
Editorial

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The papers composing of this special Egyptian issue make an important contribution to the mutual understandings of our international colleagues. We have much to learn from each other in terms of our traditions and culture. Egypt stands as a cultural bridge between African and the European civilisations – including, of course, the European Renaissance. These papers can be seen as the beginning of a dialogue on such matters; one that we hope will continue in the pages of *Inderscience* journals.

The first paper deals with the legacy of African history. Professors Sy and Tinker brought to our attention the work of Dr. Cheikh Anta Diop who was the first African scientist who had to go through many struggles to re-establish the African origins of Western Civilisations. The paper is entitled: ‘From Nubia to Egypt – and beyond: of the contribution of Dr. Cheikh Anta Diop’.

In ‘The characteristics of the probability distributions of economic value added and financial accounting ratios for listed companies in Egypt’, Omran addresses the issue of the characteristics of the probability distributions of economic value added and financial accounting ratios for listed companies in Egypt. The paper contributes to the literature on the fundamental analysis by examining the extent to which the financial ratios can follow different distributions rather than the normal probability distributions that have been assumed in majority of the literature. The results reveal that the distribution of return on invested capital is found to be less risky in terms of standard deviations and outliers than the distribution of the return on equity. The results indicate that short-term debt and bonds holders’ returns seem to be much less risky than shareholders equity returns which is consistent with economic theory.

The nature of ‘financial analyst’s investment decisions’ is examined by Dahawy and El-Nashar in ‘The effect of earnings-based analysis ‘change over financial analysts’ investment decisions in Egypt’. In this paper, survey evidence is presented, which suggests that financial analysts’ investment decisions are affected by earnings quality

change represented by changes in total and current accruals and cash flows from operations, as well as by earnings valuation represented by price earnings ratio change.

In the fourth paper in this special issue, 'Disclosure practices in Egypt: what are factors beyond the low level?', Ismail and Shehata address factors affecting the low level of mandatory disclosure in annual reports found in the Egyptian environment including economy and accounting, enforcement mechanisms within a regulatory framework, capital markets, and culture. The paper contributes to disclosure studies in Egypt and suggested a set of harmonised procedures that would enhance, strengthen, and develop disclosure practices in Egypt.

In the paper entitled 'Internet financial reporting, quality of information and auditor's responsibility in Egypt', Amin and Mohamed identified the challenges facing the quality of the information within the internet financial reporting environment and its implications on the auditor's responsibility. The paper provides an insight into the Egyptian auditors' perceptions regarding internet financial reporting practices and the effect of such practices on the quality of the information available for the users as well as on the auditor's responsibilities in relation to information generated within such environment.

Elbayoumi and Awadallah, in 'The incremental usefulness of other comprehensive income items to the Egyptian investor', examine the extent to which other comprehensive income items are relative to net income changed after the releasing of the Egyptian Accounting Standard No. 1. The results of the paper provide insights on the usefulness of other comprehensive income items in explaining the following period's net income, cash flows and stock returns.

The issue of cost efficiency is discussed by El-Bassiouny and Mohamed, in 'Solar energy cost efficiency: a simulated case study in the Egyptian context', where several accounting and economic factors that would help in reducing solar energy costs were examined. The results of the study provide a number of policy implications that can be followed to make solar energy cost closer to cost-competitiveness and contribute in solving the energy problem in Egypt.

ELDaly discusses responsibilities of the external auditors for banks going concern, in 'Responsibility of Egyptian banks' auditors for going concern assumption in light of Egyptian Central Bank Law No. 88/2003'. The paper provides evidence to the lack of conformity to the auditing standard 570-going concern among the Egyptian auditors.

Diagnosing the current status of the auditing profession in Egypt, is introduced by Wahdan and van den Herik, in 'Egyptian auditing investigated: diagnoses and remedies'. The findings indicate that audit market in Egypt is characterised by the lack of experience and expertise, the weakness of professional ethics, and the variations among the auditors' judgments. The paper concludes with suggested remedies that would overcome the stated flaws in audit profession in Egypt.