

Mandatory Compliance on IASs and IFRSs in an Emerging Economy: A Case of Bangladesh

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Abstract: Compliance with accounting or financial reporting standards disseminated by International Accounting Standards Board (previously ISAC) became a crucial issue of the day after a series of corporate debacles over a decade. Regulators, professional bodies and researchers around the globe expressed their concern about the need for improved accounting and audit pronouncements and compliance for providing better information than previously required for the grounding and demonstration of corporate financial statements. The Institute of Chartered Accountants of Bangladesh (ICAB) the only authority for implementation of IASs and IFRSs has already adopted most of the principles handed out by the International Accounting Standards Committee (IASC). The first and foremost goal of the study to find out the extent of corporate disclosure based on the study comprised Bangladesh and whether there is any flaw in standard setting that leads to non-compliance. In addition, it also aims to reviewing the association between a numbers of corporate characteristics and levels of disclosure in company annual reports of listed companies in an emerging economy, like Bangladesh. Few years ago, annual reports of some Bangladeshi listed companies manufacturing in nature were examined. The result showed that the companies significantly followed, the selected accounting standards under review and brought about notable changes in the financial reporting practices.

Key words: International Financial Reporting Standards, international accounting standards board, compliance, emerging economy, accounting standards

INTRODUCTION

Compliance means to obey the rules and regulations enacted by the authority. The International Accounting Standard Committee (IASC) was to pronounce a set of standards for the member countries with a view to facilitating relevant, reliable, adequate and uniform disclosure of accounting information in financial statements of the enterprises under its global umbrella. In the context of Bangladesh, the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB) are members of SEC and as well as IASB (previously known as IASC). But, it is alleged that role of these 2 bodies in standard setting process and their implementation are not in equal in magnitudes. Owing to lack of legal backing, since 2009 compliance with IASs have been remained at voluntary level until those become mandatory by Securities and Exchange Commission (SEC) for the listed companies of Bangladesh. On the other hand, ICAB the sole authority to accounting standards in context of Bangladesh has adopted almost all of the international standards within few years.

It is often alleged, as company annual reports do not comply with the disclosure requirements proposed by the regulatory agency, it is frequently found reduced disclosure obedience by the registered company (Ahmed and Nicholls, 1994; Hossain, 2000; Karim, 1996). Though, people can gather knowledge about factors influencing disclosure practices from the research conducted by the researchers of the Western world in the past like Benjamin and Stanga (1977); Inchausti (1997), Lang and Lundholm (1993), Meek *et al.* (1995), Singhvi and Desai (1971) and Wallace *et al.* (1994), people can recognize a very little regarding this concern in emerging countries, mainly in Bangladesh. Moreover, voluntary disclosures were the general focus in the prior research. Complying with the Companies Act 1994, very few empirical studies have been conducted on mandatory disclosures. Again, company reports ready earlier the depiction of the Companies Act 1994 were used by Hossain and Taylor (1998a, b). On the other hand, compliance of International Accounting Standards (IASs) adopted in Bangladesh was investigated by Hossain (2000). It is rarely found in Bangladesh that obedience by the disclosure practices by the 3 legislating authority like Companies Act 1994,

disclosure requirements of the stock exchange and the approved IASs. This study, reviews the disclosure practices of listed companies in Bangladesh to measure whether the listed companies are complying with the standards enacted by the 3 regulatory bodies, as well as standard setting implementation process inherent setback leads to non-compliance. In addition, it examines if there is any relationship between corporate attributes and the level of disclosure.

HISTORICAL BACKGROUND OF THE ACCOUNTING STANDARDS IN BANGLADESH

In the middle of the 20th century when globalization took place across the world a set of accounting standards needed to adopt for harmonizing the accounting practice among various countries. The specified objective of establishing the IASC was to enunciate a set of accounting standards for the member countries for the purpose of facilitating relevant, reliable, adequate and uniform disclosure. The International Accounting Standard Committee (IASC) has subsequently taken the name; spell this out International Accounting Standard Board (IASB), since its inception in 1973. Its focus has become harmonization of financial reporting irrespective of geographical boundaries because of its transition to adulthood. This change has increased the volume of economic exchanges across nations due to globalization or the multi-nationalization of companies. IASB had to take a lot of responsibilities after the fatal corporate collapse throughout the world. Now-a-day, International Accounting Standards (IASs) are commonly known as International Financial Reporting Standards (IFRSs). In 2001, after getting support by industry and governments across the world the IASB was established with an obligation to create a single set of excellent, comprehensible and enforceable International Financial Reporting Standards (Jermakowicz and Gornik-Tomaszewski, 2006). Existing IASs issued by the IASC, as well as standards the IASB issued in 2002 both are included in the IFRS. However with a view to drafting several new and updated standards, FASB and IASB have worked together, since Norwalk Agreement (Gupta *et al.*, 2007). In 2005, the Securities and Exchange Commission's (SEC) in the USA published a roadmap for the possible elimination of the reconciliation of International Financial Reporting Standards (IFRS) to US Generally Accepted Accounting Principles. If the enterprises within IASB member countries do not comply with the promulgated accounting of financial reporting standards, global harmonization will not be achieved. The Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB) are members of IASB. The

Institute of Chartered Accountants of Bangladesh has already adopted 29 IASs and 12 IFRSs. According to the rules of Security and Exchange Commission, it is mandatory to comply with the standards for the listed companies. So, it is rational to review whether the listed companies of Bangladesh are complying with the standards or not.

LITERATURE REVIEW

Researchers across the world have shed light on the financial reporting from the very beginning, since the inception of IASs. This study reviews research on compliance with accounting standards. Business authority needs to get more accurate and dependable data for their routine business operation, as well as long term planning and financial reporting is nothing but providing in time information to the users of information. Accounting standards facilitate in preparing, as well as presenting of financial data in many ways like ensures a generalize presentation model, clear and compatible measurement system, increasing level of disclosure. In addition, it also makes sure at an added level of disclosure and necessitates additional information while publishing disclosure (Cairns, 1999).

Financial reporting plays a major role to the growth and development of capital markets within emerging economies after providing pertinent and dependable information. The succinct of the study conducted by Christopher and Islam (1999) is as emerging countries economies turn into vast and difficult form, this sort of countries gradually requires classy accounting standards. The researcher got evidential proof from the same study that in order to get a generalize form of national accounting standards, IASs have yet not been selected by some of the emerging countries on the other hand some of countries namely Brazil, India, Mexico, Saudi Arabia, South Africa, Swaziland and Yugoslavia have selected IASs, as their standards with a variation of it.

It can be mentioned that some developing countries are complying with legal requirements ignoring the regulatory bindings of IASs. In 1984, a study has been carried out by Parry and Khan comprising published annual reports of 74 entities in Bangladesh. Their key findings were that reports were generally informative and complied with legal requirements but no attempt was taken to comply with IASs. It is inevitable to mention that Parry (1989) undertook another study and got the same result. In addition, practical application of IASs in Bangladesh is not only limited but also very weak. Toha (1986) has made an empirical study of the practical application of IASs in Bangladesh. He found that the application of IASs in Bangladesh is limited, as well as

very much weak in some cases. As a result, he opined that proper amendment in the companies act should be implemented. As disclosure depends on company characteristics, many studies have been conducted in the developed countries across the world to know the relationship between company characteristics and mandatory disclosure. However, a few studies in the developing countries examined the association between firm characteristics and the level of compliance with IFRSs and some studies observed that firm characteristics were positively associated with compliance. Whereas others showed inconclusive results, demanding more research.

Corporate mandatory disclosure depends on company characteristics like age, profitability, size, leverage, international link of audit firm and so on. The extent of compliance also varies from various time period, as well as several characteristics of the company.

With a view to measuring the level of compliance, Al-Shammari *et al.* (2008) conducted one study considering the companies situated in the member states of Gulf Co-operation Council. It is important to mention that Gulf Co-operation Council, includes 6 member countries; namely, United Arab Emirates, Saudi Arabia, Qatar, Kuwait, Oman and Bahrain and they took, as a sample of 137 listed companies situated in Gulf Co-operation Council. They found that for the elapsing of time compliance was increasing and 14% of compliance increased within 6 years, as it was only 68% in 1996 and 82% in 2002. Although, the GCC states had strong economic and cultural ties with each other's, there was significant relationship between country variation in compliance and among companies based on size, leverage, internationality and industry. They opined that non-compliance of IASs revealed some futility in the task of external auditors and enforcement bodies which may be discourage to the countries that have implemented IASs lately.

Just after the succeeding year, Curuk (2009) examined the compliance considering the data for 5 years, i.e., 1986, 1987, 1991, 1992 and 1995 of some Turkish companies in line with the requirements of the European Union Fourth Directive (EUFD). He also measured, if there is any association between company characteristics and level of compliance and factors that treated, as corporate characteristics are size of a company, type of an industry and finally whether or not the company is registered. Curuk measured the extent of compliance of some Turkish companies after using an index that included disclosure requirements of the EUFD. For preparing index, it is vital to make disclosure scoring sheet. They considered some sample companies 61 in number for the aforesaid period for getting the disclosure scoring sheet. In addition, considering EUFDCDI score as a dependable

variable and corporate characteristics, as an independent variable a statistical analysis (ordinary least square regression) was run for each and every year that is mentioned before to find out whether there is any relation of companies compliance at per the requirements of EU disclosure and corporate characteristics. It was distinctively clear from the study of Curuk that Turkish companies compliance diverged from 30-85% to coup up with the disclosure requirement by the EUFD and there was a remarkable improvement in disclosure comparing from 1 year to another throughout the selected time. According to the disclosure obligations of EU, listing status was a prime corporate characteristics that affected the Turkish corporates compliance, it was also a finding of Curuk.

To explore the possibility of standardization of accounting practice in the SAARC (South Asian Association for Regional Corporation) region in 2006, Islam empirically investigated the compliance with disclosure requirement by some SAARC countries. The reports of the sample taken from manufacturing sector of each of 4 SAARC countries were examined against 124 information item requirements of the standards, company acts and listing rules of the stock exchange which are commonly observed by the sample companies of the countries under study. Using a relative index for those 4 countries the compliance with the obligatory information items was measured. According to the result, Sri Lanka complied on average with the highest requirements of the standards, acts and rules followed by Bangladesh, Pakistan and India. As these countries were dependent on aid and investments from beyond their borders, the accounting development processes and accounting systems must be such that they satisfy the investors and donors and likewise, create an environment for suitable reporting for user groups within the countries. The study also disclosed that these South Asian countries are steadily making contributions to the world trade.

In 2002, Hussain, Islam and Maskooki tried to investigate the accounting standards complied by the GCC countries (Bahrain, Saudi Arabia, Oman, Qatar and the United Arab Emirates) financial institutions for harmonization of accounting regulations. The study comprises a comparative analysis of different accounting rules and applies including liabilities, assets, investments, provisions, foreign exchange taxation, revenue recognition and consolidation of each GCC countries banking and other financial institutions.

After the advancement of science and technology the world is becoming smaller like a global village and a growing number of companies are enhancing their business across the world. By this way, world trade has received a different and vast magnitude and it is badly

need a common set of IFRS to fall in line with the requirements of the global business. Now-a-day, emerging countries often try to get their stock enlisted with the world stock market for the sake of fulfilling their capital shortage. As a result, stock market of developing, as well as developed countries comprises stock of different countries as well. Here, users of financial statements are often confused, as distinctive accounting framework is used. So, it is indispensable to adopt one set of generally accepted accounting principle like IFRS to prepare and present financial statement in a way that could be accepted by everybody.

Ali synthesizes the empirical studies on harmonization of accounting and reporting practices and compliance with International Financial Reporting Standards (IFRSs) which have been extensively discussed and debate in the international accounting literature based on mainly empirical studies. His overall findings of the study suggest that, although some progress has been achieved, there is still a lack of measurement and formal harmonization among countries throughout the world including emerging economy.

COMPLIANCE RELATES TO IASs AND IFRSs

Compliance means conforming to a specification or policy, standard or law that has been clearly defined (Wiki-definition). So, mandatory compliance of accounting standards refers to comply the standards set by the regulatory bodies like International Accounting Standard Committee (IASC), International Accounting Standard Board (IASB). The International Financial Reporting Standards (IFRS) are a core set of accounting standards developed by the USA and the UK and many countries around the world have already adopted (IFRS), since its inception to increase the efficiency of cross-border transaction handling and accountability. Accounting standards facilitate in preparing, as well as presenting of financial data in many ways like ensures a generalize presentation model, clear and compatible measurement system, increasing level of disclosure. In addition, it also makes sure at an added level of disclosure and necessitates additional information while publishing disclosure (Cairns, 1999). However, the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB) are members of IASB (previously known as IASC). In the context of Bangladesh, the ICAB the sole authority to adopt IASs and IFRSs are called Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) consequently.

THEORIES USED IN THE DISCLOSURE PRACTICES

Agency theory: The theory that suggests disclosing more information regarding disclosure with a view to reducing the misunderstanding and skirmish between stakeholders and the respective authority is nothing but an agency theory. Moreover, having a plan to increase their corporate value the authority enhanced disclosure and thinking that it would increase the corporate value (Lobo and Zhou, 2001).

Stakeholder theory: Financial times Lexicon explains the theory in this way that business will keep in eye with the interest of stakeholders and try to achieve the highest value for the sake of progressing and surviving over the period of time. It is the executive who will take care regarding the benefits of clients, suppliers, worker, groups and investors group and always move forward in a straight line. It is very vital enhancing the benefit of this vested group rather simply playing a role to balance the interests of shareholders against each other. Hereafter with a view to appeasing investors, executive will also be willing their level best to add value for the stakeholders and other financial investors.

Legitimacy theory: Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions. According to the scholars opinion, Legitimacy theory plays a major role to enunciate the behavior of a corporation in executing and emerging voluntary, social and environment disclosure of facts for the sake of achieving their communal interaction that facilitate the appreciation of their goals, as well as endurance in a tense and tempestuous environment.

Political economy theory: Political economy theory comprises 2 renowned theories; namely, Legitimacy theory and Stakeholder theory. So, Legitimacy theory and Stakeholder theory are originated from the political economy theory. As man is a social being that has to participate with various activities for the smooth operation of social, political and economic activities. Consequently, there must have a framework includes social, political and economic coverage (Choi, 1973).

ADOPTION DETERMINANTS OF IAS/IFRS BY THE DEVELOPING COUNTRIES

On February 27, 2006 the International Accounting Standards Board (IASB), as well as the Financial Accounting Standards Board (FASB) handed out a

minute falling in with the same opinion to improve top level general accounting principles to be functioned by the International Capital Markets. It is needed to mention that developing countries have every possibility to accept IAS/IFRS those that having an excellent economic growth, level of education is progressing and finally legal system is maintaining the common law. It is important to mention that in 2006, Zeghal and Mhedhbi conducted on research in 2006 and the prime focus of the study was adoption factors of IAS/IFRS by the emerging countries. The remarkable findings studied from 32 IAS adopted countries and the similar number of non-adopted countries was factors that influence a lot in making decision to adopt IASs are 3 in number, such as economic growth, educational level and capital market. Another study conducted by Al-Akra *et al.* (2009) in Jordan and their findings was many events influence accounting practice such as economic, political, legal and cultural and out of those political and economic issues have the key impact in this regard. Institutional criteria factor includes economic growth, education level, capital markets influences the adoption process on the other hand some different characteristic of operating companies like size, debt levels and finally the quality of external audit are also playing a vital role in adoption decision of IFRS. Nobes (1998) observed that countries those have the similar social beliefs they are willing to accept the similar accounting standards. However Chamisa (2000) and Hove (1990), advised to accept IFRS for the emerging countries those who have an Anglo-Saxon norms, as it is

easy to implementation. Here, Jemakowich and Gornik Tomaszewski's opinion is different they found countries where investors have a free access in the capital market are more inclined to accept the IFRS. Belkaoui (1983)'s view was a bit different; he treated accounting standards and policies as a social product, so it is not possible to escape of the institutional environment. He proposed in the same study, how to enhance the improvement of accounting practice and in this regard his lucrative advice is to treat the level of economic and civil liberty, as a vital issue. His opinion is quite logical, as people wants to select fellows of the government, they must have the high level political liberty and otherwise people will not be able to select fellows of the government due to the lack of democracy. As a result, it is not futile to think that deprivation from all sorts of liberty might play a negative role on accounting practice as well. On the contrary in the presence an impartial based democratic rule should a well advance of accounting standards is possible to prevail. Moreover, a large number of academics believe that economic environment are severely affected by the factors like government and economic constancies and there lays a fair chance to disturb the development of accounting. However, International Financial Reporting Standards ensures companies to prepare dependable, transparent and well accepted financial statement across the world. So, a growing number of companies both in developed and developing countries are adopting IFRS for harmonizing, the accounting practice and Bangladesh is not an exception (Table 1 and 2).

Table 1: Adaptation status of International Financial Reporting Standards (IFRS) in Bangladesh as on 1 January, 2013

BAS No.	Standards adopted	BAS title	BAS effective date	
7	The 6 BASs adopted in 1999	Statement of cash flows	On or after 1 January, 1999	
10		Events after the reporting period	On or after 1 January, 1999	
11		Construction contracts	On or after 1 January, 1999	
12		Income taxes	On or after 1 January, 1999	
20		Accounting of government grants and disclosure of government assistance	On or after 1 January, 1999	
34	The 2 BASs adopted in 2005	Interim financial reporting	On or after 1 January, 1999	
36		Impairment of assets	On or after 1 January, 2005	
38		Intangible assets	On or after 1 January, 2005	
2		The 13 BASs adopted in 2007	Inventories	On or after 1 January, 2007
8			Accounting policies, changes in accounting estimates and errors	On or after 1 January, 2007
16	Property, plant and equipment		On or after 1 January, 2007	
17	Leases		On or after 1 January, 2007	
18	Revenue		On or after 1 January, 2007	
21	The effects of changes in foreign exchange rates		on or after 1 January, 2007	
24	Related party disclosures		On or after 1 January, 2007	
26	Accounting and reporting by retirement benefit plans		On or after 1 January, 2007	
31	The 4 BASs adopted in 2010	Interest in joint ventures	On or after 1 January, 2007	
33		Earnings per share	On or after 1 January, 2007	
37		Provisions, contingent liabilities and contingent assets	On or after 1 January, 2007	
40		Investment property	On or after 1 January, 2007	
41		Agriculture	On or after 1 January, 2007	
1		Presentation of financial statements	On or after 1 January, 2010	
23		Borrowing costs	On or after 1 January, 2010	
32		Financial instruments: Presentation	On or after 1 January, 2010	
39	The 3 BASs adopted in 2013	Financial instruments: Recognition and measurement	On or after 1 January, 2010	
19		Employee benefits	on or after 1 January, 2013	
27		Separate financial statements	on or after 1 January, 2013	
28	1 BAS is in process for adoption	Investments in associates and joint ventures	on or after 1 January, 2013	
IAS 29		Financial reporting in hyperinflationary economics	on or after 1 January, 2015	

Table 2: Adaptation status of International Financial Reporting Standards (IFRS) in Bangladesh as on 1 January, 2013

IFRS/BFRS	Title	Effective date on or after
BFRS 1	First-time adoption of International Financial Reporting Standards	1 January, 2009
BFRS 2	Share-based payment	1 January, 2007
BFRS 3	Business combinations	1 January, 2010
BFRS 4	Insurance contracts	1 January, 2010
BFRS 5	Non-current assets held for sale and discontinued operations	1 January, 2007
BFRS 6	Exploration for and evaluation of mineral resources	1 January, 2007
BFRS 7	Financial instruments: Disclosures	1 January, 2010
BFRS 8	Operating segments	1 January, 2010
IFRS 9	Financial instruments	NA (Not yet adopted but under review process)
BFRS 10	Consolidated financial statements	1 January, 2013
BFRS 11	Joint arrangements	1 January, 2013
BFRS 12	Disclosure of interests in other entities	1 January, 2013
BFRS 13	Fair value measurement	1 January, 2013

NB = All of these BFRSs are updated based on IFRSs 2012

MANDATORY DISCLOSURES PRACTICE IN BANGLADESH

In 1998 Hossain and Taylor, conducted one study having a title ‘The Relationship between Disclosure and Firm Characteristics in Developing Countries. A comparative study of Bangladesh, India and Pakistan’. The study tried to find the association between corporate attributes like size, profitability, debt-equity ratio and presence of debenture in debt, international link of audit firm, industry type and levels of disclosure in corporate annual reports of listed non-financial companies in 3 developing countries, India, Pakistan and Bangladesh. They observed that corporate attributes like size and subsidiary of a multinational company were significantly associated with the extent of disclosure in context of Bangladesh in case of Pakistani companies significantly associated attributes were assets-in-place, size and presence of debentures in debt structure. Finally, for Indian company’s presence on debenture in debt structure, industry type, size and rate of return on total assets were the significantly associated attributes and there is no significant differences in both the index like weighted and unweighted disclosure index.

Considering a greater area Islam (2006) steered another study with the title ‘Compliance with Disclosure Requirements by 4 SAARC countries Bangladesh, India, Pakistan and a Sri Lanka’. The researcher practically investigated the compliance with disclosure requirement by some SAARC countries in order to find the possibility of standardization of accounting practice in the SAARC (South Asian Association for Regional Corporation) region. According to the result of the study Sri Lanka complied on average with the highest requirements of the standards, acts and rules followed by the other countries. As these countries were dependent on aid and investments from beyond their borders, the accounting development processes and accounting systems must be such that they satisfy the investors and donors and

likewise, create an environment for suitable reporting for user groups within the countries. The study, also disclosed that these South Asian countries are steadily making contributions to the world trade.

Toha handled one study in 1986 about IASs in the context of Bangladesh. The empirical study was directed to judge the practical application of IASs in Bangladesh. The researcher found that in context of Bangladesh the application of IASs is limited and in line with disclosure practice compliance of IASs is very much weak. As a result, his opinion was the companies act should be implemented after the proper amendment of that.

However Mir and Rahaman (2005), conducted one study on Bangladesh about the adoption process and the heading was; the adoption of international accounting standards in Bangladesh: An exploration of rationale and process. This study, evaluated about the decision of Bangladesh government and accounting profession regarding adaptation of IASs. Bangladesh government and professional accounting bodies adopted IASs due to the pressure of the donor institutions like World Bank, International Monetary Fund (IMF) and the faulty adoption process leads to a very low compliance with the standards.

The following year another study was led by Karim and Ahmed (2005) captivating the caption; determinants of disclosure compliance in emerging economies: Evidence from exchange listed companies in Bangladesh. The main objective of this study was to measure the extent of disclosure of financial information after the adoption of IASs and to find out the relation between corporate attributes and the financial disclosure some corporate attributes like corporate size, profitability, stock exchange security category, size and international link of company’s auditor and multinational subsidiary are all directly associated with the extent of disclosure. Though, the results were consistent with some previous studies, the result contradicts with the findings of some other studies. Another study tried to empirically examine the

extent of disclosure, as well as company specific characteristics that maintain relations with the mandatory disclosure. Companies in general did not respond adequately to the mandatory disclosure requirement enacted by the regulatory bodies. Due to lack of ineffective monitoring only 44% items of information were disclosed. Though, corporate attributes like age, profitability, company trend (modern or traditional) have no effect on mandatory disclosure, industry size as a predictor of mandatory disclosure.

CONCLUSION

Financial reporting plays a major role to the growth and development of capital markets within emerging economies after providing relevant and reliable information. As regulatory bodies are less effective in enforcing the existing accounting regulations, the level of disclosure of adequate and reliable information by companies in emerging nations lags behind developed Western capital market. Suffering from structural weakness, the government regulatory bodies and the accounting and auditing profession take a lenient attitude that results in wide-scale violations of exact accounting and securities regulations by the companies. As a result, overseas investors could not rely on the financial reporting prepared by the companies operating in emerging economies due to lack of transparency, as well as acceptance of internationally recognized reporting standards and hesitate to invest this sorts of companies. However, the Companies Act 1994 ensures the listed companies of Bangladesh to receive their rudimentary requirements for disclosure and reporting. With a view to reflecting a fair view of the company's statement the act encourages companies to prepare financial statements accordingly. All listed companies of Bangladesh have to comply with the standards promulgated by the Institute of Chartered Accountants of Bangladesh (ICAB) affiliated standards setter of another regulatory body, namely the Security and Exchange Commission (SEC) in addition to its own disclosure provisions. It has been found that company annual reports do not comply with the disclosure requirements postulated by the regulatory agency and poor disclosure compliance by the listed companies. In addition, some corporate attributes directly influence the mandatory disclosure like age, profitability, size, international link of audit firm and so on. Bangladesh Government and professional accounting bodies are alleged for adopting IASs due to the pressure of the donor agencies like World Bank, International Monetary Fund (IMF) and the faulty adoption process leads to a low compliance. It is very true that overall compliance is increasing through the passage of time but it is rarely

found in Bangladesh that disclosure is sound, as well as complying with the standards enacted by the regulatory bodies like Companies Act 1994, approved IASs and finally disclosure requirements of the stock exchange.

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