



**Ain-Shams University
Faculty of Commerce
Accounting & Auditing Department**

Development of the Egyptian Governmental Accounting System to Enhance the Matching between Resources & Uses in Governmental Units

(An Applied Study)

**A Thesis Submitted In Fulfillment Of The
Requirements Of Master Degree In Accounting**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

(وَيَسْأَلُونَكَ عَنِ الرُّوحِ قُلِ الرُّوحُ مِنْ أَمْرِ رَبِّي وَمَا أُوتِيتُمْ مِنَ الْعِلْمِ إِلَّا قَلِيلًا)

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Dedication

This Thesis is Lovely Dedicated to My-parent.

To the memory of My-father, Zakaria Mohamed , who used to have a belief in me, to My-mother, for her love, support and continuous encouragement, to My-brothers, for their love and support and to My-friends, for their unending support throughout my life and for never failing to inspire me.

Words can't express my deep love and gratitude to you all.

***To succeed ... you need to find something to hold on to,
something to motivate you, something to inspire you.***

Tony Dorsett

Declaration

The researcher hereby declares that, this thesis is in full accordance with the Plagiarism Guidelines of the Faculty of Commerce at Ain-Shams University and declares that this thesis contains no part that has been accepted for the award of another degree or qualification at this university or any other learning institution to the best of her knowledge and belief. The thesis contains no material previously published by any other person except where due reference is made in the text and any shortage in my thesis will be upon my responsibility.

Noha Zakaria Mohamed

Oct, 2013

Abstract

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“Development of the Egyptian Governmental Accounting System to Enhance the Matching between Resources & uses in Governmental Units: An Applied Study” Master Thesis, 2013

Due to the perceived limitation under the application of the traditional accounting system (Cash-Based Accounting) as it is very high cost in the identification of the existing assets, development of the accounting policies and establishment of the accounting systems. Also, it is designed to measure profit which is considered a largely meaningless concept in the public sector. Therefore, the move from cash to accrual-based accounting is an important step in developing the governmental accounting system as the government should not be limited in providing the required information that reveals its performance. Also, accrual-based accounting provides information on revenues and expenses including the impact of transactions where cash has not yet been received/ paid. Knowing revenues is essential for assessing the impact of taxation on the government's fiscal position and the need for borrowing on the long term. Moreover, Knowing expenses is necessary to assess the revenue requirements, the sustainability of existing programs and the likely cost of proposed activities and services. Accordingly, there is an increasing tendency by some governments to move to accrual-based accounting such as (New Zealand, UK, Australia & Asia - Pacific Region such as; Malaysia, Singapore & Thailand).

Purpose: The main purpose of the research is to know whether the accrual-based accounting can be used in The Egyptian Governmental Accounting System to Enhance the Matching between Resources & uses in

the Governmental Units. To achieve this goal, the researcher depends on Theoretical Books, References, Foreign and Arab Studies to support the applied study.

The applied part of this research is divided into two parts. The first part is a case study related to one of The American health association, local affiliate applying accrual-based accounting. As conclusions from this case study are not enough, the researcher supplemented it with a questionnaire. The second part of the applied study includes;

Some questionnaire opinions from Jurisdiction (Accountants & Managers) and Academics (University Professors). This questionnaire was used to test the research hypotheses and to know the obstacles that face the implementation of the accrual-based accounting.

Originality - Value: The study concluded some results that the main requirements to enhance the matching concept:

- Application of accrual-based accounting as it shows the financial position of an entity which is useful in evaluating the entity's performance.
- Recognition of revenues and expenses when it is earned or incurred rather than when the associated cash is received or paid.
- Recognition of assets and liabilities to help governments plan for the payment of all recognized liabilities not just borrowings and provide the required information for the impact of the existing liabilities on future resources.

Keywords: Matching Concept, Accrual-Based Accounting, Cash-Based Accounting, International Public Sector of Accounting Standards, International Federation of Accountants and General Accounting of Standard Boards.

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List of Abbreviations

Abbreviation	Term
AAPO	Accrual Accounting Project Office
ABA	Accrual-Based Accounting
ABC	Accounting and Budgeting Consistency
AOBB	Accrual Output Based Budgeting
AR	Asset Records
ASB-UK	Accounting Standard Board – United Kingdom
BB	Beginning Balance
CA	Chart of Accounts
CAO	Central Accounting Organization
CBA	Cash-Based Accounting
EU	European Union
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GFSM	Government Finance Statistics Manual
GS	Governmental Sector
GU	Governmental Units
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSASs	International Public Sector Accounting Standards
NPM	New Public Management
OECD	Organization for Economic Co-operation and Development
P/L	Profit and Loss
PSAA	Public Sector Accounting Standards
PSAAB	Public Sector Accounting and Auditing Board
PSC	Public Sector Committee
PSEs	Public Sector Entities
SAFA	South Asian Federation of Accountants

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