

SUMMARY

THE EXTENT OF VOLUNTARY DISCLOSURE IN CORPORATE REPORTS OF SOUTH AFRICAN LISTED INDUSTRIAL COMPANIES

by

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Present-day reporting has extended its traditional financial reporting boundaries to include a variety of voluntary disclosed items. This extension has attracted research regarding the usefulness of such information, in satisfying the needs of the major constituents of corporate reports.

The aim of the study was to determine to what extent South African listed industrial companies voluntarily disclose certain information and to examine the perceived price informative value of such items. In addition, various company characteristics were identified to test their relationship with the extent of voluntary disclosure and market prices.

The research consisted of a literature review and empirical study. The purpose of the literature review was to identify previous studies based on voluntary disclosure in order to determine what methods were used to measure the extent of voluntary disclosure in corporate reports and to examine their findings.

Annexure 1: Evaluation score sheet used to measure the extent of

The empirical study consisted of two independent surveys. In the first survey the extent of voluntary disclosure in annual reports of a sample of listed industrial companies was measured over a period of six years. The data was used to test empirically the association between various company characteristics and the extent of voluntary disclosure. In the second survey the extent of perception consensus of constituents regarding the price informative value of voluntarily disclosed items in corporate reports was examined.

Five hypotheses were tested. A forward stepwise multiple regression using 15 independent variables revealed that eight were significantly associated with market price at a 15% level of significance. The extent of voluntary disclosure was positioned seventh. It was found that of the 49 voluntary disclosed items used in the study, statistical significant perception differences between constituents occurred in respect of 17 of the items. The conclusion drawn from the results was that corporate reports were on the whole satisfying the needs of users.