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Assessing the Challenges and Prospects of Adopting IFRS Projects: *The Case of First Phase Adopters (Public Interest Entities in Addis Ababa)*

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Assessing the Challenges and Prospects of Adopting IFRS
Projects

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Declaration

I, Zelalem Girma, declare that this study by the title of “Assessing the Challenges and Prospects of Adopting IFRS Projects: *The Case of First Phase Adopters (Public Interest Entities)*” is the outcome of my own effort and study. All resources of material used from other sources to support the study have been acknowledged. This study is my own original work and it has not been submitted or presented for any degree in any university.

Zelalem Girma

Signature: _____

Date: _____

Statement of Certification

This is to certify that the project work by the title of of “Assessing the Challenges and Prospects of Adopting IFRS Projects: *The Case of First Phase Adopters (Public Interest Entities)*” undertaken by Zelalem Girma for the partial fulfillment of Masters of Art in Project Management at Addis Ababa University, School of Commerce. I have read this project prepared under my direction and recommended that it is accepted as fulfilling the requirements.

Advisor: Dr. Dakito Alemu

Signature: _____

Date: _____

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List of Acronyms

AABE - Accounting and auditing Board of Ethiopia

ACCA - Association of Chartered and Certified accountants

AISG- Accountants International Study Group

EU - European Union

FASB – Financial Accounting Standards Board

FDRE - Federal Democratic Republic of Ethiopia

GAAP - Generally Accepted Accounting Principles

IAS - International Accounting Standards

IASB - International Accounting Standards Board

IASC - International Accounting Standards Committee

IFRS - International Financial Reporting Standards

IOSCO - International Organization of Securities Commissions

MoFED - Ministry of Finance and Economic Development

NBE- National Bank of Ethiopia

UN - United Nations

UNCTAD - United Nations Conference on Trade and Development

WB - World Bank,

Abstract

This study examines the benefits and challenges of IFRS during first phase adopters on the implementation process of the standard in Ethiopia. However, the study raised two big research questions those are, what are the practical challenges face while adopt IFRS for the selected companies and what benefits gain by adopting this international standard. To answer this research questions the study uses survey research design and adopt the Quantitative research approach. In addition, the study used multiple data collection method, including questioners and document review. The questionnaire data were also analysed using descriptive statistics. Based on the analysis, the results show that IFRS adoption in Ethiopia would result in a number of important benefits like better quality of report, better risk management practice for management, increase cross border investment, reliability and accessibility of reports, financial statement disclosure is improved, mobility of professionals from one country to another country and intra country organization is easy and simple to a wide range of stakeholders, investors, companies and management as well. Furthermore, the main challenges in the process of implementing IFRS include significant cost of adoption of IFRS, need for training, lack of readiness to implement within the time frame set by the board, lack of adequate implementation guidance and lack of enforcement capacity are some of the key challenges facing the transition to IFRS. Finally, the thesis displayed practical implications for the government of Ethiopia and regulatory bodies in setting a firm deadline for the IFRS adoption and in following the proper application of all the adopted standards. The findings also suggest that a rigorous IFRS capacity building program should be embarked by the government, all regulatory bodies, firms and training institutions in order to provide the needed manpower for IFRS implementation.

Chapter 1

1.1 Introduction

The increasing integration of world's markets for goods, services and capital between countries as a result of globalization, pose a problem on Companies reliance on domestic reporting standards (International GAAP , 2016).

To make accounting reports / financial statements relevance, reliable, comparable and understandable by interested users located in different jurisdictions, developing a single set of high quality, understandable and enforceable global accounting standards becomes a necessity. It was to address/ deal with this issue/ demand that the International Accounting Standards Committee (IASC) was formed in 1973 by professional accounting bodies of Australia, Canada, France, Germany, Ireland, Japan, Mexico, Netherland, United Kingdom (UK) and United States of America (USA) (Tesfu, 2012).

During its existence from 1973 to 2001 the International Accounting Standards Committee (IASC) issued 41 International Accounting Standards (IAS) as well as a framework for the preparation and presentation of financial statements in the year 1989. The first International Accounting Standards (IAS 1) were published in 1974. However, In the year 2001 International Accounting Standards Committee restructured and grown into board and renamed as the International Accounting Standards Board (IASB). Subsequent to adopting the existing 41 International Accounting Standards (IAS) the International Accounting Standards Board (IASB) continued to develop Accounting Standards calling the new standards International Financial Reporting Standards (IFRSs). The first IFRS (IFRS 1), First-time Adoption of International Financial Reporting Standard was issued in 2003 (IFRS Foundation, 2010).

International Financial Reporting Standards (IFRSs) are accounting rules ('standards') issued by the International Accounting Standards Board (IASB), an independent organization based in London, UK. They purport to be a set of rules that ideally would apply equally to financial reporting by public companies worldwide (Ball, 2006).²

Developing an internationally acceptable set of high quality financial reporting standards is a common goal of both the International Accounting Standards Board (IASB) and its predecessor body the International Accounting Standards Committee (IASC). The issuing of principles based standards, the steps taken to remove allowable accounting alternatives and its requirement of accounting measurement that better reflect a firms economic position and performance facilitate the way of achieving its goal (Barth et al, 2008).

International Financial Reporting Standards (IFRSs) are Accounting rules (standards) intending to harmonize accounting standards, regulations, and procedures by narrowing the differences between countries relating to the preparation and presentation of financial statements (Bhattacharjee & Islam, 2009) and (IFRS Foundation, 2010).

Through time the adoption of International Financial Reporting Standards (IFRSs) is wide spreading around the world. Compared to national accounting standards (domestic GAAPs) IFRSs are regarded as a set of high quality accounting standards (Dimos, 2011). Most of the national standards that adopt IFRS are word-for-word, but some have made some significant modifications (IFRS in your pocket 2013). For example, domestic listed companies of about 120 nations and reporting jurisdictions permit or require IFRS, although 90 countries have fully confirmed with IFRS as promulgated by the International Accounting Standards Board (IASB) (www.ifrs.com/ifrs-faqs.htm , 2017). The growing value of IFRS "network" can be a reason to the increase in the adoption of IFRS across

countries (Ramanna & Sletten, 2009). According to IFRS Foundation 2016 report, in Africa there are about twenty countries out of the fifty three countries in the continent that adopt IFRS. Ethiopia is moving to integrate its financial statements with IFRS within the next five years (Hailemichael, 2016). The government of Ethiopia by recognizing the importance of high quality financial reporting and its contribution to improved business which is necessary to attract investment issued the financial reporting proclamation in 2014 (AABE, 2014). Financial Report Proclamation No 847/2014, (2014) of the FDRE describe that “having a uniform reporting law enhance transparency and accountability by centralizing the hitherto decentralized financial reporting structures of Ethiopia.” In order to meet and sustaining the economic growth potential of the country, implementing high quality financial reporting standard i.e. IFRS is fundamental (AABE, 2014). Even though the International Financial Reporting Standards will have significant benefit, but it may also entail a number of problems (Tesfu, 2012). As evidenced by the global experience, convergence with IFRS would have significant challenges common to all countries and companies.

According to the IFRS Foundation's 2016 report, approximately 37.8% of African international locations have carried out the standard. In the following couple of years, Ethiopia is plans to line up its monetary and different announcement be accomplished with IFRS (Hailemichael, 2016).

1.2 Statement of the Problem

Various studies have been conducted to assess adoption of IFRS in different countries around the world. Most of these studies conducted on the data from developed and industrialized countries. The European Union (EU) took the lead when it mandated all listed companies in the European Union to start the adoption and implementation of the IFRS in their financial reporting since 2005 (Odia.et.al, 2013).According to (Beke,2015) as cited in (Onalo.et.al, 2014) although it became mandatory for firms listed on capital markets of European and other developed countries to implement IFRS beginning from 2005, only few emerging countries have recently converged with or adopted IFRS as their reporting standards. Hence most prior extant studies on the change from local GAAP to IFRS or better state IFRS adoption/convergence focus majorly on European and other developed countries with paucity of such studies on emerging economies . Lack of empirical studies on the association between changes in accounting standards or IFRS adoption/convergence and accounting quality of financial institutions such as banks in terms of earnings management and value relevance is theoretically and practically precarious giving the functional status of financial institutions particularly banks on economic scenes local or international. Furthermore, financial institutions particularly banks is one sector that is expected to be most affected by changes in accounting standards specifically IFRS adoption or convergence (Olano.etai, 2014). According to (IASB, 2014) as cited in (Olano.et.al, 2014) moving to IFRS has had a major impact on the reporting requirements of financial institutions.

Few studies have been conducted on the data from developing and emergent countries like Ethiopia .Studies on IFRS have been conducted in Nigeria such as (Demaki, 2013) examines Prospects and Challenges of International Financial Reporting Standards to Economic Development in Nigeria and finds that need of amendment of laws and regulation is among the major challenges and among the benefit enhanced effectiveness of management function is the major one. (Michael, 2013) , studied the Application and Challenges of International Financial Reporting Standards in Nigeria. The result of the study is lack of preparedness is the major challenge. (Odia.et.al, 2013) ,

studied the issues, challenges and lessons from IFRS Adoption. The findings are lack of legal and regulatory and allocations of resources are the major problems.

(Kumar, 2014) and (Rawat.et.al, 2015) conducted a study on International Financial Reporting Standard (IFRS) and finds complexity of IFRS is the significant problem and among others enhance refined performance measures is the benefit of IFRS adoption. (Thappa, 2012) studies on challenges of IFRS adoption in Indian Banking Industry. The result shows that lack of awareness is the major challenges of IFRS adoption.

(Tesfu, 2012) studies the Benefits and Challenges of adopting IFRS in Ethiopia and found that need for training, complexity of IFRS and lack of implementation guidance are the major challenges of IFRS adoption, (Mihiret, 2016) investigates the Process, Issues and Implications of IFRS Adoption in Ethiopia .The study shows that lack of commitment and low capacity among accounting Professional and lack of coordination of all concerned stakeholders are the major challenges.

(Hailemichael, 2016) studies Adoption, Challenges and perception of International Financial Reporting Standards (IFRS) on the Quality of Financial Reporting of Financial Institution in Addis Ababa, Ethiopia and finds that there is a strong positive relationship between IFRS adoption and quality of Financial reporting of financial institutions and the study also highlights challenges of IFRS adoption the significant ones are cost of adoption ,IT challenge and lack of implementation agent and guidance , (Teshome, 2017) investigates Challenges and Prospects of International Financial Reporting Standards (IFRS) implementation in Ethiopia .The investigation shows that need for training, lack of readiness to implement within the time frame set by the board, lack of adequate implementation guidance and lack of enforcement capacity are some of key challenges facing the transition to IFRS.(Alemi,2016) conducts a research on IFRS Adoption Progress in Ethiopia and finds that shortage of qualified professionals and lack of preparedness are the major challenges of IFRS adoption. Most of the studies conclude that Transparency and comparability are the major benefits of IFRS adoption.

In spite of studies have been conducted on the adoption of IFRS, challenges and prospects in Ethiopia, as per the knowledge of the researcher previous studies have been conducted prior to the financial institutions mandatorily adopt and face the practical challenges. The actual problems regarding the challenges of absence or difficulty of finding source documents and data to satisfy IFRS requirements as well as resources and infrastructure accessible for the adoption has yet to be studied in the context of Ethiopian

1.3 Research Question

The above stated question are prepared to achieve the planned objectives

- What are the benefits of implementing IFRS Projects in Ethiopia?
- What are the major challenges that a company face during the implementation of the project?

1.4 Objective of the Study

1.4.1 General Objective of the Study

The main purpose of this study would be to examine chances and obstacles in Ethiopia's public sector enterprises while implementing International Financial Reporting Standards (IFRS)projects in Addis Ababa .

1.4.2 Specific Objective of the Study

- To assess the prospect of adopting and executing IFRS projects in Ethiopia.
- Identifying the challenges to adopting and executing IFRS initiatives in Ethiopia.
- Examine the potential of IFRS initiatives in relation to other stakeholders (regulators, financial institution ,accounting standard setters , investors , and ant law makers)

1.5 Significant of the study

By giving the appropriate information on IFRS projects, the research try to benefit all scholar. It would also help by giving all level of managers in the organization by giving information on the theoretical and practical prospects and challenges of adopting and implementation IFRS projects and also reporting of financial statement under IFRS give good quality for the statement with full disclosure. This study provides evidence for stakeholders and investors the develop their confidence.

It is also valuable to provide data on the definition of the problem for prospective relevant academic effort. The study might potentially motivate research in the future to carry out a thorough and thorough study on the adoption and implementation of Ethiopia's IFRS initiatives.

It would also help the 2nd and 3rd phase adopter of then IFRS projects to minimize the challenges and also to aware the actual benefit of implementing the project for higher responsibility organs and top managers by giving guideline on how to implement the settled standards most efficiently.

1.6 Scope of the study

Research aims to assess the problems and opportunities in Ethiopia for the execution of IFRS initiatives. restricting its reach to governmental bodies adhering to this criteria in the first phase.

1.7 Organization of the Paper

The study will be structured into five chapters.

Chapter one , which is the introductory part of the paper contain the Introduction, statement of the problem , research question , research objective and the significance of the study.

Chapter two contain literature review part of the paper which will be containing definition, theoretical review, and empirical analysis.

Chapter three contain the detailed research methodology which include research design, study area, population and sampling, sampling design and data collection method.

Chapter four contain data presentation, analysis and interpretation and analysis of the study.

Chapter five includes summary of the study , recommendation based on finding .

Chapter 2

2.1 Review of related literature

This chapter discusses literature in accordance with global accounting standards, including IFRS and public reporting obligations, focusing mostly on the practical benefits and problems of IFRS implementation. It comprises of a broad panorama of the IFRS, progress and the IFRS procedure, and its advantages and its obstacles. Generalizing the present empirical research, this part analyses the conceptual base, summarizes the evaluation and identifies the gap in the current literature. conceptual context.

2.2 Project Management Approach

For the following reasons , in general the most appropriate approach will be to adopt the holistic project management approach in order to assess the full scope and requirement of an IFRS conservation project on a business :

- This will be a major project for most companies notably large or complex businesses
- There will need to be a comprehensive evaluation of IFRS in order to fully understand the financial impacts
- The IFRS conversion should take place over a manageable timescale, as the longer the project is delayed , the more difficult and expensive the process is likely to become.

2.2.1. Project Overview

The scope of an IFRS conversion project may include the following

- Analysing the impact on the reported results
- Planning the conversion of the project including costs , timing and responsibilities
- Identifying resource constraints and giving solution like training of existing staff, recruiting new staff or outsourcing.
- Developing a communication strategies both internally and external
- Regular reviewing progress by ensuring that the project is gone based on time , budget and scope.
- Identifying any resource constraints and solution include training of existing staff, recruiting new staff or outsourcing
- Determining possible courses of action and implementation strategies

2.2.2 A project management approach to IFRS

Key project management principle

All project whether big or small require effective:

- Leadership that provide , direction and motivation
- Management to co-ordinate organize and communication the project and
- Execution accomplished through teamwork and obtaining the right individual with the appropriate skill to complete milestone and tasks,

When considering how to apply a project management approach to IFRS conversion, there are several important project management principle to bear in mind. The following principle will be discussed in order to demonstrate how to apply to the IFRS conversion.

1. Tailoring the solution

The project management solution will be to tailored to meet the specific requirements. There are many factors that should be considered when assessing the project management requirement of an IFRS conversion. Project management can be implemented at a full, medium or low scale depending on the needs of the company, IFRS goals and overall project objective.

It is also important to establish the organization principle objective with regard to time , cost and quality. Ordinary businesses need to strike a balance between these often conflicting elements and therefore the project management approach for the IFRS conversion will need to understand and meet these objective.

2. Team Integration

Team integration has three key area which all need to be establishing and coordinated in order to ensure an overall effective project management approach :

- Establishing a project team structure
- Identifying roles and responsibilities: and

- Ensuring integration of team

Project team structure

The IFRS project team will need to be structured in a way that takes into account the unique situation of the companies by assessing the objectives needs, resource availability, timescale and intendancies

It is also necessary to consider the need for specialist team and the involvement from various businesses departments and division through the organization, including, internal audit, risk management, human resource, investor relation, legal, subsidiary and business units.

The structuring of a company's Canadian GAAP to IFRS conversion team will be based at least partially on an impact assessment. This helps to make sure all potential issues identified are addressed. Typically, a cross functional team will be required, which represents Finance, IT, HR, Operations, Sales, Investor Relations, Marketing, Governance, Legal, Training and Audit functions. It is best to base the team on the business wide impact IFRS will have. The size of the IFRS conversion team will depend on the size of the company.

When assembling the team, it will be important to consider the people outside of the accounting function that could be affected by and have influence over the change process. For instance, HR charged with setting compensation for employees and management will need to be aware of the implications of the changes. HR people will need to be involved when reviewing the accounting rules for pension plans, share based payment plans or employee benefit bonus incentives. Treasury might be required to review debt covenants. Sales might be required to review the technical nature of sales transactions.

It will be important to involve the Internal Audit staff, as they could potentially assist with managing the IFRS risk and ensure that key milestones are being met. Also, Internal Audit or equivalent will need to understand, and be involved in any changes in financial and business processes. For instance, with respect to a company's certification of internal controls over financial reporting under national instrument 52-109, the controls and documentation are going to change to the extent that the financial processes have changed. This will need to be updated, which for most companies will represent a significant undertaking. Some of these companies will need internal audit to be involved with the year-end testing and evaluation.

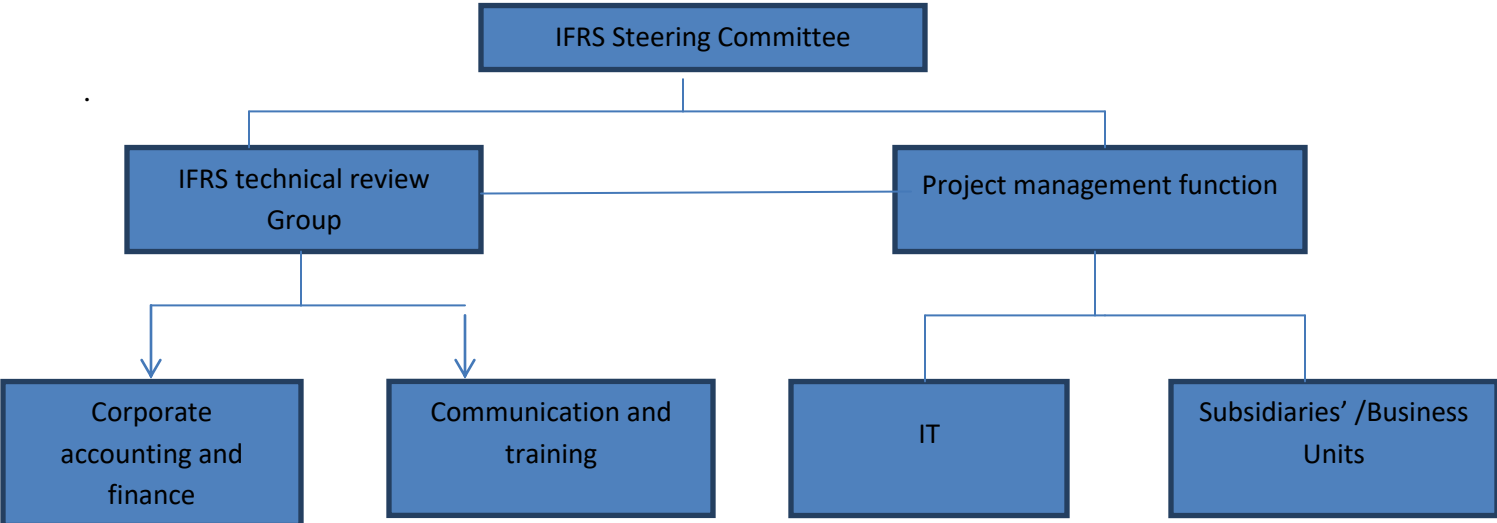
Some organizations also use an "Internal Control group" which also plays a role in the conversion. Both Internal Audit and Internal Control groups would be most affected as changes to systems, processes and controls affect management certifications. The IFRS project team and Internal Control group need to work together closely on the conversion.

It is essential to get systems and IT personnel involved with the financial reporting systems and on gathering information. Most information for the majority of the entity must be collected through the financial reporting system, but other systems may also work in tandem. The financial reporting system is currently geared towards Canadian GAAP. This obviously needs to change to IFRS financial statements and differences addressed from a systems standpoint. It is also important to note that IFRS disclosures are significantly more robust than Canadian GAAP, and existing systems may not be set up to collect the new required information at the level of detail needed. Therefore, it is important to review what the IT requirements are, and get IT personnel involved early.

In short, this is not solely an accounting project – it will affect just about every facet of the organization –and that's why it's so important to involve representatives from across the company with the appropriate skills and

background to fulfil their responsibilities. Having a cross functional IFRS project team that has general oversight is important to keep everyone throughout the company accountable and focussed on their respective timelines.

The cross functional team provides an opportunity to build technical expertise and system visibility within the company. This conversion project will require considering choices, options, and making decisions that will impact the organization from a business, IT and policy perspective for years into the future. Having more people engaged in the work and in different parts allows people of varying experience and expertise to dialogue, exchange ideas and support in each other. The IFRS standards need to be reviewed in detail, so one approach may to identify the top 5 standards impacting the company, and use those as a starting point.



Role and Responsibilities

At the outset of the IFRS conversion projects, it is essential that all project team members are clear as to their individual role and responsibilities are through the whole of the project management process

This will enable all other members of their team and the other team within the project structure to know what their responsibilities are and how everyone can work together to achieve the project objective.



Project Team	Responsibilities
IFRS steering Committee	<ul style="list-style-type: none"> • Strategic project guidance to ensure alignment with business strategies and goals • top level accountability with the power to make " make things happen
IFRS Technical Review Group	<ul style="list-style-type: none"> • Technical accounting issue resolution process approval • Acts with the authority of the committee to ensure that all issue are resolved • Advice on IFRS accounting policies and complex technical area.
Project Management Function	<ul style="list-style-type: none"> • Support and inform the steering Committee • Overall management and coordinate of all activates through project team and issues management • Monitor the progress of the project at all time
Corporate Accounting and Finance	<ul style="list-style-type: none"> • Assess the financial impact of IFRS • Establish IFRS accounting Policies • Consolidate IFRS information • Interpret and explain IFRS results
Communication and Training	<ul style="list-style-type: none"> • Develop IFRS internal and external communication plan • Arrange for IFRS training through the company • Liaise with Finance to communicate IFRS information
IT	<ul style="list-style-type: none"> • Assess system impact • Develop system implementation and testing plan • Implement necessary system amendment
Business unit	<ul style="list-style-type: none"> • Perform IFRS accounting conversion • Complete IFRS group reporting package
Role and Responsibilities for full Scale IFRS implementation project	

Integrated team

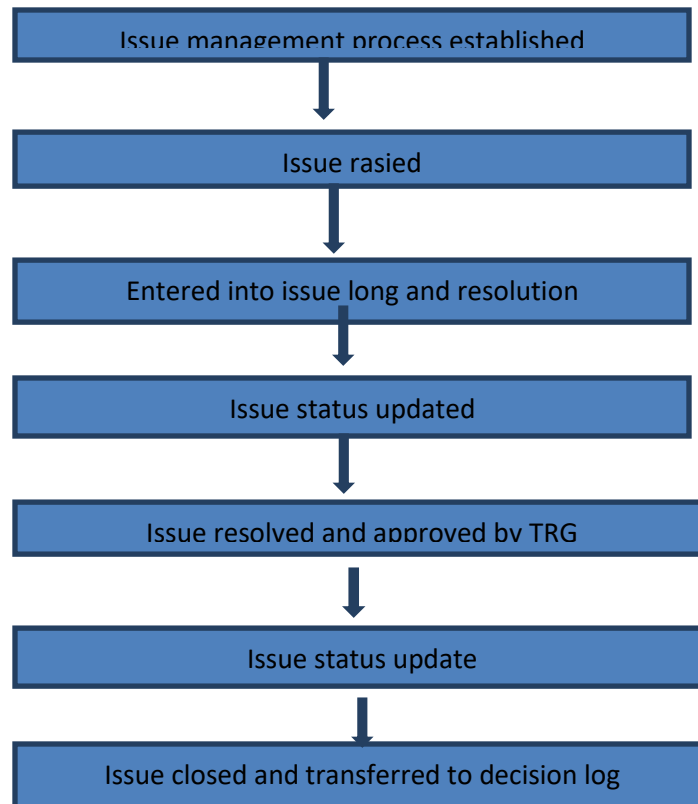
Project team can be structure to include IFRS specialist, project management consultant, and other external advisor who work as integrated team members with the staff to undertake the conversion process. An integrate team approach help to ensure that the resource need to met, while ensuring that individual within the company develop IFRS knowledge and expertise through the project.

3. Milestone Planning

Developing the project milestone plan required an understanding of the big picture as well as an awareness of the logic of the step necessary to reach the project objective, the purpose of the project milestone plan is to visually demonstrate what must be done, by whom or what team and by when.

4. Managing Issues

A process need to be established to identify problems and resolve issue. A record should be maintained from the outset to track the status of all issue and to maintain a history of what the project issue were and how they have been resolved.



5. Communication

All project teams members should be clear on how to contact other members, when key meetings are to be held, or decision made, issue resolved or millstone achieved.

Some of the communication principle and tools of a project based approach are as follows:

- Meeting management
- Status meeting
- Templates
- Information storage and organization

6. Technical Methodology

Financial statements should be converted to IFRS in a disciplined, consistent and comprehensive manner.

High level impact assessment

A high level assessment of Ethiopia GAAP to IFRS difference , including disclosure requirements should be conducted. This assessment acts as an initial project scoping document by identifying the key accounting area that will be impacted.

Financial statements conversion

Once high level impact analysis is completed, the detailed of the financial statement conversion process will need to be undertaken. To achieve this , there will first need to be strong understanding of the current accounting policies.

The companies needed to then consider the accounting option that are allowed under IFRS and then agreed and approve that IFRS accounting policies that will be adopted. It is important to recognize that , in addition to deciding what the IFRS accounting policies will be , the company should evaluate the current accounting policies to determine if the local GAAP should be changed in order to coverage towards IFRS and eliminate difference.

Once the organization developed and agreed on the IFRS accounting policies , the required journal entries and the conversion work step should be drafted for each major financial statements line item. Any issue or interdependence related to IFRS conversion for the area should also be identified.

Through this process , issue will be identified and resolved. Finally , IFRS financial statements will be produced and an IFRS checklist should be completed to ensure that all necessary information and disclosure requirement have been captured to verify compliance with IFRS.

2.3 International Financial Reporting Standards(IFRS)

In previous years the international financial reporting system (IFRS) was known as international accounting standards (IAS) (Zakari, 2014). By the professional accountancy association of United States, Canada and United Kingdom the accountants international study group (AISG) was established in 1996 with a major goal of developing comparative studies of accounting and auditing procedures. By marking the beginning of the movement toward accounting standard convergence the AISG was established in 1967.

Alongside the three AISG countries, representatives from professional accounting organizations Germany, France Mexico, Japan, Australia, and the Netherlands, considered and determined to constitute the Committee on International Accounting Standards (IASC). With the aim of developing a unique bunch of quality worldwide accounting standards which were widely approved (IASs). The International Accounting Standards Committee (IASC) was founded in 1973(Mihret, 2016). The IAS was established to standardize global accounting standards, which results in a better financial knowledge of all organizations (Zakari, 2014). Then after that in 2001 the International Accounting Standard Board (IASB) took over the IASC with the goal of developing international set of standards which are become known as International Financial Reporting Standard. In the year between year 1973 and 2000 the IASC issued 41 International Accounting Standards. (IASs). And also, to address difficulties concerning continuous accounting The Standing Interpretations Committee (SIC) was formed in 1997 (Mihret, 2016). IAS are the earlier standards that have been superseded by IFRS. . The IFRS guidelines are a collection of

financial reporting drawn up by an impartial, London-based, not-for-profit private sector organization called the International Accounting Standards Board (IASB). In order to fill the gap in present disparity in financial reporting among nations owing to uniform accounting rules, the IASB is taking over from IASC. Both the IASB and IASC rules are set by IASB, which some of these are updated via an IASB (Barth et al, 2008). The International Accounting Standards Committee shall have all financial laws and guidelines issued by the Committee of International Standards and its predecessors (IASC) are covered in Accounting Standards (IFRS) ROSCE, 2007).

IFRS, are financial reporting standards that apply to all profit oriented organizations general purpose financial statements and other financial reporting. The word IFRS refers to IASB- issued IFRS, IAS- issued IAS, and interpretations published by the IASB's. Since 2001 the international accounting standards board has been developing and approving international financial reporting standards (IFRS) (IASB). The IASB is a self-contained, privately funded accounting standard-setting organization formed to produce world-wide financial reporting standards.

The distinguishing feature of this standards is a requirement based on principles, which seeks to prevent a rule-based ideology (Hlacuc et. al., 2009). Instead, in applying accounting rules based on the economic content of transactions, the use of IFRS necessitates the use of judgment by the preparer and auditor. The IASB framework sets a broad duty to account for transactions based on their legal form. Because the purpose of IASB is to demand identical accountability and reporting of transactions and occurrences and not otherwise accountability of activities and occurrences, the IASB is not designed to permit alternate financial transactions.

2.4 Approach of Adopting IFRS

A user's current accounting device may be transformed to an the world over diagnosed accounting widespread called IFRS with the aid of using totalling changing or adapting it with IFRS over time.. The former is called the adoption or "large bang" method, while the latter is called the convergence method. The 'large bang' approach is a planned preference to put in force IFRS for different organizational units, on a single day or, maybe, succession of periods. If the standards are once implemented, all IFRS requirements need to be accompanied while making ready financial statements and the prevailing accounting requirements need to get replaced with IFRS; while with inside the Convergence approach, a slow transition to IFRS is made with the aid of using customization and IFRS are constantly implemented with the current accounting requirements. Customization and IFRS are constantly implemented with the current accounting requirements. A convergence of IFRS area requirements every 12 months can allow area standard setters and authorities to comprehend a few issues at a period instead of diving into the whole IFRS package and the convergence method could also permit for time to update the necessary legal structure of the neighbourhood (IFRS Foundation Guide, 2013). Eva K. Jermakowicz and Sylwia Gornik-Tomaszewski (2006) accomplished studies on imposing IFRS in EU publicly indexed companies. The intention of this have a take a observe changed into to examine the manner of imposing IFRS with the aid of using European publicly indexed corporations, which include the method those corporations Take into account the influence on financial reporting and the benefits and challenges identified by the IFRS implementation doing so. The have a take a observe investigates the techniques utilized by corporations at some point of the conversion manner. Furthermore,

the have a take a observer's general findings imply that the manner of making use of IFRS changed into costly, difficult, and time-consuming. Studies with the aid of using (Street & Bryant, 2000) underlined the significance of the enforcement trouble for the IASC because it sought endorsement from the International Organization of Securities Commissions (IOSCO). Several articles tested selected measuring strategies utilized by European agencies to estimate the quantity of accounting harmonization. These research tested every year reviews from agencies primarily based totally in numerous international locations to set up the volume of conformity with numerous accounting strategies and the effect of adopting global requirements on accounting harmonization. Various accounting objects are extra precious in not unusual place regulation countries with powerful judicial structures, more potent investor protection, and better nice accounting processes (which include extra obvious reporting) and auditing structures than in code regulation countries. The lower the financial relevance of any of these practices is for the domestic workouts to leave the IFRS. EU countries also with biggest deviation from IFRS thus need to optimize the transformation to IFRS (Francis, Khurana, & Pereira, 2003; Hung, 2001). Prior have a take a observe appeared at the problems linked with executing the EU's sincere and truthful view requirement (Aisbitt & Nobes, 2001; Alexander & Archer, 2003). thirteen Recent modifications with inside the EU gift an possibility to have a take a observe the results of the IAS law on country wide accounting requirements. According to the have a take a observer's agreement, one of the maximum extensive troubles of conversion is a loss of right education, education, and focus of IFRS. A education application for a company's whole personnel is needed to permit them to include a very new device of enterprise operations, overall performance assessment, and marketplace communication. Because IFRS is a dynamic objective, this education may be continuous. This education application is based closely on audit companies. Auditors' involvement is so significant that they threat turning into notably worried with inside the practise of the monetary statements they may be anticipated to audit. This is broadly speaking because of the intricacies of IFRS, for which many organizations, especially smaller publicly traded corporations, lack suitable competence (Hoogendoorn, 2006). The repercussions of adopting IFRS will probably amplify nicely past a trifling extrude in accounting strategies with the aid of using the agencies worried. It also suggests that European general public and legislators currently go into the destiny of their individual nations' accountancy and financial reporting. However, the destiny of monetary reporting may also be described with the aid of using the preparers. Many selections approximately the IFRS adoption manner were left to the enterprise. It is essential for company executives to comprehend the far-accomplishing results that IFRS may have on enterprise. This have a take a observe recognized some of worries that benefit extra investigation. Some respondents voiced skepticism approximately the opportunity of accomplishing unified requirements throughout the EU because of variances in interpretation and a loss of implementation advice. It is important to behavior studies to decide the affect of variances among IFRS initiatives and country wide GAAP on accounting convergence. Finally, steady accounting requirements necessitate a unified method to audits and enforcement throughout the EU, that's now set on the nation level. The wide variety of nations that mandate or allow using IFRS adoption for the manufacturing of monetary statements with the aid of using publicly traded agencies has increased). Earlier in 2016, the IASB discovered that 116 of the a hundred and forty jurisdictions they investigated required using IFRS for all or maximum indexed corporations and monetary institutions, at the same time as some other authorized using IFRS (Earnest and Young, 2016). A us of a can convert its gift accounting device to an the world over diagnosed accounting widespread called IFRS with the aid of using absolutely changing it or steadily adapting it with IFRS. The first approach is called the adoption or "Big bang" method, and the latter is called the Convergence Approach.

2.4.1 The Big Bang Approach

Following the adoption of IFRSs, all IFRSs ought to be assembled whilst compiling economic statements, and the present day accounting trendy ought to get IFRS substituted. Adoption is an approach to IFRS implementation for various organisational dimensions on an undefined period or a number of timelines (Hailemichael, 2016). Adoption is additional than truly a formality with inside the accounting world. This is because of the reality that accounting and reporting are handiest a minor share of the communiqué sports. Plans should start 18 months before the expected date of adoption and preparations (AABE 2015). The practical pleasure of other nations has shown that it takes 18 to 24 months to be successful in merging and performing IFRS.

According to the IFRS Foundation, a massive multinational company's transition to IFRS commonly takes at the least 3 years, relying at the entity's complexity (IFRS insight, 2008). In their 2012 report, the IASB trustees stated that the adoption of IFRS is a voluntary public-hobby desire made via way of means of legislative and regulatory government particularly nations. The IFRS Foundation and the IASB do now no longer have the potential to require or oversee adoption. The IASB does now no longer have an uniform technique that adopting countries ought to observe due to the fact every state has its specific mixture of talent, expert infrastructure, and regulatory hobby. However, setting up coverage decisions, making plans for targets and timelines, and figuring out to be had and essential sources to put in force the device are the 3 stages that new adopters ought to do (IFRS Adoption manual 2013). Countries ought to increase their very own strategies for legally incorporating IFRS into countrywide law and making sure steady and rigorous software. Whatever the mechanisms of IFRS adoption are, the final end result ought to be the same—complete popularity of the IASB's.

2.4.2 Convergence Approach

Before enforcing IFRS, this approach calls for a innovative customization of the vintage accounting trendy. Converging some nearby requirements to IFRSs every 12 months can assist nearby preparers and auditors to grasp some problems at a time in place of diving into the complete series of IFRSs. Furthermore, the convergence technique would possibly offer period to some major modification by legal manner. it is able to ease adoption all through a transition time. Convergence, on the alternative hand, isn't a substitute for adoption. Adoption approaches may also range via way of means of united states and can take the time to execute, however anything technique is used, it ought to allow and oblige applicable businesses to suggest that their economic statements are in complete accordance with IFRS as issued via way of means of the IASB (IFRS, 2015). As a part of the conversion procedure, a commercial enterprise ought to bear in mind now no longer simply the IFRS which are currently in impact, however additionally any destiny revisions to them. The convergence of International Financial Reporting Standards will modify the whole photo of the company's organizational shape. It will extrude the manner a company's overall performance is evaluated, which includes the income control statistics and manage device, reporting procedures, and valuation requirements. The finance and accounting branch isn't totally answerable for the convergence. It took a collaborative attempt from all regions in the commercial enterprise. The goal of the case have a look at changed into, to perceive realistic demanding situations with inside the Implementation of IFRS as asked via way of means of International Standards of Accounting and Reporting (ISAR) because it has identified the developing quantity of member States which are introducing worldwide economic reporting requirements (IFRS) as foundation for the education of company economic reviews. The nations have taken lots of procedures to enforcing IFRS. In the case of Brazil, the implementation of IFRS had come into impact in 2010. German organizations began out getting ready economic statements primarily based totally on worldwide accounting

requirements (IAS) starting with inside the early 1990s. The technique in India has been to conform IFRS to the monetary realities of the united states. Jamaica began out enforcing IFRS in 2002, whilst Kenya commenced the implementation procedure in 1998. Pakistan began out introducing IAS issued via way of means of the International Accounting Standards Committee (the processor of the IASB) as early as with inside the 1970s. South Africa initiated a comparable procedure in 1993. In Turkey, the procedure commenced in 2003. The strict enforcement of rules is one of the important components in implementing IFRS. While these standards are always met, the whole benefit of a global number of policy federal regulations which include IFRS can be determined to be most convenient. IFRS thus provides the most detailed information on the economic reporting infrastructure. The institutions responsible for applying IFRS want to realize that their enforcement actions routinely safeguard each household and globe trader as a result of the increasing internationalization of the economies. To go to IFRS means a step from faith to a couple 15 diplomas. To grasp what is essential is a comprehensive national implementation regime.

In Germany, some of big organizations commenced to put together their economic statements according with IAS, now no longer due to the fact they have been required via way of means of countrywide regulators, however so as to be capable of get entry to economic markets out of doors Germany. The case have a look at of Germany illustrates a European-Union-huge technique to enforcing IFRS. Therefore, the implementation demanding situations amplify past home elements. The case have a look at of Kenya suggests a choice to elevate countrywide economic reporting necessities to worldwide excellent practices with inside the aftermath of giant collapses with inside the united state's economic offerings area with inside the Eighties and 1990s. The case have a look at of Kenya additionally shows every other element that changed into considered in determining to undertake IAS in location of countrywide ones. By adopting IAS, the trendy-placing frame supposed to reallocate sources far from placing countrywide accounting requirements to strengthening different sports geared toward extra powerful implementation of worldwide accounting and auditing requirements. In India, the case have a look at suggests once more a choice to harmonize home economic reporting necessities with worldwide requirements. However, with inside the case of India, but every other technique is taken, i.e., a programmer of converging Indian accounting requirements with IAS via way of means of adapting the latter to the monetary truth of the united states. The case have a look at of Jamaica additionally cites an goal to harmonize company reporting practices throughout nations with inside the Caribbean according with worldwide necessities and with the placement taken via way of means of IOSCO on its endorsement of IAS. The literature reviews from Pakistan, South Africa and Turkey show that their financial accounting standards are elevated to the world over identified benchmarks is one in all their major targets in enforcing IFRS. Furthermore, Turkey is negotiating club with the European Union. The case have a look at of Turkey illustrates the united states's efforts to convey its economic reporting necessities in step with the ones of the European Union. The case have a look at highlights the position of IFRS in facilitating monetary integration on a local foundation. The major realistic demanding situations that stand up in enforcing IFRS which have been diagnosed via the united states case research and the training discovered are generalized as relying on the overall monetary situation, present regulatory framework and economic reporting lifestyle of a given member State, realistic implementation of IFRS poses big demanding situations. These realistic demanding situations relate to the coherence of the regulatory framework and the nation of education of applicable establishments, enforcement and technical capability. Schipper (2005) defined numerous implementation results related to the adoption of IFRS with inside the EU, which includes a likely extended call for for certain implementation guidance. If the IASB declines to reply to needs for certain implementation guidance, preparers will appearance to U.S. GAAP or countrywide GAAP for guidance, diminishing comparison, and convergence. According to Hoogendoorn (2006), there may be a

place of anxiety among a principles-primarily based totally interpretation of IFRS and a rules-primarily based totally interpretation, seeking to keep away from range in exercise effects in a rules-primarily based totally technique. . IFRS should, he believes, be completely and much less difficult, based mostly on additional concepts. Around IAS / IFRS execution in Romania Nadia et al. (2011) sought to pair with IFRS execution in Romania. The reasons why you look at the implementation of IAS/IFRS in an emerging United States, which now subscribe to the European Union, namely Romania, altered to include in-depth analysis and an account of the challenges connected with them. An attitude of the IAS/IFRS implementation in Romania is employed as an institutional and structuration concept. There have been both primary (semi-intensity interviews with major economic reporting players) and secondary facts (accounting rules after the autumn of communism admiring the seventeen adoption of IAS/IFRS). The results show that there have been exclusive results at 2 degree IAS/IFRS implementation with an added depth and qualitative influence from the second stage. The first step turned into the eventual outcome of external coercion, the World Bank's impact. Due to the lack of many parts that support the genuine implementation of the IAS during extrude processes, this time has altered to extremely little. Even though the second step meant that combined money and economic facilities may receive a discount in terms of best and easiest indexed organizations, it's far from stated that this was noticed by a method of extraordinary approach other than during the previous period. The study of international compliance standards was carried out by Monir Z. Mir and Abu S. Rahaman in Bangladesh in 2005. The objective of the article was modified to assess the state's choice of Bangladesh and its business in carrying out global accounting rules (IASs). The study uses several records and discussions with significant players including yearly review standard setters and clients, Securities and Exchange Board personnel, and persons from professional accounting groups. Findings from the article reveal that institutional legitimization is the major driver of IAS decision-making because of the stress of significant global donor/loan institutions and professional accounting organizations in the Bangladeshi government. Such stress consequences from now on do not help to provide overseas merchants credibility, but also demand substantial liability prepayments with loans. . But there seems to be an increasing and improving conflict between various constituencies over the perceived undemocratic character of the adopted system and a very low level of fulfilment. The exhibition of IFRS in bordering governments has been carried out by Robyn Pilcher and Graeme Dean (2009), including price or extra sorrow. This paper's purpose has shifted to determine the influence of economic reporting responsibilities and, in particular, IFRS on the making of choices by the bordering institutions. This might in turn lead to observations and conclusions about the subject of studies: 'Is the reporting under the IFRS system uploading pricing under the supervision of local authorities?' This study evaluates interviews in 18 of the largest country in New South Wales in Australia following a study device distributed to all bordering authorities in all the states of Australia (NSW). The findings generally indicate that the time taken to comply with IFRS and other distinct statutory demands are often underestimated for smaller councils and people remote from key cities in terms of the regulatory landscape concerns. Relevant establishments wished for making sure a easy transition to a international set of economic reporting requirements is probably inexistent or weak. Rigorous enforcement of such international requirements on the countrywide stage poses realistic demanding situations because of absence of effectively resourced enforcement establishments and shortage of ok coordination mechanisms amongst applicable establishments. (UNCTAD 2008). The want for a stricter enforcement mechanism of economic reporting requirements in rising markets notably reduces the price of fairness, this discount is gift handiest in nations with robust felony enforcement and that extended disclosures and more suitable statistics comparison are mechanisms at the back of the price of fairness discount. (Cai & Wong 2010) Without the creation of suitable enforcement mechanisms for IFRS reporting, alongside, among different things, excessive requirements of expert schooling and training, company governance and auditing, there may be no actuality that the accounting statistics pronounced via

way of means of indexed organizations is both dependable or comparable.(ICAWA 2015). Countries that put in force IFRS face lots of capability associated problems, relying at the technique they take. (UNCTAD 2008) For example, Turkey has encountered numerous headaches in adaption of IFRS which includes complicated shape of the International requirements, ability know-how shortfalls and different problems in software and enforcement problems, Epstein (2009).

2.5 Challenges Of Adopting IFRS Projects

Accounting specialists all the world over have stated numerous blessings of enforcing IFRS. Despite those blessings, adopting IFRS is a hard task with numerous hurdles (Tesfu, 2012). The relevance, and as a result the benefit, of IFRS adoption is decided with the aid of using the conformance of country wide GAAP to IFRS previous to adoption (Hailemichael, 2016). IFRS is greater hard to put into effect due to the fact it's miles a principle-primarily based totally trendy that calls for interpretation (“the satan is withinside the details”) & IFRS is greater than genuinely an accounting trouble and might have a good sized have an impact on on a entire organization (now no longer simply the finance department) (Akpaka, 2015). Convergence with IFRS might pose principal hurdles for all governments and enterprises, as verified with the aid of using international revel in. Convergence with IFRS might pose principal hurdles for all governments and enterprises, as verified with the aid of using international revel in. Furthermore, sure unique problems are extraordinary to awesome nations (Robyn and Graeme, 2009 referenced in Mihret, 2016). Technical, cultural challenges, intellectual models, felony hurdles, instructional demands, and political pressures are the number one hurdles to IFRS implementation in growing countries (Obazee, 2007). The structural capacity limits exist, so according Rong-Ruey Duh (2006): possibly the best interpretation of the rules, continuous changes to the IFRS, accountability and revelation, and controlling motive (Ball et al, 2000). IFRS is capable of increasing border-related similarity, clarity in growth reporting, cost-reduction in facts, reduction in asymmetry and hence, liquidity, competitiveness and effectiveness in the growth market. The cultural, political and business fluctuations can continue in 2007, Armstrong et al. (2007) and Soderstrom & Sun (2007). The adoption of IFRS should be a great way to strengthen diverse institutions, such as: standard setters (supervisors) and enforcement agencies (auditors (status, independence, education, compensation, and harsh judgment), criminal organizations and 17 courts, regulators, accounting offices, shareholders of ownership/blocs and politics, legislators, analysts and an (Ball, 2006). The sensitive issues that might arise in Ethiopia as a result of using IFRS must be acknowledged to make good use of adoption of IFRS projects.

2.5.1 IFRS Adoption and Implementation challenges in Ethiopia

A major step has been taken by Ethiopia in broadening a right accounting and auditing framework for a rustic with a massive monetary ambition. The world's maximum populated USA lacks each a regulatory authority and a pro accounting group. According to AABE, it's far a hard system a good way to take a long term to finish. Because there has been no possession of the career earlier than to the proclamation, the founding of this Board represents a sizeable turning factor with inside the boom of the accounting career with inside the u . s . . Because the u . s . lacks a well-mounted and completely running expert accounting organization, the AABE have to act as an impartial regulator in addition to perform a number of the AABE's current tasks. According to the board, Ethiopia had no country wide accounting or auditing requirements previous to the founding of AABE. The board devised a five-12 months method for imposing IFRS requirements from 2016 to 2021. The AABE has advanced a street map for imposing the requirements. Teferi and Pasricha (2016) advocate 3 steps that new IFRS adopters need to observe earlier than making use of the popular. The first phase, in step with them, is to create an settlement amongst fascinated parties, that is accompanied with the aid of using formulating a method that consists of goals and deadlines, making them public, and figuring out obstacles that have to be addressed. Finally, they mentioned figuring out the assets we've handy in addition to what we are able to require to put in force the brand new popular. With a focal point on Saudi Arabia, Zoubi (2017) explores the expected blessings and demanding situations of imposing the International Financial Reporting Standards (IFRS). The take a look at's reason became to discover and check out the discrepancies, in addition to the problem of IFRS' utility to Saudi Arabia, thru the angle of customers and preparers. The studies' technique became a descriptive studies wherein a questioner became applied to accumulate facts from annual file preparers and consumers. The study indicates that companies may benefit from the easy use of one consistent presenting that is common in affiliates from many locations around the world, as will those investors who can benefit from increased identity inside the financial statements because of their knowledge and utility. Increased reporting and records of new and various corporate parts might benefit other stakeholders as well. Besides that, when the new popular one is being implemented, some of the tough issues are to conquer. These encompass, amongst different things, the competence to prevent the help of the recruited talented and prepared employees of using competitors. According to Firdawok (2017), the opposite obstacle became the excessive value of IFRS adoption, the requirement for schooling, a loss of motivation to execute with inside the time body detailed with the aid of using AABE, a loss of ok implementation counsel, and a loss of enforcement authority. According to the study IFRS adoption has ended in some of sizeable blessings for a huge variety of stakeholders. The excessive value of adoption, the absence of clean steerage from regulatory our bodies on the way to put in force IFRS, and the emphasis on honest fee accounting are all considered as key obstacles to IFRS implementation. Aside from authorities policy, the take a look at discovered that the opposite 4 variables of expert our bodies, capital markets, instructional degree, and company length all had a good sized have an impact on on IFRS implementation in Ethiopia. High implementation costs, the complexity of monetary reporting, the dearth of an IFRS imposing agent, and an absence of recommendation are many of the barriers that establishments face whilst adopting IFRS. . Lack of suitable recommendation from regulatory our bodies, trouble with IFRS implementation, and the dearth of dedication and requirement of modern tax rules alternate are all worries that make IFRS adoption hard. While IFRS adoption has numerous blessings, it additionally has sizeable downsides, in step with Marenesh (2018). According to some of studies, the adoption of the International Financial Reporting Standards (IFRS) has proved problematic The major roadblocks are the want for regulatory and tax regulation changes, full-size implementation costs, greater complicated monetary reporting requirements, a loss of IFRS expertise, and a decent timeframe. Accounting rule changes, in particular IFRS adoption or convergence, are predicted to have the most important effect on monetary organizations, in particular banks. Some governments have decided that imposing the

International Financial Reporting Standards (IFRS) in growing international locations is exhausting and unrealistic (Odia&Ojiedu,2013). Although this standards offer numerous monetary reporting blessings to individuals who undertake them, there are some of troubles and hurdles to conquer. The writer recommends that stakeholders put together for drawing close alternate and troubles with the aid of using supplying an permitting institutional framework, accounting training and schooling, and an powerful capacity-constructing program. In a take a look at on IFRS adoption in Ethiopia, (Tesfu, 2012) aimed to decide IFRS acceptability in Ethiopia. The take a look at specializes in the motives for, opportunities for, and demanding situations related to Ethiopia's adoption of International Financial Reporting Standards (IFRS). To solution the take a look at query and fulfill the goals, number one and secondary facts had been accrued with the aid of using questionnaire, interview, and evaluate of applicable permitted documents. Finance officers and accountants had been amongst the ones picked from corporations which have followed IFRS. The findings display that the value of adoption, the want for schooling, and the complexity of the International Financial Reporting Standards (IFRS) are all vital troubles to consider. There is not sufficient steerage on the way to perform the method. The major obstacles to IFRS adoption had been an growth in earnings volatility, the tax-pushed nature of preceding requirements, and an trouble with using honest fee in IFRS. Furthermore, the evaluation shows that IFRS need to were carried out faster in Ethiopia due to the fact the blessings outweighed the disadvantages. The blessings of powerful and green monetary reporting for corporations encompass progressed comparison and reliability of monetary statements, multiplied transparency via records disclosure, multiplied investor self assurance, progressed regulatory oversight, and multiplied credibility for the accounting career. (Hailemichael, 2016) carried out studies at the results of IFRS adoption, barriers, and belief at the fine of monetary reviews generated with the aid of using Ethiopian monetary establishments. The take a look at pursuits to decide the effect of IFRS adoption on monetary reporting fine, in addition to to have a look at the demanding situations and understand the blessings of IFRS adoption in monetary establishments. The paper combines each a qualitative and quantitative approach, drawing on a pattern of 32 out of 35 non-public banks and coverage businesses registered with the National Bank of Ethiopia. The take a look at is based on each number one and secondary facts reassets received via surveys and record reviews. High implementation costs, monetary reporting complexity, a loss of an IFRS implementation agent, a loss of IFRS implementation steerage, a lack of equipped specialists, a excessive degree of schooling requirement, unfamiliarity with the IT demanding situations of imposing IFRS, a loss of right commands from regulatory our bodies, and an trouble with IFRS implementation are all discovered. Transparency, accountability, and monetary performance are all tied to monetary reporting fine. The take a look at suggests that imposing IFRS improves the comparison and reliability of monetary statements and lowers the value of capital for corporations with the aid of using reducing the value of records, growing the marketability of shares, and lowering records asymmetry, amongst different things. The take a look at recommends, amongst different things, that the National Bank of Ethiopia trouble clean directives on IFRS implementation; that the accounting curriculum be revised to mirror IFRS; that the board behaviour a take a look at to discover gaps in structures and processes; and that the board broaden an IFRS accounting guide editing charts of bills and supplying designated commands.

2.6 Prospect of Adopting IFRS projects

As past research carried out by a group of specialists has shown, adopting IFRS gives a number of benefits, including: lower operating costs, efficient capital allocation, foreign investment mobility, greater market cash flow and increased reliability of value, border movements of capital. Macedonians and Papadakis (2008). Generally speaking, they believe the quality of the financial data has enhanced by implementing the International Financial

Reporting Standards (IFRS). IFRS is important for business decision as well as for third parties, according to Jermakowicz and Gornik-Tomaszewski (2006). According to Caramanis and Papadakis, the accounting information given under IFRS is trustworthy, useful, comprehensible and consistent . Generally speaking, they believe the quality of the financial information has enhanced by implementing the International Financial Reporting Standards (IFRS).

The introduction of IFRS will improve aggregate statement consistency and visibility for many companies, according to Jermakowicz (2004), such as better sector disclosures, unfunded pension commitments and fair value identification in the accounts. The application of International Financial Reporting Standards in Nigeria was studied by Iyoha and Faboyede (2011). The findings of the study imply that adopting IFRS will deliver a range of significant benefits to a varied range of players in Nigeria.

Companies will benefit from the clarity of using a rule based reporting standard for affiliates in individual countries, whilst venture capitalists will achieve additional validity of the information they can recognize and use in financial statements. The adoption of IFRS will give lawmakers (management) greater access to international stock markets which will provide nationwide regulators with higher degree of financial clarity. In addition, better reporting and data on new and diversified business factors will benefit further stakeholders.

2.7 Empirical Review

Having regard to the fundamental fiscal and regulatory difficulties Bhattacharjee and Islam (2009) examined the effects that IFRS has on Bangladesh's fiscal reporting environment. They were discussing the compromise between the benefit of IFRS size and the local benefit of decentralized adaption. Their data analysis tools on the issues of IFRS implementation and improvement of financial reporting in Bangladesh, to create a fair information environment. According to their research, the usage of IFRSs implies increasing legal liability and efficient accounting information disclosed and the integrity of Bangladesh's statutory audit function, which increases the transparency of the business environment.

In accordance with studies conducted by the United Nations, the characteristics that led to IFRS application in the countries concerned varied (UNCTAD, 2008; referenced by Mihret, 2016).

The objective of IFRS is to match accounting standards with international best practices in order to facilitate comparison and establish shareholder trusts, according to these case studies. the Central Bank of Brazil . In order to access finance markets within Germany, a number of major firms have started preparing income reports in conformity with the IAS in Germany. In 1998, in order to create their financial reports, German policymakers provided IAS option to listed companies.

Soderstrom and Sun (2006) claimed that the cross-country differences in accounting quality are expected to exist after implementation of the IFRS as accounting quality is a result of the company's overall financial and economic context.

Madawaki (2012) performed study on advanced markets on the introduction of IFRS, with a concentration on Nigeria. Nigeria will face obstacles to the implementation of IFRS, including establishing a regulatory framework and an awareness campaign and training for employees. To avoid these problems, proposals were made to improve education, training and the formation of a separate organization for the monitoring and enforcement of accounting standards.

Oghoma and Iyoha (2011). The shift to IFRS convergence is intended to improve Nigeria's capital market performance and spur global company development. In light of this trend, all business organizations are expected to adopt and comply with the International Financial Reporting Standards (IFRS) in the production and presentation of their financial statements.

Gyasi, (2009) conducted a study entitled The Adoption of International Financial Reporting Standards in Developing Nations: Ghana Case aiming primarily at analyzing in emerging economies, especially Ghana, how the accountancy profession has expanded over the Ghana's tactics and motives also impact the implementation of the IFRS , the pros and cons of the application of the standard in Ghana. International financial reporting standards have advantages and disadvantages of in Ghana. It was significantly influenced by different environment, economic expansion and the stock exchange, and unproductive previous standards had no impact on the formation of the standard in Ghana, the research said.

Tesfu (2012) examines the benefits and challenges of IFRS, together with the elements that can affect its acceptance through the international public Sector Accounting Standards , and concludes that IFRS adoption in Ethiopia has major advantages for a variety of players. In addition to pointing out the need for such a strict IFRS program to strengthen potential by the Public sector, all the governing agencies, companies and educational institutions, he described how the professions, capital markets, educational levels and the size of enterprises greatly impact on IFRS adoption in Ethiopia.

According to Simegn (2015), the determinants of subjective standard, control perception and educational status considerably and favourably affect the perception of IFRS in Ethiopia, although the judicial framework has a major and moderate effect. Mentalities issues, economic advancement and the stock exchange have no significant influence on the IFRS choice. As a result, the subjective standard and observed control of key dimensions have a strong and beneficial effect on the desire to implement the IFRS. As a result, the subjective standard and perceived control of behavioural components have a strong and beneficial effect on the desire to implement the IFRS. In order to enhance the nation's financial statement and conform with international financial reporting standards, the regulator encourages the IFRS to be introduced as soon as possible. In order to enhance the country's financial

reporting system and conform with international accounting standards, the regulator encourages the IFRS to be introduced as quickly as possible.

According to Mihret, the adoption of the IFRS in Ethiopia results from the integration of the government agency networks, accountants, professionals, the private sector and foreign financial firms (2016). The State was responsible for the interpretation and mediation function. In order to enhance preparedness for IFRS reporting practices, AABE is recommended to synchronize more funds and interested parties with the aim of meeting IFRS strategic goals in the country and the necessity to creating a separate, autonomous and powerful professional association as quickly as possible.

2. 8 Summary and Gap in the Existing Literature

The fast adoption of International Financial Reporting Standards (IFRS) by many jurisdictions throughout the world has sparked a lot of study. The literature research reveals a variety of debates and opinions on the obstacles and opportunities of IFRS adoption and implementation strategies, based on the experiences of other nations in general and our own nation in particular.

It highlights some of the concerns surrounding the discussions, benefits, and problems of nations adopting the International Financial Reporting Standards (IFRS) in diverse demographic and socioeconomic circumstances. It also emphasizes the technical, institutional, and enforcement requirements for IFRS adoption that must be met by adopting jurisdictions.

Because of the benefits to governments and multinational business, several nations have embraced International Reporting Standards. With regard to the Ethiopian implementation of standard , Tesfu(2012), before issuer the 2014 Ethiopian financial statement declaration mandating .IFRS adoption in the country , intended to investigate a few of the processes of the standard Implementation for economic and ECX participant companies in Ethiopia organisations, that have been proclaimed to have implemented IFRS. Moreover, study on the standard has also been carried out (Simegn, 2015) and (Mihret, 2016). In addition, (Alemi, 2016) study has carried out advances on the application of the IFRS in Ethiopia.

Ethiopia has been implementing a number of financial reforms and research initiatives in order to improve its financial reporting environment in accordance with the International Financial Reporting Standards (IFRS). According to the researcher's understanding, Ethiopian researchers have conducted extremely few studies on the subject. This shows that there is a knowledge gap on the IFRS adoption process and its present position in Ethiopia. Furthermore, to the best of the researcher's knowledge, no studies have been undertaken to analyse such an issue only from the standpoint of commercial banks, encompassing both private and governmental institutions. And, because the International Financial Reporting Standards (IFRS) are a relatively new reporting norm, particularly in Ethiopia, there is a low degree of understanding. As a result, this study attempts to fill the vacuum by examining

Ethiopian statistics in light of the requirement for Ethiopians to embrace the International Financial Reporting Standards (IFRS).

Chapter 3

Research Design and Methodology

3.1 Introduction

The approach utilized to perform the research is described in this chapter along with the type of approach used to collect and analyse data with their justification.

3.2 Research Approach and Design

Research approach refer to the methods of data collection, methods of data analysis, interpretation, methods of communicating findings, validation and the questions to be addressed, the selected strategy of inquiry equally determines the research methods.

Adopting a certain research method depends on a range of factors. Some of these are the nature of the problem under study, the situation in which the research is conducted, availability of sources, and the background and inclination of the researcher. In this regard, the relationship between methodology and research objectives is the fundamental factor to determine the quality of the data (Denzin & Lincoln, 1994).

As mentioned earlier, the major concern of the study is examining the challenges and prospects of implementing IFRS project. The goal of this study is to examine chances and obstacles in Ethiopia's public sector enterprises while implementing International Financial Reporting Standards (IFRS) projects in Addis Ababa. Therefore, descriptive design is appropriated to emphasize on analysing and explaining the actual situation.

According to Reswell (2003) there are three approaches that are used in conducting a given research. These are quantitative, qualitative and mixed research approach. Quantitative research approach focuses primarily on the construction of quantitative data, and quantitative data is a systematic record that consists of numbers constructed by researcher utilizing the process of measurement and imposing structure (Kent, 2007). The quantitative research approach employ measurement that can be quantifiable while qualitative cannot be measured (Bryman& Bell, 2007). In mixed research approach inquirers draw liberally from both qualitative and quantitative assumptions (Creswell, 2009).

The method chosen for the study is Quantitative and use Quantitative information for the analysis. Quantitative data was gathered using distributed questionnaire by taking the representative sample from project participants such a, internal and external auditors and Consultants, project team and other stakeholders.

3.3 Population and Sampling Technique

3.3.1 Survey design

This study has intent to assess the benefits and challenges of International Financial Reporting Standards implementation in Ethiopia on practical assessments for first phase adopters. To do this, the methods employed are survey design. Survey research according to Fowler (1993) is a means of gathering information, usually through self-report using questionnaires or interviews. Its purpose is to generalize from a sample to a population so that inferences can be made and it is also economical and rapid turnaround in data collection (Creswell, 2003). This survey was conducted by means of self-administered questionnaire which was distributed to finance officers, finance manager, Controllers or Accounting Directors and accountants of companies which are implementing IFRS during the process of first phase IFRS adopters that are selected in this research. Questionnaire is a common place instrument for observing data beyond the physical reach of the observer (Leedy, 1989).the researcher use questionnaire to get primary data from the selected respondent that is more detail and very vital to this research work

3.3.2 Population of the Study

Sampling is the process of choosing from a much large population, a group about which the researcher wish to make statements so that the selected part will represent the total group (Leedy, 1989). The population considering in this study is the number of government owned enterprise in Ethiopia and banks which adopt IFRS as per AABE schedule those are 57 companies. More on our assessment focus only government owned huge companies and banks thus are Ethiopian airlines, Ethiopian insurance corporation and Ethio-telecom because According to the register of National Bank of Ethiopia (NBE) those public owned companies and banks are introduce first as beginner of IFRS reporting standards and the researcher believes the selected company have very huge capital and have large capital inflow and outflow, having bulk daily business transaction as well as having long years history in the country for this reason those are representative of the rest companies that does not include in the assessment. To do this study the researcher use purposive sampling specially judgmental sampling for selected companies gathered necessary information or data from the respected person for each office related with accounting practitioner activity the reason behind this is the researcher conduct the assessment only the concerned organ that mostly participate during the implementation phase of the standard for each office and in advance it cannot possible to determine the number of respondents in which the assessment included that is why the researcher use random selection of respondents from sample that are selected based on judgment only for the respondent that are doing on the profession for this mater a total of 100 questionnaires distributed to the selected respondents among that 90 were collected and the remaining 10 of them were lost due to negligence of the respondents among 100 only 90 have usable responses so total of 90 questionnaires were collected to conduct this study.

3.4 Data Collection Instruments

There were two ways of collecting data to complete this research the first is questionnaire which will be used to collect data from people that directly participate in the projects. The questionnaire distributed had questions that were going to be answered by using the Likert scale and open-ended questions to understand what each respondent's subjective opinion about the planning process.

The Second of data collection is document review, data is obtained through the use of published and unpublished documents of project reports and different publication of the city Addis Ababa. Journals, Magazines, Newsletters and Publications from other sourced were used. The review of documents included reports and assessment of the plans, any supporting journals and articles that helped the researcher to understand the key facts about of the organizations.

Using both tools of data collection will allow the researcher to get a clearer understanding of the project implementing environment and allows the researcher to be able to remove biases any misinformation and bias that might occur during the research data collection process.

3.4.1 Research Instruments

A questionnaire survey was designed based on the objectives of the study. The survey done through a questionnaire exercised to evaluate the perception of parties involve in the implementing process in Addis Ababa project office.

The questionnaire was designed based on the research questions and has 4 major parts the first part identifies the major characteristics of the respondents and is used to identify their general characteristics including age, gender etc. The second part of the questionnaire assess the major prospect of implementing of IFRS projects in Addis Ababa and the third part of the questionnaires examine the major challenges of implementing IFRS projects in Addis Ababa by asking respondents to give responses based on the Likert scales given by the researcher while the last part is an open ended question in which the respondents gave personal feedbacks about the projects implementing process.

3.5 Data Analysis

As explained above, the research is designed to follow a quantitative method. After the data was gathered by using of questionnaire (which is prepared using Likert scale) it was edited, classified and tabulated by using different techniques. Data analysis was done using SPSS (version 20) for the data collected using the questionnaire. The SPSS is used to find out percentages, frequencies. As main means of summarizing the data, so mainly frequencies were used to analyse the response.

3.6 Research Ethical Consideration

The necessary permissions were requested prior to distributing the questionnaires and interviews for the selected candidates and participants have the awareness that no information was made public and the study was utilized for academic purposes only.

3.7 Reliability Test: Cronbach's alpha (α) coefficient

The Cronbach alpha is an internal consistency metric, that is the close link between an unit and a collection of objects. It is a criterion of dependability in scale. A "high" alpha value does not indicate uni-dimensional measurement. If you desire to demonstrate that the scale in issue is one-dimensional, extra analysis can be undertaken in relation to the structural consistency measurement. One approach of assessing the dimension is experimental principal component analysis. Cronbach 's alpha coefficient is technically not a statistical analysis, but a component of reliability.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.754	.754	35

Chapter 4

Data Analysis, Presentation, and Discussion

4.1 Introduction

This chapter deals with the analysis and presentation of the data collected through questionnaire. Descriptive statistics like frequencies were used to analyse the data. Interpretations are made based on the frequency and

percentages of the data. The findings from the questionnaires were analysed using SPSS (version 20). The results from the study are presented in the form of frequency table. Among the 100 questionnaires that were distributed to respondents as a representative of the total population 90 questionnaires were properly filled and returned which is 96% response rate. The first part of the questionnaire consists of the demographic information of the participants related to personal and professional characteristics. Whereas the second part intended to obtain respondents opinion and perception regarding prospect of implementing the IFRS project practices of the study organization. This analysis is conducted based on the knowledge areas developed in chapter two.

The distribution was conducted through various locations where the respondents are presumed to be found providing services. The questionnaire was given to Ethio-telecom, Ethiopian Airlines and Ethiopian Insurance Cooperation. The professions of the respondents included consultants, internal and external auditors, team leaders, finance managers, and directorate directors.

The data collected is interpreted as one to five Likert scale response the mean value greater than or equal to three has been interpreted as disagreement with the raised question. In analysing the data from interviews, Descriptive approaches will be used.

Table 4. 1: Distribution of questionnaires

Organization	Questionnaires given	Questionnaires returned
Ethio- Telecom	35	30
Ethiopian Airlines	35	30
Ethiopian Insurance Corporation	30	30
Total	100	90

4.2 Description of Demographic Factor of Respondent

The demographic aspects of the participants comprised 4 major variables: gender, education, working experiences and the organization's current status.

Table 4. 2 Gender of Respondents

		Frequency	Per cent	Cumulative per cent
Valid	Male	57	65.0	65.0
	Female	33	35.0	100.0
	Total	90	100.0	

From the above Table 4.1 the total 80 of respondents 65% or 52 of them are Males the remaining 35% or 28 of Females have been of the responses.

The education background of the participants is yet another demographic indicator employed in this investigation. The answer on the learning level of participants is presented in the following table

Table 4. 3 Educational Background of the Study

	Frequency	Per cent	Cumulative per cent
Valid	Diploma	10	6.3
	Bachelor Degree	55	66.3
	Master's Degree	25	27.5
	Total	90	100.0

(Source; Questionnaire data)

The respondent educational status, as reported in the table, was usually in the mid category with formal education, with 53 (66.30 per cent) of recognizes a Bachelor's degree. The Masters was 27,5%, and 5 (6,3%) had a diploma. Someone with a master's degree were 22. None of the interviewees had above the degree standard of schooling.

The following table indicates how a participant employed inside this sector for a period of years, helping the researchers to understand the work history background of the people. The survey found that the majority of participants in respective sectors performed for 6 to 10 years, representing 41,3%, trailed by such working for less than five years, representing 40,0%. 2.0% of participants are around 16 and 20 years of experience, while the survey reveals that 13.8% are between 11 and 15 years of age. And over 20 years of professional are also available for 2.0% of those surveyed. This ensures that the findings received from expert personnel of these corporate institutions in order to conclude and adapt the research might be utilized as a foundation for the data obtained from these individuals.

Table 4. 4 Working Experience and Current Position of the respondents

Working experience of the respondent		Frequency	Percent	Cumulative %
Valid	Less than 5 years	35	40.0	40.0
	6 to 10 years	35	41.3	81.3
	11 to 15 years	15	13.8	95.0
	16 to 20 years	3	2.5	97.5
	over 20 years	2	2.5	100.0
	Total	90	100.0	
Respondents' working post		Frequency	Percent	Cumulative %
Valid	Officer	22	23.8	23.8
	Senior Officer	33	37.5	61.3
	Auditor	17	17.5	78.8
	Finance Manager	10	11.3	90.0
	Senior Analyst	8	10.0	100.0
	Total	90	100.0	

The figures that aggregate up the replies provided in Table 4.3 demonstrate that the bulk of participants are senior accountants; they represented for 37.5%, trailed by an officer who worked for 23.8%, while auditors counted for 17.5%, with a finance manager who was 11.3%. Of the 90 responses, 8 or 10% have been the senior analyst of the structured questionnaire. This means that data gained from the things associated in those financial firms for this study may thus be seen as consistent and accurate for the investigation . This data is obtained from other employees.

4.3 Benefit of Adopting IFRS

The introduction of IFRS would improve aggregate statement consistency and visibility for many companies, according to Jermakowicz (2004), such as better sector disclosures, unfinanced pension commitments and fair value identification in the accounts. The application of International Financial Reporting Standards was studied by

Iyoha and Faboyede (2011). The findings of the study imply that adopting IFRS would deliver a range of significant benefits to a varied range of players in Nigeria.

Companies would benefit from the clarity of using a rule based reporting standard for affiliates in individual countries, whilst venture capitalists will achieve additional validity of the information they can recognize and use in financial statements. The adoption of IFRS would give lawmakers (management) greater access to international stock markets which will provide nationwide regulators with higher degree of financial clarity. In addition, better reporting and data on new and diversified business factors would benefit further stakeholders.

As past research carried out by a group of specialists has shown, adopting IFRS gives a number of benefits, including: lower operating costs, efficient capital allocation, foreign investment mobility, greater market cash flow and increased reliability of value, border movements of capital. Macedonians and Papadakis (2008). Generally speaking, they believe the quality of the financial data has enhanced by implementing the International Financial Reporting Standards (IFRS). IFRS is important for business decision as well as for third parties, according to Jermakowicz and Gornik-Tomaszewski (2006). According to Caramanis and Papadakis, the accounting information given under IFRS is trustworthy, useful, comprehensible and consistent. Generally speaking, they believe the quality of the financial information has enhanced by implementing the International Financial Reporting Standards (IFRS)

4.3.1 Prospect of IFRS Implementation For Companies

Table 4. 5 Descriptive Statistics on Prospect for the companies

	Mean	Std. Deviation
Minimizing cost of capital	4.0125	.73766
Reliable and comparable financial statement	4.0375	.73680
Help us to make economic decision making	4.2375	.71589
Facilitates foreign investment	4.0750	.77582
Improve internal audit system	4.7125	.63037
Provide greater trans prance and accountability	4.1375	.65107
Improve competitiveness	4.8125	5.60536
Valid N (list wise)		

This study concluded that, irrespective of its size or financial reporting procedures, many organisations and stakeholders progressively appreciate the benefit of IFRS. In short, this study indicates However, the government tries to fix serious institutional, regulatory and technological obstacles in order to take full advantage of implementing IFRS initiatives. The adoption of IFRS has been a big success. The IFRS has been an important success. In order to successfully apply IFRS, professional accounting organizations must give considerable and continuing help. Many studies have shown the necessity for the implementation of IFRS by chartered accountants organisations. Regardless of the fact that IFRS adoption requires a huge investments in the implementation phase, the benefits of IFRS will increase as a business enterprise throughout its lifetime. A large number of IFRS-trained professional accountants are needed in order to quickly carry out IFRS projects in Ethiopia. There are currently not enough accountants and auditors qualified by IFRS in Ethiopia. The adoption of IFRS projects, with a mean of above 4.00, has a substantial influence on the correctness and acceptance of the organizational declarations, as per the findings of the studies.

The above-mentioned benefits derived from the implementation of the guideline create trust for the organization, as per findings. The usage of what is developed according to the IFRS Standard is straightforward for decision makers. As per participants to the poll, the country receives wealthy investors and foreign funds, indicate that capital costs are cheap, and foreign companies have investment possibilities via several channels.

Governments, people and companies are using many type of details for decision-making. Identically, the adoption of IFRS enhances the consistency and the accuracy of the financial report, as comparable economic operations are accountable identically by removing multiple accounting procedures for almost the same transaction. Almost all participants felt that IFRS adoption will increase the transparency of their financial reports, whereas the majority believe that IFRS initiatives would facilitate external finance. The use of IFRS projects could make internal audits more efficient. In view of higher openness and better access to information that IFRS supplies for a globalized environment, many responder felt that IFRS should have been used earliest in Ethiopia.

As regards transparency of the financial statements, the results show that the transparency and accountability promises made by IFRS projects would greatly reduce the issue between shareholders and managers by applying IFRS, as increased accountability would lead companies to work more in the shareholders' interests.

The third question under the title 'IFRS project prospects for the enterprise' was if the implementation of IFRS decreases capital costs for a corporation. The average response and standard deviation in the above table indicate a considerable reduction in a firm's operating cost with the adoption of IFRS projects. It is because the structure and accuracy of IFRS reporting is easier to understand. They are also saving money since there is a single worldwide standard and the expenses of capital are reduced to a minimal level.

4.3.2 Prospect of IFRS Implementation For Investor

Table 4. 6 Descriptive Statistics on to investor

	Frequency Distribution	Std. Deviation
Ease of comparison among companies	4.0250	.69309
Improve confidence of level	4.0875	.76628
Improve quality of information for decision making	4.0500	.67317
Greater transparency and understand ability	4.0000	.76307
Valid N (list wise)		

Investors must move and deploy their cash over the world, making business environment choices dependent on one financial reporting used by financial companies to compile financial statements. A mean of 4.08 shows that it helps investors to compare IFRS adoption projects with them other.

Reports generated in conformity with IFRS and regulations are satisfactory, as per the findings and improve investors' trust in the dependability of the information. Financial reporting is clear, comprehensible and accessible, encouraging cross-border trade through investors' confidence.

One of the IASB's primary objectives is to establish in the interests of the public a single bunch of quality, comprehensible and implementable financial reporting standards, which will includes a greater quality, clear and roughly equivalent reporting information to help global equity and other data users make economic decisions. . In this respect, via improved reporting, IASB implementation of IFRS projects enhances the openness of enterprise and offers investors better information for better decision making. As high standards, they are clear and consistent, investors will have more validity of the information supplied using IFRS.

4.3.3 Prospect of IFRS Implementation to the Management

Table 4. 7 .Descriptive Statistics on Prospect of IFRS for management

	Frequency Distribution	Std. Deviation
Facilitates cross border investment decision	4.0000	.74630
Promote better planning purpose	3.9500	.80975
Better risk management	4.0250	.71112
Quality information for control and decision making	3.9750	.74587
Valid N (list wise)		

The respondents agree (meaning ≥ 3.75) that the majority of business decision reports include financial finance and management information for managers. Given that both types of information are crucial for managers in the decision-making process, IFRS-based analyses are of better quality based on respondents' answers.

As shown in Table, four questions were asked to assess the advantages of adopting IFRS projects for management. The average response was over 3.75 for all the items. In the viewpoint of interviewees, this indicates that adoption of IFRS enhances corporate governance, gives better decision-making relevant data and promotes cross-border investment. Based on the outcomes, the administration of the financial information will benefit from increasing relevant data that they may use to make choices.

Based on the outcomes, the management of the financial statements will benefit from increasing information systems that they may are using to make choices. Management also consider it simpler to maximize returns and analyse firms using same accounting criteria; because of the reduced data flows variance, the risk analysis is becoming more and more realistic.

The conclusion reached by Larson et al(2004) backs with the findings of this investigation They added that IFRS financial statements are viewed as a comprehensive information package rather than just a report on the company's financial position. Management has greater and simpler access to information about how to run the company.

4.3.4 Prospect of IFRS implementation in Ethiopia for other stake holders

Table 4. 8 Descriptive Statistics on Prospect of IFRS for other stakeholders

	Frequency Distribution	Std. Deviation
Enhances regulatory oversight and enforcement	4.0750	.72522
Excellence information for market participation	4.1750	.63195
Easier international mobility of professional staff	4.1500	.73087
Improved standard of financial disclosure	4.4250	.65168

On average, respondents agree (with a mean of >>4.00) that adopting IFRS, in order to improve their capabilities in various concepts in the field of national assistance, enables authorities, financial firms, accounting rules and any policy makers. The findings of the study show that IFRS projects are professionally performed out again and respondents agree that reporting of corporate statement and skilled movement from nation to nation have changed, and also intra-country company, even though work requires the application of uniformly comprehensible skill sets and consistent guidelines, which are easy and basic.

There were five criteria in this area, all with an average answer of above 4.00 and a variance of less than 1.00. This indicated that the success in the view of the respondents is particularly useful for other stakeholders in implementing International Financial Reporting Standards (IFRS).

According to the results, it is easy for global corporations and worldwide auditing enterprises to move accounting and reporting staff to several other countries using a single series of generally accepted accounting standards. This will also allow accounting professionals to serve worldwide customers and increase flexibility to work in business or operate in different areas of the globe in accordance with International Financial Reporting Standards (IFRS). This enhances the credibility of the accounting profession and improves economic prospects, as well as of IFRS adoption programs. Increased monitoring and enforcement of rules as well as enhanced reporting and information on new and different company aspects would, for example, aid regulatory bodies and financial experts. Even without a stock sector in our nation, the respondent ensures that accountability and validity in the information given by IFRS develop a successful stock sector, on which value of any tradable item is determined by the true value of the financial asset, enabling easy access in the world today to the financial sector, as shown in the table above.

Generally speaking, the results of the study suggest that IFRS implementation helps a wide variety of entities involved. In the absence of global reporting standard and serving as a single reporting requirements, IFRS projects are adopted to prevent the country's fully represent reporting practice. The improved openness resulting from the standard adoption decreases management and shareholder organization problems. . The more trustworthy, comparable and high-quality IFRS financial reports are anticipated to reduce the preparation and decision-making burden of the management concerned. In addition, income statements preparers and auditors are conversant with a Similar global standards of finance and international customer experience.

4.4 Challenges in IFRS Project Adoption

Accountants worldwide have cited several advantages in the implementation of IFRS projects. But it's not merely a really easy chore to take advantage of IFRS initiatives. There are several challenges to the operation of complete review of the guidelines. IFRS is more difficult since it is a 'Devil is in the Detail' basic standard interpretation, and IFRS is more than an accounting issue that can have a significant influence in a whole business. The study focused on several nations throughout the globe on Factors that affect the adoption of IFRS.

Table 4. 9 . Descriptive statistics of challenges of IFRS implementation

	Frequency Distribution	Std. Deviation
Need financial capacity	3.9500	.77786
Inconsistence with laws and regulation that exists now	3.5750	.77582
Require professional capacity	3.9625	.77040
Require good ethical environment	4.1125	.69344
Lack of clear responsibilities among regulatory institutes	3.8500	.78111
Complex in nature	3.9250	.80779
Weakness of accounting education	3.9500	.80975
Lack of professional accounting body	4.0000	.85684
Lack of adequate time period for transition to IFRS	3.8625	.72468
The need for training of relevant professional	3.9875	.70250
Lack of training materials	4.1125	.65591
Lack of coordination among regulatory institute	4.1000	.75641
Lack of technical skill due to complex in nature of IFRS	4.0375	.80259

Lack of software and information system	3.8500	.74799
Effect of tax and financial regulation	3.8625	.72468
Tax driven nature of previous standards	3.8750	.70036
Inconsistency of existing laws and regulatory framework	3.9750	.76266
The absence of capital market	4.0500	.80975

The majority of poll respondents believed that IFRS implementation necessitates coordinated measures by regulatory bodies (with a mean response of 3.85). According to the findings, this is attributable to the inconsistency and lack of a formal accounting standard, as well as the complex and less intelligible structure of the International Financial Reporting Standards (IFRS), which is Emerging and LDC nations, in particular, this is true. This complexity requires a twofold effort during the transition year for financial and accounting experts and many others especially true for emerging and least developed countries. For finance and accounting professionals, as well as many others, this intricacy necessitates a double workload during the changeover year. As a result, not only internal personnel costs have soared, but so have external monitoring expenditures, such as hefty audit fees. Another significant expenditure is a training program for all employees across the organization, which is, of course, one of the most significant components in accelerating the transition to IFRS. This finding goes with the empirical finding by Marenesh (2018), in which her study found out that The key problems include the necessity for amending regulatory standards and tax legislation, significant operating cost, an even more complicated demand for accounting standards, the dearth of IFRS specialists and a limited timeline. Improvements in financial rules notably IFRS adoption or convergence are projected to effect financial firms in particular the banks most.

The complexity of these standards is widely acknowledged as one of the most significant problems in executing IFRS initiatives. This complication has contributed to the high costs and time commitments associated with financial reporting, which disproportionately affect public corporations and the majority of banks. Almost all respondents with a mean score of 4.00 agree that the primary enforcement challenges to implementing IFRS are financial resources and the change management process. These findings align with the finding in the study of (Firdawok, 2017). In which his study found that majority of respondents that participated in the study have indicated IFRS implementation capability suggested would be a critical transitional difficulty, the procedure being expensive, difficult.

Other roadblock to accounting convergence with a mean value of 4.00 is a lack of implementation guidance and follow-up actions which also align with the findings of (Firdawok, 2017) in which he found that The absence of guidelines for application and standard understanding are also key scientific capability concerns. According to respondents, A further issue is the difficulty of accounting practices in the process of implementing IFRS. Despite the fact that Some reporters argue that the complexity of IFRS adoption decreases at a steadily increased rate, and the IFRS is criticized for being large and difficult. In support of their stance, they cite two reasons: the first is that nations who have recently adopted IFRS can benefit from the experiences of early adopters. As a result, countries like Ethiopia benefit from being latecomers. Another factor is that the country's higher education institutions, as well as the ACCA-UK, are causing financial professionals who are IFRS-oriented. The aforementioned factors, as well as growing In the sphere of financial reporting, technology developments may contribute towards the less challenging international financial reporting standards.

lack of experts, absence of adequate regulatory directives organizations, an IT network challenge in transformational leadership to IFRS, and the tax-driven character of earlier standards are also cited as barriers to adopting IFRS by respondents. One of the primary problems in implementing IFRS is a dearth Specialists who might help by providing reliable replies to the financial accounting Ethiopian professionals were inexperienced with. Another issue is that past standards were mostly driven by taxation. This finding collaborates with the findings of Sharmaet.et. al. (2017) in which the study found that respondents that participated in the study were reserved on the issue that there is limitation of IT infrastructure by the adopting body.

Although Ethiopia does not have to comply with specific financial reporting or its own universal curriculum, the few that have existed have been impacted by the taxation structure of the nation and this has led to significant variation in accounting principles among previous IFRS standards and requires a number of conciliation points during conversion. The move to IFRS means that previous standards need to be changed and IFRS projects progressively converged. The absence of proper coordination, training, and enforcement of IFRS, according to respondents, are key conversion problems. A training program for all employees inside a company is required in order for them to implement a completely new system of business operations, performance measurement, and market communication. Because the IFRS is a dynamic target, this training will be on going. In this training program, professional bodies, particularly audit firms, play a critical role.

Auditors are so involved that they risk becoming extensively involved in the preparation of the financial statements they are obliged to audit. This is mostly due to the intricacies of the International Financial Reporting Standards (IFRS), for which many businesses, particularly smaller ones, lack appropriate competence (Hoogendoorn, 2006).

Although IFRS adoption requires a substantial investment at an early stage, the benefits of IFRS will continue to increase over the company's existence..

The empirical findings are comparable to a Fitsum Araya investigation (2020). The responsible body (AABE) intended to accept IFRS in 3 steps, according to its findings as a country, and this research target firm fits into the second phase of its comprehensive IFRS research. The issues showed that adoption is costly for the first time.

- Lack of data and lack of assistance from the management and owners of the organization.
- Incompetence of professionals.
- Existing tax legislation that does not support

Chapter 5

Conclusion and Recommendation

5.1 Conclusion

In this study, the benefit and challenges of IFRS adoption projects were analysed and also 3 research questions were designed and evaluated. The first question is about the benefits of implementing IFRS Projects in Ethiopia and the next question is about the underlying factors that initiate the adoption of IFRS projects and the last question focuses on the major challenges that a company faces during the implementation of the project.

Questionnaires and document analysis were utilized in the study as a mode of data collection. Data from document review were analysed using descriptive statistics and data from questionnaires were reviewed by using frequency, percentage and ratio. Most of the critical problems in transitioning to IFRS for ensuring a considerable capital reporting environment for corporate enterprises are the huge costs of IFRS Implementation, the need for professional development, absence of preparation to execute within the timespan established by the Management, lack of sufficient guiding and compliance capability. That is not enough for all parties concerned,

including external investigators, accountants, policymakers, and lawmakers, to join forces and operate as a group to improve the effectiveness of the implementation of IFRS and this are the findings:

- Upper executives should guarantee compliance with the International Financial Reporting Standards to compile financial reports. The statement must be prepared with the standard by auditors and accountants. Regulators and legislators must establish an effective monitoring system for IFRS regulatory compliance, as well as ensuring that necessary adjustments to current laws are made for the IFRS transition process. In order to achieve a fast transition to IFRS in Ethiopia, a considerable number of IFRS-trained accountants and auditors are necessary.
- The country currently lack the required Proportion of accountants, consultants and auditors educated in IFRS. The IFRS training programs have been initiated by the Board as well as help in this respect. The key difficulty is that there is a big disparity between the number of Trained Professionals required and the number of Trained Professionals available. So, in addition to awareness and good training, an advisor is essential for appropriate IFRS implementation in Ethiopia, which will contribute to IFRS being highly beneficial and accurate.
- The results also show that the implementation of the project in Ethiopia has several good characteristics, for example: It can conclude that adoption of IFRS will improve the efficiency of financial statement reports in Ethiopia, it may also be inferred that implementing IFRS will increase the reliability of the accounts professionals in Ethiopia and also it would support cross-border investments in Ethiopia.

5.2 Recommendation

After seeing these problems, the researcher puts forth these recommendations :

- Continuous personnel training is necessary to facilitate the smooth transition from existing non-coherent accounting principles to IFRS.
- The essential manpower for the IFRS adoption should be implemented by all governing agencies, businesses and educational facilities in order to deliver a thorough IFRS capacity building programme.
- Business organisations must monitor the transition process and cooperate closely with professional associations to have a positive impact on the guideline establishing procedure.

- Professional organizations should initiate intensive awareness efforts between their membership and their staff to alert them about significant change in financial reporting of the government.
- The Board must make arrangements to educate its financial instructors, evaluators, supervisor and inspectors, the mechanism for adopting IFRS, as soon as feasible.
- The Auditing and Accounting Board of Ethiopia (AABE), in order to spread the IFRS knowledge, must work together with the Ethiopian Ministry for Education and Professional Associations

5.3 Future Research Area

The IFRS are a wider collection of accounting rules, which in a single course unable to be fully addressed. This research focuses on the favourable opportunities and problems that arise when all of these criteria were successfully transposed in Ethiopia. It would be quite important to carry out a further research on the challenges related to IFRS disclosures, compliance and acceptance in Ethiopia and loss impairments. The specific advantages and disadvantages of approved standards and how companies in Ethiopia successfully apply them will be included. In addition, there is nothing known regarding how compelled IFRS adoption has an impact on financial statements, hence it remains uncertain about whether or not financial reports are more informative following mandatory IFRS adoption. Future study may also include the adoption and compliance of IFRS-suitable small and medium-sized enterprises. . The research finally examined the advantages and impediments of Ethiopia's International Financial Reporting Standards (IFRS). Although some major practical considerations have been uncovered by these researchers, the application of IFRS benefits may not be as delicate as it ought to be, since it is new and the advantages will start later so that more studies will be dedicated in the coming to this field.

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Appendix

Addis Ababa University

School of Commerce

Department of Project Management

Questionnaire

Dear Respondents,

I am a prospective postgraduate student of Project Management Department, Addis Ababa University, School of Commerce. I now undertake on Challenges and Prospect of IFRS Adopting Project in Ethiopia: The case of Frist Phase Adopter (Public Interest Entity). Therefore, you are kindly requested to provide response to each of the question. I thank you very much for your active and polite cooperation in advance.

No need of writing your name.

Demographic Background

Please kindly tick(√)your answer in the appropriate boxes correspond your answer by Writing in the space provided(If required).

- Gender:

Female

Male

- Academic level:

Level IV/Diploma

Bachelor's degree

PhD

Master's degree

other(specify)

- Working Experience

Less than 5years

6 to10 years

11 to15 years

16 to20 years

Over20years

Current position in your organization

Section2

Prospects and Challenges of adopting IFRS Projects

Challenges of adopting IFRS Projects

S.N	Challenges	Level of Agreement				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Ethical environment					
1	IFRS is inconsistency with laws and	[]	[]	[]	[]	[]
2	Regulations that are exist now	[]	[]	[]	[]	[]
3	IFRS approval calls for financial capability	[]	[]	[]	[]	[]
4	IFRS adoption requires professional skills	[]	[]	[]	[]	[]
5	Clear duties between regulatory institutions	[]	[]	[]	[]	[]
6	In nature, IFRS is complicated	[]	[]	[]	[]	[]
7	Failure or professional body weakness	[]	[]	[]	[]	[]
8	Lack of sufficient time for IFRS transition	[]	[]	[]	[]	[]
9	Lack of accounting training	[]	[]	[]	[]	[]
10		[]	[]	[]	[]	[]
11	The necessity to train the essential professionals in Ethiopia	[]	[]	[]	[]	[]
12	Lack of materials for training	[]	[]	[]	[]	[]
13	Failure to coordinate regulatory institutions	[]	[]	[]	[]	[]

28	Increase the quality of information for decision making														
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29	Adoption of IFRS enhance greater transparency and understand ability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30	Easier access to financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Prospects of IFRS for management						
31	Cross-border investment decision facilitates IFRS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	Control and decision quality information Quality information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	It encourages better planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36	Improve risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prospects of IFRS for other stakeholder						
37	It strengthens regulatory supervision and communication for market players on enforcement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
38	Enhance the worldwide mobility of employees across national borders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
39	Enhanced financial disclosure standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
40	It strengthens regulatory supervision and communication for market players on enforcement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part three

open end question

1 If your company or individual IFRS prospects are adopted, please specify them

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2. If your organization or individuals has any issues when IFRS is adopted, please

say.....

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3. Any advice that adds value to my studies, please

add.....

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