St. Mary's University

Department of Project Management

Assessment of IFRS (International Financial Reporting Standards) Implementation Project in Wegagen Bank.

A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF ARTS IN PROJECT MANAGEMENT

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JUNE 2021
Addis Ababa, Ethiopia

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BY

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DECLARATION

I, the under signed, declare that this thesis is my original work, prepared under the guidance of Dr. Abebaw Kassie. All sources of material used while working on this thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any type of degree.

————————————————   ————————————————

Name   **Signature and Date**

CERTIFICATE

This is to certify that this project work, **"Assessment of IFRS (International Financial Reporting Standards) Implementation project in Wegagen Bank"** undertaken by Samuel Feyisa in partial fulfillment of the award of Master's Degree in Project Management at St. Mary's University, is an original work and not submitted earlier for any degree either at this University or any other University.

_____

Abebaw Kassie (PhD)

Research Project Advisor

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ACKNOWLEDEGMENT

My deepest and foremost gratitude goes to My Lord Jesus, without whom none of these were possible. My special thanks of gratitude to my Adviser (Dr. Abebaw Kassie) for valuable comment and advice. I am also grateful to the operational staff of Wegagen Bank for their willingness and humbleness to take their time to fill my questionnaires and respond to my interview questions. I am also indebted to thank them for their open and candid responses.

Finally to my caring, loving, and supportive wife, Samrawit: my deepest gratitude. Your encouragement when the times got rough are much appreciated and duly noted. It was a great comfort and relief to know that you were willing to provide management of our household activities while I completed my work.

LIST OF ACRONYMS

AABE	Accounting and Auditing Board of Ethiopia
ACCA	Association of Charted Certified Accountants
AISG	Accountants International Study Group
BOD	Board of Director
CFO	Chief Finance Officer
EBA	Ethiopian Bankers Association
ECOWAS	Economic Community of West African States.
EMCG20	Executive Management Committee Group 20 Countries.
FRQ	Financial Report Quality
GTP	Growth and Transformation Plan
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
ICAEW	Institute of Chartered Accountants in England and Wales
IFRS	International Financial Reporting Standard
NBE	National Bank of Ethiopia
PWC	Price Waterhouse Coopers
Q1	Question1
ROSCSIC	Report on the Observance of Standards and Codes Standing Interpretations Committee
SME	Small and Medium-sized Enterprise
S. No1.	Serial Number1
UNCATD	United Nations Conference on Trade and Development

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ABSTRACT

The main objective of this study was to assess the IFRS Implementation project in Wegagen Bank S.C. To meet the research objectives, both primary and secondary sources of data were used in the study. The study has employed a research strategy of descriptive design by using a questionnaires and one key informant interview as tools to collect the primary data while documentary reviews were used to gather the secondary data required for the study. The total population of the study constituted 205 operational staffs of which 4 were participated in the project. From the population, with the use of Yamane's simplified sample formula, a total of 136 respondents were selected as sample population of the study. In general, the total population of the study aggregated to 136 sampled staff. Data collected from the above sources were analyzed using both quantitative and qualitative data analysis tools. For the qualitative part data analysis techniques such as interview were used. Meanwhile, frequencies mean, standard deviation, and percentages were used for analyzing the quantitative data using excel and SPSS 20. The major-findings of the study results from both primary and secondary data sources demonstrated that the project done is in favorable condition. The pointes that were addressed and recommended are having a desired educational background of the staff, training provided to the staff, preparation and dispatching necessary manuals of the IFRS to the staff, the revision of policy to align with IFRS, the banks compatibility with the requirement of IFRS, the current core banking capability towards IFRS, monitoring of the project by the bank regulatory.

***Keyword:** IFRS, benefits, challenge, process, Wegagen Bank, project, Implementation. Financial report, financial statement, Bank.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

IFRS (International Financial Reporting Standard) refers to a single set of globally recognized standards and interpretations applicable to general purpose financial statements and other financial reporting of all profit oriented entities. Financial reporting is the process of disclosure of financial information to the management and the public about a company's performance over a specific period of time (Parvathy, 2017).

The quality of financial reporting is essential to the need of users who require them for investment and other decision making purposes (Fashina and Adegbite, 2014). Financial reports can only be regarded as useful if it represents the economic substance of an organization in terms of relevance, reliability, comparability, understandability, timeliness and simplifies interpretation of accounting numbers (Kenneth, 2012)

These reports are normally prepared following a set of rules and principles as dictated by the accounting standard. Accounting standards, on the other hand, are a set of principles companies follow when they prepare and publish their financial statements, providing a standardized way of describing the company's financial performance. Each country has its own set of rules and principles or accounting standards for financial reporting. The existence of such myriad accounting standards globally allowed companies to follow their own accounting standards while preparing their financial statements. This, on the other hand, created difficulty in comparing and contrasting financial reports produced by different companies within the same industry and across countries.

This fact has incited a growing support for universally accepted accounting standards that would be applied around the world. Such efforts to internationalize accounting standards dated back to the late 1960's where a number of countries from different regions came together with the aim of coming up with a single standard that could be applied by all (UNCTAD, 2008). As a result, the International Accounting Standard Board was established in 2001 to take responsibility of issuing a single accounting standard called International Financial Reporting Standards (IFRS). Following the introduction of IFRS nations were vehemently working

towards converting their existing accounting standard to IFRS.

If the IFRS adoption era, most countries had their own standards with local bodies responsible for developing and issuance of the local standards even if some of them align largely with the International Accounting Standards (IAS). The International Accounting Standards Board adopted the IFRS framework on 1 April, 2001 the International Accounting Standards Board (IASB) took over the setting of International Accounting Standards from the *International Accounting Standards Committee (IA SC)*

Then, the IASB updated the already existing International Accounting Standards and referred to them as International Financial Reporting Standards (IFRS); the standards were adopted by over 143 countries around the world. IFRS was established and approved by the IASB. The goals of the IFRS Foundation and the IASB is to develop, in the public interest, a single set of high-quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles. (IFRS, 2015) In Africa 19 of the 53(36%) countries have adopted IFRS. The momentum of Africa appears to be much slower than that of the rest of the world Jeff Van Rooyen (2011).

As part of this effort and with the primary intention of attracting foreign investment, the Federal Democratic Republic of Ethiopia Government promulgated the "Financial Reporting Proclamation No. 847/2014 applicable both in private and public interest entities in paving a way to IFRS adoption. The Council of Ministers also issued regulation No. 332/2014 "for the establishment and determination of the procedure of the Accounting and Auditing Board of Ethiopia" (AABE), a regulatory government body bestowed with the responsibility of overseeing the implementation of IFRS in Ethiopia by all concerned entities.

In Ethiopia, mandatory adoption of IFRS was scheduled in the following phases:

- **Phase 1:** Significant Public Interest Entities: financial institutions and public enterprises owned by federal or regional governments, starting in 2018.
- **Phase 2:** Other Public Interest Entities: ECX member companies and reporting entities that meet two of the below four criteria, starting in 2019.
  Annual turnover exceeding 50,000,000.00
  Total employees exceeding 100 employees
  Total Asset exceeding 100,000,000.00
  Total Liability exceeding 100,000,000.00

- **Phase 3:** Small and Medium Sized Entities: whose turnover exceeds 1,000,000, starting in 2020.(Source :- Accounting and Auditing Board of Ethiopia's (AABE's) roadmap)

In line with the captioned proclamation and regulation, all banks in Ethiopia were expected to become IFRS compliant by the end of June 2018.

Hence, this study attempted to assess the current status, benefits and challenges as well as the process of financial reporting in accordance with the IFRS implementation project in the case of Wegagen Bank.

1.2. Statement of the Problem

To fuel their growth and sustain their ongoing activities, companies tirelessly strive for raising capital from all parts of the world. However, in an increasingly globalized world with no uniform accounting rules and principles, it is clear that financial statements of companies operating under different accounting regimes will not be comparable. This will ultimately leave such global capital raising efforts to end up in vain (Oirechtas Library and Research Service, 2010).

IFRS are sets of standards or requirements that dictate the measurement, recognition, presentation and disclosures to be used in the preparation of financial statements by business entities. IFRS are accounting standards that are principle based, market oriented, globally accepted and published to require more extensive disclosure in comparison with prior standards, For example, US generally accepted accounting principles(GAAP). Because of globalization, the world financial markets are becoming borderless from time to time and as a result companies, regardless of their size, seek capital at the best price wherever it is available. Investors and lenders seek investment opportunities wherever they can get the best returns commensurate with the risks involved. To assess the risks and returns of their various investment opportunities, investors and lenders need financial information (Pacter, 2015)

For this reason, it has become imperative to come up with an international accounting standard having a single set of high quality, understandable, enforceable and globally-acceptable Financial Reporting Standards. The introduction of International Financial Reporting Standard (IFRS) was the result of nations attempt to resolve for the ambiguities and difficulties that could result from such varying financial reporting (Apostolos et.al, 2010).

Over the recent couple of years, Ethiopia is registering commendable economic growth being

guided by its national Growth and Transformational Plan (GTP), a comprehensive 15 years development strategy equally divided in to three equal phases of five years periods. The country is currently in the midst of implementing the second five year GTP which has put in place stringent national goals requiring huge capital outlay (FDRE Government Communication Affairs Office, 2016). The government plan to mobilize part of this capital from foreign sources in the form of loans. Moreover, the government has indicated that the private sector will be the main driving force of growth within the current second GTP period. It was further indicated that due emphasis will be given to the development of local private investors, with support focused on access to finance and market linkage (FDRE Government Communication Affairs Office, 2016).

To achieve the abovementioned goals and facilitate the country's access to finance from foreign sources, there is a need to standardize the nation's financial reporting environment. According to ROSC (2007), Ethiopia does not have its own national accounting standards; the accounting and auditing practices are fragmented and are inconsistent among organizations.

It is believed by Ethiopian actors that the adoption of IFRS would help Ethiopia to access foreign credit, attract Foreign Direct Investment and establish stock market in the long term as well as access to World Trade Organization membership (ROSC, 2007). In cognition of these needs, the Ethiopian government has officially adopted IFRS in 2014 by instating an independent regulatory organ named Accounting and Auditing Board of Ethiopia (AABE) that will supervise the effective implementation of this standard by all concerned entities within the country. In this regard, public interest entities more specifically banks were among those entities that were identified by the Board to becoming IFRS compliant by the end of 2017/18 budget year. To this effect, all banks in the country are presently working hard towards becoming IFRS compliant within the statutory due date (AABE, 2016).

Following this remarkable event, a number of formal researches were undertaken by various authors in relation to IFRS adoption in the country. This included Firdawok (2017) who examined implementation of International Financial Reporting Standards in Ethiopia. The study investigated the prospects and challenges faced in implementing IFRS by Ethiopian firms. The paper provided insight into the IFRS adoption process based on a questionnaire sent to Authorized Accounting and Auditing professionals in Ethiopia.

Alemgena (2016) examined the adoption of International Financial Reporting Standards, its

benefits and challenges as adopted in Heineken Brewery Company. The study used document analysis and questionnaire as a data collection tools. The questionnaire used in the study was distributed to finance officers and accountants working in the studied company.

A study by Yitayew (2016), attempted to examines the IFRS adoption process in Ethiopia with a view to explaining how the state, i.e., the Ethiopian government, other national actors and the transnational forces interacted in establishing the Ethiopian financial regulatory landscape as antecedent to IFRS adoption and subsequent implementation. The researcher employed a qualitative research approach based on evidence collected through semi-structured interview and review of documentary evidences.

Eyob (2017) undertook a study with a main objective of assessing the adoption, challenges and benefits of IFRS in case of Commercial Bank of Ethiopia. The study used both primary and secondary sources of data which it retrieved from the employees of the Bank and various documentations.

Studies indicate that the application of IFRS and the implementation processes thereof will vary from country to country and from company to company (Accounting Standards Board of Canada, 2006; Nobes, 2011; Institute of Chartered Accountants in England and Wales (ICAEW), 2012; ICAEW & Dubai Financial Services Authority, 2017). In line with this, as clearly shown by the above mentioned studies and to the best of the researchers reading, there was no research conducted to appraise the adoption of IFRS project in the organization selected for this study. Furthermore, although the AABE has set the date for adoption of IFRS by banks to July 8, 2018, there were serious challenges to becoming IFRS compliant on the prescribed time period. Hence, in due consideration of the periods until the full adoption of the project, with the rush of implementing IFRS made by the enforcement of the regulatory body , the shortage of knowledge, this study attempted to assess the adoption of IFRS project implemented in Wegagen Bank.

1.3. Research Questions

The study attempted to give answer to the following research questions:

1. What are the Benefits observed from IFRS project implementation in Wegagen Bank?
2. What challenges have faced to dictate IFRS project in Wegagen Bank? and
3. How the financial reporting is being prepared in accordance with IFRS at Wegagen Bank?

1.4. Research Objectives

1.4.1. General objective

The general objective of this study was to assess the IFRS adoption project in Wegagen Bank.

1.4.2. Specific Objectives

In line with the above general objective the research also tried to address the following specific objectives: -

- ✓ To look at the Benefits of IFRS project implementation in Wegagen Bank;
- ✓ To recognize the challenges of IFRS project implementation in Wegagen Bank; and
- ✓ To assess the process of preparing financial report towards IFRS project implemented in Wegagen Bank.

1.5. Significance of the Study

The finding of this study identified the assessment of implementing IFRS project in Wegagen Bank. Since the project implementation is completed in the Bank, the findings of the study could serve as input for Wegagen Bank Management in identifying the smooth the progress of and hamper factors that can affect the success of its IFRS adoption project. This, on the other hand, it would enable the Bank to take lessons from this study thereby ultimately enhancing its future decision making success.

The study would also help the researchers or any other researcher who already conducted research on this subject to do further research on this area in the future on a large scale covering various aspects related to the subject and encompassing even a wider study areas. Finally, the study can also help other researchers who wish to conduct research on this area by filling the literature gap and providing a basis for reference in their study.

1.6. Scope of the Study

The study is mainly concerned with assessing the benefits and challenges of IFRS project implementation in Wegagen Bank. The unit of analysis for this study was at head of finance department, Audit, IT, directors, Branch Accountants and conversion team of IFRS of the bank.

1.7. Limitations of the Study

The limitation is the situation of the respondents during the time of data collection, as the project participatory are busy and task overload, some of the respondents were less interested in filling an open-ended questions properly which might affect the findings of the study to some extent. Besides, an interview question was administered and dispatched to the ex project team,

however with their business no one has appointed me since, the project member were a highly professional staff and most of them are at a level of Directorates. Those staffs which were involved in the IFRS project are now assigned for other project to set for the Ten years plan of strategic management of the Bank except the principal Accountant.

1.8. Organization of the Paper

The overall organization of the paper contains five substantial chapters. The first chapter deals with the introduction part comprising statement of the problem, objectives, scope, significance of the study, limitation of the study and other relevant introductory issues. The second chapter focused on related Literature review. Here, all of the significant literature in relation to the topic under discussion was made. The third chapter concerned with research methodologies. It explains research design, study area, data collection, data analysis techniques, and validity and reliability. The fourth chapter comprised of data analysis and presentation. The last chapter, chapter five encompassed the summary of findings, conclusion and recommendation part of the paper.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

The outlook of this chapter is to give theoretical foundation of the research. Accordingly, the first subsection deals with the theoretical review while the second subsection review with the empirical part relating to the research topic.

2.1. Theoretical Review

Before discussing what International Financial Reporting Standard (IFRS) is, we might first see the bases of IFRS that is, accounting standards, generally accepted accounting practice (GAAP). From them we look into the definition, historical background and other points relating to IFRS.

2.1.1 Accounting Standards

In the wake of the global financial crisis accounting and auditing standards have been the focus of much negative media comment. Accounting standards have been cited in the financial crisis, accused of misleading investors and hiding financial problems. In line with this, financial reporting is the process of disclosure of financial information to the management and the public about a company's performance over a specific period of time. There are well defined principles for accounting known as Accounting Standards.

Accounting is the means by which information about an enterprise is communicated. On the other hand, accounting standard refers to the basic framework for high quality financial reporting. Properly developed and implemented accounting standards can encourage business expansion and help regulate the economic system. High-quality accounting standards can facilitate the flow of information from businesses to a range of different users. These include investors, banks, creditors, the revenue commissioners, regulators, employees and the general public. The availability of accounts prepared in accordance with recognized accounting standards encourages trade by promoting confidence in businesses (Oireahtas Library and Research Service, 2010).

2.1.2   Generally Accepted Accounting Principles (GAAP)

Generally accepted accounting Principles (GAAP) refers to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standard Board (FASB). Public companies in the United States must follow GAAP when their accountants compile their financial statements. GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information. GAAP aims to improve the clarity, consistency, and comparability of the

communication of financial information.

The increased globalization of capital markets has resulted in a need for international accounting standards. In an increasingly globalized world, it is clear that financial statements of companies operating under different accounting regimes are not comparable. This was the factor that was leading up to the development of a uniformly applicable international accounting standard whose stated objective is the development of a single set of high quality, understandable, enforceable and globally-acceptable International Financial Reporting (Apostolos et.al, 2010).

2.1.3 International Financial Reporting Standard (IFRS)

International Financial Reporting Standard is a framework that was developed by International Accounting Standard Board (IASB) in the year 2001 to establish recognition, measurement, presentation and disclosure requirements relating to transactions and events that are reflected in the financial statements.

According to Parvathy (2017), IFRS are high quality, understandable, enforceable and globally acceptable accounting standards issued by IASB. Meanwhile Kumar (2014) defines IFRS as a set of standards, interpretations and the framework for the preparation and presentation of financial statements set and adopted by the International Accounting Standards Board.

Thus, this is, a set of international accounting standards stating how a particular type of transaction and other events should be reported in the financial statements. The ultimate goal of issuing these standards is to achieve a single set of high quality, common accounting standards that is practiced all around the world so as to facilitate transparency of financial information.

2.1.3.1 History of IFRS

The first move towards accounting standards convergence can be traced back to 1966 when the Accountants International Study Group (AISG) was proposed to be formed by the professional accountancy bodies in Canada, the United Kingdom and the United States in order to develop comparative studies of accounting and auditing practices.

Subsequently, the AISG was founded in 1967. After discussions and approval by the three AISG countries and representatives of professional accountancy bodies in Australia, France, Germany, Japan, Mexico and the Netherlands, the International Accounting Standards Committee (IASC) was established in 1973 with the aim of issuing a single set of high quality and globally accepted International Accounting Standards (IASs). Between the years 1973-2000, the IASC issued 41 International Accounting Standards (IASs). In 1997, Standing Interpretations Committee (SIC) was established to consider continuous accounting issues. In 2001, the International Accounting Standards Board (IASB) was established to replace IASC and subsequently to take responsibility

of issuing International Financial Reporting Standards.

International Financial Reporting Standards are the key elements of economic reporting infrastructures that provide standardized format for reporting economic gains and losses. Since January 1, 2005, the European Union has mandated all listed companies in the European Union to produce their financial statements in accordance with International Financial Reporting Standards (IFRS). Subsequent to European Union regulation of the adoption of IFRS in the listed companies of the EU member countries, the global financial reporting system has been transformed significantly with unprecedented number of countries and enterprises around the world adopting international financial reporting standards as a basis for the preparation of financial statements (UNCTAD, 2008).

2.1.3.2 The necessity of IFRS

The goal of financial reporting is to make information available for decision-making. Diversity in financial reporting in different countries arises because of the differences in legal systems, tax systems and business structures. The IFRS is intended to harmonize this diversity by making information more comparable and easier for analysis, promoting efficient collaboration of resource and reduction in capital cost (Demaki, 2013).

According to Parvathy (2017), following are some of the factors that necessitate adopting or converging to IFRS:

- to make a common platform for better understanding of accounting;
- to create comparable, reliable and transparent financial statements;
- to synchronize the accounting standards across the globe;
- to increase and improve foreign investments;
- to increase the industrial growth; and
- to remove information flow barriers.

Convergence to IFRS is driven by several factors, including the belief that having a single set of accounting requirements would increase the comparability of different entities' accounting numbers, which will contribute to the flow of international investment and benefit a variety of stakeholders (PricewaterhouseCoopers, 2007).

KPMG (2008), indicated some of the benefits that are attached to adopting/converging to IFRS as ensued:

- Improved management information for decision making;
- Better access to capital, including from foreign source;
- Reduced cost of capital;
- Ease of using one consistent reporting standard in subsidiaries from different countries;

➢ comparison of similar enterprises across countries;

➢ Facilitated mergers and acquisitions; and

➢ Enhanced competitiveness.

2.1.3.3 Approaches to IFRS

According to Hibbard II (2012), there are two approaches to adopting IFRS: the staggered approach and the big bang approach.

The staggered approach to IFRS adoption supports implementing the new standards over a period of time, leading to less misstatements of financial information and allowing companies more time to adopt the changes as they come. This should leave companies more prepared to report financial information accurately and let them allocate costs more efficiently over a number of years. However, this method could also lead to confusion among investors. With a mix of GAAP and IFRS standards on financial statements, investors will have difficultly comparing financial statements from year to year, as well as understanding what methods are currently being used. This method could potentially hurt companies trying to raise capital because investors will lose confidence in the financial reporting for the current period. Moreover, this method could prove to be more costly than the big bang approach. While the big bang approach forces companies to incur a large, one-time adoption expense, the staggered approach lets companies allocate their costs over future periods. While this seems conceptually ideal, a long adoption period with many unforeseen risks could leave companies spending money on training employees and updating supporting systems for years to come.

In the long run, these expenses could add up to be more than the one-time expense incurred under the big bang approach.

The big bang approach supports a "light-switch" method of adopting IFRS. Companies will be required to start reporting in IFRS on a set date, and expenses will be incurred in a shorter amount of time. While instant adoption seems more risky, in practice it would most likely cause fewer problems than the staggered approach. For example, the European Union used the big bang approach during its mandatory adoption in 2005. Because individual countries in the European Union were allowed to adopt the standards differently, many problems occurred during the transition. These problems can easily be avoided with a proper lead time for companies to prepare for the adoption. During this long lead time, companies will have the opportunity to start allocating the expenses association with adoption earlier than with the staggered approach.

Moreover, countries could offer an early adoption option, allowing companies to start reporting

in IFRS before the mandatory date. Early adoption can allow companies to allocate expenses over an even longer period of time, and it also gives companies an opportunity to catch mistakes before financial statements are released publically. By implementing the standards using a big bang approach with a long lead time and option to early adopt, a country can minimize risks during the adoption and avoid a drawn-out, expense transition.

2.1.3.4 Assessment of IFRS implementation

It is sensible to make a careful assessment and a cost/benefit analysis of whether or not under the particular circumstances, an adoption of IFRS would be desirable and also examine different scenarios concerning timing of adopting IFRS. The number of companies which elect to adopt IFRS is growing and this is because IFRS reporting offers a wide scope of benefits (Kumar, 2014). The author specified some examples of these benefits in the following manner:

IFRS significantly improves the comparability of entities and provide more consistent financial information;

- ❖ IFRS are accepted as a financial reporting framework for companies seeking admission to almost all of the world's stock exchanges;
- ❖ The enhanced comparability of the companies' financial information and the improved quality of communication to their stockholders, decrease investor. uncertainty, reduce risk, increases market efficiency and eventually minimizes the cost of capital;
- ❖ IFRS eliminates barriers to cross border trading in securities, by ensuring that financial statements are more transparent;
- ❖ Management reporting for internal purposes under IFRS, can improve the quality and consistency of information that management needs in order to make effective, efficient and timely decisions for the business;
- ❖ IFRS adoption may be used as a chance to make some strategic improvements to the finance systems and processes as well as to reduce costs in the longer term;
- ❖ IFRS financial statements that are universally understood and comparable can both improve and initiate new relationships with customers and suppliers across national borders;
- ❖ Because of the positive effect IFRS financial information has on credit ratings, a company's position strengthens in negotiations with credit institutions and cost of borrowings are reduced;
- ❖ IFRS can also result in more accurate risk evaluations by lenders and to a lower risk premium. It also helps companies to take advantage of alternative forms of finance; and

In the case of groups, it removes the need for individual companies to prepare two set of financial statements, if all individual companies in the group apply IFRS. It also allows multinational groups to have a common accounting language, thereby improving management reporting and decision making. Parvathy (2017) further indicated some of the advantage of implementing

IFRS to a country as ensued:

Better access to global capital markets.

As a result of global expansion, or so-called globalization, along with the growth and expansion, of course, countries need funds from cheaper sources. Convergence to IFRS helps a country firms to procure capital from abroad.

Better cross border listing.

As firms acquire funds for their major expansion plans from outside the boundaries of their origin, it is imperative for them to follow IFRS. Thus, by following IFRS it becomes easier for the companies to be listed abroad.

Elimination of multiple reporting.

Convergence to IFRS ensures elimination of multiple financial reporting by firms by following a single set of International Financial Reporting Standards.

Better quality of financial reporting.

IFRS are high quality, understandable, enforceable and globally acceptable accounting standards. Adoption to IFRS will result in better quality of financial reporting due to the consistent application of Accounting Principles and thus improves the reliability of the financial statements.

Easier global comparability.

As we know IFRS are becoming the global language for financial reporting. With the adoption of IFRS by firms the comparison becomes easier. Investors, bankers, lenders and other stakeholders also find it easier to compare the financial statements following the same reporting procedures.

Improved cross border investments.

The adoption to IFRS improves the cross-border investments by enhancing the comparability of financial statements prepared anywhere in the world.

2.1.3.5Confront of IFRS implementation

As in the case of two sides of a coin, along with advantage implementing IFRS also bring confronts for implementers (Parvathy, 2017; Kumar, 2014).

 These include:

Training.

Lack of training and academic knowledge in IFRS is one of the challenges of implementing IFRS. Thus, adequate training should be given to the stakeholders such as Chief Financial Officers (CFO), auditors, tax authorities. Then only it can be uniformly understood and consistently applied.

Awareness.

The adequate knowledge about IFRS is still limited to few numbers of people. Most of the stakeholders like firms, shareholders, exchanges etc. are not aware about the same. Such lack of awareness about these standards is one of the major challenges faced by an implementing country.

Amendments in Regulations.

In order to adapt to IFRS, we need to amend our existing rules and regulations which are different from IFRS, adequate changes must be made in order to follow IFRS. Thus, legal constraints are the major challenges that would be faced.

Use of fair value measurement base.

IFRS uses fair value base to measure majority of items in the financial statements. The use of fair value accounting can bring a lot of volatility and subjectivity in financial statements, e.g.: it would increase volatility in reported earnings and related performance measures such as Earnings per Share, Price Earnings Ratio etc. Thus, fair value (reflecting the true worth of assets) results in gains or losses which are reflected in Profit and Loss accounts.

Financial reporting system.

Every country has its own system of financial reporting. However, we need to amend the same to suit the requirements of IFRS. The information systems should be designed to capture new requirements related to fixed assets, segment disclosures, related party transactions etc.

SME concerns.

Scarcity of resources and lack of expertise with Small and Medium-sized Enterprises (SME) act as a barrier for the process of convergence to IFRS. As far as SME are concerned, cost would surpass its benefits as a result of convergence with the IFRS. Hence, it acts as a challenge.

Change in IT Systems.

Financial accounting and reporting systems must be able to produce robust and consistent data for reporting. The system must be capable of capturing new information required for disclosure such as fair values of financial instruments, related party transactions, segment information etc.

2.1.3.6 Experiences and Lessons Learned

United Nations Conference on Trade and Development (2008) has made a case study on eight countries that included Brazil, German, India, Jamaica, Kenya, Pakistan, South Africa and Turkey. The study was conducted with the intention of assessing the practical implementation of International Financial Reporting Standards in the respective country and draw lessons accordingly. In general, a review of the case studies shows that there is growing appreciation of the usefulness of IFRS by countries in different regions of the world irrespective of the size of their economies or financial reporting traditions.

2.1.3.7 IFRS in Ethiopia

Ethiopia has made developments to become one of Africa's fastest-growing economies and Continues to record impressive economic growth. Thus, implementing high-quality International Financial Reporting Standards is critical to meeting and sustaining Ethiopia's economic growth potential. IFRS provides international investors with a brand of trust in the quality of financial reporting. That trust in financial reporting is essential if investors are to be encouraged to step in to promote continued economic growth (AABE, 2015). However, results indicated that there are various lessons that countries need to learn in order to benefit fully from the introduction of IFRS in their jurisdictions.

Organizations like banks, insurance companies, and public enterprises will begin using international Financial Reporting Standards IFRS starting the 2018 fiscal year. The institutions had three years to transition to IFRS from GAAP. The system is considered to be the latest financial language enabling local companies to easily communicate with each other globally. Asset revaluation was a critical step in the first stage. Some banks brought consultants and experts from overseas to undertake the process. In the second stage, banks will start using the software before reaching to the reporting stage. Confirm in 2014, the Financial Reporting Proclamation gave five years to the entire business to enter the new system. Companies considered to have a high public interest will report during the 2019 year. The second category which consists of international charity organizations, associations, and other related organizations are also expected to report using the new system in the 2019 fiscal year (Haimanot, 2018).

According to (Mengesha, 2006; ROSC, 2007; Gizaw, 2011; Fanthun, 2012) and as stated by (Abiy 2014) the importance of uniform professional standards and/or financial reporting regulation are paramount to enhance the quality of accounting information for the fact it makes comparison across companies and overtime feasible. Nevertheless, Ethiopia and most developing countries are less benefited from the accounting and reporting system because either they don't have local standards. As Ethiopia has does not have local accounting and reporting standards, the adoption of IFRS could be a sustainable option to enhance the local accounting and reporting framework and to integrate it with international practice.

The banking sector in Ethiopia adopted IFRS. Since 2008 banks are supposed to follow IFRS (Abiy, 2014). Ethiopian government requires strongly attracting investors' in-country by using different methods to develop the economy of the country. Thus, the adoption of IFRS compulsory requires for all Ethiopian financial institution banks and public enterprises.

To attract foreign investors to the country, implementing IFRS is beneficial. Since business today has turned global, Ethiopia should create a conducive atmosphere for investors, who want to Invest in the country for a mutual benefit. Otherwise, the investor prefers to go somewhere else, where IFRS is practiced. This is because if an investor's form another country wants to invest in Ethiopia, investors do not need to go through the financial rules & regulations of the country; since IFRS governs all (actually this has not yet achieved). Having a global set of high-quality financial reporting system which is in line with the required IFRS will help developing countries like Ethiopia to attract funding agencies in the country's development activity (Mesay, 2009).

Yichilal (2015) found that adoption of IFRS maintains numerous benefits for Ethiopian companies including, improves the efficiency and effectiveness of financial reporting, provides reliable and comparable financial statements, makes external financial easier, provides greater reporting transparency, enables greater effectiveness of the internal audit and reduces the cost of capital.

2.2. Empirical Review

Momina (2020) her study intends to assess the International Financial Reporting Standard (IFRS) adoption and quality of financial reporting (Relevance, Understandability, Comparability, and Faith Representation) in Ethiopian commercial banks. Accordingly, the study used primary data collected through the questionnaire as the main data collection instrument. Using purposive sampling method, the study selected a sample of seven (7) commercial banks from a total population of eighteen (18) commercial banks to conduct a study for the pre and post of IFRS adoption with a total of 160 respondents. To achieve the objectives, the study adopted the qualitative research approach. The primary data were analyzed using descriptive statistics and secondary data from document reviews were interpreted qualitatively. The study used the perceptions of preparers of financial reports (accounting & finance officer, finance managers as well as IFRS implementation team members) in Ethiopian commercial banks to analyze about IFRS adoption and FRQ in commercial banks. The results descriptive analysis shows that; the quality of financial reports which is measured through quality information (relevance, understandability, comparability and faith representation) was improved in Ethiopian commercial banks after the adoption of international financial reporting standards. However, Faithfull representation was not that much happened because of the adoption of international financial reporting standards. Besides, the results of the analysis indicate that positive accounting theory is the relevant theory in the

Ethiopian banking industry, whereas there is little evidence to support the normative accounting theory. Therefore, banks should consider relevance, comparability, understandability and faith representation to have better financial reports.

Nahom (2018) examined his study to assess the IFRS adoption project in Nib International Bank S.C. The specific objectives were to examine the present status of IFRS adoption project, to explore the prospects and challenges of IFRS adoption project, and to assess the readiness process of IFRS project in Nib International Bank.. Data collected from were analyzed using both quantitative and qualitative data analysis tools. For the most part, qualitative data analysis techniques such as in-depth discussions and expositions were used. Meanwhile, frequencies and percentages were used for analyzing the quantitative data. The major findings of the study results from both primary and secondary data sources demonstrated that the project is in implementation stage and that it is still in progress. In relation to the prospect of the project, it was indicated that the project initiates new thinking, harnesses professionalism, smoothens the Bank's correspondent relationship, helps in redefining and rejuvenating the existing work process and finally allows for fair presentation of financial condition of the Bank. There are also challenges that are associated with adopting IFRS in the Bank. Some of the major challenges identified by the respondents of the study incorporated; IFRS Knowledge Gap and lack of benchmarking, absence of mandatory infrastructures, disparity between existing laws and IFRS requirement, absence of a holistic approach to project management, loss of commitment to the project and resistance to change. The other major findings suggest that there are people, process and system readiness issue in the project. Based on the results of the study it was recommended that the Bank should focus on those issues that are internal to it so as to ensure the successful completion of the project on or before the regulatory deadline.

Firdawok (2017) examined implementation of International Financial Reporting Standards in Ethiopia in accordance with financial reporting proclamation # 847/2014. The study investigated the prospects and challenges faced in implementing International Financial Reporting Standards by Ethiopian firms. The paper provided insight into the IFRS adoption process based on a questionnaire sent to Authorized Accounting and Auditing professionals in Ethiopia. Findings from the survey showed that:

(1) Majority of respondents have indicated IFRS Enforcement capacity will be a key challenge for transition;

(2) The process is costly, complex, and burdensome;

(3) Institutional readiness requires more attention for transition to IFRS;

(4) The more comprehensive the approaches to conversion, the more respondents tend to agree with the factors influencing the transition;

 (5) The complexity of IFRS as well as the lack of implementation guidance and uniform interpretation is also key challenges in technical capacity area; the results of the questionnaire and interviews confirmed that, the transition to IFRS in Ethiopia will be challenging. The study also discusses the prospect of IFRS implementation in Ethiopia and the result showed that the transition plan to IFRS and its implications for preparers, users, educators and other stakeholders has to be effectively coordinated and communicated.

Alemgena (2016) examined the adoption of International Financial Reporting Standards, its benefits and challenges as adopted in Heineken Brewery Company. Three research questions were developed and tested in this study. The first question was to understand the practical benefits of adopting IFRS for a company. The second question was to understand the challenges on the process of adopting IFRS and the third question was to identify the importance of adopting IFRS. The study used document analysis and questionnaire as a data collection tools. The questionnaire was distributed to finance officers and accountants working in the studied company. The response from the questionnaire data were analyzed using descriptive statistics.

The results of the survey revealed that IFRS should have been implemented earlier in Ethiopia due to the greater benefits it has compared to the associated problems. On the other hand, it was also found out that companies which were using IFRS in preparing their financial reports were not applying all the standards. In other words, there is a serious compliance problem with IFRS implementation in Ethiopia.

It was also learnt from the study that adoption of IFRS has also the benefit of delivering a more transparent financial statements for a company which in turn reduce the agency problem between management and shareholders as increased transparency causes managers to act more in the interests of the shareholders. Adoption of IFRS would also significantly reduce cost of capital of firms through lower cost of information, reduction in bad earnings management, greater marketability of shares, and reduced information asymmetry.

The main challenges in the process of adopting IFRS included significant cost of adoption of IFRS, need for training, the complex nature of some of the IASB's standards and the lack of adequate implementation guidance. This lack of guidance creates risks for different local or national interpretations of IFRS and increases the risk for manipulation in interpretation of financial statements.

Other key challenges included increased volatility of earnings, tax driven nature of previous

standards and problem with IFRS use of fair value accounting. IFRS use of fair value accounting instead of historical cost is considered as a challenge because some conditions in developing countries like Ethiopia are not favorable for implementing fair value accounting such as achieving observable market prices and accurate estimates of liquid market prices due to less perfect market liquidity.

A study by Yitayew (2016), attempted to examines the IFRS adoption process in Ethiopia with a view to explaining how the state, i.e., the Ethiopian government, other national actors and the transnational forces interacted in establishing the Ethiopian financial regulatory landscape as antecedent to IFRS adoption and subsequent implementation.

The researcher employed a qualitative research approach based on evidence collected through semi-structured interview and review of documentary evidences. The study illustrated that the IFRS adoption in Ethiopia is the result of the translation processes involving the actor networks of the state, accounting, professionals, the private sector and international financial institutions while the state, i.e., the Ethiopian government, played a management and mediating role of the translation processes in the context of promoting macro-economic management rationales of enhanced financial reporting supported by IFRS .The study showed that while the Ethiopian IFRS adoption experience illustrates the macro-economic rationale driven nature of IFRS adoption, the rationales and the processes of translating the idea into Ethiopian context illustrates the socially constructed nature of IFRS adoption. This study suggested that more resources and stakeholders need to be coordinated by AABE to build the capacity of preparers in terms of IFRS reporting practices to achieve the IFRS implementation strategic objectives. It also proposed that self-regulated, independent and strong professional body needs to be established as soon as possible. Moreover, the study indicated that the concerned stakeholders need to design and incorporate IFRS education in the curriculum as soon as possible to meet the IFRS implementation strategic objectives.

Eyob (2017) had undertaken a study with a main objective of assessing the adoption, challenges and benefits of (IFRS) in case of Commercial Bank of Ethiopia. The study used both primary and secondary sources. The primary data was collected through predesigned questionnaires and secondary data was collected from the Bank report, scientific papers and proceedings relevant to the study using document, annual financial reports, proclamations and regulations that deal with financial reporting issues by the bank that deal with financial reporting issues in Ethiopia. The study found out that commercial bank of Ethiopia have started using IFRS voluntarily for the preparation of its financial statements without making necessary awareness but nationally; IFRS is adopted officially in December 5, 2014 through enactment of the relevant proclamation.

Another study by Solomon (2016) examined the adoption and implementation of International Financial Reporting Standard (IFRS) in Ethiopia. Using a sample of 20 firms selected from regulatory bodies, commercial banks, insurance companies and auditing and accounting firms. The researcher used both primary and secondary data collection methods. Primary data were collected using questionnaires and interview while secondary data were gathered through reviewing documents, manuals, websites and books. The study adopted statistical analysis (correlation and Chi-Square) and descriptive statistical tools to present findings. The study findings indicated that lack of implementation guidance framework, lack of training and GAAP based academic curriculum and lack of unity among all stakeholders were some of the major challenges of adopting IFRS. Meanwhile, the study indicated that adoption of IFRS will increase transparency of financial report, improve efficiency of financial report, makes external financing easier, promotes cross border investment and improves the credibility of the accounting professional in Ethiopia.

Zakari (2014) investigated the challenges that face implementation of International Financial Reporting Standards by Libyan firms. A questionnaire was used to collect data regarding the effect of some selected challenges on IFRS adoption in Libya. The results of the study indicate that IFRS adoption by Libyan companies has faced some obstacles such as weakness of professional accountancy body, lack of an independent oversight body, inconsistency of existing laws and regulatory frameworks of accounting, Lack of technical skills and inadequate knowledge of professionals, and weak accounting education as well as training of relevant professionals.

Demaki (2013) conducted a study with the objective of assessing the prospects and challenges of International Financial Reporting Standards to Economic Development in the context of Nigeria. The study used rational utility maximization as its theoretical foundation. Results of the study indicated that IFRS will position Nigerian companies in the global market place as well as ensure transparency, accountability and integrity in financial reporting in Nigeria which is a prerequisite for the attraction of investment that will promote economic development. It will provide international investors the ability to make well informed, useful and meaningful comparison of investment portfolio in Nigeria and other countries. Multinational companies with the aid of IFRS financial statement provide for easy consolidation of financial statements. It promotes better management control systems.

IFRS statements are easier to comply with the financial requirements of overseas stock. It also facilitates ease of cross border transactions and trading within the region through common accounting practice especially in underdeveloped regions of the world like the Economic

Community of West African States (ECOWAS). It will help to facilitate compilation of meaningful data on the performance of enterprises within the ECOWAS and other regions of the world. It will assist Nigeria, the federal and state government, local governments inclusive, in attracting international investors as the adoption of IFRS financials promotes easy monitoring of overseas investments. Transparency and better accountability in government Ministries, Departments and Agencies will be promoted through the IFRS adoption in the public sector accounting and management of resources. It will also lead to increase in government revenue as a result of transparency and integrity in reporting. Easier access to capital is also facilitated through IFRS.

Momina (2020) has founded the result on assessment of IFRS in commercial banks by concluding as the use of the IFRS in financial reporting is the requirement for many countries, primarily due to the influence of investors/shareholders' demand, cost minimization in financial reporting, and global competition. However, the question of whether such a global transition towards a single set of accounting standards has been meeting by the accepted benefits of higher accounting quality and comparability remains unanswered. To contribute to this important topic she has investigated whether IFRS adoption in the seven Ethiopian commercial banks improves the quality of financial reporting. The research has founded that under IFRS, an increase in quality due to an increase in relevance comparability, understandability, faith representation despite the above visualized benefits, the study pointed some challenges that are attached to implementing IFRS in Nigeria. These included the urgent need to improve the level of public awareness especially among investors and regulatory authorities in Nigeria. There is also the challenge of chronic shortage of professionals that are competent to implement the IFRS within the given time frame as contained in the Nigerian roadmap for its adoption.

This study investigated the change in financial reporting quality between the pre and post IFRS adoption in Ethiopian commercial banks using the qualitative characteristics of commercial banks in Ethiopian. The result showed that there was a difference in the quality of financial reporting between pre and post IFRS adoption in commercial banks in Ethiopian. Financial reporting quality increased in the post-IFRS adoption across the four qualitative features of relevance, faithful representation, comparability, and understandability examined.

Her research aimed to evaluate whether there are any increases in financial reporting quality after the adoption of IFRS using the accounting information, the study result concluded that IFRS adoption increased the quality of financial reporting in Ethiopian commercial banks. The result showed that the financial reporting quality after the adoption of IFRS was higher than the financial reporting quality before the IFRS adoption. The result showed that the qualitative

characteristics of relevance, understandability. Comparability and faith representation level increased after IFRS adoption.

2.3 Conclusion and Knowledge Gap

The adoption of international financial reporting standards has been the focus of theoretical and empirical accounting research in many countries. Plenty of studies investigated the Adoption of international financial reporting standards in different countries. Only a limited study had been conducted in the area from developing countries as far as the researcher knowledge is concerned. Most of the literature reviewed indicates that previous, researchers only concentrated on IFRS adoption, Benefits, Challenges and Prospect IFRS before commencement of the project in selected organization.

From a survey of relevant literature, it has been found that there are no studies specific to Ethiopia on the link of assessment towards IFRS implemented project at commercial banks particularly in Wegagen Bank.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

The section shows the research design, the type of data and its source, the target population and the sample, data collection and analysis methods that were employed by the researcher in the study. To begin with, this chapter started with a brief overview and description of the study area and organization.

3.2. Research Approach and Design

The general objective of this study is to investigate or assess IFRS project implementation in Wegagen Bank. To conduct the research, a descriptive design approach was employed; the use of this approach would be the analyses are generated from the existing data. The researcher used both primary and secondary sources of data. Primary data were collected with the use of questionnaires that was deployed to operational and ex-project staff as well as interview was administered to the ex-project committee members. Depending on their nature, the data were analyzed using both quantitative and qualitative analysis tools. In line with this, secondary data was gathered from the Bank's finance department, AABE's adoption roadmap and other relevant proclamations. Data that were collected from these sources was analyzed using qualitative techniques.

3.3. Data Type and Source

3.3.1. Data Type

The researcher used both primary and secondary source of data. A primary source of data was used to address all the study objectives while secondary sources of data were used to meet the specific research objective of examining the current status of the project implemented. The data collected from primary sources had both quantitative as well as qualitative nature.

3.3.2. Data Sources

Primary data were collected from the ex- project team members as well as the Bank's operational staff through interviews and questionnaires. Meanwhile, secondary data were gathered from documentary sources that would include the Bank's procedure, AABE's adoption roadmap and the relevant proclamations.

3.4. Target population and sample

The target population in this study was incorporated the ex-project members, the Bank's

finance department's staff and supervisors of the branch. The project team was composed of four members. The study considered all those personnel in the survey. With regard to the concerned operational staff, finance department including managers and clerical staffs were addressed.   Accordingly, staff that function under the Bank's Accounts and Finance, Treasury and Fund Management, Trade Finance, and Control Directorate were identified as the concerned operational staff at head office and some branches. Detail of the total number of staff assigned in each of the captioned work units is depicted in the ensuing table: -

Sample size determination

 Name of Work Unit Number of Staff Available

 Accounts and Finance Directorate with 4 project member------------15

 Treasury and Fund Management Directorate ----------7

 Trade Finance Directorate -----------13

 Control Directorate ------------20

 Branches Accountants (supervisors)

 City Branches samples of branch selected randomly-------------150

 Total population -------------205

Given the total population of 205, the study applied the simplified sample formula of Yamane (Yamane, 1967 as cited in Israel, 2003) to determine the required sample size at 95% confidence level, degree of variability = 0.05.

$n = N / (1 + N(e)^2)$

Where: n = sample size N = Total population size e = level of precision (0.05) based on 95 percent degrees of confidences

$n = N\ 1 + (e)2 \quad = N/(1 + N(e)^2)$

$n = 205 / (1 + 205(0.05)^2)$

$n = 205 / 1.5125$

$n = 135.53$

$n \approx 136$

Hence, the sample sizes for the operational staff of the Bank amounted to 136 operational staff of which four of them were participated in the project from the department of Finance which the study was considered all for the survey. However, for sake of convenience in data collection, the researcher purposively selected the 136 samples using criteria of simple random sampling from staff assigned at head office and city branches.

3.5. Data Collection Methods and Tools

The data collection method was a sample survey. The appropriate data collection tool was also administered to the concerned operational staff on a sample basis. The researcher basically used two types of data collection tools which include one structured questionnaires that was administered to the operational staff and one key interview that were forwarded to the project ex- committee members. The researcher with relevant amendments was adopted (that were designed to collect data from the project team members) and the key informant interview from Alemgena (2016) and Yitayew (2016) respectively which made similar study endeavors in the study area.

3.6. Data Analysis and Presentation

3.6.1. Data Analysis

The study was done using both quantitative and qualitative data analysis techniques. Quantitative analysis techniques were adopted to analyze the primary data that were retrieved from the project team members and the operational staff. Besides the qualitative part were analyzed using an interview made and retrieved from primary data in addition secondary data that were reviewed from different documents.

The researcher used Excel and SPSS version 20 software to come up with the descriptive quantitative results such as frequencies, mean and percentages.

3.6.2. Data Presentation

The researcher primarily uses tables and charts to present the quantitative primary data that was collected from the questionnaires distributed to the project team members and operational staff. The study also used in-depth discussions and expositions to present the qualitative data that was retrieved from key informant interviews that would be administered to the project steering committee members.

3.7. Validity and Reliability

The validity of research is conceived as the precision or correctness of the research finding. A number of measures have been taken to enhance the reliability of the research which included the use of various data collection tools such as a questionnaire that were directed to operational and ex-project staff, key informant interview forwarded to ex-project sand reviews of various documentary sources. Each of the findings from these data sources were cross triangulated to ensure the validity of the study. Furthermore, the entire research findings extracted through due analysis and rigorous considerations. The researcher has utilized its data analysis using the

Excel and SPSS version 20 for analyzing the framed questioner. The researcher has set consultations from experts in the professional and academic world in order to triangulate the real world knowledge, practice and facts against the findings of the study.

CHAPTER FOUR
RESULTS AND DISCUSSIONS

The objective of this study is to assess IFRS project implemented in Wegagen Bank. Accordingly, these chapter discuses with the results of study which was based on the analysis of the data collected from the various sources of data to address the research objectives. The results of the study are discussed by triangulating different data sources results from questionnaires, interview and documentary reviews.

A total of 136 questionnaires (i.e. 132 for operational staff and 4 which was participated in the project) which dealt with the implementation of IFRS project were distributed to a sample of respondents that were identified as being affected by the project and are involved in the implementation of the project. However, only 110 questionnaires were retrieved with a frequency of 110 (response rate of 81%). Which can be a good representative since the response rate are greater than 60%. Thus the researcher evaluates the study findings with assurance that the sample of respondents reflects elements of the population with good breadth and depth In addition, an interview was also conducted with one of the project committee members. Here again it is worth noting that all the survey respondents were located in Addis Ababa.

4.1   Demographic Profile of Respondent

It has an importance to analyze the background of the respondents to put the study in context as these factors are cross-cutting determinants of responses given by respondents.

4.1.1 Respondent Gender:-

Table 4.1 Respondent Gender

Gender	Frequency	
	Count	%
Male	70	64%
Female	40	36%
Total	**110**	**100%**

Primary source 2021

From Table 4.1, the data obtained from the questioner, shows on the above table reveals that out of 110 of respondents 70 (64%) of them are Males the remaining 40(36%) of respondents were females. This implies that the number of male respondents were greater than female

who were participated in this study.

4.1.2 Respondent Academic Level

Table 4.2 Respondent Academic Level:-

	Count.	Percentage
Diploma	10	9
Bachelor Degree	80	73
Masters	20	18
Others	0	0
Total	110	100

Primary Source 2021

It is clear from the above table that majority (73%) of the respondents are Bachelor degree holders, followed by Masters Degree holders (18%) and Diploma (9%).It is an inspiring combination of professionals ranging from high-level specialists to low level. These academic combinations have assisted the company in realizing the perceived assessment of IFRS and useful combination for responding a genuine answer towards the implemented project.

4.1.3 Respondents Work experience

Chart 4.1 work experience
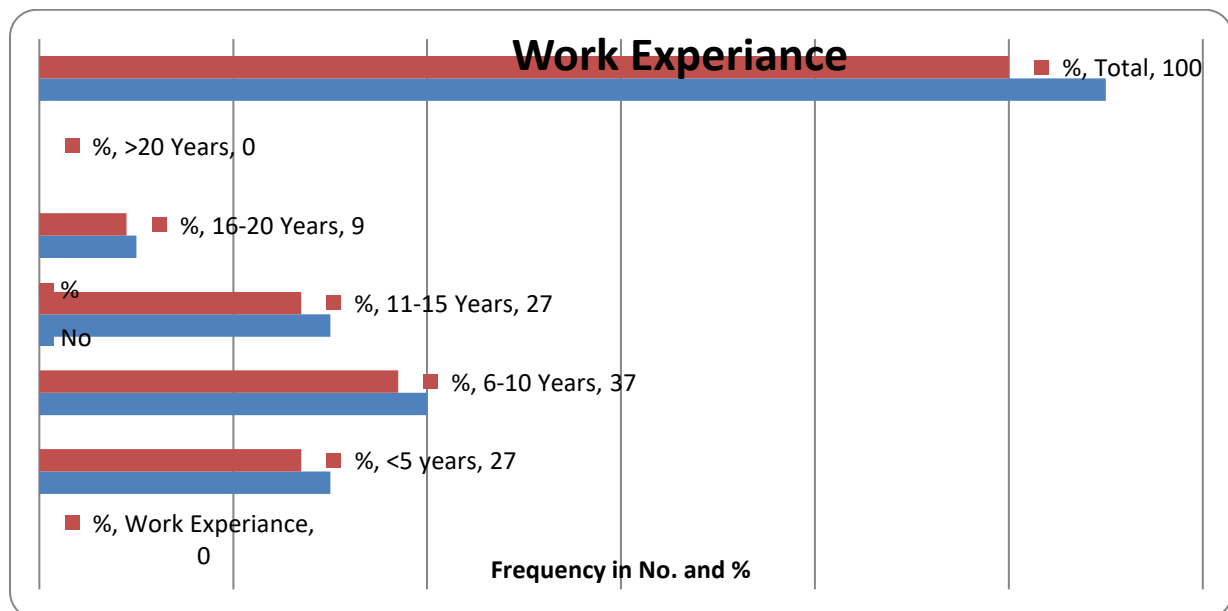
Primary source 2021

As per the chart 4.1 demonstrates that the distribution of several years a respondent has worked within Wegagen Bank S.C that has helped the researcher to know the respondent's level of experience and how they have made use of the standard available to the bank to which they

belong. As it showed above greater part of the respondents has worked in between 6 to 10 years making 37 %, followed by those who have worked in between 11-15 Years and below 5 years consisting of 27 % each. Those who worked between 16 to 20 years were about 9% and no one had above 20 years' experience. This implies that the majority of the respondents in the banks involved in the Study have a good experience thus it is useful combination for responding a genuine answer towards the implemented project since their experience are good.

4.1.4 Position of the Respondents

Chart 4.2 position of the respondent

Position of the respondants
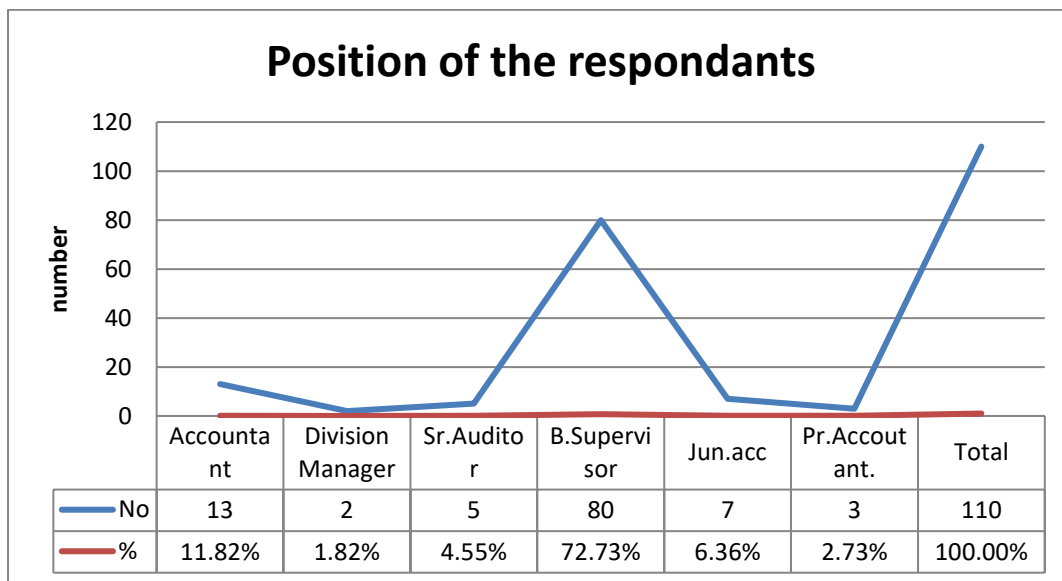
	Accountant	Division Manager	Sr.Auditor	B.Supervisor	Jun.acc	Pr.Accoutant.	Total
No	13	2	5	80	7	3	110
%	11.82%	1.82%	4.55%	72.73%	6.36%	2.73%	100.00%

Primary Source 2021

From The Line Chart 4.1 above total of 110 respondents 13 or 11.8% of them are Accountant, 2 or 1.8% o themes respondents are Division Manager, 5 or 4.5% of respondent are Sr. Auditors , 80 or 72.7% of respondent are Branch Supervisor, 7 or 6.4% of respondent are Junior accountant, and the remaining 3 or 2.7% of respondent are Principal Accountant. This implies the information gathered for this study was collected from the concerned bodies in the bank and the researcher believes that the information that the researcher got from those personals was truthful and appropriate for the study.

4.2 General Key questions

4.2.1 Preference of IFRS over GAAP

Chart 4.3 Preferences of IFRS
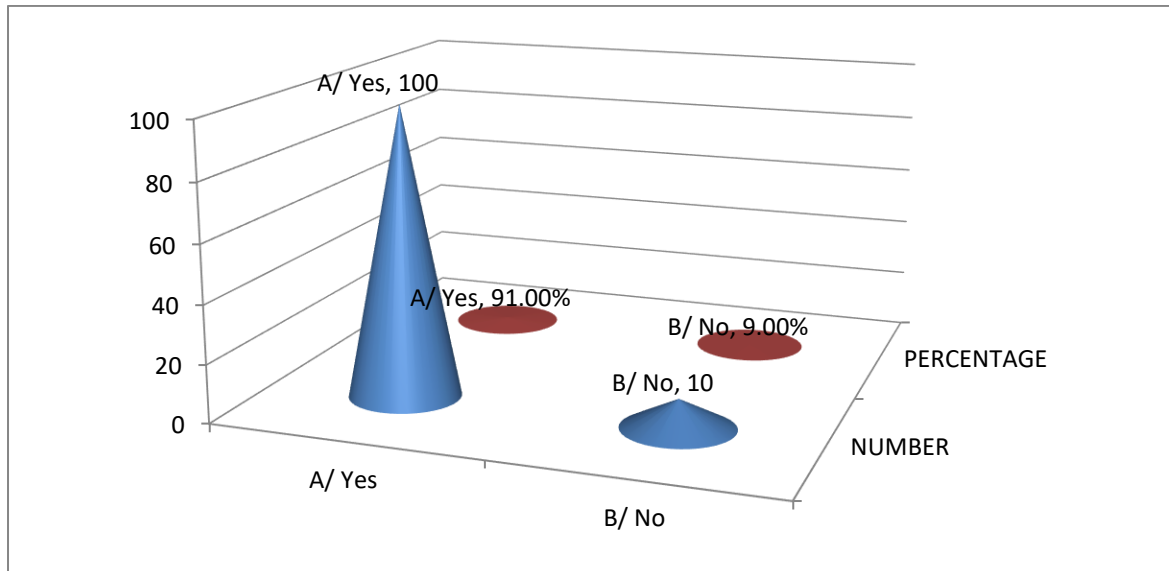
Primary Source 2021

From the above chart4.2 depicts that the majority of the respondents 100 (91%) have agreed that the newly introduced IFRS project is more preferable than the previously one. However, 10(9%) of the respondents have not agreed on the newly introduced IFRS project. This implies that the newly IFRS project have got an acceptance positively within the institution. Because of accepting the IFRS and financial statement is being prepared accordingly it improves its acceptance, value of asset and effectiveness.

4.2.2.   *Quality of IFRS more than the previous accounting standard used by the bank.*

Pie chart 4.1 Quality of IFRS
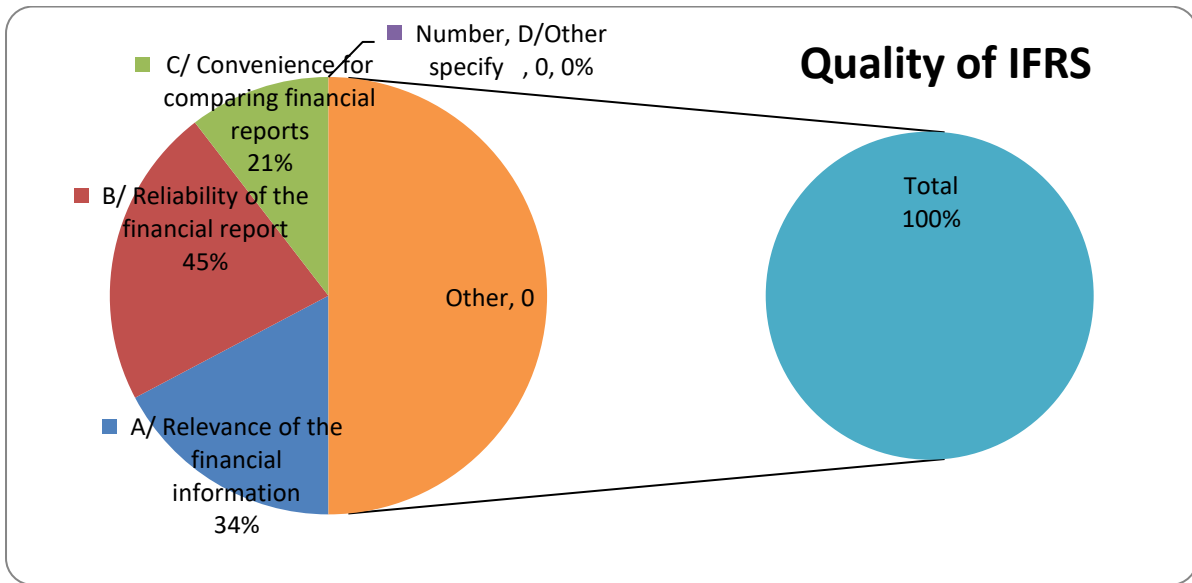
Primary Source 2021

From The pie chart above the percentage of the respondents that accounts for 45%,34%,21% and 0%   say the quality of IFRS is reliability of the financial report, relevance of financial report, convenience of comparing financial reports and others respectively.

4.2.3   *Training regarding IFRS.*

Chart 4.4 Training of IFRS
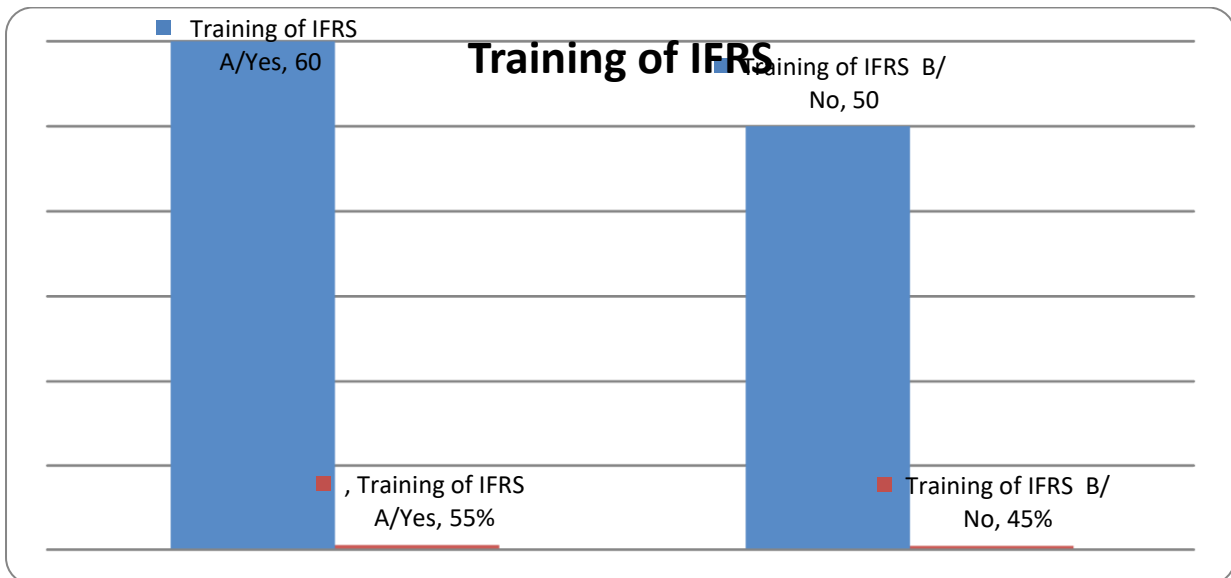
Primary Source 2021

From the chart above 4.3 the number of the respondents who took training on IFRS are 60(55%) where as the number of respondents who did not take training are 50(45%). This implies that most of the respondents did not take training with regards of IFRS.

This would cause a challenge on the process of IFRS implementation.

4.2.4. *IFRS directives and proclamations*

 Pie chart 4.2 IFRS Directive.
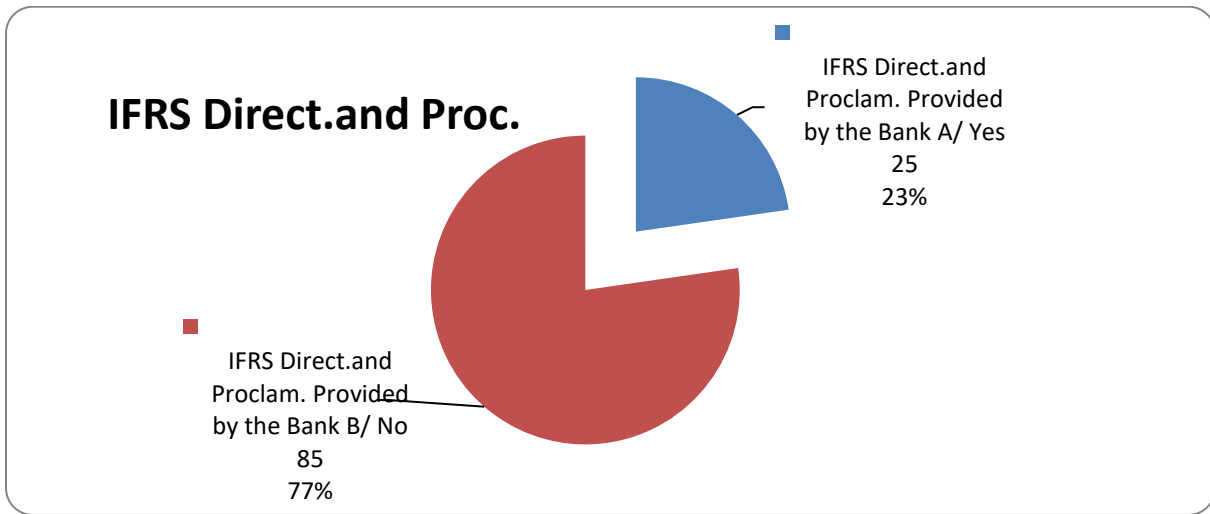
Primary source 2021

From the pie chart above 4.4 the number of respondents who have been provided the IFRS Directive and proclamation are 23% and 77% of the respondents are not provided with the IFRS Directive and proclamation. From this majority of the respondents who are working at the branch levels do not get the necessary Directive and proclamation from the bank which means the directive and the proclamation is available at Head office Finance Directorate.

4.2.5 Update of IFRS

Chart 4.5 IFRS Updating

	A/ Yes	B/ No	Total
NUMBER	35	75	110
PERCENTAGE	32.00%	68.00%	100.00%
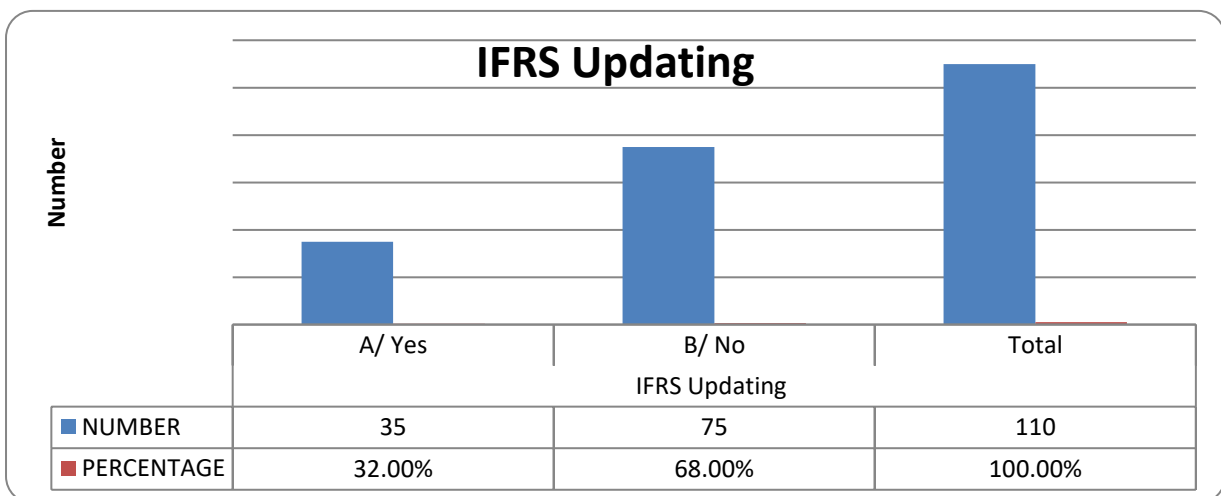
Primary source 2021

From the chart 4.5 above the number of respondents that agree on IFRS updating by the bank are 35(32%), where as the number of respondents who do not agree on updating are 75(68%). From this majority of the respondents are not updated by the bank.

4.2.6 *Current level of IFRS knowledge*

Pie Chart 4.3 IFRS Level of Knowledge.
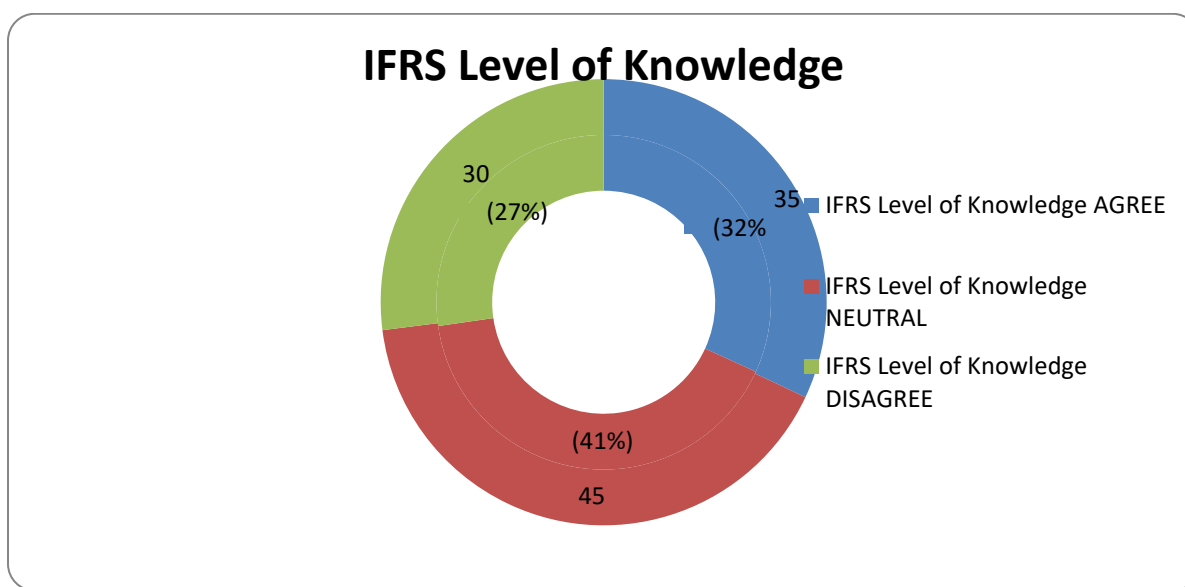
Primary Source 2021

From the chart 4.6 above the knowledge of the respondents currently to discharge their duties in accordance with IFRS are 45(41%), 35(32%) and 30(27%) toward neutral, agree and disagree respectively. This implies that most of the respondent's knowledge of using IFRS in preparing financial statement is being improved in the Bank.

4.3 Benefits of IFRS

S. No.	Benefits of IFRS	Number		Mean	Std. Deviation
		Valid	Missing		
Q1	Adopting IFRS improved the efficiency of financial repo.	110	0	3.7727	1.08922
Q2	Financial statements prepared based on IFRS are reliable.	110	0	3.8636	1.01798
Q3	Adoption of IFRS improved effectiveness of financial reporting.	110	0	3.8636	1.01798

Q4	IFRS makes external financing easier	110	0	3.7727	1.00146
Q5	IFRS benefits the Bank by improving growth in international business	110	0	3.7273	.96649
Q6	IFRS enables greater effectiveness of the internal Audit	110	0	3.5455	.89480
Q7	IFRS reduces cost of capital.	110	0	3.6818	1.06600
Q8	IFRS provides greater credibility	110	0	4.0455	.70887
Q9	IFRS allows for easy comparability of Financial statement produced by different entities	110	0	3.8182	.98783
Q10	IFRS enables improved economic prospect for the Accounting profession	110	0	3.6818	.97615
Q11	IFRS enhances value of information with different aspect of business	110	0	3.8182	.98783
Q12	IFRS improves transparency	110	0	4.0455	.98042

Primary source 2021

For this study the researcher had twelve questionnaires on benefits of International Financial Reporting Standards also asked for response by the statements with a 5 point Liker scale and indicate the extent they agree with the statements that is: 1 = Strongly disagree, 2 = disagree, 3 = Neutral, 4 =agree 5 = Strongly agree mean (M) score of 0-1 means that there respondents strongly disagreed, between 1 to 2 means they disagreed, 2 to 3 means the respondents were neutral or not undecided , 3-4 means they agreed, and a mean above 4 means there respondents strongly agreed (using the rating of the researcher Eyob 2017). Based on the findings on Table 4.3 found that ten statements on benefits o IFRS are answered in the rage of 3.5 to 4.00 they are agree on the benefits of IFRS the remaining two statements answered in the range of 4.00 to 4.0455 are strongly agree.

The above findings were consistent with the findings of Nahom 2018, Parvathy, 2017;

Alemgena, 2016; Solomon, 2016; Kumar, 2014; Demaki, 2013; and KPMG, 2008. These entities suggested in their respective studies that IFRS benefits the bank on each aspect that the financial statement would become more transparent at adoption result of the IFRS.

To put it in a nut shell for share companies particularly Wegagen Bank have got better reporting and got more confidence in the information presented. One of the main objectives of IASB is to develop in public interest, a single set of high quality, understandable and enforceable global accounting standard that require high quality, transparent and comparable information in financial statement and other finical reporting to help participants in various capital market of the world and other user of the information to make economic decision. According to this objective of IASB adoption of IFRS enhance transparency of companies through better reporting and provides better information for decision making. As per the standard set by IASB and disclosure of financial statements in accordance with IFRS benefits transparency, providing of valuable information to business users, incremental of professionalism , allows easy comparability to different entities, better credibility, at a reduced cost of capital, increases greater effectiveness of internal Audit, enhancement of Increasing growth in international market, makes external financier easier, insures the effectiveness of financial reporting, ensures the reliability and efficiency of financial reporting. All of the questions with regards of the benefits of IFRS project are evidenced by the percentage of the respondents positively.

4.4 Challenges of IFRS

With the intention to identify the challenges of IFRS Project implemented, the finance officials were asked of a serious of questions that helps in identifying some of the challenges encountered by the Bank's financial reporting. For ease of presentation, the findings and results from the respondents are summarized with the following themes.

Table 4.4 Challenges of IFRS

S.No.	Particulars	Number		Mean	Std. Deviation
		Valid	Missing		
Q1	Adoption of IFRS is costly	110	0	2.6364	1.19423
Q2	IFRS increases the complexity of financial reporting	110	0	2.4545	1.03725
Q3	There is lack of IFRS implementation guidance	110	0	3.0455	1.26626

Q4	There is lack of training institution for effective IFRS adoption	110	0	2.7727	1.17042
Q5	The non-inclusion of IFRS courses in higher institutions course curricula's	110	0	2.6818	1.14885
Q6	The lack of proper instruction and follow-up from regulatory bodies	110	0	2.9545	.98042
Q7	Lack of availability of competent specialists	110	0	2.9545	.98042
Q8	Problem with IT system in handling the transition to IFRS	110	0	2.8636	1.01798
Q9	Absence of structured secondary market	110	0	3.0909	1.00042
Q10	Problem with IFRS use of fair value accounting	110	0	3.0909	1.12963

Primary source 2021

For this study the researcher had questionnaires taken ten challenges faced in the adoption o IFRS also asked for response by the statements with a 5 point Likert scale and indicate the extent they agree with the statements that is: 1 = Strongly disagree, 2 = disagree, 3 = Undecided, 4 = agree 5 = Strongly agree A mean (M) score of 0-1 means that there respondents strongly disagreed, between 1 to 2 means they disagreed, 2 to 3 means the respondents were neutral or undecided, 3-4 means they agreed, and a mean above 4 means there respondents strongly agreed. Based on the findings on Table 4.4 found that seven statements on challenges of IFRS are answered in the rage of 2.00 to 3.00 they are neutral on the challenge of IFRS the remaining three statements answered in the range of 3.00 to 3.0909 are agree on the challenge.

To put it in a nut shell the researcher have got a finding that most of the challenges jotted down by different scholars/researchers Nahom 2018, Alemgena 2016, Eyob 2017, Jermakowicz, 2004; Jermakowicz et al. (2007); Susana, 2007; Robyn and Graeme, 2009; and William, 2010 examined the challenges of the adoption of IFRS in different countries of the world. Jermakowicz (2007)   that was particularly studied and founded the challenges of adoption of IFRS executed. However, as the Project of IFRS is being implemented and becoming familiar, those that were a challenge becomes shifting to not a problem as evidenced by the research

founded now.

From the result except use of Fair Value accounting, lack of proper instruction and follow-up by regulatory bodies and lack of implementation guidelines the remaining challenges that were accepted by researchers are not a challenge nowadays.

4.5 IFRS Process

Data that are retrieved using SPSS and displayed below Table 4.5 with regard to the current process of IFRS that are under go through people, system with keeping policy , procedures, Directives and regulations are analyzed and interpreted as follows based on the respondent response.

Tables 4.5 IFRS Process

Q1 The Bank has the appropriate staff having the desired Educational background and work experience towards IFRS.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	45	40.9	40.9	40.9
	2.00 Neutral	35	31.8	31.8	72.7
	3.00 Disagree	30	27.3	27.3	100.0
	Total	**110**	**100.0**	**100.0**	

Q2 All concerned staff is provided with the expected training and are being made updated on new IFRS.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	30	27.3	27.3	27.3
	2.00 Neutral	35	31.8	31.8	59.1
	3.00 Disagree	45	40.9	40.9	100.0
	Total	**110**	**100.0**	**100.0**	

Q3 "Policies, procedures and other mandatory manuals are prepared by the bank to guide the operating staff towards IFRS.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	35	31.8	31.8	31.8
	2.00 Neutral	40	36.4	36.4	68.2
	3.00 Disagree	35	31.8	31.8	100.0
	Total	**110**	**100.0**	**100.0**	

Q4 The Bank in due course has made the necessary revisions to all policies, procedures and manuals that would be affected by IFRS adoption.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	25	22.7	22.7	22.7
	2.00 Neutral	75	68.2	68.2	90.9
	3.00 Disagree	10	9.1	9.1	100.0
	Total	**110**	**100.0**	**100.0**	

Primary Source 2021

Under the Table 4.5 above in sub section Q1, 45(40.9%) have agreed on that, The Bank has the appropriate staff having the desired Educational background and work experience towards IFRS, 35(31.8%) were kept silent. However,30 (27.3%) which is the lower proportion have not agreed on the subject matter. Therefore, since most of the respondents have agreed we can say the bank has an appropriate staff which are equipped with educational background and work experience to undergo the project IFRS smoothly.

Under the Table 4.5 above in sub section Q2, 30(27.3%) have agreed on that, All concerned staff is provided with the expected training and are being made updated on new IFRS, 35(31.8%) were neutral. However, 45 (40.9%) which is the large proportion have not agreed on the area under discussion. Therefore, since most of the respondents have not agreed we can articulate the bank has not fully provided the expected training towards the Project IFRS this will hinder to undergo the IFRS smoothly. Since, most of the do not get training it is recommended to facilitate training for the professionals.

Under the Table 4.5 above in sub section Q3, 35(31.8%) have agreed on that, Policies, procedures and other mandatory manuals are prepared by the bank to guide the operating staff towards IFRS., 40(36.4%) were neutral and35(31.8%) which is the same proportion as the one agreed have not agreed on the issue. Therefore, since most of the respondents have kept silent we can say the bank has not prepared and provided the policy, procedure and other mandatory manuals to the concerned staff to undergo the IFRS project smoothly. Since, most of the respondents are indifferent it is easy to say policy and other necessary documents are not at the hands of financial statement performers. This is therefore recommended to make possible and deliver manuals, policy procedure, directive and proclamations to the professionals.

Under the Table 4.5 above in sub section Q4, 25(22.7%) have agreed on that, The Bank in due course has made the necessary revisions to all policies, procedures and manuals that would be affected by IFRS adoption, 75(68.2%) were neutral. However, 10 (9.1%) which is the lower proportion have not agreed on the area under discussion. Therefore, since most of the respondents were kept silent we can infer the bank has not fully revised its policy, procedures and manuals which are directly or indirectly affected by the newly adopted IFRS project.

Q5 The Bank has an effective alignment between its various units (i.e. both operating

Q5 The Bank has an effective alignment between its various units (i.e. both operating and support units) that would make the success of IFRS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	20	18.2	18.2	18.2
	2.00 Neutral	75	68.2	68.2	86.4
	3.00 Disagree	15	13.6	13.6	100.0
	Total	**110**	**100.0**	**100.0**	

Q6. The Bank has made the necessary implementation in the existing business and work process so as to make it compatible with IFRS requirements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	35	31.8	31.8	31.8
	2.00 Neutral	70	63.6	63.6	95.5
	3.00 Disagree	5	4.5	4.5	100.0
	Total	**110**	**100.0**	**100.0**	

Q7 The Bank has made all the necessary preparations to ensure that the current CORE banking is upgraded as per the requirements of IFRS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	25	22.7	22.7	22.7
	2.00 Neutral	65	59.1	59.1	81.8
	3.00 Disagree	20	18.2	18.2	100.0
	Total	**110**	**100.0**	**100.0**	

Q8 The Bank regularly monitors its current status with regard to IFRS against the standards, requirements and deadline set by AABE.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Agree	20	18.2	18.2	18.2
	2.00 Neutral	35	31.8	31.8	50.0
	3.00 Disagree	55	50.0	50.0	100.0
	Total	**110**	**100.0**	**100.0**	

Primary Source 2021

Under the Table 4.5 above in sub section Q5, 20(18.2%) have agreed on that, The Bank has an effective alignment between its various units (i.e. both operating and support units) that would

make the success of IFRS, 75(68.2%) were neutral. However, 15 (13.6%) which is the lower proportion have not agreed on the subject matter. Therefore, since most of the respondents were kept silent we can deduce the bank has not an effective alignment between it's varies units (both operating and support units) that would make the success of IFRS process. Since, most of the respondents are silent, it is recommended to align each work unit to make IFRS more successful.

Under the Table 4.5 above in sub section Q6, 35(31.8%) have agreed on that, The Bank has made the necessary implementation in the existing business and work process so as to make it compatible with IFRS requirements, 70(63.6%) were neutral. However, 5 (4.5%) which is the lower proportion have not agreed on the theme. Therefore, since most of the respondents were kept silent or neutral we can assume the bank has not made the necessary implementation in the existing business and work process so as to make it compatible with IFRS requirement. Since, most of the respondents are neutral to respond/side, it is recommended to make the necessary implementation in the existing business and work process to be compatible with the IFRS requirement.

Under the Table 4.5 above in sub section Q7, 25(22.7%) have agreed on that, The Bank has made all the necessary preparations to ensure that the current CORE banking is upgraded as per the requirements of IFRS, 65(59.1%) were neutral. However, 20 (18.2%) which is the lower proportion have not agreed on the premise. Therefore, since most of the respondents were kept silent or neutral we can suppose the bank has not made all the necessary preparation to ensure that the current core banking is upgraded as per the requirements of IFRS. Since, most of the respondents are neutral or unhappy to side, it is recommended to upgrade its Core Banking as per the requirement of IFRS.

Under the Table 4.5 above in sub section Q8, 20(18.2%) have agreed on that, The Bank regularly monitors its current status with regard to IFRS against the standards, requirements and deadline set by AABE, 35(31.8%) were neutral. However, 55 (50%) which is the large proportion have not agreed on the idea. Therefore, since most of the respondents didn't agree we can believe that the bank do not regularly monitors its current status with regard to IFRS against the standard, requirements and deadline set by AABE. Since, most of the respondents do not agree, it is recommended to monitor its IFRS process towards the requirement of AABE.

The last open ended questioner was addressed and responded from the total respondent only 3(around 3%) filled and they pointed their issue, comment and suggestions as follows:-

The senior Auditor in the bank who is working at the Head office Finance directorate whose experience in the bank is between 11 up to 15 Years has said" Knowledge, Attitude, awareness and practice on IFRS adoption at Wegagen Bank is at infant stage. So Due attention should be given by management to fill such Gap".

The other respondent whose current position is principal Accountant, who was also a participant of the project Team working currently at Head office Finance Directorate whose experience is also in between 11 to 15 Years has pointed his opinion as "Detail training to the concerned staff was not addressed, there is also lack of proper and reliable guidelines besides the performers are in deficiency of materials with regards to IFRS.

The branch supervisor whose educational level is Masters has also argue that the bank has to monitor the Implemented project and likewise improving its core banking to the required standard on holistic nature.

The interview questioner were prepared and dispatched to the ex-project committee of 4 in number and most of them are now are assigned to work in another project which is the banks ten years strategic plan. Fortunately, the researcher has got a Principal Accountant and he was one of the members of the team. He responded me positively and the general questions were forwarded to him and replied. About the overall process of IFRS adoption in the bank there were phases from 1-5 as follows.

Step 1- establishment of the IFRS ad-hoc committee for the development of concept note and adoption of same by Executive Management Committee and Board of Directors.

step 2 –establishment of IFRS project team.

step 3 –provision of various trainings to Board of Directors, Executive Managements, Directors, IFRS project team members.

Step 4 –project execution, monitoring and control.

Step 5 – project closeout.

The other questions addressed were a holistic approach to project management this was identified by the respondent and the Bank's failure to adopt a holistic approach to project management. More importantly, he shared its concern that if the IFRS project does not meet the scheduled regulatory deadline, one of the major reasons for such incompliance would be

attributed to the Bank's failure to adopt a well-structured system of project management. The respondent elaborated its response in the following manner:-

"To begin with the Bank did not prepare a detailed and carefully thought out project plan before the project kick off. The Bank until now has no documented project charter. Besides, the bank among others did not come up with a communication plan detailing how communication would be handled among the various stakeholders of the project"

This problem occurred as a result of the absence of prior similar experience with regard to IFRS. For this reason, Banks represented by EBA did not know how to interface with the consultant. This gave an upper hand to the consultant thereby allowing it to ask for additional payments whenever additional tasks are requested beyond what was specified in the statement of work. Consequently, there is a possibility for banks to pay additional sum to the consultant for the adoption of IFRS.

The other question which was forwarded to the manager is preparation of feasibility study by the bank. With this regard the bank did not prepare feasibility study. The problem not to prepare the feasibility study was the national Bank that urged them to adopt IFRS not later than 2018. Besides, capable consultants from local were not available. The main actors of the IFRS adoption process were, AABE, NBE, Bankers association, Wegagen Bank, Members of the project, IT department of the bank, Finance Directorate of the Bank and like.

CHAPTER FIVE
CONCLUSIONS AND RECOMMENDATIONS

In this chapter the major findings of the study are summarized; conclusions are drawn based on the findings and recommendations are forwarded for the concerned bodies.

5.1. Conclusions

The main objective of this study was to investigate the assessment of IFRS implementation project in Wegagen Bank S.C. The specific objectives were to examine the present status of IFRS project implemented in Wegagen Bank S.C, to inspect the present status of IFRS project implementation in Wegagen Bank; to look at the Benefits of IFRS project implementation in Wegagen Bank, to recognize the challenges of IFRS project implementation in Wegagen Bank; and to assess the process of IFRS project implantation in Wegagen Bank. To meet the research objectives, both primary and secondary sources of data were used in the study.

In order to examine the present status of the project in the Bank both primary and secondary sources of data were used. Similarly, primary sources of data were used to assess the IFRS adoption within the Bank. Primary data were gathered from the ex project team members and the Bank's operational staff. In line with this, secondary data were gathered from the, AABE's IFRS adoption road map and relevant Directives and proclamations. Data collected from the above sources were analyzed using both quantitative and qualitative data analysis tools. The major findings of the study results from both primary and secondary data sources are concluded as follows:-

Results show that the benefits of adopting IFRS improved the efficiency of reporting, reliability, effectiveness, easier external financing, growth in international business, enables grater effectiveness of internal Audit, reduces cost of capital, credibility, easy comparability of financial statement, increases economic benefits of the professionals, enhancement of value of information and improves transparency than the previously utilized GAAP.

There are challenges that are associated with adopting IFRS in the Bank. The major challenges identified by the respondents of the study incorporated, adoption of IFRS is costly, the complexity of financial reporting, lack of IFRS implementation Guidelines, lack of training institution, non-inclusion of   IFRS Courses in the higher institution, lack of proper instruction and follow up from regulatory bodies, lack of availability of competent specialists, problem

with IT system in handling the transition to IFRS, absence of structured secondary market and use of fair value accounting. From the result of the respondent except use of Fair Value accounting, lack of proper instruction and follow-up by regulatory bodies and lack of implementation guidelines the remaining challenges that were accepted by researchers are not a challenge nowadays.

With regard to process, there is a mixed response towards the process of the executed project. The pointes that were addressed having a desired educational background of the staff, training provided to the staff, preparation and dispatching necessary manuals of the IFRS to the staff, the revision of policy to align with IFRS, the banks compatibility with the requirement of IFRS, the current core banking capability towards IFRS, monitoring of the project by the bank regulatory. Except the staffs educational back ground other points under the process are replied has to be improved since the majorities have not agreed or kept silent.

The project team did not prepare any feasibility study, besides any standard that requires a project like project plan, project charter communication plan were not applied. The main project actors were AABE, NBE, Wegagen Bank, Bankers association.

5.2. Recommendations

The challenges identified in the study have to be identified and in depth mitigation factors has to be assessed. Since such issues could be resolved at higher and national level, the Bank has to direct its effort towards resolving those issues that fall under its domain. Hence, based on the study results the researcher would like to forward the following recommendations:-the bank could arrange training to its performers, prepare and deliver manuals, policy procedure, directive and proclamations to the professionals, the banks each work unit procedure should be updated with the alignment of IFRS, the bank should update its core banking system with the requirement of IFRS, the regulatory of the bank has to monitor and follow its IFRS project towards the requirement of AABE, Since the project IFRS implemented is at infant stage an eye from senior management is crucial, it is also recommended to prepare feasibility study for any project before commencement, detail project concept starting from initiation till closeout should be prepared by the bank.

5.3. Future Research Areas

The current study focused on assessing IFRS project implemented in Wegagen Bank. The study covered after the project implementation or during the operation under go. The next researchers might be expanding their scope to include developmental organizations, microfinance institutions and other private Banks in Ethiopia. In addition

, studies indicated that the experience of the project implementation vary from country to country and company to company. Hence, future research efforts could also focus on identifying the experience of IFRS project implementation as applied to other organization.

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Appendix I: Questionnaire

St. Mary's University

School of Graduate Studies

Department of Project Management

Dear Sir/ Madam

I am a postgraduate student at St. Mary's University, in the Department of Project Management. The purpose of this questionnaire is to collect data for a thesis project which the researcher requires to earn his Master of Arts in Project Management.

The project aspires to assess ***IFRS (International Financial Reporting Standards) implementation project in Wegagen Bank***.

I have accordingly prepared this survey questionnaire. The objective of the survey is to assess the adoption of IFRS project in Wegagen Bank. This research is believed to produce results that can improve project implementation practices in Wegagen Bank for future prospects. **Your honest responses to each question and statement are extremely valuable to the outcome of this research**.

The results of the survey will be used for the purpose of academic research only. Hence, all responses will be kept in strict confidentiality and hence would not affect any one in any case. I would like to thank you in advance for your kind participation, genuine and on time response to the questionnaire.

Thank you!

Samuel Feyisa

PART I: Demographic Profile of Respondent

Please put "√" mark to your answer in the appropriate box

1. Gender:- A/ Male ☐ B/ Female ☐

2. Academic level:-

A/Diploma ☐ B/ Bachelor Degree ☐ C/Master Degree ☐ Other, please specify ☐

3. Work experience:

A/ Less than 5 years ☐ B/ 6 to 10 years ☐ C/11 to 15 years ☐ 16 to 20 years ☐

E/Over 20 years ☐

4. Current position/role _____

PART II: General Key Questions

5. Do you agree that IFRS is more preferable than the previous accounting standard (GAAP) which was being implemented by the Bank?

    A/ Yes ☐   B/ No ☐

6. If your answer for question No. 5 is "Yes", what quality makes IFRS more convenient than

    the previous accounting standard used by the bank?

    A/ Relevance of the financial information ☐

    B/ Reliability of the financial report ☐

    C/ Convenience for comparing financial reports ☐

    D/Other specify ☐

7. Have you taken any training regarding IFRS so far?

    A/ Yes ☐   B/ No ☐

8. Are you provided with the relevant IFRS directives and proclamations by the Bank which would be relevant to your work and knowledge in the area?

    A/ Yes ☐   B/ No ☐

9. Are you updated by the Bank on any new developments regarding IFRS that are occurring globally, nationally or particularly in the Bank?

A/ Yes ☐   B/ No ☐

10. Do you agree that you can effectively discharge your duties with your current level of IFRS knowledge once full adoption and shift to IFRS is made?

A/ Agree ☐   B/Neutral ☐   C/ Disagree ☐

PART III: Benefits of IFRS

This section attempts to identify the specific benefits that are attached to adopting IFRS by the Bank. Please rate your response from 1 to 5 by putting" √" mark depending on your level of agreement or disagreement for each item specified below:

Key:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

No.	Particulars	1	2	3	4	5
11	Adopting IFRS improved the efficiency of financial reporting					
12	Financial statements prepared based on IFRS are reliable					
13	Adoption of IFRS improved effectiveness of financial reporting					
14	IFRS makes external financing easier					
15	IFRS benefits the Bank by improving growth in international business					
16	IFRS enables greater effectiveness of the internal Audit.					
17	IFRS reduces cost of capital.					
18	IFRS provides greater credibility					

19	IFRS allows for easy comparability of Financial statement produced by different entities					
20	IFRS enables improved economic prospect for the Accounting profession.					
21	IFRS enhances value of information with different aspect of business					
22	IFRS improves transparency					

PART IV: Challenges of IFRS Adoption

Here is a serious of questions that are designed to identify the specific challenges associated with Adopting IFRS in the Bank. Please rate your response from 1 to 5 by putting "√" mark depending on your level of agreement or disagreement for each item specified below:

23. How the following challenges are key in prohibiting IFRS adoption?

No.	Particulars	1	2	3	4	5
23.1	Adoption of IFRS is costly					
23.2	IFRS increases the complexity of financial reporting					
23.3	There is lack of IFRS implementation guidance					
23.4	There is lack of training institution for effective IFRS adoption					
23.5	The non-inclusion of IFRS courses in higher institutions course curricula's					
23.6	The lack of proper instruction and follow-up from					
23.7	Lack of availability of competent specialists					
23.8	Problem with IT system in handling the transition to					
23.9	Absence of structured secondary market					
23.10	Problem with IFRS use of fair value accounting					

Part V: IFRS process

24. Based on your own perception, please indicate the Bank's implementation with regard to the following factors:-

No.	Particulars	Agree	Neutral	Disagree
24.1	The Bank has the appropriate staff having the desired Educational background and work experience towards IFRS.			
24.2	All concerned staff (i.e. those that will deal with IFRS once full adoption is realized) are provided with the expected training and are being made updated on new developments and hence are ready for IFRS execution			
24.3	Policies, procedures and other mandatory manuals are prepared by the Bank to guide the operating staff towards IFRS			
24.4	The Bank in due course has made the necessary revisions to all policies, procedures and manuals that would be affected by IFRS adoption			
24.5	The Bank has an effective alignment between its various units (i.e. both operating and support units) that would the success of IFRS.			
24.6	The Bank has made the necessary implementation in the existing business and work process so as to make it compatible with IFRS requirements			
24.7	The Bank has made all the necessary preparations to ensure that the current CORE banking is upgraded as per the requirements of IFRS			
24.8	The Bank regularly monitors its current status with regard to IFRS against the standards, requirements and deadline set by AABE			

25. If you have any issue, comment or suggestion you are kindly and highly encouraged to raise them on the space provided hereunder.

_____

_____

_____

Appendix II: Interview Questionnaire
St.Mary's University
School of Graduate Studies
Department of Project Management

Dear interviewee,

The purpose of this interview questionnaire is to collect data for a thesis project which the researcher requires to earn his Master of Arts in Project Management. The project aspires to assess ***IFRS (International Financial Reporting Standards) implementation project in Wegagen Bank.***

The result of the study will have immense contribution to the existing dearth of knowledge in the topic area in the context of Ethiopia. The study could also have significance for the commercial banks in the industry by providing them a glimpse of the current practices and challenges with regard to IFRS adoption in the country.

Therefore, your candid and careful answer for each question has enormous benefit to the outcome of the study. Furthermore, all information you provide in answering each question are guaranteed to be kept in utmost secrecy and will be used only for the stated research purpose in aggregate manner.

The researcher, therefore, kindly requests you to answer all questions to the best of your knowledge. At this juncture, the researcher would also like to use this opportune moment to express its deepest gratitude for the willingness and dedication you have demonstrated in giving response to each of the questions raised in this interview questionnaire.

With Regards,

Samuel Feyisa

IFRS Adoption in Wegagen Bank

Date of Interview: _____   Location:

Time Started:_____   Time Completed:

A.   Interviewee profile:-

Employer:- _____

Role in the IFRS adoption process:- _____

Permanent role in the Bank:-_____

B.   General questions about IFRS

1. What were the overall processes of IFRS adoption in the Bank starting from initiation of the IFRS adoption project till the implementation status? The following issues such as Project initiation, stakeholders involved, challenges faced and their solutions, Conceptual design and map of the IFRS adoption, regulatory bodies and institutional arrangements, etc shall be discussed.

2. Did the Bank compiled follow a holistic approach to project management? Did the Bank prepare a project charter and project plan before commencing the IFRS project? Was there a pre- designed communication plan? Did the Bank develop a project monitoring system and change management plan?

3. Did the Bank perform any feasibility study before deciding to work with Ethiopian Bankers Association against that of hiring own consultant?

4. Who were the main actors/stakeholders in the IFRS adoption process of the Bank? What were their roles and influences? List of actors (stakeholders)

5. What were the major components (phases) of the IFRS Adoption project in the Bank?