

Analysis of gaps in the application of international accounting standards IAS/IFRS in Algeria: the case of the Accounting and Financial System (SCF)

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Abstract:

The article examines the shortcomings in the application of international accounting standards IAS/IFRS in Algeria. The Accounting and Financial System (SCF) was introduced in 2010 to meet national accounting requirements and international standards, but gaps persist. The new definitions, accounting principles and standards, as well as the accounting organization, aim to standardize accounting practices in Algeria. However, controversies exist regarding their adaptation to the national economy. This contribution identifies issues related to the implementation of the SCF, such as inadequate preparation of entities and auditors, persisting old accounting practices, the informal economy, and a lack of interest in accounting. Organizational and functional aspects are also analyzed. The findings provide insights for improvements to enhance the effectiveness of the accounting and financial system in Algeria. This article offers an in-depth analysis of the shortcomings in the application of international accounting standards in Algeria.

Keywords: Shortcomings, SCF, accounting standards, Financial Accounting, IAS/IFRS.

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Introduction:

Since gaining independence, Algeria has witnessed various transformations within its accounting system. These changes were marked by a transition from the French General Accounting Plan (PCG) of 1957, implemented from 1962 to 1975, to the National Accounting Plan (PCN) in effect from 1975 to 2009. Subsequently, in 2010, the nation adopted the Accounting and Financial System (SCF) following the promulgation of Law 07/11 on November 25, 2007. This transition to the SCF resulted in a comprehensive overhaul, aimed at adapting the Algerian accounting framework. The primary objective of this reform was the standardization and harmonization of financial information, with a particular focus on ensuring that financial statements are prepared in accordance with principles and rules comparable at the national and international levels.

The revision of the accounting system, aligned with international accounting standards such as those set by the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS), and the International Accounting Standards (IAS) (DAMAK-AYADI, 2009), is part of a financial perspective oriented towards the market, taking into account the context of economic openness. This reform entails a substantial redefinition of financial accounting and entities subject to legal provisions, as well as a redesign of the conceptual framework, the introduction of new accounting principles and standards, a reorganization of accounting aspects, financial statements, consolidation, and combined accounts, as well as adjustments in accounting methods and estimates (SUCHER, BYCHKOVA, & JINDRICOVSKA, 2005). However, the limited acceptance of the financial approach of the Accounting and Financial System (SCF) by users remains a notable aspect.

This article aims to conduct a thorough evaluation of the contribution of the Accounting and Financial System (SCF) in Algeria while explicitly identifying its shortcomings after a 12-year implementation period in Algerian enterprises. In the context of this evaluation, we have opted for an analytical method based on theoretical foundations. The main objective of this approach is to precisely identify the inherent flaws in the application of the SCF, including those resulting from insufficient preparation of entities and auditors, the persistence of previous accounting practices, the ongoing impact of the informal economy, a manifest disinterest in accounting, and the absence of periodic evaluation of the SCF by government authorities. It is also essential not to overlook organizational and structural deficiencies.

Crucially, this study aims to answer the fundamental question: **What are the main shortcomings of the SCF in the specific context of Algeria?** Therefore, this analytical approach generates two subsidiary questions arising from this central issue:

- *Is the SCF in compliance with international accounting and financial standards?*
- *What improvements has the application of the SCF brought to the adaptability of accounting practice to new economic realities?*

In this article, we have based our analysis on two hypotheses:

H01: The implementation of the Accounting and Financial System (SCF), aligned with international accounting standards, has improved the quality of financial information in Algeria.

H02: Despite the adoption of the SCF in Algeria, gaps persist due to inadequate preparation, old accounting practices, and organizational factors.

This article will undertake a meticulous analysis of the shortcomings inherent in the application of international accounting standards in Algeria, focusing on the specific case of the Accounting and Financial System (SCF). The main objective will be to evaluate the effectiveness of the SCF, scrutinize the underlying reasons for deficiencies observed in its application, and carefully examine the various factors influencing these shortcomings. The conclusions of this study will provide valuable insights, fostering a deep understanding of the challenges and opportunities inherent in implementing the SCF in Algeria. Consequently, these results will contribute to formulating informed recommendations for the continuous improvement of accounting practice in the specific context of Algeria, within a rigorous scientific perspective.

1. Contribution of the SCF

1.1. Accounting standardization and conceptual framework

Accounting standardization in Algeria began immediately after its independence, and the French-inherited PCG of 1957 was replaced by the PCN in 1975, following the work of the Higher Accounting Council, as the first attempt at reform dates back to 1969. In the context of standardization, the SCF defines accounting standards and the chart of accounts for the preparation of financial statements. According to Articles 6 and 7 of the Law of November 25, 2007 (Official Gazette (JO), 2007), these statements are based on financial accounting as a guide for the development of accounting standards (not general accounting) and adhere to a set of principles, including accrual accounting, going concern, understandability, relevance, reliability, comparability, historical cost, and the primacy of economic reality over legal form. Furthermore, some experts argue that accounting plays a less significant role in standardization: "The accounting standardization and regulatory framework in Algeria is largely inspired by the French system, which consists of the former CNC, but with a major difference: the power of accounting standardization in Algeria primarily belongs to the Ministry of Finance. Unlike Anglo-Saxon countries where the accounting profession plays a central role in the development of accounting standards, the accounting profession in Algeria has a much less significant role in accounting standardization" (KHOUATRA & MERHOUM, 2018).

The PCN of 1975 did not aim to define accounting standards, nor did it refer to a conceptual framework. However, it provided accounting information for planning purposes. In this regard, a ranking of users of accounting information based on preference was established as follows: the company, financial institutions, national accounting, and the tax administration (BOURAOUI, 2017).

The SCF refers to the conceptual framework of the IASB, which is intended to ensure accounting and financial standardization. Thus, financial statements serve as a source of information for both internal and external users of the company. In summary, Algeria has successfully implemented an accounting and financial reform for the first time since the implementation of the PCN, based on a heritage approach. The SCF has come to address the shortcomings of the PCN (CNC, Evaluation of the National Chart of Accounts, 2000) and facilitate a long-awaited accounting reform.

1.2. Adaptation of the accounting system to the new economic context

The transition from a planned economy to a market economy required the adaptation of the accounting system to provide accounting and financial information in accordance with international accounting standards. The development and implementation of the SCF since 2010 (Instruction No. 2 of the Ministry of Finance, 2009) have accompanied this economic context of openness to foreign capital by establishing a transparent accounting system that is in line with international accounting standards (IAS/IFRS). It is worth noting that the International Monetary Fund and the World Bank, in the context of economic openness, demanded that recipients of their funds adapt their accounting systems and present financial statements in accordance with IAS/IFRS standards (Istrate, 2015).

2. Limitations

Academics and accounting practitioners agree on two categories of limitations (BOUBIR, 2015): reasons related to the insufficient application of the SCF and reasons for inadequacy in the application of the SCF. However, in addition to these two categories, there are also structural and organizational limitations.

2.1. Reasons related to the insufficient application of the SCF

This category encompasses the limitations related to the advent of the SCF, the transition from the 1975 Chart of Accounts (PCN) to the SCF, and the initial application of the SCF. It includes limitations in stock valuation, preparation of financial statements and accompanying notes, application of standards related to provisions for risks and liabilities, and standards related to the treatment of public concession contracts.

2.1.1. Limitations related to the advent of the SCF

The introduction of the SCF was marked by insufficient preparation of entities and financial statement auditors. According to the International Standards on Auditing (ISA), audits can be legal or contractual, and contractual audits practically do not exist in Algeria. As a result, the term "audit" is reduced to only legal control. This situation is exacerbated by the pressure from company executives on financial statement preparers to manipulate certain transactions based on desired accounting results and tax obligations.

The prevailing culture that accounting serves only tax purposes and the low status of "accountants," who are often relegated to the role of cashiers, further reinforce the perception of the insignificance of social accounting. Additionally, the lack of interest in accounting from public authorities and decision-makers, coupled with the significant growth of the informal economy, contributes to the notion of the futility of social accounting, among other factors.

2.1.2. Limitations related to the transition from the 1975 Chart of Accounts to the SCF

Undoubtedly, the transition from the 1975 Chart of Accounts (PCN) to the SCF did not proceed smoothly, as the SCF was limited to a mere translation of PCN accounts into SCF accounts. The transition process followed a strategy of developing an accounting system compliant with international accounting standards (IAS/IFRS) defined by a working

group from the French group financed by the World Bank, despite the absence of an active national financial market and listed companies on the international financial market.

The SCF lacks a standard specifically addressing its initial adoption, which posed several difficulties for SMEs during the transition to the SCF. In addition, there were no precise rules governing the transition process, and the instructions containing methodological notes related to the transition were incomplete and arrived very late. As a result, entities faced significant challenges in ensuring a proper transition to the SCF.

2.1.3. Limitations related to the initial application of the SCF

The application of the SCF has resulted in several impacts within entities. The human impact is significant, particularly regarding the training of personnel in SCF and IAS/IFRS standards. It is essential to provide employees with the necessary skills to understand and apply the new accounting standards. Additionally, the organizational impact is felt with the replacement of the previous software with the SAP ERP, which is tailored to meet the requirements of the SCF. This requires process adaptation and information system upgrades.

However, the most significant impact is on accounting, as it involves restating the previous years' sales in the asset and liability accounts according to the newly adopted accounting methods and estimates. According to the SCF, these impacts are recorded in account 115 titled "Impact due to the transition to the SCF." If the restatements of previous balances result in a negative accounting impact, leading to the creation of a deferred tax asset, it cannot be offset with cumulative deficits. On the other hand, if the accounting impact is positive, it is recorded in account 1154 and generates a deferred tax liability.

In terms of financial impact, the transition to the SCF has resulted in additional costs for entities. These costs include assistance from an accountant, personnel training, and acquisition of new software. It is essential to invest in these resources to ensure a successful transition to the SCF and compliance with the new accounting standards. Finally, the application of the SCF has significant repercussions on entities, both in terms of human, organizational, and financial aspects. It is crucial to train personnel, adapt processes, perform accounting restatements, and invest in the necessary resources to ensure an efficient transition that meets the requirements of the SCF.

2.1.4. Limitations related to stock valuation

The rules for valuation and accounting according to the SCF (Decree of July 26, 2008) are not applied in certain cases. In this regard, entities and their managers have encountered difficulties in applying certain accounting standards of the SCF, such as the principle of stock underactivity, which is not applied despite being recommended by the SCF. This has led SMEs to bear insurmountable costs when implementing the provisions of the new system.

Indeed, the valuation of finished goods stocks, taking into account the principle of stock underactivity, requires the establishment of cost accounting and the recruitment of qualified personnel. As a result, the financial impact of this stock valuation can make the entity less competitive. Additionally, the accounting standard dealing with stocks and work in progress needs to be reviewed and improved to address another limitation related to stock valuation.

2.1.5. Limitations related to the preparation of financial statements and accompanying notes

Regarding financial statements, for example, the cash flow statement (CFS) is not useful even though the company has always prepared periodic cash position statements. As for the accompanying notes, they are not highly regarded by users as they are only timidly prepared, and in other cases, the notes are prepared but without any usefulness for management and the statutory auditor. This means that external parties are not interested in this supplementary financial statement.

2.1.6. Limitations related to the application of standards for provisions for risks and charges

Users of the Financial Control System (SCF) face numerous difficulties when it comes to applying standards related to provisions. These difficulties manifest themselves in the following areas: Firstly, the recognition of provisions for risks and charges poses a major challenge. Companies must accurately estimate the amounts to be provisioned to cover potential risks related to disputes, warranties, or claims. However, this estimation can often be complex and subjective, which can compromise the fairness of the financial statements.

Secondly, calculating retirement benefits is another obstacle. It is essential to use an appropriate discount rate and relevant statistics (such as mortality rate) to determine the amount of provisions needed. However, obtaining accurate and up-to-date data can be difficult, leading to significant discrepancies between the provisions made and the actual obligations of the company. Moreover, certain charges can be so significant that they can absorb a significant portion of the company's capital, impacting the debt ratio. This occurs when long-term debts are recognized as provisions, thereby increasing the company's liabilities. Striking the right balance between the need to make provisions to meet future commitments and the consequences on the overall financial structure of the company is crucial.

Finally, applying standards related to provisions presents a major challenge for users of the SCF. It is essential to establish well-defined calculation methods, obtain reliable data, and exercise professional judgment to ensure the fairness of the financial statements and preserve the financial balance of the company. Additional efforts must be made to address these challenges and ensure a better understanding and application of these standards.

2.1.7. Limitations related to the treatment of public concession contracts

The limitations related to the treatment of public concession contracts are a concerning issue. The lack of specific accounting standards for these contracts poses significant problems when it comes to their evaluation and recognition. In Algeria, the state frequently delegates the management of public services to private or public entities.

Therefore, it is essential to include a dedicated accounting standard for public service concession contracts in the SCF. However, the SCF, which draws inspiration from an evolving international framework, remains ambiguous in certain aspects. Its financial

vision and philosophy are still widely contested by Algerian users due to the confusion generated by some of its provisions and their relevance to the reality of society and the management mode of the national economy.

It is crucial to address this situation by adapting the SCF to the specificities and needs of Algeria. Developing a clear and precise accounting standard for public concession contracts helps clarify the accounting rules to be followed and ensures better transparency and comparability of financial statements for entities involved in such contracts. It is also essential to consider international developments in accounting standards and appropriately integrate them into the SCF. This would guarantee harmonization with international practices and facilitate commercial and financial exchanges with foreign partners.

Urgent action is needed to fill the gaps in the SCF regarding the treatment of public concession contracts by developing a specific accounting standard for this purpose. It is also necessary to consider the specificities of the national economy and ensure better adherence of Algerian users to the principles and provisions of the SCF to promote a better understanding and application of accounting standards.

2.2. Reasons for Insufficiency in the Application of the FCS

The revision of the Financial Accounting System (FCS) involves modifying certain accounting standards that are currently impractical to apply, as well as simplifying complex standards. In the case of Algerian companies, the transition from the National Chart of Accounts (NCA) of 1975 to the FCS in 2010 was mostly limited to a simple conversion of accounts.

Unfortunately, many entities still struggle to apply certain standards and provisions of this framework or completely ignore them. For example, few entities provide reliable information in the notes to the financial statements, even when they are actually prepared. Some lessees do not recognize leasing contracts because the tax system does not acknowledge this type of contract. The concept of business combination, which is economically significant, is unknown to the entities concerned, particularly small and medium-sized enterprises (SMEs) and family-owned group companies where the head of the family dominates. Moreover, persistent issues arise in the recognition of property, plant, and equipment.

Other deficiencies relate to the impairment of tangible and intangible assets, especially for entities operating in declining sectors. The accounting for subsidized loans in relation to public subsidies also poses problems. Similarly, the completed-contract method for long-term contracts is only imposed for tax purposes, and non-compliance should result in the establishment of a provision for tax adjustment. The issue of deferred taxation, pro forma accounting in case of changes in methods, omissions, or error corrections, as well as management procedures adapted to the FCS, remains unresolved.

It is evident that this situation is the result of inadequate initial and ongoing training for all users, whether accountants, auditors, or entity executives, as well as the lack of interest from the authorities towards financial statement preparers.

To improve the situation, it is necessary to introduce simpler criteria for the classification of financial instruments in the FCS. Furthermore, the amortization of goodwill, which should not be subject to this practice, needs to be reviewed. The FCS

should also be enriched with new accounting standards allowing the evaluation and presentation of certain elements of financial statements, and a standard defining the application procedures of the FCS should be integrated into the Algerian accounting framework.

Other significant additions to the FCS could include a dedicated accounting standard for the assessment of ordinary activities' revenues, a standard for the preparation of interim financial statements, as well as a specific standard on the evaluation and accounting for insurance contracts, in addition to National Accounting Council (NAC) Opinion No. 89/2011 regarding the accounting classification of insurance (CNC, 2011, March 10). Since the mining sector has generated a significant part of Algeria's value-added, the FCS should also include a specific accounting standard for the exploration and evaluation of mineral resources.

Considering that Algeria is facing hyperinflation phenomena, the FCS should examine valuation methods using fair value to avoid latent valuations and arbitrary judgments. Effective entity governance also involves mastering information about related parties, which requires the addition of a specific accounting standard for this purpose, as well as ratios and management reports.

The distinction between liabilities and equity can only be made through an explicit accounting standard. Outside the opinions issued by the NAC, the FCS does not provide for interpretations. Therefore, it is necessary to establish mechanisms for issuing interpretations for cases not covered by an FCS standard.

To avoid judgments that may negatively affect the qualitative characteristics of financial information, it is preferable to minimize alternative valuation methods as much as possible. The application of benchmark valuation methods should certainly enable comparability of financial statements and prevent entities from incurring unnecessary additional costs, in accordance with the cost-benefit comparison principle.

2.3. Structural and Organizational Insufficiencies

The structural and organizational deficiencies faced by entities originate from the conceptual framework of the FCS. While the FCS introduced a new financial and accounting philosophy, it did not include specific provisions regarding sectoral accounting and the structures that make up the economic fabric and financial markets. Consequently, there is no specific chart of accounts for each sector, be it financial institutions, insurance companies, the agricultural sector, the industrial sector, or even entities in the private or public sectors.

This gap in the FCS has significant repercussions on the accounting of different industries and entities. Each sector has its own specific accounting characteristics and requirements, and the absence of a specific chart of accounts limits the relevance and applicability of the general accounting standards of the FCS. For example, financial institutions have complex transactions and financial instruments that go beyond specific accounting rules and principles to record them adequately. Similarly, the insurance sector has specific requirements for the accounting of premiums, reserves, and insurance contract-related obligations.

The agricultural and industrial sectors also have specific characteristics, particularly concerning the accounting of biological assets, inventory, and production costs. Without an accounting framework tailored to these sectors, it is challenging to provide accurate and comprehensive reporting of their financial operations.

Even in the broader public and private context, it is essential to have specific accounting guidelines to account for the peculiarities of each entity. For example, public sector entities have transparency requirements and need to account for the use of public funds in a clear and detailed manner. To address these deficiencies, it is necessary to develop specific chart of accounts for each sector and entity type. This will involve adapting accounting standards to the realities and requirements of each industry, thereby promoting more accurate, relevant, and informative accounting for users of financial statements.

2.3.1. Organizational Reasons

The success of implementing a new system must meet and respect organizational conditions to better design control and evaluation methods over time and enable a better interpretation of results and the identification of risks (or obstacles and constraints) that hinder the project's success.

Reasons prior to the FCS project

The perceived need for changing the previous accounting framework (PCN) was not followed by extensive preparation and organization within the structures using the new FCS concept, including training trainers, professionals, and even training institutions and organizations. Consequently, the lack of training led to errors in the preparation and presentation of financial statements by certain taxpayers, despite the efforts made to ensure a successful transition to the new FCS. Additionally, there was a lack of preparation of support bodies for the project in terms of training, control, evaluation, and potential updates. Lastly, there was a lack of widespread means of disseminating information.

Reasons identified during 12 years of implementation (posterior reasons)

The lack of training resulted in professionals' inadequate understanding of the FCS content, leading to inappropriate translation and presentation of financial information. Several factors contribute to this situation. Firstly, there is a lack of continuous training for professionals, limiting their ability to stay updated with FCS developments. Moreover, there are delays in issuing announcements and explanatory notes for unforeseen cases, preventing proper application of accounting standards. Similarly, updates to the new FCS system are insufficient, leaving professionals without the necessary resources to understand and correctly apply the new standards.

Another issue is the absence of a body responsible for assessing the degree of success of the FCS. This gap hinders the identification of problems and shortcomings faced by professionals in their tasks, making it difficult to provide necessary updates. Additionally, there is a lack of accounting software compliant with regulations and meeting all criteria for effective accounting processing, limiting professionals' ability to apply FCS standards effectively.

The lack of financial awareness and interest has led practitioners to attach little importance to improving their knowledge or introducing innovations. Their main objective is often to produce tax returns to submit to tax authorities rather than focusing on the quality and accuracy of financial information. Lastly, the Algerian economy suffers from regulatory and legislative instability, limiting opportunities for engagement with financial and stock markets. This instability affects the attractiveness of foreign investors and hampers the development of an environment conducive to the proper implementation of the FCS.

2.3.2. Structural Reasons

Reasons related to the body responsible for drafting and revising the FCS

Several aspects should be considered to improve the implementation and effectiveness of the FCS:

- A gradual implementation of the FCS in stages and cycles over a period of two to four years is recommended. This approach will ensure the success of the project in all its modules and facilitate professionals' adaptation to new accounting standards and concepts.
- It is important to establish periodic questionnaires to assess the application of new accounting techniques and concepts, as well as professionals' level of proficiency. This will help identify gaps and ongoing training needs.
- Regular circulars and announcements should provide updates and clarifications on specific accounting operations and documents. These official guidelines facilitate understanding and correct application of FCS standards.
- In-depth work is necessary on certain accounting aspects and operations that are still poorly understood. This will help fill gaps and clarify concepts for consistent FCS implementation.
- Encouraging proposals for improving accounting texts and concepts is necessary. This can be achieved through collaboration between professionals, accounting organizations, and competent authorities to ensure the continuous development of the FCS, taking into account national specificities and best international practices.

By adopting these measures, it will be possible to improve the implementation of the FCS in Algeria, enhance trust in produced financial information, and promote transparency and comparability of entities' financial statements.

Reasons related to the control and oversight body

Several reasons are linked to the control and oversight body, which can impact the system's effectiveness:

- The current bodies responsible for controlling and overseeing operational professionals face difficulties in ensuring adequate supervision. They may lack resources or capabilities to effectively evaluate and supervise professionals and their activities.
- The volume, complexity, and sensitivity of certain cases make the control and oversight process more challenging. Some cases require in-depth expertise and special attention, leading to delays and gaps in conducting controls.

- The absence of specific analysis frameworks for each type of activity and sector can make it difficult to evaluate and supervise professionals. Clear guidelines and criteria are important for assessing professionals' compliance with current standards and regulations.
- Controls and oversight can be slow in some cases, resulting in delays in detecting and resolving problems. It is essential to improve the efficiency of control and oversight processes to ensure adequate supervision of professionals and their activities.

By taking measures to strengthen the capacities of control and oversight bodies, establish specific analysis criteria, and improve the efficiency of control processes, it will be possible to ensure better supervision of operational professionals and promote compliance with accounting and financial standards. This will contribute to enhancing trust in produced financial information and ensuring greater transparency in the accounting and financial environment.

Reasons related to the training and quality control body

Several reasons are linked to the body responsible for training and quality control, which can affect the quality of services and supervision of professionals:

- The absence of a continuous training program after the implementation of the FCS limits opportunities for professionals to stay updated with developments in the field. It is crucial to offer regular training to enhance professionals' skills and proficiency.
- The lack of support for in-depth training and professional development can limit opportunities for professionals to deepen their knowledge and develop specific skills. Specialized training is necessary to ensure a high level of professionalism.
- The absence of a charter establishing rules and conditions for quality control of services provided can lead to variability in the quality levels and compliance with standards. It is important to establish clear criteria for evaluating and ensuring service quality.
- Delays in executing control and verification operations can result in delays in detecting errors and potential issues. Effective and prompt control processes are necessary to ensure adequate supervision.
- The quality of accounting information depends not only on accounting principles and characteristics but also on the ethical principles of the profession. In the absence of clear standards and guidelines, it can be challenging to determine and classify errors and faults.
- The lack of auditing and control standards can hinder the conduct of effective and systematic audits. Clear standards are needed to guide professionals in their audit practices and ensure the quality of control processes.
- The absence of a standard serving as a basis for report writing can lead to variability in the form and content of reports. Having a unified standard facilitates understanding and comparison of reports by different professionals.

By taking measures such as establishing a continuous training program, implementing auditing and control standards, and developing a quality control charter, it will be possible to improve professionals' training, strengthen supervision, and ensure

greater compliance with standards and ethical principles. This will contribute to enhancing the reliability of accounting information and strengthening trust in the services provided by professionals.

Conclusion:

Despite the efforts made to establish an accounting and financial system in line with international standards, this article has identified a number of shortcomings. While the SCF has brought significant reforms, such as accounting and financial standardization, the abandonment of the asset-based approach, and the adoption of a transparent system in line with international standards, there are still persistent gaps.

These shortcomings can be grouped into three main categories. Firstly, those related to the insufficient application of the SCF, including poor preparation of entities and auditors, difficulties during the transition from PCN to SCF, as well as other specific issues in the initial implementation of the SCF, such as the valuation of stocks in case of inactivity, the preparation of financial statements and appendices, the application of standards regarding provisions for risks and liabilities, and the treatment of public concession contracts.

Secondly, some entities limit themselves to translating accounts, resulting in insufficient application of certain accounting standards. For example, certain provisions are inadequately or completely unapplied, such as the case where some lessees do not recognize lease contracts due to the non-tax recognition of this type of contract. The structural and organizational shortcomings are due to the conceptual framework of the SCF, which does not take into account sector-specific accounting and specific economic and financial structures. On an organizational level, several reasons contribute to these gaps, including those prior to the SCF project and those identified during its implementation. Additionally, the body responsible for drafting and revising the SCF, the lack of control and oversight, as well as the absence of a training and quality control policy, is also factors contributing to these shortcomings.

This article partially confirms the first hypothesis that the implementation of the Accounting and Financial System (SCF), aligned with international accounting standards, has improved the quality of financial information in Algeria. However, it also confirms the second hypothesis that gaps persist due to inadequate preparation, outdated accounting practices, and organizational factors. These findings highlight the need for improvements to enhance the effectiveness of the accounting and financial system, such as training for entities and auditors, better application of accounting standards, as well as the establishment of adequate control and oversight mechanisms. Furthermore, it is important to develop a policy of continuous training and quality control to ensure proper application of international accounting standards.

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