Disclosure Practices by Financial Sector Companies - Evidence from Bangladeshi Listed Companies

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Abstract: *The main purpose of this study is to investigate the extent of mandatory IAS/ IFRS disclosures in the annual reports of financial sector companies in Bangladesh and to empirically examine the association between company-specific characteristics and mandatory IAS/IFRS disclosures of the sample companies. An unweighted disclosure checklist consisting of 120 mandatory items in six broad areas of financial statements representing twelve IASs/IFRSs was developed to assess the level of disclosure in the annual reports of financial sector companies listed with DSE. Total 99 companies' annual reports for year 2014 are carefully scrutinized against the disclosure checklist. The association between the level of disclosure and various company-specific characteristics namely company age, size, and profitability, audit firm size, appointment of qualified accountant and board composition was examined using statistical tools. The study reveals that financial sector companies do not comply with all the mandatory disclosure requirements of IAS/IFRS. It has been found that financial companies, on average, disclose 56.35 percent of the items of information in the year 2014. The findings also indicate that company age, size measured by revenue and profitability measured by ROE were all significantly associated with the extent of disclosure. Other variables were found statistically insignificant. The disclosure of insurance companies falls behind the banks and NBFIs. Results of this study undoubtedly provide greater contributions to accounting researches and to accounting practices and regulations.*

Keywords: *IFRS, IAS, Disclosure Index, Regulatory Framework, Listed companies, Legal Framework.*

1. Introduction

Credible financial information is imperative in attracting investments and business decision making. Financial reporting is one of the main tools used to acquire information and is an important source that can create investor confidence in a market. Financial reporting and disclosure reduce information asymmetry that exists in capital markets between managers and other stakeholders (Healy and Palepu, 2001). IAS/IFRS compliant

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financial statements make companies annual reports harmonized and uniform globally. The IAS/IFRS based disclosure of financial information in corporate annual reports and their determinants have attracted considerable attention in recent time. In Bangladesh, very few works have been carried out on the issues of disclosures and its determinants. Therefore, much people do not understand about the degree of disclosure and corporate attributes influencing it. The aim of this paper is to analyze the extent of disclosure in financial sector companies annual reports and examine if such disclosure is associated with any corporate characteristics namely company age, size, and profitability, audit firm size, appointment of qualified accountant and board composition.

2. Legal Framework of Reporting

In Bangladesh, the accounting practices are governed by the Company Act 1994, Banking Companies Act 1991, Income Tax Ordinance 1984 and BSEC Rules 1987. Besides, accounting practices in Bangladesh are guided by the British method of accounting since the inception of accounting and local reporting. The country has no designated Generally Accepted Accounting Principles (GAAP) rather it followed British GAAP generally calling it Bangladesh GAAP. Schedule 11 of Company Act 1994 (amended act of old Company Act 1913 which was inherited from British Company Law) was the format of reporting financial statements which currently listed companies do not follow, rather they prepare financial statements as per IAS 1: Presentation of Financial Statements. The accounting under GAAP was rule based, which transformation into principle based (IAS/IFRS) accounting for the preparation of financial statements and reporting under the accounting guidance issued by the Institute of Chartered Accountants of Bangladesh (ICAB) calling Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards (BAS/BFRS).

Government of Bangladesh enacted Financial Reporting Act (FRA) 2015 to regulate the financial reporting process followed by the companies. Under this law, a new oversight body, Financial Reporting Council (FRC) has been formed that will set up accounting and auditing standards, financial reporting monitoring, audit practice review, and enforcement of disciplinary actions.

3. Objectives of the study

This paper intends to analyze the extent of mandatory IAS/ IFRS disclosure practices by financial sector companies listed in Dhaka Stock Exchange Ltd (DSE) and Chittagong Stock Exchanges Ltd. (CSEL). To examine this, the following objectives are specified:

- Identifying the overall level of IAS/IFRS compliance in the annual reports of listed companies.

- Examining the association between compliance level and company attributes measured by company age, size, profitability, board composition, size of audit firm & its international affiliation and employment of qualified accountant(s)

4. Literature review and hypothesis development

Disclosure is the process through which an entity communicates with the outside world (Chandra, 1974). The World Bank (2006) says that accounting disclosure leads to better transparency and stronger market discipline in the banking sector. There has been extensive research in the advanced and developing countries with a view to examine the information needs of different user groups like investors, financial and security analysts, public accountant and auditors, creditors etc. as well as to measure the extent of corporate disclosure in financial and non-financial companies. (for example, See Cerf, 1961; Singhvi and Desai,1971; Kahl and Belkaoui, 1981; Wallace, 1987; Cooke, 1989a, 1989b,1991, 1992, 1993; Craig and Diga,1988;Ahmed and Nicholls, 1994; Wallace and Naser, 1995; Inchausti, 1997; Hossain, 2000; Hossain, 2001; Haniffa andCooke, 2002; Akhtaruddin, 2005). However, while numerous researchers in Bangladesh and abroad have made commendable efforts in evaluating the reporting practices in annual reports of non-financial companies from various perspectives and view points; yet there is a shortage of existing literature which has investigated compliance disclosure (mandatory or voluntary) in corporate annual reports of financial companies in the context of an emerging economy in general and in Bangladesh in particular. A very few research can be found reflecting the disclosure of information of the banking companies in Bangladesh but no study has yet been undertaken for evaluation of application of IAS/IFRS in accounting practices specifically carried out by financial companies (Banking, NBFIs and Insurance companies) in Bangladesh.

However, the Kahl and Belkaoui (1981) pioneered the research on Bank Annual Report Disclosure Adequacy Internationally, investigating the overall extent of disclosure by 70 banks located in 18 countries. Their results indicated that the extent of disclosure was different among the countries examined, and that there was a positive relationship between size of the bank and the level of disclosure indicated. Akter and Hoque (1993) examined the disclosure practices of the banking sector in Bangladesh. Based on empirical evidence they commented that the disclosure and reporting in banking sector in Bangladesh are not merely only inadequate but also biased and misleading. Hossain (2001) empirically investigates the extent of disclosure of 25 banks in Bangladesh and associations between company size, profitability, and audit firm with disclosure level. A total of 61 items of information, both voluntary and mandatory, were included in the disclosure index. The results showed that size and profitability of the banks are statistically significant in determining their disclosure levels. Chipalkatti (2002) examined the association between the nature and quality of annual report disclosures made by 17 Indian banks and market microstructure variables. He constructed a Bank Transparency Score (BTS) consisting of 90 items of information considering the recommendations of the Basel committee and IAS 30. The study showed no significant association between the level of disclosure and percentage of shares held by the government, and the percentage of shares held by foreign shareholders respectively. Baumann and Nier (2003) addressed the issues of developing a set of disclosure requirements by Pillar 3 of Basel II that improved market participants' ability to assess a bank's value using a unique dataset on almost 600 banks in 31 countries over the period 1993-2000. The dataset contains detailed information about the items disclosed by banks in their annual accounts. They constructed a composite disclosure index that informs about disclosure at the bank level, and they then analysed each of the 17 sub-indices of disclosure that make up the composite index in order to investigate which, if any, items of the banks' balance sheet disclosure are most beneficial from the point of view of the bank and most useful for financial markets. Their findings generally confirm the hypotheses that disclosure decreases stock volatility, increases market values, and increases the usefulness of company accounts in predicting valuations.

Hossain (2008) investigate empirically the extent of both mandatory and voluntary disclosure by listed banking companies in India. A total of 184 items were selected of which 101 and 81 were mandatory and voluntary respectively. The study revealed that in disclosing mandatory items, the average score is 88, whilst the average score for voluntary disclosure is 25. The findings of Hossain (2008) indicate that size, profitability, board composition, and market discipline variables are significant, and other variables such as age, complexity of business and asset-in-place are insignificant in explaining the level of disclosure.

In recent study, Ahmed (2009) empirically examined the relationship between the disclosure score and selected corporate attributes (size of the bank, profitability, credit deposit ratio, Capital Adequacy Ratio, Debt-Equity Ratio and Shareholder's Risk ratio)in a developing country like Bangladesh. The results showed that return on assets and capital adequacy ratio are associated with disclosure levels. Based on the results of prior empirical research, the special characteristics of financial companies and data availability, six hypotheses were developed for this study, a detailed analysis of which is now presented.

(i) Age

The extent of a company's disclosure may be influenced by its age, i.e. stage of development and growth [Owusu-Ansah, (1998); Akhtaruddin, (2005)]. The rationale for selecting this variable lies in the possibility that old companies might have improved their financial reporting practices over time (Alsaeed, K. 2006) and secondly they try to enhance their reputation and image in the market [Akhtaruddin, M. (2005)]. Owusu-

Ansah, S. (1998) stated that new or companies are not likely to disclose full information about their financial results and position because this may prove to be adverse if sensitive information is voluntarily disclosed to the established competitors. This leads to the following hypothesis:

H1: *Long established companies may disclose more information than newly established companies.*

(ii) Size

Most researchers have found a positive relationship between company size and the extent of disclosure in both developing and developed countries [Singhvi and Desai, 1971; Kahl and Belkaoui,1981; Cooke 1989a, 1992; Ahmed and Nicholls, 1994; Hossain et al., 1994; Wallace et al., 1994; Hossain, 2000; Hossain, 2001]. The size variables considered in these studies include sales, total assets, revenues,number of employees, number of shareholdings etc. Total Assets, total equity and gross revenues are chosen to measure company size. Consistent with prior research, it is hypothesized that larger companies may tend to disclose more information than smaller companies in their annual report due to their competitive cost advantage (Lang & Lundholm 1993; Lobo & Zhou, 2001).The following hypotheses test the association between company size and extent of disclosures required by IFRSs:

H2a: *Company measured by total assets is significantly associated with the extent of compliance with IFRS-required disclosures.*

H2b: *Company size as measured by gross revenue is significantly associated with the extent of compliance with IFRS-required disclosures*

H2c: *Company size as measured by total equity is significantly associated with the extent of compliance with IFRS-required disclosures*

(iii) Profitability

When profitability is high, management is more willing to disclose detailed information Most researchers have found a positive relationship between profitability and extent of disclosure. (Hossain, 2000; Inchausti, 1997; Lang & Lundholm,1993; Wallace & Naser, 1995; Owusu-Ansah, 1998). Al-Mutawaa and Hewaidy (2010), Dumontier and Raffournier (1998) and Street and Gray (2002) found an insignificant association between profitability and IAS/IFRS compliance, whereas Guerreiro et al. (2008) and Hodgdon et al. (2009) found a negative association between IAS/IFRS compliance and profitability. In this paper researchers have used return on assets and return on equity as proxies for profitability.

H3a*: Company profitability as measured by return on total assets is significantly associated with the extent of compliance with IFRS-required disclosures.*

H3b: *Company profitability as measured by return on equity is significantly associated with the extent of compliance with IFRS-required disclosures.*

(iv) Board Composition

Board composition might be an interesting variable to consider because it will indirectly reflect the role of non-executive directors (Haniffa and Cook, 2002). A number of studies have been conducted on the importance of non-executive directors with a view to examine the role of non-executive directors in the board. Empirical evidence on the importance of non-executive directors has been mixed. Kosnik (1990) argues having a higher proportion of outside non-executive directors on the board may result in better monitoring of the behaviour of management by the board. Inclusion of independent non-executive directors on corporate boards improves the comprehensiveness and quality of disclosure (Forker, 1992; Chen and Jaggi, 2000). On the other hand, Klein (1998) suggests that inside directors can contribute more to a firm than outside directors due to their firm-specific knowledge and expertise. Thus, the role of independent directors on the extent of disclosure in the annual report is examined by testing the following hypothesis:

H4: *There is a positive association between the proportion of non-executive directors on the board and the extent of disclosure of information.*

(v) Size of the Audit Firm and its International Link

The size of the company's audit firm and its international link is believed to influence the amount and quality of information disclosed in annual reports. It is expected that large audit firms insist companies to provide more information to external users, and also acts as a pressure on companies to increase the disclosure level instead of losing the company's reputation The large audit firms are the partnership firms who are either member firm or correspondent firm of top 10 largest international accounting and professional services firms in the world (Deloittle, PWC, E&Y, KPMG, Grant Thornton, BDO, Crowe Horwath, Moss Adams, RSM and Baker Tilly international) while small audit firms refers to those which operate at domestic level(no foreign affiliation). Previous researchers considered Big 4 audit firm in their studies. However, I have taken big 10 audit firms because the representative firms of Big 4 audit firms have not audited the majority of audit proposal. Data collected revealed that 34 percent of the sample companies were audited by Bangladeshi accounting firms associated with top 10 largest international accounting and professional services firms, the other 66 percent of the sampled companies were audited by accounting firms with no association.

Prior research has proven that level of disclosures may be associated with size of audit firm. Ahmed and Nicholls (1994), Street and Gray (2002), Owusu-Ansah and Yeoh study (2005) and Glaum and Street (2003) found positive association between audit firm size and the extent of IAS disclosure requirement. Wallace et al (1994) found a positive but insignificant association. On the other hand, Wallace and Naser (1995) postulate that a negative association between type of auditor and the extent of compliance with mandatory disclosure. The following hypothesis is tested:

H5: *Audit Firm size is significantly associated with the extent of compliance with IAS/IFRS-required disclosures.*

(vi) Employment of Qualified Accountant(s)

The qualification of the preparers of financial statements may be seen as an important determinant of disclosure quality. Professionally qualified accountants are more likely to pursue a policy of full disclosure than a non-professional accountant. They are able to influence disclosure of IFRS/IAS based information in the annual report in Bangladesh; the gap between qualified accountants and unqualified accountants is very wide in terms of knowledge and skill. The accountant qualification variable was first used by Parry and Groves (1990) who found that there is no significant difference in the quality of disclosure between firms employing professionally qualified accountants and firms not employing them. Subsequently, Abayo and Roberts (1993) included the variable in Tanzania and reached the same conclusion. Ahmed and Nicholls (1994) found that the qualification of the principal accounting officer of the reporting company did influence disclosure levels at 10% level. In the present study, qualified accountant/s is/are referred as Chartered Accountants and Cost and Management Accountants. Thus, the hypothesis developed for the study is as follows:

H6: *Appointment of qualified accountant in the company is significantly associated with the extent of compliance with IAS/IFRS-required disclosures.*

Figure : Following highlights the framework of the study

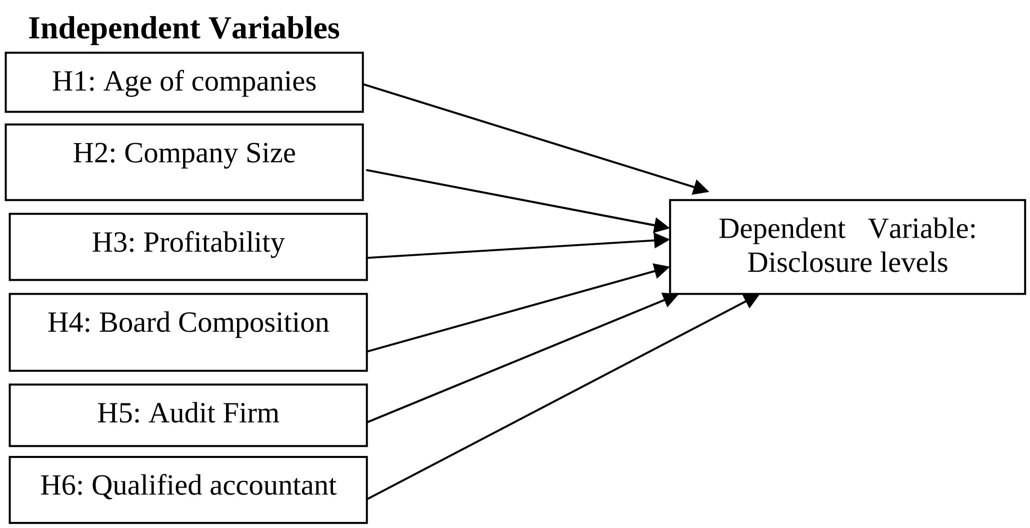

Table-1: Research Hypotheses and Predicted Signs of the Coefficients

Independent Variable	Hypothesis	Expected Sign
Age	H1	+
Firm Size		
Total assets	H2a	+
Gross revenue	H2b	+
Total equity	H2c	+
Profitability		
ROA	H3a	+
ROE	H3b	+
Composition of B.O.D	H4	+
Audit firm size	H5	+
Accountant	H6	+

This table lists the hypotheses with their expected signs.

5. Methodology of the Study

5.1 Sample Selection, Data Collection and Variables Measurements

A total of 331 companies in 19 sectors were listed with stock exchanges in Bangladesh at the time of study. Among those, I selected 99 companies from three segments of financial sectors - Banks (30 listed banks), NBFIs (23 NBFIs) and Insurance (46 insurance companies) which was 30 percent of the total companies listed with the stock exchanges. These sectors were considered in this study as the Banks, NBFIs and Insurance companies collect public's money and make a profit by investing those funds and has played remarkable role for the financial and economic development of the country. They require more rigorous audit and disclosure practices than non-financial companies to maintain accountability and bring about transparency of companies activities. This study is based on secondary data, which was obtained from the published annual reports of selected companies of banks, NBFIs and insurance companies. The annual reports for the year ending 31 December 2014 were collected and scrutinized carefully against the disclosure checklist to identify the compliance of sample companies' disclosed information has been agreed with the intended disclosures. Table-2 shows number of sample companies classified by sector.

Table -2 : List of sample companies

Sector	Total population	Listed companies selected as sample	Percentage of total population
Bank	56	30	54
NBFIs	33	23	70
Insurance	77	46	60
Total	166	99	60

The dependent variable, total disclosure score (TDS), for each firm was the disclosure made by the company through its annual report and it was measured by the total disclosure score (TDS)as explained in the following subsections. Data for these variables was obtained from the annual reports of the selected companies. Table-3 summaries data collection and variables measurement.

Table 3: Data Collection and Measurement of Variables

Independent Variable	Prediction	Sources of Information
Listing status age	The number of years since listed on DSE	Annual reports
Firm size: Total assets Gross revenue Total equity	Total assets value shown in balance sheet Gross revenue reported in income statement Equity value shown in balance sheet	Annual reports Annual reports Annual reports
ROE	Return on Equity =Earnings/total shareholders' equity	Annual reports
ROA	Return on assets =Earnings/total assets	Annual reports
Board composition.	Ratio of non executive directors to total number of directors on the board.	Annual reports
Audit Firm	A dummy variable which equals 1 if the company is audited by top 10 Audit firm and 0 if otherwise.	Annual reports
Accountant	Dummy variable coded 1 = qualified accountant found in the company, 0 = not found.	Annual reports

This table reports data collection of the independent variables and their proxies. Data for these variables was obtained from the annual reports of the selected firms

5.2: Development of Disclosure Checklist

A disclosure checklist consisting of 120 items is prepared based on the disclosure checklist suggested by the Institute of Chartered Accountants of Bangladesh (ICAB) and 12 commonly used IAS and IFRS for commercial banks, NBFIs and insurance companies in Bangladesh. Besides these, the checklist used in the prior research (Street et al, 1999; Street and Gray 2002, Al Shammari et al., 2007), and the disclosure checklists published on the internet by Deloitte (2006), KPMG (2006) were used in developing the checklist. Further, these elements were divided into six sub-groups. Number of elements under each category is provided in the table below.

Sl no.	Title of IAS, IFRS	Total items	General	B/S	P/L	SOE	CFS	AP
1	IAS 1: Presentation of financial statements	56	17	19	-	15	-	5
2	IAS 7: Cash flow Statements	6	-	-	-	-	5	1
3	IAS 10: Events after the Reporting Period	4	3	-	-	-	-	1
4	IAS 12: Income Tax	8	-	-	8	-	-	-
5	IAS 16: Property, Plant and Equipment	6	-	3	-	-	-	3
6	IAS 17: Leases	3	-	2	-	-	-	1
7	IAS 18: Revenues	4	-	-	4	-	-	-
8	IAS 19: Employee Benefits	4	-	-	2	-	-	2
9	IAS 24: Related party disclosure	13	-	-	1	-	-	12
10	IAS 33: Earning per share	3	-	-	3	-	-	-
11	IAS 36: Impairment of Assets	2	-	-	2	-	-	-
12	IAS 37: Provisions, Contingent Liabilities and Contingent Assets	10	-	-	-	-	-	10
	Total items to be disclosed	**120**	**20**	**24**	**20**	**15**	**5**	**35**

Legend:

B/S : Balance Sheet
P/L: Profit and Loss Account
SOCE : Statement of Changes in Equity
CFS : Cash Flow Statement
AP : Accounting policy

Number of items disclosed

Appendix -1 represents the disclosure index.

Table-4 : Shows the distribution of 120 items of information across the annual report

Sl. No.	Parts of Annual Reports	Checklist item nos.	Disclosure Items	%
1	General Disclosure	1-21	20	17
2	Statement of Financial Position	22-45	24	20
3	Statements of P/L Account and other Comprehensive Income	46-65	20	17
4	Shareholders' Equity	66-80	15	12
5	Cash flow statement	81-85	05	4
6	Accounting Policies and notes to the Financial Statements	86-120	35	30
Total disclosure items (N)			**120**	**100**

5.3 Scoring the Disclosure Items

Disclosure index refers to the degree or level of disclosure by each of the sampled companies. The disclosure index for each company is calculated by dividing the number of items actually disclosed in the company's annual report by the required/applicable items (i.e. the number of items that should be disclosed by the company). Both a weighted disclosure index and an unweighted disclosure index are usually used to determine disclosure level. The weighted approach allows distinctions to be made for the relative importance of information items to the users (Inchausti, 1997). The advocates of this approach are of the opinion that all items of information are not equally important and therefore, allocation of weights is done somewhat arbitrarily by the researchers, The unweighted approach is based on the assumption that each item of disclosure is equally important to the average users of accounting information. The equal weighting system is, therefore, viewed to be superior to the differential weighting system (Owusu-Ansah, 1998) and for that reason this study uses the unweighted disclosure index approach to measure the level of IAS and IFRS based corporate disclosures. The researchers such as Wallace et al. (1994), Cooke (1991 and 1992), Karim (1995), Hossain et. al (1994), Ahmed and Nicholls (1994), and Hossain (2000 and 2001) adopted unweighted approach in which an item was scored one if disclosed and zero if not disclosed. The un-weighted disclosure method measures the total disclosure scores (TDS) of a company as summation (suggested by Cooke, 1992) as follows:

$$TDS = \sum_{i=t}^{n} d_i$$

Where, d = 1 if the item d_i is disclosed

0 = if the item is not disclosed

n = number of items

Alternatively, it can be expressed as:

$$TDS = \frac{\text{total number of items disclosed}}{\text{total number of items to be disclosed}}$$

Here items of information numerically scored on a dichotomous basis. Score '1' is given to an item if it is disclosed in the annual report and '0' is given if the item is not disclosed in the annual report. The total score (TDS)received by a company is equal to the number of items disclosed in its annual report against the checklist and then calculate disclosure index/percentage by calculating the ratio of items disclosed and the number of items (120 items) to be disclosed by each company.

5.4: TEST OF HYPOTHESIS

In order to test the hypothesis I used both parametric and non-parametric statistics. Parametric tools include Pearson correlation, mean and standard deviation and non-parametric test includes chi-square and multiple regressions are used. Cooke (1989) used these two approaches in his study. The estimated multiple linear regression model employed to test the relationship between company - specific variables and the level of disclosure is presented below:

$TDS = \partial + \beta_1$ Size+ β_2 Age+ β_3 Profit+ β_4 Board Composition+ β_5 Audit Firm+ β_6 Qualified Accountant+$\in$

Where:

TDS = Total disclosure score received from each company

Expected Sign (+)(+)(+)(+)

∂ = the constant

ϵ = Error term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = slope coefficients of the model

6. Findings and Analysis:

6.1 .Descriptive Statistics

6.1.1. Disclosure level of sample companies

Table-5: Extent of IAS and IFRS disclosure scores of sampled companies according to the level of their compliance in 2014

Disclosure level Range (%)	Bank	NBFI	Insurance	Total sample no (%)
Over 90 %	-	-	-	-
90% - 80%	-	-	-	-
79% - 70%	6	-	-	6(6%)
69% - 60%	22	11	-	33(33%)
59% - 50%	2	11	12	25(25%)
49% - 40%	-	1	34	35(35%)
39% -30%	-	-	-	-
Below 30%	-	-	-	-
Total	**30**	**23**	**46**	**99(100%)**
Max. Disclosure level (%)	73.00	67.00	57.00	73.00
Min. Disclosure level (%)	52.00	49.00	44.20	44.20
Overall Disclosure level (%)	66.00	58.26	49.04	56.35
Standard Division (%)	4.55	5.80	4.34	8.79

Table-5 reports the descriptive statistics of the disclosure scores (dependent variables).The findings revealed that on average financial companies publish 56.35 percent of the items of information in the year 2014.The minimum score is 44.2 percent and maximum score is 73.00 percent. Around 56.35 percent of items were disclosed by the financial sector companies whereas 73 percent (22 out of 30) sampled banks disclosed 60 to 69 percent of IAS/ IFRS based items in their annual reports whereas only 47.8 percent NBFI companies disclosed the same level of items in their annual reports but insurance companies do not disclose any information at that level. All sampled insurance companies disclosed below 60 percent of IFRS/IAS requirements. This result suggests that, in general, financial companies listed on Dhaka Stock Exchange Ltd. complied with the majority of IFRS/IASs disclosure requirements with the lowest disclosure index 44.2 percent in 2014. No company obtained an overall compliance rate of 100%. This result also indicated that among selected companies, banking companies disclosed more IAS/ IFRS based accounting information than other selected companies. Among the three types of selected companies, disclosure compliance of insurance companies is very week.

6.1.2: Disclosure Score of the International Accounting Standards tested:

Table- 7 summarized the minimum, maximum, mean and standard deviation of the disclosure level for each of the 12 IASs. The minimum and the maximum represent the case of one item or more within each standard while the mean representing the extent of disclosure compliance with each IAS disclosure requirements. The table 10 shows that around 96 percent of selected companies followed at least one item out of 4 items selected under IAS 18 which is the highest level of compliance made in 2014. On an average more than 80 percent selected companies followed at least 1 item out of 6 items selected under IAS 7 and 4 items selected under IAS 18. Roughly 60 to 79 percent selected companies followed at least 1 item out of 57 items selected under IAS 1 and 4 items selected under IAS 10. Approximately 40 to 59 percent selected companies followed at least 1 item out of three items selected under IAS 16, four items selected under IAS 19 and thirteen items selected under IAS 24. Compliance of rest IASs are very poor (below 39 percent).

Table- 6: Level of compliance with the disclosure requirements of 12 IASs

Sl no.	Title of IAS, IFRS	Maximum	Minimum	Mean	St. Dev
1	IAS 1: Presentation of financial statements	1.00	0.00	0.64	0.36
2	IAS 7: Cash flow Statements	1.00	0.80	0.93	0.10
3	IAS 10: Events after the Reporting Period	0.98	0.52	0.74	0.23
4	IAS 12: Income Tax	0.60	0.00	0.23	0.27
5	IAS 16: Property, Plant and Equipment	1.00	0.00	0.55	0.53
6	IAS 17: Leases	0.20	0.00	0.07	0.12
7	IAS 18: Revenues	0.97	0.95	0.96	0.01
8	IAS 19: Employee Benefits	0.54	0.37	0.46	0.09
9	IAS 24: Related party disclosure	0.80	0.00	0.47	0.28
10	IAS 33: Earning per share	0.78	0.01	0.35	0.39
11	IAS 36: Impairment of Assets	0.19	0.01	0.10	0.13
12	IAS 37: Provisions, Contingent Liabilities and Contingent Assets	0.52	0.00	0.12	0.18

The preceding results indicate that compliance level varies across standards. A possible reason for this variation is the degree of difficulty associated with the application of these standards. Most of the standards taken under this study are very common and less difficult to comply with the standards. The preparers of financial statements are familiar with the application of these standards as compared to those standards with low compliance level.

6.1.3: Descriptive statistics for the explanatory variables

	Max.	**Min.**	**Mean**	**St. Dev**
1. Company Size				
Total Assets (tk) billion	651.5	.48	65.86	103.54
Total Equity (tk) billion	46.58	.09	6.63	8.88
Total Revenues (tk) billion	49.11	.02	6.028	8.829
2. Profitability				
Return on equity	.50	00	.1651	.0983
Return on total assets	.20	00	.0460	.0413
Company age (No. of s)	37.0	1.00	13.27	8.32
Board composition	0.5	00	.1739	.081
Appointed qualified Accountant	1.00	00	.5455	.500
Audit firm	1.00	00	.34	.477

The company size is measured by total assets, total equity and total revenues. The average size of the sample companies by total assets is Taka 65.86 billion while the average size measured by total revenues is Taka 6.0 billion for 2014. The average size measured by equity is Taka 6.6 billion for 2014. The standard deviations of these variables are large either measured in terms of total assets or total revenues or equity. This means that measures of company size are not normally distributed. Average profitability is 16.5 percent as measured by return on equity and 4.6 as measured by return on total assets for 2014. The average age of the sample companies is 13.2 for 2014 since listing date. Non-executive directors constitute about 17.4 percent of the sampled boards for 2014 while average of appointment of qualified accountant in the company is 0.6 for 2014. The share of the world’s top 10 affiliated firms in the financial companies is only 34 percent in 2014. The standard deviations of these variables are not large either measured in terms of board composition or qualified accountant appointment or audit firm size in the company.

6.2. Chi-Square Analysis

Table-8: Chi –Square test value between disclosure score (dependent variables) and company-specific attributes (independent variables)

Variables	Chai-Square		
	Pearson Value	df	Significance
DS & Equity	3487.27	3393	0.127
DS & Assets	3727.35	3627	0.120
DS & Revenue	3625.32	3393	0.003
DS & ROE	1458.74	1365	0.039
DS & ROA	602.79	624	0.722
DS & Board Composition	1073.12	975	0.015
DS & Audit Firm	58.57	39	0.023
DS & Age	1156.67	1014	0.001

Chi- square analysis reveals that Company size as measured in terms of gross revenue is positively associated with level of disclosures. This study consists with the results of prior research (e.g. Akhtaruddin, 2005, Wallace and Naser, 1995; Owusu-Ansah, 1998; Ali et al, 2004; Owusu-Ansah and Yeoh 2005; Al-Shammari et al, 2007 and Lang and Lundholm; 1993. The P value of the hypothesis test between disclosure score and profitability of the selected companies measured by ROE is 0.039 which is lower than our significance level. The result is also consistent with Cerf (1961), Singhvi and Desai (1971), Alsaeed (2006) Wallace et al. (1994), Karim (1996), Owusu-Ansah (1998), and Hossain (2000). P value of the hypothesis test between disclosure score and board composition of the selected companies is 0.015 which is lower than 0.05. So the empirical finding suggests that board composition is significant in explaining disclosure levels of the selected companies, implying that the outsiders can create pressure on boards to disclosure more information in published annual reports. This result is similar to Mohammed Hossain (2008). Audit Firm size is significantly associated with the extent of compliance with IAS/IFRS-required disclosures. This findings similar to the findings reported by Abdullah Al Mutawaa and Aly M Hewaidy (2010); Wallace et al (1994), Ahmed and Nicholls (1994) and Singhvi and desai (1971). The test result did not support the hypothesis that appointment of qualified accountant in the company is significantly associated with the extent of compliance with IAS/IFRS-required disclosures. Qualified accountant have no influence in making company disclosure under this study. The result of this study is consistent with Parry and Groves (1990). The findings of present study conflict with Ahmed and Nicholls (1994) who found positive association between disclosure level and the employment of qualified accountant at only the 10% significance level but A.K.M. Waresul Karim (1996) concluded that the employment of a qualified accountant was significantly associated with disclosure level at 1% level of significance. Company age was found to be a significant factor for compliance with mandatory disclosure. The test result indicates that disclosure depends on the age of the selected companies. This findings also consistent with Owusu-Ansah (1998); Owusu-ansah and yeho, (2005) and Al shammari et al., (2007). The present study contradicts with findings reported by Akhtaruddin (2005), Hossain (2008) and Glaum and Street (2003). Profitability measured by ROA, size measured by total assets and total equity are insignificant factor for mandatory disclosure.

6.3: Correlation Matrix and Multicollinearity Analysis

To assess the relationship between the total disclosure score (TDS) and the characteristics of the firms, a Pearson correlation matrix was used to examine the correlation between the dependent variable (TDS) and each of the independent variables used in this study. The Pearson correlation matrix for the dependent and independent variables is presented in Table 9. The statistical results show that the correlation between disclosure score and company size either measured in total assets or in total revenues or total equity has strong positive linear relationship between the variables and significant at 1% level of significance ($P<0.001$). Furthermore, the correlation between disclosure index and return on equity as a measure of profitability is positive but weak relationship ($r = .288$) and significant at 1% level ($P<0.004$). The correlation between ROA and disclosure index is significantly negative. Age and disclosure index has a positive weak correlation($r=.336$). Qualified accountant appointment in the company is also positively correlated with disclosure index ($r=.345$). Board composition is also positively correlated with disclosure index ($r=0.182$) and significant at 10% level. On the other hand, the correlation coefficients of size of audit firm and disclosure index are positive and significant at 1% level of significance.

Before proceeding to the regression analysis, it was instructive to check for the existence of collinearity among the independent variables. This suggests that collinearity among these variables may be an issue, and should be investigated. The correlation coefficient is 0.94 between total assets and total revenues, 0.89 between total assets and equity, 0.83 between total revenues and equity, and 0 .40 between revenue and ROA. The variance inflation factor (VIF) was computed for each independent variable in the multiple regression models to check the collinearity. Although there is no clear cut rule for what value of the VIF should be cause for concern, it has been suggested that collinearity is considered a problem when the VIF value exceeds 10 (Neter et al., 1983; Mendenhall and Sincich, 1989). Given the value of VIF presented in Table 9, it is noticed that with the exception of total assets, collinearity among all other independent variables did not appear to be a serious problem in interpreting the regression results. Regression results are presented and analyzed in the following section.

Table-9: Pearson Correlation of Dependent and Independent Variables for 2014

Variables	Revenue	ROA	ROE	Age	Board	Accountant	Audit Firm	Equity	Asset
Revenue	1								
	-.400**	1							
ROA	0								
	.304**	0.17	1						
ROE	0.002	0.093							
	.313**	-0.082	0.127	1					
Age	0.002	0.419	0.212						
	0.033	-0.173	-0.058	0.024	1				
Board	0.743	0.087	0.57	0.812					
	.207*	-0.17	0.145	-0.029	0.11	1			
Accountant	0.04	0.092	0.153	0.778	0.277				
	0.106	0.051	0.137	0.169	-0.017	0.053	1		
Audit_Firm	0.297	0.618	0.177	0.095	0.864	0.603			
	.834**	.399**	0.19	.461**	0.075	.230*	0.061	1	
Equity	0	0	0.06	0	0.462	0.022	0.548		
	.936**	-.417**	.302**	.391**	0.1	.231*	0.1	.894**	1
Assets	0	0	0.002	0	0.326	0.021	0.326	0	
	.750**	**-.580****	**.288****	**.336****	**0.182**	**.345****	**.508****	**.699****	**.758****
DIS	**0**	**0**	**0.004**	**0.001**	**0.071**	**0**	**0**	**0**	**0**
VIF	**8.68**	**1.429**	**1.328**	**1.402**	**1.191**	**1.125**	**1.063**	**5.742**	**13.24**

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

6.4: REGRESSION RESULTS

The disclosure score, a continuous variable, is used as the dependent variable. The disclosure score for each company is related to company characteristics: size, profitability, age, board composition, appointment of qualified accountant and size of audit firm. Regression analyses were run using ordinary least squares (OLS) estimates and are documented in Table 10. Regression has been used in previous research(e,g; Cooke 1989; Owusu-Ansah,1998; Wallace &Naser,1995; Wallace et al.,1994; Akteruddin,2005;Hossain,2008)The result shows that the F-ratio is 26.719 (P=0.000) and statistically supports the significance of the regression model. The explanatory power of the overall model, as indicated by the adjusted R2, is 70.3 percent (p=.000)). The R_2 is 73 percent, which indicates that 73 percent variability is explained by the model in disclosing information in the annual reports of the selected companies.

Table-10: Regression Estimates on Disclosure Score

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	59.634	2.477		24.071	.000
	REVENUE	.417	.217	.309	1.924	.058
	ROA	-110.323	19.143	-.381	-5.763	.000
	ROE	19.947	7.686	.165	2.595	.011
	AGE	.159	.094	.111	1.703	.092
	Accountants	3.596	1.386	.151	2.594	.011
	Audit firm	.337	1.387	.014	.243	.809
	Equity	.039	.178	.029	.220	.826
	Assets	.019	.023	.162	.806	.423
	Board	-3.829	8.851	-.026	-.433	.666

Regarding the association between independent variables and company's compliance with IAS-required disclosure, the results indicate that some variables are significant in explaining disclosures .Company size as measured in terms of revenue is significantly positively associated with the compliance level at a significant level less than 10%. This result suggests that more profitable companies disclose significantly more financial information than do less profitable ones. This findings consist with the results reported by the majority of prior research (e.g. such as Wallace and Naser, 1995; Owusu-Ansah, 1998; Owusu-Ansah and Yeoh 2005; Al-shammari et al, 2007 and M.Akhtaruddin, 2005). Lang and Lundholm (1993) also report that disclosure is higher for larger firms. It is argued that larger firms provide more information because they are likely to face lower cost of disclosure (Ho & Wong, 2001). Furthermore, since larger firms tend to disclose more to meet the increased demand in reducing uncertainty about quality and expected return, they arguably face lower competitive cost of disclosure (Ferguson, Lam, & Lee, 2002).

The hypothesis that companies having higher profitability as measured by ROE is positively associated with disclosure compliance level. Higher profitabilitable companies will disclose more information than companies with lower profitability is supported *(p*<.05). Lang and Lundholm (1993) suggest that well-performing firms provide more information in the annual report than do the poor-performing firms. The positive effect of profitability on financial disclosure is consistent with Wallace el al. (1994), Karim (1996), Owusu-Ansah (1998), M. Akhtaruddin (2005) and Hossain (2000). The managers of profitable firms are motivated lo disclose more information to appease shareholders, to enhance company image leading to marketability of shares, and above all to justify their compensation (see Meek et al., 1995; Zubaidah & Koh, 1999). The findings suggest that there is negative association between profitability measured by ROA and extent of disclosure levels. This is due to the poorer levels of disclosure by the insurance companies and NBFIs in the financial sector.

There is a positive association between company age and compliance level and it is statistically significant at significant level less than 10%. An older company was expected to disclose more mandatory information than a younger one. For this study company age is measured from the listing date. A listed company has to comply with disclosure and reporting regulations .Owusu-Ansah (1998); Owusu-Ansah and Yeho, 2005 find a positive association between company age in terms of listing status and mandatory disclosure. The finding of the present study contradicts with findings reported by Akhtaruddin (2005), Hossain (2008) and Glaum and Street (2003). This may be due to different locations or different sectors of sample companies. The results show that there is negative association between board composition and disclosures level. It may be due to one or more of the following reasons:

- Most of the businesses are developed in the country under family ownership. Therefore management of the companies are predominantly influenced by the family and companies having family controls does not have independent directors controls on accounting disclosure.
- Directors were also thinking they are merely an observer and why are they taking exposure while others are inactive directors.

Like profitability measured by ROE, company size measured by revenue and age and appointment of qualified accountant in the company were associated positively with disclosure. This finding suggests that the companies which appointed qualified accountant disclosed more information than others. Qualified Accountant is assumed to the subject matter expert on IAS/IFRS based reporting and they put persue the management to comply with IAS/IFRS. But non-professional accountant does not do so.

Overall, the findings of regression model for 2014 suggest that large companies measured in terms of revenue provide more IAS-required disclosures than do small companies.

Higher profitabilitable companies will disclose more information than companies with lower profitability. An older company discloses more mandatory information than a younger one. Appointment of qualified accountant in the company was found associated positively with disclosure levels As indicated by the t-statistic all other independent variable is either negatively (ROA and Board) or positively (remaining variables) associated with compliance level, but statistically insignificant.

7.0: Conclusion

The aspiration of this study is to examine the level of IAS/IFRS based disclosure made by listed financial companies in Bangladesh. It also investigates the factors that influence to comply with IAS/IFRS standards and disclosure practice. The empirical results of the study reveals that financial sector companies disclose on an average only 56.35 percent of the items of information in the year 2014, indicating poor compliance with the mandatory disclosure rules of IASs/IFRSs. The maximum disclosure level was 73 percent during that year which is considered low as for mandatory disclosure .This indicates the need for regulatory agencies to start enforcing laws that assure the compliance with mandatory requirements. It is also worth noting that disclosure level has slightly improved when compared to findings given by Karim, A.K.M.W, Hossain, M.A, Nurunnabi, M. and Hossain, M.M.(2011) who conducted research on 27 banking companies in Bangladesh and found the average disclosure level was 39 percent; while the highest disclosure level was 52 percent. It indicates that the disclosure level has improved over the times but it is not upto our expectation level.

This study scrutinizes the relationship between mandatory IAS/IFRS disclosure and six corporate attributes; i.e., company age, size, and profitability, audit firm size, appointment of qualified accountant and board composition. Analysis indicates that size measured by revenue is a dominant corporate characteristic in explaining mandatory disclosure practices. The results of correlation, regression and chi-square analysis revealed a significant and positive relation existing between size measured by revenue and disclosure. The findings of this study have also revealed that the age of the company is a significant factor for disclosure. The investigation supports the hypothesis that old companies will provide more information than new companies. This result supports to prior findings (Cooke, 1989; Meek et al., 1995; Owusu- Ansah, 1998). The same result is found in case of disclosure and profitability measured by ROE. As indicated by the t-statistic all other independent variables are either negatively (ROA & Board) or positively (remaining variables) associated with compliance level, but statistically insignificant.

As any other researches, the present study has some limitations. Due to cost and time factors only six explanatory variables (size, age, profitability, audit firm size, appointment of qualified accountant and board composition,) were considered .Further research might be required covering, for example, listing status, corporate governance, culture and business environment, leverage, liquidity and industry type. The present study is limited to only 30% of the companies listed on Dhaka Stock Exchange. Future research could investigate disclosure performance of all the listed companies. Researcher could not identify the possible reasons explaining company's non compliance with disclosures required (by the IAS/IFRSs.) future research should focus on this issue. This study covers a single year .In order to understand the nature of variations of overall disclosure; it is necessary to undertake a study taking five or ten years' data.

8.0: Policy Implications

Based upon the findings of this study, the following policy implications have been derived.

- The ICAB and ICMAB Council may intend to amend their Bye-Laws in the immediate future to mandate "professional enforceability" of IAS and IFRS as adopted in Bangladesh and enforce BAS and BFRS among its members irrespective of whether they are engaged in the profession, service, business, and academia or otherwise. This will create a positive dimension towards harmonization of financial reporting practices in Bangladesh.
- Government must exercise strong political will and conducive civil administration commitment (mindset) and a firm sense of determination to forge ahead with practical implementation of the Reforms agenda for implementation of desired changes in the economy.
- An Accounting Court could be created under FRA 2015 to deal with litigations regarding the disclosure of information. An individual who has a direct interest in the annual reports of a company could bring a charge of noncompliance with the disclosure requirements of IAS/IFRSs.
- The responsibility of the auditor is to check whether the financial statements are prepared in accordance with accounting policies and requirements of the Companies Act 1994. Audit reports should state whether or not disclosure rules are properly complied with. The auditors should put sufficient pressure to the management to disclose items under IAS/IFRSs to make the published financial statements globally acceptable and comparable.
- Examine the legal framework of accounting and auditing thoroughly to find out whether there is any loophole or ambiguity. In the present dynamic world, everything is changing with the change in demand and time. It is necessary to review the legal system continuously in order to cope with the changing business world and to prevent financial criminology.

- Sub-rule 2 of Rule 12 of BSEC Rules 1987 has mandated compliance of IAS and IFRS as adopted by ICAB for listed companies. But there is no specific broad requirement for observance of these standards in the Companies Act 1994. Government should look at the matter with priority and incorporate these requirements in the Companies Act 1994 for ensuring harmonization of accounting practices.
- A Government Task Force may be constituted comprising of members from the concerned Government agencies and the corporate sector, the accountancy profession and regulatory bodies, to propose and make effect necessary legislative amendments for harmonization of legal, fiscal and financial reporting practices under IAS/IFRSs by all companies in Bangladesh.
- Evaluation and monitoring of corporate reports by regulatory agencies (e.g. BSEC, Bangladesh Bank, etc.) and quasi regulator (Stock Exchanges, NBR, etc.) should be made adequate. The concerned monitoring/regulatory agencies should be strengthened through engagement of qualified competent professionals to ensure appropriate compliance and monitoring of the implementation of adopted IAS/IFRS for financial reporting and corporate governance practices and the ISA for audit purposes.
- Professional accountancy bodies like ICAB should organize more seminars and conferences on IAS/IFRS on a regular basis, for ensuring users awareness and familiarization with the practical implementation aspects of these highly conceptualized standards.

Finally, findings of prior research conducted by different scholars of other countries indicate that their disclosure level is higher than ours. In 2010 average overall disclosure was 69 percent in Kuwait, Baharain’s compliance levels range from 61 percent to 94 percent with an average of 80.7 percent in 2010, German’s Compliance levels range from 41.6 percent to 100 percent, with an average of 83.7 percent in 2003, India’s average score is 88 percent in 2008. So it is high time to make the use of the IAS and IFRS mandatory for the companies in order to enable them to be global convergent on accounting standards. Governors and regulators should enforce laws and regulations so that full compliance with the mandatory requirements leading to the 100% mandatory disclosure may be guaranteed. Hassab Elnaby et al., 2003 highlighted that implementation of high quality accounting standards is not a turnkey project but it is a “part of a long-term process and commitment, which is coupled with economic growth and capital market sophistication resulted from continuous dialogue between regulators and the private sector.”

Appendix-1:

Disclosure Checklist

General disclosure:

Sl. no.	IAS Ref. no.	Items to be disclosed
1	IAS 1.138(a)	Disclose the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office).
2	IAS 1.138(b)	A brief description of the nature of the entity's operations and its principal activities
3	IAS 1.138(c)	Disclose the name of the parent and the ultimate parent of the group
4	IAS 1.25(b)	Disclose the basis on which the financial statements are prepared
5	IAS 1.10(a)	Statement of financial position as at the end of the period
6	IAS 1.10(b)	Statement of profit or loss and other comprehensive income (OCI) for the period
7	IAS 1.10(c)	A statement of changes in equity for the period
8	IAS 1.10(d)	Statement of cash flows for the period
9	IAS 1.10(e)	Disclose notes comprising a summary of significant accounting policies and other explanatory information
10	IAS 1.78(e)	Disclose equity capital and reserves disaggregated into the various classes such as paid-in capital, share premium and reserves.
11	IAS 1.117(a)	The measurement basis (or bases) used in preparing the financial statements
12	IAS 1.117(a)	Disclose significant accounting policies
13	IAS 1.117(b)	Disclose the other accounting policies used and notes relevant to understanding the financial statements.
14	IAS 10.17	The date when the financial statements were authorized for issue and who gave that authorization.
15	IAS 10.19	Post balance sheet events that existed at the reporting date
16	IAS 10.21–22	Disclose the nature of the non-adjusting event after the reporting date and an estimate of its financial effect.
17	IAS 1.16	Statement of compliance with approved IASs
18	IAS 1.20	When the entity departs from a requirement of an IFRS, disclose the title of the IFRS from which it has departed, the nature of the departure, including the treatment that the IFRS would require, the reason why that treatment would be so misleading.

19	IAS 1.20(d)	Disclose the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement for each period presented
20	IAS 1.10(ea)	Comparative information in respect of the preceding period as specified in IAS 1.38 and IAS 1.38A;
21	IAS 1.125	Disclose information about assumptions made about the future, and other major sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial

Statements of Financial Position

Sl no.	IAS Ref. no.	Items to be disclosed
22	IAS 1.60	Present current and non-current assets, and current and non-current liabilities.
23	IAS 1.61	Disclose the amount expected to be recovered or settled after more than 12 months for each asset and liability line item that combines amounts expected to be recovered or settled:
	IAS 1.61 (a)	No more than 12 months after the reporting date; and
	IAS 1.61(b)	More than 12 months after the reporting date.
24	IAS 1.56	When current and non-current classification is used in the statement of financial position, do not classify deferred tax assets (liabilities) as current assets (liabilities).
25	IAS 1.78(a)	Disclose items of property, plant and equipment disaggregated into classes
26	IAS 1.78(b)	Disclose receivables separately from trade customers, receivables from related parties, prepayments and other amount
27	IAS 1.78(d)	Disclose provisions separately into provisions for employee benefits and other items
28	IAS 17.49	Lessors present assets subject to operating leases in their statement of financial position according to the nature of the asset.
29	IAS 1.54(a)	Property, plant and equipment
30	IAS 1.54(b)	Investment property
31	IAS 1.54(c)	Intangible assets
32	IAS 1.54(d)	Financial assets, excluding amounts shown under IAS 1.54(e), (h) and (i)
33	IAS 1.54(e)	Investments accounted for under the equity method
34	IAS 1.54(h)	Trade and other receivables
35	IAS 1.54(i)	Cash and cash equivalents

36	IAS 1.54(k)	Trade and other payables
37	IAS 1.54(l)	Provisions
38	IAS 1.54(m)	Financial liabilities, excluding amounts shown under IAS 1.54(k) and (l)
39	IAS 1.54(n)	Liabilities and assets for current tax
40	IAS 1.54(o)	Deferred tax liabilities and deferred tax assets
41	IAS 16.73(a)	The measurement bases used for determining the gross carrying amount of property, plant and equipment
42	IAS 16.73(d)	Disclose the accumulated depreciation for each class of property, plant and equipment at the beginning and end of the period.
43	IAS 16.73(e) (i) to (xi)	A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the period showing additions/disposals/impairment loss/revaluation gain/(loss), assets classified as held-for-sale. (Fixed Assets Schedule)
44	IAS 16.74(a)	Disclose the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities
45	IAS 17.35(a)	Disclose the total future minimum lease payments under non-cancellable operating leases for each of the following periods
	IAS 17.35(a)(i)	Not later than one ;
	IAS 17.35(a)(ii)	Later than one and not later than five s; and
	IAS 17.35(a)(ii)	Later than five s;

Statements of Profit and Loss Account and OCI

Sl no.	IAS Ref. no.	Items to be disclosed
46	IAS 18.35(b)(i)	Amount of revenue recognized from sale of entity's products
47	IAS 18.35(b)(ii)	Revenue recognized from rendering of services (Fee/commission income)
48	IAS 18.35(b)(iii)	Revenue recognized from Interest income
49	IAS 18.35(b)(v)	Revenue recognized from Dividends
50	IAS 24.17	Disclose key management personnel compensation in total of the entity
51	IAS 19.53	Provisions for contributory Provident fund
52	IAS 19.53	Provisions for gratuity
53	IAS 12.80(a)	Current tax expense (income)
54	IAS 12.80(b)	Any adjustments to current tax for prior periods
55	IAS 12.80(c)	Amount of deferred tax expense (income) relating to the origination and reversal of temporary differences

56	IAS 12.80(d)	Amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes
57	IAS 12.81(a)	Disclose separately the aggregate current and deferred tax relating to items that are charged or credited to equity
58	IAS 12.81(ab)	The amount of income tax relating to each component of OCI
59	IAS 12.81(c)	An explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms:
	IAS 12.81(c)(i)	a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), also disclosing the basis on which the applicable tax rate(s) is (are) computed; or
	IAS 12.81(c)(ii)	a numerical reconciliation between the average effective tax rate and the applicable tax rate, also disclosing the basis on which the applicable tax rate is computed;
60	IAS 12.81(d)	An explanation of changes in the applicable tax rate(s) compared to the previous accounting period
61	IAS 33.69	Present basic and diluted earnings/ (loss) per share
62	IAS 33.70(a)	Disclose the amounts used as the numerators in calculating basic and diluted earnings/(loss) per share
63	IAS 33.70(b)	Disclose the weighted-average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other
64	IAS 36.126(a)	Amount of Impairment losses recognised and the line item(s) in which those impairment losses are included
65	IAS 36.126(b)	Amount of impairment losses reversed and the line item(s) in which those reversal included

Shareholders' equity

Sl no.	IAS Ref. no.	Items to be disclosed
66	IAS 1.134–135	To enable users of financial statements to evaluate the entity's objectives, policies and processes for managing capital, disclose based on information provided to key management personnel:
67	IAS 1.79(a)(i)	The number of shares authorized
68	IAS 1.79(a)(ii)	The number of shares issued and fully paid, and issued but not fully paid
69	IAS 1.79(a)(iii)	Disclose par value per share, or that the shares have no par value
70	IAS 1.79(a)(iv)	A reconciliation of the number of shares outstanding at the beginning and at the end of the period;

71	IAS 1.135(a)	Qualitative information about objectives, policies and processes for managing capital, including: a description of what is managed as capital
72	IAS 1.135(a)(ii)	When the entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital
73	IAS 1.135 (a) (iii)	How the objectives for managing capital are met
74	IAS 1.135(d)	Whether during the period the entity complied with any externally imposed capital requirements to which it is subject
75	IAS 1.136	When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial statement user's understanding of the entity's capital resources, disclose separate information for each capital requirement to which the entity is subject.
76	IAS 1.106(d)	A reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from profit or loss; OCI and transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.
77	IAS 1.106A	Present for each component of equity, either in the statement of changes in equity or in the notes
78	IAS 1.107(a)	Disclose the amount of dividends recognized as distributions to owners during the period
79	IAS 1.137(a) a.	Amount of dividends proposed or declared before the financial statements were authorised for issue but not recognized as a distribution to owners during the period and the related amount per share.
80	IAS 1.79(b)	Disclose a description of the nature and purpose of each reserve within equity

Statement of Cash Flows

Sl no.	IAS Ref. no.	Items to be disclosed
81	IAS 7.10	Report cash flows during the period classified as operating, investing and financing activities
82	IAS 7.18, 18(a) and 18(b)	Report cash flows from operating activities under either: the direct method or the indirect method
83	IAS 7.31	Disclose separately cash flows from interest and dividends received and paid, classified in a consistent manner from period to period as operating, investing, or financing activities.

84	IAS 7.35	Disclose separately cash flows from taxes on income in operating activities
85	IAS 7.45	Disclose the components of cash and cash equivalents and a reconciliation of the amounts in the statement of cash flows with the equivalent items reported in the statement of financial position

Accounting Policies and Notes to the financial statements

Sl no.	IAS Ref. no.	Items to be disclosed
86	IAS 16.73(a)	The measurement bases used for determining the gross carrying amount
87	IAS 16.73(b)	The depreciation methods used
88	IAS 16.73(c)	The useful lives or the depreciation rates used
89	IAS 1.107(b)	Disclose the related amount of dividends per share.
90	IAS 7.46	Disclose the accounting policy adopted for determining the composition of cash and cash equivalents.
91	IAS 1.129(a)	Disclose the nature of the assumption or other estimation uncertainty
92	IAS 1.129(b)	Disclose the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity
93	IAS 1.129(d)	An explanation of changes made to past assumptions
94	IAS 19.151(b)	Information about related party transactions with post-employment benefits for key management personnel.
95	IAS 37.84(a)	The carrying amount of each class of provision at the beginning and end of the period
96	IAS 37.84(b)	Additional provisions made in the period for each class of expenses
97	IAS 37.84(c)	Amounts incurred and charged against the provision during the period
98	IAS 37.84(d)	Unused amounts of provision reversed during the period
99	IAS 19.151(a)	Information about related party transactions with post-employment benefit plans
100	IAS 24.17(a)	Disclose short-term employee benefits
101	IAS 24.17(b)	Contribution to post-employment benefit plans e.g. provisions for gratuity
102	IAS 24.17(c)	Other long-term benefits; e.g. pensions
103	IAS 24.17(d)	Termination benefits; voluntary retirement scheme (VRS)

104	IAS 24.17(e)	Share-based payments to key management personnel
105	IAS 24.18	At a minimum, disclose for this related party (i.e. do not combine with disclosure for other related parties) for associates, parent, subsidiary companies and with key management personnel:
106	IAS 24.18(a)	The amount of the transactions with related parties
107	IAS 24.18(b)	The amount of outstanding balances, including commitments with related parties
108	IAS 24.18(b)(i)	The terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement of related party transactions
109	IAS 24.18(b)(ii)	Details of any guarantees given or received to or from the related party
110	IAS 24.18(c)	Provisions for doubtful debts related to the amount of outstanding balances from the related party
111	IAS 24.18(d)	The expense recognized during the period in respect of bad or doubtful debts due from the related party.
112	IAS 1.137, IAS 10.13	Disclose the amount of dividends proposed or declared before the financial statements were authorized for issue but not recognized as a distribution to owners during the period and the related amount per share
113	IAS 37.85(a)	Disclose a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits
114	IAS 37.85(b)	An indication of the uncertainties about the amount or timing of those outflows. When necessary to provide adequate information, disclose the major assumptions made concerning future events
115	IAS 37.86	Disclose each class of contingent liability
116	IAS 37.86(a)	Disclose an estimation of financial effect of each contingent liability.
117	IAS 37.86(b)	Disclose the indication of the uncertainties relating to the amount or timing of any outflow
118	IAS 37.86(c)	Disclose the possibility of any reimbursement.
119	IAS 17.33	Disclose whether the payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.
120	IAS 37.89	If an inflow of economic benefits is probable, then disclose a brief description of the nature of the contingent assets at the reporting date and, when practicable, an estimate of their financial effect.

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