The AlTaman Model and its Contribution to Supporting the External Auditor's Opinion on the Going Concern of the Enterprise: A Case Study of ORSIM in Oued Rhiou, Relizane Province.

BENCHEHIDA Fadhila [1]

[1] Relizane University, Laboratory of Human and Organizational Management LARMHO, Algeria, fadhila.benchehida@univ-relizane.dz .

Received:15/05/2026 *Accepted: 12/09/2026* *Published: 15/09/2026*

Abstract:

This study aims to determine the extent to which the Al-Taman model contributes to supporting the external auditor's opinion on the going concern of the enterprise. The descriptive approach was used in the theoretical section, addressing concepts related to the external auditor's report and defining the Al-Taman model. The analytical approach was employed in the applied section, where the Al-Taman model was tested on ORSIM in Oued Rhiou using its financial data from 2019 to 2023.

The study concluded that the Altman model is valid for predicting the financial failure of ORSIM. It found that the asset turnover and profitability ratios are low, indicating structural weaknesses that make it difficult to determine the company's situation.

Keywords: Altman model, auditor's report, external auditor, financial failure prediction, going concern.

Jel Classification Codes: M42 ; G33

1. INTRODUCTION

In light of rapid economic developments, institutions are increasingly threatened by the risk of financial failure or bankruptcy, which has negative repercussions for the institution, all its stakeholders, and consequently, for economic development. Therefore, institutions resort to using financial analysis for sound financial planning by relying on both financial and non-financial indicators. However, this analysis has become insufficient, leading to the adoption of quantitative models for early warning regarding an institution's ability to continue operating, based on indicators derived from financial statements.

One of the most important factors in helping to predict the risk of financial failure is the external auditor, through the reports they prepare after completing the audit. Given its importance, the Algerian legislator, through decree..., mandated the preparation of a report on the going concern of the company. One of the most important quantitative models that can be relied upon is the Altman model.

Therefore, the following question arises:

To what extent does the Altman model contribute to supporting the external auditor's opinion on the going concern of the ORSIM Oued Rhiou company?

Study Hypothesis:

To answer the problem, we propose the following hypotheses: The Altman model helps support the external auditor's opinion on the going concern of ORSIM Oued Rhiou during the period 2019-2023 by interpreting the relationship between financial indicators.

Research Objectives:

This study aims to:

-Identify the modified Altman model for unlisted industrial companies.

-Determine the extent to which statistical models can predict the financial failure of economic companies.

-Assess the performance of ORSIM Oued Rhio Company by an external auditor and prepare a report on the company's going concern using the modified Altman model.

Research Methodology:

To answer the problem of the study and prove the validity of the hypotheses, the descriptive method was used to present the various concepts related to the external auditor’s report and the continuity of the institution’s activity. The analytical method was also used to analyze the situation of the ORSIM Oued Rhiou institution during the period 2019-2023, based on the quantitative model.

2.Concepts Regarding the External Auditor's Opinion Report:

The auditor's report is the final step in the external audit process. Its importance lies in being the means by which the auditor can express their opinion on the fairness of the financial statements and define their responsibility for those statements.

2.1 Definition of an audit report and its beneficiaries :

2.1.1.Definition of an audit report:

An audit report is the document through which an independent external auditor communicates the conclusion of the audit of a company's financial statements. Its purpose is to give shareholders confidence that the accounts prepared by management have been examined with professional

scepticism and judged against the relevant reporting framework rather than being accepted at face value (CLFI Team, 2026) .

2.1.2 Beneficiaries of the Auditor's Report : Various segments of society benefit from the auditor's report in order to make informed decisions and formulate current and future policies. These segments include the following (مطارنة، 2006، صفحة 115):

1- Current and prospective investors: The report helps them make decisions that protect their invested funds.

2. Company Management: This serves as a testament to the efficiency and effectiveness of the company's management in fulfilling its assigned tasks. 3. Suppliers: This allows them to assess the company's ability to meet its outstanding obligations.

4. Customers: This enables them to gauge the company's sustainability, particularly when they have long-term business relationships with it.

5. Lenders: It enables them to assess the company's financial health as collateral for their loans and assists them in making necessary decisions.

6. Government Agencies: The report helps government agencies regulate business activities, develop tax policies, and compile statistics related to national income.

7. Society: It helps enhance confidence in the financial data related to the social activities of various economic units, which may have an impact on the community.

2.2 Elements of the External Audit Report: The external auditor's report must contain the following essential elements (Conseil National de la Comptabilité, 2016):

1- Report Title: The report should have an appropriate title. It is preferable to use the term "External Auditor's Report" in the title.

2- Addressee: The report is usually addressed to the General Assembly of Shareholders (or the company's owners in general), and may also be addressed to the Board of Directors.

3- Introductory Paragraph: This includes the following:

*Definition of the company under audit.

*Financial statements of the company under audit.

*Closing date or the period covered by the financial statements.

4- Explanation of the social managers' responsibilities: related to the preparation of financial statements based on the applicable accounting standards, as well as the internal controls they deem necessary to ensure the preparation of statements free from material misstatements, whether resulting from fraud or error.

5- Explanation of the auditor's responsibilities: related to expressing an opinion on the truthfulness and fairness of the financial statements, prepared in accordance with Algerian auditing standards. It also indicates that these standards respect ethical principles, and that the audit planning and execution process aims to obtain reasonable assurance that the financial statements do not contain material misstatements.

6. Audit Explanation: In this section, the auditor explains: The audit process was performed according to established procedures to obtain or collect information that accurately reflects the amounts and information contained in the financial statements;

7. Report Date: This is to ensure that the time limits of the auditor's responsibility and the events occurring between the end of the fiscal year and the date of signing the report are clear to anyone reviewing the report, as well as any events that may occur during or after that period.

8. The auditor's signature and address: The auditor must indicate where they conduct their business and sign the audit report.

2.3 Characteristics of an External Audit :

Report The auditor must ensure that all statements in their report are true and supported by the audit documents they hold, and presented in a way that prevents any unintended misinterpretation or distortion. Therefore, we mention the following characteristics (بريجة و عبد القادر، 2024، صفحة 360) :

1. Conciseness: The report should be concise, avoiding disjointed sentences or words, and should not include excessive details that might detract from its focus.

2. Clarity: The report's content should be unambiguous to ensure clear and unambiguous communication of the data.

3. Relevance: The information in the report should be relevant to the intended audience, and any potentially irrelevant statements should be avoided.

4. Accuracy and Facts: The information in the report must be accurate so that the relevant parties can benefit from it.

5. Coherence: The sentences in the report must be coherent and encourage the reader to complete it without getting distracted by the ideas presented.

6. Honesty and Integrity: The auditor must not be biased towards any party in their report and must present the findings with complete honesty and integrity.

2.4.Types of Auditor Reports:

According to the National Accounting Council, there are two types of reports:

2.4.1. General Reports:

The external auditor's report also includes the objectives and nature of the assigned task, demonstrating that the procedures were carried out in accordance with generally accepted professional standards. Through these procedures, the external auditor is able to express an opinion on the presented financial statements (Senouci & Ghrissi, 2025, p. 313), which can take one of the following forms (Expertise Accelerated, 2025) :

1. Unqualified Opinion : A clean “unqualified” opinion is the most common (and desirable). It indicates that the financial statements are presented fairly in all material respects, and comply with generally accepted accounting principles (GAAP). This type of audit opinion contains no exceptions or qualifications and provides reasonable assurance to users of the financial statements.

2. Qualified Opinion : is issued when the auditor identifies a material misstatement or limitation in the scope of the audit that affects the financial statements but is not pervasive enough to warrant an adverse opinion.

3. Adverse opinion : is issued when the auditor determines that the financial statements are materially misstated and do not comply with generally accepted accounting principles (GAAP). An adverse opinion contains a statement that the financial statements are not presented fairly in accordance with GAAP.

4. A disclaimer of opinion : is issued when the auditor is unable to express an opinion on the financial statements due to a lack of sufficient evidence or limitations in the scope of the audit. In

this case, the auditor is unable to form an opinion on the financial statements and he will state this in the report.

2.4.2. Special Reports:

The regulations therefore provide for the issuance of various reports following the completion of a legal audit mission. Accordingly, in compliance with the provisions of Article 25 of Law 10-01 and Decision of June 24, 2013 mentioned above, the legal auditor's mission results in the preparation of the following reports (SEFFAHLOU, 2024, p. 355) :

- A certification report, with or without reservations, on the regularity, sincerity and faithful representation of the annual financial statements ,or where applicable, a duly justified refusal to certify.
-A special report on regulated agreements.
- A special report on the total amount of the five or ten highest remunerations.
-A special report on the special advantages granted to staff.
-A special report on the evolution of the results over the last five financial years and earnings per share .
-A special report on internal control procedures.
-A special report on business continuity.
-A special report relating to the holding of guarantee shares.
-A special report relating to the capital reduction operation.
-A special report relating to the capital reduction operation.
-A special report relating to the issue of other securities.
-A special report relating to the distribution of interim dividends.
-A special report relating to the transformation of joint-stock companies.
-A special report relating to subsidiaries, holdings and controlled companies.

3. The External Auditor's Responsibility for the Company's Going Concern

3.1. Understanding the Concept of the Auditor's Responsibility for the Company's Going Concern :

Some users of financial statements believe that a clean audit report guarantees the company's financial health and its ability to continue operating. Consequently, some view a company's failure immediately following a clean audit report as a failure of the audit process.

International organizations concerned with the auditing profession have issued a set of standards providing guidelines on auditors' responsibilities in detecting events affecting an entity's ability to continue as a going concern. This responsibility has expanded over time through the issuance of various pronouncements, including Statement No. 34 (1981) and Statement No. 59 (1988), culminating in the issuance of International Standard on Auditing (ISA) 570 (Nedjai & Dakhane, 2025, p. 260).

Therefore, the Algerian legislator, in Article 25 of Law 10-01, obligates the auditor to prepare a special report on the continuity of operations in the event of a potential threat to continuity. In addition, Decision No. 30 of 2013 was issued, outlining audit reporting standards, including the auditor's obligation to prepare a report on the continuity of operations and the key obligations it entails (Official Journal of the Algerian Republic, 2014) :

-When planning and performing the audit, the auditor must ensure that management has adhered to the going concern assumption when preparing the annual financial statements.

-The external auditor, at the management level, is informed of any facts or events that the management is aware of, which may subsequently affect the period covered by the audit and could impact the company's going concern status.
-When the auditor, through due professional care and in their own judgment, determines that there is substantial doubt about the company's going concern status, they must qualify their report by adding an explanatory paragraph stating that there is insufficient disclosure regarding the company's going concern status.
-In the event of a significant or unusual delay in finalizing the annual accounts, the auditor must inquire about the reasons for this delay, especially if appointed by the court.
- The auditor must analyze the facts or events, both collectively and individually, that raise questions about the viability of the continued operation.

However, if there are future circumstances or events that could lead to the cessation or failure of the entity's operations, and which the auditor cannot predict despite exercising due professional care, then the absence of a substantial doubt in the auditor's report does not constitute a guarantee regarding the company's ability to continue as a going concern. This is also confirmed by the Algerian Standard on Auditing (NAA 570). If this doubt is confirmed, the external auditor must add an explanatory paragraph after expressing their opinion in the report.

3.2. Indicators for Measuring the Business Continuity of the Organization:

The external auditor can rely on a range of tools to help predict the company's ability to continue as a going concern. These tools include:

3.2.1. Financial indicators :

Following major financial crises since 1960, researchers have increasingly focused on the role of auditing in assessing the financial distress of enterprises that may threaten their continuity. This concern is particularly important as it is the responsibility of the external auditor to evaluate the extent to which the entity complies with the going concern principle. Therefore it is necessary to rely on various financial indicators and ratios (Hachi, 2024, p. 1333). The main indicators include (Spiru, 2015, p. 327):

- Fixed term loans approaching maturity without realistic prospects for renewal or repayment, or excessive reliance on short-term loans to finance long term assets.
- Unfavorable key financial indicators.
- Significant operating losses.
- Arrears in, or failures to pay dividends.
- Inability to pay creditors on their due dates.
- Difficulties in complying with the terms of loan agreements.
- A shift from credit purchases to cash-on-delivery transactions with suppliers .
- Inability to obtain financing for the development of essential products or other critical investments.

3.2.2. Operational Indicators:

This category includes a wide range of operational indicators, such as:

-The exodus of senior management from the company without replacement.
- The gradual loss of some product markets.
-The company's continued loss of some of its suppliers and distributors.
-Frequent problems with labor unions and associations.

2.2.3. Other indicators (Rahim El-Faki, 2014, p. 5):

1- Failure to comply with major legal or regulatory requirements or .
2-pending legal proceedings against the company that may result in provisions that cannot be adequately estimated or implemented.
3- Changes in government policies and laws that are likely to negatively affect the institution (SALLAMA & FLAYYIH, 2021, p. 9).

3.2.3. Quantitative indicators:

There are several models that contribute to predicting the continuity of exploitation, but we will focus on the Altman model in our study because it presents a model. The first model is for industrial institutions listed on the stock exchange and the second is for industrial institutions not listed on the stock exchange.

Altman's model (Altman 1977):

The Edward Altman study is one of the most important contributions in the field of predicting corporate failure conducted in 1968, it built on numerous prior studies and aimed at determining the predictability of financial distress in companies This was achieved through the study and analysis of financial ratios and indicators for a sample of firms .He conducted his research on 33 non-bankrupt companies and 33 bankrupt companies over the period 1946-1965. Altaman used 22 financial ratios derived from the financial statements of these companies and applied a statistical model known as Multiple Discriminant Analysis (MDA) to analyze these ratios and construct a Z-score model.

This study distinguished earlier research in that it employed a multivariate approach, rather than relying on a single-variable model . (Medjdoub & Guembour, 2020, pp. 22-23)

Altman formulated his model as an equation:

$$Z = 1.2\,x1 + 1.4\,x2 + 3.3\,x3 + 0.6\,x4 + 1.0\,x5$$

Each of the five ratios included in the model is weighted according to its importance, thus maximizing the model's predictive power. This model has been widely used to predict corporate bankruptcies due to its high accuracy in predicting the fate of many companies in the United States, as well as its ease of application. The model consists of five financial ratios derived from the financial statements and income statements.

Where:

Z: Bankruptcy Value.
x1: Working Capital / Total Assets .
x2: Retained Earnings / Total Assets
x3: Net Operating Profit Before Interest and Taxes / Total Assets.
x4: Market Value of the Equity Ratio (Shareholders') / Total Debt Liabilities (Short and Long Term) .
x5: Sales / Total Assets.

The values (1.2, 1.4, 3.3, 0.6, 1.0) represent the weighting factors of the financial ratios used, reflecting the relative importance of each independent variable.

Financial analysts found that the original model was not applicable to industrial companies not listed on the stock market. Therefore, in 1977, Altman developed the Zeta model, also known as the second generation of private sector companies. He conducted a study on a sample of 53 bankrupt or failing companies and 58 successful companies during the period from 1969 to 1975. To achieve this, he used two methods: linear discriminant analysis and quadratic discriminant analysis. The analysis included 28 financial ratios. He concluded by replacing the market value of shareholders' equity with book value (BENHAMED & HOUAS, 2021, p. 57), resulting in adjustments to the discriminant coefficients. The model's formula is as follows:

$Z = 0.717\ x1 + 0.847\ x2 + 3.107\ x3 + 0.420\ x4 + 0.998\ x5$

Where x1, x2, x3, and x5 represent the same ratios as in Altman's first model, while x4 represents the book value of shareholders' equity / the book value of total debt. (Khalkhal, 2012, p. 254) According to this model, companies are classified into three categories based on their ability to continue as a going concern, according to the value of (Z) (عبدربه محمد، 2000، صفحة 192).

1- Successful and viable companies (safe zone): These are companies where (z) is equal to or greater than 2.9.

2- Unstable companies whose status is difficult to determine (grey zone): These are companies where the value of (z) is between 2.9 and 1.23.

3- Unstable companies that are likely to go bankrupt (danger zone): These are companies where the value of (z) is less than 1.23.

4. Case Study of ORSIM, Oued Rhiou Branch:

4.1. Introduction to ORSIM, Oued Rhiou Branch:

ORSIM SPA/ORSIM is one of the most important branches of the national parent company BCR (now AGM), which produces screws, knives, and taps. It is a joint-stock company with a capital of 750,000,000 Algerian dinars. It is a public economic enterprise of an industrial and commercial nature, headquartered in Oued Rhiou, Relizane. Its specialization includes the production and distribution of screws and bolts, following the restructuring decision in 2001, after previously focusing on screws, knives, and taps. It also provides other services, such as conducting chemical analyses of raw materials for other companies that import from abroad.

4.2 Measuring and Analyzing the Going Concern of ORSIM:

Based on the theoretical framework, the study variables are as follows:

Table No. (1): Altman model variables

variables	Indicators of continuity	The equation
Independent variables (Indicators)		
x1	**Activity ratio**	Working Capital / Total Assets
x2	**A percentage related to the dividend distribution policy**	Retained Earnings / Total Assets
x3	**Profitability ratio**	Net Operating Profit Before Interest and Taxes / Total Assets
x4	**Financial leverage**	The book value of the ratio of equity (shareholders) / total debt
x5		Sales / Total Assets

Dependent variables (continuity)		
Y1	**Continuity**	> 2.9
Y2	**Lack of continuity**	< 1.23

Source: prepared by the researcher based on the theoretical framework of the study

The following table shows the financial statements related to the Altman model of the second generation, taken from the financial statements of the ORSIM Foundation:

Table No. (2): the values of the variables of the Altman model

Statement/Year	2023	2022	2021	2020	2019
Total current assets	1 823 753 856,09	1 971 656 158,33	1 990 934 119,55	1 925 588 064,50	1 910 463 171,14
Total current liabilities	773 103 277,53	967 279 810,88	1 025 089 754,19	952 223 794,83	919 244 054,12
Working Capital	1 050 650 578.56	1 004 376 347.45	965 844 365.36	973 364 269.67	991 219 117.00
Total Assets	4 937 117 557,38	5 136 080 230,35	5 205 636 202,05	5 200 502 670,32	5 248 627 404,26
Non-current liabilities	684 166 714,21	727 454 289,37	773 139 741,58	840 153 316,90	864 152 272,13
current liabilities	773 103 277,53	967 279 810,88	1 025 089 754,19	952 223 794,83	919 244 054,12
Total liabilities	1 457 269 991.74	1 694 734 100.25	1 798 229 495.77	1 792 377 111.73	1 783 396 326.25
Profit before interest and taxes	50 181 408.95	49 321 603.10	11 941 272 .35	-58 336 069.60	10 009 320.00
Retained earnings	00	00	00	00	00
Private funds	3 479 847 565,64	3 441 346 130,10	3 407 406 706,28	3 408 125 558,59	3 465 231 078,01
Net sales	1 106 570 616.56	950 781 285 .73	850 261 798.00	701 124 275.33	1 068 246 005.39

Source: prepared by the researcher based on the financial statements of the orsim **Oued Rhiou** Foundation

Through the financial statements of the ORSIM Foundation, the results of the indicators were as follows:

Table No. (3): results of Altman model indicators

Ratios	Activity	Distribution of profits	Profitability	Financial leverage	Asset turnover rate
2019	0.189	/	0.002	2.388	0.203
2020	0.187	/	-0.011	2.031	0.135
2021	0.185	/	0.002	1.895	0.163
2022	0.195	/	0.010	1.901	0.185
2023	0.212	/	0.010	1.943	0.224

Source: based on information provided by the ORSIM Foundation

4.2.1 Measuring the Going Concern of ORSIM Based on the Modified Altman Model:

To construct ORSIM's financial statements for the period from 2019 to 2023 (the last five years), we developed a model based on the indicators used in the 1977 Altman model for non-listed industrial companies, according to the following equation:

$Z=0.717x1+0.487x2+3.107x3+0.420x4+0.998x5$

The following table shows the value of these indicators:

Table No. (4): projection of orsim data on the Altman model

	The equation of the Altman model (1977) modified

	x1	x2	x3	x4	x5	Z value	**Result**
2019	0.189	/	0.002	1.003	0.203	1.397	Difficult to determine its status
2020	0.187	/	-0.011	0.853	0.135	1.164	Likely to fail
2021	0..85	/	0.002	0.796	0.163	1.146	Likely to fail
2022	0.195	/	0.010	0.798	0.185	1.118	Likely to fail
2023	0.212	/	0.010	0.816	0.224	1.262	Difficult to determine its status

Source: Prepared by the researcher based on data from the orsim **Oued Rhiou** foundation for the period from 2019-2023

4.2.2 Analysis and Discussion of Results:

We observe from Table ( ) that the Altman model indicators were less than 1.23 during the years 2020, 2021, and 2022. Therefore, the company is likely to go bankrupt and is in the danger zone during this period. However, in the years 2019 and 2023, the indicators show that the company is in the gray area, making it difficult to determine the company's situation in these two years. Therefore, we will analyze the results obtained as follows:

*** x1: Working Capital / Total Assets:**

This indicator measures the company's ability to cover its short-term obligations, i.e., it measures liquidity. The table shows a slight increase in the indicator's value, from 0.189 in 2019 to 0.212 in 2023. However, there were also periods of decline during this period, which is attributed to the company's inability to secure the necessary liquidity to cover its operations. Therefore, it is difficult to determine the company's financial position.

*** x2: Retained Earnings / Total Assets:**

This indicator reflects the extent to which the company relies on its own resources to cover its debts. Note from the table that the values for this indicator are not disclosed in the balance sheet. This is because the company is a subsidiary of the parent company located in Algiers, meaning it retains its earnings there. Therefore, it is difficult to determine the company's financial position.

*** x3: Net Operating Profit Before Interest and Taxes / Total Assets:**

This indicator measures the extent to which the company is able to utilize its assets to generate operating profits (operating cycle). From the table, we observe that its value is low throughout the study years, and that in 2020 it was negative (0.011), reflecting a negative EBITDA result, i.e., profitability. This indicates that the assets were not utilized efficiently to generate profits, or that production ceased, which can be attributed to the COVID-19 pandemic. Therefore, the company is at risk of failure.

*** x4: The book value of the ratio of equity (shareholders) / total debt (short and long-term liabilities):**

This is an indicator of the extent to which the institution relies on debt financing, i.e., it measures the capital structure. From the table, we note that the value of the indicator during the years of study is comparative and decreasing, as its value was 1.003 in 2019 to reach 0.816 in 2023. This indicates a slight decrease in debt, and therefore it is difficult to determine the institution's position.

*** x5: Sales / Total Assets:**

Measures the efficiency of asset utilization in generating sales, i.e., asset turnover. From the table, we note that the indicator reached a value of 0.203 during 2019, then decreased to 0.135 in 2020, before gradually rising to 0.224 in 2023. This indicates a slight decrease in the company's sales, which can be attributed to the COVID-19 crisis that began in 2019. Consequently, it is difficult to determine the company's financial position.

4.3. Proposed Model for Opinion Report on the Continuity of Operations of ORSIM Oued Rhiou:

Based on the findings, we propose the following model for the auditor's report.

Auditor's Report

To the General Assembly of Shareholders We have relied on the financial statements of ORSIM, namely the balance sheet and income statement for the last five years, from 2019 to 2023. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the company's ability to continue as a going concern, based on our audit.

Our audit regarding the projection of the company's ability to continue as a going concern was conducted in accordance with the following laws:

- Algerian Commercial Code.
- The decision, dated 15 Shaaban 1434 (corresponding to 24 June 2013), establishes the standards for auditors' reports.
- Algerian Auditing Standard NAA 570.
- Algerian Commercial Code.
- Law 10-01 concerning the professions of Certified Accountant, Auditor, and Accounting Expert, Article 25.

A going concern audit requires a thorough understanding of the various elements included in the financial statements, as well as how to calculate the financial indicators related to the Altman model. Therefore, we express a qualified opinion due to the difficulty in determining the company's financial position. This is for the following reasons:

The company's inability to provide sufficient liquidity to cover its operations; Failure to disclose retained earnings, resulting in the inability to calculate the dividend payout ratio; Inadequate utilization of company assets, contributing to the lack of profit generation, as evidenced by the negative EBITDA result for 2020. Therefore, the company's management must submit a written report outlining future plans related to the company's continuity.

Oued Rhiou, Relizane Province

Signature of the Auditor
Date:..../../.....

5. Conclusion

Companies are affected by several internal and external factors that make them vulnerable to financial failure, which may lead to bankruptcy if not detected early and corrective measures are not taken. Therefore, the Algerian legislator has given this matter importance by issuing audit reporting standards, including the auditor's report on the going concern of the company, which calculates financial and quasi-financial indicators. We used Altman's model to predict financial failure, which relies on financial indicators and weighted averages for the company under study, and arrived at the following results:

-The value of current liabilities decreased in 2023 due to the decrease in the value of the liabilities treasury compared to previous years, which led to an increase in the activity rate for this year, but in general the rate of this indicator during the years of study is low.
There is no value for retained earnings because ORSIM Oued Rhiou is a subsidiary of the parent company located in Algiers.
- The profitability index for 2020 was negative due to the negative EBITDA result resulting from the COVID-19 pandemic. However, the results were positive in the other years under review, although overall, they were weak compared to the company's total assets. This is due to the presence of non-productive assets, which threatens the company's viability.
The leverage ratio was calculated using the book value of shareholders' equity instead of the market value because the company is not listed on the stock exchange.
- The asset turnover ratio remained relatively stable throughout the study period, indicating that the company did not increase its market share and dealt with the same customers, reflecting management inefficiencies in utilizing its assets.
The Altman Z2 model is valid for predicting the situation of the ORSIM institution under study, because it is used in industrial institutions not listed on the stock exchange. Through the previous results of low asset turnover and low profitability rate, this indicates that there is a structural weakness, so it is difficult to determine the situation of the institution.

We arrived at the following recommendations:
- Increase ORSIM's operational efficiency by optimizing its available resources or increasing its sales, which will improve its performance.
- Explore mechanisms to help convert current assets into cash to repay short-term debts.
- The necessity of using advanced financial analysis based on statistical models to analyze financial performance and predict the continuity of an organization's operations. These models allow for balancing financial indicators and provide early warnings of potential organizational failure, thus assisting decision-makers within the organization.
- Increased disclosure and transparency of financial data to help auditors calculate financial indicators and predict the continuity of organizations.

Bibliographie

1-Official Journal of the Algerian Republic. (2014). *Decision dated 24/06/2013 specifying the content of the standards for the auditors' reports* .
2-BENHAMED, A., & HOUAS, A. (2021). Application and Comparison of Altman Models to Predict financial failure of Companies. *AFAQ Review of Research and studies , 4* (2), 52-67.
3-CLFI Team. (2026, april 18). *Audit Report: Definition, Types and Opinions.* Consulté le April 28, 2026, sur https://clfi.co.uk/resources/audit-report-definition-types-opinions/
4-Conseil National de la Comptabilité. (2016, october 11). Décision 150. (M. d. finances, Éd.) Algérie.
5-Expertise Accelerated. (2025, December 22). *UNDERSTANDING AUDITS: THE 4 TYPES OF AUDIT REPORTS* . Consulté le april 28, 2026, sur https://expertiseaccelerated.com/4-types-of-audit-reports/
6-Hachi, F. O. (2024, 12). The Importance of Using Financial Failure Prediction Models as Analytical Procedures to Verify the True Financial Position of the Company -– Case Study at Hikma Pharma society 2017-2022-. *El-Manhel Economy , 7* (2), pp. 1327-1340.
7-Medjdoub, A., & Guembour, M. A. (2020). Study the Altman model for predicting the financial failure of companies by applying to Amman Stock Exchange listed companies. *Finance and Business Economics Review , 03* (04).

8-Nedjai, M., & Dakhane, M. (2025). The Responsibility of External Auditors in Assessing the Going Concern of Economic Enterprise in Light of Auditing Standard570 - An Applied Study in Algeria. *Journal of Research in Finance and Accounting , 10* (2), 256-270.
9-Rahim El-Faki, A. A.-A. (2014). The Role of Financial Analysis in Measuring the Continuity of Enterprises from the Viewpoint of the Auditor. *Journal of Business & Economic Policy , 1* (2).
10-SALLAMA, I. A., & FLAYYIH, H. H. (2021). The Role of the External Audit in Assessing Continuity of Companies under the Financial Crisis: An Applied Study in the Iraqi Banks Listed in the Iraq Stock Exchange for the Period 2016-2019. *Studies of Applied Economics , 39* (11).
11-SEFFAHLOU, R. (2024). GENERAL APPROACH OF THE EXTERNAL AUDITOR UNDER THE ALGERIAN AUDITING LAWS. *REVUE NOUVELLE ECONOMIE , 15* (01), pp. 341-361.
12-Senouci, S. A., & Ghrissi, L. (2025). The impact of commitment with Algerian auditing standards on the quality of the external auditor's reports. *Knowledge of Aggregates Magazine , 11* (01).
13-Spiru, H. (2015). International Conference KNOWLEDGE-BASED ORGANIZATION. *21* (2).
14-جميلة بويجة، و نور الدين عبد القادر. (2024). دور معيار التدقيق الجزائري رقم 700 في تحسين جودة تقرير المدقق الخارجي -دراسة لعينة من المهنيين لسنة 2024-. *مجلة المقريزي للدراسات الاقتصادية والمالية ، 8* (2)، الصفحات 355-378.
15-غسان فلاح مطارنة. (2006). *"تدقيق الحسابات المعاصر –الناحية النظرية-"* (المجلد الطبعة الاولى). عمان: دار الميسرة للنشر والتوزيع والطباعة.
16-محمد محمود عبد ربه محمد. (2000). *مخاطر على البيانات المحاسبية* . الاسكندرية: الدار الجامعية.