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Liquidation Basis Financial Reporting Standard: Principles and Requirements for Recognition, Meas- urement, Presentation and Disclosure

**[Saudi Organization for Chartered and Professional Accountants -
SOCPA]**

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Introduction

- Voluntary Liquidation
- Compulsory Liquidation
 - Judicial Order
 - Legal term
 - Distressed or bankrupt

The need to establish principles and requirements for recognition, measurement, presentation and disclosure in the financial statements of entities that enter into liquidation

Cessation of the applicability of IFRS when an entity enters into the liquidation

- Full IFRSs: “... When an entity does not prepare financial statements on a going concern basis, ~~it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.~~ the full IFRSs shall cease to be applicable and the entity shall prepare its financial statements on the liquidation basis in accordance with the Liquidation Basis Financial Reporting Standard: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure, endorsed in the KSA.”
- IFRS for SMEs: “...When an entity does not prepare financial statements on a going concern basis, ~~it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.~~ the IFRS for SMEs shall cease to be applicable and the entity shall prepare its financial statements on the liquidation basis in accordance with the Liquidation Basis Financial Reporting Standard: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure, endorsed in the KSA.”

Principles of Liquidation Basis Financial Reporting

- Objective of Liquidation Basis Financial Statements
- Going Concern and Imminence of Liquidation
- Legal Unit and Accounting Unit

Liquidation Basis Financial Reporting Standard

- Objective
- Scope
- Imminence of Liquidation
- Basis of Preparation
- Complete Set of Financial Statements
- Initial Recognition and Measurement
 - Consolidated Financial Statements
- Disclosure
- Comparative Information
- Effective Date

Appendices

- Appendix A – Defined Terms
- Appendix B – Basis of Conclusion
- Appendix C – Application Guidance



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