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Contrasting the Legal and Theoretical Bases of Group Accounting: IAS/IFRS and the Algerian Financial Accounting System

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Abstract:

This study aims to shed light on group accounting by comparing the theoretical and legal framework on which both the Algerian Financial Accounting System and the International Accounting Standards IFRS/IAS are based. It concentrated on the different types of relationships between investors and the entities they've invested in, as well as the accounting methods used for managing these relationships, while highlighting the aspects of difference and convergence in the methods of classification and treatment. This study has revealed significant disparities impacting the consolidation of financial statements and the quality of accounting information. It highlights that the Algerian Financial Accounting System is firmly rooted in a legal framework, which associates control with the percentage of ownership of voting rights. In contrast, the international standards adopt an economic basis that depends on the availability of specific conditions to achieve control.

Keywords: Group accounting, Control, consolidated financial statements, Accounting consolidation

Introduction:

In light of economic globalization, economic entities have increasingly moved toward establishing additional subsidiaries or acquiring existing entities to form what is referred to as economic groups. This new form of institutional structure has

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given rise to accounting complexities and challenges in presenting a faithful representation of these groups' financial performance. Consequently, what is known as group accounting emerged as a means of providing a unified and comprehensive view of the economic group's financial position by preparing consolidated financial statements for all group entities, each according to the relational linkage among them.

As the economic environment evolves and the relationships among entities within a single group grow more complex, the importance of group accounting has increased. This has compelled accounting systems to set precise standards for classifying relationships among entities and the accounting methods for them. In response, the International Financial Reporting Standards and International Accounting Standards (IFRS/IAS) appeared as a global framework aimed at unifying accounting practices worldwide. Keeping pace with these developments, Algeria adopted the Financial Accounting System, largely inspired by international standards, especially concerning group accounting.

This study aims to compare the theoretical and legal foundations of group accounting between the international accounting standards (IFRS/IAS) and the Algerian Financial Accounting System, given that adopting a local accounting system convergent with international standards is a complex process that can lead to pivotal differences and gaps in both application and interpretation. Such disparities are notable in group accounting, as any variation in the nature of the relationship between the parent company and its investees may result in different accounting treatments and the way financial statements are consolidated.

Based on the aforementioned context, the following main question arises:

How can the international standards (IAS/IFRS) be compared with the Algerian Financial Accounting System in terms of the theoretical and legal bases of group accounting؟

Hypotheses:

1- There is a difference in the concept of joint control between the international standards (IAS/IFRS) and the Financial Accounting System

2- .There is a difference in certain accounting treatments regarding the relationships between the investor entity and the investee entities under the two systems.

3- There is a clear difference in the conditions for achieving control between the two systems.

Research Methodology:

This study adopts a descriptive and analytical approach, focusing on the legal and theoretical texts of both the International Accounting Standards (IAS/IFRS) and the Algerian Financial Accounting System. A comparative analysis was conducted to identify the similarities and differences between the two frameworks and to analyze the outcomes of this comparison.

THE FIRST TOPIC: The Theoretical and Legal Framework for Group Accounting under the Financial Accounting System and IFRS/IAS

Group accounting is an important accounting framework that clarifies the nature of the relationships between economic enterprises and the investee entities, as well as the accounting methods for addressing these economic linkages, through the theoretical and legal foundations governing this type of accounting under both the International Accounting Standards and the Algerian Financial Accounting System.

FIRST REQUIREMENT: The Theoretical and Legal and Legal Foundations of Consolidated Accounting According to the Financial Accounting System

This subsection addresses the theoretical and legal and legal foundations upon which consolidated accounting is based within the framework of the Algerian Financial Accounting System. It does so by presenting the criteria for determining control and dealing with minority interests, in addition to clarifying the adopted consolidation methods.

Firstly: Types of Relationships Between the Investor and the Investee Entities According to the Financial Accounting System

1- The Control Criterion Under the Financial Accounting System

The Financial Accounting System relies on a legal concept of control to determine whether a parent entity controls a given company and whether that company is considered a subsidiary. This is in accordance with Article 729 of the Algerian Commercial Code, which states that if one company owns more than 50% of the capital of another company, the second is deemed a subsidiary of the first[1].

2- Types of Control Under the Financial Accounting System

[1] Ministry of Justice of Algeria, Algerian Commercial Law, 2022, contact@justice.gov.dz, 2 July 2025, p149.

a- Full Control

Full control exists when the parent company holds a majority of voting rights (50% or more), whether directly or indirectly, allowing it to manage and exercise decision-making authority at the management level of the subsidiary.[2]

b- Joint Control

Under Law No. 11/07 dated November 25, 2007—under which the Financial Accounting System was adopted in Algeria—the resolution issued on March 25, 2009 addresses activities carried out jointly, also known as "joint interests." The system categorizes these activities into three primary types: jointly executed operations, jointly controlled entities, and jointly controlled assets.
Furthermore, Articles 131.1 to 131.4 of the 2009 Algerian Official Gazette stipulate that any party participating in these joint interests must be established exclusively as a joint-stock company.[3]

c- Significant Influence

Significant influence arises when an entity holds at least 20% and no more than 50% of voting rights. It may also occur if the entity owns less than 20% of voting rights but meets the following conditions:[4]

- Representation on the administrative and management boards.
- Participation in shaping strategic, financial, and operational policies.
- Existence of a technical relationship and exchange of information.
- Exchange of expertise and managerial staff among the relevant parties.

Secondly: Accounting Methods for Treating Investments in Other Entities Under the Financial Accounting System

1- Full Consolidation Method

[2] Boubir Djelloul, Consolidation des comptes comparatifs SCF/IFRS, édition SAHEL, Alger, 2013, p27.
[3] General Secretariat of the Government, Official Journal of the People's Democratic Republic of Algeria, No. 19, 29 March 2009, 04 July 2025, p16.
[4] Hadj Mohamed Chourouka, The Extent of the Application of the Financial Accounting System on Consolidated Accounting and Auditing: A Field Study, University of Abou Bekr Belkaid Tlemcen 2017, July 2, 2025, p135.

When preparing the group's consolidated financial statements, entities under control are consolidated using the Full Consolidation Method, as detailed below:[5]

- **In the Balance Sheet**

The assets of the consolidated entity are included, with the exception of shares (equity instruments) of the entities being consolidated. Instead of recognizing the book value of these excluded shares, the total assets and liabilities that make up the equity of the consolidated entities—calculated in accordance with the consolidation rules—are recognized.

- **In the Income Statement**

The operations carried out by the consolidated group replace those of the entity being consolidated, while intercompany transactions among entities within the group are eliminated. The financial statements also account for the interests of other shareholders (non-controlling or minority interests), disclosed under a separate heading in shareholders' equity and included in the consolidated group's net results

2- The Equity Method

The equity method is used when a company has significant influence over another. Under this method, the investor company only recognizes its portion of the investee's net assets and results:[6]

- **At the asset level of the consolidated balance sheet:**

The book value of the investee's shares (previously recognized as a financial investment) is replaced by the group's share of the investee's shareholders' equity and results.

- **At the level of the consolidated income statement:**

The parent company's share of the investee's earnings is presented as a separate line item in the income statement.

SECOND REQUIREMENT: The Theoretical and Legal Foundations of Group Accounting According to IAS/IFRS

This requirement will address the theoretical and legal underpinnings of group accounting under international standards by presenting the types of relationships between the investor and the investee entities, followed by an explanation of the internationally adopted consolidation methods.

[5] General Secretariat of the Government, Official Journal of the People's Democratic Republic of Algeria, No. 19, 29 March 2009, 04 July 2025, p16.
[6] Lbid, p17.

Firstly: Types of Relationships Between the Investor and the Investee Entities Under IAS/IFRS

1- Control According to IFRS 10: Concept and Conditions

An investor is considered to have control over an investee if they are exposed to or hold rights to variable returns from their relationship with the investee and can influence those returns through their authority over the investee. According to this definition, the investor gains control only if all of the following criteria are satisfied:[7]

- The investor has power over the investee
- The investor is exposed to, or has rights to, variable returns from their involvement with the investee
- The investor has the ability to use their power over the investee to affect the amount of those returns.

Loss of Control

When a parent company loses control over a subsidiary, it must take the following steps[8]:

a) Eliminate the subsidiary's assets and liabilities from the consolidated statement of financial position.

b) Recognize any retained interest in the former subsidiary and account for it—along with any outstanding balances between the parent and the former subsidiary—in accordance with the relevant IFRS standards. This retained. The remeasured amount is considered the fair value upon initial recognition if treated as a financial asset under IFRS 9, or the cost upon initial recognition if it becomes an investment in an associate or joint venture, depending on the case.

c) Record any gain or loss resulting from the loss of control, and attribute it to the former controlling interest.

[7] Danny, Ben-Shahar, Eyal, Sulganik, Desmond, Tsang, Does IFRS 10 on Consolidated Financial Statements Abandon Accepted Economic Principles, Australian Accounting Review, vol. 26, no.79, 2016, p341.
[8] International Accounting Standards Board, IFRS Foundation, IFRS 10 — Consolidated Financial Statements, May 2011, info@ifrs.org, 06 July 2025, p. 9.

2- Significant Influence According to IAS 28

> Significant influence refers to the ability to partake in the financial and operational policy decisions of an investee, without necessarily having control or joint control over those policies. Typically, if an entity (either directly or indirectly) holds 20% or more of the voting rights in an investee, it is assumed that the entity possesses significant influence unless there is clear evidence to the contrary. In contrast, if an entity holds less than 20% of the voting rights, It is generally assumed that the entity does not have significant influence unless clear evidence to the contrary is provided.[9]

In addition, a larger or majority share owned by another investor doesn't automatically exclude an entity from having significant influence. This influence can be demonstrated by one or more of the following factors:[10]

- Being represented on the board of directors or a similar governing body of the investee;
- Involvement in establishing policies, including decisions about dividends or other distributions, or
- Engaging in substantial transactions with the investee, or
- Exchanging managerial personnel, or
- Providing vital technical information.

An entity ceases to have significant influence over an investee when it no longer has the ability to take part in decisions related to the investee's financial and operational policies, regardless of any change in ownership percentage. This loss of influence can occur in cases where an external authority—such as a government, court, liquidator, or regulator—assumes control over the investee. Additionally, significant influence may be lost as a result of contractual agreements between involved parties.[11]

3- Joint Control According to IFRS 11

Joint control exists when two or more parties share control of an arrangement based on a contractual agreement, and such control is only deemed to be present if decisions about the arrangement's relevant activities require the unanimous agreement of all controlling parties.[12]

[9] International Accounting Standards Board, IFRS Foundation, IAS 28 — Investments in Associates and Joint Ventures, May 2011, info@ifrs.org, 06 July 2025, p5.
[10] Lbid, p5.
[11] op.cit, p6
[12] International Accounting Standards Board, IFRS Foundation, IFRS 11 — Joint Arrangements, May 2011, info@ifrs.org, 06 July 2025, p4.

When the condition of joint control is met among multiple parties according to IFRS 11, this relationship is reflected in the form of joint arrangements, which are classified into two types:[13]

a- Joint Operations:

- A joint operation is a form of joint arrangement where the parties sharing joint control have direct rights to the assets and direct obligations for the liabilities arising from the arrangement.
- These parties are referred to as "joint operators" or participants in the joint operation.

b- Joint Ventures:

- A joint venture is a type of joint arrangement in which the parties with joint control have rights to the net assets of the arrangement.
- These parties are referred to as joint venturers or participants in the joint venture.

Secondly: Second: Accounting methods for treating investments in other entities according to IAS/IFRS

1- Full Consolidation Method according to IFRS 10:

In accordance with IFRS 10, the full consolidation method is applied when preparing consolidated financial statements if the parent entity has full control over subsidiary entities. This is done through the following steps[14]:

- Similar items of assets, liabilities, equity, revenues, expenses, and cash flows of the parent company are aggregated with the corresponding items of its subsidiaries.
- The carrying amount of the parent entity’s investment in each subsidiary is offset against its share of the subsidiary’s equity, IFRS 3 also outlines the accounting treatment for any goodwill resulting from this investment.

[13] Lbid, p5.
[14] Carstenm Berkau, Financial Statements: International Accounting (IFRS), 8th edition, UVK Verlag, München, Germany, 2024, p225.

- The assets, liabilities, equity, income, expenses, and cash flows related to transactions between companies in the group are fully eliminated. Likewise, all profits or losses resulting from these internal transactions—which were recognized in assets such as inventory or fixed assets—are entirely eliminated. Losses arising from intra-group transactions may signal an impairment that must be recognized in the consolidated financial statements. IAS 12 applies to temporary differences that result from eliminating such internal profits and losses.

- In accordance with IFRS 10, non-controlling interests must be presented within the equity section of the consolidated statement of financial position, separately from the equity attributable to the parent company's shareholders.

- The company is required to allocate profit or loss and all elements of other comprehensive income between the parent's shareholders and the non-controlling interests. This allocation must be made for the total comprehensive income, even if the share attributable to non-controlling interests is negative.

2- Equity Method according to IAS 28:

Under IAS 28, the equity method for investments in associates and joint ventures follows these steps[15]:

- The investment is first recorded at its cost on the acquisition date.

- The investment's carrying amount is then increased or decreased to reflect the investor's share of the associate's or joint venture's net profit or loss after the acquisition date. This share is simultaneously recognized in the investor's statement of profit or loss.

- he carrying amount is further adjusted to account for the investor's share of changes in the investee's OCI, with a corresponding entry in the investor's OCI.

[15] Alibhai, Salim, Erwin Bakker, T. V. Balasubramanian, Kunal Bharadva, Asif Chaudhry, Danie Coetsee, James Dougherty, Chris Johnstone, Patrick Kuria, Christopher Naidoo, J. Ramanarayanan, Alibhai, Salim, Erwin Bakker, T. V. Balasubramanian, Kunal Bharadva, Asif Chaudhry, Danie Coetsee،

- Dividends and other distributions received from the investee are treated as a return of the investment and reduce its carrying amount on the balance sheet.

- In the statement of financial position: the investment is presented as a single line item under non-current assets.[16]
- In the statement of profit or loss: the investor's share of the associate's or joint venture's results is shown as a separate line item within net profit or loss. Additionally, in the statement of other comprehensive income, the investor's share of the associate's or joint venture's other comprehensive income is also separately presented[17]

3- Accounting for Assets and Liabilities according to IFRS 11:

The accounting treatment of joint operations and joint ventures underwent a significant shift with the transition from IAS 31 to IFRS 11, whereby reliance on accounting for assets and liabilities replaced the equity method for joint operations. This change enhanced the clarity of presenting the economic rights and obligations of the participating parties. According to IFRS 11, the accounting treatment for joint operations proceeds through the following steps:[18]

- The entity must derecognize the previously held investment that was accounted for under the equity method.
- It must then recognize its share of the assets and liabilities associated with its interest in the joint operation, including any goodwill that may have been included in the carrying amount of the previous investment
- The entity's share is determined based on its contractual rights and obligations, typically according to a defined ratio outlined in the joint arrangement.
- If there is a difference between the derecognized investment amount and the net recognized assets and liabilities (including goodwill), this difference must be addressed. If the new net assets exceed the derecognized investment, the excess is first applied against goodwill, and any remaining

[16] IAS 28 — Investments in Associates and Joint Ventures, op.cit, p6.
[17] Lbid, p6
[18] IFRS 11 — Joint Arrangements, op.cit, p27

difference is adjusted through retained earnings at the beginning of the earliest comparative period. Conversely, if the net recognized assets and liabilities are less than the derecognized investment, the shortfall is also adjusted through retained earnings at the beginning of the comparative period.

- A reconciliation must be prepared between the derecognized investment (and any other components of the net investment) and the newly recognized assets and liabilities. Any resulting difference is adjusted against undistributed profits at the start of the comparative period.

- Unlike joint ventures, joint operations do not require separate consolidated financial statements. Instead, each party directly includes its share of assets and liabilities in its own financial statements.

- In a joint operation, each party must recognize the following in relation to its share:[19]

  - Its own assets, including its proportionate share of any jointly controlled assets

  - Its own liabilities, including its share of any jointly incurred liabilities

THE SECOND TOPIC: Comparison between the Financial Accounting System and IFRS/IAS in Group Accounting

This topic conducts a comparative analysis between the Algerian Financial Accounting System and IFRS/IAS in the field of group accounting, aiming to highlight the similarities and differences in the nature of accounting relationships and methods adopted for handling investments in other entities

FIRST REQUIREMENT: A Comparison Between IFRS/IAS and the Financial Accounting System in Terms of the Types of Relationships Between the Investor and the Investee Entities, and the Associated Accounting Methods

This requirement seeks to compare the Algerian Financial Accounting System with the IFRS/IAS regarding the types of relationships between the investing entity

[19] IAS 28 — Investments in Associates and Joint Ventures, op.cit, p6.

and the investees, with the aim of identifying areas of convergence and divergence between the two frameworks.

Firstly: A Comparison Between IFRS 10 and the Financial Accounting System in Terms of Determining the Criterion for Full Control

Table 1 : Comparison of Control between the Financial Accounting System and IFRS 10

Comparative Points	Financial Accounting System	IFRS 10
Control Definition Basis	A legal basis according to Article 729 of the Commercial Law, focusing on the legal aspect of the relationship	An economic basis, focusing on the substance of the relationship
Definition of Control	Control is considered to exist when the parent company owns more than half of the other company's share capital.	An entity is considered to have control over an investee if it meets three conditions Power, Variable Returns, Link between Power and Returns
Control Conditions	own More than 50% of Voting Rights	– Existence of power – Exposure to returns – Ability to influence
Loss of Control	The Financial Accounting System does not address loss of control or how to account for it	The standard discusses losing control and accounting treatment for it

Author's own elaboration based on IFRS 10 and Article 729 of the Algerian Commercial Code, Official Journal of the People's Democratic Republic of Algeria,

The table shows a comparison between the Algerian Financial Accounting System and IFRS 10 in determining control, where the Algerian system relies on legal control based on a percentage exceeding 50% of voting rights, whereas IFRS 10 focuses on the economic substance, including power and influence over returns. The difference in flexibility is evident, as IFRS 10 allows for determining control even without a legal majority, while the Algerian system remains stricter and more closely tied to the legal form.

Secondly: A comparison between IAS 28 and the Financial Accounting System in terms of determining significant influence

Table 2 : Comparison of Significant Influence between the Financial Accounting System and IAS 28

Comparative Points	Financial accounting System	IAS 28
Term	Significant Impact	Significant Influence
Definition	Significant Impact is the holding of a percentage of voting rights ranging from 20% to 50%, or the presence of certain conditions that enable the entity to exert influence over the investee	Significant influence is the power to participate in the financial and operating policy decisions of an investee, but without having control or joint control over those policies.
Basis	- Holding 20-50% of the voting rights presumes significant influence. - Holding less than 20% may result in significant influence if specific conditions are met.	- An ownership interest of 20% or more of the voting rights generally gives rise to a presumption of significant influence, unless there is clear evidence to the contrary. - an entity holds less than 20% of the voting power, it is generally

		presumed not to have significant influence, unless clear evidence exists to demonstrate otherwise. - A substantial or even majority ownership by another investor does not automatically prevent an entity from exercising significant influence.
Loss of Significant Influence	The Financial Accounting System did not mention the loss of significant influence.	Significant influence is considered lost when an entity no longer has the ability to participate in the financial and operational policy decisions of the investee.

Author's own elaboration based on IAS 28 and Official Journal of the People's Democratic Republic of Algeria

The table provides a comparison between the Algerian Financial Accounting System and the IAS 28 standard in determining significant influence, where IAS 28 offers more comprehensive and clearer framework compared to the simplistic and legalistic approach of the Algerian system.

Thirdly: A comparison between IFRS 11 and the Financial Accounting System regarding joint control.

Table3 Comparison of Joint control between the Financial Accounting System and IFRS 11

Comparative Points	Financial accounting System	IFRS 11
Definition	The governance of jointly conducted business activities, such as joint operations,	A joint arrangement is a contractual agreement in which parties share control, and all key

	jointly controlled entities, and jointly controlled assets, is managed under a framework of joint control or common interests.	decisions require the unanimous consent of every party involved.
Classifications	The classification of common interests into three categories: - Jointly controlled operations - Jointly controlled entities - Jointly controlled assets.	The classification of joint arrangements into two types: - Joint operations - Joint ventures
Conditions	The entity participating in the joint interests must be organized exclusively in the form of a joint-stock company.	- A contractual agreement exists that specifies the sharing. - Decisions related to the relevant activities must receive the unanimous approval of all participating parties.
Accounting treatment methods.	The equity method in all joint control arrangements.	- Joint ventures are accounted for using the equity method. - Joint operations are accounted for by recognizing assets and liabilities.

Author's own elaboration based on IFRS 11 and The Official Journal of the People's Democratic Republic of Algeria

The table compares the Algerian Financial Accounting System with IFRS 11 in determining joint control. The Algerian system relies on a general classification of joint operations without a clear link to the type of rights. In contrast, IFRS 11 bases the relationship on the nature of the rights (assets or net assets) with detailed

treatment. This highlights a difference in flexibility, as IFRS 11 provides an accurate and flexible framework reflecting economic reality, while the Algerian system lacks detail and clarity in its treatment.

SECOND REQUIREMENT: Analysis of the comparison between the Financial Accounting System and IFRS/IAS

This requirement provides a comparative analysis between the Algerian Financial Accounting System and the International Financial Reporting Standards (IFRS/IAS), highlighting the similarities and differences in the types of relationships between investors and investee entities.

Firstly: Analysis of the results comparing IFRS 10 and the Financial Accounting System in terms of determining the criterion of full control.

The comparison between the Algerian Financial Accounting System and IFRS 10 shows a clear difference in terms of the basis on which the determination of control is based. While the Financial Accounting System relies mainly on legal control achieved by obtaining more than 50% of the voting rights of the subsidiary, IFRS 10 focuses on the economic essence of control, as it requires the availability of three conditions together: power, exposure and influence on returns This difference appears, although the accounting system was essentially developed based on IAS/IFRS and has not been updated and according to the latter, as the accounting system relies on the basis of legal control according to IAS 27, which was updated and still replaced by IFRS 10 may cause some cases in which control is actually exercised without Having a majority of voting rights to be overlooked.

Secondly: Analysis of the Results of the Comparison between IAS 28 and the Financial Accounting System in terms of Determining the Significant Influence Relationship

IAS 28 is more precise, flexible, and sophisticated in defining the accounting relationship of perceived influence, combining actual ownership with the real exercise of influence. IAS 28 defines significant influence as the ability to participate in financial and operational strategic decision-making, without reaching the point of complete or joint control. The standard provides clear conditions for demonstrating this influence, and also explains how significant influence is lost Whether due to a decrease in ownership or as a result of legal, regulatory or contractual changes, while providing a clear accounting treatment for this situation, the Financial Accounting System provides a direct and simple approach appropriate to the Algerian context, with a focus on legal ownership and practical conditions, as the system addresses the observed impact in a formal and legal manner and is less detailed, as it has set it

between 20% and 50% of voting rights Noting that this effect can occur even if less than 20% is obtained, provided that specific conditions are met.

Thirdly: Analysis of the Results of the Comparison between IFRS 11 and the Financial Accounting System in terms of the Joint Control Relationship

A comparison between IFRS 11 and the Algerian Financial Accounting System reveals differences in some aspects in the organizational and conceptual vision of the joint control relationship, which is directly reflected in the accounting foundations and treatment of this relationship. IFRS 11 also provides a precise framework for classifying and organizing joint arrangements, while the Financial Accounting System lacks the same level of clarity and practicality One difference between the two systems is that IFRS 11 defines the type of relationship based on the nature of the rights (in assets or in net assets), while the Financial Accounting System generally lists joint operations without a clear link to the type of rights.

IFRS 11 is considered more advanced in terms of accounting treatment, as it has separated the treatment method for both joint ventures and joint operations in its own way, with the aim of a fair and realistic accounting presentation that is consistent with the nature of the rights and obligations of each type of joint arrangement, which reflects the nature of the real economic relationship. In contrast, the Financial Accounting System does not separate the accounting treatment methods for these relationships, nor does it link the nature of the relationship and the treatment method systematically. This leads to weak accounting disclosure.

On the other hand, IFRS 11 provides greater flexibility in practical application by requiring collective agreement to make decisions, which reduces the risk of individual discretion. While the Financial Accounting System does not explicitly specify how joint decisions are made or the limits of each party's contribution.

Conclusion:

Through comparative analysis, the research results showed that there are some fundamental differences between the international accounting standards and the Algerian Financial Accounting System with regard to determining the nature of the relationship and connection between the investing institution and the entities invested in it, as well as the accounting methods to address these relationships, although the Financial Accounting System was inspired in its emergence by international standards, as we can say that there is a kind of historical convergence between the two systems that lacks Updated by the Algerian Financial Accounting System, particularly with regard to determining the conditions for achieving control As for the observed impact relationship, the comparison results showed an apparent

convergence between the two systems with differences in depth. They showed that the Algerian Financial Accounting System lacks flexibility and detail, unlike the IAS 28 standard, which provides a precise approach that recognizes the realistic relationships that arise with Malika's rights ratios less than the conditional minimum, while the availability of other necessary conditions as for joint control, the comparison showed a difference between the two systems in classifying transactions and methods of processing them computationally. IFRS 11 showed a clear update in the method of accounting processing of classifications, each according to the nature of the transaction.

Based on the comparison results, this study recommends updating and modernizing the Algerian Financial Accounting System in line with international accounting standards, taking into account the nature of the economic environment in Algeria.

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