MUNHUMUTAPA SCHOOL OF COMMERCE

DEPARTMENT OF ACCOUNTING AND INFORMATION SYSTEMS

A measurement of the implementation of International Accounting Standard 21 (IAS 21) on financial reports on listed companies in Zimbabwe, a case of Delta Corporations.

BY

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M222803

A dissertation submitted to the Munhumutapa School of Commerce in partial fulfillment of the requirements of the Master of Commerce in Professional Accounting and Corporate Governance degree at Great Zimbabwe University.

Harare :Zimbabwe-November 2023

APPROVAL FORM

The undersigned certify that they have supervised and recommend to the Great Zimbabwe University for acceptance of a research dissertation entitled : "A measurement of the implementation of IAS 21 on financial reports on listed companies in Zimbabwe :A case of Delta Corporations'' submitted by Gwezere Palmer Eveness in partial fulfillment of the requirements of the Master of Commerce in Professional Accounting and Corporate Governance Degree.

……   …………………………….. 16/02/2024………………………

SUPERVISOR   DATE

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CHAIRPERSON   DATE

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DEDICATION

I dedicate this research project to my lovely parents Mr L Gwezere and Mrs A Gwezere ,my siblings Passionate Gwezere and Pardner Wisdom Gwezere and my babies Watipashe, Wadaishe and Kirra

Over and above, this piece of work is a special dedication to Jehovah Almighty, to whom l am grateful for the intelligence and the strength he gave over the course of my study .His abundant grace is sufficient for me.

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Thank you all and may the good Lord bless you!!!!

ABSTRACT

The period prior the hyperinflation condition in the early 2000s, Zimbabwe had since engaged into multi-currency regime so as to curb the inflation crisis. Thereafter it was noted that the economy became stable whilst using multi currency system hence the adaptation of the use of IAS 21.The aim of this study was therefore to measure the implementation of IAS 21 on financial statements of listed companies in Zimbabwe using a case of Delta Beverages,to understand what IAS 21 mean to financial statements,to evaluate the extend to which IAS 21is being applied by Delta and finally to assess any recommendations to improve the compliance levels of IAS 21.

Studies have proved that many studies have been carried out on how exchange rates affect pricing ,economic growth and trade. Different assumptions were made to assess the relationship between exchange rates and trade, economic growth, imports and exports. The researches have however proved to have been done on countries that use their own currencies and this might not be sufficient in the context of our country that is dollarized thus this becomes the research gap. Also a measure of how IAS 21 is being implemented on financial reporting was not well looked at. Therefore the study seeks to measure the degree of which IAS 21 is being applied on financial reports using a case of Delta Beverages scrutinizing how exchange rates fluctuations can impact elements of Financial Statements.

The research design employed was qualitative, adopting an exploratory and descriptive approach. This design allowed for an in-depth exploration of how Delta Beverages implemented IAS 21 and the implications of exchange rate fluctuations on financial reporting.Document analysis and in-depth interviews were conducted to Delta senior management,auditors and stakeholders in order to obtain results.

Findings have shown that Delta Corporation is implementing IAS 21 in accordance to the requirements of the standard but however there are improvements that needs to be done in order to continuously comply with the standards requirements.

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CHAPTER I

1.0 Introduction

All professionals working in the accounting fields are required by international financial reporting standards to submit their financial data in accordance with a set standard that is founded on a certain financial framework and ethical guidelines. Financial statements are released globally for the benefit of investors, stakeholders, and the general public on a variety of media platforms; however, because of current exchange rate fluctuations, financial statements now have an impact on an organization's performance. Therefore, using Delta Corporations as a case study, the research will assess how well IAS 21 has been implemented on the financial reports of listed companies in Zimbabwe,using a case of Delta Corporation.

1.1 Background of the study

Exchange rate swings have caused problems for numerous countries worldwide during the 2008 global financial crisis. An article in the Asian Journal on the effects of global economic activity and changes in exchange rates on loaded port cargo in South Korea demonstrates how exchange rate volatility has a negative influence on loaded cargo and contributes to economic downturns in the nation.Exchange rates, in the opinion of Khalighi and Fadaei (2015), are a significant role in Iran's export of dates and exporters.According to their conclusions, the exchange rate should be used consistently and at the right rate in order to promote date export revenue in Iran.

Furthermore, Sabina (2017) conducted research on the relationship between exchange rate instability and economic growth in Nigeria. Their findings included the following: the direction of the currency's misalignment determines whether exchange rate policy is successful or unsuccessful, and a persistently undervalued exchange rate results in decreased efficiency, higher inflation, and slower economic development.In conclusion, it was said that undervaluing the exchange rate would not aid Nigeria's economic expansion.

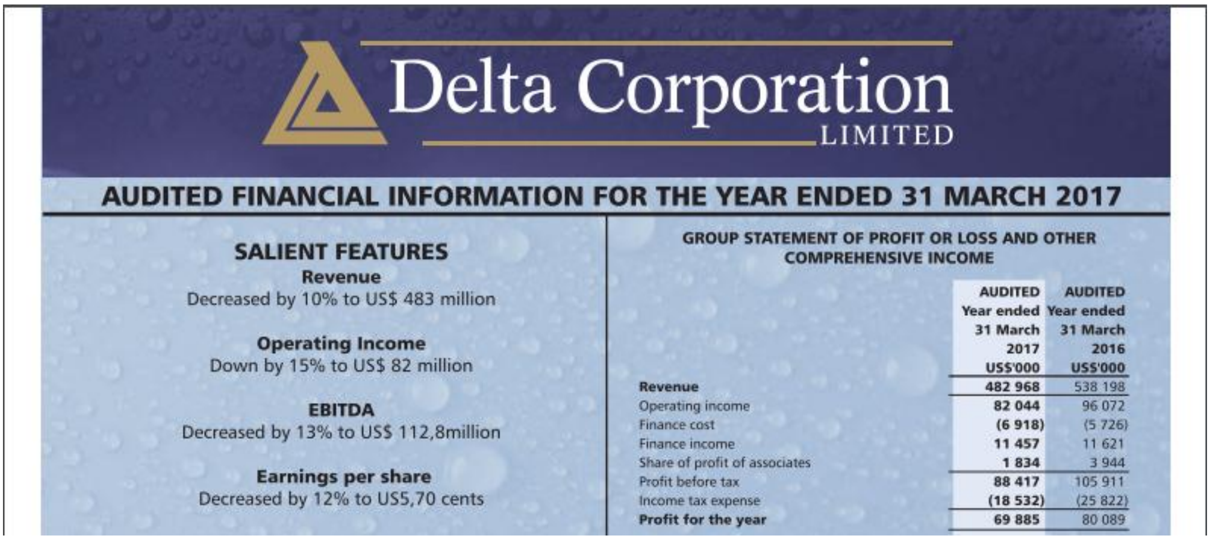
Furthermore, following dollarization, Zimbabweans were forced to rely entirely on imports of goods and raw materials from neighboring nations, primarily Botswana, Zambia, South Africa, and Mozambique. Zimbabweans switched from the Zimbabwean Dollar (ZWD) to the South African Rand (ZAR) due to the country's heavy reliance on goods purchased from South Africa.As time went on, the ZWD was judged to be worthless owing to inflation, leading to the emergence of unofficial players in the nation as well as other government-owned businesses that began dealing in foreign exchange. The monetary authorities were forced to implement a multicurrency regime in order to maintain stability as all economic actors and other corporations started to transact in foreign currencies. At that point, the Botswana Pula (BWP) and the United States Dollar (USD) came into circulation with the USD being the leading currency.

The ZAR/USD exchange rate was under pressure due to the adoption of the USD as the primary currency, as the majority of commodities were imported from South Africa. The exchange rates for the two currencies have been varying between ZAR7.001/USD and ZAR11/USD, according to (http://www.x-rates.com,2014). These fluctuations in the exchange rates have an impact on the financial reporting of businesses that primarily rely on imports for inventory. The USD vanished in 2014 as a result of the ZAR losing purchasing power in Zimbabwe and the bonds notes together with the coins started circulation hence causing the disappearance of the USD.

Numerous companies that import raw materials and inventory, including Truworths, Over freight, and OK Zimbabwe, to name a few, have implemented the three-tier pricing system. This system allows them to charge different prices or an additional fee for the same good depending on the payment method a customer chooses and the current exchange rate. The cost of paying using bond notes or eco cash is higher than when paying with US dollars. Makuwaza (2017) reports that the price per square meter for stands in the top market of Mount Hampden is $40. The cost per square meter increases to $64 if bond notes or ecocash are used.This shows that properties are undervalued or overvalued depending on the prevailing exchange rate and hence this doesn’t represent a true and fair view of their value in the published financial statements presented by companies at the end of each financial year.

Academics have demonstrated that a large number of studies and papers have been written about the impact exchange rates have on commerce, pricing, and economic growth. To evaluate the relationship between exchange rates and commerce, economic growth, imports, and exports, many assumptions were established. The study gap arises from the fact that the studies have only been conducted in nations that use their own currencies, which may not be enough given the dollarization of our own nation. Furthermore, not enough attention was paid to how exchange rates affect financial reporting and the application of IAS 21. As a result, the study aims to evaluate how businesses are applying IAS 21 while taking into account the extent to which currency rate changes have caused n financial reporting using Delta Corporation as a case.

Fig. 1.1, using Delta Beverages as a case study in Zimbabwe, demonstrates how the business has been doing successfully in the multicurrency economy ever since the dollarization era. However, given the commencement of the cash crisis and the USD's disappearance from circulation coincided with the introduction of bond notes in 2016, there was a minor fall in sales from that year onward. Due to a lack of sufficient foreign currency, the company has been extending payment terms to its overseas suppliers ever since. Furthermore, the Reserve Bank of Zimbabwe's foreign exchange was not accessible to the company due to the announced monetary policy, which prevented it from fulfilling orders from its cherished clientele.


Delta Corporation
LIMITED

AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

SALIENT FEATURES

Revenue
Decreased by 10% to US$ 483 million

Operating Income
Down by 15% to US$ 82 million

EBITDA
Decreased by 13% to US$ 112,8million

Earnings per share
Decreased by 12% to US5,70 cents

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	AUDITED Year ended 31 March 2017 US$'000	AUDITED Year ended 31 March 2016 US$'000
Revenue	482 968	538 198
Operating income	82 044	96 072
Finance cost	(6 918)	(5 726)
Finance income	11 457	11 621
Share of profit of associates	1 834	3 944
Profit before tax	88 417	105 911
Income tax expense	(18 532)	(25 822)
Profit for the year	69 885	80 089

FIG 1.1-Financial statement extract

Source: Delta Corporation website: 2017audited financial statement extract

According to a statement made public by the managing director on the Delta website, Delta will only charge customers in USD or comparable currencies based on the multi-currency framework in order to protect their assets and continue operating. The researcher's focus then shifts to how inventory balances are valued in the financial statements using this information. Additionally, because rates change every day, the sales value will either be inflated or undervalued. As a result, the measurement of IAS 21's application on financial reports is the main emphasis of the research.

1.2 Statement of the Problem

The purpose of IAS 21 is to specify the reporting requirements for international operations and transactions including money, as well as to convert financial statements into presentation currency. The monetary policy in Zimbabwe offered the option to use several payment methods within the same basket. Currently, the challenge is to match these currencies to the current exchange rates so that financial statements accurately reflect the purchasing power of each currency used. Since accounting is a tool and foundation for financial decision making, it is important that managers use it responsibly. Similar to how a particular tool will rust if it is mishandled or ignored, failing to perform the intended function for which it was intended. All things have their limitations, though, and this study will look closely at how current exchange rates affect certain essential business principles.There will be more difficulties in reporting the true financial values of firm statements if this is not done.

1.3 Research objectives

-To measure the implementation of IAS 21 on financial statements of listed companies in Zimbabwe using a case of Delta Beverages.

-To understand what IAS 21 mean to financial statements

-To evaluate the extend to which IAS 21is being applied by Delta

-To assess any recommendations to improve the compliance levels of IAS 21

1.4 Main research question

-What does IAS 21 mean to financial statements?

1.5 Sub-research questions

- To what extend is IAS 21 being applied by Delta?

-What are the recommendations that can be made in order to improve compliance levels of IAS 21 ?

1.6 Hypothesis

The financial reports produced by listed companies do not effectively implement IAS 21.

1.7 Research justification

The study, which attempts to investigate and determine how organizations are implementing IAS 21 and how exchange rate changes can affect financial reporting in a dollarized economy, is highly significant to many economic policy makers.Students at Great Zimbabwe University who are pursuing related research areas may also use library materials for their studies, from which they will extract information.The study intends to improve the researchers' research abilities while also reinforcing their understanding of IAS 21.

1.8 Delimitations of the study

While other circulating currencies like ZAR and BWP are demanded by the public and organizations and are considered the purchasing currency according to IAS 21, the research is focusing on USD, current ecocash and bond notes, and plastic money conversion rates, neglecting other circulating currencies.It will cover the period from January 2011 to December 2021, which is known as the dollarization period. During this time, Zimbabwe issued bond notes, and fluctuations in exchange rates had an effect on financial statements.The research study shall be conducted within a period of three months.

1.9 Limitations of the study

The following limitations that were encountered during the study's execution may have an impact on the study's quality and information, but they do not render the findings insignificant—rather, they suggest that more research be done;

- Exchange rates in Zimbabwe are highly dependent on news, making it challenging to determine the actual rate during the study period. Nevertheless, data from the Zimbabwe Statistical Agency (ZIMSTATS) will be included in the research.
- The research progress is being hindered by the central bank's (RBZ) inability to maintain a standard for exchange rate information on the website; yet, the study will greatly benefit from the usage of the internet.

1.20 Definition of terms

Exchange rate

Arnold (2005) defines an exchange rate as the cost of one country's currency that can be exchanged for the currency of another country.

Financial Reporting

It is the process of generating comprehensive statements that show stakeholders how financially strong an organization is.

International Accounting Standard

These are set rules and guidelines that should be followed when preparing financial statements. These standards differ from standard to standard and should be all followed.

Fluctuation

It is described as an irregular movement, shift, or change that results in an increase or decrease in quantity, variety, or number.

Dollarization

Dollarization is the process by which the people of one country accept the legality of a foreign currency thinking it will be more stable than their own, according to the Business Dictionary.

Economy

This describes a region's state with regard to production, the usage of goods and services, as well as the supply and availability of useful currency.

1.21 Chapter summary

The chapter focuses on providing the background of the topic under study,the statement of the problem,research questions and objectives.The chapter further on explained the limitations and delimitations of the study and finally key definitions were defined.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

In an effort to address the goals stated in the first chapter, this chapter examines theoretical and empirical works written by numerous academics about financial reporting, IAS 21, and currency rates. This chapter examines the global adoption of changing exchange rates and the causes that have contributed to these changes. Exchange rate theories have been found to have an impact on financial reporting across different countries, which has resulted in noncompliance with IAS 21 regulations.To conclude, the research gap is identified.

2.1 Theoretical Literature Review

2.1.1 The origins of fluctuating exchange rates

Prior to the Bretton Woods period, exchange rates were observed to be more unstable, according to Baxter and Inventory Man (1989). The floating exchange rates started in the early 1970s, following the collapse of the Bretton Woods system. The main goals of the Breton Conference, according to Garber (1993), were to control competitive devaluations that occurred during World War II and keep an eye on the creation of unstable exchange rates. As a result, fixed exchange rates were implemented.

At the Bretton Woods conference, it was decided that currencies would have to be pegged to gold, and the IMF would step in whenever there was an imbalance in payments. However, in the early months of 1945, a few state representatives decided to change the conference's agreements and attempted to exchange their own currencies for US dollars. On the other hand, the system broke down in the latter half of 1971 when the US government depreciated its currency, halted the conversion of the dollar into gold, and adopted a floating exchange rate. This signaled the end of the fixed exchange rate system and the introduction of the floating exchange.

Theories on exchange rates in IAS 21

2.1.2 Purchasing Power parity(PPP)

This theory looks at the connection between goods and the relative prices of exchange rates. The PPP theory, according to Shapiro and Rutenberg (1976), suggests that below a fluctuating exchange government, a change in the equilibrium rate can tend to calculate a comparative transformation in the purchasing power that corresponds with any currency that is calculated as a price ratio of exchanged goods. The relationship between interest rates and exchange rates is explained by the interest rate theory.

The discrepancies in the nominal rates of different countries typically cause fluctuations in exchange rates.According to Giddy (1977), it is the "international Fisher effect," which shares similarities with Fisher's 1896 discovery of the same phenomenon. As a result, exchange rates take into account both changes in buying power and the anticipated interest rate.

In addition, some criticism of foreign exchange risk management clarified that the relationship between risk management activities and exchange prices is not justified.Unsystematic risk can only be mitigated by investors through low-risk, low-return portfolio management. Systematic risk has already been discounted by the asset price model, though. Moreover, Logue and Oldfield (1977) said that a business cannot increase its value through hedging when currency exchange price is consistent with the Capital Asset price Model (CAPM). Therefore, the Security Market Line, which only considers system risk, will determine how the company's share price moves.

2.1.3 Pricing to market theory

The markup pricing practices of exporters served as the foundation for Krugman's benchmark study on the effect of exchange rate variations on inflation (1987). The idea suggested that some exporters modify their goal of exact marking up in order to identify strategies for responding to shocks to the exchange rate. According to Khalaf (2000), price modifications will result in a cap on the amount that export prices can fluctuate overall. In a similar vein, the theory clarifies how changes in exchange rates can be influenced by producer profit margins and agreed upon through the prices of traded items.

Klau et al. (2012) state that the reasons behind exchange rate swings in relation to local prices are mostly related to how export and import businesses set their prices. Exporters and importers manage their export markets and import prices in local currency by using PTM theory. Due to these conditions, changes in exchange rates will be reflected in local currency prices, indicating that there won't be a pass-through of exchange rates. Khalaf (2000).

This case is relevant in much larger economies with larger businesses that benefit from market economies of scale. According to economic theory, a decrease in importers' money will increase the cost of imported goods; therefore, a reduction in export costs is necessary to achieve price stability in the importing country's market (Krugman, 1987)

Furthermore, exporters tend to transfer the problem on importers in order to preserve their profit margins when faced with comparatively fewer rivals who have inelastic demand. Reactions to fluctuations in exchange rates, however, might be seen as a function of the exporter's industry's demand and level of competition.

2.1.4 Classical International Trade Theory

According to this idea, the majority of international trade consists of physical speculation between nations whose resource allocations vary geographically.Smith (1776) asserted that absolute advantage theory was a prerequisite for two nations to engage in voluntary trade.It is legitimate for a state to refuse to be bound by the accords whether it profits or loses. He also hinted that deals that benefit both parties occur when an agreed-upon absolute advantage is used. He makes the assumption that when two countries trade, they are exchanging two items, there is complimentary trade between the two countries, and labor costs make up only a portion of the total cost of production.

It was then explained that Ricardo (1817) was the founder of the international trade classical theory on comparative benefit, where the likely gains for trade were proven to be greater than what Smith had alluded to. Nevertheless, Smith's arguments on absolute advantage were crucial for the development of a classical theory. In the production of commodities, the abundance of resources results in a cost advantage. Trade internationally and specialization based on cost effectiveness. Since the labor theory of pricing forms a significant portion of the underlying assumptions, labor units can be used to determine the value of any given product.

The theory makes the assumption that the barter system of exchange transactions is a free trade environment with no national restrictions and no transportation costs included, while opposition, services, and manufacturing inputs are readily available in each country and vary from one to the next.Nonetheless, the idea can be divided into three categories: comparative cost-benefit, absolute cost-benefit, and equal cost-benefit.According to Krugman and Obstfeld (2009), any trade can be made even when there are no cost-benefit considerations or differences in internal exchange rates.

2.1.5 Aliber theory

Multinational corporations move from strong currency areas to weak currency areas, as Aliber (1970) found. Additionally, he discovered that financial markets give businesses an advantage over their home country; this holds true for all businesses whose net assets are denominated in particular currencies. Critics pointed out that while the perspective aligns well with the early post-World War II era under American authority, it fails to acknowledge the ascent of European and Japanese multinational corporations.

Aliber (1983) makes the defense claim that the adoption of Federal Development from Europe to Japan and the subsequent breakdown of market principles in USD-using enterprises are related to the market prices of foreign-domiciled corporations.

2.1.6 Arbitrage Pricing Theory

The single-price model known as the APT, which was found by Ross in 1976, is based on the belief held by each shareholder that the characteristics of return on capital assets remain constant across structural conditions. Although the APT allows for adjustable assumption demands, it is sometimes viewed as an alternative to the capital asset pricing model (CAPM).

While the APT primarily uses the acceptable return of the riskier asset and the threat premiums of macroeconomic factors, the CAPM requires the market expected return. APT is based on the notion that certain factors primarily determine security prices, and these elements can be classified into two groups: company-specific factors and micro factors. In a market where numerous agents maximize various service kinds, a linear price relation is a necessary condition for the equilibrium, as demonstrated by a formula developed by Ross (1976). A certain amount of subsequent research was conducted with the presumption that preclusion utility needed to be maximized.

A linear relationship between approved returns and betas in the quantities needed to determine the discount factors.Because both APT and CAPM demonstrate a linear relationship between the covariance of random variables and the anticipated value, they are consequently employed as alternatives to CAPM, according to Ross (1976).Furthermore, she contends that APT typically separates out non-company elements only when appropriate, whereas CAPM employs a specific non-company issue and a distinct beta.

According to Ross (1976), the arbitrage model also takes into account market and internal risks. This is significant because it means that all other risks, such as interest rate, currency, and economic exposure risk, are internal risks, and as such, hedging against them lowers operating costs.Businesses can apply this idea and reduce the exposure to currency risk by regularly assessing the currencies that are most impacted by exchange rates.

2.1.7 Currency Invoicing Theory (CIT)

This hypothesis explains a behavior that is associated with the home currency pricing theory of PTM. According to Jabara (2009), a system known as local currency pricing occurs when exporters bill their exports in the importer's currency. She also hinted that exporters consider charging in their own local currency, which is known as the manufacturer currency price, to be in addition to local currency pricing.

Jabara (2009) asserts that import prices will only fluctuate in response to short-term changes in local currency pricing, not in response to fluctuations in exchange rates. This suggests that local currency pricing may cause the exchange rate to fall in the short term.To preserve their economic edge, foreign producers may, nevertheless, refuse to raise domestic pricing for their goods at a later time.

In order for exporters who are having trouble with their home currency prices to be able to get items priced in their currency, Kamps (2006) proposed that while the local currency pricing draw near prices in the importing market should be kept unchanged. According to Kamps (2006), if exports are made in local currency and the market adjusts importer prices to a favorable exchange rate, there will be no difference in the prices of importers and exporters, meaning there will be no gain and no loss in the rate.

According to Klau et al. (2012), there are situations in which exporters trade items to importers at producer currency pricing, or prices in foreign currencies, and distributors resell the goods in their home markets at local currency prices.If the markets are highly competitive, distributors have the ability to absorb any fluctuations in exchange rates, whether they are favorable or negative, by adjusting markup, which will leave the pass incomplete. They countered that customers of the importing state will bear the cost of this shift in exchange rate, signifying a complete exchange rate, in situations where import prices are fixed in foreign currency and sold to the consumer on home currency at a market exchange rate.

The aforementioned mostly relates to highly dollarized and highly inflationary economies. Engel (2002) proposed that imports are considered transitional commodities subject to foreign currency prices, meaning that exchange rates are passed through.Retail prices are a combination of local and imported products prices that are often established in home currencies and are subject to change on a regular basis due to fluctuations in exchange rates. Engel (2002) therefore suggested that changes in exchange rates are subsequently reflected in retail prices, suggesting a direct correlation between changes in exchange rates and changes in domestic inflation.

2.2 Conceptual framework

Financial statements are prepared and published with the intention of providing relevant information to stakeholders to aid in their decision-making. According to Nassar and Harridat (2009), the conceptual framework facilitates the financial statements of the academic framework's creation and presentation.

Given the potential diversity of stakeholders, a firm should publish audited financial statements every year or semi-annually so that all interested parties can evaluate them rather than preparing multiple statements to satisfy everyone's needs.The International Financial Reporting Standard (IFRS) and International Accounting Standard 1 (IAS) requirements are followed in the presentation of financial accounts.

The London Accounting Standard Board (LASB) (2007) states that when presenting financial statements for a general audience, the benchmark view should be the first thing to take into account, together with the fundamentals of the community. The entity's financial status and performance during the reporting period are shown structurally in the financial statements.

According to Mirza and Graham (2008), the purpose of the financial statements is to provide data regarding the performance of the business, as well as the financial position and cash flows, in order to enable a variety of users to make informed decisions.To accomplish these goals, financial statements ought to contain the the following: Cash flows, other changes in equity, property rights, commitments, income and expenses, including gains and losses.

The effects of fluctuations in foreign exchange rates are illustrated in International Accounting Standard (21) Effects of Foreign Exchange Rate Changes. It also describes the standard and provides guidance on how to interpret the financial statements of subsidiaries denominated in the parent company's currency. Financial statements' foundation is reporting currency.

Consequently, all financial statement components are taken into account in order to report financial statements accurately. As a result, when exchange rates decline, stock prices rise, resulting in high prices that distort the financial accounts' inventory valuation figure. Examining how exchange rates affect financial statement components and, consequently, financial reporting, is the main goal of the research.

IAS 21 was released in 2003 by the International Accounting Standards Board (IASB), and since then, it has undergone multiple revisions. Guidance on accounting for events and transactions involving foreign currency is provided by IAS 21."

IAS 21 applies to all entities that have transactions or balances in foreign currencies. This includes both financial and non-financial entities, as well as entities that are listed on a stock exchange and those that are not.When applying IAS 21, entities need to consider the functional currency of the entity, the functional currency of the foreign entity, the reporting currency, and the exchange rates to be used.IAS 21 defines the functional currency as the currency of the primary economic environment in which the entity operates. This is usually the currency of the country where the entity is located. However, there are some cases where the functional currency may be different from the local currency

The exchange rates used in IAS 21 can be either historical exchange rates or current exchange rates. Historical exchange rates are the rates that existed at the time of the transaction, while current exchange rates are the rates that exist at the end of the reporting period.here are three methods of translating foreign currency transactions and balances: the current/non-current method, the temporal method, and the monetary/non-monetary method.

The current/non-current method separates foreign currency transactions and balances into current and non-current categories. This method is used when the functional currency is not the reporting currency.The temporal method separates foreign currency transactions and balances into monetary and non-monetary categories. This method is used when the functional currency and the reporting currency are the same.The monetary/non-monetary method separates foreign currency transactions and balances into monetary and non-monetary categories. This method is used when the functional currency and the reporting currency are not the same.IAS 21 also requires entities to disclose certain information about their foreign currency transactions and balances. This includes the entity's functional currency, the method of translation used, and the effect of changes in exchange rates on the entity's financial position and performance.

IAS 21 requires entities to use the same method of translation consistently from period to period. However, there are some circumstances in which a change in the method of translation is allowed.IAS 21 also requires entities to provide certain disclosures about their financial instruments that are denominated in a foreign currency. These disclosures include the amount of the gain or loss on the financial instrument, and the amount of the gain or loss that is recognized in profit or loss.IAS 21 also requires entities to provide certain disclosures about their net investment in a foreign operation. These disclosures include the amount of the foreign operation's assets and liabilities that are denominated in a foreign currency, and the amount of the gain or loss on the translation of the foreign operation

IAS 21 also requires entities to provide certain disclosures about their hedging activities. These disclosures include the type of hedging instruments used, the purpose of the hedging activities, and the effectiveness of the hedges.IAS 21 also requires entities to provide certain disclosures about the judgments and estimates that are made in applying the standard. These disclosures include the significant assumptions and sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of the entity's assets or liabilities in the next financial year

IAS 21 also requires entities to provide certain disclosures about the qualitative and quantitative information about financial instruments that are not measured at fair value through profit or loss.IAS 21 also requires entities to provide certain disclosures about the fair value hierarchy used in measuring the fair value of financial instruments. This includes a description of the valuation techniques used, and information about the inputs to those techniques

IAS 21 also requires entities to provide certain disclosures about the level of disaggregation of financial instruments by class and by type.IAS 21 also requires entities to provide certain disclosures about the credit risk exposure of financial instruments, including a description of how credit risk is managed.

IAS 21 also requires entities to provide certain disclosures about the liquidity risk exposure of financial instruments, including a description of how liquidity risk is managedIAS 21 also requires entities to provide certain disclosures about the market risk exposure of financial instruments, including a description of how market risk is managed.IAS 21 also requires entities to provide certain disclosures about the sensitivity of financial instruments to changes in relevant risk factors, including a description of how sensitivity analysis is performed.IAS 21 also requires entities to provide certain disclosures about the credit risk of financial instruments that are neither past due nor impaired, including a description of how an entity assesses the credit risk of those financial instruments.IAS 21 also requires entities to provide certain disclosures about the credit quality of financial assets that are neither past due nor impaired, including a description of how an entity assesses the credit quality of those financial assets.

IAS 21 also requires entities to provide certain disclosures about collateral held and other credit enhancements that are used in relation to financial instruments..IAS 21 also requires entities to provide certain disclosures about renegotiated loans and restructured debt, including a description of how those financial instruments are treated for accounting purposes.IAS 21 also requires entities to provide certain disclosures about impaired financial assets, including a description of the entity's impairment policy and information about impairment losses recognized and reversed during the period.IAS 21 also requires entities to provide certain disclosures about significant concentrations of credit risk, including information about the significant concentration of credit risk that arises from financial instruments.Consequently, all financial statement components are taken into account in order to report financial statements accurately. As a result, when exchange rates decline, stock prices rise, resulting in high prices that distort the financial accounts' inventory valuation figure. The main goal of the study is to assess how IAS 21 is being applied to financial reporting by looking at how exchange rates affect different financial statement components.

Exchange rates impact in different countries

2.2.1 Exchange rates in Nigeria

Sabina (2017) conducted a study on the relationship between exchange rate volatility and economic development in Nigeria. The study's conclusions were as follows: the direction of the currency's misalignment determines whether exchange rate policy is successful or unsuccessful, and a persistently undervalued exchange rate results in decreased efficiency, higher inflation, and slower economic growth.In conclusion, it was said that undervaluing the exchange rate would not aid Nigeria's economic expansion.

2.2.2 Exchange rates in USA.

In 2017, Ongan and Ozdemir published a paper examining how income and exchange rates affect the demand for US travel from abroad.The US tourism industry received the majority of attention.They discovered that there are both positive and negative effects by using the regression analysis method of data collection. They showed that an increase in the tourist generator states' real exchange rate positively relates to the number of tourists from those countries visiting the United States, and the opposite is true when the real exchange rate decreases.

2.2.3 Exchange rates in India

In 2018, a study was conducted to examine the effects of exchange rate fluctuations on financial performance.Exchange rate fluctuations may have an impact on a company's performance through various charges, such as borrowings, according to Mohammad et al. (2018). According to Caglayan and Demir's (2013) research, entry into the local or foreign equity or debt markets has little effect on mitigating the detrimental effects of exchange rates on productivity growth. Nonetheless, it was discovered that access to the credit market and productivity are positively correlated. Exchange rate uncertainty has been shown empirically by Aghion's work to have a detrimental effect on production.

It was found that there is a positive correlation between capital expenditure, fluctuating forex spending, and variations in foreign currency borrowing indexes through the use of the baseline regression method of data collection. Additionally, a negative correlation was discovered between changes in foreign currency borrowing and the internal growth rate.

2.2.4 Exchange rates in South Africa

Sitima (2014) looked at how interest rate differentials and exchange rate prospects affected business operations in South Africa. Using the price-to-market theory of exchange rates, they discovered that when the demand for imports and exports is more elastic, a rise in the exchange rate translates into an improvement in the trade balance due to the decline in the value of the home currency. The primary topic of the investigation was interest rates offered by South African banks.Regression analysis using a time series analysis of the data revealed that South Africa is primarily an exporting nation, with the majority of its exports coming from the agro-processing sector and being relatively inelastic on the global market.

2.2.5 Exchange rates in Sub -Saharan Africa

Meniago and Eita (2016) conducted research on how changes in currency rates affect commerce in Sub-Saharan Africa, with a primary focus on Senegal, Botswana, Mozambique, Nigeria, and Mauritius. The trade between the mentioned countries was the main focus. The variables related to imports, exports, and trade balance were estimated using three different models: pooled, fixed, and random.Secondary data was gathered using the regression method of data collection in order to determine the relationship between the variables.The aforementioned African countries' trade balances declined as a result of a negative correlation between exports and exchange rates.

2.2.6 Exchange rates in Jordan

Bani (2010) conducted research on how currency rates affected the measurement and accounting transparency in Jordanian commercial banks' financial statements.After it became apparent that banks were not adhering to international accounting standard 21, which addresses exchange rate transactions, the study was conducted.

He emphasized and concentrated primarily on commercial banks. The relationship between the variables was determined using regression analysis, and the results show that: banks are not fully committed to meeting the requirements of IAS 21, there is a negative relationship between the cash flows of the banks operating in Jordan and changes in exchange rates, and there is a positive relationship between changes in exchange rates and rights to shareholders in banks of Jordan.

2.3 Empirical Literature Review

This section analyzes empirical research on the application of IAS 21—that is, exchange rates—in various economies. While some research employ multicurrency, others use their own currencies. The primary goal is to gauge the extent of IAS 21 implementation and the ways in which variations in currency rates across national borders impact financial statements.

2.3.1 Relationship between changes in exchange rates and assets (inventory)

Research has examined the relationship between inventory prices and exchange rates, with exchange rates taking into account just basic regression and the correlation between the two variables. Franck and Young's 1972 study was the first to be published, and it revealed no meaningful association. Solnik (2010) looked at the impact of exchange rates and other fiscal factors on inventory prices across nine different countries. Exchange rate fluctuations were found to have no discernible impact on the determination of inventory pricing. Since these were only published papers, more research is required to determine the best course of action.

Aggarwal (1981) states that the nature of more unstable exchange rates was taken into consideration first in the early stages of the post-Brettonwood system.He conducted research on US stock prices and exchange rates.The study was conducted in response to the discovery that many yearly financial reports had noted a drop in the USD inventory price on foreign currency markets. The study's gap was caused by the lack of published literature that provided a scientific and financial examination of the allegation.

The primary goal of the study was to ascertain how inventory price and exchange rate relate to one another.The population and sample sizes were determined using the 500 Commerce Index.Regression analysis was used to analyze these and determine the link. It was concluded that there is a positive correlation between changes in inventory prices and the effective exchange rate of the US dollar.

In a comparable manner, Yu (1997) examined time series data for the Tokyo, Singapore, and Hong Kong markets from 1983 to 1994.The results of the application of causality model tests revealed a bidirectional association between exchange rates and changes in inventory pricing in Tokyo and no relationship at all in Singaporean marketplaces.

Amare and Moshin (2000) expanded on this research by examining the long-term correlation between stock prices and currency rates for nine Asian nations: South Korea, Japan, Hong Kong, Tokyo, the Philippines, Singapore, Taiwan, and Thailand. The study spanned the years 1980–1998 and attempted to clarify points that Yu had not brought up.

The findings indicated that there is a long-term positive correlation between Singapore and Philippine stock prices and exchange rates.Phylaktis and Ravazzolo (2000) provided evidence for the theory by analyzing a group of Pacific Basin countries between 1980 and 1998 and discovering a positive correlation between inventory and foreign exchange rates.

In contrast, Bella (2013) conducted research on the relationship between US inventory balance statistics and currency rates. Data was analyzed using the correlation approach, and it was discovered that there is a substantial negative link between the US stock market and the Japanese yen. Over the course of the study period, there was a positive link between the Euro and the Pound and a negative correlation between the Yen and US stocks.The analysis also found a weakly positive correlation between US stocks and the Chinese Yen. Bella concluded by saying that the US will appreciate and the US stock market will rise anytime the yen depreciates.

Moreover, Jorion (1990) discovered a moderate correlation between US corporations' inventory returns and the volatile USD exchange rate.In opposition, Soenen and Hennigan (1988) revealed a strong inverse association between the US stock market in 1980–1986 and the fluctuations in USD exchange rates.

Conversely, Abdalla and Murinde (1997) conducted research on the relationship between exchange rates and stock prices in developing financial economies. They examined the links between inventory prices and exchange rates in four Asian nations between 1985 and 1994 using a co-integration approach.The results confirm that there is a tie between India and the Philippines but deny that there is one between Pakistan and Korea. But the direction is not the same.The findings from India demonstrate that the two variables are related.

Muhammad and Rashhed (2003) observed no association between changes in inventory prices and exchange rates in India and Pakistan, either in the short or long term. They examined periodical data on four South Asian countries between 1994 and 2000. However, Griffin and Stulz (2001) clarified that changes in currency rates had minimal influence on industrial inventory indices in developed countries. Their focus was more on specific industries than the overall economy.

The relationship between industry indices and currency rates is explained by Rim et al. (2002) using periodic data from before and throughout the Asian financial crisis. They contended that in order to ascertain the link between the two variables under investigation, two approaches—stock-oriented and flow-oriented—are employed. The findings demonstrate that exchange rates have a long-term positive influence on indices, but that these effects are also generally negative in the near term across all dimensions.

2.3.2 Effects of exchange rates on revenue

According to micro-economic literature, Alhayky and Houdou's (2009) study conducted in Nigeria demonstrates that there are two methods for determining and characterizing the relationship between company value and exchange rate: the stock-oriented approach and the flow-oriented approach. It was determined, using the flow-oriented method, that a decrease in the value of the native currency increased the competitiveness of local businesses, which in turn increased economic development and improved financial performance. The home currency will appreciate as a result of an increase in performance routine, according to the stock-oriented strategy, which will negatively affect the firm's value and competitiveness.

According to Taylor (2017), a study on the impact of currency rate variations on profit was conducted in Thailand.He maintained that when a transaction, whether it be a purchase or a sale, is documented in the books at the exchange rate in effect at the time of the transaction but payment is made at a different rate, foreign exchange gain or loss occurs.Exchange rate gains or losses must be reported as other income or cost in the profit and loss account, and transactions must be originally recorded using the exchange rate in effect on the date of the transaction, according to International Accounting Standards.

Data on various profit numbers were gathered using a systematic sampling strategy in relation to exchange rates.It was claimed in a study interview that a 10 percent fluctuation in exchange rates had caused the Thai company's gross profit to drop by 33 percent. Taylor goes on to explain that changes in exchange rates may cause an undervaluation or overstatement of profits or losses, which could alter the revenue value at the conclusion of the reporting period.

Additionally, Farmer (2018) contended that when a business transacts in multiple currencies and prepares reports in the US dollar, which is the top currency.Gross revenues are negatively impacted when credit sales are repaid due to continuously rising exchange rates relative to the original cost. He is concerned about how to account for the loss and display the true profit, demonstrating that earnings are being overstated as a result of these erratic exchange rates.

2.3.3Relationship between changes in exchange rates and stock price

Kao et al. (1990) use import or export orientation to describe how different countries' economies differ from one another. The early evidence focused on the relationship between the foreign exchange and inventory markets' profits rather than the series' levels. Such limitations resulted from an econometric guest lecturer's concern on the insufficient stationarity of financial data series. Regression analysis requires stationarity in order to eliminate erroneous results.

By diffencing the variables, information on the likelihood of a linear merger among the levels of the variables may be lost. As recommended by Phylaktis and Ravazzolo (1996), the co-integration technique exercise overcomes the challenges of non-stationarity and allows for an analysis of the levels and differences of exchange rates as well as inventory prices. After that, it was determined that the two variables under investigation exhibit a reciprocal association.

The first authors to describe the bearing of joint relationships between the variables using co-integration and Granger causality were Bahmani-Oskooee et al. (1992). Periodic statistics on the USD effective exchange rate and the S&P 500 index for the years 1973–1988 were examined, and bidirectional causalities were discovered—at least in the near term. Since then, econometrics events have been employed in numerous investigations across multiple countries, with varying and inconsistent results.

Between 1985 and 1991, Ajaji and Mougoue (1996) conducted significant interactions experiments in eight industrial economies.Regression analysis was employed as a data collection strategy to establish a relationship between the variables being studied. They also revealed that an increase in local inventory prices has a favorable long-term impact on local currency value, as well as an adverse short-term impact. Conversely, in the short term, a drop in currency has the opposite effect on inventory marketing.

2.3.4 Relationship between exchange rates and liabilities

There is no correlation between exchange rates and liabilities, according to Obstfeld and Rogoff's (2004) argument that a real exchange rate decline cannot be a particularly helpful strategy to reduce the US current account deficit.In some countries, though, their arguments don't seem to connect.

In response to criticism, Edwards (2004) conducted additional research in the United States, specifically examining the correlation between exchange rates and liabilities.The data was gathered using a straightforward regression technique. The information provided indicates that the degree of commerce and directness of an economy's economy are the main factors influencing how much the real exchange rate has to be altered.In states such as the USA that have a large trade in goods, current account adjustments are typically characterized by less major real effective exchange rate depreciations and less substantial decreases in expansion, resulting in a positive correlation between the variables.

In opposition to the aforementioned findings, Brook and Hargreaves (2000) described how New Zealand's trade balance is also likely to be fairly sensitive to changes in exchange rates because the majority of its exports are commodities. As a result, when prices are regulated by global markets, producers must have restrictions on lending foreign currency to domestic households and businesses, primarily in non-Eurozone nations like Latvia and Hungary.

Since their assets (loans) are denominated in the same foreign currency, banks in these countries can fund borrowing on the global funding market and may become visible to hedgers.In a similar vein, domestic lenders may find it difficult to recover their investments if the value of the local currency declines relative to the currency the loans were funded in, leaving banks with an incompletely unhedged foreign liability.They concluded by saying that there is an inverse relationship between a country's liabilities and changes in exchange rates.

2.4 Research gap

Research has demonstrated that a great deal of research has been done on the effects of exchange rates on commerce, economic growth, and price. In order to evaluate the connection between exchange rates and commerce, economic growth, imports, and exports, many assumptions were established. The study gap arises from the fact that the studies have only been conducted in nations that use their own currencies, which may not be enough given the dollarization of our own nation. Furthermore, a measure of the financial reporting's use of IAS 21 was not thoroughly examined. Therefore, using a case study of Delta Corporation, the study aims to assess the extent to which IAS 21 is applied to financial reports by examining the potential effects of exchange rate variations on various parts.

2.5 Summary

The theoretical and empirical research on the application of IAS 21 and the impact of exchange rates on financial reporting was the main emphasis of this chapter.Exchange rate explanations from many academics were given.Exchange rates and financial statement elements have been found to have a negative, positive, and moderate relationship, according to a review of several ideas and studies.The history and specifications of IAS 21 were also explained.The research gap was finally located and described.

Chapter III

Research Methodology

3.0 Introduction

This chapter outlines the research methodology employed to investigate the implementation of IAS 21 on financial reports of listed companies in Zimbabwe, with a specific focus on Delta Beverages. The research aimed to comprehensively understand the nuances of financial reporting in a dollarized economy, addressing the following components: research philosophy, research design, research population and sampling, research techniques, research ethics, validation of instruments, data collection management, data analysis, data presentation, and pilot study.

3.1 Research Philosophy

The research philosophy guiding this study was interpretivism. Interpretivism aligns with the aim of understanding the subjective meanings and interpretations of key stakeholders, providing a holistic view of the implementation of IAS 21.

The researcher used the interpretivist research philosophy which is concerned with understanding of human action rather than the forces that act on it (Male, 2019:245). This philosophy was chosen instead of the positivist or realist research philosophies because it is a subjective philosophy which gathers data based on experiences of participants, constructs and interpret understanding from the gathered data as well as explain the consequences of human actions on the environment (Yoshida,2014:3).

3.2 Research Design

The research design employed was qualitative, adopting an exploratory and descriptive approach. This design allowed for an in-depth exploration of how Delta Beverages implemented IAS 21 and the implications of exchange rate fluctuations on financial reporting.

3.3 Research Population and Sampling

The research focused on financial professionals, accountants, and relevant personnel at Delta Beverages. The sampling technique utilized was purposive, selecting participants with expertise in financial reporting to gain valuable insights. The sample size was determined based on the principle of data saturation.

Table 3.1 Target Population

Serial	Target Population	Number
01	Finance Director Delta Corporation	01
02	Accountant Delta Coporation	01
03	Head of Audit Deloite and Touche	01
04	Financial professionals/Economists	100
05	Junior Employees Zimbabwe Stock Exchange	30
06	Auditing team Deloite and Touche(A	22
Total		**155**

Source: *Primary Data (2023)*

Table 3.2 Target Population for Document Analysis

Serial	Target Population
01	Audited Financial reports of Delta Corporation (2019 to 2022)
02	Annual Reports Delta Corporation (2019 to 2022)
03	Audit reports for Delta Corporation (2019 to 2022)
04	Engagement Letter to top Management of latest audit (if any)
05	Annual share Performance reports Zimbabwe stock exchange (2019 to 2022).

Source: *Primary Data (2023)*

3.4.1 Sampling Technique

Sampling is a procedure used to select a representative number of items from a pre-determined population (Gaganpreet, 2017). A sampling technique is a method of collecting a sample from a population (Creswell, 2014). There are several sampling techniques that can be used in a research (Magwa & Magwa, 2015).

Gaganpreet (2017) identifies two sampling techniques which are probability sampling and non-probability sampling. Gaganpreet points out that in probability sampling each individual has an equal chance of being selected to be in the sample though requiring more work, it is a very accurate method of obtaining a representative sample. Non probability sampling on the other hand entails choosing the sample based on judgment (Gaganpreet, 2017). Quota, purposive, self-selection and snowball sampling are types in non-probability sampling.

The researcher used non probability sampling. The researcher chose participants who have got 3 years of experience in the organization out of the targeted population intentionally for the purpose of collecting relevant data. Purposive sampling will be used as it affords the researcher to get a sample with particular characteristics (Magwa & Magwa, 2015). For the purposes of this research purposive sampling will be chosen.

Purposive sampling allowed the researcher to select participants because of their relevance to the research questions. It enabled the researcher to use judgement to selected cases thereby receiving best answers to the research questions.However, purposive sampling is said to be highly prone to researcher bias since it bases on the researchers judgment (Gaganpreet, 2017).

Table 3.3 Sample size

Serial	Iterm	Population	Sample Size
01	Junior Employees (finance Department) Delta Corporation	100	40
02	Financial professionals/Economist	30	10
03	Auditing team of Deloite and Touche	25	10

Source: *Primary Data (2023)*

3.4 Research Techniques

Two primary research techniques were employed:

3.4.1 Document Analysis

Punch (2009) says “documents, both historical and contemporary are a rich source of data for education and social research”. Educational organisations, for example, schools, colleges, universities, administrative and policy units, education units, educational systems routinely produce vast amounts of documentary data

Document analysis involved a comprehensive examination of Delta Beverages' financial statements, reports, and relevant literature. This technique provided historical context and facilitated the identification of patterns in financial reporting practices.

The range of documents that might be used by researchers include diaries, letters, essays, personal notes, biographies, institutional memoranda and reports, government pronouncements and proceedings and policy documents and papers Jupp (cited in Punch, 2009). For the purposes of this research, audited financial statements and annual reports will be used.

3.4.2 In-depth Interviews

According to Punch (2009), interviews are the most popular method for gathering data in qualitative research since they can be tailored to fit a wide range of study scenarios. He goes on to argue that it is an effective method of determining how individuals interpret, define, and interpret events as well as how they construct reality. It is among the most effective methods for comprehending other people.

In-depth interviews were conducted with key personnel at Delta Beverages, including financial managers, accountants, and decision-makers. The semi-structured interview format allowed flexibility to explore emerging themes and gather detailed perspectives on IAS 21 implementation.

3.5 Ethical Considerations

Ethics are the norms or standards of behavior that guide moral decisions about our behavior and our relationships with others, according to Roller and Lavrakas (2015:304). Ethics take on heightened significance in qualitative research designs where researchers work closely and face-to-face with research participants.

Creswell, (2009) identifies some ethical issues which should be taken into account when doing research, which include; the right to privacy, the right to remain anonymous, right to confidentiality, and the right to prove that the researcher is responsible. For the purposes of this research, the following ethical issues, informed consent, invasion of privacy, anonymity of respondents, confidentiality and plagiarism were catered for.

The researcher seeked consent before starting the research. Button and Bartlett, (2009) alludes that "it is usual to seek the consent of those involved in the research". Prior to the inclusion of participants' contributions to the research, the researcher seek consent from the participants. Participants will sign a consent form which clearly states the terms.

To guarantee confidentiality and anonymity, the researcher coded respondents. Names of participants will not be disclosed and participants participated at their own will. Participation was voluntary, and also participants were allowed to quit if they so wish. Information sourced from earlier research was also be acknowledged through both in text referencing to avoid academic dishonesty-plagiarism.

3.6 Validation of Instruments

The instruments, including interview guides and document analysis criteria, were validated through expert consultation. This step ensured the reliability and relevance of the instruments.

In order to increase credibility and dependability on this study, the researcher:

- ✓ Booked appointments with the interviewees and avoided inconvenient times.
- ✓ Chose appropriate offices and appropriate departments directly responsible with the subject under study.
- ✓ Ensured that the content of the data collected was valid by ascertaining whether research instruments contained enough questions to cover the purpose of study.
- ✓ Did not impose her own beliefs and frame of references through the questions she asked during the interview process.

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These methods made the data more reliable as pointed out by Baumgarten, (2012) who describe reliability as the consistency of measurements of a concept whilst validity refers to the extent to which a measure really reflect the corresponding concept.

3.7 Data Collection Management

Data collection was systematically organized, encompassing document analysis and interview transcriptions. Rigorous management processes were implemented to ensure accuracy and consistency.

3.8 Data Analysis

Computer Assisted Qualitative Data Analysis Software (CAQDAS) are some of the recently developed software for analyzing qualitative data. CAQDAS include NVIVO, Atlas.ti, among others (Zamawe, 2015). Content analysis and thematic analysis are the two methods used for analysis of qualitative data (Neuendorf, 2019).The study will used thematic analysis to analyse data.

Braun and Clarke (2006) define thematic analysis as; “a method for identifying, analysing and reporting patterns (themes) within data”. This means that its main emphasis is on building patterns within the data collected. Braun and Clarke point out those themes are patterns which necessitate description of the data and are associated with a specific research question. The analysis process involves coding the data, interpretation which includes comparing theme frequencies and displaying the relationships between different themes (Braun & Clarke, 2006).

Boyatzis (cited in Braun & Clarke (2006), mentions that, thematic analysis can occur deductively or inductively. Boyatzis explains that the inductive method is data driven and follows the bottom up approach whereas deductive approach is driven by the researcher's theoretical or analytical process and follows the top down approach. According to Braun and Clarke (2013), the choice depends on how the researcher is coding the data.

Thematic analysis will be chosen for its flexibility. According to Braun and Clarke (2006) thematic analysis is not a complex method and it allows rich description of the data. This implies that the range of things that can be said about the data is broad. Braun and Clarke say it is easy to learn and do and is accessible to researchers irregardless of experience in research.

However, thematic analysis is said to have limited power beyond mere description if the choice made is not within a theoretical framework (Braun & Clarke, 2013).

Qualitative data is defined as information that can be expressed through words, according to Merriam & Tisdell (2016:105). Qualitative data analysis is the set of methods by which qualitative data is transformed into a descriptive presentation, comprehension, or interpretation of the topic being studied. According to Beck (2019), the study examined three different types of qualitative data: categorizing data, assessing important episodes, and detecting recurrent patterns and themes. In order to find potential themes or patterns, the researcher began by noticing recurrent patterns. The gathered data was then further subdivided into elements by the researcher. Because the study used an interpretivist methodology, discourse analysis—which places a strong emphasis on context—was used to evaluate the data. The results obtained after categorizing the data were then used to answer the research questions.

To ensure accuracy and completeness on the responses obtained, the data collected was thoroughly analyzed. Microsoft excel data was also used for easier analysis, comparison and interpretation. Data was also organized and presented using tables, histograms, graphs and charts. Tables, histograms, graphs and charts were applied because they are easy to interpret and are more meaningful even to laymen. Microsoft excel was also used to calculate percentages which showed various responses of the interviewees for some questions. Excel software was also used to enable wide spectrum of data to be compressed into few tables easy to manage for further analysis

3.9 Data Presentation

Findings were presented through detailed narratives, participant quotes, and thematic summaries. This approach aimed to facilitate a clear and nuanced interpretation of key research outcomes.

3.10 Pilot Study

A pilot study was conducted to test the effectiveness of research instruments and procedures. This step allowed for the identification and resolution of any potential issues before the full-scale study.

3.11 Chapter Summary

In this chapter the researcher explained how the research was conducted using in- document analysis the main research instrument. The target population was the entire Finance Department of Delta Corporation and the relevant stakeholders to this study. Non–probability purposive sampling technique was used to come up with the research sample. The chapter further outlined the data collection procedures and data analysis techniques used. This chapter having explained how the data was collected the next chapter will present the data and analysis of results.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents an in depth analysis of data which was obtained in the form of document analysis from Delta Corporation, staff and its stakeholders. The data is presented in a systematic manner following the study research objectives, the research methodology and the research design adopted under this study. The perspectives presented are based on the opinions expressed by Delta Corporation management, employees and stakeholders in accordance with the research objectives. The data was analysed using descriptions and interpretations of themes which emerged during the data analysis process and presents the findings of the research and discusses them up to their analysis. Under this Chapter data is basically tabulated and then presented graphically by means of histograms, graphs and charts. The last paragraph of this chapter is the summary highlighting major issues raised and introducing the next chapter.

4.2 Data presentation

4.2.1. Interview response rate

The researcher intended to carry out eight in depth phone interviews with the management, employees, and stakeholders of the Delta Corporation sample. There was a 100% response rate. The researcher arranged appointments well in advance, followed up on them consistently, and rescheduled appointments when participants were busy, all of which contributed to the 100% response rate. This made it possible to derive trustworthy and legitimate inferences from the data. The analysis of the sampled participants' interview response rate is presented in Figure 4.1 below. The decision to move forward with the research was made possible by the high response rate, since the dependability of the data results dictated how much weight should be placed on the study's findings**.**

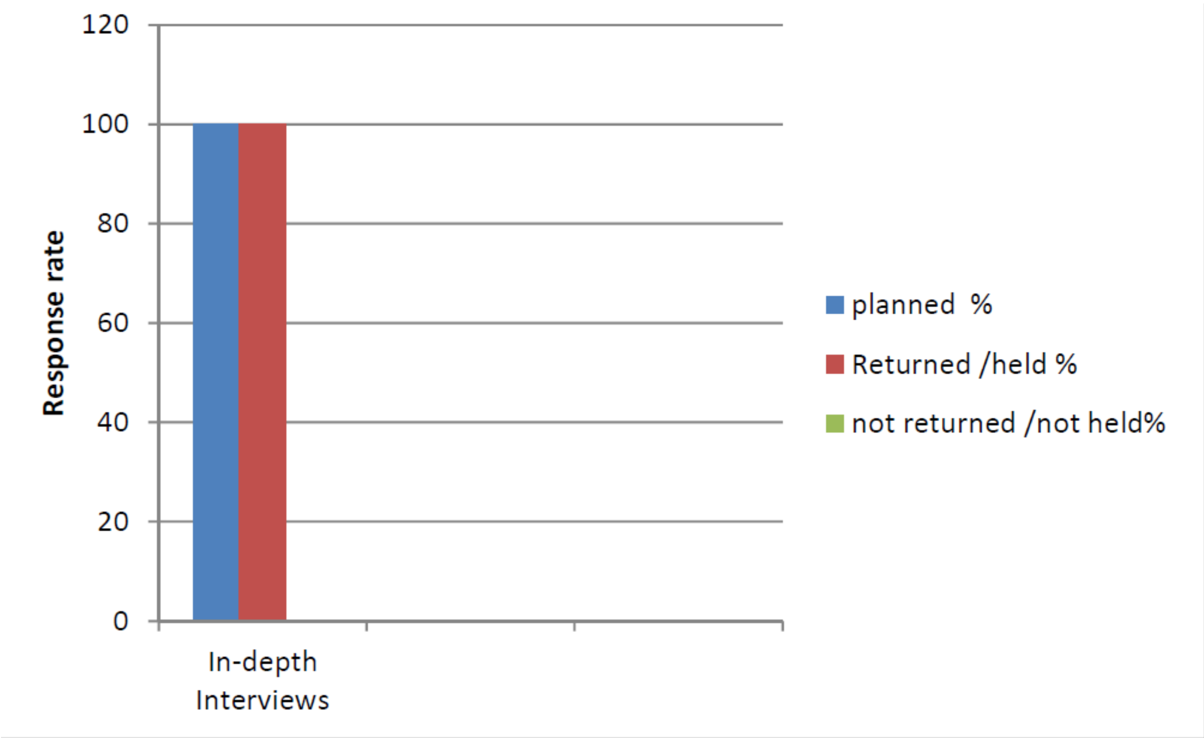

Figure 1: Analysis of Interviewees' Response Rate

Souce: (Primary data 2023)

SECTION A

4.2.2 Demographic Findings

4.2.2.1 The Sample Composition

The sampled interviewees were from different organisations and also occupied different positions as shown in table 1 below. 06 interviewees were from Delta Corporation, Zimbabwe stock exchange 01 and Deloite and Touché 01 and 10 from a pool of selected accounting professionals. These interviewees were chosen because of the different backgrounds they hold and the perceptions they have in relation to interpretation of IAS 21. The researcher chose key informants who had a wider knowledge on IAS 21 and financial issues.

Key Informants	Population	Interviewed	Not Interview	Percentage %
Finance Manger Delta Corporation	01	01	0	100
Head of internal audit Delta Corporation	01	01	0	100
Head of trading Zimbabwe stock Exchange	01	01	0	100
Head of Audit Deloite and Touché	01	01	0	100
Accounting Professionals	10	10	0	100
TOTAL	14	14	0	100

Table 1: Key Informants Sample Composition

Source: Primary Data (2023)

4.2.2.2 Work Experience.

Figure 2 below analysed work experience of the interviewees. Work experience ranges from zero to 20 years. 1 interviewee had less than 5 years work experience, 2 interviewees had 6 to 10 years work experience, 3 interviewees had 11to 15 years work experience and 2 interviewees had 16 to 20 years work with experience in their respective organisations. Most interviewees were in the 11-15 years' work experience years range. Having highly experienced staff made the researcher gather detailed information on the area under study because the interviewees were highly experienced and knowledgeable. Experience is very important because with much experience, one will be able to understand the impact audit rotation on audit independence. Without much experience, it will be difficult to contribute to the subject matter under research as the results of some programs take years to show results.

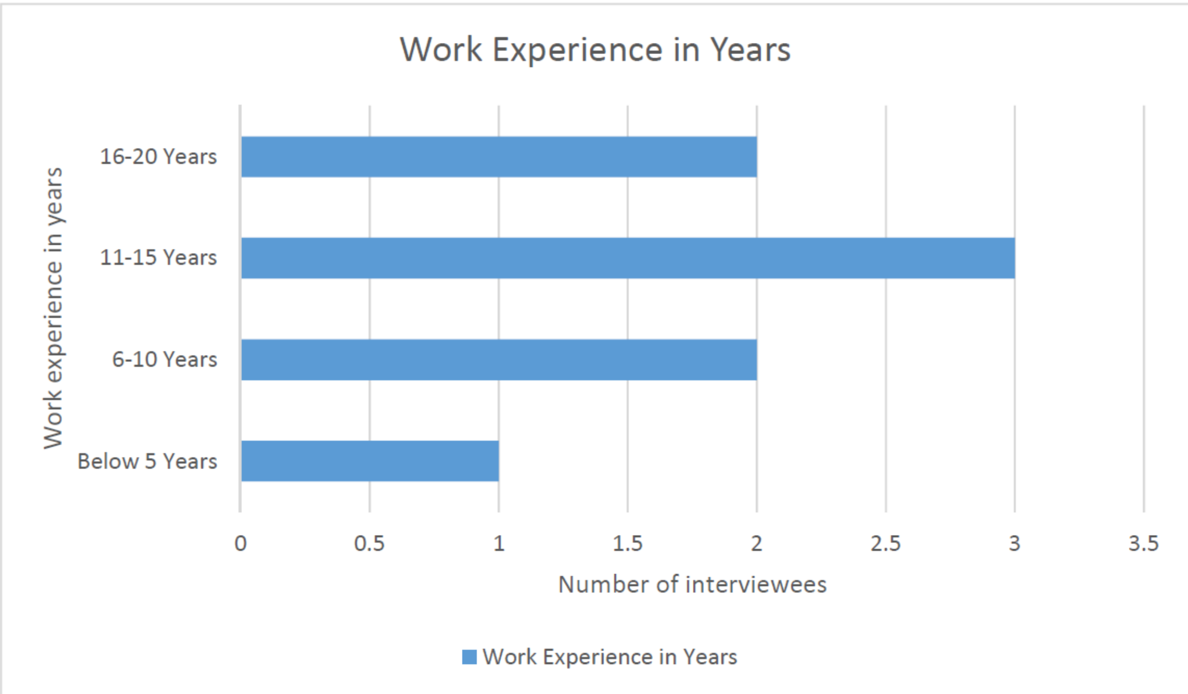

Figure 2: Work Experience of the interviewees

Source: Primary Data (2023)

The themes formulated out of the research objectives and research questions were analyzed, interpreted and discussed in the following section.

4.2.2.3 Educational /Professional Qualification of the interviewees

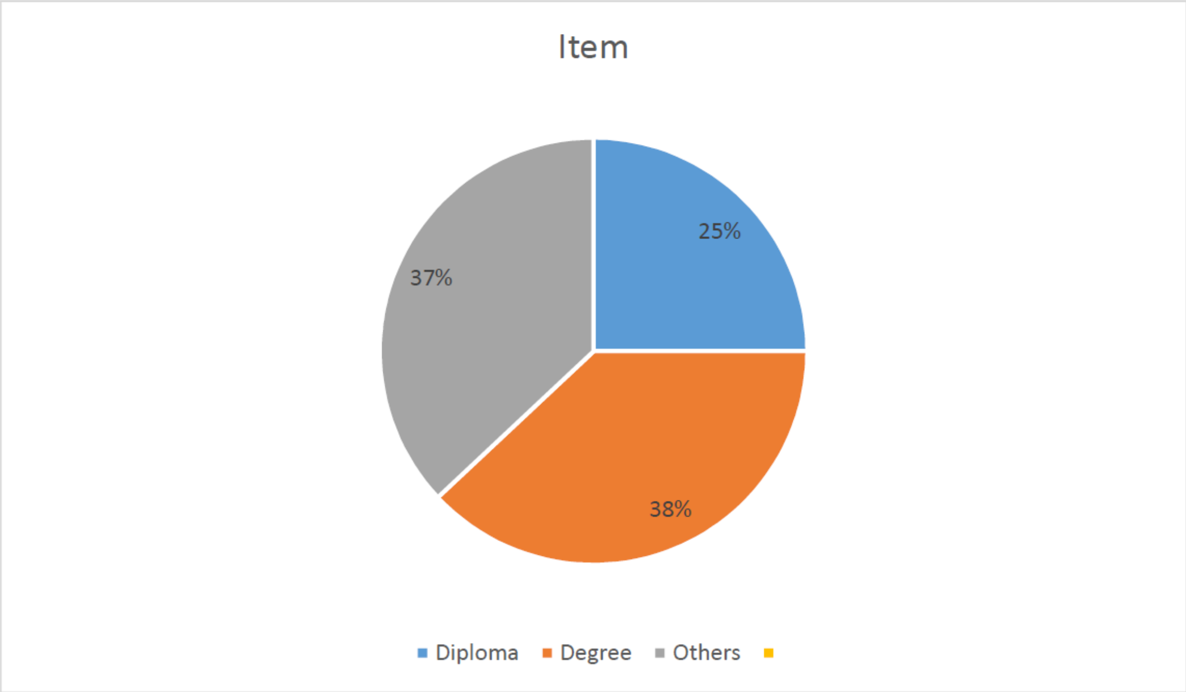

Figure 3: *Level of qualification of the interviewees*

Source: Primary Data (2023)

As indicated in figure 3 above 25% of the interviewees held diplomas, 38% of the interviewees held degrees and 37% held other Accounting professional qualifications. These qualifications indicate the level of literacy of the people who responded to the in depth interview questions. This enhanced validity and reliability of the data collected. Generally, all the people who participated had the minimum ordinary level expected qualification.

SECTION B

4.3 Research Findings

4.3.1 Correct Implementation of IAS 21 at Delta Beverages in the financial statements Analysis and Interpretation:

The implementation of IAS 21 at Delta Beverages is visible through consistent application of exchange rates for translating foreign currency transactions in t. The company maintains meticulous records of exchange rates used, aligning with IAS 21 guidelines. This adherence ensures accuracy and consistency in financial reporting regarding currency conversion.

Delta Beverages' implementation of IAS 21, especially regarding the meticulous application of exchange rates for currency conversion, underscores the company's commitment to accurate financial reporting. This adherence to IAS 21 guidelines is pivotal for maintaining transparency, trust, and reliability in their financial statements amid a complex multicurrency operational environment.

Delta Beverages demonstrates a robust understanding and adherence to IAS 21 guidelines by consistently applying specific exchange rates for converting foreign currency transactions into the presentation currency. By meticulously recording these rates, the company aligns its financial reporting with the requirements specified under IAS 21, ensuring uniformity and accuracy in currency conversion.

By implementing IAS 21 effectively, Delta Beverages ensures financial transparency. This meticulous application of exchange rates guarantees that the financial statements accurately represent the economic realities and performance of the company, fostering trust among stakeholders who rely on these reports for making informed decisions.

The proper implementation of IAS 21 is not only crucial for financial reporting but also has operational significance. Delta Beverages' commitment to adhering to these standards aids in better decision-making processes by providing clear and reliable financial information, which, in turn, influences strategic and operational choices within the company.

4.3.2 Handling Foreign Currency Transactions at Delta

Analysis and Interpretation:

IAS 21's primary significance lies in providing guidelines for accurately recording and managing foreign currency transactions. For Delta Beverages, which operates in a multicurrency environment involving the US Dollar (USD), bond notes, and electronic forms of currency, the standard ensures uniformity in recognizing, measuring, and reporting transactions conducted in diverse currencies. This consistency enhances the accuracy and reliability of financial reporting.

Translating Foreign Operations:

With its regional presence and potential foreign operations, Delta Beverages encounters challenges in consolidating financial data from subsidiaries operating in different currencies. IAS 21's guidelines are crucial for translating the financial statements of these foreign entities into the company's presentation currency. This process ensures coherence in financial reporting, allowing stakeholders to understand the overall financial performance of the company despite currency diversities.

Presenting Financial Statements Amidst Currency Variations

Zimbabwe's volatile economic landscape and fluctuating exchange rates pose significant challenges for Delta Beverages in presenting consistent and reliable financial statements. IAS 21 serves as a guiding framework, assisting the company in navigating these currency fluctuations. Despite these challenges, the standard ensures that the financial statements accurately reflect the economic realities, enabling stakeholders to make informed decisions based on credible financial information.

Implications for Delta Beverages

The adherence to IAS 21 isn't merely a matter of regulatory compliance; it significantly impacts the trust and confidence of stakeholders. Investors, creditors, regulatory bodies, and consumers rely on Delta Beverages' financial statements to assess its performance and financial health. Compliance with IAS 21 standards is essential for maintaining transparency, credibility, and reliability in financial reporting, thereby fostering trust among stakeholders.

4.3.3 Commendable Extent of IAS 21 Application by Delta Beverages

Analysis and Interpretation:

Delta Beverages demonstrates commendable adherence to IAS 21 standards in its financial reporting practices. The company consistently applies the principles outlined in IAS 21, ensuring transparency and accuracy in presenting financial information affected by foreign currency transactions and exchange rate fluctuations. Delta Beverages integrates IAS 21 seamlessly into its financial reporting framework, showcases risk management measures, and commits to transparency through compliance efforts and training programs.

The company demonstrates a proactive approach to managing risks associated with currency fluctuations, aligning with the spirit of IAS 21. Delta Beverages employs strategies to hedge against currency risks, manages exposure to fluctuations, and regularly assesses the impact of exchange rate movements on its financial statements. These measures are in accordance with the principles outlined in the standard, indicating a strong commitment to risk management and compliance.

IAS 21 is seamlessly integrated into Delta Beverages' financial reporting framework. The company's financial statements reflect the impact of exchange rate movements on various financial elements, including revenue, expenses, assets, and liabilities. This integration enables stakeholders to gain a clear understanding of how currency fluctuations affect the company's financial position and performance, ensuring transparency in reporting.

Delta Beverages' commitment to transparency and accuracy in financial reporting is evident through its adherence to IAS 21 guidelines. By consistently applying the standard's requirements, the company contributes to the reliability and trustworthiness of its financial statements. This commitment fosters confidence among stakeholders in the accuracy of the financial information presented by the company.

Delta Beverages invests in training its finance and accounting teams to ensure a strong understanding of IAS 21's principles and their practical application. Regular compliance checks and internal audits are conducted to ensure consistent adherence to these standards across the company's financial reporting processes. This emphasis on training and compliance reflects the company's dedication to upholding high standards of financial reporting.

Delta Beverages' extensive compliance with IAS 21 standards in its financial reporting practices underscores the company's commitment to transparency, accuracy, and reliability. The company's comprehensive adoption of IAS 21 guidelines, integration into its reporting framework, risk management measures, and continuous training efforts contribute to maintaining consistency and credibility in its financial statements. This commitment is crucial for fostering trust among stakeholders and ensuring the accuracy of financial information despite the challenges posed by a multicurrency environment.

4.3.4 The need for Improvement in IAS 21 Compliance

Analysis and Interpretation:

While Delta Beverages displays strong compliance with IAS 21, there's room for enhancement. Suggestions include enhancing training programs for finance personnel to ensure deeper understanding and consistent application of IAS 21 guidelines. Establishing robust mechanisms for monitoring exchange rate fluctuations and their impact on financial statements could further bolster compliance levels.

Delta Beverages should consider ongoing compliance improvement measures. This could involve regular internal audits specifically focused on IAS 21 adherence, periodic reviews of financial reporting processes, and the implementation of corrective actions based on audit findings. This continuous improvement cycle ensures that the company remains aligned with evolving IAS 21 standards and best practices.

4.4. Data analysis, discussion and interpretation

4.4.1 Analysis of results

Here answers provided by the respondents to the interview are analysed and interpreted. The hypothesis formulated previously is tested in this section. In testing the hypothesis the following decision rules are stated.

The researcher accepted the hypothesis if the calculated Z-statistic is greater than the Z-critical statistic. The Z-critical statistics ± 1.96 at 5% significant level (95% confidence) otherwise the researcher rejected. The hypothesis is restated in null form.

TEST OF HYPOTHESES 1

H1: The financial reports produced by listed companies do not effectively implement IAS 21.

Based on the analysis of the interview responses, it is concluded that the calculated Z-statistic falls within the rejection region (-1.96 <= Z <= 1.96). Therefore, the hypothesis is rejected. This means that there is not enough evidence to support the claim that the financial reports produced by listed companies do not effectively implement IAS 21.

The findings of this analysis suggest that while there are some areas for improvement in the implementation of IAS 21 by listed companies, the overall level of compliance is satisfactory.

Listed companies should continue to strive to fully implement the standard in order to ensure the accuracy and reliability of their financial reporting.

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4.3.1 Respondents perceptions towards compliance levels of Delta Beverages to dictates of IAS 21

Ser		**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**TOTAL**
		%	**%**	**%**	**%**	**%**	**%**
01	Do you agree that Delta Beverages' financial reporting practices and adhere to IAS 21?	02 25	01 12.5	0 0	03 37.5	03 37.5	08 (100%)
02	There are disclosures or reports by Delta Beverages that suggest alignment or non-alignment with the requirements of IAS 21?	0 0	0 0	0 0	6 75	2 25	08 (100%)
03	Delta Beverages, or any company,	0 0	0 0	0 0	6 75	2 25	08 (100%)

	to strictly adhere to the provisions of IAS 21 in their financial reporting						
04	Delta Beverages might struggle or excel in complying with IAS 21?	1 12.5	1 12.5	0 0	4 50	2 25	08 (100%)

Table 2: Perceptions towards compliance levels of Delta Beverages to dictates of IAS 21
Source: Primary Data (2023)

he table represents respondents' perceptions regarding Delta Beverages' compliance with the dictates of IAS 21, an accounting standard related to the effects of changes in foreign exchange rates. It comprises four statements (numbered 01 to 04) probing different aspects of Delta Beverages' adherence to IAS 21, along with the respondents' corresponding level of agreement or disagreement.

The first statement assesses agreement regarding whether Delta Beverages' financial reporting practices adhere to IAS 21. The responses show a varied distribution, with a minority strongly disagreeing (25%) and a somewhat larger minority disagreeing (12.5%), while an equal number agree (37.5%) or strongly agree (37.5%). This divergence suggests a significant disparity in perceptions among respondents regarding the company's compliance.

The second statement inquires about any disclosures or reports by Delta Beverages indicating alignment or non-alignment with IAS 21. Here, the majority of respondents (75%) agree that such disclosures or reports exist, while 25% disagree, indicating a general consensus among most participants about the presence of relevant disclosures, albeit with a smaller dissenting opinion.

The third statement focuses on the broader idea of any company, including Delta Beverages, strictly adhering to the provisions of IAS 21 in their financial reporting. Similar to the previous statement, a significant majority (75%) agree that companies should strictly adhere to IAS 21, with the remaining 25% expressing disagreement. This indicates a predominant belief among respondents regarding the importance of strict adherence to accounting standards.

Finally, the fourth statement explores perceptions regarding Delta Beverages' potential struggles or excellence in complying with IAS 21. Responses reveal a mixed viewpoint, with 12.5% strongly disagreeing or disagreeing that the company might struggle, while 50% agree or strongly agree that struggles might exist. However, 25% of respondents suggest that Delta Beverages could excel in complying with IAS 21, indicating a level of optimism or confidence in the company's capabilities.

Overall, the table showcases diverse opinions among respondents regarding Delta Beverages' adherence to IAS 21, encompassing varying degrees of agreement or disagreement, and highlighting differing perspectives on the company's compliance and potential challenges in meeting the standards.

4.4 Summary

This Chapter presents a comprehensive analysis of data obtained through document analysis, interviews with Delta Corporation's management, staff, and stakeholders. The chapter begins with a detailed presentation of data, including the interview response rate, demographic findings of the participants, such as their sample composition, work experience, and educational/professional qualifications. This is visually represented through figures and tables. The subsequent section explores research findings related to the implementation and significance of IAS 21 in Delta Beverages' financial statements, detailing the company's adherence to IAS 21 standards in handling foreign currency transactions, translating foreign operations, and presenting financial statements amidst currency variations. The chapter highlights Delta Beverages' commendable level of compliance with IAS 21 and concludes with recommendations for potential improvements in training programs and mechanisms for monitoring exchange rate fluctuations to enhance compliance. Furthermore, the chapter incorporates data analysis, discussions, interpretations, and hypotheses testing regarding respondents' perceptions toward Delta Beverages' compliance with IAS 21, showcasing diverse viewpoints among participants regarding the company's adherence to the accounting standard. The next chapter covers summary of findings, conclusions and recommendations.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this section, an overview of the chapter is presented, highlighting its aim to provide conclusive insights derived from the research proceedings. It will summarize major findings, conclusions, and recommendations derived from the study on the implementation of IAS 21 on financial statements of listed companies, using Delta Beverages as a case study.

5.2 Summary of Major Findings

5.2.1 Correct Implementation of IAS 21 at Delta Beverages in the financial statements

The implementation of IAS 21 at Delta Beverages is visible through consistent application of exchange rates for translating foreign currency transactions in t. The company maintains meticulous records of exchange rates used, aligning with IAS 21 guidelines. This adherence ensures accuracy and consistency in financial reporting regarding currency conversion.

Delta Beverages' implementation of IAS 21, especially regarding the meticulous application of exchange rates for currency conversion, underscores the company's commitment to accurate financial reporting. This adherence to IAS 21 guidelines is pivotal for maintaining transparency, trust, and reliability in their financial statements amid a complex multicurrency operational environment

5.2.2 Handling of Foreign Currency Transactions at Delta

IAS 21's primary significance lies in providing guidelines for accurately recording and managing foreign currency transactions. For Delta Beverages, which operates in a multicurrency environment involving the US Dollar (USD), bond notes, and electronic forms of currency, the standard ensures uniformity in recognizing, measuring, and reporting transactions conducted in diverse currencies. This consistency enhances the accuracy and reliability of financial reporting.

5.2.3 Commendable Extent of IAS 21 Application by Delta Beverages

Delta Beverages demonstrates commendable adherence to IAS 21 standards in its financial reporting practices. The company consistently applies the principles outlined in IAS 21, ensuring transparency and accuracy in presenting financial information affected by foreign currency transactions and exchange rate fluctuations. Delta Beverages integrates IAS 21 seamlessly into its financial reporting framework, showcases risk management measures, and commits to transparency through compliance efforts and training programs.

The company demonstrates a proactive approach to managing risks associated with currency fluctuations, aligning with the spirit of IAS 21. Delta Beverages employs strategies to hedge against currency risks, manages exposure to fluctuations, and regularly assesses the impact of exchange rate movements on its financial statements. These measures are in accordance with the principles outlined in the standard, indicating a strong commitment to risk management and compliance.

5.3 Conclusion

The research concludes that there is not enough evidence to support the claim that listed companies do not effectively implement IAS 21. Delta Beverages showcases a commendable level of compliance, yet improvements are recommended to continuously meet the standards' requirements. The implementation of IAS 21 is visible at Delta Beverages through consistent application of exchange rates and proactive risk management practices.

5.4 Recommendations

5.4.1 Recommendations to the Survey

Training Enhancement: Delta Corporations should invest in enhanced training for its finance and accounting teams, ensuring a strong understanding and consistent application of IAS 21 principles. Enhancing training programs for the finance and accounting teams within Delta Beverages is crucial for ensuring not only a comprehensive understanding of IAS 21's principles but also for fostering a culture of continuous learning and compliance. This investment in knowledge and skill development will significantly contribute to the accurate and consistent implementation of IAS 21 across the company's financial reporting processes.

5.4.2 Recommendations for Policy Making

The Reserve Bank of Zimbabwe should consider introducing a tradable currency to eliminate the three-tier exchange rate problem, fostering full compliance with IAS 21 among listed companies. The recommendation for policy reform, particularly concerning currency issues, directly addresses the structural challenges faced by companies operating in a multicurrency environment. Introducing a tradable currency would not only simplify financial transactions but also significantly support listed companies in adhering to IAS 21 guidelines. This policy change aims to create a more conducive environment for financial reporting that aligns with international accounting standards, ultimately fostering greater transparency and compliance among listed companies like Delta Beverages.

The Zimbabwean Economy trades primarily on the US Dollar as the foreign currency and this has created a massive hemorrhage on the available physical cash circulating in the market. There is extensive hard cash retaining by the players in the economy ie Delta Corporation which has created a negatively skewed Balance Of Payment. Government should adopt regional currencies in particular the South African rand. Eliminating US dollar dependency eases cash-flow dependency and enables autonomy in decision making.

Government to allow a free market economy where the laws of supply and demand dictate the foreign exchange rates on a willing buyer willing seller relationship. The introduction of the Auction Platform goes against the concept of Arbitrage Pricing where genuine market factors and risk determine currency valuations, as such by trying to control the market and disregard the market indicators, the model will fail to capture the correct market situation thereby affecting the truthfulness of the financial reports produced by listed companies Delta included.

5.4.3 Recommendations for Further Studies

Further research is recommended on the effects of exchange rates on Delta Corporation's financial performance, incorporating both qualitative and quantitative data. The recommendations for further studies focus on conducting more detailed and comprehensive analyses regarding the impact of exchange rates on Delta Corporation's financial performance.

By combining quantitative and qualitative approaches, these studies aim to provide a holistic understanding of how exchange rate fluctuations affect the company's financial stability, decision-making processes, and operational strategies. The insights derived from these studies could inform more effective financial planning, risk management strategies, and policy formulation within the company. Additionally, comparative analyses would provide valuable insights into industry best practices concerning exchange rate management and financial performance.

5.5 Conclusion

In conclusion, this chapter provides a comprehensive overview of the research findings, offering insights into the implementation of IAS 21 on financial reporting among listed companies, specifically analyzing Delta Beverages as a case study. The study's conclusions indicate an overall satisfactory level of compliance with IAS 21, acknowledging Delta Beverages' diligent application of exchange rates in financial reporting and risk management aligned with the standard. However, identified areas for improvement underscore the importance of continuous efforts to enhance compliance through training initiatives and structural policy reforms, such as the introduction of a tradable currency, while also suggesting avenues for future research to deepen understanding of the relationship between exchange rates and financial performance within a multicurrency context.

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INTERVIEW GUIDE

TOPIC: A measurement of the implementation of International Accounting Standard 21 (IAS 21) on financial reports on listed companies.

Appendix A: SAMPLE KEY STAKEHOLDER INTERVIEW GUIDE

I want to thank you for taking the time to meet with me today. My name is Gwezere Palmer Eveness a Great Zimbabwe University student and l would like to talk to you about the measurement of the implementation of IAS 21 on financial reports.The interview should be less than an hour. Do you allow me take the session because I don't want miss any of your comments. Although l will be taking some notes during the session l can not possibly write fast enough to write it all down.

All responses will be kept confidential. This means that your interview responses will only be shared with my research supervisor.

Are there any questions about what I have just explained?

Interviewee…………………… Date…………….

Appendix B: Finance Manager Delta Corporation In-depth Interview guide.

1. For how long have you been working with Delta as the Finance Manager?

2. How long have you been implementing IAS 21 in your Financial Reports at Delta?

3. How do you view the effects of foreign exchange rates on financial reports at your Organization?

4. In your own assessment, how well have you been complying with the requirements of IAS 21?

5. Is there any relationship between changes in foreign exchange rates and elements of the financial statements in the context of Delta Corporation?

6. Do you agree that failure to comply with the requirements of IAS 21 will lead to your Financial statements being misstated?

7. What are your comments with regards to quality of Financial Reports from your external auditor?

8. Is there any thing more you would like to add?

Thank you for time.

DOCUMENTARY REVIEW ANALYSIS

What is Document Analysis?

Document analysis is a systematic procedure for reviewing or evaluating documents both printed and electronic (computer-based and Internet-transmitted) material. Like other analytical methods in qualitative research, document analysis requires that data be examine and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008; Rapley, 2007). Documents contain text (words) and images that have been recorded without a researcher's intervention.

Documents that may be used for systematic evaluation as part of a study take a variety of forms. They include advertisements; agendas, published financial reports, audited financial statements, attendance registers, minutes of meetings; manuals; background papers; books and brochures; diaries and journals; event programs.

Researchers typically review prior literature as part of their studies and incorporate that information in their reports. However, where a list of analysed documents is provided, it often does not include previous studies. Surely, previous studies are a source of data, requiring that the researcher rely on the description and interpretation of data rather than having the raw data as a basis for analysis. The analytic procedure entails finding, selecting, appraising (making sense of), and synthesising data contained in documents. Document analysis yields data excerpts, quotations, or entire passages that are then organised into major themes, categories, and case examples specifically through content analysis (Labuschagne, 2003).

Empirical Framework of documental analysis

Fereday and Muir-Cochrane (2006) explain how their analysis of the raw data from organisational documents (and interview transcripts) progressed towards the identification of overarching themes that captured the phenomenon of performance feedback in the self-assessment of nursing practice in Australia. The researchers analysed 16 policies or procedures, including performance appraisal documents from health-care organisations.

Aiming to demonstrate rigour in the analysis, the researchers engaged in 'a comprehensive process of data coding and identification of themes. The analysis revealed that policy statements emphasised performance appraisal as a collaborative process between the manager and the nurse, and the importance of discussing the appraisal interview on a one-to-one basis.

Objectives

-To measure the implementation of IAS 21 on financial statements of listed companies in Zimbabwe using a case of Delta Beverages.

-To understand what IAS 21 mean to financial statements

-To evaluate the extend to which IAS 21 is being applied by Delta

-To assess any recommendations to improve the compliance levels of IAS 21

Document analysis is often used in combination with other qualitative research methods as a means of triangulation which means ‘the combination of methodologies in the study of the same phenomenon’ (Denzin, 1970: 291). The researcher will draw upon multiple (at least two) sources of evidence; that is, to seek convergence and corroboration through the use of different data sources and methods. Apart from documents, such sources include interviews, and other research tools. By triangulating data, the researcher attempts to provide ‘a confluence of evidence that breeds credibility’ (Eisner, 1991:110). By examining information collected through different methods, the researcher can corroborate findings across data sets and thus reduce the impact of potential biases that can exist in a single study. According to Patton (1990), triangulation helps the researcher guard against the accusation that a study’s findings are simply an artefact of a single method, a single source, or a single investigator’s bias.

As a research method, document analysis is particularly applicable to qualitative case studies intensive studies producing rich descriptions of a single phenomenon, event, organisation, or program (Stake, 1995; Yin, 1994). Non-technical literature, such as reports and internal correspondence, is a potential source of empirical data for case studies; for example, data on the context within which the participant operates (Mills, Bonner, & Francis, 2006).

Furthermore, as Merriam (1988) pointed out, ‘Documents of all types can help the researcher uncover meaning, develop understanding, and discover insights relevant to the research problem. Angers and Machtmes (2005) reported that they analysed documents as part of their ethnographic case study, which explored the beliefs, context factors, and practices of middle school teachers that led exemplarily to a technology-enriched curriculum. The authors stressed the need to triangulate the study methods (which also included observations and interviews) so as to validate and corroborate data obtained during the study. However, Angers and Machtmes failed to identify the documents analysed even the nature or type of documents.

The rationale for document analysis lies in its role in methodological and data triangulation, the immense value of documents in case study research, and its usefulness as a standalone method for specialised forms of qualitative research. Understandably, documents may be the only necessary data source for studies designed within an interpretive paradigm, as in hermeneutic inquiry; or it may simply be the only viable source, as in historical and cross-cultural research. In other types of research, the investigator should guard against over-reliance on documents.

How Documentary Analysis is going to be used in the study

In order to analyse data on the measurement of the implementation of IAS 21 on Financial Reports of Delta Corporation the researcher will download published audited financial statements, audit reports for the period 2019 to 2022.The analysis will involve trend analysis, reading (thorough published reports), and interpretation of audit opinions. From the 4 year period under scrutiny a trend can be established weather Delta is complying with the requirements of IAS 21 on the financial reports or not.

This literative process combines elements of content analysis and thematic analysis. Content analysis is the process of organising information into categories related to the central questions of the research.

Analysing evidence from the documents

Although documents can be a rich source of data, the researcher will look at documents with a critical eye and be cautious in using documents in their studies. Documents will be treated as necessarily precise, accurate, or complete recordings of events that have occurred. The researcher will simply ‘lift’ words and passages from available documents to be thrown into their research report. Rather, they should establish the meaning of the document and its contribution to the issues being explored.

The researcher as analyst will determine the relevance of documents to the research problem and purpose. Also, the researcher will ascertain whether the content of the documents fits the conceptual framework of the study. It is necessary, as well, to determine the authenticity, credibility, accuracy, and representativeness of the selected documents.

It is important that the documents be assessed for completeness, in the sense of being comprehensive (covering the topic completely or broadly) or selective (covering only some aspects of the topic).).

Document analysis, then, is not a matter of lining up a series of excerpts from printed material to convey whatever idea comes to the researcher’s mind. Rather, it is a process of evaluating documents in such a way that empirical knowledge is produced and understanding is developed. In the process, the researcher will strive for objectivity and sensitivity, and maintain balance between both.

Table 1: A Sampling of Documents and Data to be analysed (Delta Corporation 2019-2022)

Document Selected	**Data to be Analysed**
Published Audited Financial Statements	The Financial statements each year and General Financial Performance and how changes in exchange rates affects elemnets of these financial statements ie assets,liabilities
Published Audit Reports	Audit opinion and Key audit matters each year on IAS 21 disclosures
Company’s Annual Reports	Management (CEO)’s recommendation on financial performance annually

Source: *Secondary Data (2019-2022*)