Innovations

Level of Disclosure Compliance with IAS/IFRS: Empirical Evidence from Ethiopian Commercial Banks

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Abstract *: The need for financial statements comparability attracts interest in terms of developing quality accounting standards. Better corporate disclosure practices are essential in achieving and maintaining public trust and confidence in the banking system, and these practices are critical to the proper functioning of the banking sector in particular and the economy in general. However, little attention has been given to the corporate disclosure practices of the banking sector especially in developing economies. The scope of this study was confined to an evaluation of IAS/IFRS disclosure level in the annual reports published by Ethiopian commercial banks. During the time when the study conducted, there were seventeen (One government owned and sixteen private) commercial banks operating in Ethiopia. The study used the annual reports of seventeen commercial banks, whose annual reports were available for the three years period. The findings indicate that there was significant variability, total standard deviation of 0.20in commercial banks annual report disclosure level. This variability was more noticeable in the IFRS 12 with standard deviation of 0.49; IFRS 2 with Standard deviation of 0.46 and IFRS 9 with Standard deviation of 0.45 among others. Therefore, it can be observed that there was no absolute (100%) compliance of the 28 IAS/IFRS standards among seventeen commercial banks annual reports in the periods covered by the study. The findings of this study further revealed that IAS 7 (statement of cash flows) and IAS 21 (The Effects of Changes in Foreign Exchange Rates) have the maximum mean result of 98.32% and 92.16% among all the standards with a variability of 0.039 and 0.27 respectively. Whereas IFRS 10 and IFRS 11 have the minimum mean of 0% with no variability. Therefore, it can be observed that there are standards that have greater compliance and also standards that have lower compliance level among the 28 IAS/ IFRS standards considered in this study. The study revealed that 19 among the 28 of IAS/IFRS standards complied on average of 50% and above score. These were IAS 7 (statement of cash flows), IAS 1 (Presentation of Financial Statements), IAS 10 (Events after the Reporting Period), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 28 (Investments in Associates and Joint Ventures), IFRS 13 (Fair Value Measurement), IAS 36 (Impairment of Assets), IAS 33 (Earnings Per Share), IAS 12 (Income Taxes), and IAS 16 (Property, Plant and Equipment).On the other hand, the lowest level of compliance between 0% and 27.19%was observed in IFRS 3 (Business combinations), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), IFRS 9 (Financial Instruments),IFRS 10 (Consolidated financial statements), IFRS 11 (Joint arrangements), and IFRS 15 (Revenue from contracts with Customers).*

Key words*: 1.Corporate disclosure,2. IFRS, 3.Commercial banks, 4.Compliance level and Ethiopia*

Introduction

Corporate disclosures may be a sounding term for producing information accessible to interested and affected parties. In today's globalized world, financial and non-financial information disclosure is increasing in importance for several companies, ever then the international and national stakeholders use such information as a basis on which to make economic decisions. The goal of corporate financial disclosure is to yield material and useful information to a large range of users to be used in deciding processes (Harahap, 2003).

Moreover, corporate disclosure has been found to be the main important source of financial and non-financial information for several interested parties such as shareholders, creditors, suppliers, financial analysts, management, employees and government agencies (Al-Razeen&Karbhari, 2004). According to Tadesse (2006), commercial banking systems are not prone to crisis if they are supported by financial reporting regimes characterized by more comprehensive disclosure, timelier financial reporting, more informative reporting, and more credible financial information. Additionally, the number of information disclosed by commercial banks has become a more serious issue in recent times for international financial institutions such as World Bank and International Monetary fund. These international organizations have recommended the banking sector operations in developed and developing countries to expand the extent of their information disclosures further than required by statute.

The basic reason for requiring commercial banks to supply sufficient information in their published annual reports is to enable market participants to gauge the banks' activities and risk management practices. Hirtle (2007) stated that sufficient information in published annual reports is important particularly in commercial banking business, since commercial banks are generally viewed as being opaque to outsiders. Therefore, the provision of truthful qualitative and quantitative evidence within the commercial banks' annual reports about their financial position and performance to financial market participants and other interested users will help such users to form wise economic decisions (Healy & Palepu, 2001). Since corporate financial reporting and disclosures is vital means by which companies can become transparent (Healy & Palepu, 2001), this study is aimed at providing empirical evidence about the level of disclosure compliance of Ethiopian commercial banks with IAS/IFRS disclosure requirements.

Review of Related Literature

Accounting Information and Financial Reporting

The value of accounting information cannot be easily quantified. This is because the information assists users in making economic, social and political decisions, which involves millions or billions of Naira. Accounting information refers to information on financial or economic activities of an organization which is identified, measured and communicated to users to enable them make an informed judgment about the business or organization (Barde, 2009). Several systems such as bookkeeping, management information system and computerized accounting systems are used to capture and record economic transactions for communication to various groups interested in such information. The users can be either internal (management, employees etc.) or external (shareholders, potential investors, creditors, government agencies, trade unions, etc.) Accounting information is communicated by means of reporting and a wide variety of report may be used. Woolf (1997) as cited in Sanni (2006) defined corporate report of an organization as "a comprehensive package of information of all kinds which completely describe an organization's economic activities." Accounting reports can be classified into two broad categories: internal report and external reports. Internal reports are referred to as management accounting report because they are oriented towards the specific information needs of managers. Basically, management accounting reports deal with functions such as planning, controlling and coordination of operations and with the decisions necessary for the internal management of organization. Managerial accounting reports typically are more detailed than external reports and often deal with segments of the organization rather than the whole business. However, external reports, usually called financial accounting reports are more general in nature than internal reports because they serve a wider variety of information to users outside the reporting organization such as investors, lenders and owners. Financial accounting reports are more uniform and more condensed than managerial reports because they are used for a much broader spectrum of decisions.

Accounting information is expected to provide a wide range of users with useful information to help them make informed economic decisions. The IASs framework for the preparation and presentation of financial statements states that; the objective of financial statements is to provide information about financial position, performance, and changes in financial position of an entity that is useful to a wide range of users in making informed economic decisions‟ (IASB, 2001). Hence, any event that is likely to affect a company's current financial position or future performance should be reflected in its financial statements. The quality of information provided in financial reports determines their reliance and usefulness to users in making informed business and investment decisions.
Accurate, relevant, reliable, and comparable disclosures enhance corporate image, facilitate acquisition of short and long term funds, and enable management to properly account for resources put in their care. The quality, usefulness and reliability of financial reports are guaranteed by strict adherence to relevant accounting and financial reporting standards in the preparation and format of presentation of such financial reports (Saidu&Dauda, 2014). These financial reporting standards are aimed at ensuring disclosure of information that would be needed by varying categories of users for the purpose of making informed decisions. This is only achievable if companies are fully complying with the requirements of these standards, and disclosing the required information to users. However, recent happenings at the international level (like case of Enron and that of Worldcom) and the national level (such as the case Cadbury Nig. Plc) throw doubt on whether the requirements of these financial reporting standards are complied with, and therefore the need for compliance assessment paramount importance.

Research Methodology

Population and Data Source

Consistent with prior studies (Al-Shammari et al. 2008, Mazzi, et al. 2017, Sellami&Fendri, 2017), this study covers 3-year accounting periods (2018–2020). Shorter period but longitudinal research enables to the researcher to avoid the noise of first-time adoption problems of both mandatory disclosure level (Abdullah et al. 2015) of the commercial banks. Also, the period 2018–2020 was chosen because it is consistent with Sellami and Fendri's (2017), argument for using the recent financial statement to construct a compliance score. More importantly, the 3-year period is good for limiting cofounding effects due to time varying variables such as macro-economic factors and frequent revision of standards and regulations, which cannot be controlled for in the model (Chen &Rezaee, 2012). The study also represents the entire population of the commercial banks operating in Ethiopia until the end of 2020. The total number of commercial banks were seventeen in 2020.

Data collection

The data for the current study were extracted from commercial banks published annual financial reports and national bank of Ethiopia.

Instrument of Data Collection

The instrument that were employed for collection of the secondary data is a researcher designed disclosure checklist; IFRS disclosure checklist.The checklist is explained in detail as follows:

The Disclosure Checklist

There is no agreed theory on the number and the selection of the items to include in a disclosure checklist (Wallace et al., 1994). This study has taken a comprehensive approach by focusing on mandatory items, using a researcher-constructed checklist. The disclosure checklist is designed in line with the disclosure requirements of the IASs/IFRSs disclosures.

The majority of mandatory disclosure existing studies in developed and developing countries applied unweighted disclosure indices (Popova et al. 2013). Based on this discussion, and consistent with Hassaan (2013) each disclosure requirement mentioned in the mandatory disclosure index is assigned an equal weight. Each disclosure is coded one (1) if the required disclosure has been made by a firm and zero (0) if it has not. When a disclosure is not applicable to the company, the item is dropped from the scoring system for that company. Two steps are taken to mitigate uncertainty in the coding process in developing disclosure index:

At first step, the whole annual report of each commercial bank is read carefully. The purpose of reading the entire annual report before scoring is to enable the researcher to understand the nature and complexity of each firm's operations and to form an opinion on whether undisclosed items applied to the firm or not. This is consistent with existing mandatory disclosure studies (Street & Bryant, 2000; Street & Gray, 2001; Glaum & Street, 2003; Al-Shammari et al., 2008; Alfaraih, 2009) at the second step, Current figures for each information item are compared with those of the previous year in the firm's annual report. This check is also consistent with existing studies (Owusu-Ansah, 2000).

This scoring procedure is based on a careful review of each firm's complete annual report. Following on from Street and Bryant (2000), Street and Gray (2001), Glaum and Street, (2003), Al-Shammari et al. (2008), Alfaraih (2009), Hassaan (2013) and Popova et al. (2013), a firm's total mandatory disclosure (IAS/IFRSDI) score for a firm is calculated as using Equation 1:

$$IAS/IFRSDti = \sum_{i=0}^{m} di \text{-- Equation 1}$$

d= 1 if item di is disclosed
d = 0 if item di is not disclosed, and m ≤ n

Cooke (1989a) states that a disclosure item is considered irrelevant to a firm if it appears that the information disclosure is not mandatory. Therefore, a commercial bank is not penalized for not disclosing information that is not applicable to its business. In contrast, if there is evidence that a disclosure item is applicable to a commercial bank (for example, if a finance lease is mentioned in the annual reports in the finance lease note sections without the related amounts), then di=0. Cooke (1989a) declares that this approach introduces subjectivity to dichotomous procedures. However, failure to use this approach could lead to more differentiated firmsgaining greater disclosure scores than they otherwise would do.

After the total score is obtained for a commercial bank, an index can be constructed to measure each commercial bank's relative disclosure level. The index is the ratio of a commercial bank's actual IFRS/IAS disclosure score (IAS/IFRSDI) to the maximum score (MIAS/IFRSDI) that the commercial bank could achieve by fully complying with the IAS/IFRS disclosure requirements. As a commercial bank is not penalized for omitting a disclosure item that is not relevant or applicable to its business, the maximum score (MIAS/IFRSDI) that a commercial bank can earn will vary from commercial bank to commercial bank. It is computed as follows in Equation 2:

$$\text{MIAS/IFRSDI} = \sum^{n} {}_{i=1} di \text{ ------------------------ Equation 2}$$

Where:
di -is the expected disclosure item, and
n -is the number of items that the commercial bank is required to disclose.

Therefore, each commercial bank's IAS/IFRS disclosure index is calculated using Equation 3 by dividing the total number of IAS/IFRS disclosures (TIAS/IFRSDI) that the commercial bank provides by the total number of applicable IAS/IFRS disclosure index (AIAS/IFRSDI):

$$\mathbf{IAS/IFRS\ DIit} = \frac{\mathbf{TIAS/IFRS\ DI\ it}}{\mathbf{AIAS/IFRSDIit}} \qquad \text{------------------------ Equation 3}$$

IAS/IFRS DI $_{it}$ -IAS/IFRS disclosure index for a commercial bank j, 0 ≤ IAS/IFRSDI ≤1

i- A number that uniquely identifies each commercial bank

t- Year of operation i.e. I= {2018, 2019 and 2020}

Results and Discussion

Ethiopian Commercial Banks' level of Compliance with IASs/IFRSs Disclosure Requirements

The Ethiopian commercial banks are obliged to comply with IAS/IFRS financial reporting and disclosure standards. Therefore, the Ethiopian commercial banks are expected to fulfill the disclosure requirements of various IAS/IFRS standards. Generally, it is observed that all the 17 Ethiopian commercial banks have not fully complied with IAS/IFRS standards. This is because the average of Ethiopian commercial banks IFRS compliance score of annual reports is 0.7176, which is lower than the level of disclosure compliance observed in other countries of the world; for instance in Australia (0.94; Tower et al., 1999), Germany (0.81; Glaum& Street, 2003), Gulf Co-Operation Member States (0.82; Al-Shammari et al., 2008), Kuwait (0.82; Al-Shammari, 2011) and Bahrain (0.81; Juhmani, 2012). This suggests that national monitoring and enforcement mechanisms in Ethiopia need to be improved and reorganized to have better IAS/IFRS compliance level in the annual reports of commercial banks in Ethiopia.

In this study, the score computed for each standard is the ratio of actual IAS/IFRS disclosure score obtained in each commercial bank divided by applicable disclosures. It excludes not applicable IAS/IFRS disclosures. It is expected that mandatory disclosures should have a higher mean and lower standard deviations. This is because fully mandatory disclosures should have a mean close to 1 (or 100%) and standard deviation close to 0.

Table 1. Presents the Descriptive Statistics of Comprehensive Disclosure Index Result

IAS/IFRS disclosure index	N	Minimum	Maximum	Mean	Std. Deviation
Total	51	0.58462	0.9989	0.7176	0.0977
Valid N (list wise)	51				

The disclosure index employed in this study is based on IASs/IFRSs disclosure requirements for the three years 2018, 2019 and 2020. It includes 264 IASs/IFRSs disclosure items divided into 28 sub-indices. The disclosure scores were calculated as a ratio by dividing the actual score awarded by the maximum possible score for each commercial bank. The reason for choosing this time period (2018-2020) is that it is expected to give more insights into whether there are any significant changes in the IAS/IFRS disclosure levels of annual reports of commercial banks being linked with full implementation of international financial reporting standards in preparing annual reports of banks.

Table 2. Descriptive Statistics for all Disclosure Indices

Accounting Standard	N	Minimum	Maximum	Mean	Std. Deviation
IAS 1 Presentation of Financial Statements	51	0.80	1	0.91725	0.087615
IAS 7 Statement of Cash Flows	51	0.86	1	0.98320	0.038860
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	51	0.00	1	0.90729	0.235766
IAS 10 Events after the Reporting Period	51	0.00	1	0.960784	0.196039
IAS 12 Income Taxes	51	0.09	1	0.25490	0.440143
IAS 16 Property, Plant and Equipment	51	0.00	1	0.78382	0.288024
IAS 17 Lease	51	0.00	1	0.63286	0.283165
IAS 19 Employee Benefits	51	0.00	1	0.673724	0.246774
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	51	0.00	0	0.00	0.00
IAS 21 The Effects of Changes in Foreign Exchange Rates	51	0.00	1	0.921579	0.271524
IAS 23 Borrowing Costs	51	0.00	1	0.66275	0.247540
IAS 24 Related Party Disclosures	51	0.00	1	0.9118	0.27305
IAS 28 Investments in Associates and Joint Ventures	51	0.00	1	0.92157	0.271524
IAS 33 Earnings Per Share	51	0.00	1	0.83824	0.252851
IAS 36 Impairment of Assets	51	0.00	1	0.921569	0.271524
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	51	0.00	1	0.69943	0.251693
IAS 38 Intangible Assets	51	0.00	1	0.632745	0.408328
IAS 40 Investment Property	51	0.00	1	0.743137	0.285835
IFRS 2 Share-Based Payment	51	0.00	1	0.55787	0.45748092
IFRS 3 Business Combinations	51	0.00	0	0.00	0.00

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	51	0.00	1	0.69314	0.36878
IFRS 7 Financial Instruments: Disclosures	51	0.00	1	0.61802	0.321689
IFRS 9 Financial Instruments	51	0.00	1	0.27451	0.450707
IFRS 10 Consolidated Financial Statements	51	0.00	0	0.00	0.00
IFRS 11 Joint Arrangements	51	0.00	0	0.00	0.00
IFRS 12 Disclosure of Interests in other Entities	51	0.00	1	0.45098	0.487390
IFRS 13 Fair Value Measurement	51	0.00	1	0.89196	0.299713
IFRS 15 Revenue from contracts with Customers	51	0.00	1	0.2718	0.44639

Table 2 above depicts the descriptive statistics for compliance index of each IAS/IFRS standards. It shows the disclosure results of commercial banks in Ethiopia with their maximum, minimum, mean and standard deviations against 28 IAS/IFRS standards. The minimum and maximum represent the case of one commercial bank with respect to each standard, while the mean represent the extent of disclosure results among seventeen commercial banks. Overall, the findings show significant variability, total standard deviation of 0.20. This variability was more noticeable in the IFRS 12 with Standard deviation of 0.487390, IFRS 2 with Standard deviation of 0.45748092, IFRS 9 with Standard deviation of 0.450707, IAS 15 with Standard deviation of 0.44639, IAS 12 with Standard deviation of 0.440143, IAS 38 with Standard deviation of 0.408328, IFRS 5 with Standard deviation of 0.36878,IAS 23 with Standard deviation of 0.347540, IFRS 7 with Standard deviation of 0.321689, IFRS 13 with Standard deviation of 0.299713, IAS 40 with Standard deviation of 0.285835, IAS 17 with Standard deviation of 0.283165,IAS 24 with Standard deviation of 0.27305,IAS 27 with Standard deviation of 0.271524 and IAS 28 with Standard deviation of 0.271524 among others. Therefore, it can be observed that there was no absolute 100% compliance of the 28 scored standards among seventeen commercial banks in Ethiopia.

As table 2 shows, IAS 7 (statement of cash flows) and IAS 21 (The Effects of Changes in Foreign Exchange Rates) have the maximum mean result of 98.32% and 92.16% among all the standards with a variability of 0.038860 and 0.271524 respectively. Whereas IFRS 10 and IFRS 11 have the minimum mean of 0% with no variability. Therefore, it can be observed that there are standards that have greater compliance and also standards that have 0% Compliance level among the 28 scored standards considered in this study.

IAS 7 (statement of cash flows), IAS 1 (Presentation of Financial Statements), IAS 10 (Events after the Reporting Period), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 28 (Investments in Associates and Joint Ventures), IFRS 13 (Fair Value Measurement),IAS 36 (Impairment of Assets), IAS 33 (Earnings Per Share), IAS 12 (Income Taxes), and IAS 16 (Property, Plant and Equipment) having higher level of compliance might be easier to comply with these standards or the Ethiopian commercial banks are accustomed with these standards.

The study reveals that 19 among the 28 of IAS/IFRS standards complied on average of 50% and above are IAS 7 (statement of cash flows), IAS 1 (Presentation of Financial Statements), IAS 10 (Events after the Reporting Period), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 21 (The Effects of

Changes in Foreign Exchange Rates), IAS 28 (Investments in Associates and Joint Ventures), IFRS 13 (Fair Value Measurement),IAS 36 (Impairment of Assets), IAS 33 (Earnings Per Share), IAS 12 (Income Taxes), and IAS 16 (Property, Plant and Equipment).

The lowest level of compliance score was between 0% and 27.19% that was observed in IFRS 3 (Business combinations), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), IFRS 9 (Financial Instruments), IFRS 10 (Consolidated financial statements), IFRS 11 (Joint arrangements), and IFRS 15 (Revenue from contracts with Customers).

Each of the IAS/IFRS Standards disclosures level is presented standard-by-standard analysis as follow

IAS 1 (Presentation of Financial Statements): Most of the requirements of this standards are not difficult to disclose. Commercial banks need to disclose a summary of significant accounting policies, the balance sheet date, the reporting currency, and the location and nature of the firm's operations and principal activities.Items included in the financial statements are measured using the currency of the primary economic environment in which the commercial banks operate ('the functional currency'). The functional currency and presentation currency of the commercial banks is the Ethiopian Birr (Birr). Ethiopian commercial banks have scored 91.725% mean compliance with regards to IAS 1 which was one of the highest among all the 28 scored standards with the maximum 100% and minimum 80% compliance scores. This shows that Ethiopian commercial banks have reported the main financial position, profit and loss, changes in equity with some notes on significant accounting policies and other explanatory information. It is also an investigation to see that most of the commercial banks have not showed the current and non-current assets and liability classifications in their annual financial statements. The way that have presented the items is not understandable for non-finance background users of financial statements.

IAS 7 (Statement of Cash Flows): As a result of the changes in terminology used throughout the IFRS Standards arising from requirements in IAS 1 Presentation of Financial Statements (issued in 2007) (IASB, 2007), the title of IAS 7 was changed to Statement of Cash Flows. In line with this standard almost all Ethiopian commercial banks have included statement of cash flows with their annual financial reports. Ethiopian commercial banks achieved mean score of 98.32% with maximum 100% and minimum compliance score of 86%.This low disparity of IAS 7 compliances, 3.86% standard deviation among commercial banks, shows that the Ethiopian commercial banks have given almost equal attention to this important financial statement in preparing their annual financial reports.

IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors): Changes in an accounting policy and estimates are applied retrospectively unless this is impracticable or unless another IFRS Standard sets specific transitional provisions. In line with this standard it was one of the better disclosed standard among Ethiopian commercial banks with 90.73% mean, 100% maximum and 0.00% minimum compliances.

IAS 10 (Events after the Reporting Period): IAS 10 disclosure ranges between 0.00 to 100% for Ethiopian commercial banks that comply with average of 96.08% compliances. Most of the commercial banks have disclosed divided declaration, date of financial statement authorization and the existence and there were no significant post balance sheet events which could have a material effect on the state of affairs of the Banks as reporting date and on the profit for the period ended on that date, which have not been adequately provided for or disclosed i.e. no significant event that requires special disclosure occurred between the reporting date and the date when the financial statements were issued after the Reporting Period. This indicates that the IAS/IFRS requirements in preparing financial statements, most of banks managements are making an assessment of entities ability to continue as a going concern is practiced.

IAS 12 (Income Taxes): The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in Ethiopia. Taxable income is the amount of income subject to tax after deduction of all expenses and other deductible items allowed under Ethiopian Income Tax Proclamation No. 286/2002, its amendments, regulations, directives and related circulars. On average Ethiopian commercial banks have disclosed 25.49% of IAS 12 requirements with a maximum disclosure of 100% and minimum 9% compliances. Most of these commercial banks have disclosed their current tax liabilities with major types of taxes. But, most of these commercial banks do not provide an explanation of the relationship between tax expense (income) and accounting profit in the form required. They also do not give details of deductible temporary differences, unused tax losses, and unused tax credits except for four commercial banks.

IAS 16 (Property, Plant and Equipment): Under IFRS it is covered by International Accounting Standards (IAS-16). The objective of IAS 16 is to prescribe the accounting treatment for property, plant, and equipment so that the users of the financial statements are in a position to know about an entity‘s investments in its property plant and equipment and the changes in such investment. The principal issues in commercial banks are the recognition of assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.

In Ethiopian commercial banks, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the commercial banks recognize such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement as incurred. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

To this standard the descriptive analysis shows that Ethiopian commercial banks have mean level of 78.38% with a maximum 100%, minimum 0% and 28.80% standard deviation compliances. That means there were commercial banks that have achieved 100% compliance to this standard and there are also commercial banks that deviate from the mean. Commercial banks are also accustomed to disclosure whether obligations to dismantle, exchange for a non-monetary, de-recognition of any property and revaluations done to their property and equipment’s. All commercial banks stated about reevaluation of their properties. Therefore, the IAS 16 revaluations of Property, plant and equipment have been practiced by Ethiopian commercial banks.

IAS 17 (Leases): Leases, under which the commercial banks possess a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the commercial banks’ statement of financial position and recognized as a leased asset. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the commercial banks assess whether, throughout the period of use, it has both of the following: (a) the right to obtain substantially all of the economic benefits from use of the identified asset, and (b) the right to direct the use of the identified asset. The commercial banks has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The commercial banks recognizes expenses associated with these leases as an expense on straight line basis over the lease term. The banks presents right-of-use assets as a separate class under Other Assets. The banks present lease liability in other liabilities in the statement of financial position.

Ethiopian commercial banks scored on average 63.28% with the maximum compliance score of 100% and minimum 0.00% and 28.32% standard deviations. Here, it can be seen that there was high compliance variability among commercial banks to this standard. Overall, most of these commercial banks have not disclosed change of the lease terms, detailed lease features, and the correct classifications of finance and operating lease. In addition, sale and leaseback of assets is not practiced in Ethiopian commercial banks.

IAS 19 (Employee Benefits): Though most of the Ethiopian commercial banks operate two defined pension plan, it is not in the scope of IAS 19; i) Pension scheme in line with the provisions of Ethiopian pension of private organization employees' proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Banks respectively; ii) Provident fund contribution, funding under this scheme is 8% and 12% by employees and the Banks respectively; based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss in the period in which they relate. IAS 19 prescribes the accounting for all types of employee benefits except share-based payment, to which IFRS 2 applies (IASB, 2011). Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment (IASB, 2011). IAS 19 as stated by IASB, requires an entity to recognize: A liability when an employee has provided service in exchange for employee benefits to be paid in the future; and an expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

The descriptive analysis in relation to IAS 19 shows that the mean compliance score of commercial banks was 67.37% with a maximum of 100% and minimum 0% compliances. This standard has been disclosed among the commercial banks and most of these banks have an annual leave, bonus schemes, medical care, and other long term benefit plans.

IAS 20 (Accounting for Government Grants and Disclosure of Government Assistances): Government grants as per paragraph 3 of IAS 20 are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long term assets. Grants relating to income are government grants other than those related to assets (IASB, 2007). As Per paragraph 4, government assistance takes many forms varying both in the nature of the assistance given and in the conditions which are usually attached to it (IASB, 2011). The purpose of the assistance may be to encourage an entity to embark on a course of action which it would not normally have taken if the assistance was not provided. Government grants are sometimes called by other names such as subsidies, subventions, or premiums.

Among the 17 commercial banks, no commercial bank accounts for or discloses any information relating to government grants and assistance. This suggests that the Ethiopian Government does not give grant or assistance in the form of technical and marketing advice to commercial banks in Ethiopia.

IAS 21 (The Effects of Changes in Foreign Exchange Rates): Foreign currency transactions in Ethiopian commercial banks are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. As presented in financial reports of commercial banks ,foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the commercial banks' functional currency are recognized in profit or loss within other (loss)/income as prescribed in IASB statements. Monetary items denominated in foreign currency are translated using the closing rate (mid-rate: the average of buying and Selling rate) of as at the reporting date.

As it has been observed from the annual reports of commercial banks, changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in amortized cost are also recognized in profit or loss, and other changes in carrying amount are also recognized in other comprehensive income section. In annual reports of commercial banks, translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss were recognized in profit or loss as part of the fair value gain or loss. Commercial banks translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income part.

The descriptive analysis also shows that IAS 21 mean compliance was 0.922% with a maximum of 100% and minimum 0% compliance scores with high variability of 27.15% standard deviations. In general, most of commercial banks disclosed net exchange differences classified in a separate component of equity, and also a reconciliation of the amount at the beginning and end of the period.

IAS 23 (Borrowing Costs): The analysis shows that Ethiopian commercial banks scored on IAS 23 mean compliance was 66.27% with a maximum of 100% and minimum 0% compliances and 24.75% standard deviations. Most of commercial banks fail to disclose accounting policy adopted for borrowing costs, the amount of borrowing cost capitalized during the period and the capitalization rate used to determine the amount of borrowing costs eligible for the capitalization.

IAS 24 (Related Party Disclosures): International Accounting Standards Board (IASB) stipulates the transactions between related parties as funds, services or obligations transfers from one dependent entity to another and/or vice-versa. No price is applied, transaction being subject to billing. IAS 24 stipulates an affiliated entity to be a person, business or organization affiliated to another entity submitting Annual Tax Reports. Aforesaid regulation defines affiliated entities those making a group (parent business with its subsidiaries, relationship between subsidiaries being considered an affiliated one). The analysis shows that Ethiopian commercial banks scored on average 91.18% compliance with 100% maximum and 0.00% minimum and 27.305% variabilities.

IAS 28 (Investments in Associates and Joint Ventures): The objective of this accounting standard is to prescribe the accounting treatment for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this policy in accounting for investments in associates and joint ventures. This policy shall be applied by all entities that are investors with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest. Associate is an entity over which the investor has significant influence (IASB, 2007).

Establishing a joint venture can be one option for foreign investors to invest in Ethiopia. According to Ethiopian Legal system a foreign investor may team up with a domestic investor or company for a joint investment, usually in the form of a partnership, or private limited company or share company. Under the Investment Proclamation No.280/2002, a minimum capital of $60,000, except in consultancy services and publishing, is required from a foreign investor who intends to enter into a joint venture partnership with a domestic investor. There is no restriction at all in share ownership in a joint venture as it has been stipulated in IASB statements.

In Ethiopia, a foreign investor who wishes to invest in partnership with domestic investor/s in areas of engineering, architecture, accounting and auditing services, project studies or business and management consultancy services or publishing is required to invest only $25,000 per project. The foreign partner can satisfy this minimum equity capital either in cash and/or in kind

The analysis shows that this standard is one of the better disclosed standard by Ethiopian commercial banks which scored mean compliance of 92.157% with a maximum of 100% and minimum 0% compliance scores with high variability of 27.15% standard deviations. Similar explanations as above IAS 24 could be forwarded here.

IAS 33 (Earnings per Share): The commercial banks present basic earnings per share for their ordinary shares. Commercial banks presented basic earnings per share and its values are calculated by dividing the profit or loss attributable to ordinary shareholders of the commercial banks by the weighted average number of shares outstanding during the period (IASB, 2014). Most of the Ethiopian commercial banks have disclosed the basic earnings per share (EPS) amounts for profit or loss attributable to the ordinary equity holders and their diluted earnings per share amounts in their annual financial statements. This is also one of the better disclosed standard with mean of 83.82%, with 100% maximum, 0.00% minimum and 25.29% variability.

IAS 36 (Impairment of Assets): Most of the Ethiopian commercial banks assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the commercial banks estimate the asset's recoverable amount. It is indicated in the statements of commercial banks that an asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) expressed as fair value less costs of disposal and its value in use. Then commercial banks determine recoverable amount for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. As it has been observed when the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Annual reports also depict the way that commercial banks evaluate value in use and commercial banks estimated future cash flows at discounted to their present value that is using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the particular asset. In the case of commercial banks determination of fair value less costs of disposal, the recent market transactions are taken into account. Also in the commercial banks if no such transactions can be identified, an appropriate valuation model is used. Determination of fair value less costs of disposal calculations are also corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Ethiopian commercial banks base their impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the commercial banks' cash-generating units (CGUs) to which the individual assets are allocated. For some periods, budget and forecast calculations cover a period of five years in commercial banks annual reports. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year period.

In all most all of the Ethiopian commercial banks for assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recorded and recognized impairment losses no longer exist or have decreased. In financial reporting practices of commercial banks the existence of such indication exists, the commercial banks estimated the assets' or CGU's recoverable amount in the reports. In the commercial banks a financial report part, previously recognized impairment loss is also reversed and reported only if there has been a change in the assumptions used to calculate and know the asset's recoverable amount since the last impairment loss was recognized. As it has been observed from the annual reports the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

Most of the Ethiopian commercial banks have disclosed an impairment of assets assessments specifically related to their loan advances and premium receivables in accordance with the National bank of Ethiopia standards. The analysis also shows that IAS 36 mean compliance was 92.16% with a maximum of 100% and minimum 0% compliance scores with high variability of 27.15% standard deviations.

IAS 37 (Provisions, Contingent Liabilities and Contingent Assets): As one can understand form an observation that can be made on annual reports**,** Ethiopian commercial banks have classified non-current assets (or disposal groups) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.Provisions, contingent liabilities and contingent assets in commercial banks annual reports are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. In the annual reports of Ethiopian commercial banks impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. In annual reports of Ethiopian commercial banks, gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized.

Ethiopian commercial banks have disclosed a gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de recognition. In the Ethiopian commercial banks annual reports non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interests and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

The descriptive analysis also revealed that IAS 37 mean compliance was 69.94% with a maximum of 100% and minimum 0% compliance scores with high variability of 25.17% standard deviations. Most of the Ethiopian commercial banks have disclosed items that state the presentation of provisions, contingent liabilities and assets.

IAS 38 (Intangible Assets): The analysis also revealed an average of 63.28% with 100% maximum and 00% minimum compliance of with high variability of 40.833%. This implies that most of the commercial banks do not have intangible assets except core banking and other software systems. Usually, there were no combinations or merger of banking and other companies in Ethiopia, and therefore goodwill and other similar intangible assets could not be recognized in the annual financial reports of Ethiopian commercial banks.

IAS 40 (Investment Property):IAS 40, Investment Property, is an international accounting standard. This standard differs substantially from current Swedish accounting rules. According to the fair value model in IAS 40, investment properties should be continually reported at their fair value, and changes in value represent a component of profit for the year. Certain problems arise in conjunction with this type of accounting, including the feasible accuracy of valuations and cyclical movements in values over time.

The investment activity is one of the most important indicators of the economic development of any state and country. Besides, it determines a country's participation in the global economy. For the purposes of gaining a profit, the companies often invest their free monetary resources in the immovable property. Classification as the investment property of a property held by its owner, is determined by a condition, of how and for which purpose this property will be used in future and, correspondingly, by which ways the money flows will be generated from such the property. In general, the investment property is a long-term investment, which is related to the very low risks. Its value is increased continuously and deriving a benefit from it, is possible both by its sale in a short period and on the grounds of a long-term lease which is one of the attractive methods for diversification of an investor's portfolio and gaining a non-risk revenue. One more important factor that characterizes the investment property is that it compensates its value after a certain period and, remains under the ownership of its holder

Among all the 17 commercial banks more than 85% of them have disclosed about this standard with low level of details. They usually missed to disclose about investment property acquired in exchange for a nonmonetary assets, whether there was any transfer, disposal, and compensation received or not. This reflects on the overall mean of 54.32%, with 81% maximum and minimum 0.00% compliances. They mainly used the cost model to account for investment property.

IFRS 2 (Share Based Payment): In today's competitive environment, the key asset of a company is the employee. In the case of share based payments for employees, stock options have been widely accepted as employee compensation at all levels of employment. This has been growing at a rapid pace since stock options appeared after the Second World War (Street, 2004). In firms that practice share based payment for the employees, stock options were used to lock employees to a firm for three years (typically) but not more than 10 years. In those firms, stock options accounted as an important way of paying people without using cash. In case of firms, stock options are companies' own stock granted as a form of non-cash compensation to employees. In the case share based payments, the stock option as a tool is granted to employees when they are hired or during employment for their past performance and/or conditional upon future performance (Williamson and Kleiner, 2004).

For certain companies, the employee stock options are part of a package that also includes wages, benefits, and working conditions (O'Harra*et al.,* 2004). Sometimes stock options are offered to lower level employees in start-ups companies. In certain situations, companies will offer these options to nonemployees; suppliers, consultants, lawyers, promoters and to members of the company's board of directors for services rendered. Stock options also mean call options (Cheng et al.,2006)). Stock option is a security of right to buy or sell a specified amount of stocks at a specified price within a specified exercise or strike period of time (Williamson & Kleiner, 2004).

According to Emanuel (2005), employees have to pay for the exercises of stock options and will receive the incremental value above the strike price (exercise price). The likelihoods of granting stock options for start-ups (i.e., new companies) are high because their cash is likely to be in short supply (Emanuel, 2005). Meanwhile, high growth companies use noncash compensation of stock options to compensate employees because cash is used for the companies' high growth opportunities (Botosan&Plumlee, 2001; Hutchinson & Gul, 2006).

To sum up, entities often grant shares or share options to employees or other parties. In most of business firms, share plans and share option plans are becoming the common feature of employee remuneration, for directors, senior executives and many other employees. Some firms issue thier shares or share options to pay suppliers, such as suppliers of professional services. Till IFRS 2 was issued, there was no IFRS topic that talk about the recognition and measurement of these transactions. Concerns were raised about this gap in IFRSs, given the increasing prevalence of share-based payment transactions in many countries. Descriptive analysis of the study reveals that no commercial bank discloses any information on share based payment.

IFRS 3 (Business Combinations): Accounting for business combinations remains a widely-discussed issue for researchers and practitioners alike. Business combinations are very specific transactions for which a set of unique accounting methods have been formed. Accounting for business combination has been undergoing a substantial development in theory (Ayers, et al., 2000) as well as under internationally accepted financial reporting standards (Aghimien, et al., 2014).

This is one of the none disclosed standards with 0% mean, 0% maximum and 0.00% minimum results. This reveals that there were no mergers or combinations among commercial banking business in Ethiopia. The Ethiopian banking system is recently revitalized by beefing up the minimum capital base to 500 million. This exercise will result in a wave of mergers and acquisitions. The resultant consolidation process result to business combinations which the banks have to account for.

IFRS 5-(Non-current assets Held for Sale and Discontinued operations): Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the financial position statement by Ethiopian commercial banks. In the annual reports there is information presented that shows the liabilities of a disposal group are also classified as held for sale and are presented separately from other liabilities in the financial position statement.

Commercial banks also show discontinued operation as component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

This standard also has been mostly disclosed by the commercial banks in related to their confiscated collateral or damaged vehicles from their customers that were waiting for foreclosure sales. Overall, commercial banks have disclosed on average 69.32% with 100% maximum 0.00% minimum requirements.

IFRS 7 (Financial Instruments: Disclosures): Ethiopiancommercial banks measure financial instruments through fair value at each statement of financial position date. As per the analysis of 51 annual reports, there was a mean score of 61.80% with100% maximum and 0% minimum compliance achievements. Most of commercial banks have a detailed disclosure on their financial assets and liabilities in relation to collateral amounts held, allowance of credit losses, percentage breaches on loans receivables, and credit, liquidity and market risk analysis.

IFRS 9 Financial Instruments):IFRS 9 establishes a new model for recognition and measurement of impairments in Financial are measured at Amortized Cost or FVOCI—the so-called expected credit losses model, impairment model that applies in IFRS 9 because all other assets are classified and FVOCI with no recycling to profit and loss.

Ethiopian Commercial Banks' expected credit losses are calculated by: (a) identifying scenarios in which a loan or estimating the cash shortfall that would be incurred in each scenario if a default were multiplying that loss by the probability of the default happening; and (d) summing the possible default events. Because every financial asset has at least some probability of default in every financial asset has an expected credit loss associated with it—from the moment of its acquisition receivable defaults; (b) to happen; (c) results of all such in the future, origination or acquisition. This standard drives changes in the measurement bases of the commercial Banks' financial assets to amortized cost, fair value through other comprehensive income of fair value through profit or loss. The standard also defines measurement of impairment from an "incurred loss" model under IAS 39 to an "expected credit loss" model. As per the analysis of 51 annual reports, there was a mean score of 27.45% with100% maximum and 0% minimum compliance achievements.

IFRS 10 (Consolidated Financial Statements): Issakova et al. (2017) stated that consolidated financial statements are formed within a single accounting policy of the group. If the accounting policy of a subsidiary on any objects of accounting or transactions does not comply with the accounting policy of the group, then for the purposes of consolidation, the appropriate adjustments shall be made by the subsidiary. When preparing consolidated financial statements, the company consolidates line by-line the financial statements of the parent and subsidiaries by adding similar items of assets, liabilities, capital, income and expenses. These standards serve as guidance of preparing consolidated and separate financial statements. Even though standards that deal with group accounting have changed during the years, the basic principles do not differ much from the first standard IAS 3 Consolidated Financial Statements (issued in June 1976), which was later adopted into IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries. Since 2011, IFRS 10 - Consolidated Financial Statements 6 is the standard that requires group companies to report following its guidance, and IAS 27 separate financial statements which outlines financial statements prepared by a parent, or an investor in a joint venture or associate. This is one of the least poorly disclosed standards next to IFRS 3 of 27.83% mean, 100% maximum and 0.00% minimum results. This may be the result of unclear regulatory and tax practices in the country.

IFRS 11 (Joint Arrangements): A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is defined as the contractually agreed sharing of control and exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control (Abdugafurovich, 2017). This is one of the second least poorly disclosed standards next to IFRS 3 of 27.46% mean with 100% maximum and 0.00% minimum results.

IFRS 13 (Fair Value Measurement): IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, which comprises of three levels, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value is measured based on observable transactions for the item in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. The valuation is performed using an approach that is most appropriate in the circumstances, for which sufficient data is available, and which maximizes the use of observable inputs, and minimizes the use of unobservable inputs. A market approach, income approach or cost approach can be used. As per the analysis of 51 annual reports, there was a mean score of 89.19% with100% maximum and 0% minimum compliance achievements.

IFRS 15 (Revenue from contracts with Customers): This standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The bank recognizes revenue when it transfers a service to a customer. As per the analysis of 51 annual reports, there was a mean score of 27.18% with100% maximum and 0% minimum compliance achievements.

Conclusion

This research examined the extent of compliance with disclosure requirements of IFRS by commercial banks in Ethiopia. The IAS/IFRSs disclosure levels of commercial banks with their maximum, minimum, mean and standard deviations against 28 IAS/IFRS standards was investigated. The level of disclosure compliance varied among commercial banks. The minimum and maximum represent the case of one commercial bank with respect to each standard, while the mean represent the extent of disclosure results among seventeen commercial banks. The findings revealed significant variability, total standard deviation of 0.20. This variability was more noticeable in the IFRS 12 with standard deviation of 0.49; IFRS 2 with Standard deviation of 0.46 and IFRS 9 with Standard deviation of 0.45 among others. Therefore, it can be observed that there was no absolute (100%) compliance of the 28 IAS/IFRS standards among seventeen commercial banks annual reports in the periods covered by the study.

The finding shows that IAS 7 (statement of cash flows) and IAS 21 (The Effects of Changes in Foreign Exchange Rates) have the maximum mean result of 98.32% and 92.16% among all the standards with a variability of 0.039 and 0.27 respectively. Whereas IFRS 10 and IFRS 11 have the minimum mean of 0% with no variability. Therefore, it can be observed that there are standards that have greater compliance and also standards that have 0% compliance level among the 28 IAS/ IFRS standards considered in this study.

The study revealed that 19 among the 28 of IAS/IFRS standards complied on average of 50% and above score. These were IAS 7 (statement of cash flows), IAS 1 (Presentation of Financial Statements), IAS 10 (Events after the Reporting Period), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 28 (Investments in Associates and Joint Ventures), IFRS 13 (Fair Value Measurement), IAS 36 (Impairment of Assets), IAS 33 (Earnings Per Share), IAS 12 (Income Taxes), and IAS 16 (Property, Plant and Equipment).

On the other hand, the lowest level of compliance between 0% and 27.19%was observed in IFRS 3 (Business combinations), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), IFRS 9 (Financial Instruments), IFRS 10 (Consolidated financial statements), IFRS 11 (Joint arrangements), and IFRS 15 (Revenue from contracts with Customers).

The study also confirmed that the extent of IFRSs compliance by commercial banks in Ethiopia was better with an overall mean compliance of 71.76% but far from full compliance. Further, no commercial bank achieved full compliance score implying that there is a need for improvements in IAS/IFRS disclosure level that should still be improved. This is because there is evidence that some commercial banks do not provide sufficiently extensive IAS/IFRS information requirements.

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