

JURISDICTIONAL PROFILE: **Egypt**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Egypt. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

Profile last updated: 31 January 2024

RELEVANT JURISDICTIONAL AUTHORITY

Organisation

Ministry of Investment

Financial Regulatory Authority (FRA), Egypt

Role of the organisation

By virtue of Prime Minister Decree number 2115 of 2023, a Standard Setting Committee for accounting and auditing standards was formed. The objective of this Committee is to develop and review accounting and auditing standards adopted in Egypt, to issue explanations, disclosures and providing technical opinion for other authorities related to EAS and to present its recommendations to the Minister of Investment to issue the relevant standards.

The Standard Setting Committee is composed of professionals from different organisations concerned with the accounting and auditing profession.

The committee is composed of the:

- Chairman of Financial Regulatory Authority (FRA) (who chairs this committee);
- CEO of the General Authority for Investment and Free Zones (delegate);
- Representative of State accountability authority;
- President of Egyptian Society of Accountants and Auditors (ESAA);
- Chairman of the Egyptian Institute for Accountants and Auditors (EIAA);
- Head of accounting and auditing division for practitioners at commercial syndicate; and
- two experts in accounting and auditing (selected by committee president).

The Minister of Investment has the authority to issue financial accounting standards in Egypt.

Each issue or change to a Standard is made by virtue of a Ministerial Decree, which is published in the Egyptian Gazette (Formal Government publisher). The Gazette covers laws and ministerial decrees as well as other legal and regulatory matters. It is sold to the public at nominal price.

Website	Ministry of Investment: https://www.gafi.gov.eg/English/Pages/default.aspx Financial Regulatory Authority (FRA): https://fra.gov.eg/
Email contact	Financial Regulatory Authority (FRA): info@fra.gov.eg

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	No.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	No.
What is the jurisdiction's status of adoption?	Egypt has not adopted IFRS Accounting Standards. Egypt applies Egyptian Accounting Standards (EAS).
Additional comments provided on the adoption status?	In developing the latest version of EAS (issued in July 2015 and amended in 2019 and 2023), the Standard Setting Committee decided not to adopt IFRS Accounting Standards. Nevertheless, the standards developed by the Committee are IFRS Accounting Standards but not identical or as comprehensive. The standards were prepared from the outset in Arabic. EAS has been updated in 2019 to align with certain updates in IFRS and to add three new Standards based on IFRS 9 <i>Financial Instruments</i> , IFRS 15 <i>Revenue from Contracts with Customers</i> and IFRS 16 <i>Leases</i> . In early 2023, a standard similar to IFRS 17 <i>Insurance Contracts</i> was issued, effective for accounting periods beginning on or after 1 July 2024. The EAS are not referred to as IFRS Accounting Standards. However, the decree issuing EAS recognises that some transactions and economic events may not be addressed by EAS and requires adopters to use guidance from IFRS Accounting Standards.

In addition to EAS, there is an accounting framework for the Banking Sector, issued by the Central Bank of Egypt in 2008 and amended in 2019. There is also an accounting guidance for the insurance sector, though this will be superseded by requirements based on EAS 50 from July 2024.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

No.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Not applicable.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

Not applicable.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Not applicable.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Not applicable.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Not applicable.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

No.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS

Yes. Foreign companies listed on The Egyptian Exchange may apply IFRS Accounting Standards if approval is granted from Egyptian Financial Regulatory Authority (FRA).

Accounting Standards in their consolidated financial statements?

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases? Permitted.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones? All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies? Not applicable.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with: EAS.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)? No.

Are IFRS Accounting Standards incorporated into law or regulations? Not applicable.

If yes, how does that process work? Not applicable.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction? Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place? Not applicable.

If yes, what is the process? Not applicable.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction? Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards? Egypt has not adopted IFRS Accounting Standards; however, EAS are close to IFRS Accounting Standards but not identical or as comprehensive. The Standards were prepared from the outset in Arabic.

If yes, what are the changes? There are two major differences between EAS and IFRS Accounting Standards such as:

- Employees' profit sharing is recognised for as equity distribution rather than expenses in the statements of profit or loss.
- A completely different accounting model is used for foreign currency translation differences arising from currency devaluation in 2016 and 2022, which was extended until the end of 2023 (one-time application but has consequences on depreciation of remeasured assets).

The following options available in IFRS Accounting Standards are not permitted:

- The revaluation models for Property, Plant and Equipment, Intangible Assets and Investment Property were not permitted under EAS, until January 2023. Investment properties are accounted for as in the Property, Plant and Equipment revaluation model.
- Statement of profit or loss is presented as a separate component of primary financial statements. The option to have one statement for comprehensive income is not available under EAS.
- Equity method accounting is not an alternative in the separate financial statements.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction? None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language? The IFRS Foundation coordinates the publication of an annual bound volume of IFRS Standards in Arabic.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards? Not Applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs? No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration? The EAS effective 1 January 2016 include special requirements for small and medium-sized entities. The *IFRS for SMEs* Accounting Standard is not under consideration.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? EAS, which include special requirements for SMEs.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? None.