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The Financial Accounting System between the Requirements of the Algerian Accounting Environment and the International Accounting Framework

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Summary
This study aims to identify the steps and requirements for modernizing the financial accounting system to suit the requirements of the Algerian accounting environment and the international accounting system, and this is through the use of a case study method based on induction by studying the opinions of a group of Algerian professionals in the field of accounting for the purpose of generalizing the results to the sample. Belonging to the study community.
The most important finding in this study is that we must work to modernize the financial accounting system by following a set of steps, including revitalizing the business environment and financial markets in particular, adapting and amending legislation and laws, as well as issuing national accounting standards so that each standard addresses a specific item and establishing an independent accounting body that undertakes the task of Follow up on developments in international financial reporting standards and carry out the accounting theorization process.

Keywords: The financial accounting system, the Algerian accounting environment, international financial reporting standards.

Introduction

According to the Algerian National Accounting Council, the Financial Accounting System represents the most appropriate option within the framework of modernizing the mechanisms accompanying Algeria's economic transition. It also constitutes an important step toward keeping pace with the International Financial Reporting Standards (IFRS). Algeria adopted the Financial Accounting System, which was inspired by international accounting standards, pursuant to Law No. 07-11 of 2007, with its effective implementation beginning in 2010. However, this system has not undergone any amendment or updating in response to developments in the International Financial Reporting Standards, which has led to an increasing gap between the two frameworks. Therefore, it has become necessary to prepare for and undertake the updating of the Financial Accounting System so that it becomes more efficient and effective within the Algerian accounting environment.

Research Problem

How can the Financial Accounting System in Algeria be updated to respond to developments in the International Financial Reporting Standards?

Sub-questions

To what extent are the members of the study sample aware of the obstacles hindering the implementation of the Financial Accounting System?

Are there specific steps and requirements for updating the Financial Accounting System in Algeria?

Research Hypotheses

The members of the study sample have sufficient knowledge of the obstacles hindering the implementation of the Financial Accounting System.

There are specific steps and requirements for updating the Financial Accounting System in Algeria.

Objectives of the Study

This study seeks to achieve the following objectives:

To identify and highlight the obstacles hindering the implementation of the Financial Accounting System.

To identify the procedures that should be undertaken to update the Financial Accounting System.

Significance of the Study

The significance of this study can be highlighted through the following:

The importance of this study lies in identifying the requirements for updating the Financial Accounting System in a manner that is consistent with developments in the International Financial Reporting Standards, while ensuring that these requirements are harmonized with the specific characteristics and requirements of the Algerian accounting environment.

1. Basic Concepts of the Financial Accounting System

In this section, we present the conceptual framework of the Financial Accounting System.

A. Definition of the Financial Accounting System

The Financial Accounting System can be defined from two perspectives as follows:

From the legal perspective: The Financial Accounting System is defined as "a set of procedures and regulatory provisions governing the financial and accounting activities of entities required to apply it in accordance with the provisions of the law and internationally agreed-upon accounting standards". **(Miftah, 2020, p. 74)**

From the economic perspective: The Financial Accounting System is defined in Article 3 of Law No. 07-11, promulgated on November 25, 2007, which refers to it in the body of the law as financial accounting, as follows:

"Financial accounting is a system for organizing financial information that allows basic numerical data to be stored, classified, evaluated, and recorded, and financial statements to be presented that reflect a true and fair view of the financial position, assets, performance, and cash position of the entity at the end of the financial year." **(Law No. 07-11, 2007)**

The Financial Accounting System serves as a guide for accountants in the practice of their profession, as it encompasses a set of procedures, rules, and principles through which standardized financial statements are prepared for use by current and prospective investors, lenders, customers, suppliers, tax authorities, and other stakeholders in order to make appropriate decisions. This distinguishes financial statements prepared in accordance with the Financial Accounting System, which are intended for a wide range of users, from those prepared under the former National Accounting Plan, which were primarily oriented toward the tax authorities.

The new system aims to harmonize the Algerian accounting system with international accounting systems, thereby making financial statements more compatible with those of foreign companies. This facilitates economic transactions and enhances comparability among companies **(Harkou, 2015, p. 38)**

B. Importance of the Financial Accounting System

The importance of the Financial Accounting System is reflected in the various advantages resulting from its implementation, which can be summarized as follows **(Bourbiaa, 2020, pp. 121-122)**

Adopting and implementing international accounting practices can open the door to competition at the international level.

Encouraging investment in all its forms, thereby strengthening the confidence of domestic and foreign investors and meeting their needs for adequate and accurate accounting information that assists them in making sound and rational decisions.

Facilitating the process of conducting financial analysis in companies, which contributes to eliminating the difficulties associated with financial analysis under the National Accounting Plan, as the latter does not provide sufficient information in an accessible and direct manner, making it difficult to assess the financial position of the enterprise.

Providing accounting solutions for transactions and operations that were not addressed by the National Accounting Plan.

Facilitating integration into the international economy.

Meeting the needs of financial reporting by revitalizing and developing the securities market.

Valuing the company's assets on the basis of market value, commonly referred to as fair value.

A. Scope of Application of the Financial Accounting System (SCF)

The scope of application refers to the natural and legal persons to whom the provisions of a given legal text apply. With regard to the scope of application of the Financial Accounting System, it specifies the entities that are legally required to maintain financial accounting in accordance with the Algerian Financial Accounting System. These entities were defined under Law No. 07-11 of November 25, 2007, as follows:

Entities Subject to the Application of the System

The first paragraph of Article 2 of Law No. 07-11 stipulates that the provisions of this law shall apply to any natural or legal person who is required, pursuant to a legal or regulatory provision, to maintain financial accounting. Article 4 of the same law further specifies the entities required to maintain financial accounting in accordance with the Financial Accounting System, namely:

Companies subject to the provisions of the Commercial Code.

Cooperatives.

Natural or legal persons engaged in the production of goods or the provision of commercial or non-commercial services, provided that they carry out economic activities based on recurring transactions.

All natural or legal persons who are required to do so pursuant to a legal or regulatory provision.

Entities Not Subject to the Application of the System

The second paragraph of Article 2 of Law No. 07-11 stipulates that legal persons subject to public accounting rules are excluded from the scope of application of this law.

Small entities may also be exempted when their turnover (including the total turnover generated by their main and secondary activities) and number of employees (employees working on a full-time basis), according to the nature of their activity over two consecutive financial years, do not exceed the following thresholds:
Commercial activity: turnover not exceeding 10 million Algerian dinars.
Number of employees: not exceeding 9 employees.
Production activity: turnover not exceeding 6 million Algerian dinars.
Number of employees: not exceeding 9 employees.
Service activities and other activities: turnover not exceeding 6 million Algerian dinars.
Number of employees: not exceeding 9 employees.
Keeping simplified financial accounting, known as treasury accounting, which includes the financial year position, the income statement for the financial year, and the statement of changes in cash flows during the financial year **(Menser, 2015, pp. 116-117)**

A. Principles and Assumptions Underlying the Accounting System

The Algerian Financial Accounting System is based on a set of fundamental principles and assumptions, as follows:
Accounting assumptions according to the Financial Accounting System: **(Tazdait, 2009, p. 19)**
The conceptual framework of the Financial Accounting System introduced a set of assumptions upon which the system is based. These assumptions are considered among the fundamental foundations of accounting, and accounting procedures cannot be properly conducted without them. They are as follows:
The periodicity assumption: This means that the life of an entity is divided into accounting periods, usually lasting twelve months, although they may be longer or shorter. Financial statements must be prepared separately for each accounting period.
The accrual assumption: Accounting treatment takes place as soon as the transaction or agreement occurs, without necessarily waiting for the corresponding cash flows to take place.
Accounting principles according to the Financial Accounting System:
The accounting principles governing and underlying the various accounting procedures applied by Algerian entities have been established by the Financial Accounting System as follows:
The principle of the independence of accounting periods: This principle aims to separate the revenues and expenses of each financial period from those of the preceding and/or subsequent periods in order to determine a result that accurately reflects the actual activities of the current period, pursuant to Article 12 of Executive Decree No. 08-156 (2008).
The consistency principle: This means that a group of companies must apply the same accounting policies from one accounting period to another, on the one hand, and adopt consistent accounting policies among all companies within the group, on the other hand. If any accounting policy is changed, the entity must provide explanations regarding such change in the notes to the financial statements, pursuant to Article 15 of Executive Decree No. 08-156 (2008).
The principle of non-modification of the opening balance sheet: This principle requires the opening balance sheet to remain consistent; that is, the opening balance sheet of a given accounting period must correspond to the closing balance sheet of the preceding period, pursuant to Article 17 of Executive Decree No. 08-156 (2008).
The prudence principle (accounting conservatism): This means that the entity responsible for preparing the financial statements must take into consideration all risks that it may encounter and exercise an appropriate degree of caution when preparing financial statements and making various estimates, particularly under conditions of uncertainty. Such prudence and caution must not, however, result in either exaggerating or concealing facts concerning the actual activities of the company, pursuant to Article 14 of Executive Decree No. 08-156 (2008).
The principle of non-compensation (non-offsetting): According to Article 15 of Law No. 07-11 dated November 25, 2007, offsetting may not be made between asset items and liability items, nor between an expense item and an income item, in order to prevent the distortion of financial information.
The predominance of economic substance over legal form: This accounting principle is one of the most important principles introduced by the Financial Accounting System, given that certain transactions may have an economic substance that differs from their legal form. For example, a finance lease does not necessarily involve the legal transfer of ownership; nevertheless, it generates cash flows for the entity resulting from previous events and therefore contributes, from an economic perspective, to the recognition of an asset. Accordingly, it is necessary to consider the economic substance of the transactions carried out by the entity before their legal form. Otherwise, the information produced by the relevant accounting bodies would be distorted. This principle is provided for in Article 6 of Law No. 07-11 dated November 25, 2007, and Article 18 of Executive Decree No. 08-156 (2008).
The double-entry principle: According to Article 16 of Law No. 07-11 dated November 25, 2007, accounting records are maintained according to the principle known as "double-entry bookkeeping." Each accounting transaction must affect at least two accounts, one of which is debited and the other credited, while respecting the chronological order in recording transactions. The total credit amounts must be equal to the total debit amounts.
Historical Cost Principle: Economic transactions undertaken by the group are recorded at the monetary value prevailing at the date on which they occur. There are several alternatives to this method of accounting measurement **(Article 16 of Executive Decree No. 08-156, 2008).**
True and Fair View (Faithful Representation): This principle is also considered one of the qualitative characteristics of financial information in many accounting systems worldwide. The figures and data contained in the financial statements must reflect the actual activities carried out by the group of companies as a single entity. In other words, this principle

aims to ensure that the information presented in the financial statements is interpreted correctly and faithfully reflects the events and transactions undertaken by the group **(Article 19 of Executive Decree No. 08-156, 2008)**.

Materiality Principle: The accountant and the management of the entity as a whole must focus on processing and using the most important information first. Information is considered meaningful, or material, when its omission from the financial statements could affect the decisions made by the users of those statements **(Article 11 of Executive Decree No. 08-156, 2008)**.

Events Subsequent to the Financial Year-End: A subsequent event must be attributed to the closed financial year if it has a direct and probable connection with a situation existing at the date of closing the financial year's accounts and if it becomes known between that date and the date on which the financial statements for that financial year are approved **(Article 13 of Executive Decree No. 08-156, 2008)**.

1. Basic Concepts of International Financial Reporting Standards

The concept of international accounting standards is closely linked to the concept of accounting harmonization, which seeks to reduce differences and disparities between accounting systems across countries. This is achieved through the efforts of numerous local, regional, and international organizations to reconcile certain accounting differences. In addition, a number of professional accounting organizations in many countries around the world have worked toward establishing an international understanding regarding the development of international accounting standards **(Sharma, 1984, p. 137)**

a. Motivations Behind the Development of International Financial Reporting Standards

The emergence and development of accounting standards involved numerous attempts and extensive professional and academic efforts. The process of establishing and implementing international standards was only achieved after the organization of numerous international conferences **(Hamdan, 2008, pp. 104–106)**

The issuance of these standards was motivated by several reasons and factors, including:

The opening of markets at the global level (globalization).

The emergence of accounting problems resulting from weak investment, inflation, and the increasing number of multinational corporations.

Differences in terminology and inconsistencies between the principles, assumptions, and accounting policies.

The need to develop the accounting discipline and the necessity of achieving global accounting harmonization and standardization **(Al-Taher, 2014, p. 68)**

The growing interest of numerous accounting organizations in achieving the highest possible degree of consistency and harmonization in accounting practices, as well as the increasing number of multinational companies adopting international accounting standards instead of local standards **(Ahmed, 2005, p. 21)**

A. Definition of International Financial Reporting Standards

To arrive at a definition of International Financial Reporting Standards, it is first necessary to define the term "standard" as well as International Accounting Standards, as follows:

The term "standard" is a translation of the English word standard, which refers to a model or benchmark against which the weight, length, or degree of quality of something is measured **(Al-Taher, 2014, pp. 68–69)**

The word "standard" is also of Latin origin (norma), meaning "rule". It is generally used to denote a rule upon which reliance is placed and a model to which reference is made when necessary **(Slimani, 2020, p. 89)**

In general, a standard is defined as a document prepared by consensus and approved by a recognized body, which provides rules, guidelines, or specifications for common and repeated activities or their outcomes, or ensures an optimal level of organization within a particular context .

From an accounting perspective, a standard is regarded as a set of rules that guides accountants when preparing financial statements that are generally accepted. These standards must be clear and understandable. According to the International Accounting Standards Committee, accounting standards are guiding rules on which professionals rely to support their professional judgment and exercise their discretion . **(Al-Taher, 2014, pp. 68-69)**Accordingly, an International Accounting Standard is defined as "a written administrative statement issued by a professional organization concerning a specific element of accounting operations or events affecting the financial position of an entity. It determines the appropriate tools for measurement, presentation, and disclosure in order to determine business results and present the entity's financial position" **(Mohamed Al-Eid, 2016, p. 122)**

International Financial Reporting Standards (IFRS) are a set of accounting standards issued by the International Accounting Standards Board (IASB). They regulate how companies prepare and present their financial statements, thereby enabling stakeholders, such as investors, regulatory authorities, and auditors, to make informed decisions based on consistent and reliable information Therefore, International Accounting Standards constitute a set of rules and principles governing accounting activities and procedures and providing guidance on how accounting treatments should be implemented, with the aim of specifying the minimum accounting and financial information that must be disclosed .

As for International Financial Reporting Standards, it can be stated that they were previously referred to as International Accounting Standards. However, they now carry a new numbering system to distinguish them from one another. They also represent an evolution and extension of International Accounting Standards **(Takhnouni, 2019, p. 53)**

B. Importance of International Financial Reporting Standards

The importance of International Accounting Standards can be summarized as follows **(Al-Soufi, 2012, p. 70)**:

They were developed to respond to accountants' needs and to assist professionals in regulating and organizing accounting practices.

They ensure a balance between the various interests of different categories of users, on the one hand, and the public interest, on the other.
They help bring accounting organizations' perspectives closer together, as the absence of accounting standards may lead to reliance on personal judgment, resulting in a lack of objectivity in the selection of accounting policies.

C. Continuous Development of International Financial Reporting Standards

International Accounting Standards are characterized by flexibility, as they are amended, updated, replaced, and, in some cases, even withdrawn in response to changing economic conditions and developments in the international accounting environment. Consequently, modifications to certain accounting procedures and practices lead to corresponding amendments to International Accounting Standards. Accordingly, the development of accounting standards may take various forms, including the following **(Al-Ja'arat, 2008, p. 125)**

• Amendments to Standards

From time to time, various amendments are introduced to some or most of the provisions of a particular standard. Such amendments may take different forms, including:
- Elimination of Certain Accounting Alternatives

The existence of multiple accounting alternatives is considered one of the criticisms directed at the accounting profession and International Financial Reporting Standards, as it may lead to differences in accounting figures and results. Therefore, accounting standard-setters seek to reduce these alternatives in order to harmonize accounting treatment methods on the one hand and enhance confidence in accounting information on the other. Examples of this type of amendment include the following:
Amendment to IAS 2, relating to inventories, by eliminating the Last-In, First-Out (LIFO) method from the inventory valuation methods.
Amendment to IAS 22, prior to its replacement by IFRS 3, both relating to business combinations, by eliminating the pooling-of-interests method from the accounting methods for business combinations.
Amendment of Definitions
This involves adopting more precise and clearer terminology for certain concepts, such as using the term "Statement of Financial Position" instead of "Balance Sheet," as well as adopting the concept of "Comprehensive Income" and preparing a Statement of Comprehensive Income. This development reflects the convergence with U.S. accounting standards. Definitions in accounting standards are also among the fundamental elements upon which standards are based. An example of this is the amendment of the definition of fair value from time to time across several accounting standards.
Elimination of Certain Accounting Practices
This occurred, for example, through the amendment of IAS 36, which eliminated the practices previously required to perform a bottom-up test when determining impairment of goodwill.
Integration of Interpretations into Standards
The Standing Interpretations Committee (SIC), which was affiliated with the International Accounting Standards Board, was responsible for issuing interpretations to clarify how International Accounting Standards should be applied. Some interpretations addressed matters that subsequently required their incorporation into the relevant standard, given that the standard has greater authority than an interpretation. An example of this is:
SIC-18, which was incorporated into IAS 1.
Integration of Certain Standards into Other Standards
This occurs when standards share common elements. Examples include:
The integration of IAS 31 into IAS 28.
The integration of IAS 4 into IAS 1.
The integration of IAS 9 into IAS 38.
Withdrawal of Certain Standards
Certain standards were withdrawn because no agreement could be reached on a universally applicable approach. An example is IAS 15, relating to information reflecting the effects of changing prices, which was withdrawn on 1 January 2005.
Replacement of Certain Standards by Subsequent Standards
This involves introducing substantial improvements to certain accounting standards and replacing them with new standards, thereby eliminating the corresponding previous standards. The most important examples include:
IFRS 3, relating to Business Combinations, which replaced IAS 22, bearing the same title.
International Accounting Standard IAS 14, entitled Segment Reporting, was replaced by International Financial Reporting Standard IFRS 8, entitled Operating Segments, in order to achieve convergence with the corresponding U.S. accounting standard.
Extensive improvements were introduced to IAS 31, entitled Interests in Joint Ventures. It was subsequently withdrawn and replaced by IFRS 11, entitled Joint Arrangements. Under the new standard, the proportionate consolidation method was eliminated, with the equity method being retained.
Extensive improvements were also introduced to IFRS 4, IAS 17, IAS 18, IAS 11, and IAS 39, which were subsequently withdrawn and replaced by new standards, namely IFRS 17, IFRS 16, IFRS 15, and IFRS 9, respectively.

1. Field Study

A. Field Study Instrument

In order to prepare the empirical part of this study, a questionnaire was developed to collect primary data concerning the study variables. The questionnaire was designed based on the research problem and hypotheses and was divided as follows:

First section: The extent to which the respondents are familiar with the obstacles to implementing the Financial Accounting System.

Second section: The steps and requirements for updating the Financial Accounting System in Algeria.

It should be noted that the five-point Likert scale was used for all questionnaire items. This scale consists of five response categories, arranged as follows: Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree. These categories are presented in the following table:

Table 01: Distribution of Agreement Scores on the Likert Scale.

Field of the Category	[1–1.80[	[1.80–2.60[	[2.60–3.40[	[3.40–4.20[	[4.20–5]
Degree of Agreement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Source: Researchers, based on the results of SPSS.

B. Study Population and Sample

The study population refers to the entire group of people, events, or objects that the researcher is interested in and wishes to study .In the present study, the study population consists of accounting professionals, including accounting experts, statutory auditors, certified accountants, as well as financial and accounting executives working in economic institutions in Algeria.

Given the difficulty of determining the exact size of the study population, the impossibility of covering all members of the population, and other reasons that make it difficult to conduct the research on the entire population, a sampling method was adopted by selecting a representative sample from the population and conducting the study on it.

Accordingly, 35 paper-based questionnaires were distributed to offices of accounting professionals, including accounting experts, statutory auditors, and certified accountants, as well as to economic institutions in Algeria. We retrieved 30 questionnaires, of which two were excluded because they were invalid, either due to failure to answer all the questions included in the questionnaire or because they contained contradictory information.

In addition, an electronic questionnaire link was sent to all email addresses published on the website of the National Council of Accounting, including lists of accounting experts, statutory auditors, and certified accountants. The questionnaire link was also disseminated through social media platforms, particularly groups and pages dedicated to accounting professionals. We received 30 electronic responses. Accordingly, our study concerns an unknown population, and a random sampling method was adopted. Therefore, the final sample included in the study consists of approximately 58 respondents.

A. Assessment of the Validity and Reliability of the Study Instrument

The validity of the research instrument will be assessed from two perspectives: validity and reliability.

1. Testing the Validity of the Instrument

The validity of the research instrument will be examined through expert judgment validity and internal consistency validity, as follows:

Expert Judgment Validity: The validity of the questionnaire was verified by presenting it to five specialized university professors with expertise in this field, from the Departments of Commercial Sciences and Management Sciences, for review and discussion. The questionnaire was subsequently retrieved after incorporating their comments and recommendations concerning the questions included in its various sections, and it was then finalized in its final form.

Internal Consistency Validity of the Questionnaire Dimensions and Items: Internal consistency validity refers to the extent to which each questionnaire item is consistent with the dimension to which it belongs. The internal consistency of the questionnaire items was verified using the study sample of 58 respondents by calculating the correlation coefficients between each item and the total score of the dimension to which it belongs.

Table 02: Correlation Coefficients between the Mean of Each Item in the First Dimension and the Overall Mean of the Dimension.

Item	Correlation Coefficient	Significance Level
1- The Financial Accounting System (FAS) is characterized by a rigid legal nature, which hinders its full implementation.	0.742	0.000

2- The tax system is not consistent with the requirements for implementing the Financial Accounting System.	0.606	0.000
3- The business environment in Algeria is not ready to implement the latest developments in International Financial Reporting Standards (IFRS).	0.695	0.000
4- The weakness of the Algerian Stock Exchange and the lack of interest among institutions in valuation and revaluation processes.	0.731	0.000
5- The shortage of qualified personnel capable of understanding and applying the requirements of the Financial Accounting System and adapting them to the Algerian accounting environment.	0.782	0.000
6- The lack of clarity of the laws and regulations governing the Financial Accounting System and the difficulty of understanding them properly.	0.802	0.000
7- Accounting professionals' adherence to the former system and their lack of acceptance of the Financial Accounting System.	0.798	0.000
8- The lack of participation of stakeholders in the accounting environment in the accounting reform process and in the development of regulations governing the accounting profession in Algeria.	0.423	0.000

Source: (Researchers, based on SPSS results).

Table 02 presents the correlation coefficients between each item of the first dimension and the overall mean of its items. The table shows that the correlation coefficients are statistically significant at the 0.05 significance level, as the significance level for all items is less than 0.05 and the calculated r values are positive. Accordingly, all items of the first dimension are considered valid for measuring the construct for which they were designed.

Table 03: Correlation Coefficients between the Mean of Each Item in the Second Dimension and the Overall Mean of the Dimension

Item	Correlation Coefficient	Significance Level
1- The Financial Accounting System should include clear and understandable implementation procedures.	0.742	0.000
2- National accounting standards should be issued, with each standard addressing a specific accounting item.	0.606	0.000
3- Qualified human resources should be provided to understand and implement the Financial Accounting System.	0.695	0.000
4- The business environment and, particularly, financial markets should be activated.	0.731	0.000
5- The legislation and laws regulating the accounting profession in Algeria should be adapted to be consistent with the tax system.	0.782	0.000
6- The professional skills required by graduates of Algerian universities should be provided.	0.802	0.000
7- Accounting bodies and professional organizations in Algeria should pay attention to developments in International Financial Reporting Standards (IFRS) and require accountants to adopt them.	0.798	0.000
8- An independent accounting body should be established to monitor developments in International Financial Reporting Standards (IFRS) and undertake the process of accounting standard-setting.	0.423	0.000

Source: (Researchers, based on SPSS results).

This table shows the correlation coefficients between each item of the second dimension and the overall mean of its items. It indicates that the reported correlation coefficients are statistically significant at the 0.05 significance level, as the significance level for all items is less than 0.05, and the calculated r value is positive. Therefore, all items of the second dimension are considered valid for measuring what they were designed to measure.

Table No. 04: Correlation Coefficients between the Mean of Each Dimension and the Overall Mean of the Questionnaire.

Dimension Content	Correlation Coefficient	Significance Level
1- The extent to which the sample members are familiar with the obstacles to implementing the Financial Accounting System	0.619	0.000
Steps and requirements for updating the Financial Accounting System in Algeria	0.943	0.000

Source: Researchers, based on the results obtained from SPSS.

Table No. 04 shows the correlation coefficients between the mean of each dimension of the study and the overall mean of the questionnaire items. It indicates that the reported correlation coefficients are statistically significant at the 0.05 significance level, as the significance level for each dimension is less than 0.05, and the calculated r value is positive. Therefore, all dimensions of the study are considered valid for measuring what they were designed to measure.

– Reliability of the Questionnaire Items:

Reliability refers to the extent to which the items are characterized by internal consistency. There are several measures used to test the internal reliability of the instrument, the most important of which are Cronbach's Alpha coefficient and the split-half method. To verify the reliability of the questionnaire, reliability was calculated using Cronbach's Alpha coefficient. This coefficient is considered acceptable whenever its value is greater than or equal to 0.60.

Table No. 05: Cronbach's Alpha Coefficient for the Different Dimensions of the Questionnaire.

Dimension Content	Number of Items	Cronbach's Alpha Coefficient
1- The extent to which the sample members are familiar with the obstacles to implementing the Financial Accounting System	08	0.779
2- Steps and requirements for updating the Financial Accounting System in Algeria	08	0.842
All questionnaire items	16	0.898

Source: Researchers, based on the results obtained from SPSS.

It is clear from Table No. 05 that the overall reliability coefficients exceeded the acceptable rate of 0.60. The coefficient was 0.779 for the first dimension and 0.842 for the second dimension, while the overall reliability coefficient reached 0.898. This indicates that these coefficients are high and appropriate for the purposes of the study. Therefore, it can be concluded that the study instrument is reliable.

A. Questionnaire Analysis:

The questionnaire will be analyzed through the following:

– Kolmogorov–Smirnov Test for Normality:

We will present the Kolmogorov–Smirnov test to determine whether the data follow a normal distribution or not. This is a necessary test when testing hypotheses because most statistical tests require the data to be normally distributed.

Table No. 06: Normality Test for the Questionnaire Dimensions.

Dimensions	Significance Level
All study dimensions	0.200

Source: (Researchers, based on SPSS results)

Table No. 06 presents the results of the normality tests for all dimensions. The significance level was 0.200, which is greater than 0.05, indicating that the data follow a normal distribution.

Analysis of the Questionnaire Items

The data obtained from the respondents' answers concerning the questionnaire dimensions will be analyzed using the t-test to determine whether the mean response score reached the moderate level of agreement, which is 3, or not. The arithmetic mean was also used to determine the degree of acceptance or rejection. The results are as follows:

Analysis of the Items of the First Dimension

The items of this dimension will be analyzed based on a set of statistical techniques, as shown in the following tables:

Table No. 07: Analysis of the Items of the First Dimension.

Item	Standard Deviation	Arithmetic Mean	T-value	Significance Level
1- The Financial Accounting System has a rigid legal nature, which hinders its full implementation.	0.81650	4.0000	9.327	0.000
2- The tax system is not compatible with the requirements for implementing the Financial Accounting System.	0.84364	4.0862	9.805	0.000

3- The business environment in Algeria is not prepared to implement the latest developments in International Financial Reporting Standards (IFRS).	0.93205	3.7931	6.480	0.000
4- The weakness of the Algerian Stock Exchange and the lack of interest among institutions in valuation and revaluation processes.	0.96772	3.8966	7.056	0.000
5- There is a shortage of qualified personnel capable of understanding and applying the requirements of the Financial Accounting System and adapting them to the Algerian accounting environment.	0.92227	3.5172	4.271	0.000
6- The laws and regulations governing the Financial Accounting System are unclear and difficult to understand properly.	1.17444	3.7586	4.919	0.000
7- Professionals remain attached to the old system and are reluctant to accept the Financial Accounting System.	1.14629	3.8621	5.727	0.000
8- Stakeholders in the accounting environment do not participate in the accounting reform process or in the development of regulations governing the accounting profession in Algeria.	1.05634	3.8448	6.091	0.000
The tabulated t-value at a significance level of 0.05 and 57 degrees of freedom is 2.000.				

Source: (Researchers, based on SPSS results).

We note from the above table that most of the items of this dimension have arithmetic means falling within the agreement category. Furthermore, most of the calculated T-values are greater than the tabulated T-value, and the significance level is less than 0.05. This indicates that the respondents agree that there are obstacles that limit the full and proper implementation of the Financial Accounting System, and that they have sufficient awareness of these obstacles.

Analysis of the Items of the Second Dimension

Table 08: Analysis of the Items of the Second Dimension.

Item	Standard Deviation	Arithmetic Mean	T-value	Significance Level
1- The Financial Accounting System should include clear and understandable implementation procedures.	0.98874	3.9310	7.171	0.000
2- Issuing national accounting standards, with each standard addressing a specific item.	1.13622	3.7241	4.854	0.000
3- Providing qualified human resources capable of understanding and implementing the Financial Accounting System.	1.04424	3.8793	6.413	0.000
4- Stimulating the business environment and financial markets in particular.	0.98568	3.8966	6.927	0.000
5- Adapting the legislation and laws governing the accounting profession in Algeria to be consistent with the tax system.	1.09348	3.8793	6.124	0.000
6- Providing the required professional skills among graduates of Algerian universities.	1.07211	3.7931	5.634	0.000
7- Accounting professional bodies and organizations in Algeria should pay attention to developments in the International Financial Reporting Standards (IFRS) and require accountants to comply with them.	1.08292	3.9483	6.669	0.000
8- Establishing an independent accounting body responsible for monitoring developments in the International Financial Reporting Standards (IFRS) and undertaking the process of accounting standard-setting.	1.23618	3.6552	4.036	0.000
The tabulated T-value at a significance level of 0.05 and 57 degrees of freedom is 2.000.				

Source: Researchers, based on SPSS results.

We note from the above table that all the items of this dimension have arithmetic means falling within the agreement category. Moreover, the calculated T-values are greater than the tabulated T-value, while the significance level is less than 0.05. This means that the respondents agree that there is a set of procedures and steps through which the Financial Accounting System can be updated and brought up to date.

A. Testing the Study Hypotheses

The study hypotheses are tested using the one-sample T-test, based on the following decision rule:
If the calculated t-value is greater than the tabulated t-value, the hypothesis (H1) is accepted, and consequently the null hypothesis (H0) is rejected, and vice versa.
If the probability value (Sig.) resulting from the one-sample T-test is greater than the adopted significance level (0.05), the hypothesis (H1) is accepted, and vice versa.
Testing the First Hypothesis
The first hypothesis states: "The sample members have sufficient awareness of the obstacles to implementing the Financial Accounting System." It is formulated as follows:
(H0): The sample members do not have sufficient awareness of the obstacles to implementing the Financial Accounting System.
(H1): The sample members have sufficient awareness of the obstacles to implementing the Financial Accounting System.
The results of this analysis are presented in the following table:

Table 09: Results of Testing the First Main Hypothesis.

Hypothesis	Calculated t-value	Tabulated t-value	Probability value (Sig.-t)	Decision
H1	10.369	2.000	0.000	Accepted
Adopted significance level: $\alpha = 0.05$; DF = N − 1 = 58				

Source: Researchers, based on the results of SPSS.

It can be observed from Table 09 that the calculated t-value is 10.369, which is greater than the tabulated t-value of 2.000. Moreover, the probability value is 0.000, which is lower than 0.05. According to the decision rule, the null hypothesis H0, stating that "the sample members do not have sufficient awareness of the obstacles to implementing the Financial Accounting System," is rejected, and the alternative hypothesis H1, stating that "the sample members have sufficient awareness of the obstacles to implementing the Financial Accounting System," is accepted.
Testing the Second Hypothesis
The second hypothesis states: "There are steps and requirements for updating the Financial Accounting System in Algeria." It can be formulated as follows:
H0: "There are no steps or requirements for updating the Financial Accounting System in Algeria."
H1: "There are steps and requirements for updating the Financial Accounting System in Algeria."
The results of this analysis are presented in the following table:

Table 09: Results of Testing the Second Hypothesis.

Hypothesis	Calculated t-value	Tabulated t-value	Probability value (Sig.-t)	Decision
H1	8.555	2.000	0.000	Accepted
Adopted significance level: $\alpha = 0.05$; DF = N − 1 = 58				

Source: Researchers, based on the results of SPSS.

It can be observed from Table 09 that the calculated t-value is 8.555, which is greater than the tabulated t-value of 2.000. Furthermore, the probability value is 0.000, which is lower than 0.05. According to the decision rule, the alternative hypothesis H1 is accepted, indicating that "there are steps and requirements for updating the Financial Accounting System in Algeria."

Conclusion

Through this study, we sought to identify the steps and requirements for updating the Financial Accounting System so as to align it with the latest developments in the International Financial Reporting Standards (IFRS), from the perspective of a group of accounting professionals and academics. Accordingly, it can ultimately be concluded that the study found it necessary to eliminate the obstacles hindering the implementation of the Financial Accounting System and to work toward updating it by following a set of steps, the most important of which are:
Activating the business environment and financial markets by diversifying financial securities and increasing the number of intermediaries involved in their trading.
Issuing national accounting standards, with each standard addressing a specific accounting item.
Providing an appropriate economic environment by regulating legal legislation and reducing tax evasion.
Updating the legal framework at both the legislative and structural levels. For example, the Commercial Law and Tax Law should be aligned with the requirements of the Financial Accounting System and the latest developments in the International Financial Reporting Standards (IFRS).
Providing highly qualified human resources working in specialized private accounting firms.
Establishing an independent accounting body responsible for monitoring developments in the International Financial Reporting Standards (IFRS) and undertaking the task of developing accounting theory and standards.
Incorporating the International Financial Reporting Standards (IFRS), as well as auditing standards, into the examinations for certified public accountants.

Developing teaching curricula in universities and institutes in order to produce highly qualified human resources.
Based on the findings of the study, the following recommendations can be made:
Organizing national and international conferences and seminars to explain and clarify how to adopt the International Financial Reporting Standards (IFRS).
The need to accelerate the provision of an appropriate environment for implementing the Financial Accounting System and to benefit from the expertise and experiences of countries that have successfully and effectively updated their accounting systems and adopted the International Financial Reporting Standards (IFRS).

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