The effect of the outputs of the accounting information systems prepared according to the re-evaluation of fixed assets in improving and guiding decisions in SAIDAL Company

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Abstract:

This study aims to improve the decision-making process of institutions with regard to information systems according to the re-evaluation of the fixings as a model. The outputs of accounting information systems by re-evaluating the fixations other than the historical cost in which the analysis is shaded, which affects the decision-making process, which is usually built on the historical performance of the institutions represented by several indicators that we have addressed, such as the rate of return on assets (ROA) and the turnover rate of fixed assets (FAT).

Keywords: Accounting Information Systems; Re-Evaluation Of Fixes; Historical Cost Of Fixing; Decision-Making; Algerian Accounting Environment.

Jel Classification Codes: M41.

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1. Introduction:

The world is experiencing several large economic variables, which results in fluctuations in prices, and because institutions are a comprehensive and complex system of sub-systems that interact with each other as a result of internal and external variables, and to achieve their goals by taking a set of decisions, the decision is considered a basic pillar because every decision includes dire opportunities and threats that are costly for decision makers.

Avoid threats related to the decision of institutions that maintain accounting information systems on the basis of the principle of the primacy of economic reality over legal appearance (essence over form) stipulated in the financial accounting system, to give credibility to this. Accounting outputs, so that they reflect a true picture of the financial position of the institution, in order to make the right decision based on the outputs of accounting information systems according to the fair value.

1.1. Study problem: Based on the above, the following problem can be raised: **What is the effect of the outputs of the accounting information systems prepared according to the re-evaluation of the fixations in improving the decisions of the institution?**

In our quest to answer the above problem, we offer a set of the following sub-questions:

- Is there a basic difference in the outputs of accounting information systems before and after re-evaluation of fixations and their impact on performance and profitability analysis (ROA rate of return?)

- Is there a basic difference in the outputs of accounting information systems before and after re-evaluation of the fixations and their impact on the performance and analysis of activity ratios (fixed assets turnover rate FAT?)

- Do the outputs of the accounting information systems prepared according to the re-evaluation of the fixations help in improving the various decisions issued by the executive bodies of the organization?

1.2. Hypotheses: In order to address the problem of the study, the following hypotheses were put forward:

- There is a significant difference in the performance and analysis of profitability (ROA rate of return) in the event of a decision to rely on the outputs of the accounting information system prepared according to the principle of re-evaluating the different fixations for their value at historical cost.

- There is a significant difference in the performance and analysis of activity ratios (fixed assets turnover rate FAT) in the event of a decision to rely on the outputs of the accounting information system prepared according to the principle of re-evaluation of different fixations for their value at historical cost.

-The outputs obtained from accounting information systems prepared according to the principle of re-evaluation of fixations help in evaluating the financial performance of the institution under study and in guiding future decisions.

1.3. The Importance of the study:

- Contribute to the evaluation of accounting information systems prepared according to the re-evaluation of fixed assets as a model.

- Highlighting the differences in information systems according to the historical cost and re-evaluation of fixed assets.

- Achieving benefit for institutions and decision makers in terms of accounting information systems, fixed assets as a model.

1.4. Objectives of the study:

- Trying to identify the accounting information systems that surround the re-evaluation of fixations.

- Presenting recommendations that can contribute to improving the decision-making process for institutions with regard to information systems, according to the re-evaluation of fixations as a model.

1.5. Study Approach: In this study, the descriptive analytical approach was relied upon. To build the theoretical framework, we relied on the information available in reliable scientific books and journals, and what is abundant on the Internet through specialized sites. Associated with each of the accounting information systems and the re-evaluation of the fixations, and to answer the questions raised and test the validity of the hypotheses, analytical methods were used in the applied side of the study, by extrapolating the financial statements of Saydal for the year 2002-2009.

1.6. Previous studies:

● **Study by Ahmed Abdel Rahman, (2005)** The impact of computerized accounting information systems in making investment decisions An applied study on Jordanian companies This study aimed to investigate the opinions of a sample of Jordanian industrial companies about the impact of accounting information systems in making investment decisions under computerized accounting systems, through viewing and reviewing accounting information systems, and indicating the types of investment decisions, and linking them under computerized accounting systems. Characteristics of accounting information represented in: appropriate timing, ability to predict, feedback, sincerity of expression, impartiality, validation of information, comparison, software used in companies.

Data was collected through an appropriate sample of (143) individuals to determine the impact of the previous factors on the investment decision-making process in the Jordanian industrial companies. The qualitative characteristics of accounting information are widely available in the information of the computerized accounting system, and that the programs used in computerized accounting systems affect investment decision-making. The speed provided by the computer programs contributed to making the accounting data of a suitable nature for decision makers in general and investment decision makers in particular.

● **Tariq Al-Aklik (2016)** study entitled (The effect of using fair value accounting on the outputs of accounting information systems in Jordanian commercial banks) This study aimed to measure the impact of the use of fair value accounting on the outputs of the financial statements in the Jordanian commercial banks. Measuring the impact of changes in the re-evaluation of the items of financial instruments, buildings, machinery, equipment, and obligations traded on the financial statements in commercial banks (income statement, financial position statement, change in equity, and cash flow statement).

This study recommends the need to provide specific and clear guidelines for measuring Fair value, and reducing resort to personal judgment and estimation by those in charge of preparing financial reports, given the importance of the items recorded in the financial statements at fair value and their role in affecting the financial position of the enterprise, the result of its business and its market value.

● **Damma Suad (2020)** study entitled the importance of accounting measurement at fair value and its role in achieving the quality of the financial statements (the second class of fixed assets).

This study aimed to clarify the importance and role of accounting measurement at fair value in evaluating the elements of fixations in the final budget, by addressing the concept of measurement, fair value and budget, considering the latter represents the real image of the economic institution in an effort to keep pace with global developments and the application of international accounting standards. The study was applied to the final budget for the year 2015 of the "Adrar Halib" institution. Through this study, we concluded that there are essential differences between the accounting measurement at historical cost and measurement according to fair value, and this reflects the reality as described. Also, reliance on fair value, which is considered one of the modern accounting tools that assist the organization in making rational decisions.

A study by **Ad Noureddine and Rouaani Bouhafs** 2021 entitled Excess Re-Evaluation of Fixations and its Role in Increasing the Benefit of the Financial Statements According to the Algerian Accounting Environment Case Study of Rouiba Company Algeria In order to reach the objectives and results of the study, the financial statements (assets, liabilities, results accounts table) were extrapolated as a tool for research in the field study. At historicalcost, it gives shady financial analytical results, and this is in order to provide a benefit to the users of the financial statements to make appropriate decisions, in addition to a significant increase in the value of in-kind assets, as well as its contribution to the density of private funds by 105.24%, and this gives a benefit to the institution to obtain virtual energy through capital intensity with There is no impact on the profitability of the option to evaluate it for non-depreciable fixings only.

What sets the study apart from previous studies: Study methods and variables differed in previous studies.Regarding variables, previous studies have addressed several different variables depending on the

environment and study time. As for methods, some of them took case study as research method, and some of them took analytical study as research method. Some of them took statistical study as research method, but in this study case study and analytical studies will be combined using Microsoft Excel as research method by extrapolating parts of financial data and preparing financial analysis indicators in the emerging Algerian economy. . . Establishments operating in the industrial sector, which are among the establishments listed on the Algiers Stock Exchange

2. Theoretical framework of accounting information systems and re-evaluation of fixations:

2.1 Accounting Information Systems:

2.1.1 Concept of Accounting Information Systems:

The concept of accounting information system: The accounting information system contains specifications for the information system in general, and it also has specifications that are distinct from the rest of the information systems, and these features are related to the accounting function. The accounting information system relates to economic data resulting from external events or internal operations, and most of these data are expressed in financial form, although the data may be non-financial and then translated into financial statements. On the part of the accounting outputs, the information system produces documents, reports, lists, and some Other information expressed in financial form **(Kamal Al-Sayed , 2003, p. 70)**.

Accounting information system: It is one of the sub-systems in the economic unit. It consists of several sub-systems working with each other in an interdependent, coherent and mutual manner with the aim of providing historical, current, future, financial and non-financial information to all parties concerned with the issue of economic unity in a manner that serves the achievement of its objectives **(Ziad Hashem, 2011, p. 44)**.

2.1.2 Objectives of accounting information systems(Al-Jazrawi & Al-Janabi. , 2009, p. 27):

To separate the objectives of any accounting information system is to provide accounting information to various internal users such as management or external users such as customers. There are three specific objectives that can be set to help achieve the main purpose indicated**.**

- The first objective is daily support for operations: any economic unit carries out daily a number of activities and events called Transactions, and Accounting Transactions. economic value exchanges.

- The second goal is to support decision-making: The second important goal of accounting information systems is to provide decision-making information, which usually makes decisions in proportion to the unit of economic planning and control, and this goal is called information processing. For example, many economic units use their own accounting information system. For the task of processing vital information, vital areas, light on the next economic resources, where with the knowledge of the latter, the economic unit.

- The third objective: Fulfilling obligations related to managing and managing materials. The importance of obligations is achieved by providing the necessary information to external users of human units, for example, consolidated economic units or public ownership of large obligations as in the case of industrial economic units of public benefit. Economic units are required to provide information to stakeholders including owners, creditors, regulatory committees, financial analysts, industry participants, and even the general public.

2.1.3 functions of the Accounting Information System:

− **the re-evaluation of fixed assets:**
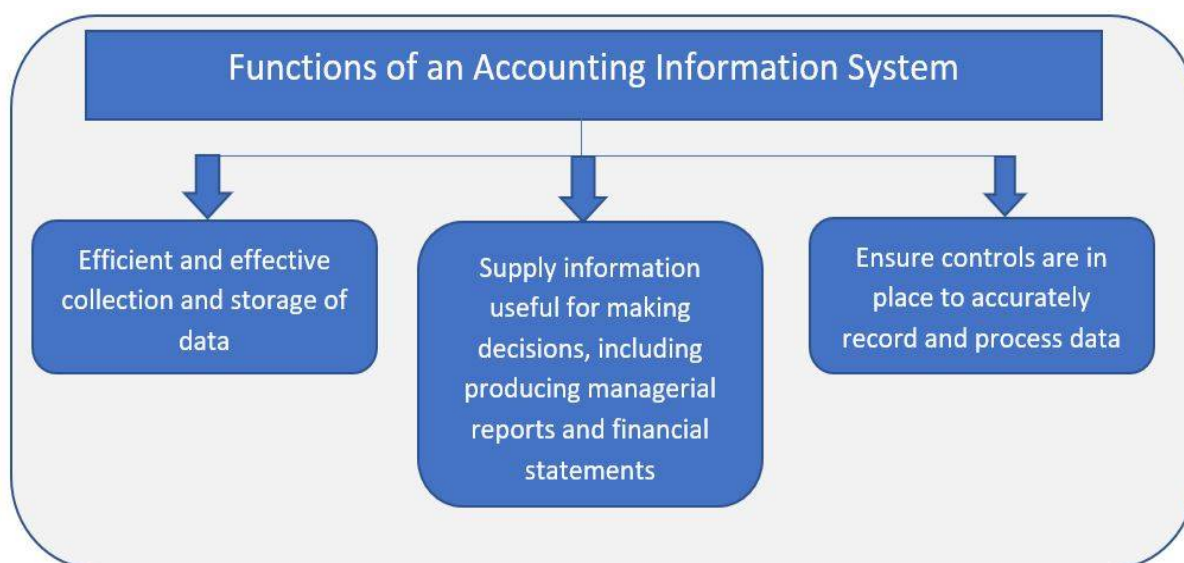
Source:https://resources.tallysolutions.com/wp-content/uploads/2021/06/1.jpg (accessed November 28, 2023)

2.2 Concept re-evaluation of fixed assets:

The SCF financial accounting system allowed economic enterprises the possibility of evaluating pre-specified physical fixations after their initial inclusion in the accounts at their historical cost at their true value on the date of re-evaluation, until this process is not compulsory, and the process of re-evaluation is a periodic process that takes place regularly so that the accounting value of the concerned fixations does not differ significant difference from its market value at the closing date.

2.2.1 Definition of re-evaluation of fixed assets:

As for the definition that the financial accounting system came up with, it is: The enterprise estimates, at each closing date of accounts, to estimate and examine whether there is an indication that any of the financial assets has not lost its value, and if such an indicator is proven to exist, then the institution estimates the possible value. Collecting it from the asset, assessing the recoverable value of the asset at the highest value between the net selling price and the useful value, so that the net selling price of the asset is the amount that can be obtained from the sale of any asset when concluding any transaction under normal competition conditions between fully informed, knowledgeable, and consensual parties with subtraction from it. Exit costs, while the useful value of

any asset is the updated value for estimating the liquidity of future funds expected from the continuous use of the asset and its assignment at the end of its usufruct period **(Algerian Republic, 25 March 2009, p. 7)**.

2.2.2 Causes for re-evaluation of fixations (Al-Tijani Hussein , 2014, p. 77):

• The final significant increase in the value of fixed assets, and the user uses this increase to strengthen the financial position.

• The significant decrease in the value of these assets, which may prompt the taxpayer to display them at the real value so that the accounts accurately represent his financial position.

• Changing the company's legal form by separating a partner, joining a partner, or merging it with another company, in order to determine the share of the separated or joining partner in the net assets.

• Estimating the true value of assets when applying for long-term credit.

• Estimating the value of the assets that the enterprise wishes to insure against various risks.

• Offering these assets or all of them for sale.

2.2.3 Objectives of re-evaluation of fixations:

- Testing the establishment's ability to make a profit on the basis of covering the current costs of production factors, especially with regard to estimating the depreciation of fixed assets.

- Allocating fixed assets among the company's various branches, and measuring the rate of return achieved by each of these branches, calculated on the basis of the current value of those assets on the one hand, and comparing that return among the different branches on the other hand.

- Measuring the rate of return achieved by the enterprise on its total working assets, and comparing that return with the rates of the industry to which the company belongs **(Al-Tijani Hussein , 2014, p. 37).**

- To make rational investment and business decisions related to the sale or purchase of investments (choosing from among alternatives), merger decisions between units or decisions to acquire (purchase) a unit, so that they are based on financial information with high reliability.

-Planning the business of the institution.

- Show the current value to both shareholders, investors and lenders**(Salim Ibrahim, 2016, p. 33)**.

2.2.4 Properties of re-evaluation fixations(Hanifa , 2013, pp. 369-370)**:**

The form of re-evaluation of fixations is not obligatory according to the financial accounting system, and in order to apply this form, the following conditions must be met in it:

• It must be possible to determine the fair value reliably and return the market price to form this fair value.

• Re-evaluation of the fixings is not necessary annually, but it must be done regularly so that the fixings appear in the financial statements at the end of the year with their re-evaluated net accounting value approximating the fair value.

• If a re-evaluation process is carried out for a fixture, it is necessary for all stabilizers to be deficient in the item.

• All tangible and intangible assets can be revalued according to the financial accounting system. However, the condition of an active market is a condition for determining the fair value.

• Re-evaluation of fixations pertaining to current assets because they remain in the possession of the institution for a long time after evaluating their holdings, whether by raising or lowering the accounting value of the asset according to the direction of the market price change.

3. Method and tools:

3.1 Applied framework: The effect of accounting information systems prepared according to re-evaluation in improving decision-making - assets as a model
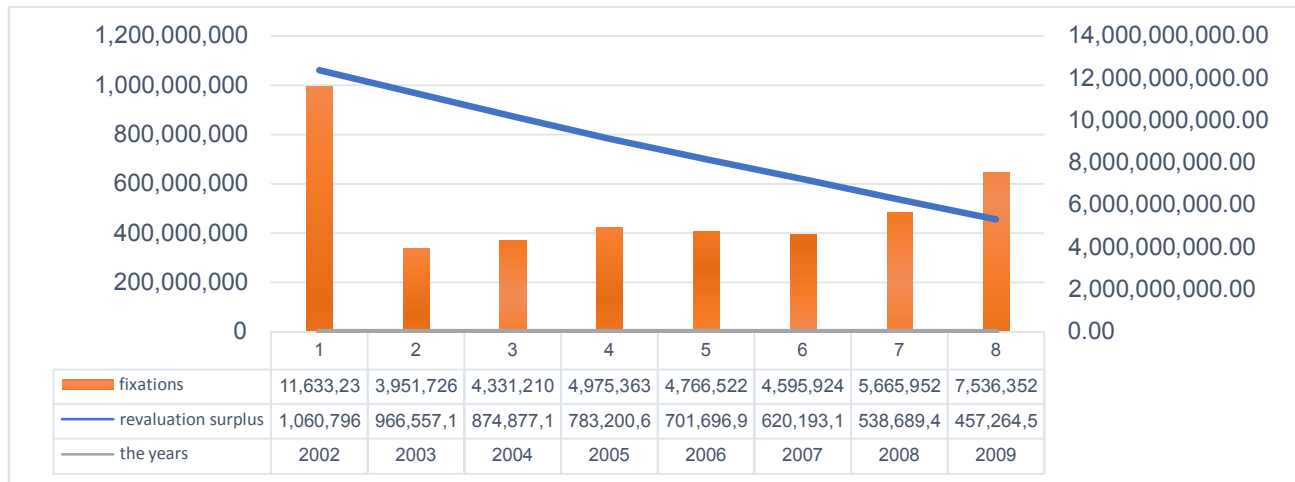
The impact of the outputs of the accounting information systems prepared according to the re-evaluation of the fixations lies in the improvement and rationalization of decisions in the Saidal Corporation through the budget represented in the asset side, through the option of accounting treatment at the re-evaluated value without being restricted to the historical cost, which in turn affects the financial indicators in particular (the rate of return on assets Or the turnover rate of fixed assets), and also affects the net result before tax, which is represented in the table of accounts of the results, and this is all due to the decision of the institution, and given the reality of the situation, a survey was made at the level of Algerian institutions, and the choice fell on the institution: Saidal Complex.

This institution (Sidal Group), which is active within the framework of the Algerian accounting environment, is considered one of the leading institutions in Algeria. It was chosen for several reasons: (financial disclosure, its re-evaluation of fixations, detailed annual financial statements), as it applied the national accounting scheme (PCN) in Preparing its financial statements, as well as with the availability of information on fixations (Fiche Invest) in addition to the reports of the accountants about the process of re-evaluating the fixations for the years (2002-2009), because the accountant relies on the historical cost in calculating depreciation and provisions, and this is due to the tax administration not recognizing the increase or decrease In the value of fixations, in order to achieve the objectives of the study, we used the descriptive approach and the analytical approach, in line with the requirements of the research, as it is the most appropriate approach in the study, because it depends on studying the reality as it is and accurately, and it relates to the impact of accounting information systems prepared according to the re-evaluation in improving the decision-making process. model.

3.2 Results and discussion:

Financial indicators of Saidal Complex CorporationThrough the budget, we can monitor some indicators about the total fixings and the revaluation surplus through the figure that shows the evolution of the total fixings of the Saidal Complex Corporation during the period from 2002 to 2009.

Figure No. (02) shows the evolution of the total assets of the Saidal Group Corporation during the period from 2002 to 2009:

	1	2	3	4	5	6	7	8
fixations	11,633,23	3,951,726	4,331,210	4,975,363	4,766,522	4,595,924	5,665,952	7,536,352
revaluation surplus	1,060,796	966,557,1	874,877,1	783,200,6	701,696,9	620,193,1	538,689,4	457,264,5
the years	2002	2003	2004	2005	2006	2007	2008	2009

Source: Prepared by the researchers based on the data extracted from the financial statements during the period (2002-2009).

Through **Figure No. 02** below, we notice that the Saidal Group Corporation began to significantly decrease the volume of its assets from 2002 to 2004, which means that the decline in the value of the revalued fixations at the first level is not related to the decline in its activity coinciding with the decline in the value of the revaluation surplus, so that the value of assets increased in two years 2009.2005, and thus it can be said that the institution has increased the value of its property.

- The rate of return of assets before and after the re-evaluation of the fixations of the Saidal Corporation (profitability index ratios): Based on Tables No. (1) (2) which show the fixations before and after the re-evaluation of the Saidal Corporation during the years 2002-2009 and the effect of the result before tax * and before the evaluation once re- Evaluation of its fixings, and this is the result of an increase or decrease in the value of depreciation and provisions.

Table No. (01): Rate return on assets by re-evaluating the fixations of the Saidal Complex:

the years	The result of a pre-tax revaluation	assets after revaluation	Asset rate of return
2002	610,877,704.26	11,633,239,070.34	0.00%
2003	1,166,343,751.54	3,951,726,038.78	14.97%
2004	1,532,464,903.14	4,331,210,771.34	37.00%
2005	1,227,600,463.78	4,975,363,657.80	26.38%
2006	1,399,677,394.99	4,766,522,945.07	28.74%
2007	1,524,602,379.91	4,595,924,031.19	32.57%
2008	1,807,606,809.58	5,665,952,523.98	35.23%
2009	3,517,199,838.00	7,536,352,675.00	53.28%

Source: Prepared by the researchers based on the data extracted from the financial statements during the period 2002-2009.
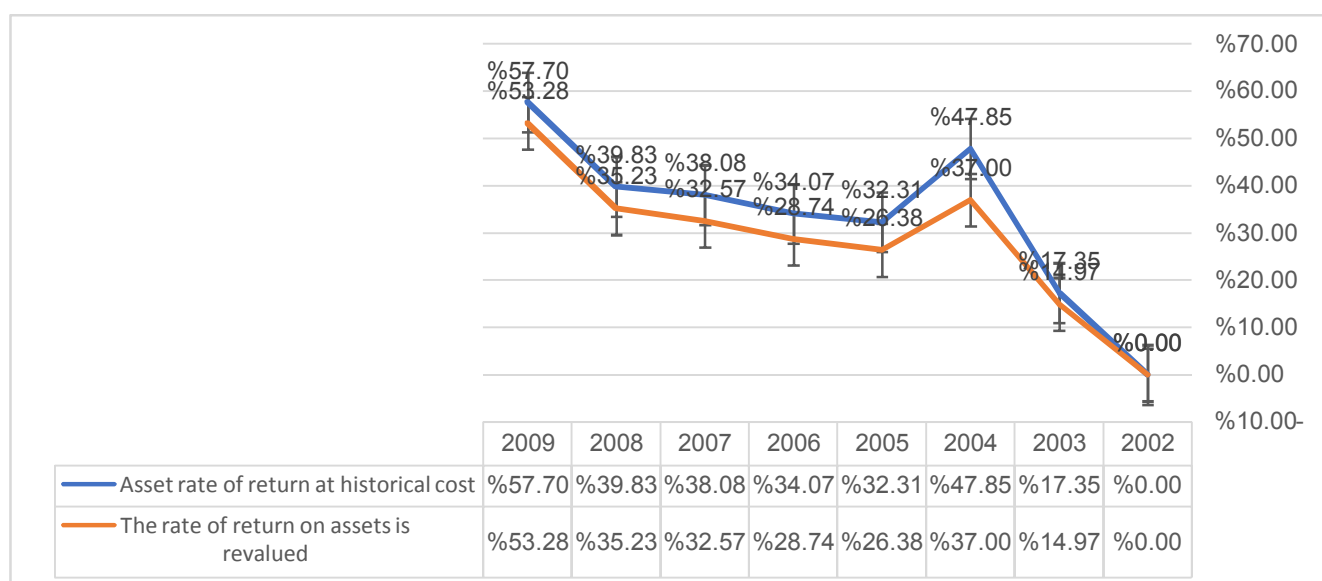
Table No. (02) Rate of return on assets at historical cost for Saidal Complex:

the years	The result before tax with historical cost	Historical cost of assets	Asset rate of return
2002	621,485,666.65	10,572,442,831.11	0.00%
2003	1,176,009,322.61	2,985,168,931.60	17.35%
2004	1,541,213,674.76	3,456,333,609.53	47.85%
2005	1,235,432,470.29	4,192,163,006.64	32.31%
2006	1,406,694,364.03	4,064,826,041.45	34.07%
2007	1,530,804,311.47	3,975,730,874.92	38.08%
2008	1,812,993,703.67	5,127,263,115.07	39.83%
2009	3,521,772,483.05	7,079,088,170.00	57.70%

Source: Prepared by researchers based on the data extracted from the financial statements during the period 2002-2009.

Based on the figure below No. (3) the line chart of the difference between the two rates of return on assets at historical cost and re-evaluation, it was found that there is a clear difference through the figure so that the rate of return on assets at historical cost gives misleading results, and this is in order to know how to use total assets to generate profits for a company in value This was shown during the following years from 2003 to 2009.

Figure No. (03) Line chart showing the difference between the asset return rate at historical cost and the revaluation of Saidal Group.

	2009	2008	2007	2006	2005	2004	2003	2002
Asset rate of return at historical cost	%57.70	%39.83	%38.08	%34.07	%32.31	%47.85	%17.35	%0.00
The rate of return on assets is revalued	%53.28	%35.23	%32.57	%28.74	%26.38	%37.00	%14.97	%0.00

Source: Prepared by the researchers based on the data extracted from the financial statements

- Financial analysis of activity ratios through operational performance (fixed assets turnover rate FAT for Saidal Corporation): The fixed assets turnover ratio uses the following formula: Based on the numbers provided by the budget and results accounts table for Saidal, this ratio is calculated by dividing net sales by fixed assets, whether by re- The evaluation or historical cost of the company and Table No. (03) shows the difference between the two rates of turnover of fixed assets at historical cost and re-evaluation, which seeks to know the extent of the company's efficiency in achieving sales from its current fixed assets in real terms, which explains how to invest one Algerian dinar in fixed assets It generates approximately (0.72 DZD) for the valued assets, while at the historical cost it generates (0.68 DZD) for a difference of (0.04 DZD) for the year 2002 for real net sales. As for the year 2003, the difference increased to a value of (0.09 DZD), and for the last two years (2008-2009) The value of the difference increased by (0.70 DZD, 0.82 DZD) and the real value (revaluation) remains the approved value in knowing the efficiency of the company in achieving its sales, and this is in order to know how to use the fixed assets well.

Table No. (3): Difference between the asset turnover rate at historical cost and the revaluation of Saidal Group:

years for Saydal	The rate of the fixed assets in accordance with re-evaluation	The rate of the fixed assets in accordance to historicalcost	The difference between the two rates
2002	0.72 DA	0.68 DA	0.04 DA
2003	1.57 DA	1.48 DA	0.09 DA
2004	3.00 DA	2.51 DA	0.49 DA
2005	2.94 DA	2.31 DA	0.63 DA
2006	2.97 DA	2.34 DA	0.62 DA
2007	3.38 DA	2.63 DA	0.75 DA
2008	2.53 DA	1.82 DA	0.70 DA

Source: Prepared by researchers based on the data extracted from the financial statements during the period 2002-2009.

4. Conclusion:

-The first hypothesis: There is a significant difference on the performance and profitability analysis (ROA rate of return) in the event that a decision is made to rely on the outputs of the accounting information system prepared according to the principle of re-evaluation of fixations different from their value at historical cost. The hypothesis was proven through the rate of return of assets before and after re- Evaluation of the fixations of the Saidal Group Corporation (profitability index ratios) so that the rate of return of assets at historical cost gives misleading results, and this is in order to know how to use the total assets to generate profits for the company in real terms, and this was shown during the following years from 2003 to 2009.

- **The second hypothesis:** There is a significant difference in the performance and analysis of activity ratios (fixed assets turnover rate FAT) in the event of a decision to rely on the outputs of the accounting information

system prepared according to the principle of re-evaluation of fixations different from their value at historical cost. The hypothesis was proven through the financial analysis of activity ratios Through the operational performance (fixed assets turnover ratio FAT of SAIDAL Corporation), which seeks to know the extent of the company's efficiency in achieving sales from its current fixed assets at real value without the historical cost.

The third hypothesis: The outputs obtained from accounting information systems prepared according to the principle of re-evaluation of fixations help in evaluating the financial performance of the institution under study and in guiding future decisions. Prepared according to re-evaluation according to analytical and applied indicators, which is represented in focusing on accounting information systems that have a major role in determining the value and privacy of the company. or himself.

- The study's recommendations: As a result, we can recommend:

- Reliance on accounting information systems by re-evaluation of fixations other than the historical cost in which the analysis is shaded, which affects the decision-making process and its rationality.

- Relying on periodic financial analysis according to the fair value and comparing it with other similar companies or the same, and this helps in improving the decision and rationalizing it.

- Re-evaluation of the fixings of expendable assets, that is, the net accounting value is non-existent, and this is in order to support more financial analysis, which in turn helps in improving the decision and rationalizing it.

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