

The Extent of Alignment Between the Draft Algerian State Accounting Standard NCE 09 and its Counterpart in International Public Sector Accounting Standards IPSAS 17 Related to Tangible Assets

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Abstract:

This study aims to determine the extent of alignment between the draft Algerian state accounting standard No.09, related to tangible fixed assets, and its counterpart, the International Public Sector Accounting Standard No.17. This is achieved by conducting a comprehensive comparison between the content of both standards, in addition to clarifying how the evaluation of this type of asset, according to the national and international standard, affects the financial statements of public institutions with an administrative nature and similar public institutions.

Based on the descriptive-analytical approach, the study concluded that there are several significant differences between the international standard IPSAS 17 and the draft Algerian accounting standard NCE 09, particularly regarding the evaluation, revaluation methods, and accounting for revaluation difference. These differences affect the reliability of financial data inside the financial status and income statements. The Algerian government's reform, including Organic Law 18-15 and Law 23-07, represents an initial step towards adopting NCE standards.

Key Words: IPSAS 17, NCE 09 Project, Tangible Assets, Financial Statements, Institutions.

JEL Classification: H7, M41, H83, J8.

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1. Introduction:

The tools that specify the procedures for measuring, recording, and reporting are the International Public Sector Accounting Standards (IPSAS), which are published by the IPSASB, and reporting of various operations conducted by non-profit public institutions. These standards aim to present comprehensive financial statements that embody the qualitative attributes of accounting and financial information, such as transparency and credibility. This helps related parties obtain a comprehensive view of the state's assets and allows them to understand the actual financial performance of all governmental departments and agencies. This, in turn, aids in making decisions related to determining, executing, and monitoring public expenditures to achieve the desired results.

To achieve these benefits, the Algerian government, represented by the Ministry of Finance, has issued numerous laws and regulatory and legislative texts related to budgetary and accounting reforms since the post-independence period. The initial steps were taken towards adopting 17 international accounting criteria, to which references are made to as the State Accounting Standards (NCE).

In this regard, the IPSAS 17 serves as the basis for the NCE 09 project, specifies the conditions and methods for recognizing, evaluating, and disclosing tangible assets. The Algerian government has adapted this standard to align with the specific characteristics of the Algerian environment, especially since this type of asset represents the most significant element seen in public sector organizations' financial accounts.

In the aforementioned context, the comparative study by (Bani & Habi, 2021, pp. 295-315) focused on presenting the similarities and differences between IPSAS 17 and NCE 09 project. The study concluded that there is significant alignment between the two standards. However, our study differs from the latter by placing a strong emphasis on clarifying the differences between the international and national standard, as well as analyzing how these differences impact the financial statements issued by non-profit public institutions. As a result, the findings of our study diverge from those of the previous one. Moreover, our study is significant because it will assist the Algerian legislator responsible for translating and modifying international standards in identifying the major gaps in the NCE 09 draft and the potential consequences thereof, with the aim of addressing and correcting them before the standard's adoption.

As for the study by (Suhaiza, Tahirah, & Siti, 2023, pp. 01-14), the researchers sought to shed light on various issues and challenges faced by public institutions in Malaysia arising from the implementation of IPSAS 17. They also proposed several recommendations they deemed appropriate to address these issues and ensure compliance with the requirements of the international standard. However, our study differs from this one in that it addresses a national standard still in draft form, providing a forward-looking perspective on how the deficiencies in this draft could impact financial statements, in order to correct them and take early measures to mitigate potential future challenges and difficulties.

Research problem:

The following primary question might be used to construct the research issue:

To what extent does the Algerian State Accounting Standard Project NCE 09 comply with the international IPSAS 17 standard related to tangible assets?

To answer the research problem, we tried to divide it into sub-questions:

- Are there distinctions between the International Public Sector Accounting Standard IPSAS 17, and the Algerian State Accounting Standard Project NCE 09?
- How does the evaluation of tangible assets according to the Algerian Accounting Standard Project NCE 09 and the international IPSAS 17 affect the public sector institutions financial statements?

Research Hypotheses:

This research proceeds from the following main hypotheses:

- Given that the public sector's local accounting standards are derived from an international reference, The International Public Sector Accounting Standard IPSAS 17 and the Algerian State Accounting Standard Project NCE 09 do not vary significantly.
- The approach to evaluating tangible assets according to the Algerian Accounting Standard Project NCE 09 and the international IPSAS 17 may impact the financial statements of public sector institutions due to potential differences in initial and subsequent evaluation methods of assets between the two standards.

Research Objectives:

This research aims to achieve the following:

- Compare the Algerian State Accounting Standard Project NCE 09 with the Public Sector Accounting standard IPSAS 17 in all aspects, beginning with the criteria for assessment and recognition and continuing through the release of financial and accounting data pertaining to physical assets in public sector organizations' financial statements;
- Emphasize how physical assets are valued in accordance with the guidelines established by IPSAS 17 and NCE 09 project can affect the financial statements of non-profit public institutions.

Research Methodology:

To address the research question and achieve the set objectives, we adopted the descriptive-analytical method, which we deemed suitable for thoroughly examining the content of both the IPSAS 17 and the national draft standard No.09 related to tangible assets, in order to compare them and determine the extent of their alignment. Additionally, this method allowed us to highlight how the evaluation of this type of asset impacts the financial statements of non-profit public institutions.

2. Modernization of the Budgetary System and Public Accounting System as an Initial Step towards Adopting IPSAS Standards

After the state's fiscal structure was governed by Organic Law LOLF 18-15 pertaining to financial legislation ([The Organic Law No. 18-15, 2018, p. 09](#)), The foundation of public accounting saw a change in emphasis. Considering that The IPSAS are acknowledged and evaluation rules from IAS and IFRS designed specifically for economic institutions, it was necessary for the Algerian Public Accounting Standardization Council (Conseil De Normalisation De La Comptabilité Publique - CNCP) to draw inspiration from the principles and rules stipulated in the aforementioned standards as well as those in the Financial Accounting System (SCF) to establish a new accounting framework for the Algerian state. This framework, named the State Accounting System (Système Comptable De l'État - SCE), was established in 2014. It includes a conceptual framework and seventeen (17) national standards called State Accounting Standards (Normes Comptables De l'État - NCE) ([Habib, 2021, p. 02](#)), which were crafted to be easily understood and applied to state institutions, local communities (CL), and public administrative institutions (EPA).

However, these standards remain in draft form and may undergo changes, especially with the emergence of new international accounting standards and amendments to existing ones, in addition to economic developments since 2014.

To complement the previous efforts, the Ministry of Finance issued the new Public Accounting Law No. 23-07, corresponding to 21 June 2023. The change from cash to accrual accounting is the central theme of this statute. It lays forth the guidelines for financial management and public accounting that must be followed while creating budgets and financial operations of the aforementioned institutions. According to Article 97, the disclosed accounts must be:

- Organized and comprehensive of all facts and prepared according to the rules and principles stipulated in the accounting plan.
- Comparable over the years.
- As a result of analyzing and documenting each piece of income, cost, liability, and asset separately.
- Providing a true picture of assets and activity results.
- Contributing, after being processed by the national accounting system, to the assessment of the nation's total economic activity outcomes and the development of suitable economic strategies for ensuing periods ([Law No. 23-07, 2023, pp. 04-11](#)).

Regarding the state's general account, which comprises the five financial statements and the general ledger ([Law No. 23-07, 2023, p. 11](#)), to possess the aforementioned characteristics, it is essential to respect the conditions of recognition, evaluation, and accounting treatment of various financial statement items. We have focused on the item of tangible assets as it represents the largest element in the financial position statement and is covered by both international and national standards.

3. Comparison between the Content of the International Public Sector Accounting Standard IPSAS 17 and the Algerian State Accounting Standard Project NCE 09:

In this section, we will attempt to compare the content of the NCE 09 Project with the IPSAS 17 to identify the main similarities and differences between them.

3.1 Objective and Scope of Application:

Table 01: Comparison in Terms of Objective and Scope of Application

IPSAS 17	NCE 09 Project
Aims to clarify the conditions for recognizing tangible assets, how to estimate their value and account for them, as well as how to record the costs of consuming their economic benefits and impairment. The following situations do not fall under this standard: – If a different accounting treatment for tangible assets is adopted according to another worldwide norm for public sector accounting; and – In the case of historical assets, which have dedicated sections in this standard that specify the procedures for their recognition and recording. – Biological resources associated with farming operations (a); – Mineral rights and reserves, encompassing non-renewable resources like oil, natural gas, and the like (b). However, The standard might be applied to material assets that are used in the creation or upkeep of assets (a) and (b). This standard also applies to weapon systems, infrastructure assets, and assets in the form of concessions after their recognition and evaluation according to IPSAS 32, considering them as tangible assets.	Intends to outline the accounting procedures for tangible assets at the time they are recognized, how to determine their book value, and record depreciation allowances. This standard applies to the accounting of tangible assets, except in the following cases: – If different accounting treatment is applied according to another Algerian state accounting standard; and – Historical assets such as archaeological sites and artworks, which, due to their cultural and historical nature, are difficult to value and whose value may increase over time, as well as their lifespan. However, this standard applies if they can be used as offices, for example, where they are recognized and recorded. – Forests and other renewable natural resources (a); and – Exploration rights and mineral extraction, such as the extraction of oil, natural gas, and other non-renewable resources (b). However, this criterion can be applied to material resources utilized in the creation or upkeep of assets. (a) and (b). This standard also applies to specialized military equipment and infrastructure assets.

Source: (IPSASB, 2024, p. 537) (Ministry of Finance, 2014, p. 125)

Upon examining the above table, it becomes apparent that there are notable disparities between the IPSAS 17 and the NCE 09 Project. IPSAS 17 mentions that among the tangible assets to which the provisions of this standard apply are those assets granted under a public service concession contract, which are not mentioned in the NCE 09 standard.

3.2 Terminology Used:

Table 02: Comparison in Terms of Terminology Used

IPSAS 17	NCE 09 Project
Bearer Plant utilized to create agricultural goods; is predicted to yield for several seasons; and is marketed as junk rather than as an agricultural product.	Category of Material Resources a grouping of assets that are reported as a single item in financial statements and have comparable characteristics and uses.
Carrying Amount	Cost the entire sum of money, cash equivalent, or the reasonable market worth of any alternative payment made at the time an item was built or acquired.
Class of Tangible Assets (Category of Material Resources)	Depreciation The allocation of an asset's depreciable value across its useful lifespan.
Depreciable Amount	Depreciable Amount
Depreciation	Equitable worth is the cost at which items may be exchanged, or liabilities can be resolved, between informed, willing parties in a transaction conducted at arm's length.
Value Particular to an Entity (Value in Use) The present value of anticipated future cash flows resulting from the continuous use and ultimate disposal of an asset at the conclusion of its useful lifespan.	Material possessions are physical items owned by the state, utilized for producing or providing items and services, leasing to third parties or executing administrative duties, and are intended for use for a period exceeding one year.
Tangible Assets (Material possessions)	Residual Value the net projected amount derived from the asset at the end of its useful life, minus the predicted disposal costs.
The impairment loss (cash-generating asset) is the difference between the asset's market value and carrying value less the amount that can be recovered.	Useful Life The quantity of production units that the state expects to acquire from an asset, or the duration during which the state anticipates using the asset.
Non-cash-generating asset the variation in the carrying value of an asset that does not generate cash and its recoverable service amount is known as the impairment loss.	
Amount Recoverable the greater of an asset's value while in use or, if it generates cash, its fair value less the selling expenses.	
Amount of Recoverable Services The recoverable service amount refers to the disparity between the fair value of a non-cash	

generating asset, after deducting selling charges, and its worth during use. Remaining Value (Residual Value) Practical Life (Useful Life)	
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Source: (IPSASB, 2024, pp. 539-540) (Ministry of Finance, 2014, p. 127)

From the previous table, we note that there is a difference in the number and nature of the terms mentioned in International Standard No.17 and those mentioned in the Algerian State Accounting Standard Project No.09. Specifically:

IPSAS 17 defines thirteen (13) terms, while NCE 09 defines only eight (08) terms. In terms of the nature or type of terms mentioned in IPSAS 17 but not included in NCE 09, there are seven (07) terms as follows:

Bearer Plant, Carrying Amount, Entity-Specific Value, Impairment Loss (Cash Producing Asset), Deterioration Loss (Non-Cash Producing Asset), Amount Recoverable, and Amount of Recoverable Services.

Here, we notice that certain terms are not explained despite their importance, and they are known only to accountants working in economic institutions as they are present in law 07-11 related to the Financial Accounting System (SCF). On the other hand, most public sector accountants may not be familiar with these terms due to a lack of basic training in financial accounting. Additionally, in IPSAS 17, the term "entity" is used, while in NCE 09, the term "state" is used to refer to the standard's implementer.

3.3 Recognition and Accounting Registration of Tangible Assets:

Table 03: Comparison in Terms of Recognition of Tangible Assets

IPSAS 17	NCE 09 Project
Tangible assets are acknowledged in an entity's financial records as an asset when: - It is probable that they will bring potential financial gains or enhance the service potential associated with an asset; - Their fair worth or cost may be accurately determined. Maintenance tools and replacement parts are recognized and accounted for according to this standard only if they meet the aforementioned conditions; otherwise, they are recorded as inventories.	The recognition and accounting for of tangible assets as assets occur when: - It is likely that they will improve an asset's capacity for service or yield future financial gains for the state; - Their fair worth or cost may be accurately determined. Recognizing an expense as an asset or as a liability impacts the net surplus or deficit resulting from the activities carried out by state institutions. For replacement components and upkeep

Subsequent costs, such as regular maintenance costs for tangible assets, are not included in the asset's carrying value, but are documented as costs in the year they are spent. For example, maintenance expenses encompass labor expenses, raw material consumption, and other expenses. The expense associated with the partial replacement of certain components of an asset, such as replacing aircraft seats, is added to the asset's carrying value when the entity incurs this expense, only when the aforementioned recognition requirements are satisfied. When a substantial periodic inspection or overhaul is performed, the carrying amount should be increased by its cost of the tangible asset subject to the inspection, provided the recognition criteria mentioned above are met.	tools, most are recorded as inventories and then as expenses when used. However, if the state intends to use them for more than one year or if their use is associated with an asset, they are accounted for as tangible assets and depreciated during a time frame that doesn't go over the associated asset's useful life. There are instances where it makes sense to divide an asset's overall cost across its component pieces., and each part is accounted for separately. This is done only if Every element of the asset: - Possesses an alternative productive life; - Or brings economic benefits to the state at different levels. This requires the use of different depreciation rates and methods.
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Source: (IPSASB, 2024, pp. 540-542) (Ministry of Finance, 2014, pp. 128-130)

From the table above, we observe some fundamental differences between the two standards. For IPSAS 17, it indicates that:

- Regular maintenance costs for tangible assets should not be included in their carrying amount but recorded as an expense when incurred;
- Additional expenses that satisfy the above indicated recognized standards and are directly associated with the procurement, building, replacement of parts, or significant inspection and overhaul of a tangible asset are added to its cost.

In contrast, the NCE 09 Project does not address these two important points.

3.4 Evaluation of Tangible Assets and Their Inclusion in Accounts:

Table 04: Comparison in Terms of Evaluating Tangible Assets and Their Inclusion in Accounts

IPSAS 17	NCE 09 Project
Tangible assets that adhere to accounting and recognition standards criteria as assets are evaluated based on cost.	Tangible assets that adhere to accounting and recognition standards criteria as assets are evaluated based on expense.
Non-exchange assets acquired Transaction	An asset is assessed using its fair value on the

values are determined at the time of acquisition using fair value. The cost of tangible assets encompasses: - The purchase price, in addition to non-refundable customs duties and taxes, and a reduced number of rebates and trade discounts; - All expenses directly associated with transporting the asset to its operational location and making it ready for use, including: The expenditures include employee benefits, site preparation costs, shipping and handling charges, installation expenses, costs for evaluating the performance of the asset, and professional fees; - The preliminary assessment of expenses related to the removal and dismantling of the item, then rebuilding the site. Costs not included into the overall price of tangible assets include: Opening costs for a new institution, costs of launching a fresh good or service, costs of carrying out business with a fresh clientele or in a new area (including employee training costs), and general administrative and other overhead costs. For assets produced by the state for its own use, their cost is determined based on the same principles applied in the case of acquisition, with the need to exclude the costs of resources used in production or construction. IPSAS 05 indicates that financial expenses are recorded as part of the carrying amount of tangible assets produced by the entity for its own use.	acquisition date if it was obtained for free or at a minimal cost. The expense of tangible assets includes: - The purchase price, in addition to non-refundable customs duties and taxes, and a reduced number of rebates and trade discounts; - All expenses directly associated with transporting the asset to its operational location and making it ready for use, including expenses for site preparation, shipping and packing installation, as well as professional costs comparable to those of architects and engineers, and the projected expenses, which are included in the contingency, for taking down the asset and repairing the site. Administrative and general expenses, as well as startup and Similar costs, unless they are directly tied to the purchase, are not included in the cost of physical assets or making the asset operational; otherwise, they are recorded as an expense. For assets produced by the state for its own use, their manufacturing expenses must be subtracted from their cost, which is established using the same guidelines as in the case of purchase. Financial expenses are recorded as part of the cost of tangible assets. A tangible asset can be acquired through a whole or partial exchange for a different or other physical object, where the cost of this asset is according to the received asset's fair value, which is equal to the fair value of the exchanged asset. Subsequent costs related to tangible assets
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Tangible assets obtained by way of trade of one or more tangible assets for one or more monetary or Fair value is applied to non-monetary assets unless one of the following applies: - There is no business substance to the exchange transaction. - It is not possible to accurately determine the asset's fair value, whether it was purchased or not relinquished. In these situations, the carrying value of the item that was given up is used to calculate the cost of the acquired asset.	that contribute to enhancing their performance beyond normal levels and increasing their future economic benefits are added to their carrying amount. Other subsequent costs are recorded as expenses in the financial year in which they are incurred. Repair and maintenance costs incurred to preserve the future economic benefits of tangible assets or to restore their previous performance level without increasing it are recorded as expenses at the date they are incurred by the state.
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Sources: (IPSASB, 2024, pp. 543-545) (Ministry of Finance, 2014, pp. 130-132)

From the table above, it is clear that there are some differences between the international and local standards, which are as follows:

- The IPSAS 17 mentions that direct costs related to transporting the asset to its place of business and making it prepared for action include, however, they are not restricted to, employee benefits. However, these are not mentioned in the NCE 09 standard.
- IPSAS 17 explicitly states that administrative and general expenses and startup costs are not added to the total cost of tangible assets, whereas NCE 09 includes exceptions, stating that the aforementioned expenses are added to the cost of tangible assets only if they are directly related to their acquisition or are necessary to make them operational.
- The NCE 09 project states that repair and maintenance costs for tangible assets that do not improve their performance beyond normal levels are not included in their cost and are therefore recorded as expenses. This aligns with the international standard discussed in section 03.

It is worth noting that IPSAS 45, issued on May 26, 2023, will replace IPSAS 17 starting from January 1, 2025. This new standard provides new guidelines on how to evaluate this type of asset. In addition to cost-based evaluation, the new standard adds another basis for evaluating assets within its scope, which is the Current Operational Value (Sustainability, Digital Economy, and Reporting (SDER), 2024, p. 02) (IPSASB, 2023 A, p. 89). IPSAS 46 In the context of measurement, this value is defined as the price that the entity would pay for the remaining service anticipated to be acquired from the usage of the asset at the specific date of measurement (IPSASB, 2023 B, p. 04).

3.5 Revaluation of Tangible Assets:

Table 05: Comparison in Terms of Revaluation of Tangible Assets

IPSAS 17	NCE 09 Project
For revaluing tangible assets recognized as assets, an entity selects a specific accounting method and applies it to a complete class of tangible assets. The two methods are explained as follows: Cost Model: The acquisition cost of tangible assets is reported less cumulative depreciation and cumulative impairment losses. Revaluation Model: After any cumulative depreciation and cumulative impairment losses are subtracted, tangible assets are documented at their revalued value, which corresponds to the fair market value on the date of revaluation. The fair value of physical assets, such as industrial equipment, refers to the objective and unbiased estimate of their worth, land, and non-specialized properties is determined based on their market value by referring to prices in an active market, and this is done by professionally qualified appraisers. If there are no indicators to determine the market the asset's worth, it can be determined by referring to similar assets used under similar conditions. As an illustration, the fair value of specialized properties and other buildings can be determined using net replacement cost, repair expenses or servicing units in accordance with IPSAS 21. Similarly, the reasonable value of unique tangible assets is established using reproduction cost or any of the three costs	Following the first identification of tangible assets as Resources, they are subsequently taken into consideration either: - When they were acquired, minus the total amount of depreciation and impairment losses; or - The amount ascertained via revaluation is equivalent to their fair value on the date of revaluation minus the total of cumulative depreciation and cumulative impairment losses. The fair value of tangible assets such as land, non-specialized properties, technical installations, and equipment is determined based on their market value by referring to prices in an active market by qualified and professionally recognized appraisers. If there are no indicators to ascertain the asset's market worth even if there is a thriving market, one way to ascertain the fair value is by referring to other assets with similar characteristics used under similar circumstances and sites. The reasonable worth of specialized properties such as hospitals, hotels, and other buildings is evaluated based on their depreciated replacement cost, which in some cases is determined by referring to the current market purchase price for assets with similar characteristics. In other cases, the cost of reconstructing or producing a new asset is considered its

mentioned above, according to IPSAS 21. The replacement expense of an asset may be ascertained by consulting the market's buying price for assets with similar characteristics. The cost of reconstructing or producing a new asset can also be considered its replacement cost. When revaluing a specific class of assets and their carrying amount increases, This increment is explicitly reflected on the credit side in the "Revaluation Surplus" account. The increase (positive difference) should also be recorded as a balance if it covers the previously recorded negative revaluation surplus pertaining to the identical category of resources. The decline carrying amount is recorded as a balance, and the negative difference is subtracted from the previously recorded revaluation surplus on the credit side, which was generated from the revaluation of similar assets in prior years.	replacement cost. For technical installations and specialized equipment, their fair value is determined based on: Reproduction cost, or depreciated replacement cost. Revaluation might lead to an augmentation in the carrying value of a certain category of assets. This augmentation is promptly recorded on the credit side in the "Revaluation Surplus" account. The positive revaluation surplus is recorded as revenue to the degree that it balances the previously recorded negative revaluation surplus for the same class of assets, which was recorded as an expense. When the carrying amount of assets decreases as a result of revaluation, this decrease should be recorded as an expense, deducting the negative difference from the corresponding revaluation surplus, provided that the decrease does not exceed the previously recorded surplus amount for the same class of assets in the previous year.
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Source: (Al-Mugeemoun Real Estate Valuation Company, 2022) (FastreCapital, 2023) (IPSASB, 2024, pp. 546-549) (Ministry of Finance, 2014, pp. 134-136)

It is evident from the preceding table that the international and local standards share a substantial degree of similarity, however, the distinction is most evident in the following:

- IPSAS 17 noted that to determine the fair value of specialized properties and other buildings, three alternative methods can be used: net replacement cost, restoration cost, or service units, while NCE 09 mentions only one alternative method, which is depreciated replacement cost. For other tangible assets with unique characteristics, in addition to the three methods mentioned above, the reproduction cost method can also be used, whereas NCE 09 mentions only two methods: depreciated replacement cost and reproduction cost.
- According to IPSAS 17, the positive revaluation difference that arises from an increase in the asset's accounting value is documented as a balance, provided that it replaces the negative revaluation surplus that was previously recorded for the same asset class, and vice versa for the negative difference. In contrast, NCE 09 replaces the term "balance" with "expense" and "income".

3.6 Utilization of Tangible Assets' Economic Benefits:

Table 06: Comparison in Terms of the Use of Tangible Assets' Economic Benefits

IPSAS 17	NCE 09 Project
Each part of a tangible asset should have its economic benefits consumed separately. The entity divides the initial total recorded amount of the tangible asset into significant parts and tracks the depreciation of each separately, considering that each part has a substantial cost, practical life, and unique depreciation method. The total depreciation allowance can be calculated by aggregating these components. The entity's ultimate accounting for each period should make note of this. The depreciation charge is recorded as a balance at the end of the year, unless it is included in the price or carrying value of another asset. At the very least, each asset's residual value, usable life, and depreciation strategy are examined at the end of each financial year. If any differences are noted compared to the previous estimates, they are recorded as modifications to accounting estimations. Likewise, in the event that there has been a notable shift in the pace at which the asset's economic advantages, the depreciation technique has to be modified to match the new rate, and this change is also recorded as a change in accounting estimates according to IPSAS 03. The asset's remaining worth can increase until it equals or exceeds its carrying amount. In such cases, the depreciation allowance becomes zero until the residual value falls below the carrying amount. An asset's depreciation starts when it is at a	Each year the depreciation charge is recorded under expenses unless included in the carrying value of an additional asset. The state's anticipated consumption pattern for the future economic gains should be reflected in the depreciation mechanism. and serviceability of the resource. The recommended approaches include the manufacturing units methodology, the decreasing balance method, and the straight-line method. The asset's useful life should be reviewed periodically, and if projections indicate a significant difference compared to previous estimates, the useful life, depreciation rate, and expenses for the current and future years should be adjusted. Every year at the conclusion of the fiscal year, the asset's depreciation method should be examined and altered if there is a noticeable shift in the way the asset's economic advantages are consumed. This modification is noted as an accounting change. estimates, and depreciation expenses for the current and future years should be corrected accordingly.

place and state that allow it to be used and continues until it is no longer in use, is held for disposal, or all its economic benefits have been consumed. The possibilities for depreciation techniques include the units of production method, the diminishing balance approach, and the straight-line method.	
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Source: (IPSASB, 2024, pp. 550-553) (Ministry of Finance, 2014, pp. 137-139)

The table provided clearly illustrates the many distinctions between IPSAS 17 and NCE 09, which are outlined below:

- The national standard does not specify the need to assess and adjust the residual value of the asset at the end of the year.
- According to IPSAS 17, the depreciation allowances for tangible assets are recorded as a balance at the end of each financial year. In contrast, depreciation allowances are inherently considered an expense and should be recorded under expenses as specified by NCE 09 and the IAS 16 applied in profit-oriented institutions.
- IPSAS 17 states that if the residual value of an asset equals or exceeds its carrying amount, the depreciation expense becomes zero. However, NCE 09 does not address this point despite its significant importance.
- IPSAS 17 outlines the conditions that qualify an asset for the tracking of its economic benefits consumption and the circumstances under which this tracking ceases. However, the national NCE 09 project does not address this in detail.

On the other hand, IPSAS 17 specifies that the consumption of economic benefits of the parts and components of a tangible asset should be tracked separately (Component Approach), which is also mentioned in the national standard project No.09 in section 03 that we discussed earlier.

3.7 Impairment of Tangible Assets:

Table 07: Comparison in Terms of Impairment of Tangible Assets

IPSAS 17	NCE 09 Project
The entity should use "Impairment of Assets That Generate Cash and Those That Do Not" IPSAS 21 and IPSAS 26, to assess whether a tangible asset has impaired. These standards explain: How a body can check the recorded carrying value of its property, the method for determining the quantity of recoverable services and the recoverable value of an asset,	The state can determine whether a tangible asset has impaired by applying the content of Standard No. 15 "Impairment of Non-Cash-Generating Assets" which explains: The state's ability to review the previously recorded carrying amount of its assets, the method used to calculate the recoverable service amount and the recoverable amount of the asset, the circumstances under which

as well as the conditions for recognizing and recording impairment losses, and the means of recovering these losses, will be explained.	impairment losses should be recognized and recorded, and the process for recovering these losses.
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Source: (IPSASB, 2024, p. 553) (Ministry of Finance, 2014, p. 139)

From the table above, we note that the national standard NCE 09 mentions the possibility of applying NCE 15 to evaluate and record impairment of assets that don't generate cash only. This is because there is no Algerian state accounting standard that addresses "Impairment of Cash-Generating Assets", even though some public institutions, such as local communities, own such assets. For example, a municipality may have a parking lot, rental shops that generate income from merchants, or theater halls that earn commissions from event rentals. Other than this, there are no significant differences between the international and national standards.

3.8 Compensation Related to Impairment:

The international standard states that losses incurred by the entity due to the impairment of its tangible assets, their loss due to theft, or their disposal and removal from service, are compensated by external parties such as insurance companies. The amount of compensation should be recognized and recorded as a credit at the date it becomes receivable. However, the NCE 09 project does not address this point, even though Algerian public sector institutions have insurance contracts to cover their properties and receive compensation when such events occur.

3.9 Derecognition of Tangible Assets:

Table 08: Comparison in Terms of Derecognition of Tangible Assets

IPSAS 17	NCE 09 Project
A physical asset should be derecognized when it is either disposed of or when there is no expectation of any future economic advantages or service potential from its disposal or utilization. The gain or loss arising from the derecognition of a tangible asset or any of its parts is calculated as the disparity between the net proceeds from disposal, if any, and the carrying value of the asset. This discrepancy is documented as a credit. If an entity that engages in leasing tangible assets to others decides to stop leasing and sell these assets, it should transfer them from	When a tangible asset is permanently out of use or disposed of, and no financial gains are anticipated in the future, it should be excluded from the statement of financial position. The discrepancy between the asset's carrying value and net disposal profits is the determining factor for the profits or losses that arise from the disposal of a tangible asset. This discrepancy is reflected in the financial performance statement (income statement) as either an expense or income element, depending on the situation. The cost of the acquired asset is equivalent to

the non-current assets category to current assets and record them under inventories at their carrying amount. The revenues from the sale are then recorded under revenue from ordinary activities in the income statement, in accordance with IPSAS 09.	the carrying amount of the disposed asset in the event of exchanging one tangible asset for another similar one, resulting in neither a gain nor a loss. The state should test for asset impairment at the end of each financial year and record any resulting impairment loss.
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Source: (IPSASB, 2024, p. 554) (Ministry of Finance, 2014, p. 140)

From the previous table, we note that there is not a significant difference between the two standards except regarding leased tangible assets that the entity decides to stop leasing and sell. These assets are specifically shown under inventories as they are ready for sale within the same year, and the revenue from their sale is shown under revenue in the income statement from ordinary activities, given that the entity's activity involves leasing tangible assets. However, if the entity engages in other activities, the revenue is included under revenue from non-ordinary activities. The national standard did not provide an explanation for this type of situation and its accounting treatment but merely mentioned that lease transactions are recognized according to NCE 14 (Ministry of Finance, 2014, p. 140).

3.10 Disclosure of Tangible Assets in Financial Statements:

Table 09: Comparison in Terms of Disclosure of Tangible Assets in Financial Statements

IPSAS 17	NCE 09 Project
The information that must be disclosed in the financial statements includes: - The valuation methods used to determine the gross carrying amount; - The depreciation techniques, applicable degradation rates or useful lifetimes; - An analysis of the opening carrying amounts and the amounts at the conclusion of the fiscal year demonstrates: • Inclusions and Exclusions, impairment losses recognized or reversed and included into the position of net assets; • Depreciation expenses included in the cost of another asset; - Amount of compensation from external	The information that must be disclosed in the financial statements includes: - The valuation methods used to determine the gross carrying amount; - The depreciation methods applied, in addition to the applied useful life or depreciation rates; - A comparison of the carrying amounts at the beginning and conclusion of the financial year, illustrating the recognition or reversal of impairment losses, disposals, and extras that are included in the financial performance statement throughout the year; - The accounting methods used to determine the cost of restoring sites that

parties for tangible assets (included in the result); - The methodologies for estimating the fair value of tangible assets; - The carrying quantities of tangible assets that are temporarily dormant, completely depreciated but still in use, and those that have been decommissioned and are prepared for disposal.	were occupied by tangible assets to their original condition; - Principles of revaluation adopted, and the method for determining the replacement cost; - Information related to the carrying amounts of temporarily unused tangible assets, fully depreciated but still in use, and those that are decommissioned.
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Source: (IPSASB, 2024, pp. 555-557) (Ministry of Finance, 2014, pp. 140-143)

From the table above, we note that the visible difference is that IPSAS 17 mentions that compensation received from external parties should be disclosed, while NCE 09 does not mandate including this type of information in the state's financial statements, for reasons mentioned in the eighth section of this comparison.

4. Summary:

Through our comparison of IPSAS 17 and NCE 09, we found that the differences between these standards significantly impact the financial statements of public sector institutions. This discrepancy prevents achieving compatibility between financial statements prepared according to IPSAS and those prepared according to NCE, particularly for public institutions with similar characteristics. Consequently, this impedes comparison and diminishes the accuracy and the credibility of the disclosed data is compromised, resulting in the financial position statement and financial performance statement failing to accurately represent the institution's assets, results, and actual performance level for the following reasons:

A. The draft national standard NCE 09 lacks detailed guidelines on the types of costs to be included in or excluded from the initial cost of tangible assets. This omission might lead employees, inadvertently, to exclude or add other costs to the initial asset cost, thereby recording it either below or above its actual value;

B. Revaluing tangible assets based on fair value is crucial as it reflects their current economic value. The international standard proposes four alternative methods for determining their value, while the national standard mentions only two. Consequently, the Algerian legislator does not allow appraisers the flexibility to choose the appropriate valuation method, especially since each category of assets may require a different valuation method and frequent revaluation;

C. In the accounting treatment of revaluation surplus, the international standard stipulates that increases or decreases in the value of tangible assets should be recorded as a balance. In contrast, the national standard specifies recording them as income or expense as applicable. This difference in the translation or modification of the international standard by the Algerian

legislator may lead to misunderstandings among employees responsible for data entry in the integrated accounting system, resulting in incorrect recording;

D. The standards differ in the accounting treatment of depreciation allowances for tangible assets. The national standard project does not specify the conditions under which assets should be tracked for the consumption of their economic benefits. Consequently, the random execution of this process will lead to the recording of unreal expenses;

E. Algeria has not adopted IPSAS 26, which explains how to assess the impairment of cash-generating assets and how to recognize related compensations. The Algerian government's failure to adopt this standard or provide guidance on it in the draft NCE 09 will affect both the expenses and revenues sections in the income statement.

5. CONCLUSION:

This study work aims to analyze and compare the content of the Algerian State Accounting Standard No.09 Project with the Public Sector Accounting Standard No.17 International, specifically focusing on tangible assets. Additionally, we highlighted how the evaluation of this type of asset according to these local and international standards could impact the financial statements of non-profit institutions. We concluded with the following results:

- The Algerian government aims to adopt IPSAS 17 to accurately account for its properties, determine their number and value to prevent theft and irrational use, especially since substantial budgets are allocated for the creation, acquisition, repair, or renovation of tangible assets to improve public service levels.
- Public administrative institutions and similar public entities that apply accrual accounting produce five financial statements, such as the financial situation statement, which shows all their movable and immovable properties, both current and non-current, as well as the income statement.
- The budgetary and accounting reform reached its culmination with the enactment of Organic Law 15-18 and Law 23-07, which specifically pertain to public accounting, represents a qualitative initial step toward adopting the NCE standards.
- Through our comparison between the contents of the national standard project NCE 09 and the international standard IPSAS 17, we observed many fundamental differences between them, the most notable being:
 - NCE 09 does not detail the types of costs included in the acquisition cost of tangible assets. It also presents some exceptions, such as the necessity of adding administrative and general expenses to the cost of the asset, which completely contradicts the provisions of IPSAS 17.
 - IPSAS 17 allows flexibility in the revaluation of fixed assets, offering four alternative methods to determine fair value, unlike NCE 09, which only mentions two methods.
 - IPSAS 17 follows a strict and precise approach in tracking the consumption of the economic benefits of tangible assets and assessing the reduction in their value, in contrast

to NCE 09, which contains several deficiencies, the most prominent being that it does not specify the conditions that must be met for an asset to be eligible for depreciation tracking, nor does it address the rules for evaluating and recording the impairment of cash-generating assets. Furthermore, the Algerian government has not adopted IPSAS 26, which deals with impairment cases.

- NCE 09 does not mention how to recognize compensations related to losses incurred by the entity due to impairment or removal of its tangible assets from service, nor does it require disclosure of these in the financial statements, in contrast to IPSAS 17, which demands more detailed and comprehensive disclosures.

Thus, it becomes clear that there are differences between the two standards regarding recognition, measurement, and disclosure of tangible assets, proving the inaccuracy of the first hypothesis.

- The lack of clarity in NCE 09, particularly regarding the initial valuation of tangible assets, will lead the responsible employee to make errors in calculating the initial cost of the asset, resulting in the disclosed financial position statement not reflecting the true value of the institution's assets.
- The lack of flexibility in the post-evaluation of tangible assets due to the absence of sufficient alternatives to determine fair value, coupled with the lack of guidance, will affect the credibility of the information contained in the financial statements.
- The difference in translating terms between the international and national standards, especially those related to accounting treatment, such as recording depreciation provisions and the revaluation difference, will lead to incorrect recording of transactions, which will consequently impact both the financial position statement and financial performance.
- The fundamental differences between the national standard project and its international counterpart, particularly those related to the initial and subsequent valuation of tangible assets and their accounting treatment, will result in discrepancies between the financial statements of public sector institutions prepared under NCE and those prepared under IPSAS, especially the financial position statement and the income statement. This proves the validity of the second hypothesis.

Based on these findings, we can make the following recommendations:

- The Algerian government, represented by the Ministry of Finance, should update the NCE standards to align with the new updates to IPSAS.
- The Algerian government should adopt IPSAS 26, which addresses the evaluation and accounting treatment of impairment of cash-generating assets;
- Professionals such as Chartered Accountants, Certified Accountants, and Statutory Auditors should be involved in selecting public sector accounting standards that fit the Algerian environment and in drafting national standards.

- Public accounting personnel and all relevant parties should be trained by competent professionals and academics with sufficient knowledge of financial accounting to ensure the correct application of the Algerian state accounting standards.
- The Algerian government should ensure transparency and credibility in awarding public contracts to consulting firms or property appraisers to ensure the accuracy of property evaluation reports issued by them.
- The Algerian government should digitize the management of its national assets to facilitate their inventory and control.

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