

ABSTRACT

In trying to meet the requirements of the users of financial statements, instruments like presentations as well as disclosure are being used to communicate performance and financial position of an entity (Choy, 2014). There is still a need for presentation as well as disclosure to be included in the Conceptual Framework in order to have clarity and reducing reporting fraud (Choy, 2014). Abed et al. (2016), Miihkinen (2013), Leaz and Wysocki (2015), Castillar-Polo and Callardo-Vazquez (2016) and Ramirez, Tejada and Manzaneque (2016) are among scholars who agree that disclosure is an abstract concept that cannot be measured in an unambiguous or precise manner. However, Liesegang and Bartley (2014), Alvarez and Barlevy (2015) and Abraham and Shrives (2014) argue that disclosure may be seen as symbolic window dressing, they are of little use to the readers of financial statements. This study sought to come up with level of trust that can be put by various stakeholders in measuring business performance through financial statements in the hospitality industry. The organisation under study shall be referred to as Lester-Lesley Limited in order to protect its name.

The directors of Lester-Lesley in line with the listing requirements and Zimbabwe's Companies Act are obliged to keep and maintain the accounting records as well as preparing and presenting financial reports for every 12 months of its operations that reflects the state of affairs of the organisation (Choy, 2014). It is understood the Group has consistently applied and agreed to account standards as well as possibly applicable interpretations comes from IASB and IFRIC. For the period under review 2012, 2013 and 2014 all presentations were done in a manner prescribed by International Accounting Standards (IASs) and according to Auditor's opinion in financial statements for the years under review; the financial reports were fairly and faithfully presented Abeysekera (2012). The financial reports mainly concentrate on the information required by investors, government and lenders because there is a statute requirement for disclosure on issues affecting these stakeholders. Employees, customers, suppliers and public are other stakeholders to the organisation but little or nothing is disclosed that concern them. There is no disclosure on employee policy, human rights policy, environmental matters although in 2014 they just highlighted on organisation's contribution to the environment, among other intangible assets.

To show compliance and transparency to Lenders and Stockholders, according to annual financial reports for the period under review, the organisation's directors reported return on equity of 7%, (37)% and (22)%, earning per share of 0.12, (0.8) and (0.28) and gearing ratio of 40%, 53% and 58% for the years 2012, 2013 and 2014, respectively (Arvidson, 2011). These are issues that affect owners of equity and lenders, however, nothing was reported which has anything to do with the employee policy for example the retirement policy. At the 2013 workers' council general meeting, the organisation's workers council national chairperson argues that the entity should have a clear policy on employee benefits plan, the policy that is understandable to every employee, which clearly states terminal and postretirement benefits (Conway et al., 2015). On environmental policy the entity in its 2014 financial report highlighted that it has water and energy conservation and waste management as integral part of operations and will continue to seek initiatives to conserve environment in line with the Group's value of Responsible Management (Choy, 2014).