goals of Vision 2030 by making the Kingdom a more attractive market for international investors and helps Saudi Arabia to invest worldwide. Saudi Arabia knows there is tremendous changes in the future and is planning to be part and shape changes (Hoogervorst, 2017) states: *"IFRS Standards contribute to economic efficiency. They do that by helping investors to better identify opportunities and risks – in a specific country and across the world. They help improving capital allocation around the world. Your vision of transforming the Public Investment Fund into the world's largest sovereign wealth fund is greatly helped by the adoption of IFRS Standards around the world. Sovereign wealth funds need to invest internationally to build up a diversified and safe portfolio. The spread of IFRS has made this a much less daunting task than in the pre-IFRS world of wildly diverging national accounting standards."*

However, this requires a transformation of employees, processes, and systems. Incorporating high-quality financial reporting can be very difficult, it is essential to prepare and have adequate IFRS management system during transition period.

This study aims at investigating the challenges facing the implementation of IFRS in Saudi Arabia.

The specific objectives of the study are:

- a. To highlights the challenges and benefits facing the adoption and implementation of IFRS in Saudi Arabia.
- b. To establish the possible alternative solution to challenges experienced in IFRS implementation in Saudi Arabia

Hypothesis of the Study

H1: There are differences between opinions of respondents on the challenges and benefits of implementing IFRS system.

H2: There are differences between opinions of respondents about the possible solutions to meet the challenges of implementing IFRS system in Saudi market.

LITERATURE REVIEW

The Kingdom of Saudi Arabia is one of the many nations facing challenges in implementing universal accounting systems as per international standards. The implementation of a unified accounting standards is a challenge for different countries. There are many barriers and challenges such as culture, the level of development of capital markets, the economy and the political systems, which differ considerably amongst countries and therefore represent possible barriers to establishing an accounting system that is appropriate for all countries. SOCPA has been granted a handle over the transition program to detailed accounting's system and surveying models under the authority of the Minister of Commerce and Industry. Using this approach requires a consistent framework to contemplate the general models and see where changes are needed. According to SOCPA, it was noticed that the movement should be implemented bit by bit to allow collaborators enough time to train themselves expertly and efficiently for better development and to achieve the best outcomes (AIMotairy and Stainbank, 2014). In general, many challenges were suggested in the implementation of IFRS such as weakness in accounting educational system and unqualified professional accountants, cost and training associated with transition to IFRS also one of the main problems is that listed companies in Saudi Arabia face is that accountants are unused to exercising professional judgment which is sometimes needed (Kosmala-Maclulich, 2003).

One effect of implementing IFRS is that it will increase the level of transparency in business and enhance comparability. Also, the experiences of implementers during the transitions period of a country can help other countries want to do the same. This can be seen using an early case in Turkey where companies with publicly traded shares were advised to implement IFRS (UNCTAD, 2007). After these companies implemented IFRS, it was noted that transparency increased within their dealings. Also, they would serve as examples to other companies who wanted to implement IFRS later through sharing their experiences with them. The implementation of IFRS by companies led educational institutions changing their curriculum to include courses of IFRS in the undergraduate and post graduate levels. This is because of the complaint's companies used to raise claiming that training employees on the use of IFRS was quite costly to them and therefore it would save costs if graduates left universities already having some knowledge in IFRS. Klimczak and Wachowicz (2017) conducted a survey to explore the attitudes of different groups of accounting information users and other interested parties towards the change of reporting standards in Poland. They found that the adoption of IFRS has increased the comparability and usefulness of financial statements and enhanced the protection of their interests, but it has not contributed to their investment decisions or the possibility to make profit forecasts. In a different perspective, Morris et al., (2014) explore the perceptions of the preparers of 305 Australian company financial reports and argue that preparers reflect concerns about the problems of IFRS implementation and the low level of expected benefits. They show that the primary sources of these concerns about IFRS were the difficulties associated with specific accounting issues, the ongoing monetary costs involved, and the perceived limited capital market impact of the changes introduced.

Daske and Gebhardt (2006) provide evidence that disclosure quality has increased significantly under IFRS in the three European countries they analyse in which firms in Austrian, German and Swiss have already adopted internationally recognized standards (IFRS or U.S. GAAP). According to Byard et al. (2011), a forceful implementation of IFRS by the European Union on the environmental information was a step forward. Also, the forecast errors are likely to reduce further for companies with stronger appeal for transparency in reporting financial

matters. Such findings show the essential roles enforcement bodies play and other incentives at firm-level to establish the impact of IFRS on a forceful platform of operations.

The other effect of implementing IFRS is that it would lead to a satisfying development of practices associated with accounting in multinational companies. According to Hellman (2011), the empirical research from Sweden suggested that global accounting standards seemed to have high quality under IFRS implementation and would lead to other benefits revolving around market-related economy, increased value of the stock market, liquidity increase, and a reduced rate of cost of capital. Lessons from already adopters of IFRS reveal that for effective IFRS adoption requires enabling institutional framework, accounting education and training, efficient capacity building programme to prepare the various stakeholders for the imminent transition and challenges. Everyone has critical roles to play in reaching international integration in the financial reporting process (AlMotairy & Stainbank, 2014). Alsuhaibani (2012) focused on telecommunication sector as it was expected to be one of the main sectors that are going to be affected by the adoption of IFRS. This sector is highly interconnected with other international companies. Telecommunication companies are characterized by the intensity of intangible assets. Mergers between telecommunication companies, information technology, content providers, and media companies are creating other challenges for accounting and financial reporting in this sector. As IFRS tends to favour fair value accounting, Saudi Arabia may face a challenge related to the application of fair value accounting. Alsuhaibani states: *“This is also going to impact the Saudi companies as the measurement of the fair value may be difficult because of the lack of reliable active markets for many assets and because of the shortage in qualified evaluation skills. The use of fair value is expected to give better information for decision making purposes and for the fair calculation of zakat which is a small percentage of the annual savings that Muslim individuals or businesses need to pay for the needy people given that these savings are more than a certain minimum after deducting the necessities and operational costs.”*

In the same vein, Deloitte (2016, 2017) report pointed to the application of IFRS 16 Leases which has been published and is effective for periods beginning on or after 1st January 2019. Companies in the telecoms sector will need to undertake an early assessment of the impact on their results, and if possible, on that of their peers, and to develop a plan for explaining this to their shareholders and other stakeholders. It states: *“The KPIs most frequently used by analysts for telecoms companies are EBIT, EBITDA and capital expenditure. The recognition of a right-of-use asset and lease liability will lead to depreciation, generally on a straight-line basis, and interest expense, which will be front-loaded rather than the straight-line operating expense at present. This will result in an increased EBIT and even more so EBITDA. Our high-level analysis of operating lease disclosures by telecoms companies indicated that the removal of lease costs from operating expenses could result in EBITDA margin increasing by an average of 2.5 percentage points.”*

Almansour (2019) adopting new institutional theory explored external and internal forces that influenced Saudi Arabia banking sector to adopt IFRS, and his study aims to determine the challenges and opportunities which were faced during the adoption process. His study reveals that most of the study participants agreed with SAMA and SOCPA’s decision to adopt IFRS. Indeed, most felt strongly that the standards should have been implemented in early stage in Saudi Arabia and in all sectors, not just some. The findings illustrate that the capital market was a key factor influencing Saudi Arabia to shift from its own standards, and that the greatest perceived benefit of IFRS adoption was an improvement in the quality of financial reporting and reporting transparency. The main obstacles were perceived to be the lack of competent

specialists in Saudi Arabia and the lack of IFRS implementation guidance. Nurunnabi (2017, 2018) study aims to critically evaluate the perceived costs and benefits associated with the adoption of IFRS in Saudi Arabia. Using documentary analysis and interviews with stakeholders who are accountants from companies listed in Saudi Stock Market, auditors from Big 4 and local accountancy firms, and university academics, the study contributes to the literature by concluding that the benefits of IFRS adoption in Saudi Arabia outweigh the costs. He identified various factors such as lack of qualified accountants, extensive rely on auditing firms such as big four, inadequate coverage of IFRS in university education, and a lack of research are identified as major obstacles to the effective implementation of IFRS.

As shown from previous discussion many challenges and opportunities exist from the application of IFRS and this research aims to shed light on challenges facing the implementation of IFRS in Saudi Arabia from different perspectives not only banking and telecommunication sectors and potential solutions to these problems in order to facilitate the full implementation of IFRS.

RESEARCH METHODOLOGY

This research uses quantitative survey. This is a widely used method in business research and allows access to significantly high numbers of participants. The used method aims to give findings on how best IFRS could be implemented in Saudi Arabia. The secondary source of data was obtained from the capital market agents, Saudi Monetary agency members and the Certified Public Accountants (CPAs) in Saudi Arabia. Also, a focus group of this research was managers of financial institutions, companies and Zakat and Taxes specialists who understood IFRS properly and they knew what would happen to companies once IFRS was fully implemented. The collection of data used in-depth interview method. The interviews were unstructured and personal with aims of identifying opinions participants have on IFRS implementation. There was direct contact between the researchers and the interviewees. The sampling was done using simple random method where 100 people were selected to take part in the study. The respondent rate was 79%.

Analysis and Findings

The 79 respondents 53.2% were males whereas 46.8% female. The two genders were almost equal; therefore, the data were not gender biased. Table 1 shows the three levels in management positions whereby 35.4% are in senior level, 48.1% in the middle level, whereas 16.5% in the junior level. Most of the respondents are in the middle level job positions. This indicates that the study considered all the job groups, and most people are usually in the middle level jobs. The results are more based on the opinions of employees in the middle level management as they made the greatest part in the sample.

Management Level	Frequency	Percent	Cumulative Percent
Senior Level	28	35.4	35.4
Middle Level	38	48.1	83.5
Junior Level	13	16.5	100.0
Total	79	100.0	

Table 2 shows obstacles that have an impact on IFRS according to respondents. For instance, it is evident that complicated, ever changing, and expensive to implement account for 19%, 19%, and 13.9% of the obstacles facing IFRS. There are various obstacles for companies to have IFRS in their companies. The most common ones were that IFRS are complicated and IFRS are ever changing which were supported by 19% of respondents each. The other responses include IFRS are expensive to implement, complicated and ever changing. Some had a combination of the above obstacles. In other companies, all the obstacles were presented while in others, there were no obstacles. Companies, which find the obstacles fail to implement the IFRS in their companies and this, make them face many problems, as they do not want to face the challenges. The first interviewee was a CPA who had worked on obtaining a SOCPA certificate a year before the implementation of the IFRS; which means that the material he had to study to get through SOCPA was based on the Saudi GAAP. He expressed his frustration that the certificate will only be renewed five years from receiving the first one and he had no guidance on how to deal with the situation. In his opinion *“I had to self-study in order to understand the changes and remain updated”*. In the same vein, the second interviewee gave a more general overview on the matter. Apparently, at the time of the implementation, there was no awareness raised to the general public. He said, *“if had not been an accountant and had to learn in order to work in compliance with the new regulations, I would have never known about the upcoming change”*.

	Frequency	Percent	Cumulative Percent
IFRS are complicated	15	19.0	19.0
IFRS are ever changing	15	19.0	38.0
IFRS are expensive to implement	11	13.9	51.9
IFRS are complicated & ever changing	8	10.1	62
IFRS are complicated & expensive	4	5.1	67.1
IFRS are ever changing & IFRS are expensive	5	6.3	73.4
All the above	11	13.9	87.3
None of the above	10	12.7	100
Total	79	100.0	

Table 3 shows the measures directly linked to better IFRS. Among the below proposed measures, it is evident that 35.4% of the respondents believe that cooperation of all involved parties, such as the SAMA, CMA (Saudi Arabia) and auditing firms will aid improving IFRS implementation. Companies carry out different measures which they link with IFRS to enhance its performance. Some of the measures include combining tax and other laws with IFRS principles, cooperation of all involved parties, industrial participation of companies and combinations of the above measures. Most companies use the measures of cooperation of all involved parties to enhance the performance of IFRS. These measures are effective, and they enable the companies to successfully adopt IFRS in their companies and to perform them. The third interviewee was with a Zakat/Tax accountant. This person might have been among the most affected from those interviewed and he believes the implementation process could be more smoothly. According to him, the time of the official implementation of the IFRS coincided with the tax filing season. There was a lack of guidance and no easy-access courses with qualified instructors. To make things even worse, the IFRS had a huge impact on the Zakat/Tax

calculation. It was very hard for me to make sure I understood everything, and the Zakat/Tax returns submitted on time before the deadline and are correct. The fourth interviewee was also a Zakat/Tax consultant. He reflected on the post implementation period. Apparently, a year after they learned about the differences between the Saudi GAAP and the IFRS and grew accustomed to those changes, some more changes were introduced to the IFRS – namely IFRS 14 & 16. This presented a new challenge for them, especially when considering the lack of certainty, they faced when they had to apply the changes to the Zakat and tax laws and bylaws. He states I had to run around asking partners, directors, and even the GAZT (General Authority of Zakat and Tax) itself. Yet I received no clear answers and ended up applying the changes without knowing how correct these treatments.

	Frequency	Percent	Cumulative Percent
Combining tax and other laws with IFRS principles	10	12.7	12.7
Cooperation of all involved parties	28	35.4	48.1
Industrial participation of companies	9	11.4	59.5
Combining tax and other laws with IFRS principles & Cooperation of all involved parties	2	2.5	62
Combining tax and other laws with IFRS principles & Industrial participation of companies	6	7.6	69.6
Cooperation of all involved parties & Industrial participation of companies	3	3.8	73.4
All the above options	16	20.3	93.7
None of the above	5	6.3	100
Total	79	100.0	

Table 4 shows the responses on whether implementation of IFRS has an impact on provision of reliable and internationally accepted accounting. The respondents who strongly agreed are 24.1%, the respondents who agreed to the statement were 27.8% respondent. Most of the respondents strongly agreed to the statement, which means that the implementation of IFRS has an impact on provision of reliable and internationally accepted accounting. The fifth interviewee was accountant and financial advisor, who had to write long reports to present her opinion and advice. She expressed how IFRS forced her to write even longer reports, especially in the introductory period, in order to clarify the differences to her clients. She mentioned that IFRS had a massive impact on the market in all the sectors from banks to rent to telecom industries; however, I specifically emphasized the effect the implementation had on investments which I think is positive.

	Frequency	Percent	Cumulative Percent
Strongly Agree	19	24.1	24.1
Agree	22	27.8	51.9
Uncertain	14	17.7	69.6
Disagree	17	21.5	91.1
Strongly Disagree	7	8.9	100.0
Total	79	100.0	

Table 5 shows responses towards implementation of IFRS and its role to attract foreign investors due to uniformity in reporting standards. The respondents who strongly agreed to the statement were 27.8%, those who agreed were 19%, those who were uncertain were 26.6%, and those who disagreed were 20.3% while those who strongly disagreed were 6.3%. Most of the respondents agreed to the statement indicating that the implementation of IFRS standards help attract foreign investors due to uniformity in reporting standards. Accounting standards ensure the financial statements from multiple companies are comparable.

	Frequency	Percent	Cumulative Percent
Strongly Agree	22	27.8	27.8
Agree	15	19.0	46.8
Uncertain	21	26.6	73.4
Disagree	16	20.3	93.7
Strongly Disagree	5	6.3	100.0
Total	79	100.0	

Table 6 shows whether IFRS adoption and implementation has gained attraction due to changes in posed by globalization and increased cross-border trade. The respondents who strongly agreed were 35.4%, those who agreed were 21.5%, those who were uncertain were 19%, and those who disagreed were 13.9% while those who strongly disagreed were 10.1%. Most of the respondents agreed to the statement. The six interviewees provide an opinion that was unlike all the other opinions received. This person thought that the implementation of the IFRS was a great move forward for Saudi Arabia, since it facilitated foreign investments. This would help in the growth of the economy through diversifying the sources of revenue. However, the only drawback was convincing the elder accounting experts who were change resistant to adapt to the IFRS system.

	Frequency	Percent	Cumulative Percent
Strongly Agree	28	35.4	35.4
Agree	17	21.5	57.0
Uncertain	15	19.0	75.9
Disagree	11	13.9	89.9
Strongly Disagree	8	10.1	100.0
Total	79	100.0	

Table 7 shows whether IFRS adoption and implementation of IFRS standards are reliable in preparation of financial reports than Saudi GAAP. The respondents who strongly agreed to the statement were 22.8%, those who agreed were 25.3%, those who were uncertain were 21.5%, and those who disagreed were 13.9%, while those who strongly disagreed were 16.5%.

Notably, when the p-value is less than the determinant significance level we reject the null hypothesis and conclude that there is mean difference between the groups, otherwise the is no mean difference. As evident, the adoption of IFRS has impact on provision of reliable and internationally accepted accounting, implementation of IFRS standards help attract foreign investors due to uniformity in reporting standards, and IFRS adoption and implantation has

gained attraction due to changes in posed by globalization and increased cross-border trade, recorded p-values less than 0.05. Thus, there is an important difference between the management positions. However, adoption and implementation of IFRS standards is reliable in preparation of Financial reports than Saudi GAAP recorded a p-value greater than 0.05 thus there is no mean difference between the respondent's opinions in the management positions Table 8.

	Frequency	Percent	Cumulative Percent
Strongly Agree	18	22.8	22.8
Agree	20	25.3	48.1
Uncertain	17	21.5	69.6
Disagree	11	13.9	83.5
Strongly Disagree	13	16.5	100.0
Total	79	100.0	

ANOVA				
		Df	F	Sig.
The adoption of IFRS has impact on provision of reliable and internationally accepted accounting.	Between Groups	3	3.427	0.038
	Within Groups	76		
	Total	79		
Implementations of IFRS standards help attract foreign investors due to uniformity in reporting standards.	Between Groups	3	3.366	0.040
	Within Groups	76		
	Total	79		
IFRS adoption and implantation has gained traction due to changes in posed by globalization and increased cross-border trade.	Between Groups	3	5.187	0.008
	Within Groups	76		
	Total	79		
Adoption and implementation of IFRS standards is reliable in preparation of Financial reports than Saudi GAAP.	Between Groups	3	0.001	0.999
	Within Groups	76		
	Total	79		

As evident, the adoption of IFRS has impact on provision of reliable and internationally accepted accounting recorded p-values less than 0.05 thus there is mean difference among the age levels. However, implementation of IFRS standards help attract foreign investors due to uniformity in reporting standards, and IFRS adoption and implantation has gained traction due to changes in posed by globalization and increased cross-border trade, and adoption and implementation of IFRS standards is reliable in preparation of Financial reports than Saudi GAAP recorded a p-value greater than 0.05 thus there is no mean difference among the age groups. Notably, when the p-value is less than the significance level we reject the null hypothesis and conclude that there is mean difference between the gender responses (male and female).

As exhibited all the factors reported p-values greater than 0.05 the null hypothesis is rejected, and we concluded there is no mean difference between male and female. Some of the significance values were 0.109 for adoption and implementation of IFRS standards is reliable in preparation of financial statements than Saudi GAAP, 0.129 for the adoption of IFRS has impact on provision of reliable and internationally accepted accounting, 0.497 for implementation of IFRS standards help attract foreign investors due to uniformity of financial standards and 0.553 for IFRS adoption and implantation has gained traction due to changes in posed by globalization

and increased cross- border trade. The t-values for the variables were both positive and negative where none outweighed the other indicating that the model was moderately fit for the study, as the level of significance was moderate Table 9 and 10.

Table 9				
DIFFERENCES BETWEEN SAMPLE OPINIONS BASED ON GENDER				
ANOVA				
		df	F	Sig.
The adoption of IFRS has impact on provision of reliable and internationally accepted accounting.	Between Groups	4	3.402	0.022
	Within Groups	75		
	Total	79		
Implementation of IFRS standards help attract foreign investors due to uniformity in reporting standards.	Between Groups	4	2.462	0.069
	Within Groups	75		
	Total	79		
IFRS adoption and implantation has gained attraction due to changes in posed by globalization.	Between Groups	4	1.415	0.245
	Within Groups	75		
	Total	79		
Adoption and implementation of IFRS standards is reliable in preparation of financial statements than Saudi GAAP.	Between Groups	4	1.201	0.315
	Within Groups	75		
	Total	79		

Table 10					
LEVENE'S TEST FOR EQUALITY OF VARIANCES					
Levene's Test for Equality of Variances					
		Sig.	t	Df	Sig. (2-tailed)
The adoption of IFRS has impact on provision of reliable and internationally accepted accounting.	Equal variances assumed	0.129	-0.272	77	0.786
	Equal variances not assumed		-0.270	71.350	0.788
Implementation of IFRS standards help attract foreign investors due to uniformity in reporting standards.	Equal variances assumed	0.497	0.273	77	0.785
	Equal variances not assumed		0.272	73.948	0.786
IFRS adoption and implantation has gained traction due to changes in posed by globalization.	Equal variances assumed	0.553	-0.583	77	0.561
	Equal variances not assumed		-0.580	73.864	0.563
Adoption and implementation of IFRS standards is reliable in preparation of financial statements than Saudi GAAP.	Equal variances assumed	0.109	0.339	77	0.735
	Equal variances not assumed		0.344	76.626	0.732

CONCLUSION

The general accepted accounting standards are the commonly used accounting standards before the introduction of IFRS in the Kingdom of Saudi Arabia. The IFRS were recently introduced when the Saudi Organization of Certified Public Accountants requires it as a framework for all listed and unlisted companies to apply the use of IFRS in the preparation of their financial statement. This had its impact on the organizational performance. This research aimed to find the impact of the adoption of IFRS highlighting challenges and possible solutions. The adoption of IFRS had high impact on the entire business environment. The low number of

certified accountants in Saudi Arabia also increased the problem as due to the increased demand of the need for accountants who would be able to use the IFRS in companies. The adoption of IFRS affects the reliability of the accounting data. The use of IFRS made the financial statements more reliable thus acting as an attraction for foreign investors and even local investors. The adoption of IFRS worked to make the operations of the firms in Saudi Arabia global as their financial statements now met the global requirements and the global investors would be able to rely on them. The IFRS adoption met the purpose for which they were meant to diversify the economy of Saudi Arabia from being only oil-based economy by increasing investment in non-oil sector and helps in achieving 2030 vision. There were challenges that made it difficult for some companies to adopt and implement IFRS in Saudi Arabia. These challenges include IFRS being complicated, ever changing and expensive to implement. Companies find it difficult to implement IFRS, as they do not have the experts who would help in preparing financial standards due to the shortage of accounts with the knowledge about IFRS also resistant by elderly accountants who were comfort to old system. For better performance of IFRS, all the involved parties should cooperate and work together. The country should encourage the adoption of IFRS in all sectors as it encourages investment in the country. Small and medium enterprises, which do not fall under the listed companies, should also adopt IFRS to improve their presentation for financial statements. Universities must follow accounting courses based on IFRS to increase the number of accountants in Saudi Arabia informative about IFRS thus lowering the cost companies incur in preparation of their financial statements.

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