

# THE EXPECTED BENEFITS OF MOVING FROM THE CASH BASIS TO THE ACCRUAL BASIS IN THE ROYAL COMMISSION FOR JUBAIL AND YANBU

**Abdulrahman Bin Talal, CPA, MBA**

Director of Financial Accounting Department, Royal Commission At Yanbu , Kingdom of Saudi Arabia

## **Abstract**

*One of the strongest elements which contribute in the effectiveness and efficiency of the private sectors decision is the accounting system they implement which enables the management to take very vital steps toward increasing the firm profitability , reducing the operation cost and improve the whole firm operation through providing the information needed for decision making.*

*Accrual basis accounting also makes it possible to take an accurate snapshot of the financial health of the company at any given time. Literally, reports can be pulled that show the status exactly as it stands today. Having this sort of real time information can be extremely helpful when setting long term or short term goals for the company.*

*Royal Commission for Jubail and Yanbu one of the biggest government organization which was established the IN 1975 by the Kingdom of Saudi Arabia with the aim of creating a diversified economy and reduce dependence on crude oil revenues and expand the base of the Kingdom through the establishment of industrial development and Comprehensive management for Jubail and Yanbu.*

*This paper argue the wider advantages of implementing accrual based accounting in the Royal commission accounting system and how the accrual accounting basis contribute in the achievement of the Royal Commission mission , vision and objective , through providing precise information which lead to prompt and accurate decisions.*

*The results indicate that accruing for expenses maintain the matching concept. Accruals help avoid deceptive income statements that could result from the timing of cash payments. The paper focus on the advantages dimension of using the accrual basis in the accuracy and reliability of the financial reports as output of the accounting system built on the accrual basis .*

*Research methodology depend on the GAAP's matching principle , FASB guidance on accruals and Accounting standards issued by Saudi Origination for Public Accountant (SOCPA) . Other sources examined will from several academic articles.*

*But the most source of the paper is my experience as a Director of The Financial Accounting Department in the Royal Commission at Yanbu.*

*The following represent the most important criteria will be covered by the paper:*

- ***Over view of The Royal Commission.***
- ***Royal Commission mission and vision.***
- ***Royal Commission Accomplishment.***
- ***The Elements Of The RC Expenditure and Revenue.***
- ***The accrual basis vs. cash basis: ( Definition – Advantages –Disadvantages )***
- ***The advantage of adapting the accrual based accounting in Royal Commission.***
- ***The requirements of implementing the accrual basis in the public sector organizations.***
- ***Conclusion.***

**Keywords:** Royal Commission For Jubail And Yanbu (RCJY), Public Sector, Elements Of Expenditure , Elements Of Revenue Cash basis , Accrual Basis ,Decision Making , Financial Information.