

## PREFACE

### HISTORICAL REVIEW OF THE PROJECT

In mid 1399H. talks were held with H.E. the Deputy Minister of Commerce, Mr. Yousaf Al-Hamdani, at that time. The subject was accounting environment, auditing profession and aspects of its development in Saudi Arabia. At that time, the situation seemed critical and certain deficiencies in the profession were having a more serious impact on the economic and financial activities in the country than was actually recognized. The discussion concluded with an agreement on the necessity of taking practical measures to remedy such deficiencies and to develop the profession in a manner that would enable accountants and auditors to cope with the fundamental changes occurring in this field. Three months later, further discussions on this subject were held with H.E. the Minister of Commerce, Dr. Sulaiman Al Saleem, and it was determined that the profession in Saudi Arabia was not keeping abreast with the changes taking place in the country. However, deficiencies were not clearly identified to allow designing effective solutions. A brief summary of deficiencies which have a general impact on the financial, commercial and economic activities, and also on the level of development of the profession itself being one of the fundamental activities of society is provided in this preface.

2.1

To assist the Ministry in taking appropriate steps for developing the profession, Al-Rashed firm, through its professional activity, formed a team of researchers, with the participation of Dr. Abdullah Al-Faisal from the department of accountancy at King Saud University, to conduct a preliminary survey in order to define the deficiencies. The survey was summarized in a memorandum which specifies deficiencies in the major areas of the profession.

The finding of the study was reviewed by the Ministry and was accepted as a suitable start for the development of the profession. Al-Rashed firm was requested to prepare a plan taking into consideration the experiences of other countries in this field, and the specific requirements of the of the Kingdom's environment. The result, was a comprehensive plan illustrating methods to be followed to develop the profession. This plan comprises the preparation of accounting and auditing standards and an internal organisation of the profession which provide bases for its continuous development.

The plan was discussed with concerned authorities at the Ministry and it was decided to develop the profession in two phases which are :