

Updating Accounting choices adopt in Algeria

-Analytical study-

L'actualisation des choix comptables adoptés en Algérie

-Etude analytique-

ATTIA Khadidja^{1*}, MERHOUNE Malek²

¹ Higher School of Commerce (Algeria), Laboratory of Economic Reforms, Development and Integration into the World Economy, Etd_attia@esc-alger.dz.

² Higher School of Commerce (Algeria), Laboratory of Economic Reforms, Development and Integration into the World Economy,

M_merhoune@esc-alger.dz.

Received: 01/05/2021

Accepted: 01/06/2021

Published:30/06/2021

Abstract: This article aims to study and explain theoretically accounting choices adopted by Algeria through institutional theory (DiMaggio & Powell, 1983) explain why adopting Full IFRS. We also use the positive accounting theory (Watts & Zimmerman, 1978) to find motivation factors to adopt IFRS for SMEs. Finally, we try to clarify the program proposed by the National Accountability Council for the year 2018 to update the financial accounting system (FAS).

Keywords: updating accounting choices ,Full IFRS , IFRS for SMEs,FAS.

Jel Classification Codes: M41.

Résumé: Cet article a pour but d'étudier et d'expliquer théoriquement les choix comptables adoptés par l'Algérie à travers la théorie institutionnelle (DiMaggio & Powell, 1983) expliquer la raison d'adopter le Full IFRS, et nous utilisons également la théorie comptable positive (Watts & Zimmerman, 1978) pour trouver des facteurs de motivations pour adopter les IFRS pour les PME. Enfin, nous essayons de clarifier le programme proposé par le Conseil national de responsabilité pour l'année 2018 pour actualise le système de comptabilité financière (SCF).

Mots clés: L'actualisation des choix comptables, Full IFRS, IFRS pour PME, SCF.

Jel Classification Codes: M41.

**Corresponding author*

1. INTRODUCTION

Algeria undertook deep accounting reforms. The financial accounting system was inspired by the full version of the International Accounting Standards (Full IFRS) for 2004, which mainly applies to companies and groups of companies with social accounts Incorporated and listed. Before, the simplified version of the International Accounting Standards Board aimed at small and medium enterprises (IFRS For SMEs).

The financial accounting system has not been refresh since its publication in 2007. It became far from international accounting standards, After the official start of the process of evaluating and reviewing the financial accounting system Within a seminar organized by The National Accountability Council sponsored via the General Directorate of Accounting (Ministry of Finance) in 2018, as the team in charge of evaluating and reviewing the financial accounting system approved a road map in which it clarifies the direction of updating.

After the preceding, we can present the research problem. What is the strategy for updating the financial accounting system within the viable accounting choices (Full IFRS and IFRS For SMEs)?

To answer the research problem, We divide the research into two parts. In the first part, we dicks the study's literature review by standing on the most important theories that explain the application and adaptation of the international accounting standards (IAS/IFRS) by many countries, including Algeria, within the new institutional theory. Further, we use the positive theory of accounting To understand the motives and determinants of choosing an accounting reference, such as the Financial Reporting Standard for Small and Medium Enterprises (IFRS for SMEs) in Algeria, after studying the reality of the institutional fabric of Algeria, As for the second part, we dicks the analytical aspect of the study By analyzing the programs and procedures adopted by the group in charge of evaluating and reviewing the financial accounting system And then draw a strategy to embody the amended version of the financial accounting system.

2. Explanatory grounds and literature reviews

Accounting is described in terms of the nature of its outputs as the language of business. Its activity is defined as an information system that

depends on measuring the reality of the institution's economic activity and reporting financial information as it supports economic globalization and unifies financial markets. The agreement of many researchers in accounting that transparency in financial matters is a fundamental ideology. As(LABEGARE DABOUB), the need for transparent financial information became one of the main demands of economic and financial institutions. (Demaria, les choix d'options comptables lors de la premier application des normes IAS-IFRS, 2008, pp. 14-15) It publishes current and future financial and non-financial information about the institution's relevant and faithful representation. It uses different means to ensure that it reaches those interested inside and outside the company in a fair and timeliness. According to(HOARAU), a comparison of financial information has developed as a necessary condition for a better distribution of resources worldwide and lower transaction costs. (Demaria, les choix d'options comptables lors de la premier application des normes IAS-IFRS, 2008, p. 1).

Given that the comparison process opens a field for decision-makers to see what is happening behind the borders and gives an honest observation of institutions' financial performance and the continuing need for new markets, and the search for improved competitiveness. However, this benchmarking can only be used inhomogeneity of performance measurement methods, especially the financial and related to the institution's financial position, taken from the accounting records. Furthermore, seize opportunities investment opportunities in cost less. The comparison between the financial statements is one of the issues correlated with consolidated accounting standards. The apparent discrepancy between the accounting references will result in fundamental differences in the financial statements. Possibly The best example is the German company (Daimler Benz). Through the accounts announced in 1993 showed a positive result of 602 million marks through international standards and a loss of 1893 million signatures through American standards. This example leads to the need for an accounting consensus at the international level. The International Accounting Standards Board returned and developed International Financial Reporting Standards (IAS/IFRS) to normalize

accounting systems. However, the accounting system in any country is dependent on its economic and political strategy, and it cannot be independent of it (Bouraoui, 2017, p. 30)

Moreover, in reaching a standard accounting language that is complex to apply, especially in emerging countries, Algeria tried to search for an accounting reference that provides the specificity of its economic and financial environment besides the reforms that accompanied the development of the Algerian economy. Who defined an openness towards the global economy based on liberal foundations and a market economy. To create an institutional system that responds to these radical changes, Algeria has started to achieve accounting reform.

2.1 The accounting choices adopted by Algeria

(HOARE & TELLER) says who can doubt that the economy in globalization can dispense with international accounting standards (Dufour & Demaria, 2010, p. 5)Legislative Decree No created national Accounting Council: 96-318 on 25 September 1996 that offered the responsibility of updating and changing the national accounting plan to adapt to the new economic environment in the first experiment at reform. The council committed the work to a specific group called (the National Accounting Plan Committee), Which started its creation in 1998 and chose to update the National Accounting Plan (PCN) without changing it. The result of the committee was suspended in 2000, which advised the Ministry of Finance to set the matter of accounting reform as the case of an international tender. In 2001, this responsibility was attributed to the performance group of the National Accounting Council, consisting of itself, and the National Association of Chartered Accountants (France), and the National Company of Statutory Auditors with funding from the World Bank (Bouraoui, 2017, p. 35)Its works began in the second trio of the year 2001, to be achieved within 12 months, as the reform group presented three different accounting choices. The Ministry of Finance, through the National Council of Accountancy, adopted the choice with which Algeria changed its accounting approach, By relying on a new accounting reference represented in the financial accounting system that relies on a clear conceptual frame concerning the accounting framework of the International Accounting Standards Board. On

the other hand, it saved the plan of accounts so that it can be considered as a hybrid accounting system (Khouatra, 2018, p. 10). . Anglo-Saxon, in part through its clear conceptual framework plus Francophonie within the plan of Accounts. This choice is entirely different from the choice proposed by the National Accounting Plan Committee, as it constitutes an essential change with human, educational, organizational, and financial consequences. NATIONAL ACCOUNTING CONCUIL can explain the choice of the third choice by indicating that the World Bank and the International Monetary Fund favor and prefer international financial reporting standards by Countries that use their financial resources to explain the radical change of the accounting culture towards reformation. (Benyekhlaf, 2010, pp. 28-29).

The financial accounting system inspired by the International Accounting Standards (2004 version) to provide adequate, comparable financial information, strengthen account transparency, and increasing confidence in the financial position of institutions, Thus, the possibility of joining the global financial markets, improving economic and productive investments and integration into the global economy. Where the operations are complex, and many parties depend on the information that provides, Accordingly, it is obligated more than others to disclose more information and methods of processing it, and this may burden small and medium enterprises that have a more uncomplicated character in terms of transactions and the parties that use the information. Many small and medium enterprises rely on the financial accounting system to transfer out tax procedures and not as a management mechanism since it violates the principle of cost and advantage resulting from the accounting information system.

2.2 Stability of the financial accounting system from 2010-2018

In the beginning, stabilizing the accounting reference was necessary to allow professionals and practitioners to master the new framework and integrate the financial accounting system into an economic environment. Permanent updating or introducing new changes during that stage increases the complexity of its application and raises misunderstandings. However, the period of stability continued a lot and cannot be justified, especially

since the background of this system is international accounting standards, characterized by continuous updating. In addition, some clear deficiencies need to be fixed.

The continuing development that characterizes international accounting standards disagrees with the financial accounting system's stability since 2004, except for some minor modifications introduced before its issuance.

It is clear that this created a gap that regularly grows since from 2004 until the year more than one hundred and fifty revisions and replacements in international accounting standards, that is, dozens during the year, some of which are basic and have significant consequences on the basic financial statements, and others are related to additional information that must be mentioned an annex (El Besseghi, 2019, p. 8) In addition, the economic environment observed many developments that affected the language of business and finance. Among the most important of these changes, we must mention the G20 meeting in February 2008, which called on international accounting standards framers to review their versions to focus on consolidating accounting standards, Special for financial derivatives, which Started many projects to issue a new version of the joint conceptual framework on 29 March 2018, between the international accounting standards board (IASB) and The Financial Accounting Standards Board (FASB). Although the conceptual framework is not a standard, it seems that it forms the basis of all accounting standards. If an amendment means changing all accounting standards, But it will not be a matter of modifying all the existing standards simultaneously but by regularly introducing this conceptual framework to the standards. With the issuance of the new conceptual framework, the President of the International Accounting Standards Board declared that the moves that will occur in the next ten years would be more frequent and related to reviewing all standards to measure the effects of the latest changes. Over the next three years. Seven standards will be updated, some of which have been published recently (El Besseghi, 2019, p. 19). From the preceding, the reality of the financial accounting system became apparent, as it moved away from international practices over time, as the National Accounting Council recorded during the

past years, many requests registered by economic entities and professionals asking it to provide explanations about some different concepts, On the rules and principles of evaluation and recognition, As these requests reflect the difficulties faced by stakeholders, Despite the efforts of the Committee for the Standardization of Accounting Practices and Professional Due Diligence in explaining various questions through its published interpretations and the simplification of different accounting practices with juridical texts (Marhoum & Khouatra, p. 7).

2.3 Algerian economic institutions in the market economics

Adopting a market economy requires rebuilding economic institutions on a sound basis. To improve its performance and face global competition, which asking a country like Algeria to undertake strict reform, It came at the beginning of the organic and financial restructuring of their institutions. Then the stage of independence of economic institutions, which create stock funds, followed by holding companies, and in the end, came the privatization of financial institutions. Moreover, according to Ordinance No: 04-01 of 20 August 2001, related to the organization, management, and privatization of public financial enterprises (Ordonnance n 08-01 complétant l'ordonnance n 01-04, 2008, p. 13). So that Algeria realized the policy of liberalizing the market economy and developing new legislative mechanisms aimed at supporting local investors in the private sector and trying to attract international capital by introducing a list of motivation measures and granting the necessary facilities and benefits and various guarantees to attract investors, and this was more evident after the downfall of oil prices in 2014. (Brian c, 2018, p. 63) This obliged a legal amendment in the year 2016, and among its contents is a review of Article 37, which placed the freedom of residents to practice trade and industry exclusively, so that, according to Article 43, it also placed the freedom of investment, and from this point of view the establishment of Law 16-09 related to the development of the investment. actually, the private sector represents 98% of all economic institutions.) Algeria has also introduced small and medium enterprises during the transformation phase, bringing comprehensive development at all economic and social levels. However, it was late in developing provisions for this type of institutions, as it waited

twelve years from the beginning of the liberalization of the economy in order for it to get to develop a directive law for promotion for small and medium enterprises No: 01-18 of 12 December 2012, and to be replaced after seventeen years by a directive law for the development of small enterprises Intermediate No: 02-17 of 10 January 2017. As an effect of fundamental transformations in the Algerian economy, development has been observed in the private sector, as the Algerian economy holds a large proportion of small and medium enterprises, representing 99.9% of the national economic fabric At the end of 2019, the total number of small and medium enterprises was calculated at 1,193,339. (Ministère de l'industrie et de mines , 2019, p. 5)

Table N°1:Small and Medium Enterprises in 2019

Institutions	orientation law N:02-17	Number of institutions 2019	Nature of the activity	N.of the sector
very small %97	•The number of employees:1-9 •Turnover:10 Million DA •Total assets<10 Million	<u>1.157.539</u>	• Agriculture •Energy and energy services •Construction, public works •Transformative Industries •Services (liberal professions) • The traditional character	Privet secteur 98%
small 2.6%	•The number of employees:(10-49) •Turnover:10 -200 (Million DA) •Totalassets:(10-100(Million DA	<u>31.027</u>		
meduim 0.4%	•The number of employees:50-200 •Turnover:200 Million -2 Billion •Total assets:(100-500) Million DA)	<u>4.773</u>		Public sector 0.02%
Total		1.193.339 Institution		

Source: (Ministère de l'industrie et des mines(2019), Bulletin d'information statistique des PME pp: 7-13)

2.2 Accounting choices possible to update (FAS)

The accounting choice at the national level (accounting standards, the accounting organization, or the accounting system) and the accounting views, rules, and methods determined by the government or any unique entities permits it the power to prepare accounting policies and practice them in many ways. It represents the accounting system of the state that it imposes within legislation or accounting organization (Bogdan , 2010, p. 470)). As for the company level, the accounting choice may include one accounting reference that introduces many accounting alternatives, so according to the company, a large number of other options to choose from. An accounting choice is also any decision whose primary purpose is to influence (either in form or substance) the output of the accounting system in a particular way, including not only financial statements published by GAAP but also tax returns and regulatory filings (Fields, Lys, & Vincent, 2000, p. 256).

Since the International Financial Reporting Standards (IFRS) for small and medium entities (SMEs) was issued in 2009 for SMEs that do not require public accountability by the International Accounting Standards Board (IASB), 85 countries have directed or permitted its use for SMEs' financial reporting (Bonito & Pais, 2018)), The IASB believes that adopting IFRS for SMEs enhances SMEs' access to international finance through harmonized and high-quality financial information (IASB, IFRS for SMEs – Project history., 2009, p. 8)

To move forward fast and save time and effort, some recommend adopting the Financial Reporting Standard For SMEs, Which is comparable with the overall structure of the Algerian economic fabric consisting essentially of small and medium-sized enterprises. This abbreviation is motivating in progress when we know the level of experience of the authors of this standard, in addition to the presence of the contributors to the proposal drafts and the strict mechanism that supervised its adoption

2.4.1 International reference for updating the (FAS)

IFRS for SMEs is based on full IFRS with modifications reflecting the needs of those using SMEs' financial statements and cost-benefit considerations. IFRS for SMEs is a stand-alone document with five

sections, with a significantly reduced number of disclosures of around 300, compared to the full IFRS of 3000 disclosures and with reduced guidance (Dinuja & Parmod, 2015)). However, the IASB does not have any members with an SME background, and the major comments about the new significant did not come from users. This is an issue since it may not fulfill users' needs, and access to international funds is a very remote possibility, especially for micro, small and medium-sized enterprises. The central perception of users is that IFRS for SMEs is too similar to the full (Alberto & Paola, 2012) But Full IFRS is a set of complex, demanding, and costly standards for SMEs.

However, the adoption of this standard is not an easy matter, but rather a risky point, especially after the project to update this standard for the year 2019, which relied on complete standards as a basis for modernization. Besides, the European Economic Community (CEE) has not adopted it. The Accounting Regulatory Commission (ARC) and the European Financial Reporting Advisory Group (EFRAG) did not adopt the standard for small and medium enterprises. It can say that they rejected them even though they are the best users of international accounting standards. Hence, The IFRS for SMEs Standard is simple compared to the complete standards, but it is not without complexity.

2.5. Theories explaining accounting choices in Algeria

The reliance on international accounting standards by many countries, including Algeria, can be explained by the new institutional theory (Khouatra, 2018, p. 3). To explain and predict the accounting choices from Algeria, we use positive theory. According to (Watts and Zimmerman, 1990), the use of the term positive research was popularized in economists and was used to distinguish study which sought to explain and predict (which is positive research), from research which aimed to provide prescription (prescriptive analysis is often labeled normative research).

2.5.1 Neo-Institutional Theory

The sociological neo-institutional theory provides accounting choices to be explained in the enlightenment of the institutional pressures exerted on companies. Neo-institutionalist practices attempt to understand the homogeneity of practice. The fundamental question posed by(DIMAGGIO

& POWELL) asks to "Why there is such startling homogeneity of organizational forms and practices; and we seek to explain homogeneity, not variation.", The founding concept of sociological neo-institutionalism is an isomorphism, defined by (HAWLEY) as "Isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions." (Demaria, 2008, p. 9), The sociological neo-institutional theory can explain the diffusion of international accounting standards IAS-IFRS on a global range. (Khouatra, 2018, p. 3)

Neo-institutional theory prepares three concepts (DIMAGGIO & POWELL, 1983) to explain the homogenization of organizations and practices: L'isomorphism coercitif, L'isomorphism normative, and L'isomorphism mimetic . (Huault, 2012, p. 4)

- The international accounting standards published by the International Accounting Standards Board, which is considered an independent organization, haven't any legal jurisdiction to impose their application on countries, especially a country such as Algeria than **L'isomorphism coercitif** does not have any meaning. (Khouatra, 2018, p. 3).
- **L'isomorphism normative** is the explanation of the widespread application of international accounting standards global due to the pressures exerted by international organizations that provide financial resources such as the World Bank (BI) and the International Monetary Fund (FMI) According (King and al., 2001; Mir and Rahaman, 2005; Albu and Albu, 2012), Emerging countries adopt international accounting standards in total or in part to invite investors and capital. Accounting reform applied in Algeria Under pressure. The World Bank provided financing at the beginning of the reform and stopped providing support due to not reach deadlines. (Bouraoui, 2017, p. 34)
- **L'isomorphism mimetic** led to many countries adopting international accounting standards with the aim of conforming to the accounting reference that is more rational in the eyes of companies that can be dealt with, as research has confirmed that transactions according to international reference can help lend legitimacy to the organizations that publish them.

Emerging countries seek, within to isomorphism institutionalization,

for social legitimacy, in the sense of adapting to the social and cultural conditions of their environment. (DIMAGGIO,1988) developed the concept of The institutional entrepreneur Into answer to the critiques that described Institutionnel theory as deterministic. developed the concept of institutional entrepreneur. The latter is an actor who mobilizes the resources at his disposal to create, modify or strengthen an institution.

The institutional entrepreneur deploys a strategy to act on the institutional processes to make the existing institutions evolve in a more favorable direction or to create new institutions. The concept of institutional entrepreneur enriches neo-institutional theory by highlighting the possibility for actors to play a role in the process of institutional transformation. The introduction of decision-makers choices and intentionality enriches neo-institutionalist theory DIMAGGIO & POWELL (1991). (KHOUATRA, 2018, p. 4). Algeria can be considered the practical part (The institutional entrepreneur), considering that despite being directed to international organizations' pressures to adopt international accounting standards, it keeps a margin of independence to formulate the most appropriate policy for adopting international accounting standards.

2.5.2 The positive accounting theory

Is considered as the mainstream in accounting choices research realm. JENSEN (1976) asserts that “the PAT is managed to explain why accounting is what it is, why accountants do what they do and what effects these phenomena have on people and resources utilization”. WATTS and ZIMMERMAN (1990) assert that “the accounting theory’s role is to provide explanations and predictions for accounting practices”. According to COLASSE (2000) the PAT interferes either on the level of standards setter or on the firm level when standards setter let the choice among several options.

According to the theory of positive accounting, the study (ATTIA&KADOURI ,2016) tested some economic and social factors for enterprises to choose between accounting policies. Therefore, a group of factors was chosen to be tested on Algerian small and medium enterprises to see their readiness to adopt an international accounting standard for small and medium enterprises.

The study results at the level of more than 80 companies confirmed that the current economic environment is not ready to adopt complex international references, such as the financial reporting standard for small and medium enterprises. The study proved that both debt and international transactions do not affect an environment like Algeria to change the accounting reference. The study also noted that small-sized institutions are less lucky to adopted IFRS for SMEs(144 عطية و قدوري ، صفحة)

3. The strategy of updating the financial accounting system

There was no solid strategy by the National Board of Accountancy to make the transition to the financial accounting system a success, as it is considered a reference different from its antecedent, which highlighted many of the problems that made the transition process difficult in many companies, as the financial accounting system lacks a standard that addresses its adoption for the first time. Has caused many difficulties in the absence of specific rules governing the transition process. The instructions and methodological notes published by the Council were incomplete, and some of them came late. (Marhoum & Khouatra, p. 15) The inclusion of the financial accounting system update program within the National Accountability Council program in 2018. We explain the following steps that ensure the excellent application of the updating program and avoid the problems encountered when applying the financial accounting system for the first time..

3.1 The financial accounting system update program

The Ministry of Finance included the program to update the financial accounting system within the agenda of the National Accountability Council in 2018. Where a working group was appointed to conduct a comprehensive evaluation of the application of the financial accounting system and put forward proposals for its review in line with changes in international accounting standards, which includes 14 members (12 practitioners of the accounting profession, two representatives of the National Accounting Council). (Yahi, 2018, p. 1) Where the date of January 21, 2019, was marked by the historic event in the Algerian accounting law, through the official launch of the process of evaluating and reviewing the financial accounting system, within the framework of a

symposium organized by the National Accountability Council under the auspices of the General Directorate of Accounting (Ministry of Finance), where the tasks of the working group are summarized as follows: (Radjah, 2019, p. 13)

- Conducting a comprehensive evaluation of the application of the financial accounting system to identify all the difficulties facing the various parties concerned with the production and use of the financial information that it produces to provide appropriate solutions
- Modernizing the financial accounting system by adapting it with the new standards published by the International Accounting Standards Board since 2004 to be at the global level in terms of applying international financial reporting standards

Once the evaluation group was appointed and the financial accounting system reviewed, and after its first meeting, a roadmap for the implementation of the tasks entrusted to it was defined and sent to the Minister of Finance, and the rules for carrying out its tasks were limited, the most important of which are: (Yahi, 2018, p. 1)

- Reliance on the participation of all professionals (certified public accountant, Auditors keep, certified accountant), producers and users of financial statements and the education sector (educational, professional, university) in the process of evaluating and reviewing the financial accounting system
- Organizing periodic conferences, seminars, and workshops with different participants to achieve an objective evaluation of the application of the financial accounting system and make recommendations that would improve the quality of financial information.

The "Evaluation and Review of the Financial Accounting System" group has adopted a methodology to achieve its tasks, which can be interpreted in three-step: (Radjah, 2019, pp. 13-14)

3.1.1 The stage of diagnosing the (FAS) and fixing difficulties

Make an approach and diagnosis about the application of the FAS in the Companies that applied the FAS the first time;

- Identify the difficulties encountered, by sector and by activity, through the transition from NAP to FAS;

- Identify all the IFRS standards not applied in the FAS, or require interpretations;
- Support for opinions published by the Committee for the Standardization of Accounting Practices and Professional Due Diligence
- launch public notice to a contribution to natural and legal persons, to broaden the participation of all professionals, users, and institutions, by organizing conferences, so that the revision is built on a stable basis that will respond to production quality and relevant financial information, used in the economic, fiscal and social fields.

3.1.2 The stage of adapting IAS/IFRS to the financial accounting system

- Identify IFRS standards (new, modified, discontinued) compared to those inspired by the FAS;
- Identify the existing standards in the FAS, modified or discontinued, in order to update the provisions of the FAS with the new IFRS standards
- List the new standards published after the establishment of the FAS (since 2004 to date);
- Adopt the IFRS standards in the Algerian context (provided that they are not in constraint with the national interest, and do not call into question the economic development and the economic decision, to avoid any negative impact) ;
- The introduction of international accounting standards into the new financial accounting system project.

3.1.3 The stage of publishing the updated version of the (FAS)

- Update regulatory texts (law and implementing texts);
- Present revision projects to the Commission for the Standardization of Accounting Practices and Professional Due Diligence, for evaluation and judgment;
- Drafting of the revised FAS.

3.2 Approach adopted to update the financial accounting system

The National Accounting Council adopted the approach to updating the financial accounting system, take into consideration the International Accounting Standards published between (2004-2018). The working group tasked with updating the system supposes that a new version of the

financial accounting system will be published best in 2023. However, this approach constantly keeps us away from international accounting standards, especially after the International Accounting Standards Board issued the new version of the conceptual framework in 2018. The President of the board explained that the modifications that will occur during the next ten years would be more frequent to fit the new conceptual framework, even with the recently published standards. (El Besseghi, 2019, p. 18)

3.4. The strategy of applying the process of updating the FAS

Before applying the financial accounting system review process, a complete strategy must be prepared to describe the steps to be considered before and while executing a financial accounting system update. Algerian companies have taken fundamental changes process to their accounting system. Therefore, they had advanced from previous experience when applying the financial accounting system for the first time in 2010. Thus, this experience has helped her a lot, and accordingly, the financial accounting system will be updated less complicated.

3.5 The legislative and regulatory framework for the updated(FAS)

After the final draft is accepted by the working group tasked with updating the financial accounting system, the Ministry of Finance initiates an initiative in a draft law. The Algerian legislator will rejoin after examining and discussing it and announcing preliminary works to be republished in the Official journal. In the form of a law that includes the general outlines of the updated financial accounting system. This law requires details and explanations according to governing texts published by the Ministry of Finance in the form of Executive Decree, Orders, instructions Etc.

The National Council of Accountancy represents an essential role through its information announced in the form of methodological notes and notices issued by the Committee for a committee on Accounting Practices and Due Professional Care. However, these notifications must be published Early, directly after the issuance of the legislative and regulatory framework. It must also be comprehensive and include all legal texts to become a guide for companies and users of financial statements.

5.2 The role of standardization organizations

The National Accountability Council is the public organization that supervises the drafting of the legislative and regulatory framework for the financial accounting system and its updating program. His role must be activated by including the professionals in the process of adopting the updated financial accounting system, as well as growing his relations with financial companies by boosting his performance through the following::

- Organize a knowledge program and train trainers on the process of updating the financial accounting system;
- Relying on model experiences to examine the updating of the financial accounting system, such as focusing on companies from different sectors, and then generalizing the experience after conducting actual simulations and evaluating them;
- Extending the language of communication by organizing conferences with professionals before applied the program of update the financial accounting system and in line to identify forces and weaknesses;
- Publishing instructions on the interim financial reports when applying the updating the financial accounting system.

Following up on the problems of measurement and disclosure under the financial accounting system and following up the activities of the International Accounting Standards Board, to keep informed of developments in the field of accounting and to participate in training courses.

4. CONCLUSION

The main objective of our study explained accounting choices adopted in Algeria the new-intuitional theory proving that Algeria considering that despite being directed to international organizations' pressures to adopt international accounting standards, it keeps a margin of independence to formulate the most appropriate policy for adopting international accounting standards.

Although previous research, the positive theory proved that there are no motives in Algeria to change the accounting reference like adopted IFRS for SMEs even simplified compared to the Full IFRS.

The process of updating the financial accounting system is not easy to

realize, but becoming closer to international accounting standards is less costly than the stability of the system, so the evaluation and review group of the financial accounting system relied on the participation of professionals and stakeholders in companies in their work to avoid the problems that faced the first version of the system,

The National Accounting Council should also be concerned with developing a strategy to update the financial accounting system, as this would help in the success of the updating process and avoid the technical problems that financial companies could fall into.

5. Bibliography List

1. Bonito, A., & Pais, C. (2018). The macroeconomic determinants of the adoption of IFRS for SMEs. *Revista de Contabilidad-Spanish Accounting Review* ,Published by Elsevier Espana,Volume21,Issue2. see the link:
2. Huault, I. (2012,). Paul DIMAGGIO et Walter W. POWELL. Archive ouverte en Sciences de l'Homme et de la Société,France.
3. Alberto, Q., & Paola, P. (2012). How is the IFRS for SME accepted in the European context? An analysis of the homogeneity among European countries, users and preparers in the European commission questionnaire. *Advances in Accounting*,Volume 28, Issue 1.
4. Benyekhlaf, A. (2010). Le système comptable algérien étude comparative avec les pays de l'Europe de l'Est et les organismes de normalisation comptable internationale. *REVUE DE RECHERCHE* N08.
5. .Bogdan , V. (2010). Accountants about accounting policies: An empirical investigation of SMEs from Bihor county. *Economic Science Series*,Vol 19,Iss.01.
6. Bouraoui, N. (2017). l'algerie et les strategies de normalisation comptable face aux IAS-IFRS. *LE CAHIER DU CREAD*.
7. Brian c, P. (2018, august). explantions for the 2014 oil price decline: supply or demand? *energy economics* ,preprint submitted Etsevier,volume74 .
8. Demaria, S. (2008,). les choix d'options comptables lors de la premier application des normes IAS-IFRS. these en vue de l'obtention du doctort

es sciences de gestion. universite de nice Sophia antipolis ,France.

9. Dinuja, P., & Parmod, C. (2015, June 2015). Issues in the adoption of international financial reporting standards (IFRS) for small and medium-sized enterprises (SMES). *Advances in Accounting*, Volume 31, Issue 1.
10. Dufour, D., & Demaria, S. (2010). choix d'options comptable lors de la transition aux normes IAS/IFRS. *Archive ouverte en Sciences de l'Homme et de la Société*, France.
11. El Besseghi, M. (2019). COMMENT RÉPONDRE À L'ÉVOLUTION DES NORMES COMPTABLES INTERNATIONALES IAS/IFRS. *revue elmohasebe*.n4.
12. Fields, T., Lys, T., & Vincent, L. (2000, January 21). Empirical research on accounting choice. *Journal of Accounting and Economics*, Elsevier.
13. IASB. (2009). IFRS for SMEs – Project history. <http://ifrs.org/IFRSfor-SMEs/history/Pages/History.aspx>.
14. KHOUATRA, D. (2018). l'intégration des normes comptables internationales ias-ifrs dans les systèmes comptables francophones cas du système comptable financier algérien,. *hal-archives-ouvertes.fr*.
15. Khouatra, D. (2018, oct). L'intégration des normes comptables internationales IAS-IFRS dans les systèmes comptables francophones cas du Système Comptable Financier algérien. *HAL-ARCHIVES-OUVERTER.FR*.
16. Marhoum, M., & Khouatra, D. (s.d.). le systeme comptable financier algerian entre full ifrs et la norme ifrs pour pme etude qualitative de sa mise en oeuvre par l. *hal.archives-ouvertes.fr*.
17. mines, M. d. (2019). Bulletin d'information statistique des PME .
18. ONS. (2011). le Premier Recensement Economique, 2011 Résultats définitifs de la première phase, Edition ONS. collections statistiques N°172/2012, Série E: statistiques économiques N°69. https://www.ons.dz/IMG/pdf/Resultats_definitifs_phase_I_RE2011-2.pdf.
19. Ordonnance n° 08-01 complétant l'ordonnance n° 01-04. (2008, mars 02). la gestion et la privatisation des entreprises publiques Économique. correspondant au 28 février 2008 complétant l'ordonnance n° 01-04 du

Aouel Joumada Ethania 1422 correspondant au 20 août 2001 relative l'organisation, :<https://www.joradp.dz/FTP/jfrançais/2008/F2008011.pdf>.

20. Radjah, T. (2019). Séminaire du 21 janvier 2019 sur l'évaluation et la révision du Système Comptable Financier. REVUE EL MOUHASEBE ,N4.

21. Yahi, N. (2018). Mécanismes à mettre en œuvre par le Groupe de travail chargé de l'évaluation et la révision du Système Comptable Financier. Journée d'études ayant pour thème "le système comptable financier, évaluation et propositions de révision", ordre national des experts-comptables, Hôtel Mercure Alger.

22. عطية خديجة و قدوريمانال، إمكانية تبني معيار الإبلاغ المالي الدولي الخاص بالمؤسسات

الصغيرة والمتوسطة في الجزائر، المقريزي للدراسات الاقتصادية والمالية، المجلد 2، العدد 2