

Non-financial assets impairments in light of IAS/IFRS case of SAIDAL GROUP

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Abstract :

This article aims to address the main aspects related to impairments of non-financial assets with reference to IAS 36, particularly with regard to the impairment tests and their implementation, highlighting the disposition of financial accounting system regarding this item, and analyzing the differences between these two standards in this topic.

The study found that the tests of depreciation of non-financial assets are complicated, because of their association with various economic and accounting factors, as the discounted rate, determining the value in use, and cash-generating unit, whose value is difficult to test. It has also been concluded, after the analysis that the financial accounting system is very close to IAS 36, with regard to logic and philosophy, while far from it in explanations and clarifications.

Keywords: IAS 36, impairment loss, value in use.

Jel Classification Codes: M40, M41, M49.

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Introduction:

Among the most important assets in business there are non-current assets, which include all enduring assets held by a company for more than one financial year and which, are not held for transactions. Otherwise, the assets, which constitute elements, represent amounts incurred to enable the company to perform its activity. These can be financial assets or physical non-monetary assets or without physical substance (tangible and intangible assets which are the subject of this study). Indeed, in, practically, all accounting system in the world, the entities must, in the end of each financial year, do tests of impairment of these assets if an indication of impairment has appeared to take into account every material decrease in the asset's value, compared to its historical value recorded in the balance sheet, and this after recognizing the depreciation (excepted certain specific assets).

The recognition of this impairment requires proper functioning and unfolding of the procedures to follow in accordance with the accounting standards' dispositions and rules, the prudent monitoring of tangible and intangible assets requires, then, a good knowledge of the legislation, rules, principles and accounting standards. that is why the international accounting standard board, has published many standards to treat these two categories of non-current assets, firstly, the IAS 16 " Property, Plant and Equipment" published in 1982, then IAS 38 "intangible assets", published for the first time in 1998; these standards prescribe the methods of measurement at recognition, and the methods of measurement after recognition ,and it is in these two standards, also, that we find explicitly or implicitly that if the cost model has been chosen, the entity must recognize after depreciation any probable impairment. Besides, the IASB published in 1998 (revised in 2004) IAS 36 "impairment of assets" which prescribes how to record impairment losses on assets. On its side, the FASB encouraged entities to take into account impairment losses by publishing in 1995 the standard SFAS 122 "accounting for mortgage servicing rights" replaced in 2001 by standard SFAS 144 "accounting for the impairment or disposal of long-lived assets".

Research problem

In Algeria, it is the financial accounting system, which stipulates, in certain articles, that any impairment loss must be taken into account and recorded. It is in this context that we will try to answer the following question:

How are the impairment tests of non-financial assets carried out, and how are the impairment losses taken into account according to IAS 36?

Study's objective and interest

The interest of the asset impairment test is in fact manifested by the increasing share of the amounts of impairment losses on non-financial assets appearing in the financial statements of companies; companies, for example, experience an increase in the goodwill / equity ratio, which really attracts interest and requires explanations and details about the origin and the nature of these considerable values, in order to be able to assess the risks that may be generated by recognition of such an intangible asset with colossal amounts. Therefore, it seems very useful to try to develop a reflection on this theme, to bring more clarification in the absence of direct or even indirect mention of certain ambiguous points.

This inventory motivated us to take an interest in the theme of goodwill, by trying to:

- ❖ To contribute, first, in the current context characterized by the lack of research about this subject in Algeria, to a good understanding of the concept of depreciation of assets according to what the financial accounting system and international accounting standards have;
- ❖ -Secondly, to highlight the methodology for implementing impairment tests and the recognition of impairment under IFRS, with a comparison with what the financial accounting system provides;
- ❖ -And finally, on a practical level, to give an idea on what should be applied “SAIDAL”, according to the international accounting standards IAS / IFRS, with regard to the recognition of an impairment loss on non-financial assets as it is desirable to offer a work that serves as an illustration of the process of determining impairment at the closing date and its monitoring in other years.

Research methodology

Through the issues raised, we will try to estimate the extent of difficulties encountered in determining impairment losses on non-tangible fixed assets under international accounting standards IAS/IFRS and the financial accounting system,

for this reason we have adopted, the descriptive and inductive method, starting from a fact (raw, real, and observable data within SAIDAL). Adding to this Direct and semi-direct individual interviews with officials from SAIDAL's accounting and finance departments.

Study structure

This article is structured to present a general framework for impairment loss (basic concepts), firstly, and on another level the impairment tests and the recognition of impairment loss on non-financial assets and with the presentation of specific cases, secondly.

I- The conceptual framework of impairment of assets

An impairment loss is an impairment of an asset, which can be financial, physical, or intangible. An impairment loss of a non-financial asset in accounting is considered as a decrease (probable capital loss on an asset) for the company, it must be recorded in the income statement.

1. Conservatism principle: the foundation of the impairment loss

The conservatism principle which is a fundamental principle of accounting constitutes, actually, the basis of accounting recording of some economic events and transactions, this principle is, indeed, the taking into account of certain degree of precaution in the exercise of judgments necessary to prepare estimates under conditions of uncertainty, to ensure that assets or income are not overvalued and that liabilities or expenses are not undervalued. Today, many economic specialists allude that the valuation at fair value, implying the abandonment of the conservatism principle, would lead to a risky management even to economic crises.

Robert OBERT specifies that some considered that prudence brought a bias in financial reporting opposing the principle of expected neutrality of financial statements. Others, contrary, considered that conservatism allowed taking into account existing risks, avoiding seeing profits that are not realized (OBERT, 2013, p. 5). It is in this perspective - (conservatism) that companies recognize an impairment loss on tangible and intangible assets as soon as their recoverable amount becomes less than their carrying amount, this one is reduced to the current value by impairment.

2. Impairment of assets in IAS 36

The importance of impairment prompted the international accounting standard board to publish a standard in 1998, the IAS 36 prescribing the procedures that an entity applies to ensure that its assets are recognized at a value which doesn't exceed their recoverable amount.

2.1. Impairment Parameters

To record an impairment loss, the entity must verify if the recoverable amount is lower than the carrying amount that is why it should, firstly, to know the meaning and the determination of these values, the terminology presented here is the same proposed by the international accounting standard 36 “impairment of assets”.(BRIAN FRIEDRICH, LAURA FRIEDRICH, 2009, p. 2)

❖ *Impairment loss:*

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

❖ *Carrying amount:*

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.

❖ *Determination of recoverable amount:*

The recoverable amount as the higher of an asset’s or cashes generating unit’s fair value less costs to sell and its value in use.

Indeed, according to IAS 36, it is not always necessary to determine both an asset’s fair value less costs to sell and its value in use. If either of these amounts exceeds the asset’s carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

it is also possible according to IAS 36 to determine fair value less costs to sell, even if an asset is not traded in an active market. However, sometimes it will not be possible to determine fair value less costs to sell because there is no basis for making a reliable estimate of the amount obtainable from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In this case, the entity may use the asset’s value in use as its recoverable amount.(IFRSFOUNDATION, 2009, p. 5)

❖ *Fair value less costs to sell:*

The fair value according to IFRS 13 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).(DELOITTE, 2012)

Now, difference between the asset’s fair value and its fair value less costs to sell is the direct incremental costs to dispose of the asset:

-If the disposal costs are negligible, the recoverable amount of the revalued asset is necessarily close to, or greater than, its revalued amount (ie fair value). In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired and recoverable amount need not be estimated.

-If the disposal costs are not negligible, the fair value less costs to sell of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its value in use is less than its revalued amount (fair value). In this case, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the asset may be impaired (IFRSFOUNDATION, 2009, p. 1)

❖ ***Determination of value in use:***

The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The value in use of an asset is calculated from the discounted future cash flows generated by this asset. This calculation requires the anticipation of three random quantities (RICHARD J, COLLETTE C, 2008, pp. 281-282)

-Anticipation of future cash flows generated;

-Anticipation of an average discount rate, that means, of the future overall performance of the world economy;

-Determination of the specific risk of the concerned asset and adjustment of the average rate of return by adding a risk premium.

II- Implementation of asset impairment tests

The purpose of the impairment tests is to verify the consistency between the net carrying amount of tangible and intangible assets and their recoverable amount. These tests will allow the entity to identify any differences in value, then, to make accounting adjustments, i.e. make provision for an impairment loss or don't do anything if the recoverable amount is higher than the net carrying amount respecting the conservatism principle. In fact, in impairment tests, a distinction is made between assets with a definite useful life and assets with an indefinite useful life, or between assets whose impairment loss occurs if an indication of impairment appears and assets whose impairment tests are systematic without waiting for an indication of impairment to appear

1. Impairment testing in the event of indication of impairment

In this category if an internal or external indication of impairment has appeared, the entity must do an impairment test. This test consists in comparing the net carrying amount of the asset and its recoverable amount, which leads to the recognition of an impairment loss or not.

According to (GROUPE DE TRAVAIL DE L'ACADEMIE, 2005, pp. 9-10) these indications of impairment must be taken into account from:

❖ External sources of information:

- Decrease in the market value of an asset beyond the mere passage of time or its normal use;
- Significant change, which can affect the entity, of technology, of markets, of economic or the legal context in which the entity operates, or in the market in which the assets are vested;
- Increase in interest rates or any other rate of return which could affect the discount rate used in value in use;
- The carrying amount of the net asset of the entity is higher than its market capitalization.

❖ Internal sources of information:

- Evidence of the obsolescence or bad condition of an asset;
- Significant changes that already occurred or expected in the short term which have an adverse effect on assets (slowdown in activity of restructuring or business closure plans....);
- Indications given by the internal information system that the return on assets is or will be lower than the expected one.

2. Testing impairment systematically performed

IAS 36 specifies that irrespective of whether there is any indication of impairment, an entity shall test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognized during the current annual period, that intangible asset shall be tested for impairment before the end of the current annual period.(IFRSFOUNDATION, 2009, p. 3)

2.1. Impairment testing cash-generating units

It is difficult for an asset to, directly, generate cash flows by itself, that is why IAS 36, introduced the concept of the “cash generating unit”, which represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The asset concerned is attached to a cash-generating unit, consequently, the impairment is not directly made on an asset, but on this unit to which it is attached. Each time the carrying amount exceeds the recoverable amount of the cash-generating unit, an impairment loss must be recognized. (FABRE K, ANNE-LAURE F, 2005, pp. 11-12)

IAS 36 calls for judgment and knowledge of the company and specifies the criteria to be into account to define the number and the structure of cash-generating units and assess them in a consistent, reasonable, permanent and documented way. (GROUPE DE TRAVAIL DE L'ACADEMIE, 2005, p. 16)

- Criterion determining the “active market for the product” for products come from the tested asset (s);
- Criterion of consistency of the cash generating unit with the grouping of related assets and liabilities, working capital needs, goodwill and possibility of attaching reliable forecasts and a specific risk rate;
- Criterion of “independence of cash inflows” generated by the cash-generating units, which must take into account the level at which management manages its activities and the level used for monitoring return on investment, particularly, when goodwill is attached to the cash-generating units;
- Criterion of consistency of cutting of the cash generating unit with the strategy (purpose of holding assets and goodwill, definition of sectors) and the organization of the budget forecasting system, management control and accounting system.

III-Goodwill: specificities and difficulties

Firstly, it must be emphasized that the goodwill presented here is that which results from business combinations, i.e., the price increase that the acquirer agrees to pay in return for the advantages provided by the takeover of the company related to non-identifiable intangible assets unrecognized that are attributed to the skills of the staff of acquirers, to his know-how but also to the future synergies expected from the combination, of the elimination of a

competitor (TOUCHAIS, 2008, p. 38). In reality, the goodwill impairment test is done after having allocated it to a cash-generating unit.

1. Allocating goodwill to cash-generating units

According to IAS 36 (IFRSFOUNDATION, 2009, p. 13) goodwill does not generate cash flows independently of other assets or groups of assets, and often contributes to the cash flows of multiple cash-generating units. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated shall:

- Represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and
- Not be larger than an operating segment as defined by IFRS 8 operating Segments before aggregation.

❖ *Impairment loss of a cash-generating unit*

The impairment test consists in comparing the carrying amount of the asset, the cash generating unit or the group of cash generating units with the recoverable amount, which corresponds to the higher amount between its value in use and its net fair value. Value in use is the present value of expected future cash flows from the asset or group of assets. The net fair value corresponds to the price that could be obtained from the sale minus of costs related to this sale (commissions, taxes, etc.). There is a loss of value in the event of an accounting overvaluation, i.e. when the carrying amount is higher than the recoverable amount. (LENORMAND G, TOUCHAIS L, 2014, p. 42)

❖ *Imputation and reversal of a goodwill impairment loss*

According to the dispositions of IAS 36 (IFRSFOUNDATION, 2009, pp. 16-19), the allocation of the impairment loss recognized on goodwill is done as following:

- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units);

- Then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).

For the reversal impairment loss, IAS 36 indicates that an impairment loss recognized for goodwill must not be reversed in a subsequent period. IAS 38 justifies this position by the fact that it is probable that any increase in the recoverable amount of goodwill after the recognition of an impairment loss will correspond to an increase in internally generated goodwill, rather than reversal of the impairment loss recognized for the acquired goodwill.

❖ *The discount rate: calculation of the value in use*

According to (CABINET H3P AUDIT & CONSEIL, 2015, p. 17) IAS 36 defines the rate as a rate reflecting current market appreciations of the time value of money and the risks specific to the asset under. The rate can be approximated by the weighted average cost of capital (WACC);

$$(WACC = k_e \left(\frac{E}{E+D}\right) + K_d (1-IS) \times \left(\frac{D}{E+D}\right))$$

Where K_e and K_d : respectively represent the cost of equity and the cost of debt;

IS: the tax rate;

E: the value of equity;

and D: the value of the net financial debt), following these principles:

- Independent of the financial structure of the entity tested;
- Parameters determined with reference to comparable assets in the market;
- Debt ratio reflecting sectorial levels;
- Cost of debt reflecting market vision.

❖ *EFRAG's propositions for impairment tests*

European Financial Reporting Advisory Group suggests ways to simplify impairment tests without weakening their relevance or effectiveness. These propositions are of three types:

- ❖ The introduction of an exemption of performing the impairment test if certain qualitative conditions are met;

- ❖ Determination of the recoverable amount of a cash generating unit by reference to a single value, which would be either the value in use or the fair less costs value to sell, instead of the higher of these two amounts.
- ❖ Simplification of the value in use calculation by bringing it closer to business plans established by the company, the simplifications proposed on the value in use calculation aim to respond to certain comments about the estimation of the cash flows to take into account:
 - Some companies that have found difficulties in determining flows and discount rates, before tax, the use of an after-tax rate would be authorized;
 - Business plans established by management integrate generally the positive effects of restructuring and investments decided or planned, while taking them into account, currently, is strictly prohibited by IAS 36. EFRAG proposes to integrate these elements in the calculation of value in use, consequently, allowing an alignment of the impairment test flows with those of the business plan. (FOSSAT, 2018, p. 2)

IV- What about the financial accounting system?

The financial accounting system in is generally close to international accounting standards IAS/ IFRS regarding to the conceptual framework, the operating logic and the reasoning of determination and recording of an impairment loss on non-financial assets.

The financial accounting system mentions the impairment loss of non-financial assets in these some dispositions:

According to article 121-10 (MINSTERE DES FINANCES, 2008, p. 9)if the recoverable amount of a fixed asset becomes lower than its net carrying amount after depreciation, this is reduced to the recoverable amount by the recognition of an impairment loss.

The financial accounting system adds also, (in its appendix), concepts related to depreciation, for example, it defines :

The recoverable amount as the highest between the net sale price of an asset and its value in use. and value in use as the present value of the estimated future cash flows expected from the continued use of an asset and from its disposal at the end of its useful life.

From this, we note that there are no differences regarding the definition of an impairment loss of non-financial assets but almost an adoption by the financial accounting system of a terminology identical to that of the international

accounting standards IAS/IFRS, however, he didn't provide explanations, illustrations or a methodology to follow to determine the impairment loss on non-financial assets.

1. Recognition of impairment losses

According to article 112-8,(MINSTERE DES FINANCES, 2008, p. 9) the impairment loss of an asset is recognized by the reduction of this one and by the recognition of an expense.

At each closing date, the entity appreciates if there is an indication that an impairment loss recognized for an asset in previous years doesn't exist anymore or decreased. If such an indication exists, the entity estimates the recoverable amount of the asset.

For the accounting entries, (the technical side), the financial accounting system (in its nomenclature of accounts) provided f the account 29 "impairment loss on fixed assets" and account 68 " Appropriations to depreciation and provisions and impairment losses".

2. Reversal of an impairment loss

On another level, the financial accounting system mentioned the reversal of impairment losses; according to article 112-102(MINSTERE DES FINANCES, 2008, p. 7) the impairment loss recognized on an asset during previous years is reversed in income in the income statement when the recoverable amount of this asset becomes higher at its carrying amount. The carrying amount is, then, increased up to its recoverable amount, but, without being able to exceed the net carrying amount which would have been determined if no impairment loss had been recognized for this asset during previous years.

The financial accounting system, also, mentioned the reversal of impairment loss already preceded by a negative revaluation in article 121-26 (MINSTERE DES FINANCES, 2008, p. 10) where it stipulates that any reversal of impairment loss of a revalued asset is recorded as a revaluation when the recognition of the impairment loss has previously been recorded as a negative revaluation.

So, regarding the reversal of impairment loss, we note that the financial accounting system is, also, aligned with the path of international accounting standards IAS/IFRS.

3. Recognition and reversal of impairment loss on goodwill

The financial accounting system provides in article 132-16 (MINSTERE DES FINANCES, 2008, p. 15) concerning the impairment loss of goodwill that with each inventory, the amount of the positive goodwill is compared to economic value (or value in use) of the intangible elements constituted by this goodwill. We note also that the recognition of an impairment loss on goodwill according to the financial accounting system is based on the same reasoning of the accounting standards IAS/IFRS.

For the reversal of impairment loss on goodwill in article 132-16 (MINSTERE DES FINANCES, 2008, p. 15) the financial accounting system stipulates that an impairment loss of goodwill recognized to reduce the amount of this difference to its economic value is irreversible. For the reversal of an impairment loss already recorded on goodwill, it is irreversible in the financial accounting system, same position of international accounting standards, which, contrary to the financial accounting system, justified this position by the possibility that goodwill is internally generated.

V- Try of determination of loss of value on intangible asset (goodwill) at SAIDAL group

This approach consists in trying to put into practice the dispositions of financial accounting system and IAS/IFRS standards in an Algerian group "SAIDAL", we chose goodwill (an asset has an indefinite useful life) which means that on each closing date, its value is reviewed without waiting for an indication of an impairment loss.

To proceed to a goodwill impairment test requires allocating it to a cash-generating unit. This unit (to which the goodwill was allocated at the time of the acquisition) consists of the following elements:

Table 1.Cash generating unit (financial year 2014)

Items	Net amounts
Goodwill	378 155 271.4
Concessions patents and similar rights	255 581 867.86
Land	5 761 171 411.28
Fixed assets in concession	87 528 246.00
Total	6 482 436 796.54

Source: :Established by the researcher on the basis of the group's internal documents.

Assuming that the discounting the expected future cash flows of this unit over 5 years gave this value: 5 550 467 000 DZD.

The carrying amount exceeds the value in use, there is a impairment loss calculated as following:

$$5\,550\,467\,000 - 6\,482\,436\,796.54 = -931\,969\,796.54 \text{ DZD}$$

This impairment loss will be affected first to the amount of goodwill, then, the balance will be affected in proportion to other assets constituting the cash-generating unit.

Allocation to amount of goodwill: 378 155 271.4 DZD

$$931\,969\,796.54 - 378\,155\,271.4 = 553\,814\,525.14 \text{ DZD}$$

Balance allocation:

- $553\,814\,525.14 \times 255\,581\,867.86 / 6\,104\,281\,525.14 = 23\,187\,815.01 \text{ DZD}$
- $553\,814\,525.14 \times 5\,761\,171\,411.28 / 6\,104\,281\,525.14 = 522\,685\,658.62 \text{ DZD}$
- $553\,814\,525.14 \times 87\,528\,246.00 / 6\,104\,281\,525.14 = 7\,941\,051.51 \text{ DZD}$

Recognition in the journal:

1- Goodwill

		31/12/2014		
681		Appropriations to depreciation and provisions and impairment loss	378 155 271.4	
	2907	Impairment loss on fixed assets (goodwill)		378 155 271.4
		Impairment loss recognition		

2- Concessions patents and similar rights

		31/12/2014		
681		Appropriations to depreciation and provisions and impairment loss	23 187 815.01	
	2905	Impairment loss on fixed assets (concessions patents and similar rights)		23 187 815.01
		Impairment loss recognition		

3- Land

		31/12/2014		
681		Appropriations to depreciation and provisions and impairment loss	522 685 658.62	
	2913	Impairment loss on fixed assets (Land)		522 685 658.62
		Impairment loss recognition		

4- Fixed assets in concession

		31/12/2014		
681		Appropriations to depreciation and provisions and impairment loss	7 941 051.51	
	292	Impairment loss on fixed assets (Fixed assets in concession)		7 941 051.51
		Impairment loss recognition		

VI- Conclusion:

This work is led within the framework of researches interested in the international accounting standards IAS/IFRS and the financial accounting system, which aim to present a faithful information that reflects the economic reality of the company and relevant information that helps in taking good decisions providing that the conservatism is respected. The accounting standard IAS 36, which directly affects the impairment of assets, is part of this conservatism approach, which has been published to ensure that tangible and intangible assets are valued at a value that does not exceed their real value (the recoverable amount in accounting language).

Companies are required to check whether there is any indication of impairment for their tangible and intangible assets by making an impairment tests.

In the light of this study, we can cite the following results:

- ❖ The financial accounting system adopts, almost, the same principles of recognizing asset impairment as those used by IAS/IFRS standards;
- ❖ Difficulties are recorded, namely the difficulties linked to the implementation of the impairment tests, particularly the determination of value in use, the discount rate, the determination of future economic flows; especially when we know that the estimates are based on discretionary judgments which can lead to the exploitation of accounting situations for earning management by manipulating the recoverable amount via the discount rate, for example. On another hand, impairment tests are estimated by companies as very heavy costs, and sometimes, they avoid doing them even in the event of unfavorable economic conjecture requiring to implement it in order to observe a probable impairment loss;
- ❖ The international accounting standards such as the financial accounting system have adopted of the concept of the cash-generating unit to carry out impairment tests, which will pose real problems and complicate the process of determining a probable loss of value;
- ❖ The rapprochement of the financial accounting system- international accounting standards IAS/IFRS concerning the recognition of impairment loss, the recovery of this loss, incentive of the companies to test their assets and present them in their economic value, is not accompanied by references, explanatory notes or guides which shows and illustrates methodology to conduct impairment tests which are, almost, non-existent on the part of national standard setter (which represents the official and regulatory framework).

Recommendations:

In the end of this study, the following recommendations can be made:

- ❖ To provide more clarification of the dispositions of the financial accounting system regarding the impairment test of non-financial assets;
- ❖ To exploit studies and contributions of others countries which touched on impairment test topic trying to extrapolate the dispositions of the international accounting standards on the Algerian context;
- ❖ To inform companies about the importance of recording impairment losses on non-financial assets whenever an indication of impairment occurs;

- ❖ To incite companies to differentiate clearly between non-financial assets to be tested in the event of an indication of impairment loss and those to systematically test without the appearance of an impairment loss indication;
- ❖ To publish notes, explanatory guides of the methodology of application impairment tests;
- ❖ To explain and show Algerian companies how to determine the discount rate, what are the assumptions on which we are projected in the future and how to allocate assets to cash-generating units.

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