

Evaluation of the Application of Tourism Accounting under International Accounting Standards: A Case Study of Aurassi Complex, Algeria - 2024

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Abstract:

This study aimed to evaluate the extent of compliance of EGH SPA Chaîne El Aurassi with the International Financial Reporting Standards (IFRS), while highlighting the reality of applying these standards within Algerian tourism institutions and identifying the main challenges they face. The study adopted a descriptive and analytical approach through the analysis of the group's 2024 financial statements, including the balance sheet, income statement, cash flow statement, and key financial ratios related to liquidity, profitability, financial balance, and solvency.

The study revealed a partial convergence between the accounting system applied by the group and the international accounting standards, particularly regarding the presentation of financial statements and the preparation of cash flow statements. However, full compliance remains limited due to insufficient financial disclosure, lack of training, and limited technical resources. The findings also showed that the group enjoys a relatively stable financial position and improved profitability and operational performance during 2024. The study recommended strengthening accounting training, modernizing accounting information systems, improving financial disclosure, and enhancing the role of regulatory authorities to support the effective implementation of IFRS in the Algerian tourism sector.

Keywords: IFRS, Tourism Sector, Financial Statements, EGH SPA Chaîne El Aurassi

Introduction

The tourism sector is a cornerstone of the economies of many countries, contributing to job creation and stimulating local economic activity. With the diversity of tourism services and the multitude of stakeholders involved, tourism accounting becomes a crucial tool for ensuring sound and transparent financial management. Tourism accounting contributes to providing accurate and reliable financial information, enabling tourism organizations to make informed strategic decisions and, consequently, improve their financial performance. This underscores the importance of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), which define the fundamental rules to be followed in preparing financial reports globally, thus ensuring international accounting harmonization.

Despite the importance of international standards, their application in certain sectors, such as the tourism sector in Algeria, faces several challenges. These include a lack of expertise in tourism accounting compliant with international standards, as well as the absence of some essential technical resources that would contribute to more effective application of these standards. Furthermore, tourism organizations struggle to adapt to local legal frameworks, leading to a gap between international accounting standards and actual practices within Algerian tourism establishments. This research highlights the need to evaluate the application of International Accounting Standards (IAS) in Algerian tourism institutions, particularly the

Aurassi Group, as a case study to help understand the extent of compliance with these standards and identify existing gaps in their implementation.

- Main Problem:

The research problem lies in the clear gap between traditional accounting practices followed in Algerian tourism institutions and International Accounting Standards, which require specific professional methods for preparing financial reports. This gap affects the ability of tourism institutions to achieve transparency in their financial reports and limits their capacity to make accurate strategic financial decisions. Therefore, this research seeks to shed light on the extent of application of these standards in the Algerian tourism sector and the challenges that institutions face in adapting to them. Hence, the following question arises:

To what extent can International Accounting Standards be applied in the Algerian tourism sector, based on the Aurassi Group's financial statements for 2024?

- Sub-Questions:

To answer the main problem, the research is divided into the following sub-questions:

1. To what extent does the accounting system used in the Aurassi Group comply with International Accounting Standards?
2. What are the main challenges facing Algerian tourism institutions in implementing International Accounting Standards (IAS)?
3. How can the implementation of IAS be improved in Algerian tourism institutions?

- Research Hypotheses:

To answer the sub-questions, the following hypotheses were formulated:

1. First Hypothesis: There is limited alignment between the accounting system used at the Aurassi Group and IAS.
2. Second Hypothesis: Tourism institutions in Algeria face significant challenges in implementing IAS due to a lack of training, technical resources, and legal difficulties.
3. Third Hypothesis: The implementation of IAS in Algerian tourism institutions can be improved through practical recommendations related to training, updating accounting systems, and strengthening corporate governance.

- Research Methodology:

This research employs a descriptive and analytical approach. The financial data of the Aurassi Group for 2024 is analyzed using the Group's annual report. The research includes an analysis of quantitative and qualitative data collected from the financial reports, as well as a comparison between the accounting practices adopted by the Group and IAS. The objective is to assess the extent to which the complex adheres to these standards, while identifying potential gaps between actual practices and international legal requirements.

- Research Limitations:

1. Geographical Scope: The research examines a single case study, the El Aurassi Complex in Algeria.
2. Time Scope: The research is limited to the fiscal year 2024.
3. Subject Matter Scope: The research focuses solely on the application of International Accounting Standards in the tourism sector and does not address other sectors.
4. Methodological Limitations: The research relies on an analysis of available financial data from the annual report. Challenges may arise regarding the accuracy of the available data or its ability to provide a comprehensive picture.

- Research Significance:

The significance of this research lies in evaluating the application of International Accounting Standards at the El Aurassi Complex, one of the leading tourism institutions in Algeria. This evaluation will contribute to improving the level of transparency and financial disclosure in the tourism sector, thereby enhancing confidence in published financial reports. Furthermore, this research will highlight the challenges that Algerian tourism institutions may face in implementing these standards, offering practical solutions and recommendations to help improve the situation.

- Research Objective:

The main objective of this research is to evaluate the application of International Financial Reporting Standards (IFRS) at the Aurassi Group in Algeria for the year 2024, focusing on the extent to which the group's financial accounting system conforms to IFRS. The study also aims to provide recommendations for improving the application of these standards in Algerian tourism establishments. Other objectives of the study include:

1. Evaluating the extent to which the accounting system at the Aurassi Group conforms to IFRS: by examining how IFRS is applied in the preparation of financial reports.
2. Analyzing the group's financial data according to IFRS: using the group's 2024 annual report, focusing on aspects that demonstrate its compliance with the standards.
3. Providing recommendations for improving the application of IFRS in Algerian tourism establishments: by proposing practical solutions to reduce gaps and enhance the application of these standards in tourism establishments.

First: Conceptual Framework of the Study Variables

I. Tourism Accounting and International Accounting Standards:

The tourism sector is undergoing a radical transformation globally, driven by economic fluctuations, technological changes, and increasing demands for transparency from investors and stakeholders. In this context, the role of tourism accounting emerges not only as a tool for recording transactions but also as a strategic system for providing high-quality information that supports decision-making. However, traditional accounting literature has often dealt with this sector superficially, creating a theoretical gap in understanding the complex interplay between the intangible and seasonal nature of tourism services and the financial reporting requirements under the dominance of International Accounting Standards.

1. The Concept of Tourism Accounting

Tourism accounting is not merely the application of Generally Accepted Accounting Principles (GAAP) to tourism activities. Rather, it is an integrated information system that aims to measure, process, communicate, and analyze financial and non-financial information related to tourism activities to support managerial and investment decision-making. (Zhang & O'Connor, 2021, p. 3)

Researchers Adams & Nicholas argue that tourism accounting, from a critical perspective, raises questions about the role of accounting in reinforcing power relations. In other words, tourism accounting, from this perspective, is not neutral; it may be used to justify high prices during peak seasons under the guise of "revenue management," or to conceal the true environmental and social costs of mass tourism under the heading of "external costs," which are not disclosed in the regular items of financial statements. (Adams & Mc Nicholas, 2007, p. 385) Therefore, we find that tourism accounting is an integrated system that is not limited to purely accounting aspects, but extends to include a vital informational role in supporting decision-making. However, it is acknowledged that there is a critical dimension that highlights its potential use as a tool to justify unbalanced practices or conceal true costs. This necessitates the development of more transparent and accountable accounting frameworks to measure the overall performance of the tourism sector.

2. Objectives of Tourism Accounting:

The objectives of tourism accounting have evolved from the traditional goal of measurement and reporting to a strategic goal of creating sustainable value. These objectives are manifested in their contribution to:

- Financial control and accuracy by ensuring that records are free from errors and fraud. (Scott, 2019, p. 45)
- Ensuring legal and tax compliance by enforcing the application of the financial accounting system and tax laws. (Zéghal & Mhedhbi, 2019, p. 5)
- Providing accurate and timely financial information to support internal management decision-making. (Zhang & O'Connor, 2021, p. 3)
- Efficiently allocating resources through the use of advanced accounting tools such as activity-based costing (ABC). (Zhang and O'Connor, 2021, p. 5)
- Evaluating performance and linking operational key performance indicators (KPIs) (such as occupancy rate and average room rate) to financial results. (Lee & Heo, 2020, p. 838)
- Supporting strategic capital investment decisions, such as expansion or renovation, using financial valuation models like discounted cash flow (DCF). (Scott, 2019, p. 47)
- Managing financial and operational risks by identifying, measuring, and developing mitigation strategies.
- Measuring and disclosing environmental, social, and governance (ESG) performance to achieve sustainability and enhance business reputation.

Traditional tourism accounting objectives represent a framework inadequate for meeting the demands of the contemporary tourism sector. The fundamental shortcoming lies in their focus on the narrow financial dimension while neglecting the intangible dimensions that constitute the core value of the tourism industry. Critical analysis reveals that current objectives lack a proactive vision, treating accounting as a tool for control and compliance rather than a strategic tool for creating added value.

This deficiency manifests itself in several key areas, most notably the inability to measure intangible assets such as brand reputation, human capital, and customer loyalty, which are the cornerstones of the tourism industry. The system also suffers from a conflict between short-term operational objectives and long-term strategies, as the need to reduce costs leads to neglecting investment in quality and sustainability. Furthermore, it assumes rationality in an environment characterized by extreme volatility and influenced by consumer psychology and behavior.

Faced with these challenges, there is an urgent need for a fundamental shift towards an integrated accounting model that combines financial, social, and environmental dimensions. This shift requires adopting proactive accounting capable of predicting risks and making proactive decisions, as well as integrating modern technologies such as artificial intelligence to keep pace with the complexities of new business models. It also necessitates developing integrated performance indicators that measure shared value and balance efficiency and sustainability requirements, enabling tourism organizations to achieve a balance between financial profitability and social responsibility in a dynamic and evolving business environment. 3. The Concept and Origins of International Accounting Standards (IFRS and IAS)

International Accounting Standards (IFRS) are a set of high-quality accounting standards issued by the International Accounting Standards Board (IASB) with the aim of achieving comparability, transparency, and accountability in financial reporting globally. These standards are not merely technical rules, but rather a political and economic project aimed at creating a common language for a global capitalist system (Botzem, 2012, p. 47). Their importance lies in meeting the need of investors and participants in the global market for reliable and comparable financial information across borders. They also facilitate the preparation of consolidated financial reports for multinational companies and reduce their costs.

The origins and historical development of International Accounting Standards are defined as a journey of transformation from accounting chaos to a unified system.

1. Key Standards in Tourism and the Compatibility of the Algerian Financial Accounting System

In the tourism sector, a set of relevant International Accounting Standards (IAS) are applied, contributing to determining how revenues and expenses are presented, assets and liabilities are recorded, and fixed property is fairly measured. Among the most prominent accounting standards affecting the tourism sector are:

- Revenue from Contracts with Customers (IFRS 15): This standard is considered fundamental for tourism establishments, addressing how to record revenues generated from tourism activities such as hotels, airlines, and travel companies. This standard helps determine the appropriate time to recognize revenues and how to allocate them over the financial period. (Giner & Pardo, 2018, p. 528)
- Fixed Assets and Investment Property (IAS 16): This standard applies to fixed assets used in the tourism sector, such as hotels, resorts, and entertainment venues. It specifies how these assets are recorded and their value is estimated over time through depreciation and fair valuation. (KPMG, 2022, p. 18)
- Leases (IFRS 16): This standard directly affects how liabilities and revenues related to leases are calculated in tourism establishments, such as the lease of buildings or vehicles. This standard demonstrates how lease costs can impact financial statements. (IASB, 2018, p. 16)
- Financial Instruments (IFRS 9): Tourism companies deal with complex financial investments and transactions, such as hedging against exchange rate risks for airlines. IFRS 9 regulates how these instruments are classified and recognized, including estimates of expected credit losses. (Ernst & Young, 2022, p. 76)

Algeria has taken steps toward convergence with International Accounting Standards, but full implementation remains limited, particularly in the tourism sector. The extent of alignment can be highlighted by the following points:

- Partial convergence and significant differences: The financial accounting system is based primarily on the historical cost principle for valuing investment assets and real estate, in contrast to the fair value approach in International Accounting Standards such as IAS 40. This may not reflect the true value of tourism assets. (Benmansour & Bensaadi, 2022, p. 25)
- Challenges in applying revenue standards: The application of IFRS 15 faces challenges in the Algerian tourism sector due to the complexities of segmenting service packages (such as "all-inclusive" trips) and precisely determining the revenue recognition point. The financial accounting system may not provide sufficient detail for these scenarios. (World Bank, 2022, p. 15) 33)
- Governance and Disclosure: IFRS requires a high level of disclosure regarding accounting policies, risks, and the impact of unusual transactions. While the Algerian system includes disclosure requirements, the

depth and transparency of these disclosures, particularly concerning sustainable tourism and environmental impacts, are still developing compared to International Financial Reporting Standards (IFRS) requirements.

- The Need for Reform: Studies confirm that a full transition to IFRS in emerging economies like Algeria can enhance the attraction of foreign direct investment (FDI) in the tourism sector by improving the comparability of financial data and increasing its credibility in global markets.

2. Challenges Facing the Implementation of International Accounting Standards in the Algerian Tourism Sector

The implementation of International Accounting Standards in the Algerian tourism sector faces several challenges, including a shortage of qualified local expertise to understand and apply the complex requirements of standards such as IFRS 15 and IFRS 16. Applying these standards requires specialized skills in addressing complex technical issues, such as allocating the transaction price across multiple performance obligations in holiday packages. The high costs of transitioning to International Accounting Standards (IAS) represent a significant obstacle for Algerian tourism establishments. These costs include not only training and expert consultations, but also the expenses of upgrading accounting systems and developing the necessary technological infrastructure, placing a heavy financial burden on small and medium-sized enterprises (SMEs). (Obert & Mlilo, 2021, p. 15) Furthermore, the tourism sector faces serious legislative challenges stemming from the conflict between the requirements of IAS and local legal frameworks. The discrepancy between the accounting concept of taxable profit in the financial accounting system and the financial reporting requirements of IAS creates duplication in accounting practices and conflicting disclosure requirements. The inefficiency of the tourism real estate market in Algeria also hinders the application of fair valuation models. The difficulty in determining the fair values of hotels and resorts, due to a lack of transparency in market transactions, leads to inaccurate application of fair measurement standards such as IAS 16. Finally, the lack of technological infrastructure complicates the transformation process. Many Algerian tourism establishments lack advanced accounting systems capable of addressing the technical requirements of standards such as IFRS 15 and IFRS 16, thus limiting their ability to achieve full compliance with international accounting standards.

I. The Role of Accounting Disclosure in Improving the Management of Tourism Establishments

Before discussing the role of accounting disclosure in improving the management of tourism establishments, we will review the concept of accounting disclosure, its importance, and its objectives as follows:

1. The Concept of Accounting Disclosure:

Accounting disclosure refers to the systematic and public reporting of relevant financial and non-financial information to various stakeholders. In the sector, disclosure goes beyond simply publishing traditional financial data to include qualitative information on environmental sustainability, customer satisfaction, social responsibility, and service quality. (Garcia-Torea, Fernandez-Feijoo, & de la Cu, 2020, p. 4)

Generally, disclosure means full declaration, and in accounting, it means presenting all material information that is relevant to users and helps them.

Second: The Applied Aspect (Analytical Study)

Within the framework of the descriptive and analytical methodology adopted in this study, the financial statements of the Aurassi Group for the year 2024 were used to evaluate its financial performance and its compliance with International Accounting Standards. This analysis includes examining the balance sheet, income statement, and cash flow statement, in addition to extracting a set of financial ratios and indicators that reflect the financial and economic position of the group.

I. Analysis of the Financial Data of the Aurassi Group Algeria for the Year 2024

1. General Description of the Group:

The Aurassi Group is one of the leading tourism institutions in Algeria. It is a public limited company operating in the hospitality and tourism services sector, and its headquarters are located in Algiers, the capital of Algeria. Its capital is approximately 1.5 billion Algerian dinars, and it is listed on the Algiers Stock Exchange with the state retaining a majority stake. (AURASSI, 2026)

The flagship hotel, the Aurassi, was established in 1975 and transformed into a joint-stock company in 1991, before its capital was increased in 1995. In 2010, it was converted into a hotel complex comprising four main units:

- Aurassi Hotel (Algiers)
- Rym Hotel (Beni Abbes)

- El Mehri Hotel (Ouargla)
- El Bostan Hotel (El Menia)

The Aurassi Hotel is considered the core unit of the complex, featuring hundreds of rooms, restaurants, and conference halls. It offers a variety of services including accommodation, catering, and event organization, making it one of the most important players in the national tourism sector. The financial structure of the Aurassi Group reflects the nature of its tourism activity, characterized by intensive investments in fixed assets and a relative reliance on external financing. It comprises two main sources: internal financing (equity, including 1.5 billion DZD in share capital, reserves, and undistributed profits) and external financing (bank loans, particularly for modernization projects, and short-term debt; the Group has also benefited from state-subsidized loans and financing from the CPA bank for modernization and rehabilitation programs).

Therefore, it can be said that the Aurassi Group has a financial structure well-suited to the tourism sector, relying on a strong fixed asset base financed by a combination of internal resources and debt, with a clear reliance on financial leverage to achieve profitability. However, this structure makes it vulnerable to financial risks and more sensitive to market fluctuations, which explains the importance of improving cost and liquidity management within the Group.

2. Financial Statements: Analyzing the financial statements of the Aurassi Group is of particular importance, given that it is an institution operating in the tourism and hospitality sector, a sector characterized by intensive investments in fixed assets and sensitivity to economic fluctuations. Therefore, understanding the financial position of the group requires an in-depth study of its fundamental components, through the analysis of the balance sheet, income statement, and cash flow statement, in addition to using a set of financial indicators that reflect aspects of liquidity, profitability, financial structure, and operational efficiency.

Accordingly, this section of the research aims to provide a comprehensive financial analysis of the Aurassi Group for the year 2024, through a critical analytical reading of the various financial statements, supported by quantitative and qualitative indicators, while attempting to link the findings to the framework of International Accounting Standards. This contributes to forming a clear vision of the group's financial performance and its development prospects.

1.2 Balance Sheet Analysis:

We analyze the balance sheet by examining the structure of assets and the structure of liabilities. The results are presented in the following tables:

Table No. (1): Table of development of total assets of the Eurasian Group for the year 2024

percentage change	2024DZD	2023DZD	
5,8 +%	10.269.159.611	9.705.505.655	Total assets

Source: Prepared by researchers based on the 2024 financial statements of the Aurassi Group (see appendix)

The table shows that the Group's total assets increased by 5.8% during 2024, reflecting a relative expansion in its activities or new investments, particularly in long-term assets related to the nature of its tourism business.

Table No. (02): Aurassi Group's Asset Structure for 2024

%	DZD	Statement
55,6%	5.706.536.985	Non-current assets
44,4%	4.562.622.625	Current assets
100%	10.269.159.611	Total assets

Source: Prepared by researchers based on the 2024 financial statements of the Aurassi Group (see appendix)

From the asset structure of the Aurassi Group, we find that non-current assets constitute the largest proportion of total assets. This reflects the capital nature of the hotel business, which relies primarily on investments in buildings and equipment. This aligns with the specific characteristics of tourism accounting, which is marked by a high concentration of fixed assets.

As for current assets, their relatively high percentage indicates significant liquidity. However, a portion of these assets consists of accounts receivable, which may reflect a weakness in the collection policy.

Table No. (03): Aurassi Group's Financing Structure for 2024

%	DZD	
38,7%	3.970.514.501	Equity
61,3%	6.298.645.110	Liabilities
100%	10.269.159.611	Total

Source: Prepared by researchers based on the 2024 financial statements of the Aurassi Group (see appendix)

The financing structure of the Aurassi Group reveals that it relies more heavily on external financing than on internal resources, with debt representing more than 60% of total resources. This reflects a moderate level of financial independence and indicates potential financial risks in the event of a decline in performance.

2.2Income Statement Analysis:

The 2024 income statement of the Aurassi Group was analyzed by focusing on the following indicators: turnover development, stages of income generation, cost analysis and its impact on the result, and profitability indicators. The results of the analysis are presented in the following tables:

Table No. (4): Shows turnover development

percentage change	2024DZD	2023DZD	
25,6 + %	2.857.746.176	2.275.071.189	Business number

Source: Prepared by the researchers based on the financial statements of the Aurassi Group for the year 2024 (see appendix)

From the above, we can see that the turnover of the Aurassi Group in 2024 witnessed a significant increase compared to 2023, reaching approximately 2.85 billion DZD compared to 2.27 billion DZD, representing an increase of over 25%. This development reflects a clear improvement in tourism activity, whether in accommodation, catering, or complementary activities such as conference organization. This growth is explained by several factors, including improved demand for hotel services, the recovery of tourism activity after periods of stagnation (especially during the COVID-19 pandemic), and improved utilization of the group's hotel capacity.

Table No. (05): Analysis of the Stages of Result Formation

percentage of turnover	Value (DZD) for the year 2024	Indicator
100%	2.857.746.176	Revenue CA
45,6%	1.302.000.000	Gross Operating Surplus EBE
26%	743.241.861	Operating Income RE
14%	400.425.873	Net Income RN

Source: Prepared by the researchers based on the 2024 financial statements of the Aurassi Group (see Appendix)

The preceding table shows that the Aurassi Group achieves a high operating margin (EBE), indicating the strength of its core business. However, the gradual decline towards net income reflects the impact of depreciation and financial charges, suggesting that bottom line profitability is eroding despite the strength of the business. This is further illustrated in the following table, which analyzes the impact of costs on the result.

Table No. (6): Cost Analysis and its Impact on the Result

impact	percentage of turnover	Value (DZD) for the year 2024	elements
High due to asset density	19,6%	558.758.139	Depreciation and Provisions EBE – RE=
Negatively impacts the bottom line	12%	342.815.988	Financial burdens and taxes= RE - RN
On the rise	54,4%	1.555.746.176	Operating costs CA – EBE=
Relatively weak	-	-	Cost control

Source: Prepared by researchers based on the 2024 financial statements of the Aurassi Group (see appendix)

The table above shows that operating costs account for more than half of the turnover, reflecting the high operating expenses associated with hotel operations, particularly labor, maintenance, and energy costs. Depreciation and impairment provisions are also relatively high due to the group's reliance on substantial fixed assets such as buildings and hotel equipment, leading to a high annual depreciation burden. Financial charges and taxes negatively impacted the bottom line, contributing to a reduction in net profit despite a significant operating surplus. This indicates that the company bears relatively high financing costs. Therefore, it can be said that the group achieves good operational performance; however, weak control over certain costs limits the overall profitability. A more detailed analysis of the income statement is provided in the following table (Table 6)

Table 7: Profitability Indicators Analysis for the Aurassi Group for 2024

Result	Statement	Indicator
14 %	RN/CA x 100	Net Profit Margin
26 %	RE/CA x 100	Operating Profitability
45.6 %	EBE/CA x 100	Overflow Margin
3.9 %	RN/Total Assets x 100	Return on Assets (ROA)
10.1 %	RN/Equity x 100	Return on Equity (ROE)

Source: Prepared by researchers based on the 2024 financial statements of the Aurassi Group (see appendix)

From the preceding table, we can see that the Aurassi Group enjoys a good level of operating profitability, with an operating surplus margin of 45.6%. This reflects the strength of the Group's core business and its ability to generate a significant surplus from its operations. Operating profitability reached 26%, a positive figure indicating efficient operations.

The net profit margin reached 14%, a relatively good rate in the hotel sector, although it remains lower than the operating margin due to the impact of depreciation, financial charges, and taxes. The return on assets (ROA) indicates that every 100 DZD invested in assets generates approximately 3.9 DZD in net profit, an average return that reflects the Group's heavy reliance on fixed assets.

Meanwhile, the return on equity (ROE) reached approximately 10.1%, meaning that the Group provides an acceptable return for shareholders and reflects the company's ability to utilize its own capital to generate profits.

3.2 Financial Balance and Liquidity Analysis:

The financial position of the Aurassi Group was analyzed by examining the most important financial balance and liquidity indicators to assess the Group's ability to meet its short- and long-term obligations and the extent to which it achieves financial stability. The results are presented as follows:

Table No. (08): Financial Balance and Liquidity Analysis

percentage change	2024DZD	2023DZD	Indicator
29.4 %	3.725.594.920	2.879.004.270	Working Capital FR
21.6 %	745.163.880	612.458.321	Working Capital Requirements BFR
31.5 %	2.980.431.040	2.266.545.949	Net Cash TN

Source: Prepared by researchers based on the 2024 financial statements of the Aurassi Group (see appendix)

The table shows that working capital increased during 2024, indicating an improvement in the Group's permanent financial resources and its ability to finance a significant portion of its ongoing operations. Working capital requirements also increased due to increased activity and higher operating volumes, particularly with regard to inventories and accounts receivable.

Despite the increased working capital requirements, net cash remained positive and increased considerably, reflecting comfortable liquidity and the Group's ability to meet its short-term obligations without difficulty. This is a positive indicator of the Group's financial stability. The Group's ability to meet its short-term obligations can be further illustrated by analyzing the liquidity and adequacy ratios, as shown in the following table:

Table No. (09): Analysis of Liquidity and Adequacy Ratio

percentage change	2024DZD	2023 DZD	Ratios
The complex has excellent repayment	5,5	4,7	General Liquidity Ratio

capacity.			
	4.8	4,1	= Current Assets / Short-Term Liabilities
Ample liquidity	1.63	1.69	Quick Cash Ratio
Good debt coverage	0.42	0.44	= Assets C - Inventories / Short-Term Liabilities

General Suitability Ratio 1.26 1.58 Moderate Independence

Source: Prepared by researchers based on the 2024 financial statements of the Aurassi Group (see Appendix)

The liquidity ratios indicate that the Aurassi Group has a high capacity to meet its short-term obligations. The general liquidity ratio reached 5.5, a high ratio reflecting an abundance of current assets compared to current liabilities. The quick ratio also confirms the availability of immediate liquidity without the need to liquidate inventory.

The general suitability ratio indicates the company's ability to cover its total debt with its assets, reflecting acceptable financial stability. Conversely, the low financial independence ratio and relatively high debt ratio indicate the group's increasing reliance on external financing, which could increase financial risks in the future if performance declines or financing costs rise.

I. Assessing the Eurasian Group's Compliance with IAS and IFRS Financial Reporting Standards:

The application of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) is one of the most important modern mechanisms aimed at improving the quality of financial information and enhancing transparency and comparability between financial statements. An analysis of the Eurasian Group's 2024 financial statements allows for an assessment of their compliance with some of the fundamental principles and requirements of IFRS, particularly regarding presentation, disclosure, and accounting measurement.

1.Evaluating the Presentation of Financial Statements According to IAS 1:

The IAS 1 standard for presenting financial statements stipulates the requirement to provide financial statements that include: a statement of financial position, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity, and explanatory notes and appendices.

The Eurasian Group's financial statements reveal that the Group has prepared: a balance sheet, an income statement, a statement of cash flows, and explanatory notes for some items. This indicates a relative convergence with the requirements of IAS 1 in terms of the overall format of the financial statements and the disclosure of essential information. However, the financial statements did not clearly present: a separate and detailed statement of comprehensive income, a separate statement of changes in equity, and certain disclosures related to financial risks and accounting policies.

Therefore, it can be said that the company partially applies the presentation and disclosure requirements, primarily in accordance with the IFRS-inspired SCF financial accounting system, without fully implementing all the requirements of International Accounting Standards.

2.Evaluation of Fixed Asset Treatment under IAS 16:

IAS 16 addresses how fixed assets are recognized, measured, depreciated, and disclosed.

An analysis of the company's balance sheet reveals that:

- Non-current assets represent a high proportion of total assets
- The company includes hotel investments as fixed assets
- Depreciation is calculated periodically.

The high value of depreciation and provisions reflects the company's reliance on accounting treatment close to the requirements of IAS 16, particularly regarding the allocation of asset costs over their useful life. However, the financial statements do not provide sufficient detail regarding the depreciation methods used, the useful life of the assets, and impairment tests. Therefore, compliance with the standard remains partial in terms of detailed disclosure.

3.Evaluation of Cash Flow Disclosure under IAS 7:

IAS 7 stipulates the need to classify cash flows into operating, investing, and financing flows.

Analysis of the cash flow statement for the Eurasian Complex shows that the complex presents flows according to this classification, distinguishing between flows from core activities, investment flows, and financing and borrowing flows.

This reflects good compliance with the requirements of IAS 7, particularly regarding the structure and presentation of cash flows.

4. Evaluation of Revenue Recognition under IFRS 15:

IFRS 15 focuses on revenue recognition when a service or benefit is transferred to a customer. Given the complex's high turnover and diversified revenue streams, it is clear that revenue includes accommodation, catering, conference organization, and related activities.

It appears that the complex adopts the principle of revenue recognition upon service delivery, which is generally consistent with the requirements of IFRS 15. However, the financial statements do not include detailed disclosures regarding the timing of revenue recognition, methods of measuring financial consideration, deferred revenue, or long-term contracts.

5. Assessment of Risk Disclosure and Financial Instruments under IFRS 7:

IFRS 7 requires disclosure of liquidity risk, credit risk, funding risk, and capital management risk.

The 2024 financial statements of the Aurassi Group show some indicators related to debt and liquidity. However, disclosures regarding financial risk remain relatively limited, as a detailed analysis of credit risk, risk management policy, and sensitivity to financial changes is not provided. This indicates that the level of financial disclosure is still closer to the requirements of the Financial Accounting Standards (SCF) than to full implementation of IFRS standards.

The levels of disclosure in the financial statements of the Aurassi Group can be summarized in the following table:

Table No. (10): Assessment of Compliance with IFRS Standards

Standard	Degree of Compliance	Remarks
IAS 1 Presentation of Financial Statements	Average	Presentation of basic statements without full disclosure
IAS 16 Fixed Assets	Average	Depreciation application Insufficient detail
IAS 7 Cash Flows	Good	Clear classification of cash flows
IFRS 15 Revenue	Average	General revenue recognition
IFRS 7 Financial Instruments and Disclosure	Relatively weak	Insufficient disclosure of financial risks

Source: Prepared by the researchers based on the financial statements of the Aurassi Group for the year 2024 (see Appendix)

Through studying the financial statements of the Aurassi Group for the year 2024, it becomes clear

I. Recommendations for Implementing International Accounting Standards in the Algerian Tourism Sector:

Given the growing trend towards improving the quality of financial reporting and enhancing transparency and international comparability, it has become essential to develop mechanisms for implementing International Financial Reporting Standards (IFRS) within Algerian tourism establishments, especially considering the unique nature of the tourism sector, which relies on substantial investments and multiple revenue streams. Based on the results of the financial statement analysis of the Aurassi Group, a set of practical recommendations can be offered to enhance the effectiveness of international accounting practices within the Algerian tourism sector.

.1Proposed Steps for Developing the Accounting System in Algerian Tourism Establishments:

To improve the quality of the accounting system in Algerian tourism establishments and enhance its compliance with IFRS, we recommend the following:

1.1Updating Accounting and Digital Systems

The necessity of adopting modern, digital accounting information systems that allow for:

- Preparing accurate and timely financial reports.
- Improving the processing of hotel and tourism operations.

-Facilitating the application of disclosure and transparency requirements.

The digitization of accounting processes helps reduce accounting errors, improve the quality of financial information, and accelerate decision-making.

2.1Enhancing Financial Disclosure

Tourism establishments should:

- Expand the scope of disclosure in financial statements.
- Provide detailed information about adopted accounting policies.
- Disclosure financial risks, cash flows, and potential liabilities.

Financial disclosure is a key requirement of IFRS standards because it enhances the transparency of financial information, increases investor and partner confidence, and improves the international comparability of financial statements.

3.1Developing the Processing of Tourism Revenue

The tourism sector requires a diverse range of revenues, such as:

- Accommodation services.
- Catering.
- Conference organization.
- Entertainment services.

Therefore, revenue recognition methods should be developed in accordance with IFRS 15, by differentiating between types of services provided, accurately determining the timing of revenue recognition, and properly processing deferred revenues.

4.1 Improving Hotel Asset Valuation

Given the high value of fixed assets in tourism establishments, we recommend:

- Periodically reviewing depreciation policies.
- Implementing impairment tests.
- Revaluing certain assets to reflect their true value.

This helps provide a more accurate financial picture, improves the quality of accounting measurement, and enhances the credibility of financial statements.

5.1Strengthening Governance and Internal Control

Internal control systems should be supported through:

- Separating accounting functions.
- Improving internal audit systems.
- Periodically monitoring financial operations.

This contributes to reducing errors and irregularities, improving the reliability of financial information, and ensuring compliance with International Accounting Standards.

2.Activating the Role of Regulatory Bodies:

Regulatory and regulatory bodies play a fundamental role in promoting the application of international standards within the Algerian tourism sector, through:

1.2Strengthening the Regulatory Framework:

The competent authorities should:

- Update accounting laws to comply with IFRS.
- Continuously developing and updating the SCF financial accounting system.
- Obligating large institutions to a higher level of financial disclosure.

2.2Intensifying Oversight and Auditing:

Oversight of financial statements should be strengthened through:

- Supporting the role of auditors.
- Monitoring compliance with international standards.
- Imposing penalties for breaches of disclosure and transparency.

3.2Supporting Professional Accounting Bodies:

Various active accounting bodies, primarily the National Accounting Council, the National Order of Chartered Accountants, the National Chamber of Auditors, and the National Organization of Certified Accountants, should be encouraged to organize guidance and training programs on IFRS standards.

Developing the application of International Accounting Standards in the Algerian tourism sector is a crucial step to improve the quality of financial reporting and enhance the transparency of accounting information, thereby contributing to increased competitiveness of Algerian tourism establishments and attracting local and foreign investment. The success of this approach also requires the integration of efforts by tourism

institutions, accounting staff, universities, and regulatory bodies, in order to build a modern accounting system that is compatible with international accounting requirements and capable of keeping pace with modern economic and digital transformations.

Conclusion

In light of the economic and financial transformations the world is witnessing, International Financial Reporting Standards (IFRS) have become among the most important modern tools contributing to improving the quality of accounting information and enhancing transparency and comparability among institutions internationally. From this perspective, this study, entitled "Evaluating the Extent of EGH SPA Chaîne El Aurassi's Compliance with International Accounting Standards," was conducted, given its status as one of the most important hotel complexes in Algeria. The study aims to highlight the reality of accounting practices in the Algerian tourism sector and their compatibility with modern international standards.

The study sought to achieve a number of objectives, primarily:

- Identifying the current state of application of International Accounting Standards in Algerian tourism establishments.
- Analyzing the financial statements of the El Aurassi complex and evaluating their compliance with IFRS requirements.
- Highlighting the most significant challenges facing Algerian tourism establishments in implementing international standards.
- Providing a set of practical recommendations that would improve the quality of the accounting system and enhance compliance with international standards. The study was based on an analysis of the financial statements of the Aurassi Group for the year 2024, through an examination of the balance sheet, income statement, and cash flow statement, in addition to analyzing the most important financial ratios and indicators related to liquidity, financial equilibrium, profitability, and suitability.

Through theoretical and applied analysis, the three hypotheses were tested, leading to the following results:

- The first hypothesis, which states that there is limited alignment between the accounting system used by the Aurassi Group and International Accounting Standards, was confirmed. The study showed that the group applies some principles inspired by IFRS, particularly regarding the presentation of financial statements, the preparation of the cash flow statement, and the treatment of fixed assets. However, the application remains partial due to limited disclosure and incomplete compliance with some international requirements.
- The second hypothesis was also confirmed, as it was found that Algerian tourism institutions face several difficulties in applying international standards. Among the most significant of these difficulties are a lack of training and qualification in the field of IFRS, weak modern information and accounting systems, limited financial disclosure, and the presence of regulatory and legislative difficulties related to the nature of the financial accounting system. The third hypothesis was also confirmed, as the study demonstrated the potential for improving the application of International Accounting Standards (IAS) within Algerian tourism establishments by intensifying accounting training programs, modernizing accounting and digital systems, strengthening internal and external controls, enhancing financial disclosure and transparency, and developing the legislative and regulatory framework to align with IFRS requirements.

The study also yielded several important findings, most notably:

- The Aurassi Group enjoys a relatively stable financial position.
- The Group achieved significant growth in turnover and operating indicators during 2024.
- The liquidity ratio is high, and the establishment has the capacity to meet its short-term obligations.
- There is a relative reliance on external financing, leading to increased financial burdens.
- Performance variations were observed among the Group's hotel units.
- The Algerian Financial Accounting System (SCF) is converging with IFRS standards, but it does not yet fully implement international standards. Based on these findings, we recommend the following:

- Developing the accounting system in Algerian tourism establishments to comply with International Accounting Standards.
- Strengthening training and continuing education programs for accountants and financial managers.
- Supporting digital transformation and the adoption of modern accounting information systems.
- Expanding the scope of financial disclosure and improving the transparency of financial reports.
- Activating the role of regulatory and professional bodies in monitoring compliance with International Accounting Standards.
- Encouraging tourism establishments to adopt modern governance and internal control practices.
- Reviewing certain regulatory and legislative texts to facilitate the gradual transition towards the broader application of IFRS standards.

In conclusion, we find that the application of International Accounting Standards in the Algerian tourism sector is an imperative for keeping pace with global economic developments, improving the quality of financial information, and enhancing the competitiveness of Algerian tourism establishments, especially given the drive to attract investment and develop the tourism sector as a strategic economic alternative in Algeria.

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Appendices

- Appendix No. 1: The financial statements of the El Aurassi Group for the year 2024 are available on the Group's website:
https://elaurassi.dz/up/dossier2025/etats_financies_arrrts_au_31_dcembres_2024_1.pdf