

History

For Private Sector	For Public Sector
In 1985	
<ul style="list-style-type: none"> • IASs were informally introduced to the Egyptian market by the representatives of the big 8 at that time. 	<ul style="list-style-type: none"> • Unified Accounting System (UAS)
In 1992	
<ul style="list-style-type: none"> • Issuance of law 95 for 1992 (Capital Market Law) imposing the use of IAS. 	<ul style="list-style-type: none"> • Unified Accounting System (UAS)
In 1997	
<ul style="list-style-type: none"> • The 20 standards drafted by ESAA were issued by Minister of Economy in compliance with IASs with 4 deviations[*] • The preface of EASs stated that any subject not dealt with in the EASs, IASs should be applied. • Later, 3 more standards were drafted by ESAA and issued by the minister with the withdrawal of 3 standards withdrawn by IASB. 	
In 2005	
<ul style="list-style-type: none"> • ESAA's standards committee started a project to go in line with the international development. • The existing 19 EASs were revised. • The remaining 16 EASs were drafted. 	
Present status	
<ul style="list-style-type: none"> • The 35 EASs were issued. They are in number equal to what is issued internationally up till 2006 through IAS series or IFRS series. • The new set of EASs are to be applied on Financial Statements started on or after 1 January 2007. 	

* ESAA: Egyptian Society of Accountants and Auditors

Summary of Egyptian Accounting Standards (EASs) vs IFRSs

Property, plant and equipment

Under IFRS, the use of historical cost or revalued amount is permitted. Frequent valuations of entire classes of assets are required when the revaluation model is chosen. Under EAS, evaluation is not permitted except in certain circumstances (e.g. a merger or a change in the legal structure).

Acquisitions from entities under common control

Under IFRS, there is no specific guidance for transfers of net assets or exchanges of equity interests between entities under common control. In practice, the approaches followed by companies vary, and include both purchase accounting, using fair values, and approaches based on book values. EAS is silent regarding the accounting treatment for acquisitions between entities under common control.

Capital lease

Under IFRS, lease classification depends on whether substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred from the lessor to the lessee. Under EAS, the leased asset is recognized in the lessor books and depreciated, and the lessee recognizes lease payments in the income statement in the period in which it is paid.

Profit sharing to employees and board of directors

Under IFRS, profit sharing to employees and board of directors is recognized when incurred in the income statement (using the accrual basis of accounting). Under EAS, profit sharing to employees and board of directors is recognized as a dividend distribution through equity and as a liability when approved by the relevant company's shareholders meeting.

Looking forwards 2010

ESAA's standards committee started a project to update EASs to comply with changes and additions to IFRSs. It is expected to completed this project by end of 2010.

