



The reality of the recent accounting reforms in Algeria and their impact on the accounting disclosure requirements in small and medium enterprises (a case study of a group of Algerian small and medium enterprises)

TAHAH fadila ^{*1}, GAMANE amar ²

¹ Laboratory of quantitative methods in economic sciences and business administration sciences and their applications for sustainable development, University Zian Ashour Djelfa, f.tahah@univ-djelfa.dz

² Laboratory of quantitative methods in economic sciences and business administration sciences and their applications for sustainable development, University Zian Ashour Djelfa, a.gamane@univ-djelfa.dz

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Abstract: The small and medium enterprises sector, like other sectors, is required to provide financial information to its users, which guarantees its continuity by displaying financial statements that reflect the honest image of the transactions it undertakes. Hence, Algeria has adopted a number of accounting reforms to raise the profitability of this sector and ease the restrictions of its accounting disclosure in the form Which guarantees him continuity in carrying out his activity, The main objective of this study is to know the role of the accounting reforms initiated by Algeria in the accounting disclosure within the financial statements in a way that gives confidence to its users. in the financial accounting system. We used the descriptive analytical method for these lists, and we reached, Most of these institutions did not adhere to the principle of materiality in presenting financial information, which the financial accounting system stipulates the need to adhere to this principle.

Key words: Small and medium enterprises, financial accounting system, simplified accounting system.

Jel Classification Codes : M410

1. Introduction:

The Small and medium enterprises play an important role at the global level, as they started to receive a great attention, especially by the developing countries, after most studies have shown their prominent and important role in achieving economic and social development, as they do not require huge budget and provide an important proportion of the workforce.

In 2010, Algeria introduced the application of the financial accounting system, which abolished the national accounting scheme for 1975 in accordance with law 07/11 of 2007 as reforms to its systems adopted in accounting, and worked through the issuance of this system to conform to international accounting standards, and perhaps one of the reasons why it took this step is Algeria's desire to join the World Organization for International Trade.

Although this system came as a step towards the global world market and opening to the advancement of a strong economy, there are many things that have disabled its application, the most important of which is the difficulty of creating a suitable environment for application as well as consolidation the national plan in the view of accountants and experts.

The financial accounting system SCF has addressed to small and medium enterprises in terms of maintaining simple accounting, or what is known as treasury accounting, since this type of institutions represents approximately 90 Algerian institutional fabric and contributes to

* tahah fadila

creating job opportunities and the advancement of a strong economy that allows global competition, so interest in the accounting foundations that These institutions follow them to suit their needs and nature in order to create an encouraging accounting environment that enables them to continue and develop their activities.

Since Algerian institutions suffer this issue, especially small and medium enterprises in general, is the disclosure of information and the degree of relevance and reliability of making decisions, Algeria relied on applying the financial accounting system in order to promote the accounting systems to the level of the requirements of the global arena, but what is wrong with this system is the lack of Taking into account the privacy of small and medium enterprises.

1.1 Research methodology

Through this study, we will try to answer the following problem: To what extent did the financial accounting system simplify the procedures for presenting financial statements for small and medium enterprises?

- To answer this question, we divided it into several questions:
- What is meant by small and medium enterprises and what are the criteria for its classification?
- What are the reforms undertaken by Algeria in the field of accounting?
- How effective is the application of the financial accounting system in small and medium enterprises?
- To what extent did the small and medium enterprises post study adhere to the disclosure requirements stipulated in the money accounting system?

research assumes

To answer the questions and the problem, we formulated the following hypotheses:

- The concept of small and medium enterprises varies according to the laws of countries and economists.
- Along the path of accounting reforms that have lasted for 59 years, Algeria has adopted three accounting systems represented in (the general national plan, the national accounting plan, and the financial accounting system).
- The financial accounting system contributes in improving accounting practices at the level of small and medium enterprises .
- The financial statements of the small and medium enterprises under study indicate that the latter has largely complied with the disclosure requirements stipulated in Law 07-11 of Dhu al-Qa'dah 15, 1428 corresponding to November 25, 2007, which includes the financial accounting system.

1.2 The research objectives are as follows:

- To highlight the effective role played by small and medium enterprises
- Knowing about the process of applying the financial accounting system in addition to highlighting its importance for small and medium enterprises to increase competitiveness
- Exit suggestions and recommendations that would help researchers in this field from the most important strengths and weaknesses of the financial accounting system in Algeria and try to address them to upgrade a system that meets the requirements of the global scene.

1.3 Research aims

The importance of this study lies in the change taking place in the accounting systems in Algeria and this by adopting the idea of international accounting standards through the financial accounting system Which is an important step towards accounting reform in Algeria and its contribution to the economy of small and medium enterprises, which is not significant in reducing the problem of unemployment and poverty.

1.4 Previous studies :

- Saidi Abdel Halim, An attempt to evaluate the disclosure of financial statements in light of the application of the financial accounting system SCF, PhD thesis in commercial sciences, accounting major, University of Mohamed Khider, Biskra, Algeria, 2014-2015.

This thesis deals with the reality of accounting after the adoption of the SCF financial accounting system and the beginning of its application in 2010, and an attempt to evaluate the disclosure of financial statements in accordance with the legal requirements stipulated by SCF. The author used the questionnaire tool distributed to representatives of financial departments and heads of accounting departments for a sample of 38 institutions (national institutions, institutions listed on the stock exchange, multinational companies), and the study concluded that these institutions do not apply the rules of accounting evaluation and disclose them, especially with regard to some items for evaluating material fixations according to the method of cost, collectible value, and the study also showed that the application of the financial accounting system in time The current is not as easy as it might be imposed or insinuated by some.

- Saidani Mohamed Al-Saeed, the effectiveness of the application of the financial accounting system in small and medium enterprises, a survey study, a master's thesis in management sciences, specializing in accounting, Ahmed Bougherra University, Boumerdes, 2013-2014

This study dealt with the effectiveness of the application of the financial accounting system in small and medium enterprises, considering the rules and provisions that this system came with new to the environment of these institutions, as it took a radical change in the accounting practices that were prevalent, and the field study dealt with updating the financial accounting system with the international standard for institutions In order to benefit from the international experience in order to improve the level of its performance in the accounting aspectm The study concluded that Algeria's reliance on the financial accounting system on all institutions, regardless of their size, is impractical, as small and medium enterprises suffered from problems and difficulties as a result of the application of the financial accounting system, which did not take its privacy, apart from many evaluation rules that were not applied basically even in large institutions.

2. Small and medium enterprises in Algeria

2.1 The definition of small and medium enterprises for some economies of countries and Algeria

The difference in the degree of economic growth from one country to another has led each country to adopt its own definition based on the legal or administrative aspect There are also definitions for international groups and bodies, such as the European Union or the Southeast Asian Federation, and we will address number of definitions, including Algeria, for this type of institution

2.1.1 Definition of the United States of America to small and medium enterprises: (Safwat Abdel Salam Awad , 1953, p. 12)

According to the Small and Medium Enterprises Law of 1953, which regulates the management of these enterprises, small and medium enterprises are the type of institutions that are owned and managed in an independent manner as they do not control the field of work that is active in its scope and have relied on sales and number of employees to define a more detailed definition has been identified The law is these institutions As follows:

- Service and retail institutions from 1 to 5 million dollars in annual sales.
- Wholesale trade enterprises from 5 to 10 million dollars in annual sales.
- Industrial establishments: The number of workers is 250 workers or less.

2.1.2 Definition of the European Union

- In 1996, the European Union introduced the definition of small and medium enterprises, which was a recommendation for all member countries.
- Micro-enterprises are an organization that employs less than 10 wage workers (Report Small and Medium Enterprises Development in Algeria, 2002, p. 21)

- Small enterprises are those that meet exploitative standards, employ less than 50 wages and carry out an annual turnover of no more than 7 million euros first, with an annual budget of more than 5 million euros.

2.1.3 Definition of the United Nations for small and medium enterprises (United Nations report on the role of accountability in small and medium enterprises , pp. 6-7)

For members of the United Nations report on the role of accounting in SMEs, there is a generally agreed global definition of SMEs, so their study based their study on the definition of enterprise estimation on the criterion of employment and size, where two important factors in determining the economic nature of business entities and the following definitions were provided for the purposes of this study.

- Micro Enterprises: It is every business that uses between one and five people and this study simply divides its activities to the extent that it can be managed directly based on the relationship between one person and another person.
- Small institutions: means a commercial business that uses between 6 and 50 people. This business often has a number of lines of activity and it is envisaged that it has more than one physical location.
- Medium institutions .Know that these are the institutions that employ between 51 and 250 workers and these institutions are almost certain to work in more than one location.

2.1.4The definition of small and medium enterprises in Algeria

The interest in the small and medium enterprises sector has led to an increase in the number of these institutions clearly after the latter in the early nineties represented only a small percentage compared to public industrial enterprises and has become an essential role in the development of the Algerian economy.

The marginalization of the public authorities of small and medium-sized enterprises at the beginning of drawing up their development strategy contributed to the absence of a specific legal definition for them except for some unofficial individual attempts This situation lasted until December 12, 2001, December 12, 2001, when the law was issued to Promote Small and Medium Enterprises.

The definition of the Algerian legislator

In order to achieve harmony in the definition of small and medium enterprises, especially in light of Algeria's accession to the Euro-Mediterranean project, as well as its signing of the Bologna Charter on Small and Medium Enterprises (Maati Allah Khair El Din,Boukamoum Mohamed), In June 2000, the Algerian project adopted the definition adopted by the European Union, which classifies these institutions according to (the number of workers, the number of jobs, the size of the annual budget and the degree of independence of the institution Where Law No. 18 of 27 of Ramadan 1422 AH corresponding to December 12, 2001 was issued, which includes the Directive to Promote Small and Medium Enterprises, which defines the legal and formal definition of Algeria, as well as the legal framework for programs and measures to support and assist these institution .(Rahim Hussein, Issue 03, December 2005, p. 120)

According to the fourth article of the previous law, small and medium enterprises are defined as: 'Every establishment that produces goods or services, whatever their legal nature, occupies from 01 to 250 workers, and its annual turnover does not exceed 02 billion dinars or its annual revenue does not exceed 500 million dinars, and other institutions are also not available The definition of small and medium-sized enterprises applies Law 18/18 in Articles 7,6,5 of it also indicated the boundaries between small and medium-sized enterprises and their classification criteria, and the following table clarifies this:

Table 1: Criteria for the definition and classification of small and medium enterprises in Algeria

item	Number of workers (procedure)	Business Number	Annual toll (budget)
Mini institution	01-09	20 Million DZD	10Million DZD
Small business	10-49	200 Million DZD	100 Million DZD
Medium institution	50-250	200 Million DZD 2 – 2One billion	100-500Million DZD

Source: Raheem Hussein, **Business incubators organized a college that supports the technological innovation of small and medium enterprises in Algeria**, Journal of Economic and Management Sciences, Farhat Abbas University, Setif, No. 03, 2003, p. 162.

2.2small and medium Foundation Classification parameters (Sultani Mohamed Rachid, 2006, p. 41)

There are a set of criteria by which a definition is defined for small and medium Foundation, according to the purpose of the definition, but all of these criteria revolve around two basic directions that are the key to the definition of these institutions are the qualitative direction and we will try to clarify these two directions.

2.2.1Quantitative trend

Quantitative standards classify small and medium enterprises on a specific basis and rely on a set of quantitative characteristics and monetary and economic indicators that justify the differences between the different sizes of institutions from which we focus.

a. Standard size for workers

The two standards are considered one of the most used and common standards, because it allows comparison between projects in different countries and between different activities through multiple workers in the project. Among the advantages of adopting this standard:

- Ease of application.
- Ease of comparison.
- Reliability and proportions.
- Data availability compared to other standards

b. Capital or Investment Value Standard:

The capital or the value of the investment is one of the quantitative criteria that are used to distinguish between large institutions and other institutions, By using this criterion, some define small and medium enterprises as those institutions whose invested capital does not exceed a certain maximum that varies with different countries and the degree of economic growth and others, except that this criterion Not enough alone, because there are some small and medium enterprises that depend on intensifying of the number of workers to benefit from reducing the capital, and there are other institutions where the working capital invested is large and therefore the number of workers is small so this criterion is used as an integral criterion as the standard of the number of workers or other Other standards (Sultani Mohamed Rachid, 2006, p. 41).

c. Standard Production Quantity:

Small and medium-sized enterprises are characterized by their small size due to low market share. This criterion is valid in institutions of an industrial nature. This standard is not suitable in other institutions that are characterized by the nature of services.

d. Standard Sales Value:

This standard is used as a means to differentiate between large and small and medium enterprises and is applicable to all the activities of this institution (industrial, commercial, services) and this despite the difficulty in obtaining accurate data and sometimes remains invalid, especially in the small institutions where it is difficult to maintain Notebooks and accounts regularly.

e. Standard added value:

The value added means the net production of the institution after excluding the value of the average requirements and purchases from others, and this criterion is valid for application in the field of industrial activity, but it is not suitable in making comparisons between activities and different sectors for this along with the difficulty of calculating the cost of requirements and added value in institutions and small projects, despite the Criticisms leveled against the quantitative trend standards, but they are more clear in terms of the approach to the qualitative trend criteria, and despite its ease and simplicity in measurement, and this is only apparent, it remains scientifically complex and it has not been possible to create and create a unified definition for this type of institution.

2.2.2 Qualitative trend:

It expresses the characteristics and moral and non-quantitative characteristics that are translated through the following criteria:

a. Independence and responsibility

By examining the organizational structure of this type of institution, we find that the owner is the manager and supervisor of the application and management of most of the institution's functions without interference from external bodies and he takes decisions and bears full responsibility towards others on behalf of the institution and has independence in management, management and work.

Property

The criterion of ownership is considered one of the most important criteria for distinguishing between small and medium enterprises, from the qualitative side, where ownership in these institutions is most often subordinate to the private sector, except sometimes where it is of a public nature.

b. market share

The market share in medium and small institutions is weak because of its activity and potential and the narrow markets that its products are directed to in addition to competition between these institutions due to similarities in capabilities and working conditions similar to large institutions whose market share is high, so the standard of market share is one of the specific criteria that are It has a distinction between institutions, given the interconnection between the outputs of these institutions and the market.

c. Technology

Small and medium enterprises are characterized by the simplicity of the technology they use because of the relative density of workers and the lack of capital.

2.3 The importance of in Small and medium-sized enterprises the economies of some developed and developing countries

The sector of medium, small and mini enterprises is considered one of the largest dominant sectors of the economies of many countries of the world and encouraging progress. This is what called the majority of countries to go towards supporting and developing this vital sector due to the great economic and social gains achieved by societies. In the developed countries we find that the medium institutions Small and small are gaining importance through their capabilities to renew and innovate, as well as improving the effectiveness of large institutions, by reconsidering the size of the production units of these institutions, and splitting them into small units with higher efficiency and greater profitability ... etc.

In developing countries, we find their gains related to the set of considerations embodied in the characteristics of their economic and social structures and rates of availability of factors of production, as well as spatial and demographic distribution, and economic activity. There is no doubt that the institutions of this sector have a major role and a major role in expanding the productive base and creating job opportunities for youth and expanding the circle of investment And achieving local and sustainable development and economic and regional balance between all regions.

3. Financial accounting system

The generalization of the use of the financial accounting system was announced in 2007, which was issued by presidential decree number 11/11 issued on November 25, 2007. This is in response to the financial economy and the requirements for joining the World Trade Organization, as well as the spread of multinational companies in Algeria, although it is not compatible in advance with the Algerian economic environment. And the lack of an analytical study of it.

3.1 The concept of the financial accounting system

The accounting financial system is defined as a set of documents, records, books and customary and legal reports printed in a scientific manner on the basis of logical consistency in preparing important and basic data, In order to run projects and Learn about the achievement of the project for the purpose for which it was established, and the accounting system includes two aspects: (Official Gazette No. 74 Law No. 07-11, p. 03)

- The point of collecting information in a specific way from the reality of the documents.
- The tab labul and Classification and classification of previous information in the accounts.

Information is collected to indicate the debtor and the creditor party for each transaction from the basis of the documents supporting it, in a journal, where the operations are proven by arranging the process in chronological order in the form of restrictions.

3.2 Reasons for the transition from the national accounting plan to the financial accounting system (Bouhafs Roni, Slimane Dahou, p. 02)

- Neglecting the role of economic institutions as the primary producer of accounting data.
- Neglecting the role of analytical accounting, which aims to determine production costs and cost price.
- The adoption of the national accounting scheme on the principle of historical cost, as the exchanges give the true picture of the financial situation, which is in line with the inflationary economy.
- The trends of the Algerian economy from a central economy to a market economy.
- The growth of multinationals and small and medium enterprises operating in Algeria.
- The national accounting scheme does not clearly and financially disclose financial information.
- The weakness of the accounting plan content in terms of texts and procedures.
- Lack of homogeneity in the division of varieties.
- Lack of financial statements and their non-comprehensibility despite the existence of 17 lists.
- Neglecting (not approving) the cash flow tables.
- The accounting scheme does not comply with the international accounting standards
- Not detailing how depreciation is calculated and applied.
- The accounting scheme does not comply with the international accounting standards
- Problematic translation from French into Arabic

3.3 The objectives of the financial accounting system

Among the objectives of the financial accounting system is to achieve the following:

- Upgrading the Algerian financial accounting system with the accounting financial systems.
- Maximization of recovery is one of the advantages of the financial accounting system, especially in the area of conducting financial and accounting transactions and various treatments.
- Attracting the foreign investor to Algeria, by avoiding the problems of different accounting methods.
- Benefiting from the experience of developed countries in applying the unified accounting system.

-Facilitating various financial and accounting transactions between national economic institutions and foreign institutions, given that the new accounting financial system is in conformity with international accounting standards, and this convergence helps the institution to assess its financial position with all transparency and the ability to compare itself with foreign entities because the disclosed financial statements are similar..

- Facilitating Algeria's integration into the global economy by enhancing its position and confidence in financial, trade and international organizations

Achieving rationality through access to transparency in the disclosure of information, which leads to the consolidation of the foundations of corporate governance.

- Helping the growth in the profitability of enterprises through knowing the best economic and accounting mechanisms that require quality and efficient management.

- Assist in preparing economic statistics and accounts for the enterprise sector at the national level through credible information.

3.4 The field of application of the financial accounting system

The financial accounting system has determined in accordance with Articles 05-04-02 and Law 11-11 of November 27, 2007 the areas of application of this system to which every natural or legal person is obligated by legal or regulatory provision to keep a financial accounting taking into account the relevant provisions and those concerned with the maintenance of accounting are (Belaroussi Ahmed Al-Tijani, 2010, p. 21)

– Companies subject to the provisions of commercial law.

– Cooperatives.

– Natural or legal persons subject to this according to a legal or regulatory text, and small entities whose business number and number of employees and their activities do not exceed the specified limit can maintain simplified financial accounting.

– Natural or legal persons who produce commercial or non-commercial goods or services.

4. Comparison of the financial accounting system and the national accounting scheme (See the details (Official Gazette No. 74 Law No. 07-11) (Decision of July 26, 2008, issued on March 25, 2009) (Al-Fadil Muhammad Al-Siddiq, 2009-2010, p. 119) (Belaroussi Ahmed Al-Tijani, 2010, p. 21)

The financial accounting system came to eliminate the loopholes that were in the national accounting plan. The comparison between them is in multiple forms. The similarities are somewhat few, As for the points of difference, many will be discussed in detail.

4.1 Similarities: The similarities are:

– Waiver of investments: We find that the financial accounting system adopted depreciation to the point of the actual waiver of investment

– Sale of goods: The same is true for the sale of goods, as the accounting treatment is carried out in both systems when there is evidence of that.

4.2 Difference points: The differences between the financial accounting system and the national accounting plan include the following points:

a. In terms of the application framework: The financial accounting system identified the institutions that apply the system and linked them with conditions such that the business number does not exceed 10 million dinars in commercial institutions, while the national accounting scheme obliges all institutions to apply without differentiating between institutions that employ 5 workers and those that employ 300 workers.

b. In terms of the conceptual framework: the financial accounting system created a conceptual framework for how to apply it includes a set of rules and principles, the scope of application and the conduct of operations in addition to a detailed explanation of how to move from the national accounting plan to the financial accounting system when applying the first time, and with regard to the national accounting plan in its version 75-35 no There is a

conceptual framework for an accounting system, with only implicit principles and a set of definitions, which is not sufficient.

c. Differences in accounting policies used

– Differences in accounting policies lie according to the type of the resident component, for example in the stocks evaluated according to the national accounting scheme in three ways, namely (first received first issued FIFO, finally received first issued LIFO, weighted median cost) while the financial accounting system canceled the second evaluation method (finally received first issued LIFO) Several considerations are mentioned in the conceptual framework of the system.

– As for the evaluation of assets, the new financial accounting system has created methods for re evaluating assets at fair value and true cost, based on the internationally accepted accounting standards in addition to the previous method adopted by the national accounting plan, which is evaluation at historical cost, and evaluation is usually done only if the law permits this.

– Regarding the depreciation policy for fixed elements, the financial accounting system has determined the duration and methods of depreciation on the basis of economic factors, whereas the financial accounting scheme was determined by fiscal determinants, and thus the financial accounting system has somewhat raised the fiscal restrictions imposed on institutions that may hinder their growth.

– The depreciation amount for the assets in the financial accounting system is determined after the residual value, while the financial accounting scheme neglects the residual value component.

– The financial accounting system changed the methods of recording some elements. For example, middle expenses were considered as costs while they were previously considered investments and are recorded in the second group in relation to the national accounting scheme.

– The financial accounting system touched upon some of the operations that the national accounting plan did not address, such as leases in foreign currency.

d. Difference in number and type of financial statements

The financial statements for the national accounting plan consist of the budget list, the results calculation table, in addition to the attached tables. As for the new accounting system, two additional lists have been included on the previous lists, namely (the table of treasury flows and the schedule of private funds changes).

5. Simplified accounting system in small and medium enterprises

As we mentioned previously, the Algerian legislator has attached great importance to small and medium enterprises, and this is because they represent approximately 90% of the institutional fabric in Algeria and its place in achieving borrowed development. From this the so-called simplified accounting system (simplified accounting) appeared, which was meant to be implemented by the small enterprises, and the following will be Simplified Accounting System Review.

5.1 Institutions concerned with applying the numerator accounting system

The institutions that meet certain conditions are subject to the number of workers and the number of workers as well as the nature of the activity specified by the Finance Ministry. The application of a simplified accounting system is not compulsory, but the institution takes it with its absolute will. (Decision of July 26, 2008, issued on March 25, 2009)

Also, the second article of the executive decree of July 26, 2008 specified the ceiling for the number of workers and the number of businesses.

Table 02: Small institutions that can maintain simplified financial accounting

Activity or sector	Number of Workers	Business Number	Note
commercial activities	09employees working on full time	10million dinars	The business number includes major and minor activities
Production and craftsmanship		06million dinars	
Service activity		03million dinars	

Other activities		03million dinars	
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Source: Prepared by researchers based on the decision dated Rajab 23, 1929 corresponding to July 26, 2008, which specifies the bishop of the business number, number of employees, and activity, applied to small entities for the purpose of maintaining simplified financial accounting.

5.2 Financial statements related to the simplified accounting system

The financial statements that must be prepared by the institutions subject to simplified accounting, or what is known as treasury accounting, are formed from the year-end position, calculating the results, and revealing the treasury change or the financial balance related to the financial year. (Belaroussi Ahmed Al-Tijani, 2010, p. 206)

6. An analytical study of the extent to which study institutions adhere to the requirements of presenting the lists stipulated in the financial accounting system.

6.1 Study community

- **Field study methodology:** Given the nature of the study, we tested the financial statements of a sample of Algerian small and medium-sized enterprises, and we also chose the descriptive and analytical approach to these lists.
- **Methods of data collection:** The financial statements, which are the financial statements of a group of small and medium-sized Algerian enterprises, were collected by going to the headquarters of these institutions and requesting their closed financial statements for the fiscal year 2018, as well as relying on the website of the Algerian Stock Exchange (www.sgbv.dz). 20/12/2019 at 20:30).

6.2 Study limitations

a. Study community

The study population consists of all Algerian small and medium enterprises, and the sample includes an analytical study of the financial statements of a group of small and medium enterprises that are active in the Wilaya of Djelfa, M'sila, Algeria, Laghouat, provided that they have not stopped the activity during the study period.

b. The limits of the study

- **Legal limits:** This study concerns small and medium enterprises stipulated in Law 01/18 in Articles 5, 6, 7 (the boundaries between small and medium enterprises and their classification criteria) and the financial accounting system stipulated in Law 07-11 of 15 Dhul Qi'dah 1428 Corresponding to 25 November 2007.
- **Time limits:** The study consisted of the financial statements closed on 31-12-2018
- **Objective limits:** This study examined the reality of presenting financial information in the financial statements of small and medium enterprises in light of the recent reforms towards the financial accounting system

c. Methods and tools for analyzing the financial statements obtained

In order to answer the study hypotheses, the researchers analyzed the data obtained in the financial statements for the closed fiscal year 31-12-2018.

Table 03: Personal data for the institutions under study

basic information Enterprise	The label	Legal form	Subject	Duration
Carmonium (Djelfa)	Al-Karmony Contracting and Administrative Equipment	Limited Liability Company	Contracting and administrative equipment (commercial service)	99 years from the date of registration in the commercial register.
Invest OM (Algeria)	Foundation for studies, development	Shareholding company	Shareholding company	99 years from the date of registration in the

	and operation of tourism projects			commercial register.
E.T.P.H.B Djalfa	Si Moulay Sultan	Limited Liability Company	Contracting and Architecture	99 years from the date of registration in the commercial register.
Transportation of petroleum products Djelfa	Corporation for the transportation of petroleum products.	Shareholding company	It specializes in transporting petroleum products	99 years from the date of registration in the commercial register.
Bedi Ahmed (Djelfa)	A leather factory and its derivatives	Limited Liability Company	construction work	99 years from the date of registration in the commercial register.
Leather and its derivatives (Djelfa State Branch)	Leather and its derivatives factory	Shareholding company	Leather industry and its derivatives	99 years from the date of registration in the commercial register.
Ain Salt Mills (M'sila)	Ain Salt Mills, Budisa & Co.	Solidarity Company	-	The company ends with the death of one of the partners unless there is a condition
Qadri Abdel Wahab (M'sila)	The Foundation for Building Works and Major Public Works and Irrigation.	A one-person company	Construction and major public works and irrigation works	From 5 to 20 years old.
Plastic Transfer (Laghout)	Plastic Transfer Foundation	Shareholding company	Transforming plastic	99 years from the date of registration in the commercial register.

Source: Prepared by researchers based on information provided in the Basic Law of the institutions under study

Table 04: Criteria for Classification of Small and Medium Enterprises under Study

Standards Enterprise	Number of workers (wage earners)	Business Number	capital	Organization type
Carmonium (Djelfa)	More than 50	250271469	48873622	Medium private

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	Factor			service
Invest OM (Algeria)	Less than 50 workers	2156023	115930000	Miniature public service
E.T.P.H.B (djalfa)	37 Factor	240492695	40000000	Medium private service
Transportation of petroleum products Djelfa)	12 Factor	161019481.40	2163774.28	Small private service
Pedi Ahmed (Djelfa)	9 Wage workers	6219259	1200000	Mini private service
Leather and its derivatives Djelfa Branch	116 Workers	352261061.96	259983013.51	Small private productivity
Ain Salt Mills (Messila)	5 workers	65631600	500000	Small private productivity
Qadri Abdul-Wahab (Messila)	1 Factor	15904662	12714745	Mini private service
Plastic Conversion (Laghout)	More than 50 Factor	244334214	175843536	Medium public industrial

Source: Prepared by researchers with the approval of the official gazette and financial statements The institutions under study on 12/31-2018 and the website www.sgbv.dz Access date 12/20/2019 at 20:30.

Through table No. 03, it is evident that most study institutions have complied with the materials stipulated in the Commercial Law, according to Article 545 (Decree No. 93-08 of April 1993) 'The company is established by an official contract, otherwise it is null and void And Article 546 of the same decree specifying the 'form of the company, its legal duration that can not exceed 99 years, as well as its title, position, subject matter and the amount of its capital in the Basic Law, and therefore it can be said that most of the institutions used in the study have the existing legal personality at the time of registration in the National Center for Commercial Register

As for through this table No. 04, which was built on the basis of the data of the first table entitled 'Criteria for the definition and classification of small and medium enterprises in Algeria', it is clear that all study institutions are subordinate to the sector of small and medium enterprises, and this is concluded by the criterion that the number of workers in all institutions does not exceed 250 workers, which is the limit stipulated in Article 4 of Law 18-18 of 27 Ramadan 1422 corresponding to December 12, 2001, which includes the Directive to Promote Small and Medium Enterprises. There is a standard that is more important than the previous standard, which is the standard of business number, as the study institutions do not exceed 2 billion It is the required limit of the same law, as the table shows the activity of the study institutions, which are mostly service institutions, as the industrial sector is deteriorating in Algeria.

7. The extent to which the information contained in the financial statements of the SMEs under study correspond to the requirements of the accounting presentation in the financial accounting system.

Before beginning the process of analyzing the previous two tables, it is worth noting the following:

- As for the small and medium-sized enterprises that are the subject of studies, most of them are affiliated to the private sector, except the Leather Manufacturing and Its Derivatives Corporation, the Foundation for Studies, Development and Operation of Tourism Projects,

or AOM INVEST and the Plastic Industry in Laghouat, who are affiliated with the public sector, as shown in Table 04.

- The financial statements of the following institutions (Al-Karmoniya Contracting and Administrative Equipments, Leather Manufacture and its derivatives, and the Pedi Ahmed Corporation, which is specialized in construction work in its various phases, the C-Moulay Sultan Foundation, ETPHB, the Ein Al-Salt Mills Corporation, the Qadri Abdul-Wahab Foundation, which is specialized in construction, major public works and irrigation, The Petroleum Products Transport Corporation, and the Plastic Industry Corporation in Laghouat) were obtained directly from the accounting department of these institutions. As for the Foundation for Studies, Development and Operation of Tourism Projects, Um AOM INVEST has obtained its financial data from the website of the Algerian Stock Exchange (www.sgbv.dz). 12/2019 at 20:30), as listed by the Algerian Stock Exchange of small and medium enterprises.
- The financial statements submitted by the institutions under study are financial statements for the closed year 31-12-2018, in addition to the personal data for them.
- In addition to the financial statements of the institutions, the following articles were approved (25 to 32) of Law 07-11 of Dhul Qi'dah 15, 1428 corresponding to November 25, 2007, which includes the financial accounting system.
- It was adopted on the decision of Rajab 23, 1929 corresponding to July 26, 2008, which specifies the bishop of the business number, number of employees and activity, applied to small entities for the purpose of maintaining simplified financial accounting.

7.1 Public disclosure requirements

Article 1: All institutions subject to SCF have their headquarters or activities located in the national territory.

Article 2: Presenting the financial statements in the national currency

Article 3: The financial statements shall be seized under the responsibility of the company's directors.

Article 4 : The entities that enter the field of SCF prepare the financial statements at least annually.

Article 5 :Financial statements according to SCF include (budget, calculation of results, treasury liquidity table, table of fund changes, appendices.)

By looking at the financial statements, it becomes clear that all study institutions are national institutions, that is, they practice their activities within the national region and all their transactions are conducted in the local currency, and all of them have adopted the financial accounting system and adhered to the requirements of public accounting disclosure (formal) and among these requirements is their annual presentation of the financial statements. , And that these statements were seized by the directors of the institution from certified accountants, whether internal or external, and this is what was revealed through the stamp of the institution on the financial statements.

In addition to the above, the study institutions prepared all the financial statements represented in (the budget, calculating the results, the treasury liquidity schedule, the schedule of money changes, appendices) except for the following institutions (the Pedi Ahmed Foundation, which is specialized in construction work in its various stages, and the Qadri Abdul Wahab Foundation, which is specialized in Construction works, major public works, and irrigation, and the Ein Al-Salt Mills Corporation, who have not prepared all of the previously mentioned financial statements as small institutions, and some of them do not exceed 10 million dinars as indicated in (Tables No. 4 and Table No. 2) that have been allocated to the financial accounting system SCF Simplified accounting that states the necessity of preparing the two most important lists, namely, the budget and calculating the results in addition to the appendices (see element 1-2 the theoretical side: the financial statements related to the simplified

accounting system). As for the other lists, the simplified accounting system left the institutions absolutely free to prepare them.

7.2 The extent to which the financial information disclosed by the institutions subject of study conforms to the disclosure requirements in the financial accounting system

a. Statement of financial position

The minimum amount of information disclosed in the statement of financial position according to the financial accounting system:

- Entities subject to the financial accounting system prepare a statement of financial position (budget) at the end of each fiscal year 31-12
- The budget describes the components of the assets and liabilities separately
- The budget includes the following elements (tangible and intangible fixations), depreciations, contributions, financial assets and inventories, tax assets, receivables and payables, private capital, tax liabilities.
- The budget shows the minority stakes and the stakes for the merged company.

All the study institutions have committed themselves to preparing this list, which is considered the most important list of the text of the financial accounting system, on the necessity of preparing it as this list describes the elements of assets and liabilities separately.

b. Calculating the results statement

The minimum amount of information disclosed in the results account statement according to the financial accounting system:

- The entity applying the financial accounting system prepares the results calculation table.
- The results calculation table is a summary of the burdens and products completed by the entity during the year.
- The enterprise prepares the calculation of the results according to the nature that allows determining the basic management totals (gross margin, added value, total surplus from exploitation).
- The account statement displays the results of the fiscal year and the corporate profit tax.

All the study institutions have committed themselves to preparing a statement of the results account that is no less important than the list of financial position (the budget) as this statement summarizes the burdens and products of the entity and is also considered a summary of the management totals (gross margin, added value, total surplus from exploitation) and this statement determines the tax On corporate profits.

c. Treasury liquidity schedule

The minimum amount of information disclosed in the statement of cash flows according to the financial accounting system:

- The financial accounting system recommended that institutions should prepare a statement of cash flows according to the direct and indirect methods.
- The system praised the necessity of preparing a statement of cash flows in a direct way, as it provides more useful information to users of financial reports.
- The statement of cash flows includes funds from the income and exit of financial assets (operating, investment, financing) that occurred during the fiscal year.

By looking at the list of treasury flows for the institutions undergoing the applied study, we conclude that the Foundation for Studies, Development and Operation of Tourism Projects (AOM INVEST), the Corporation for the Transportation of Petroleum Products in Djelfa, the Institution for the Manufacture of Leather and Its Derivatives in Djelfa, as well as the Plastic Industry Corporation in Laghouat have committed themselves to presenting the list of cash flows as for the Si Moulay Sultan Foundation And the Al-Karmouni Foundation for Contracting and Administrative Equipment could not obtain this list from them and the managers apologized to the two institutions for not being available, but they made it clear that this list was prepared,

as for the institutions (the Foundation for Construction Works in its various stages, the Ain Salt Mills Corporation, and the Qadri Abdul Wahhab Foundation, which is specialized in construction and works. Large public and irrigation) did not prepare this list because they are small enterprises and the simplified accounting system applied by them did not stipulate the necessity of preparing this list.

d. Schedule of change of private funds and annexes

The minimum information contained in the schedule of changes in private funds and the annexes supplementing the financial statements

- The entity applying the financial accounting system prepares a statement called the statement of change in private capital .
- The Private Capital Change Statement summarizes capital movements and their analysis.
- The establishment applying the financial accounting system shall prepare a statement attached to the financial statements called the notes or appendices.
- An appendix to the financial statements clarifying the accounting policies used and the explanatory notes related to the financial statements.
- The annexes also include accidents that occurred after the close of the fiscal year
- The appendices include information on the participating entities, joint institutions, branches and the parent company.

We also conclude that all study institutions have committed themselves to showing the list of appendices that follow the financial statements and that display all the policies followed and explain each of the items mentioned in the financial statements in terms of measurement, evaluation, presentation and explanatory notes, and the appendices to the financial statements of these institutions contain intermediate financial statements such as (Inventory movement schedule, employee expense table, taxes, fees and similar payments, other services, depreciation and value losses schedule for fixings, tax results determination schedule, profit and reserve statement etc).

It is also noticeable by looking at this list for all study institutions, that all institutions adhere to the same accounting methods in evaluating the items of financial statements, whether in the basic or intermediate lists, and that there are no subsequent events, i.e. that occur after the closing of the fiscal year, and that most study institutions do not It deals with private matters and among these issues (minority interests and combined company shares) and this explains the specificity of this type of institution, given that its activities are not huge.

8. CONCLUSION

Small and medium enterprises represent a pivotal role in the Algerian economy, as they constitute a main source of jobs and create entrepreneurship and innovation, and thus enhance competitiveness and employment, as we find that these institutions represent 95% of the total enterprises and contribute 17.68 of the total work positions in Algeria, this is why the search for ways and means to activate and revitalize small and medium enterprises and provide them with appropriate financing means is one of the Algerian state's most important priorities for growth and economic interdependence.

Since one of the pressing issues that Algerian institutions suffer from as a whole is the institution's disclosure of information and the degree of its suitability and reliability for decision-making, Algeria has relied on applying the financial accounting system in order to upgrade the accounting systems to the level of the global arena's requirements. Small and medium enterprises, where the financial accounting system did not clarify the minimum amount of information that should be contained in the financial statements of small and medium enterprises, as well as many of the procedures and evaluation rules that this system came out with, which were not basically applied even in large institutions, and therefore it can be said that

these institutions suffered From problems and difficulties due to the application of the financial accounting system.

8.1 Results:

From the treatment method that we adopted in the theoretical and applied study, we reached a number of results that can be summarized in the following:

- Small and medium enterprises play an important role in the economic and social aspect and have a basic place in the economic development of any country. As far as Algeria is concerned, according to the statistics we have carried out, it has been found that these institutions are constantly increasing over the years due to the great attention that the Algerian state has given them by establishing National agencies and funds to support and upgrade these institutions.
- The accounting financial system enabled the users of the financial statements of these institutions to view the necessary accounting information for the institutions that have a relationship with them, and this is what falls under the name of disclosure and transparency
- Microcredit institutions in Algeria, through their adoption of simplified accounting, are able to simplify their accounting practices and apply the financial accounting system by accountants without requiring highly qualified qualifications in a reasonable and effective manner, and this is what has been achieved through the sample of microcredit institutions used in the study
- The financial accounting system neglected the small and medium enterprises and did not take into account the characteristics that characterize them, and included them under the so-called simplified accounting, and it was determined by the Algerian legislator, which corresponds to small enterprises only, according to the criterion of the number of workers and the number of businesses.
- The financial accounting system did not clarify the minimum information that should be contained in the financial statements of small and medium enterprises, as well as many of the procedures and evaluation rules that this system came up with and which were not applied mainly even in large institutions, and therefore we can say that these institutions have suffered from problems and difficulties due to Its application of the financial accounting system.

8.2 Recommendations:

- Micro-enterprises must be included with small and medium Foundation in order to facilitate the development of their own accounting.
- It is necessary to increase in the accounting awareness of the managers of small and medium-sized enterprises of the need to apply the provisions of the financial accounting system
- The accounting bodies in Algeria and empowered with them to put in place the accounting system should give more importance to small and medium enterprises and include their own accounting commensurate with their characteristics in order to facilitate the functioning of their accounting operations and be transparent.
- Disclosure requirements for SMEs provided for by the financial accounting system should be reduced in order to facilitate them to continue their activities without restrictions.
- Carrying out future studies on the necessity of adopting the financial accounting system for the proposed financial reporting standards for these institutions approved by the International Accounting Standards Board, especially that this standard came with proposals to reduce the disclosure requirements, in contrast to the financial accounting system that burdened the priest of Algerian small and medium Foundation .

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