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"Detecting financial failure for the Lebanese entities applying the IFRS for SME's (case study Lebases Small and Medim entities)"

Prepared by:
Abed El-Hai Ghader
PhD. In Business Administration
Al-Jinan University Lebanon, Tripoli

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Abstract:
This study aimed to explore the detection of financial failure among Lebanese companies adapting International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SME's). It also tested their ability to applying financial failure models and assist in making appropriate management decisions to reduce the risk of future failure and distress. This publication is derived based on the thesis "The Effect of the IFRS for SMEs on the Financial Statements of Lebanese Enterprises." The financial statements for the years 2022-2023 of a Lebanese company adapting International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SME's) were studied as a model. The study applied four models designed to measure financial failure (the Kida model, the Sherrod model, the Ticho and Tafler model, and the Altaman model). The study reached the following conclusions:
- It is possible to assess a company's vulnerability to financial distress in the short and medium term in Lebanon using the four models applied.
- The use of these models by Lebanese companies adhering to IFRS for SMEs facilitates the early identification of financial failure.
- Awareness of potential financial failure enables management in Lebanese SMEs to make timely and appropriate decisions to mitigate associated risks.
- Lastly, the study proposed several measures that, if implemented, could help reduce the risk of financial failure in the future and support the sustainability of SMEs in Lebanon.
Keywords: Future Prospects, International Financial Reporting Standards, SMEs, Financial Failure, Continuity.

Introduction

The research develop the method used to detect the financial failure of small and medium companies in Lebanon, and explained the concept of these companies and the criteria that distinguish them from large companies.
It also define the financial failure, causes, stages, components, steps, causes of failure, and the model adopted for detecting and mitigating the financial failure.
In addition, it present the outputs of the accounting system for these companies and the financial statements (income statement, balance sheet, cash flow statement and notes to financial statements) The Effect of the IFRS for SMEs on the Financial Statements.
The research focused on a practical case study highlighting the rules used for measuring forecasting financial failure the indicators and results that clarify reading and understanding these indicators to contribute to administrative decision-making.

Problematic the study:

Why does financial failure happen and how to mitigate it?
It leads to the following sub-questions:

1. Are IFRS SME's in Lebanon using tools to detect financial failure?
2. Are the pre-detection of the financial failure will help SME's in Lebanon on mitigating it in-order to continue it's going concern?
3. Does pre-detection financial failure help in making appropriate management decisions?

Hypnotizes study

H1-There is not IFRS SME's in Lebanon using tools to pre-detect financial failure.
H2-There is not pre-detection of the financial failure will help IFRS SME's in Lebanon on mitigating it in-order to continue it's going concern.
H3-There are not pre-detection financial failure help in making appropriate management decisions in IFRS SME's.

Objective of the study:

The aims of this study are the following:

- The definition characteristics of SME's, its legal and theoretical organization.
- The definition IFRS.
- The rules of presenting the financial statements in IFRS SME's
- The rules of prediction of financial failure in IFRS SME's in Lebanon and the obstacles its.

The importance of the study

The importance of this study is the following:

Scientific importance

- The definition characteristics of IFRS SME's, its legal and theoretical organization.
- The rules of presenting the financial statements with IFRS SME's

- The standards help entities, of various different types and branches, present their financial reports in a persistent way;
- The standard creates a consistent accounting system worldwide for the entities, which can help them reach the international market, and even become international firms;

Practical importance

Measure using tools to pre-detect financial failure, with IFRS for SMEs on the Financial Statements And their commitment to applying financial failure models to assist in making appropriate management decisions to reduce the risk of future failure and distress Medium-sized Enterprises (IFRS for SME's) and their commitment to applying financial failure models to assist in making appropriate management decisions to reduce the risk of future failure and distress**.**

Limits of the study

- Subject framework: applying financial failure models and the effect of the IFRS for SMEs
- Period framework: Between in 2022 and 2023
- Geographic framework: case study to The Small and medium entities applying IFRS for SME's and operating in Beirut.

List of abbreviations

- **SME's:** Small and medium enterprises
- **IFRS:** International financial reposting standards
- **IAS:** International accounting standards
- **IFRS for SME's:** International accounting standards for small and medium enterprises
- **IASB:** International Accounting Standard Board
- **Financial failure:** models designed to measure financial failure Sherrod model, the Ticho and Tafler model, and the Altaman model)
- **OECD**: The Organization for Economic Co-operation and Development
- **EUR**: European Union regulation
- **USA**: United State of America
- **LFE**: Lebanon of entrepreneur

The methodology of the study

The descriptive approach is adopted by using books, journals and previous studies in the composition of secondary data; and a field study will be based on A case study of a Lebanese enterprises adopting IFRS for SME's and applying a forecast for detecting the financial failure of the enterprises

Contents of the study

This study starts with an introduction that presents the importance, the purpose and the problematic of this study additionally to two parts as below;

- **First theoretical part**:

That presents the general overview of the IFRS SME's Enterprises in Lebanon and the definition of the concept and rules for measuring financial failure .

- **The Second part related to field study**

An explanation of the methodology used in this study of the study on a Lebanese company IFRS SME's. The quantitative method, the analysis of the financial statements of this company and Predicting the financial failure its.

Additionally study will present a conclusion section with important recommendation.

Part One: Theoretical Part

This part deals with the definition of company IFRS SME's enterprises and the concept of financial failure analysis as follows:

1.1. Small and Medium Enterprises definition

A study done by Georgia state university indicate that more than 55 definitions for the SME's used worldwide, this number of definitions is due to the difference in the criteria's adopted by the authorities (Government, agencies...) to the small and medium entities.

That why the two researcher will create a definition based on a mixture of definition worldwide to define the SME's in Lebanon. This definition will be used later to identify the population used in the practical parts.

1.1.1. Definition as per European Union

The Organization for Economic Co-operation and Development (OECD) consider the Small and Medium Enterprises (SME's) as independent firms with a few employee numbers, this number might change according to the country of

residency. The upper limit worldwide is 500 employees, as per the United State. According to the European Union regulation enterprises are considered SME's if they are operating with less than 250 employees. Small enterprises are considered less than 50 employees, while the micro-enterprises are those operating with five to ten employees.
Other considerations can be used to define SME's according to the OECD; financial assets are one of them. An enterprise operating with turnover less than 40 Million Euro yearly or a balance sheet less than 27 million Euros is considered as SME's in Europe (OECD.2020, (EUR)2022)

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

1.1.2. Definition as per International Accounting Standard Board (IASB)

The International Accounting Standard Board IASB defines SME's as an entity not publicly accountable and publishes general purposes financial statements for external users. The IASB is taking into consideration the users of the financial statements, disregarding the number of employees or the financial assets of the entity in contradiction to the OECD.
An entity is considered publicly accountable if one of the following conditions is applied:

- The enterprise has debts or equity instruments traded on public market.
- The enterprise holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.(IASB 2022)

1.1.3. Definition as per United States

United State of America USA defined the SME's based on numbers of employees and the business value in the same time. These criteria are changed according to objectives to be achieved through various support and assistance programs, as well as by sector. Manly in USA enterprises less than 500 employees is considered as medium entities; enterprises for less than 20 employees are considered as small entities. (USA) 2001

1.1.4. Definition as per Lebanese regulation

The Lebanese regulation didn't define the SME's. However according to the Lebanese central bank SME's is enterprises operating with less than 15 million LBP for the annual turnover, in the same time Kafalat define SME's as enterprises operating with less than 40 employees. Both definitions are valid, we should elaborate more.
Furthermore, the ministry of economy and trade tried to solve this problem by classing the Lebanese entities into homogenies categories. In general, all entities with less than 10 employees and a turnover with less than 500 LBP million is considered as micro enterprises. Entities with less than 50 employees and 5 billion LBP is considered as small entities. Finally, entities with less than 100 employees and 25 billion LBP are considered as Medium entities. As per this definition the SME's in Lebanon will represent 93 to 95 % of enterprises in the country.
All classification noted above are used by the ministry of economy and trade without being officially published as a law in Lebanon by this ministry.
Finally, there is no unique definition for the SME's worldwide it's due to the following reasons:

- The definition is a directly related to the market size in which the SME's operate.
- It differs among various markets and economic sectors in different countries.
- The definition can be considered as a function of time, because it should be permanently changed to cope with the continuous economic and business developments characterizing our world nowadays especially globalization.

According to all the above, since the study is related to the Lebanese market the definition created for the SME's will be applied on the Lebanese SME's. The definition will be a mixture of the international requirement published by the IASB and adapted to the Lebanese market as per Kafalat and Lebanese central Bank.
In conclusion an entity is considered as SME's in Lebanon, should apply the IFRS for SME's if the entire following requirement will be met. (Lebanese regulation2020)

- Entity not publicly accountable.
- The entity operating with less than 15 million of LBP as an annual turnover.

- The entity operating with less than 40 employees.
-

1.2. Current situation of the SME's in Lebanon

The biggest threat for SME's is to define how to enter the market in a way to resist and growth. Using the right strategies, SME's can prove them; develop their resources and competencies in order to lead the market. Large enterprises are facing difficulties in employing the right talented people in order to work with, while SME's are facing challenges in attracting financial resources and brand equities.

1.2.1. Lebanese government contribution

In Lebanon the Ministry of economy and trade are actively working on helping the Lebanese SME. The Ministry of economy and trade is supporting many programs and creates organizations in order to make differences in the market.

a- Lebanon of entrepreneur (LFE):

Lunched in 2013 in collaboration with Lebanese diaspora organizations "Lebnet", and SEAL to create the development of the technology startup ecosystem in Lebanon. In collaboration with all the IT local system provider in Lebanon LFE is trying to align objectives while tapping into Lebanese expatriates' expertise and network. LFE target group was the SME's and the university. LFE targeted the universities in order to reach the young talented people that should be helped in the future. LFE is providing the supports for researches and developments requested by the SME's; this support can be from a financial perspective or from technical one. The most important services provided by LFE is preparing, review and lobby for legislation that support the SME's growth.

b- Arabnet

Founded in 2009 the ArabNet aimed to grow to mobile tech sector in the MENA "Middle East and North Africa" region and Arab world. AraNet is simulating the growth of Arab digital knowledge and support the creating of new job role and opportunities of the talented youth. ArabNet has the role to organize workshop conferences and forums in order to increase the network relationship of the operating SME's and job seeker in the same field.

c- Centre for Innovation and Technology Innovation Voucher Project (CIT)

The Centre for Innovation and Technology (CIT) is a division of the Industrial Research Institute (IRI), established to secure sustained support and innovation to the manufacturing industry. The project main operation is to matching academia with industrial SME's, preparing trainings and helping to access research funding. Thus the target group for this project was local SME's and universities and the research institutions.

d- Kafalat SAL

Supported by the European Union and World Bank, Kafalat SAL helps Small and Medium entities in Lebanon on their financial plans. Kafalat SAL main operation is to help SME's seeking for financial assistance through loan guarantees. After reviewing feasibility studies and/or business plan.

Kafalat provide guarantees for Lebanese banks on loans accorded with Lebanese SME's under Kafalat program. **(**Kafalat2022)

1.2.2. Lebanese market for SME's

As per Mr. Jhonny Matta, head of market researcher at ministry of trade and economy, Small and Medium entities represents 95 % of the total economy market in Lebanon. Thus, 50 % of Lebanese working population is employed in an SME's. Besides, 60 % of worldwide enterprises are classified under SME section and 40 % of the Gross Domestic Product GDP is affected by SME's operation.

In Lebanon 57% of SME's are operating in the retail sector and 12 % are manufacturing companies. A startup and tech enterprise represents 3% of the total SME's in Lebanon. With all the effort provided by the ministry of economy and trade, the percentage of Startup and innovative enterprises is still minimal.

Status concentration in wholesale, retail and repairs

As per listing loan guaranteed published by Kafalat SAL during 2018 Specialized Techniques has the smallest weight of guaranties provided by Kafalat SAL. Thus Specialized Techniques sector is one of the most important sectors nowadays since it's related to all networking and smartphone app operation in the world.

Kafalat Sal provided 6.951 million of LBP for the craft industry from 2016 to 2018, 7.829 million of LPB for the Specialized Techniques, in parallel 81.710 million of LBP are spent on the agricultural sectors 67.805 million of LBP on the tourism sector and 100,657 millions of LBPs of the industrial sector.

1.3. Importance of the SME to the economy

SME plays an important role in the economic development of a country. Their role in terms of production, employment generation, contribution to exports & facilitating equitable distribution of income is very critical. The SMEs broadly consists of:

- The traditional cottage & household industries such as village industries, handicrafts, and coir industries.
- Modern SMEs.

The traditional village and cottage industries as distinguished from modern SMEs are mostly unorganized and located in rural areas and semi urban areas. They normally do not use power operated machines/appliances & use relatively lower levels of investment & technology. But they provide part time employment to a very large number of poorer sections of the society. They also supply essential products for mass consumption & exports.

The modern SMEs are mostly defined in terms of the size of investment & labour force. The industries (Development & Regulation) defines, SMEs having less than 50 workers with the aid of power or less than 50 workers with the aid of power. Government is extending various steps towards SMEs. In addition, the SMEs has been supported and encouraged by various government policies for infrastructure support, technology up-gradation, preferential access to credit, preferential policy support, etc.

Specific Contributions of Small-Scale Sector:

- The contribution of Small-scale sector to the manufacturing sector and GDP is significant in terms of its share in total value added.
- Small scale sector performs to the manufacturing sector and GDP is significant in terms of its share in total value added.
- SMEs can play a role in mitigating the problem of imbalance in the balance of payment accounts through its export promotion.
- While the large scale industries are expected to increase the inequities of income and concentration of wealth, SMEs are expected to help widespread equal distribution of income and wealth.
- Small sector may provide opportunities to a large number of capable and potential entrepreneurs who are deprived of appropriate opportunities.
- It can help to release scarce capital towards productive use.
- SMEs can reap the benefits of lean production and can find new cost.

Lebanon has fertile lands and benefits from a moderate climate and abundant water resources. However, the agricultural sector is under-developed, only contributes 5.3% of the GDP, and employs 13% of the workforce (World Bank, 2019). Key agricultural products include fruits (mainly apples, oranges, bananas and grapes, but also significantly olives) which account for around 30% of total agricultural production, and vegetables (such as potatoes, tomatoes and maize) which account for more than 60% of total production.

Industry accounts for 12.8% of GDP and employs 22% of the workforce. It is dominated by the manufacturing of agricultural products, metals, minerals, furniture and other manufactured goods. There are over 4,700 industrial firms in Lebanon with 26% industries manufacturing agri-food products, followed by construction materials (12%) and chemical products (8%).

Services are the dominant sector of Lebanese economy, representing 75.9% of the country's GDP and employing slightly less than two-thirds of the workforce (64%). The banking sector was traditionally the mainstay of the economy, but it is going through a major crisis, the country facing an imminent risk of default. Banking activity, even when it was sustained and lucrative, did not constitute real support for the private sector since most of the liquidity coming from banks is used to finance public debt. Tourism accounts for almost 20% of GDP and employs around 18% of the active population. The sector currently suffers from the serious economic and political crisis that the country is going through.

However, the country is undergoing one of its worst political and economic crisis. A study by InfoPro Research, a local economics consultancy based in Beirut, found that one fifth of companies have ceased or suspended their operations since the beginning of 2019, half of which have shut down in the first five months of 2020.

At the end of 2019 Lebanon is facing compounded crises starting by an economic and financial crisis, followed by COVID-19 pandemics, and lastly the explosion at the Port of Beirut.

In October 2019, the economy plunged into a financial crisis brought about by a sudden stop in capital inflows, which precipitated systemic failures across the banking sector and debt sector, as well as effecting the exchange rate. Subsequently, on March 7, 2020, the Government defaulted on the redemption of a US$1.2 billion Eurobond, marking Lebanon's first-ever sovereign default. Then, on March 18th 2019, the Government declared a State of General Mobilization, imposing a lockdown to counter COVID-19 that included the closure of the borders (air, sea, and land) and of public and private institutions. Lastly, on August 4, 2020, a massive explosion rocked the Port of Beirut, destroying much of the port and severely damaging dense residential and commercial areas within a 1- to 2-mile radius of it.

Beyond the human tragedy, the economic impact of the explosion has implications at the national level, despite the explosion's geographical concentration. This adds to long-term structural vulnerabilities that include low-grade infrastructure

-a dysfunctional electricity sector, water supply shortages, inadequate solid waste and wastewater management—public financial mismanagement, large macroeconomic imbalances, and deteriorating social indicators.

Immediately after the Port of Beirut explosion, the World Bank Group (WBG), in cooperation with the United Nations (UN) and the European Union (EU), launched a Rapid Damage and Needs Assessment (RDNA) to estimate the impact on the population, physical assets, infrastructure, and service delivery.

The RDNA followed a "whole of Lebanon approach" by engaging the public authorities, institutions, and civil society organizations concerned. The assessment found that the value of damage from the explosion was in the range of US$3.8 to 4.6 billion, with losses to financial flows of US$2.9 to US$3.5 billion.

The impact is particularly severe in key sectors vital for growth, including finance, housing, tourism, and commerce. Through to the end of 2021, the costs of recovery and reconstruction are expected to total US$1.8 to $2.2 billion. Apart from losses in economic activity, Lebanon can expect lower fiscal revenues, higher inflation, and a further rise in poverty. Trade disruptions are also possible, which would raise transaction costs and further impede growth. The RDNA recommends a framework for Reform, Recovery, and Reconstruction (the '3Rs') to build back a better Lebanon, one based on principles of transparency, inclusion, and accountability. The 3Rs' framework combines people-centered interventions with structural reforms that include macroeconomic stabilization and ensuring human security, and reforms to governance mechanisms and the private-sector's operating environment.

Building a better Lebanon will require swift and decisive action, particularly on reform. In the immediate term, Lebanon needs to adopt and implement a credible, comprehensive, and coordinated macro-financial stability strategy, within a medium-term macro-fiscal framework.

This strategy would be based on:

- A debt restructuring program aimed at achieving debt sustainability over the medium-term;
- A comprehensive restructuring of the financial sector toward regaining the solvency of the banking sector;
- A new monetary policy framework aimed at regaining confidence in the exchange rate and its stability;
- A phased fiscal adjustment aimed at regaining confidence in fiscal policy;
- Growth enhancing reforms;
- Enhanced social protection.
- Adopting international accounting standards to regulate accounts for small and medium-sized enterprises (SMEs) with the aim of attracting foreign investment to finance these companies
- Using modern techniques to measure the risk of financial failure

2- Financial failure

2.1. Definitions of Financial Failure

The issue of financial failure or failure is considered one of the sensitive topics that arouse the interest of various researchers and owners of institutions, as well as banks. No matter how different the type of default, its impact remains on the company in particular and on the economy as a whole in general. Researchers resort to using many terms such as faltering, insolvency, failure and bankruptcy, in order to reach an accurate definition that may describe the state of the company.

.2.1.1. Bankruptcy:

Bankruptcy occurs when the corporation stops paying its obligations towards others on their maturity date, and afterwards a court ruling is issued by the competent court under which a liquidator is appointed to liquidate it, sell its assets and pay its obligations with the available financial means.

2.1.2 Financial Distress:

It is an expression of the situation in which the cash liquidity available to the institution is not sufficient to pay the obligations towards others. The financial hardship appears in two forms: a technical financial hardship and a real financial hardship.

A- Technical financial hardship: It arises when the institution goes through a severe liquidity crisis related to generating positive cash flow from its activities as a result of its low profitability. Since the total assets it has exceeds the total claims, it has the opportunity to overcome this crisis without reaching the state of bankruptcy by selling its assets to cover the due and urgent liabilities, and certainly in this case it calls for the management to take effective measures to protect its future from the recurrence of such crises.

B - Real financial hardship: The institution is close to the state of bankruptcy, as it is unable to pay its short-term as well as long-term obligations, in addition to being suffering from accumulating losses, which made its total assets less than its total liabilities, that is, even if it thinks about resorting to sell its assets to cover its obligations, this will not contribute to the treatment of financial hardship.

Technical insolvency may be temporary and "transient" meaning that the company can bypass it, although it is sometimes the main reason for declaring official bankruptcy.

2.1.3. Financial failure:

Financial failure is a term that overlaps with the financial and legal concepts of bankruptcy and hardship cases in institutions and companies.

2.1.4. Financial Delinquency:

Financial faltering is an imbalance that may affect the company at some stage of its growth or development, and it may happen for many reasons, it may be transient that the company can bypass it or it may lead it to the trap of falling into bankruptcy.

2.2. Forms of financial failure:

The forms of financial failure that afflict Company A, which are heading towards bankruptcy, are the phenomena that are taken into consideration by the Credit Administration, the most important of which are:

- The institution's inability to pay the instalments on their due dates.
- Repeated request to postpone the payment of instalments.
- Requesting new facilities in unjustified circumstances.
- The emergence of new creditors to the company that had not previously been disclosed to the bank.
- Reluctance or refusal to visit bank employees to manage the company or its work sites.
- The emergence of general economic or financial conditions affecting the business and activities of the company, directly or indirectly, in the general economy.
- Reluctance to provide the bank with the financial information of the company requested of them.
- Distribute profits to shareholders by way of loans.
- Lack of disclosure and transparency in the financial statements issued by it.
- Insufficient provision for doubtful debts.
- Low rate of return on invested funds.
- Pay interest on medium-term loans by borrowing short-term.

We believe that there are some non-financial difficulties that may face small and medium-sized companies, which may lead to their stumbling, requiring immediate follow-up and treatment in order to avoid difficult financial problems, including:

- Difficulty disposing of products or a decrease in the company's marketing capacity, whether because the consumer has stopped ordering
- Products due to "their lack of suitability with the development of his needs or desires, or his discovery of a reason that led to his departure from them, or the occurrence of a significant decrease in their quality, which leads to a significant slowdown in the movement of sales and thus sales revenues."
- Decrease in the company's production capacity as a result of the low productivity of workers due to the high turnover
- Employment or to follow improper production policies in the project.
- The emergence of unrest between workers and bosses because they do not have the same income, especially, in addition
- To increase the rate of strikes.
- Reduced inventory turnover of finished or finished goods prepared for sale and an increase in their quantity and storage period.

2.3. Causes of financial failure:

The causes of financial failure can be classified into internal reasons, that is, those related to matters within the company, and external causes such as the external environment, in addition to other factors.

It is clear that each of these causes covers the other or the occurrence of two reasons together, "which leads the company to the same conclusion

2.3.1. Internal causes:

1- **Technical reasons**: represented in the use of inappropriate technology, in addition to the use of raw materials that are not of the appropriate quality, which in turn lead to the emergence of low-quality products that have an impact on the sales process.

2- **Administrative reasons**: It is one of the common denominators of most failed establishments and companies, as the administration is unable to provide adequate support to its employees, especially if they are highly qualified and have excellent skills, and they find it difficult to complete their work without the support of the administration.

3- **Marketing reasons: They are**:

- The small size of the local market.
- Flooding the market with foreign products.
- The strong competition that the facility may be exposed to in the market and the inability to control it.
- High material prices.

- The lack of a strong marketing apparatus within the company, poor marketing skills, and the lack of appropriate choice of marketing location.
- The failure to estimate sales and expected profits.

4- Financial reasons: the lack of proportion between capital and loans, which means the emergence of a defect in the financing structure of the company, which leads to the accumulation of its debts in a way that negatively affects the results of business and the emergence of major financial problems with a loss of cash liquidity and inability to fulfil debts towards creditors.

2.3.2. External causes: It includes:

- The surrounding economic conditions
- Legal legislation
- Competitive environment
- The unavailability of the necessary sources of financing to carry out the necessary expansion and its high cost.

It becomes clear then that "external causes result from intense competition, government decisions, trends of inflation at the level of the domestic and global economy, fluctuations in exchange rates, successive technological changes and wars."

2.4. Stages of financial failure:

2.4.1. The incubation stage:

In which the company is not unexpectedly failed, but there may be many negative indicators on it that can be addressed by the management, such as high indirect costs, increased competition, lack of credit facilities, increased burdens and weak capital of the worker, and often an economic loss may occur in This stage is so that the return on assets is lower than normal ratios.

2.4.2. The cash deficit stage:

During this stage, the enterprise suffers from its inability to meet its current and urgent obligations for cash despite the rise in its assets over its liabilities, as the difficulty lies in converting those assets into cash liquidity to cover debts in addition to the fact that working capital is frozen in inventory and debtors. This phase lasts from one day to several months, and in order to address this problem, the company resorts to borrowing to meet immediate cash needs.

2.4.3. The financial insolvency stage:

This stage is limited to the company's inability to obtain the funds necessary to cover its due debts. This stage can be addressed despite its long period of time. Most of the companies succeed in skipping this stage, while the company that is unable to perform the crisis treatment, and then proceeds to total failure.

2.4.4. The Total Failure Stage: It is a critical stage in the life of the company, when the company cannot avoid admitting failure, and all management attempts to obtain the necessary financing have ended, the total failure and bankruptcy will be achieved through legal steps.

2.4.5. The declaration or confirmation stage: **of bankruptcy**:

It occurs when the necessary legal measures are taken to protect the rights of lenders and other obligations, as it is declared bankrupt and liquidated.

2.5. Models of Measuring Financial Failure

For more accuracy in forecasting the financial position of companies in terms of their ability to continue or liquidate, we have resorted to indicators of creditworthiness and bankruptcy. These indicators have created mathematical uses or regression analyses to develop the financial position and analyse performance in the near future in the time of these models:

2.5.1. ALTAMAN Model:

The points of this model were defined and defined by a professor of finance at New York University in 1968, also known as "five independent variables and the form of the model is as follows: (Edward Altama2000)

Z = 0.012X1 + 0.014X2 + 0.033X3 + 0.006X4 + 0.010X5

As for the parameters (0.012 -0.014 -0.033 -0.006 -0.010), they represent the weights of the function variables and express the relative importance of each variable

X1 = Net capital / total assets "activity indicator"

X2 = balance of retained earnings / total assets "an indicator related to the management policy in dividend distribution"

X3 = Net Profit before Interest and Tax / Total Assets "Profitability Index"

X4 = Market Value of Shareholders' Equity / Total Liabilities “Financial Leverage Index”

X5 = Sales / Total Assets “Activity Index”

We rely on this model in preparing the field study for this research because of its tight prediction that a large number of companies would stumble when they used this model to measure financial failure, and because of the current faltering economic conditions in Lebanon.

Z = the failure index by which to predict the failure or failure of the firm.

- **According to this model, the establishments are classified into three categories:**
- If the value of Z1 is greater or equal to 2.99, the company is considered successful and viable

- If the value of (Z2) is less than 1.81, the company is considered a failure due to its low performance
- If the value of (Z3) is greater than 1.81 and less than 2.99, then it is difficult to determine the status of the establishment, and therefore it is subjected to a detailed study.
- If the value is less than 2.76, then this is an indication that the enterprise is facing a 90% probability of bankruptcy within a year.

2.5.2. Tishow and Taffler Form:

This model originated in 1977 in the United Kingdom, aiming to develop a mathematical model that is capable of predicting the failure of British companies. This model relied on the method of discriminatory multivariate linear analysis to distinguish between 46 industrial companies continuing to operate and 46 companies declared bankrupt. The following variables were arrived at: **Z = 0.53X1 + 0.13X2 + 0.18X3 + 0.16X4**

As for the parameters (0.53- 0.13 -.18 -0.16), they represent the weights of the function variables and express the relative importance of each variable**.**

X1: Earnings before Taxes / Current Liabilities
X2: current assets / total liabilities
X3: Current Liabilities / Total Assets
X4: Self-financing period (liquid assets - current liabilities / expected daily operating expenses)

If the indicator Z is as follows:

- If the value of (Z) is (0.3) or more, it is considered a successful company.
- If the value of (Z) is between (0.3 and 0.2), the risk-in starting company is considered.
- If the value of (Z) is (0.2) or less then it is a company at risk of bankruptcy.

2.5.3. Sherrod Form:

This model was established in 1987 and it is one of the important models and has two main goals:

1- Credit risk assessment: used by banks to assess credit risk when granting loans to establishments
2- Financial failure: it is used in order to know the extent of the facility's ability to conduct its activity in the future.The formula for the form is as follows:

Z = 17X1 + 9X2 + 3.5X3 + 20X4 + 1.5X5 + 0.1X6

X1: Net working capital / total assets
X2: Liquid Assets / Total Assets
X3: Total Shareholders' Equity / Total Assets
X4: Net Profit before Tax / Total Assets
X5 Total assets / total liabilities
X6: Total Shareholders' Equity / Total Fixed Assets

If the indicator Z is as follows:

The higher the Z -value, the lower the risk of financial failure and the lower the value
The risk of financial failure is high

Weights for financial indicators

Type Indicator	**Weight**	**Indicator**
X_1	17	Liquidity
X_2	9	Liquidity
X_3	3.5	Upload
X_4	20	Profitability
X_5	1.5	Upload
X_6	0.1	Upload

The largest weight of the financial indicator is the liquidity index, because it is used to know the facility's ability to pay off debts and its ability to continue in the activity.

Z Categories The degree of risk of exposure to financial failure is valuable:

Sherrod the degree of risk by model:

1-	The facility is not exposed to the risk of failure	Z≥ 25

2-	Low risk of failure	Z ≥20≥ 25
3-	The risk of failure is difficult to predict	20 Z ≥ 5 ≤
4-	The facility is at risk of failure	Z ≥ 5≥- 5
5-	The entity is exposed to a significant risk of failure	Z <- 5

2.5.4. Kida Model:

It is one of the quantitative models in predicting financial failure. It was established in 1980. It is based on five Mali indicators. The formula is as follows:(Khaled al khatib, ahmad eqab al bzour2011)

Z = 1.042X1 + 0.42X2 - 0.461X3 - 0.463X4 + 0.271X5

X1: Net profit after interest and taxes / total assets (The higher this indicator, the more the facility is considered good)

X2: Total Equity / Total Liabilities (The increase in this indicator is considered evidence of the firm's ability to fulfill its debts)

X3: liquidity Assets / Current Liabilities (An increase in this rate indicates the facility's ability to fulfil those obligations and vice versa.)

X4: Sales / Total Assets (It measures the efficiency of the entity's management in utilizing its assets to generate revenues)

X5: Cash / Total Assets (The increase in this rate is considered an indication of the availability of liquidity to meet financial obligations)

If the result of this model is positive, then the project will be in a state of safety from financial failure The result was negative, because the project is threatened with financial failure, and this model proved its predictive ability a year before the event of bankruptcy. And that it depends on the financial indicators derived from the income and financial position lists.

- **Second part related to field study**

The chapter introduces the measurement of the financial failure of the company, which is considered one of the most important tools that judge the success or failure of development plans and decisions. Therefore, this criterion was used as it would evaluate the health of its financial position.

- **History of the company:**

The company was established as a Lebanese joint stock company, and it originated in Beirut. It was established in 1999 with a capital equivalent to 500,000 $. For. Distributed to 50,000 shares, distributed equally among 10 shareholders, the value of each share is 1000 $, and its aim is to import basic agricultural materials and distribute them to farmers in the Lebanese market. During the year 2020, the capital was increased by $250,000, with an increase of 25,000 shares, with a nominal value of 10, distributed equally among shareholders.

- **The company's financial statements for 2022-2023**

Table n- 1 - Balance sheet 31- 12 – 2022and 31 -12 – 2023 (in thousands) $:

Assets	2022	2023
Cash	125,000	200,000
Accounts Receivable	1,875,000	2,250,000
Inventories	1,250,000	1,550,000
Current assets	**3,250,000**	**4,000,000**
Investment	1,625,000	1,500,000
Tangible fixed assets	9,500,000	10,000,000
Total – Depreciation	-4,000,000	-4,800,000
Goodwill	125,000	125,000
Fixed assets	**7,250,000**	**6,825,000**
Total assets	**10,500,000**	**10,825,000**
Liabilities and Equities	**2022**	**2023**
Accounts payable	1,500,000	1,450,000
Other liabilities	750,000	1,000,000
Current liabilities	**2,250,000**	**2,450,000**
Loans and bonds	3,912,500	3,625,000

Total liabilities	**6,162,500**	**6,075,000**
Capital	750,000	750,000
Reserves	2,750,000	2,750,000
Retained earnings	837,500	1,250,000
Total Equities	**4,337,500**	**4,750,000**
T. liabilities and Equities	**10,500,000**	**10,825,000**

Source: the Company's financial statements for 2022-2023

Table n-2 - Income Statement 31- 12 -2022 and 31 -12 – 2023 (in thousands):$.

Accounts	**2022**	**2023**
Net sales	6,750,000	8,500,000
Cost of goods sold	4,250,000	5,000,000
Gross profit	**2,500,000**	**3,500,000**
Administrative and selling expenses	750,000	1,125,000
Depreciation expenses	750,000	800,000
Total operating expenses	**-1,500,000**	**-1,925,000**
Ordinary profits	**1,000,000**	**1,575,000**
Financial revenues – interest	100,000	125,000
Financial expenses – interest	-234,750	-250,000
Other income	150,000	250,000
Profit before tax	**1,015,250**	**1,700,000**
Tax	-375,000	-500,000
Net profit	**640,250**	**1,200,000**

Source: the Company's financial statements for 2022-2023

- **Quantitative models to measure a company's financial failure:**

Quantitative Models to Predict the Failure of the Company in question (X): For more accuracy in predicting the future status of the company in terms of its ability to continue or liquidate, the study will rely on the application of known rules and principles on some models that help predict the failure of the company (X). Among the models that will be used are: (The Kida Model, Sherrod's form, Tishow and Taffler Model, ALTAMAN Model)

3-1: The Kida Model

The Keda model is one of the most important failure prediction models, especially because of the current financial and economic situation in Lebanon, and it is measured through the following equation:

$$\mathbf{Z=1.042X_1 + 0.42X_2 - 0.461X_3 - 0.463X_4 + 0.271X_5}$$

X1: Net profit after interest and taxes / total assets (The higher this indicator, the more the facility is considered good)

X2: Total Equity / Total Liabilities (The increase in this indicator is considered evidence of the firm's ability to fulfill its debts)

X3: liquidity Assets / Current Liabilities (An increase in this rate indicates the facility's ability to fulfil those obligations and vice versa.)

X4: Sales / Total Assets (It measures the efficiency of the entity's management in utilizing its assets to generate revenues)

X5: Cash / Total Assets (The increase in this rate is considered an indication of the availability of liquidity to meet financial obligation.

If the result of this model is positive, then the project will be in a state of safety from financial failure the result was negative, because the project is threatened with financial failure, and this model proved its predictive ability a year before the event of bankruptcy. And that it depends on the financial indicators derived from the income and financial position lists.

Table n-3 - Calculation of ratios for equations (X_1, X_2, X_3, X4, X_5)

Net profit after interest and taxes / total assets	2022	2023
Net profit	640,250	1,200,000
total assets	10,500,000	10,825,000
X1 = The ratio	**0.06**	**0.11**
Total Equity / Total Liabilities	2022	2023
Total Equity	4,337,500	4,750,000
Total Liabilities	6,162,500	6,075,000
X2 = The ratio	**0.7**	**0.78**
liquidity Assets/ Current Liabilities	2022	2023
liquidity Assets	2,000,000	2,450,000
Current Liabilities	2,250,000	2,450,000
X3 = The ratio	**0.888**	**1**
Sales / Total Assets	2022	2023
Sales	6,750,000	8,500,000
Total Assets	10,500,000	10,825,000
The ratio = X4	**0.642**	**0.785**
Cash / Total Assets	2022	2023
Cash	125,000	200,000
Total Assets	10,500,000	10,825,000
X5 = The ratio	**0.011**	**0.018**

Source: prepared by the researcher

Z 2022=1.042*0 .06 + 0.420* 0.7 - 0.461*0.888 - 0.463*0.642 + 0.271*0.011 = -0.611713

- It is clear from the table's n-3 above, calculating the equation and analyzing the result for the year 2022, where it was negative at a value of 0.611713, and this indicator indicates that the project is threatened with financial failure.

Z 2023 =1.042*0 .11 + 0.420* 0.78 - 0.461*1- 0.463*0.785 + 0.271*0.018 = - 0.377357

- It is clear from table's n-3 above, calculating the equation and analyzing the result for the year 2023, where it was negative at a value 0.377357, and this indicator indicates that the project is threatened with financial failure.

3-2: Sherrod Form:

This model was established in 1987 and it is one of the important models and has two main goals:

1- Credit risk assessment: used by banks to assess credit risk when granting loans to establishments
2- Financial failure: it is used in order to know the extent of the facility's ability to conduct its activity in the future.The formula for the form is as follows :(Khaled al khatib, ahmad eqab al bzour2011)

$$Z= 17X_1 + 9X_2 + 3.5X_3 + 20X_4 + 1.5X_5 + 0.1X_6$$

X1: Net working capital / total assets
X2: Liquid Assets / Total Assets
X3: Total Shareholders' Equity / Total Assets
X4: Net Profit before Tax / Total Assets
X5 Total assets / total liabilities
X6: Total Shareholders' Equity / Total Fixed Assets

If the indicator Z is as follows:

The higher the Z -value, the lower the risk of financial failure and the lower the value
The risk of financial failure is high
The largest weight of the financial indicator is the liquidity index, because it is used to know the facility's ability to pay off debts and its ability to continue in the activity

Sherrod the degree of risk by model:

1-	The facility is not exposed to the risk of failure	$Z \geq 25$

2-	Low risk of failure	Z ≥20 ≥ 25
3-	The risk of failure is difficult to predict	20 ≥ 5 ≤ Z
4-	The facility is at risk of failure	Z ≥ 5 ≥- 5
5-	The entity is exposed to a significant risk of failure	Z <- 5

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Table n-4 - Calculation of ratios for equations (X_1, X_2, X_3, X4, X_5, X_6)

Net working capital / total assets	**2,022**	**2,023**
Net Working Capital	3250000-2250000	4000000-2450000
	1,000,000	1,550,000
total asset	10,500,000	10,825,000
X1 = The ratio	0.09524	0.143187
Liquid Assets / Total Assets	**2,022**	**2,023**
Liquid Assets	2,000,000	2,450,000
total asset	10,500,000	10,825,000
X2 = The ratio	0.1905	0.2263
Total Shareholders' Equity / Total Asset	**2,022**	**2,023**
Total Shareholders' Equity	4,337,500	4,750,000
total asset	10,500,000	10,825,000
X3 = The ratio	0.413	0.439
Net Profit before Tax / Total Assets	**2,022**	**2,023**
Net Profit before Tax	1,015,250	1,700,000
total asset	10,500,000	10,825,000
X4 = The ratio	0.0967	0.15704
Total assets / total liabilities	**2,022**	**2,023**
Total assets	10,500,000	10,825,000
total liabilities	6,162,500	6,075,000
X5 = The ratio	1.704	1.782
Total Shareholders' Equity / Total Fixed Assets	**2,022**	**2,023**
Total Shareholders' Equity	4,337,500	4,750,000
Total Fixed Assets	7,250,000	6,825,000
X6 = The ratio	0.598	0.696

Source: prepared by the researcher

Z2022= 17*0.09524 + 9*0.1905 + 3.5*0.413 + 20*0.0967 + 1.5*1.704 + 0.1*0.598 = 9.33

It is noted that the result of the evaluation of the possibility of the company in year 2022 falling into financial failure in the medium and long term according to the Sherrod model gave a result of Z = 9.33 and this result falls within The third category, Z 20 ≥ 5 ≤, and this could indicate that The risk of failure is difficult to predict It is a gray area.

Z2023 = 17*0.143187 + 9*0.2263+ 3.5*0.439 + 20*0.15704 + 1.5*1.782 + 0.1*0.696 =11.89

It is noted that the result of the evaluation of the possibility of the company year 2023 falling into financial failure in the medium and long term according to the Sherrod model gave a result of Z = 11.89 and this result falls within The third category, Z 20 ≥ 5 ≤, and this could indicate that The risk of failure is difficult to predict It is a gray area.

The contradiction in the results is noted in the failure measurement indicator between the Keda model and the Sherrod model, and we see that the Kida model is more accurate, because tracking the financial position of the company during the year 2024 we find the company that it has already suffered from a difficult financial situation that will lead to its suspension if the administration does not intervene and works to increase the capital. Although the result was gray.

3-3: Tishow and Taffler Form

This model relied on the method of discriminatory multivariate linear analysis to distinguish between 46 industrial companies continuing to operate and 46 companies declared bankrupt. The following variables were arrived at:

$Z = 0.53X_1 + 0.13X_2 + 0.18X_3 + 0.16X_4$

X1: Earnings before Taxes / Current Liabilities
X2: current assets / total liabilities
X3: Current Liabilities / Total Assets
X4: Self-financing period (liquid assets - current liabilities / expected daily operating expenses)

If the indicator Z is as follows:

- If the value of (Z) is (0.3) or more, it is considered a successful company.
- If the value of (Z) is between (0.3 and 0.2), the risk-in starting company is considered.
- If the value of (Z) is (0.2) or less then it is a company at risk of bankruptcy

Table n-5 - Calculation of ratios for equations (X_1, X_2, X_3, X4)

Earnings before Taxes / Current Liabilities	2022	2023
Earnings before Taxes	1,015,250	1,700,000
Current Liabilities	2,250,000	2,450,000
X1 = The ratio	0.451	0.693
current assets / total liabilities	2022	2023
current assets	3,250,000	4,000,000
total liabilities	6,162,500	6,075,000
X2 = The ratio	0.53	0.66
Current Liabilities / Total Assets	2022	2023
Current Liabilities	2,250,000	2,450,000
Total Assets	10,500,000	10,825,000
X3 = The ratio	0.214	0.226
Self-financing period = (liquid assets - current liabilities / expected daily operating expenses)	2022	2023
liquid assets - current liabilities	250,000 -	0
expected daily operating expenses	25,000	32,500
X4 = The ratio	10-	0

Source: prepared by the researcher

Z2022 = 0.53*0.451 + 0.13*0.53 + 0.18*0.214 + 0.16*-10= - 1.25

The index in 2022indicates - 1.25, which is less than 0.3 that the company is exposed to the risk of financial failure, and this is what was shown previously with the Keda index.

Z2023 = 0.53*0.693 + 0.13*0.66 + 0.18*0.226+ 0.16* 0 = 0.49

The index for 2023 indicates 0.49, which is greater than 0.3 and not between .03 and .02, that the company is exposed to severe fluctuations, which is an inappropriate indicator because it is outside the scale.

We see the Tishow and Taffler Form model gave results close to the Keda model, and therefore the company is exposed to the risks of financial failure despite the high value of index year 2023 and its high value about the standard.

3-4: ALTAMAN Model:

Also known as "five independent variables and the form of the model is as follows:

$Z = 0.012X_1 + 0.014X_2 + 0.033X_3 + 0.0.006X_4 + 0.010\ X_5$

X1 = Net capital / total assets "activity indicator"

X2 = balance of retained earnings / total assets "an indicator related to the management policy in dividend distribution"

X3 = Net Profit before Interest and Tax / Total Assets "Profitability Index"

X4 = Market Value of Shareholders' Equity / Total Liabilities "Financial Leverage Index"

X5 = Sales / Total Assets "Activity Index"

Z = the failure index by which to predict the failure or failure of the firm. According to this model, the establishments are classified into three categories:

- If the value of Z1 is greater or equal to 2.99, the company is considered successful and viable
- If the value of (Z2) is less than 1.81, the company is considered a failure due to its low performance
- If the value of (Z3) is greater than 1.81 and less than 2.99, then it is difficult to determine the status of the establishment, and therefore it is subjected to a detailed study.
- If the value is less than 2.76, then this is an indication that the enterprise is facing a 90% probability of bankruptcy within a year.

Table n-6 - Calculation of ratios for equations (X_1, X_2, X_3, X4, X5)

Net working capital / total assets	2022	2023
Net working capital	1,000,000	1,550,000
total asset	10,500,000	10,825,000
X1 = The ratio	0.095	0.143
balance of retained earnings / total assets	2022	2023
balance of retained earnings	837,500	1,250,000
total asset	10,500,000	10,825,000
X2 = The ratio	0.08	0.12
Net Profit before Interest and Tax / Total Assets	2022	2023
Net Profit before Interest and Tax	1,250,000	1,950,000
total asset	10,500,000	10,825,000
X3 = The ratio	0.12	0.18
Market Value of Shareholders' Equity / Total Liabilities	2022	2023
Market Value of Shareholders' Equity	750,000	750,000
Total Liabilities	10,500,000	10,825,000
X4 = The ratio	0.071	0.069
Sales / Total Assets	2022	2023
Sales	6,750,000	8,500,000
Total Assets	10,500,000	10,825,000
X5 = The ratio	0.643	0.785

Source: prepared by the researcher

Z2022 = 0.012*0.095+ 0.014* 0.08 + 0.033* 0.12 + 0.006* 0.071 + 0.010 * 0.643 =0.013 * 100 = 1.3

Also, the ALTAMAN Model, all indicators indicate that the company in 2022 suffers from financial failure in the near future.

Z2023 = 0.012*0.143 + 0.014*0 .12 + 0.033* 0.18 + 0.006*0.069 + 0.010 * 0.785=0.0176 *100 = 1.76

Also, the ALTAMAN Model, all its indicators indicate that the company in 2023 suffers from a financial failure in the near future.

As a result of analysing the results of the data from the four models, it was found that the results of the study hypotheses can be interpreted as follows:

1- Acceptance of the first hypothesis: There is not company IFRS for SME's in Lebanon using tools to pre-detect financial failure, because it was found through the study of this case that the company does not use any of the four models as a measure for the prior detection of financial failure.

2 - Rejection of the second hypothesis: there is no prior detection of financial failure that will help small and medium-sized companies in Lebanon to alleviate it in order to continue their work's it has been shown the existence of these models and any of them can be relied upon that may contribute in advance to the detection of financial failure.

3 - Rejecting the third hypothesis: there is no financial failure for prior detection that helps in taking appropriate management decisions. Because it was found there are measures of financial failure in advance that helps the administration to take appropriate management decisions in timely manner reduce these risks.

FINDINGS, Conclusions and recommendations:

A- Conclusions:

The following results:

- Through this study, how to measure the prediction of financial failure was identified, which is a necessary issue for IFRS small and medium-sized companies because it helps to give a clear picture of the current and future financial conditions through which the management can predict the conditions of the company or institution, and dependence on models of forecasting financial failure from the data Financial available within the company, and it can measure, analyze and take all administrative decisions at appropriate times to avoid failure and to ensure the survival and continuity of units economic .

-The results of this case were determined by the possibility of measuring the company's occurrence in the risks of financial distress in the short and medium term according to the four applied models, but the matter remains for it, the management must overcome these risks by changing its policy in collecting its debts towards others, improving the marketing policy and increasing capital to provide liquidity.

-It was found through the study of this case that the company SME's in Lebanon does not use any of the four models as a measure for the prior detection of financial failure.

- It has been shown the existence of these models the company SME's in Lebanon and any of them can be relied upon that may contribute in advance to the detection of financial failure.

- It was found the study of this case there are measures of financial failure in advance that helps the administration in the company IFRS SME's in Lebanon to take appropriate management decisions in timely manner reduce these risks

- It was found that failure does not mean that the company stops working, nor does it mean liquidating it.

- It was found that Failure prediction models give early warnings before failure occurs so as to take appropriate decisions and actions.

B- Recommendations:

- Focus and attention must be given to crises and problems, and to find indicators characterized by predictive power before their occurrence through the application of models to measure financial failure in small and medium-sized companies in Lebanon.

- When adopting the measurement of financial failure, the most accurate models must be used, which experiments have proven correct expectations, as is the KIDA model and the ALTAMAN model

- The need to develop models for forecasting financial failure and work to develop methods of financial analysis so that the institution can know the current situation and predict the future.

- Seek to hold seminars and courses to develop the capabilities and train employees in small and medium-sized companies in Lebanon to apply models of forecasting financial failure to educate and train them on how to use these methods and understand their indicators.

Reference and Annex

A- Books and articles:

Journal Articles: Author, A. A., Author, B. B., & Author, C. C. (Year). Title of article. *Title of Journal, Volume*(Issue), page numbers. https://doi.org/xxxx (if available)

Books: Author, A. A. (Year). *Title of book*. Publisher.

Websites: Author, A. A. or Name of group. (Year, Month Date). *Title of page*. Site name. URL

Rewritten References (with potential gaps):

Here are some of the references you provided, formatted to the best of my ability based on the information given and general APA 7th edition principles:

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[etc.]

B- Annex1

Balance sheet 31- 12 – 2022and 31 -12 – 2023 (in thousands) $:

Assets	2022	2023
Cash	125,000	200,000
Accounts Receivable	1,875,000	2,250,000
Inventories	1,250,000	1,550,000
Current assets	**3,250,000**	**4,000,000**
Investment	1,625,000	1,500,000
Tangible fixed assets	9,500,000	10,000,000
Total – Depreciation	-4,000,000	-4,800,000
Goodwill	125,000	125,000
Fixed assets	**7,250,000**	**6,825,000**
Total assets	**10,500,000**	**10,825,000**
Liabilities and Equities	**2022**	**2023**
Accounts payable	1,500,000	1,450,000
Other liabilities	750,000	1,000,000
Current liabilities	**2,250,000**	**2,450,000**
Loans and bonds	3,912,500	3,625,000
Total liabilities	**6,162,500**	**6,075,000**
Capital	750,000	750,000
Reserves	2,750,000	2,750,000
Retained earnings	837,500	1,250,000
Total Equities	**4,337,500**	**4,750,000**
T. liabilities and Equities	**10,500,000**	**10,825,000**

Income Statement 31- 12 -2022 and 31 -12 – 2023 (in thousands): $.

Accounts	**2022**	**2023**
Net sales	6,750,000	8,500,000
Cost of goods sold	4,250,000	5,000,000
Gross profit	**2,500,000**	**3,500,000**
Administrative and selling expenses	750,000	1,125,000
Depreciation expenses	750,000	800,000
Total operating expenses	**-1,500,000**	**-1,925,000**
Ordinary profits	**1,000,000**	**1,575,000**
Financial revenues – interest	100,000	125,000
Financial expenses – interest	-234,750	-250,000
Other income	150,000	250,000
Profit before tax	**1,015,250**	**1,700,000**
Tax	-375,000	-500,000
Net profit	**640,250**	**1,200,000**

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"الكشف عن الفشل المالي للكيانات اللبنانية التي تطبق المعايير الدولية لإعداد التقارير المالية للمشاريع الصغيرة والمتوسطة (دراسة حالة الكيانات الصغيرة والمتوسطة اللبنانية)"

إعداد الباحث:
عبد الحي غادر
دكتوراه في إدارة الأعمال
جامعة الجنان لبنان، طرابلس

الملخص

هدفت هذه الدراسة إلى تحديد واقع الفشل المالي لدى الشركات اللبنانية المطبقة للمعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة (IFRS)، ومدى التزامها بتطبيق نماذج الفشل المالي للمساعدة في اتخاذ القرارات الإدارية المناسبة للحد من مخاطر الفشل والتعثر المالي مستقبلاً. وتستند هذه الدراسة إلى أطروحة بعنوان "أثر المعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة على البيانات المالية للشركات اللبنانية". وقد دُرست البيانات المالية لعامي 2022-2023 لشركة مساهمة لبنانية مطبقة للمعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة (IFRS) كنموذج. وطبقت الدراسة أربعة نماذج مصممة لقياس الفشل المالي (نموذج Kida، ونموذج Sherrod، ونموذج Ticho and Tafler، ونموذج Altaman). وتوصلت الدراسة إلى الاستنتاجات التالية:

- إمكانية قياس تعرض الشركة لخطر التعثر المالي على المديين القصير والمتوسط في لبنان، وفقًا للنماذج الأربعة المطبقة. - يُسهم تطبيق هذه النماذج على الشركات اللبنانية التي تُطبّق المعايير الدولية لإعداد التقارير المالية للمؤسسات الصغيرة والمتوسطة في لبنان في الكشف المُبكر عن حالات الفشل المالي.
- تُساعد المعرفة المُسبقة بالفشل المالي إدارة الشركات الصغيرة والمتوسطة اللبنانية على اتخاذ قرارات إدارية مُناسبة وفي الوقت المُناسب للتخفيف من هذه المخاطر.

وأخيرًا، أوصت الدراسة بعدة تدابير من شأنها، في حال اعتمادها، أن تُسهم في الحد من خطر الفشل المالي مُستقبلًا، وتُساعد الشركات الصغيرة والمتوسطة في لبنان على البقاء.

الكلمات المفتاحية: الآفاق المُستقبلية، المعايير الدولية لإعداد التقارير المالية، الشركات الصغيرة والمتوسطة، الفشل المالي، الاستمرارية.