# COMPUTERIZED ACCOUNTING AND QUALITY OF FINANCIAL REPORTING:

## A case study of Finca Uganda, Kireka Branch

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UGANDA CHRISTIAN UNIVERSITY
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## DECARATION

I **SENOGA GEORGE, REGISTRATION NUMBER S20B33/018** hereby declare that this research report is my original work and it has never been produced or submitted to any university or institution for any award of a degree or any other qualification.

**Signature**.....

**Date**.....18/09/2023.....

## APPROVAL

I certify that this research report titled "the role of computerized accounting in financial reporting with a case study of FINCA Uganda Kireka Branch by **SENOGA GEORGE,** under my supervision and is ready for submission to the university academic board.

**Signature**.....

**Date**.....18/9/2023

**MR. KATISME NICSON**

**(University supervisor)**

## DEDICATION

This research report is dedicated to my Parents Mr. Mukasa James and Mrs. Mukasa Annet for their financial and moral support towards this study and compilation of this report. Thank you for your tireless effort to enable me succeed.

May the Almighty God bless you abundantly.

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I do extend my heartfelt gratitude to all people who offered me a generous hand towards the completion of this research report, most especially my Parents Mr. Mukasa James and Mrs. Mukasa James for their inspiration, love, financial and moral support towards my academic struggle. May God be the edge of your production and bless the work of your hands.

I extend my immense appreciation to the staff at the School of Business of Uganda Christian University for their support and advise they have rendered to me especially my dear supervisor Mr. Katisme Nicson for his selfless guidance, selfless dedication, and encouragement in making this research report a reality, I am forever grateful for his tireless effort.

## LIST OF ABBREVIATIONS

| | |
|---|---|
| CAS: | Computerized Accounting Systems |
| CPA: | Certified Public Accounts |
| EFRIS: | Electronic Fiscal Receipting and Invoicing Solution |
| IMF: | International Monitory Fund |
| MIS: | Management Information System |
| SMEs: | Small and Medium Enterprises |
| SPSS: | Statistical Package for Social Scientists |

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## ABSTRACT

This study was based on computerized accounting and Financial Reporting at FINCA Uganda Kireka. The objectives of the study were to determine the different forms of computerized accounting systems used at FINCA, the challenges faced in applying these systems as well as the relationship between computerized accounting information systems and financial reporting. A review of related literature to the study was conducted across all the three objectives and several gaps were realized. The researcher used both qualitative research method and a cross sectional research designs with a sample of 68 respondents, both primary and secondary data were used and the data collection methods were questionnaires, observation interviews and investigative procedures.

The study revealed that computerized accounting systems used at FINCA Uganda include spreadsheets, commercial accounting software, enterprise accounting software, custom software and tailored accounting software. The study revealed that computerized accounting has greatly improved the financial performance of FINCA Uganda Kireka branch. The study also investigated and found that relationship between computerized accounting systems and financial reporting is positive in that computerized accounting breeds cost saving in financial reporting, enables businesses to stay organized, automates financial reporting, promotes efficiency in financial reporting, draws clear reporting lines in businesses and also breeds efficiency in decision making.

The study also came up with recommendations to policy makers and financial institutions and also recommended further studies on the effect of computerized accounting on the quality of financial reporting.

# CHAPTER ONE
# INTRODUCTION AND BACKGROUND OF THE STUDY

## 1.0 Introduction

The study explored computerized accounting and financial reporting. This chapter presents the background of the study, problem statement, objectives of the study, research questions, scope of the study and significance of the study.

## 1.1 Background of the study

Computerized accounting is defined by Alan and Frankwood (2005) as a total suit of components that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data. Computerized accounting system involves the use of computers in processing accounting data into information to facilitate quick decision making through timely preparation of financial reports. Financial reporting in this case refers to the way in which financial information is recorded, processed and conveyed to the end users of this information in particular (Alan & Frankwood 2005).

According to Samuel (2012), financial reporting and computerized accounting are mutually exclusive. Computerized accounting is pivotal for preparation and presentation of financial statements. Users of these financial statements include shareholders, prospective investors, employees, customers and government. The act of communicating financial information to these users is known as Financial Reporting.

The modern method of accounting is based on the system created by an Italian monk Fra Luca Pacioli. He developed this system over 500 years ago. This great and scientific system was so well designed that even modern accounting principles are based on it (De Santis, 2010).

At the turn of the millennium, internationalization of economic trade and globalization of businesses have been on the ascendancy. Other businesses are expanding internally. With a substantial increase in the volume of accounting transactions and increase in exposure of information to errors due to complexity of these accounting systems, there was a need for a system which could store and process accounting data with increased speed, storage, and processing capacity. This led to the development and introduction of accounting software

packages. Accounting Software is an application software that records and processes accounting transactions.

Before the introduction of information technology into accounting, accounting was done manually. Accounting information system being an asset of methods, people, procedures and devices regularly used to process business transactions, Hermanson *et al*, (1987), information is therefore much more useful when it is conveyed through a proper reporting system which gives it good qualities such as accuracy and reliability among others and this can be achieved by use of computerized accounting system.

### 1.2 Statement of the Problem

There has been an increase in accounting problems associated with financial reporting hence killing most business that fall victims of this circumstance and here we pursue the aspects associated with manual accounting in comparison with computerized accounting in order to find out which system is in a better position to improve on the quality of financial reporting and accounting operations of a business (Osmond, 2011).

The advancements in information technology have eventually led to the introduction of computerized accounting systems in corporate reporting to help produce relevant and faithful representative financial reports for both management and external users for decision making (Greuning, 2006). The many advantages from the use of these systems have led many to conclude that Computerized Accounting Systems in Corporate Reporting is the 'engine of growth' in business organizations (Frenzel, 2006).

It is worth noting that, notwithstanding the introduction of these Computerized Accounting Systems and despite the enormous benefits from the use of these systems, the problem is that some companies still make use of the Manual Accounting Systems which are often characterized by keeping a large number of books and are usually associated with errors in recording large volumes of transactions. Reasons for the use of the manual accounting system may be attributed to factors such as inadequate supply of expertise knowledge about the Computerized Accounting Systems; high cost of installation and maintenance; resistance to change; risks of being hacked; power failure; viruses and losing information. Therefore, the study seeks to explore the role of the computerized accounting on the quality of financial reporting in the new era.

## 1.3 Purpose of the Study

The study sought to establish the role of computerized accounting systems on quality of financial reporting.

## 1.4 Objectives of the Study.

i) To determine the different forms of computerized accounting systems used in organizations in the study context.
ii) To examine the contribution of computerized accounting towards improving financial performance.
iii) To establish the relationship between computerized accounting systems and quality of financial reporting in the study context.

## 1.5 Research Questions

i) What are the different forms of computerized accounting systems used in organizations?
ii) To what extent has computerized accounting improved on the quality of financial reporting?
iii) What is the relationship between computerized accounting systems and financial reporting?

## 1.6 Scope of the study

### 1.6.1 Geographical Scope

The research was conducted at FINCA Uganda, Kireka branch, Wakiso district which lies along Jinja road, next to Shell Kireka. This particular case study was been chosen because it is a fast-growing financial institution that has continually put into play the computerized systems of accounting and therefore gives credible results as per the role of computerized accounting in financial reporting.

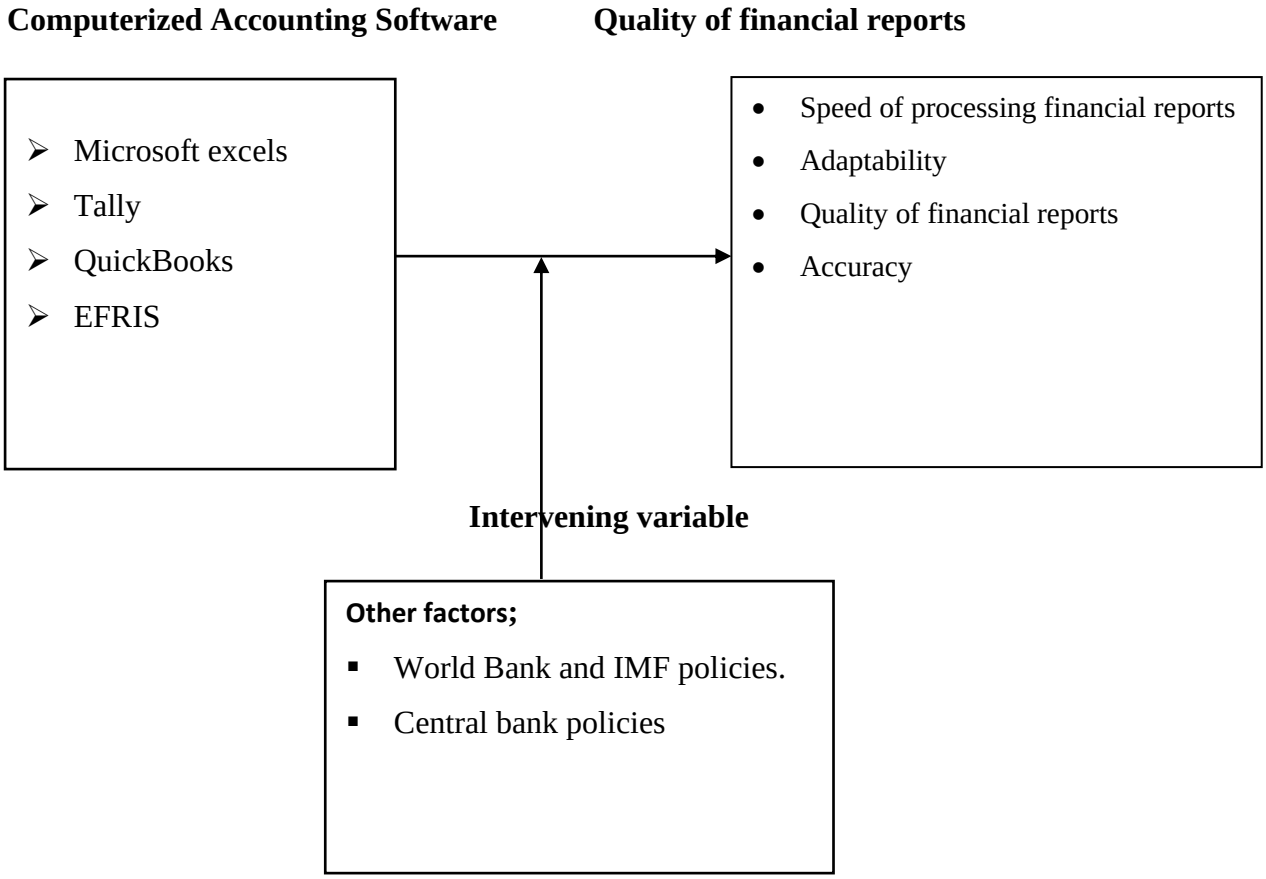
### 1.6.2 Time Scope

The study covered reports generated within the period of 2021 to 2022. This period being the most recent and given the limited research time frame, the researcher was not to cover reports of more than two years.

### 1.6.3 Content scope.

The study was centered on findings about computerized accounting and quality of financial reporting, specifically covering aspects like the forms of computerized accounting systems used in organizations, the contribution of computerized accounting towards quality of financial reporting and the relationship between computerized accounting and quality of financial reports.

### 1.7 Conceptual Framework.




Adopted from Alan& Frankwood (2005)

The study context employs a number of computerized accounting software in its system which includes Microsoft excel, Tally, QuickBooks, EFRIS.

These applications are installed to help in executing the following accounting tasks production of statement of income and expenditure, balance sheet and statement of profit and loss and other comprehensive income.

With the deployment of the above software coupled with qualified accounting staff, the organization in contexts expects the following result speed of processing financial reports, Adaptability, Quality of financial reports and accuracy.

### 1.8 Significance of the study

The study would be of great importance to businesses and organizations that have adopted the use of computerized accounting systems to understand the influence of these systems on the quality of financial reporting.

The study was meant also benefit the students and researchers when examining the influence of computerized accounting systems on the quality of financial reporting.

The study would be of prime benefit to the Management of FINCA Uganda Kireka branch. The management would be able to appreciate the computerized accounting and its role in improving the quality of financial reporting.

### 1.9 Conclusion

In conclusion, the study was aimed at examining the relationship between computerized accounting and quality of financial reporting. The study was based on independent variables which are accounting software, computers and peopled and dependent variables which are speed of processing financial reports, adaptability and quality of financial reports taking a case study is FINCA Uganda Kireka branch.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

This chapter discusses and reviews similar or related researches and literature published by other authors' articles, books, journals, reports and previous research related to the topic in question and its variables in order to give an insight into the study as well as expressing the need for this study.

## 2.1 Definition of key terms.

### 2.1.1 Computerized accounting

Is defined by Alan and Frankwood (2005), as the total suit of components that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data. Computerized accounting system involves the use of computers in processing accounting data into information to facilitate quick decision making through timely preparation of financial reports.

### 2.1.2 Financial reporting

Refers to the way in which financial information is recorded, processed and conveyed to the end users of this information in particular (Alan & Frankwood 2005).

**2.2 The forms of computerized accounting systems used in organizations.**

According to Osmond, (2011), to succeed at running your business or even to know if you're succeeding, you need accounting software. Accounting software allows you to monitor the financial health of your business. Typically, it allows you to enter in all expenses, such as payroll and equipment expenses, as well as income, such as income from sales. Businesses of all sizes make use of accounting software.

According to Leo Burnet (2012), spreadsheets are the most used computerized accounting software in organizations. To help with bookkeeping, small businesses often use spreadsheet programs such as Microsoft Excel, Google Sheets or Open Office. You can adapt a spreadsheet to almost any basic accounting need. For example, you can use spreadsheet programs to list expenses, sales or other relevant financial data, and even to handle more advanced accounting functions. Generally, only very simple businesses rely solely on spreadsheets to handle accounting; for most others, spreadsheets usually compliment other accounting processes.

Commercial accounting software such as QuickBooks, Turbo Cash or Fresh Books can handle most, if not all, of a small- to mid-size business's accounting needs (Timothy, 2010). Accounting software work with almost any business, and allow you to create customized functions to fit your specific needs. Commercial accounting software often includes graphs that summarize data, as well as reports that provide a picture of a business's health and the forms needed for taxes. Each type of commercial accounting software has strengths and weaknesses.

Waburoko, (2011) argues that larger companies may have enormously complex operations, and use enterprise accounting software which helps in managing this complexity. Accounting software for larger enterprises often integrates accounting with other services provided by the software, such as workflow management, business intelligence and project planning. Often, when a large business selects this type of accounting software, it follows a multistage protocol that includes a request for information from accounting software vendors, a product demonstration and communication with other companies that use the software. Rather than using two-dimensional spreadsheets, enterprise software is often based on relational databases that can show the relationships between diverse sets of information, like showing

sales volume from all customers compared to their regions, or the number of employees each company has. Common accounting software for enterprises includes; Oracle, SAP or Microsoft Dynamics GP (Waburoko, 2011).

According to Alan & Frankwood (2005), sometimes, a business creates its own accounting software which is termed as“custom software”. This often happens almost by accident and as the business grows, knowledgeable staff may be asked to write software to handle various accounting situations until, after a time, the business may find it has created its own custom accounting software. In other situations, a business creates custom software because there are no commercial accounting programs that meet its needs.

Timothy (2010) brings to attention yet accounting software called the tailored accounting software. The accounting software is generally tailored in large business organizations with multi users and geographically scattered locations. This software requires specialized training to the users. The tailored software is designed to meet the specific requirements of the users and form an important part of the organizational MIS. The secrecy and authenticity checks are robust in such software and they offer high flexibility in terms of number of users

## 2.3. The contribution of computerized accounting towards improving financial performance.

Indeed, Waterfield and Ramsing (1998) argued that, all organizations have an information system of some kind. Many might see a minimal system as sufficient-say, a manual accounting system that produces reports three months late. Furthermore, having good information is essential for an institution to perform efficiently and effectively-the better its information, the better it can manage its resources. Their research shows clearly that in a competitive environment, the institution with better information has a distinct advantage. This means that among other benefits companies adopt Computerized Accounting Systems (CAS) in order to obtain competitive edge. Raymond and Bergeron (1992) researched into the increasing rate of adoption of CAS among SMEs and concluded that, the advent of powerful, low-cost microcomputers, together with user-friendly accounting software and the benefits associated with the use of CAS, has allowed a greater number of SMEs to implement IT in recent years. Therefore, CAS adoption among corporate bodies in general is as a result of combination of different factors as well as the benefits associated with such.

In a study by McMahon *et al* (1991) and their counterpart Gorton (1999) they argued that, the need to facilitate financial management is a motivating factor for adopting accounting software. Also in the article, "Understanding and using financial management systems to make decisions", Kimunya etal (1999) considered some factors that managers should take into consideration before adopting Computerized Accounting Systems. These factors include the need to have accurate, consistent and timely data in a variety of reporting formats. They also discussed the need to consider the ability of the system to save accounting staff time.
Computerized Accounting Systems are important to businesses in various ways. The use of computers accounting software is time-saving for businesses and all financial information for the business is well-organized (Baren, 2010).

Using a Computerized Accounting Systems saves companies time and money. The use of computer accounting software makes inputting accounting information simple. Transactions are entered into the system and the system processes and posts transactions accordingly. Computerized Accounting Systems reduce staff time preparing accounts and reduce audit expenses as records are neat, up-to-date and accurate. Better use is made of resources and time; cash flow should improve through better debt collection and inventory control. More

importantly, the system helps present financial reports on time to aid in the economic decision-making process of external users. (McMahon *et al*, 1991)

A Computerized Accounting Systems enable businesses to stay organized. When information is entered into the system, it makes finding the information easy. Employees can look up any financial information whenever it is needed. There is less room for errors as only one accounting entry is needed for each transaction rather than two (or three) for a manual system. The accounting records are automatically updated and so account balances (customer accounts) will always be up-to-date (Baren, 2010).

Storing information is vital to a business. After information is entered into the system, the information is stored indefinitely. Companies perform backups on the system regularly to avoid losing any information. The introduction of Computerized Accounting Systems provides the ability to see the real-time state of the company's financial position. (Waterfield and Ramsing, 1998)

Computerized Accounting Systems allow companies to distribute financial information easily. Financial statements are printed directly from the system and are distributed internally and externally to those needing the information. Reports can be produced which will help management monitor and control the business, for example the aged debtor's analysis will show which customer accounts are overdue, trial balance, trading and profit and loss account and balance sheet. In effect, Computerized Accounting Systems enable financial statements to be prepared and presented to meet the relevance and faithful representation criteria of financial statements. (Alan & Frankwood, 2005)

## 2.4 The relationship between computerized accounting information systems and financial reporting

According to Samuel (2012), financial reporting and computerized accounting are mutually exclusive. Using a computerized Accounting Systems are associated with cost saving in financial reporting as they save companies time and money. The use of a computer makes inputting accounting information simple. Transactions are entered into the system and the system processes and posts transactions accordingly. Computerized Accounting Systems reduce staff time preparing accounts and reduce audit expenses as records are neat, up-to-date and accurate. Better use is made of resources and time; cash flow should improve through better debt collection and inventory control. More importantly, the system helps present financial reports on time to aid in the economic decision-making process of external users (Romney & Steinbart, 2000).

A computerized accounting system enables businesses to stay organized. When information is entered into the system, it makes finding the information easy. Employees can look up any financial information whenever it is needed. There is less room for errors as only one accounting entry is needed for each transaction rather than two (or three) for a manual system. The accounting records are automatically updated and so account balances (e.g. customer accounts) will always be up-to-date. I also agree with Magdalene, (2010) again, that computerized accounting is not only speedy but also accurate.

Accountants use computerized accounting to enhance their role within the organization. Prior to the 1960s the accountant was perceived as a bookkeeper whose primary responsibility was ensuring that records were kept. The accountant fought a constant battle against the failure of record. During the 1960s the accountant was able to respond to manager's requests for reports on the business activities. Computers provided a more efficient means of keeping the books, and they afforded the accountant quick access to financial information for reporting purposes (Leo Burnet, 2012).

Useful financial reporting establishment: Many traditional accounting tasks dealing with recording and processing of accounting transactions can be reliably automated thus; technologies add more incremental value to organizations in this regard anymore. Rather, *an* accountant's worth is now reflected in higher-order critical-thinking skills, such as designing

business processes, developing e-business models, providing independent assurance, and integrating strategic accounting knowledge automatically (Hunton, 2012).

Edmunds and Morris (2010:17) consented that information about the business such management information systems were developed to support the new accountant's role. However, the new management information systems generated all the information without regard to its relevance and the accountant was forced to become the interpreter of information and to deal with the problem of information overload. Lucy (2010) stipulates that the Computerized Accounting has focused on the study of information processing, on computer systems security and on the development of new systems; leaving for study the relationship between computerized accounting and efficiency of accounting practices. Computerized accounting adapts efficiency for accounting practice to changing Computerized Accounting, method of production and organization's structures and business environments. For firm's competitive advantage and good financial performance, computerized accounting software is used for planning, resources allocating and collective decision making for managers.

Decision making efficiency for tax management through computerized is based on the application of Computerized Accounting. Decision making efficiency for tax management is defined as ability of firms that can choose effective taxation method to assess and determine appropriate amount of taxes paid for a period of time, including decision making involving planning and controlling taxation for efficiency and effectiveness. The dimension to measure accounting practice effectiveness is adequate financial information integration. Computerized accounting represents the importance of information integration which is merging several existing databases into a single centralized information system and information integration is bringing together accounting information for measurement of financial performance Jackson (2016).

Clinton, F (2010) stressed that the role of computerized accounting system is to process accounting information in the resources and performance of business entity. Financial reports are supplied systematically through computerized accounting while the content of these reports tends to reflect important aspects of organizational performance such as financial performance. Thus, computerized accounting Computerized Accounting enables managers to create a sense of meaning and for effective financial reporting dissemination is perceived by

users to elicit value of reporting dissemination that has attributions as accessibility and timeliness of reporting dissemination.

Leo Burnet (2012) contended that the new technologies represent a vector of development and an important component of the formal information system is represented by computerized information. The possibilities for sharing and exchanging information among those involved may lead to informal cognitive networks, like electronic discussion boards, and can reinforce relationships with accounting practices in an organization.

Khamees, (2009) consented that the accounting practice resources and skills are considered a success when they help the accountant to formulate and developed efficiency, through the application of Computerized Accounting in an organization and an accountant who has more resources and skills in accounting practice will succeed in accounting practice. Information richness theory explains information that influence to users' understanding to issue in a timely manner which implies that information richness in accounting practice effectiveness context to accounting information that is used to focus mainly on decision making efficiency for tax management, resource allocation, strategic planning, and financial performance. He further stipulated that Organization has information richness leading to enhance executive's understanding to economic events and support administering efficiently and the role of accounting information can support manager to knowledge development, managerial work.

Meigs *et al,* (2014) pronounced that the application of computerized accounting system means what is received by financial reporting appropriate of users and sent financial reporting to appropriate users for management functions. He further added that effective financial reporting dissemination through computerized accounting presents updated information in helping internal users to decision making in economic events, resource allocation and strategic planning. This information sharing can be made resource allocation and strategic planning because using confidential, reasonableness, and motivating users of subordinate. Thus, if accounting practice effectiveness can provide effective financial reporting dissemination, it will benefit greater to decision making efficiency, competent resource allocation, and strategic planning.

Meigs *et al,* (2014) Computerized accounting system uses computers to input, process, store and output accounting information inform of financial reports. He adds that accounting

system records all transactions that routinely deal with events that affect the financial position and performance of an entity.

Storing information is vital to a business. After information is entered into the system, the information is stored indefinitely. Companies perform backups on the system regularly to avoid losing any information. The introduction of Computerized Accounting Systems provides the ability to see the real-time state of the company's financial position. Magdalene (2010) also argues that computerized accounting can actually handle thousands of calculations simultaneously, efficient and, speed.

## 2.5. Conclusion

In conclusion, several scholars have in the past come up to clearly deliberate on the topic in question, that is, the role of computerized accounting in effective financial reporting. Across the three objectives, several gaps can be generated as the scholars may not have exhaustively discussed the subject in question for example pertaining the different forms of computerized accounting systems used in the present world, the challenges faced and factors affecting the usage of computerized accounting systems as well as the actual relationship between the two variables, leaving a lot is desired and therefore the research will seek to bridge this gap.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.0 Introduction

This chapter is the background against which the findings of the study have been evaluated in light of their reliability and conclusions. It gives the description of the research design, study population and areas, data collection tools and collection procedures and limitations of the study.

## 3.1 Research design

The study examined the role of computerized accounting in financial reporting. It took a cross sectional research design consisting of both quantitative and qualitative design. The cross-sectional research design was chosen because the time for the study was limited and it therefore gave appropriate information for the study in the shortest time possible and at a lower cost to the researcher. Qualitative design relied on attitudes and opinions while quantitative was relied on quantifiable data collected by the researcher.

## 3.2. Area of study

The research was conducted at FINCA Uganda, Kireka branch, Wakiso district. This case study was chosen because it is a fast-growing financial institution that has continually put into play computerized systems of accounting and therefore gave credible results as per the role of computerized accounting in financial reporting.

## 3.3 Population

The sample population was 68 people. This encompassed the accounting staff, tellers, support staff and management at FINCA Uganda, Kireka branch who record transactions and even use the same information generated as a result of computerized accounting.

## 3.4 Sample Size and Selection Method

The researcher used convenient sampling to come up with a target population of 100 respondents of the financial institution as broken down below.

Table 3.1: Showing the category, number and percentage of respondents that was used for the study

| Staff category | Target number | Sample number |
|---|---|---|
| Management staff | 20 | 25 |
| Accounting Staff and Tellers | 60 | 25 |
| Support Staff | 20 | 30 |
| Total | 100 | 80 |

The purposive technique which was used in selection of respondents is not only for its time and money saving aspect, but also helped in selection of typical and relevant cases necessary to equip the study with the required information. Besides, the simple random sampling method was also used to select a sample of respondents without any bias from the accessible population. Each party of the target population in this case had an equal opportunity of independence as far as expression of their opinions was concerned.

### 3.5 Data Collection Tools/Methods

This study was based on data collected from two major categories of sources, primary and secondary. The primary tool of data collection used was the questionnaire, but in order to collect more information and clarify on some information, it majorly constituted of structured and open-ended questions focusing on the research objectives and control questions to check correctness and consistency.

The secondary data source involved mainly the organization financial and management reports. This record inspection was carried out in relevance to the study objectives. Besides, the study employed the use of interviews, which involve talking or interacting face to face with the respondents who were sampled for the study and found out issues concerning the research objectives.

### 3.6 The viability and reliability of data

The data was collected, edited and coded. Editing was done to ensure completeness of questionnaires and knowing questions with numbers and others towards the topic so as to drive statistical data in the table indicating frequencies and percentages. The tables made it

easy to interpret the research findings. The research tools of questionnaires were first tested on a few individuals (respondents) to ensure that they were reliable for collecting valid data.

### 3.7 Data presentation

Data was presented in tables, in computer package called Ms.Word and was later entered into an SPSS statistical package.

### 3.8 Data analysis

This involved preparing data into useful, clear, and understandable pattern. All the questionnaires were collected and coded. The findings were analyzed using frequencies and percentages. Other non-descriptive statistics such as tables were used to analyze the data collected. This helped the researcher to determine the existence of relationship between variables. Objectives were analyzed in form of extended working and tables; the analytical tools were quantitative.

# CHAPTER FOUR

# PRESENTATIONS, ANALYSIS AND INTERPRETATION OF FINDINGS

## 4.1 Findings of the study

The chapter presents findings on "computerized accounting and quality of financial reporting" a case study of FINCA Uganda Kireka Branch. The findings start by showing the response rate, followed by the findings of the respondents' background information and finally, the descriptive presentation and analysis of the study findings in relations to the specific objective.

### 4.1.1 Response rate

The response rate for this research was 85% which represents a considerably high response rate to proceed with presentation. According to Amin (2005) a considerably high response implies a more accurate survey results.

Table 4.2: Response Rate

| Respondents | Questionnaires issued | Questionnaires returned | Response rate (%) |
|---|---|---|---|
| Management staff | 25 | 20 | 25 |
| Accounting staff and tellers | 25 | 18 | 22 |
| Support staff | 30 | 30 | 38 |
| Total | 80 | 68 | 85 |

Source: Primary data

According to the table above, the survey response rate showed that out of the 80 questionnaires issued out, only 68 were returned representing an 85% response rate. This shows that the number of respondents who responded to the study basing on the targeted population was high, but also shows the descriptive explanation of the demographic characteristics of the respondents in relation to their gender, marital status, age group, education background and time spent in the institution.

### 4.2 Demographic findings of the study

The demographic findings are represented by gender, marital status, age group, education background and the time spent in FINCA Uganda.

#### 4.2.1 Gender of respondents

The findings for gender of respondents are represented in the table below;

Table 4.3: Gender representation of the respondents

| Gender | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| Male | 18 | 27 | 27 |
| Female | 50 | 73 | 100 |
| Total | 68 | 100 | |

Source: Primary data

Findings in the table above show that majority of the respondents were female comprising 50(73%), while the female respondents comprised 18(27%). The demographics imply that the survey involved more female respondents and also because the demographic structure of the bank has more female in the positions surveyed.

#### 4.2.2 Marital status of respondents

The findings for the marital status of respondents are represented in the table below;

Table 4.4: Respondents' marital status

| Marital status | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| Single | 19 | 28 | 28 |
| Married | 44 | 65 | 93 |
| Divorced | 5 | 7 | 100 |
| Total | 68 | 100 | |

Source: Primary data

Findings in the table above show that majority of the respondents in the bank are married represented by 44(65%), followed by those who are single with 19(28%) and least are those who are divorced with 5(7%). The marital status information implies that the bank has taken a considerable effort to use marital stability as one of its standards for recruiting its employees, in the same line it's obvious that with a considerable income earned most staff are likely to get married as soon as they can if they work in banks.

### 4.2.3 Respondents age group

The findings for the age group of respondents are represented in the table below;

Table 4.5: Respondents' age group

| | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| 20-29years | 21 | 31 | 31 |
| 30-39years | 18 | 27 | 58 |
| 40-49years | 20 | 29 | 87 |
| 50-59years | 9 | 13 | 100 |
| Total | 68 | 100 | |

Source: Primary data

Findings in the table above show that majority of the respondents were in the age group of 21-29years 21(32%), followed by age group 40-49years with 20(29%), age group 30-39years had a score of 18(27%), least were those in the age group of 50-59years with 9(13%). The age group composition shows that the bank's staff mostly falls in the youthful group. Recruited mainly from high institutions to work for the bank do deliver on its huge work schedules or customers.

### 4.2.4 Respondents education background

The findings for the respondents' education background are represented in the table below;

Table 4.6: Respondents' education background

| Education background | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| Diploma Level | 13 | 19 | 19 |
| Degree Level | 41 | 60 | 79 |
| Masters Level | 14 | 21 | 100 |
| Total | 68 | 100 | |

Source: Primary data

Findings in the table above show that majority of the respondents were qualified with a degree with a score of 41(60%), followed with master's degree holders with 14(21%) and then those with diploma qualification with 13(19%), those with other education background only indicated certificates of CPA. The findings indicate that at least all respondents involved in the survey had attained a considerable level of education that was adequate to both answer the questionnaires but also to be employed in the bank.

### 4.2.5 Years spent by the respondent working for the bank institution

The findings for the respondents' view on how many years they have spent working in the institution are represented in the table below;

Table 4.7: Years spent working for the institution

| Time spent in the institution | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| Less than 1 year | 8 | 12 | 12 |
| 1-3years | 24 | 35 | 47 |
| 4-6years | 26 | 38 | 85 |
| More than 6years | 10 | 15 | 100 |
| Total | 68 | 100 | |

Source: Primary data

Findings in the table above show that majority of the respondents had spent in the institution between 4-6years with a score of 26(38%), followed by those who have spent 1-3years with 24(35%), more than 6years with 10(15%) and those who have spent less than 1 year with a score of 8(12%). The findings indicate that the rate of turnover is low within the bank, and that the staff have got considerable experience, and that also the bank takes a lot of care recruiting well skilled staff it is not likely to lay down sooner than later.

### 4.3 Findings on the forms of computerized accounting systems and software used in the study context.

The findings were rated basing on a Likert scale of 1: Strongly Disagree, 2: Disagree, 3 = Not sure, 4 = Agree and 5 = Strongly Agree.

Table 4.8: Table showing findings of forms of computerized accounting systems and software used

| B | The forms of computerized accounting systems and software used in the study context. | Mean | Std. Deviation |
|---|---|---|---|
| 6. | The study context uses computerized accounting systems. | 3.78 | 1.144 |
| 7. | The study context uses spreadsheets. | 4.22 | 0.844 |
| 8. | The study context uses QuickBooks accounting software. | 3.59 | 1.479 |
| 9. | The study context uses IFRIS. | 4.09 | 0.787 |
| 10. | The study uses customized accounting software. | 3.81 | 1.374 |
| | **Total** | **19.51** | **5.637** |

Source: Primary data

Findings on the forms of computerized accounting systems and software used in the study context showed that majority agree that the bank uses computerized accounting systems in its operations. Followed by those who strongly agree, not sure, strongly disagree and disagreed had the least score. The average mean value was 3.78 and the standard deviation was 1.144.

The findings also showed that the study context uses spread sheets in its operations with majority strongly agreeing, followed by those who agree, not sure and disagree having the least score. The average mean value was 4.22 and the standard deviation was 0.844.

Findings continue to show that majority strongly agree that the study context uses spread sheets in its operations, followed with those who agree, not sure and least those who disagree. The average mean value was 4.22 and the standard deviation was 0.844.

The findings similarly showed that majority agree that the study context uses quick books software in its operations, followed by those who strongly agree, strongly disagree, not sure and those who disagree. The average mean value was 3.59 and the standard deviation was 1.479.

The findings as to whether the study context uses IFRIS software in its operations showed that majority agree, followed by those who strongly agree, not sure, disagree and none for those who strongly disagree. The average mean value was 4.09 and the standard deviation was 0.787.

Findings as to as to whether the study context uses customized accounting systems in its operations showed that majority agree, followed by those who strongly agree, strongly disagree, not sure and none disagree. The average mean value was 3.81 and the standard deviation was 1.374.

In conclusion, the above finding simply that the study context has managed to employ all the standard software in order to enable its staff to present financial reports that are high standard. The availability of all the software as listed shows that the study context's financial systems are adequately installed with up to date accounting software like spreadsheets, quick books, IFRIS and customized accounting software.

### 4.4 Findings on the contribution of financial accounting towards improving financial performance.

The findings were rated basing on a Likert scale of 1: Strongly Disagree, 2: Disagree, 3 = Not sure, 4 = Agree and 5 = Strongly Agree.

Table 4.9: Table showing findings of the contribution of financial accounting towards improving financial performance.

| C | Contribution of financial accounting towards improving financial performance. | Mean | Std. Deviation |
|---|---|---|---|
| 11. | Computerized accounting improves financial performance. | 4.12 | 0.873 |
| 12. | Computerized accounting enables easy monitoring of stock. | 4.35 | 0.824 |
| 13. | Computerized accounting facilitates quick decision making in business. | 4.57 | 0.527 |
| 14. | Computerized accounting simplifies monitoring of financial performance. | 4.46 | 0.584 |
| 15. | Computerized accounting facilitates preparation of statement of profit and loss and other comprehensive income. | 4.53 | 0.585 |
| | **Total** | **22.03** | **3.393** |

Source: Primary data

Findings on the contribution of financial accounting towards improving financial performance showed that majority agree that computerized accounting improves financial performance. Followed by those who strongly agree, not sure, while strongly disagree and disagreed had the least score. The average mean value was 4.12 and the standard deviation was 0.873.

Findings also show that majority strongly agree computerized accounting enables easy monitoring of stock, followed by those who agree, not sure, and least are those who both disagree and strongly disagree. The average mean value was 4.35 and the standard deviation was 0.824.

Findings continued to show that majority strongly agree that computerized accounting enables easy monitoring of stock, followed by those who agree, not sure, and least are those both disagree and strongly disagree. The average mean score was 4.57 and the standard deviation was 0.527.

In the same way findings showed that majority strongly agree that computerized accounting facilitates quick decision making in businesses, followed by those who agree and those who are not sure. There were no respondents for disagree or strongly disagree. The average mean score was 4.57 and the standard deviation was 0.527.

Relatedly the findings showed that majority strongly agree that computerized accounting simplifies monitoring of financial performance, followed by those who agree and not sure. There were no responses for disagree or strongly disagree. The average mean score was 4.46 and the standard deviation was 0.584.

Findings also showed that majority strongly agree that computerized accounting facilitates preparation of statement of profit and loss and other comprehensive income, followed by those who agree, not sure and least none for disagree or strongly disagree. The average mean score was 4.53 and the standard deviation was 0.585.

In conclusion, it can be emphasized that the findings imply that financial accounting plays a major role towards improving financial performance because it helps the study context in monitoring stock, making quick decisions, monitoring of overall financial performance and preparation of the profit and loss and other comprehensive income statements.

### 4.5 Findings on the relationship between computerized accounting systems and quality of financial performance.

The findings were rated basing on a Likert scale of 1: Strongly Disagree, 2: Disagree, 3 = Not sure, 4 = Agree and 5 = Strongly Agree.

Table 4.10: Table showing findings of the relationship between computerized accounting systems and quality of financial performance.

| C | Relationship between computerized accounting systems and quality of financial performance. | Mean | Std. Deviation |
|---|---|---|---|
| 16. | Computerized accounting improves the quality of financial reporting | 4.19 | 0.675 |
| 17. | Computerized accounting systems draw clear reporting lines in businesses. | 4.53 | 0.680 |
| 18. | Computerized accounting provides more accurate financial reports compared to manual accounting. | 4.43 | 0.557 |
| 19. | Computerized accounting produces timely financial reports. | 4.40 | 0.550 |
| 20. | Computerized accounting brings efficiency in financial reporting. | 4.43 | 0.581 |
| | **Total** | **21.98** | **3.043** |

Source: Primary data

Findings showing the relationship between computerized accounting systems and quality of financial performance showed that majority agree that computerized accounting improves the quality of financial reporting, followed by those who strongly agree, not sure, disagree and none for those who strongly disagree. The average mean value was 4.19 and the standard deviation was 0.675.

Findings also showed that majority strongly agree that computerized accounting systems draw clear reporting lines in businesses, followed by those who agree, not sure, disagree and none strongly disagree. The average mean value was 4.53 and the standard deviation was 0.680.

Findings continued to show that majority agree that computerized accounting provides more accurate financial reports compared to manual accounting, followed by those who strongly

agree, were not sure and none for disagree and strongly disagree. The average mean value was 4.43 and the standard deviation was 0.557.

Findings also show that majority agree that computerized accounting produces timely financial reports, followed by those who strongly agree and not sure. None responded for disagree and strongly disagree. The average mean value was 4.40 and the standard deviation was 0.550.

Finally, findings showed that majority agree that computerized accounting brings efficiency in financial reporting, followed by those who strongly agree, not sure and none for those who disagree or strongly disagree. The average mean value was 4.43 and the standard deviation was 0.581.

In conclusion, findings imply that there is a considerable relationship between computerized accounting systems and quality of financial performance because the study context's staff are able use it computerized accounting system to make more better weekly, monthly and annual financial reports. The reports are usually presented on time and even when the volume of computations is huge computerized systems like QuickBooks, IFRIS and Spreadsheets make it possible to effective make financial reports when required by the top management or auditors.

### 4.6 Correlation between computerized accounting and quality of financial reporting in the study context.

The table below presents the correlation between computerized accounting systems and the quality of financial reporting.

Table 4.11: correlation between computerized accounting systems and quality of financial reporting

| | The study context uses IFRIS | Computerized accounting enables easy monitoring of stock | Computerized accounting produces timely financial reports |
|---|---|---|---|
| The study context uses IFRIS | 1 | .204 | .021 |
| Computerized accounting enables easy monitoring of stock. | .204 | 1 | .114 |
| Computerized accounting produces timely financial reports. | .021 | .114 | 1 |

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

The correlation analysis table above shows the correlation between computerized accounting and quality of financial reporting in the study context was weak with a 0.204 significant value estimated as a weak positive relationship. Given that correlation coefficient is said to be significant when the value of ($\alpha = 0.05$). The results of the correlation clearly show that not only does the study context need computerized system in place it also needs to streamline its processes so that there is limited duplication of it financial information or even emphasize on limiting cases of missing information related to delays in entering data or misplacement.

# CHAPTER FIVE

# DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

The study investigated the relationship between computerized accounting and quality of financial reporting. The chapter presents the discussions, conclusions and recommendations and areas of further study.

## 5.2 Discussion of findings

### 5.2.1 The different forms of computerized accounting systems used in the study context.

The findings about which forms of computerized accounting systems are used in the study context showed that the study context uses spread sheets in most of its operations, however other forms exist like the use of customized accounting softwares, IFRIS, quick books among others. These findings are supported by Leo Burnet (2012) who wrote that spreadsheets are the most used computerized accounting software in majority of the organizations. These spread sheets are used by accountants in bookkeeping. For that reason small businesses often use spreadsheet programs such as Microsoft Excel, Google Sheets or Open Office.

### 5.2.2 The extent at which computerized accounting has improved on the quality of financial reporting.

In the same way findings about the extent which computerized accounting facilitates quick decision making in businesses showed that majority agree that in many cases the study context uses computerized accounting software to predict, analyze or even produce its financial reports. The findings were supported by McMahon *et al,* (1991) who stated that using a Computerized Accounting Systems saves any companies time and money because the use of computer accounting software makes inputting accounting information simple. For that case transactions are entered into the system and the system processes and posts transactions accordingly. The advantage is that computerized accounting systems reduce staff time preparing accounts and reduce audit expenses as records are neat, up-to-date and accurate. Better use is made of resources and time; it is expected that cash flow should improve through better debt collection and inventory control and more importantly, the system helps present financial reports on time to aid in the economic decision-making process of external users.

### 5.2.3 The relationship between computerized accounting systems and financial reporting.

Findings also showed that majority strongly agree that computerized accounting systems in the study context draw clear reporting lines in businesses. The findings were supported by Samuel (2012) stated that financial reporting and computerized accounting are mutually exclusive and work in association. For that case using a computerized Accounting Systems is associated with cost saving in financial reporting as they save companies time and money. The use of a computer makes inputting accounting information simple. Transactions are entered into the system and the system processes and posts transactions accordingly.

To add to the above Romney and Steinbart (2000) explained that computerized Accounting Systems reduce on the amount of staff time for preparing accounts and reduce enormous audit expenses as records are neat, up-to-date and accurate.

## 5.3 Conclusion of the study

In conclusion, as far the relationship between computerized accounting and quality of financial reporting goes, the role it plays cannot be underestimated. The study context has to make sure its financial system is served with an effective and efficient so that the system helps present financial reports on time to aid in the institution in its economic decision-making process but also deal with external threats related to competition, fraud and increase in the numbers of computations from other of external accounts system users. For example BOU needs these accounting data for policy, and standard checks, the customers need to access their money any time at their convenience and also have a secure system that does not overcharge them on the case of other fees.

## 5.4 Recommendations to the study context.

The study context should seek for more qualified staff if its problem is in performance or take the current staff to upgrade to new courses like the current this year’s CPA.

The machines in the study context should also be upgraded because inter departmental systems need modern machines that can match with the current accounting software. For that case we need to have the procurement department make new request for modern computers, and other modern accounting soft wares for better output.

There is need for the study context to improve its reporting system by availing the staff with the necessary time so that they can compile all the information promptly for analysis by top management because in many cases financial institutions only provide not distinction between work routine and time to compute reports for presentation in meetings.

### 5.5 Areas of further study

a) The effect of an efficient computerized system on achieving a competitive advantage in an organization.
b) How do new accounting technologies influence accounting practices in an organization?
c) The role of accounting soft wares in ensuring that secrecy and authenticity checks are robust in accounting systems.

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## APPENDICES

### Appendix I: Questionnaire

UGANDA CHRISTIAN UNIVERSITY
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SCHOOL OF BUSINESS

BACHLORS OF SCIENCE IN ACCOUNTING AND FINANCE

A QUESTIONNAIRE TO BE FILLED BY RESPONDENTS (STAFF OF FINCA UGANDA KIREKA BRANCH)

Dear respondent,

I am Senoga George, Registration Number S20B33/018 a student of Uganda Christian University Mukono, pursuing a bachelor's degree in accounting and finance. I am currently conducting the titled," Computerized accounting and quality of financial reporting." The study is purely for academic purpose and the information given will be treated with utmost confidentiality. I therefore humbly request you to spare sometime and answer the following questions. Thank you for your time and co-operation.

**SECTION A: BACKGROUND INFORMATION**

**Instructions:**

1. Your name may not be required
2. Tick or write answers I full where applicable.

**SECTION A: BACKGROUND INFORMATION**

**1. Gender**

Male ☐ Female ☐

**2. Marital status**

Single ☐ Married ☐ Divorced ☐

**3. Age group**

a) 20-29 ☐ b) 30-39 ☐ c) 40-49 ☐ d) 50-59 ☐

**4. Educational background**

a) Diploma level ☐ b) Degree level ☐ c) Masters level ☐

Others specify…….

**5. How many years have you spent at this institution?**

a) < 1year ☐ b) 1 to 3 years ☐ c) 4 to 6 years ☐ d) More than 6 years ☐

**SECTION B: Forms of computerized accounting systems and software.**

On a scale of 1-5, tick the appropriate box on how you strongly disagree, disagree, not sure, agree or strongly agree with the statements given on examining the different forms of computerized accounting used by FINCA Uganda.

| Scale | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | Strongly disagree | Disagree | Not sure | Agree | Strongly agree |

| | **Statement** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 6 | FINCA Uganda uses computerized accounting systems. | | | | | |
| 7 | FINCA Uganda uses spreadsheets | | | | | |
| 8 | FINCA Uganda uses QuickBooks accounting software | | | | | |
| 9 | FINCA Uganda Uses IFRIS | | | | | |
| 10 | FINCA Uganda Uses customized accounting software | | | | | |

**SECTION C: The contribution of financial accounting towards improving financial performance.**

On a scale of 1-5, as used in the section above, tick the appropriate box on how you strongly disagree, disagree, not sure, agree or strongly agree with the statements given on examining the contribution of financial accounting towards improving financial performance.

| | **Statement** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 11 | Computerized accounting improves financial performance | | | | | |
| 12 | Computerized accounting enables easy monitoring of stock. | | | | | |
| 13 | Computerized accounting facilitates quick decision making in business. | | | | | |
| 14 | Computerized accounting simplifies monitoring of financial performance. | | | | | |
| 15 | Computerized accounting facilitates preparation of statement of profit and loss and other comprehensive income. | | | | | |

**SECTION D: The relationship between computerized accounting systems and Quality of financial reporting.**

On a scale of 1-5, as used in the section above, tick the appropriate box on how you strongly disagree, disagree, not sure, agree or strongly agree with the statements given on examining the relationship between computerized accounting systems and Quality of financial reporting.

| | **Statement** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 16 | Computerized accounting improves the quality of financial reporting | | | | | |
| 17 | Computerized accounting systems draw clear reporting lines in businesses | | | | | |
| 18 | Computerized accounting provides more accurate financial reports compared to manual accounting | | | | | |
| 19 | Computerized accounting produces timely financial reports | | | | | |
| 20 | Computerized accounting brings efficiency in financial reporting. | | | | | |

**Thank you**

**Appendix II: Research Letter**

UGANDA CHRISTIAN UNIVERSITY
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SCHOOL OF BUSINESS

1st Aug 2023

TO WHOM IT MAY CONCERN

Name: SENOGA GEORGE Reg. No. S20B33/018

A bachelor's student who is seeking permission from your office to collect data for his/her dissertation titled

"COMPUTERIZED ACCOUNTING AND QUALITY OF FINANCIAL REPORTING A CASE STUDY OF FINCA UGANDA KIREKA BRANCH"

We shall be grateful if you could render assistance to him/her in collecting the necessary data for his/her dissertation

The Uganda Christian University School of Business thanks you in advance.

Mukisa Simon Peter
Research coordinator