

COMPUTERISED ACCOUNTING AND FINANCIAL REPORTING

A CASE STUDY OF STANBIC BANK GARDEN CITY BRANCH

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DECLARATION

I, Amongin Mary Magdalene, declare that this research report is my original work. It has not been submitted to any other university or higher institution of learning for any award. Any other author's work has clearly been indicated.

Signature.....

Date.....

APPROVAL

I certify that Ms. Amongin Mary Magdalene carried out this research under my supervision and is submitted with my approval.

.....

.....

.Muyinda Paul Birevu

Date

Supervisor

DEDICATION

I dedicate this work to my parents, brothers, sisters and my dear friends.

ACKNOWLEDGEMENT

I truly thank God for the knowledge and strength He gave me to accomplish this work successfully and for the wealth of my family and friends. My sincere appreciation goes to my supervisor Dr. Muyinda Paul for guidance and patience up to this stage of submission.

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ABSTRACT

This study was based on computerized accounting and financial reporting at Stanbic Bank, Garden City Branch. The objectives of the study were; to determine the uses of a computerized accounting information system, to find out the pros and cons of computerized accounting to financial institutions, and to establish the qualities of financial reports generated by computerized accounting system. The researcher used qualitative and quantitative research designs with a sample of size 15 respondents. Both primary and secondary data were used and the data collection methods were questionnaires, observation interviews and investigative procedures.

The study established that computerized accounting had a great impact on quality of financial reports and that many financial statements were generated through the computerized accounting system. The findings shows a strong significant positive relationship between the variables ($r=0.861^{**}$, $p>0.01$) which implies that computerized accounting and financial reporting at Stanbic Bank Uganda are strongly related.

The computerized accounting system is of a great importance to the running of the company but is also associated with its own weaknesses that hinder efficiency in the company's business environment. A continuous culture of utilizing a computerized accounting system is recommended.

CHAPTER ONE

1.0 INTRODUCTION

This research paper pursues the concept of computerized accounting and financial reporting. First and foremost, where as accounting itself refers to the process of identifying, measuring and communicating economic information to permit informed and rational decisions, Omonuk (2009), computerized accounting is defined by Alan & 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 and 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.

In pursuit of the topic mentioned above, this chapter brings forth the introduction to the research paper as it tackles the background of the study, the statement of the problem, purpose of the study, study objectives, research questions, the scope of the study in terms of geography, content/variables and time, and eventually the significance of the study.

1.1 Background

Individuals and companies day by day hire accountants to help them carry out the mathematical requirements of accounting and balancing of books. Before the introduction of information technology into accounting, these accounting protocols were being performed manually. However, today many accountants and non-accountants like to use computer software to perform these duties, (Osmond, 2011).

Business owners use accounting to record, report and analyze their company's financial information and in doing this, companies often generate several pieces of financial information from business transactions, and compile this information into general ledgers and journals, (Osmond, 2011). Historically, accounting was a manual process using paper books and documents for financial information. Business technology has created significant advances in the area of financial management and accounting software.

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. Here, we pursue the aspects associated with manual accounting in comparison with computerised accounting in order to find out which system will be in a better position to improve on the quality of financial reporting and accounting operations of a business.

1.3 Purpose of the Study

The study seeks to establish the relationship between computerized accounting systems and organizational performance especially on quality financial reporting.

1.4 Objectives of the Study.

- i. To determine the uses of a computerized accounting information system.
- ii. To find the pros and cons of computerized accounting to financial institutions.
- iii. To establish the qualities of financial reports generated by computerized accounting systems.

1.5 Research Questions

- i. What are the uses of a computerized accounting system?
- ii. What are the pros and cons of computerized accounting over manual accounting in financial institutions?
- iii. What are the qualities of financial reports produced by a computerized accounting system?

1.6 Scope

1.6.1 Geographical Scope

The research will cover the financial reports of Stanbic Bank Uganda Limited, Garden City branch, Kampala. This particular case study was chosen because it is of convenience to the

researcher in terms of its' type of business, the researchers' area of residence, language and availability of data for the research work.

1.6.2 Time Scope

The study will cover financial reports generated within the period of 2009 to 2010. This period being the most recent and given the limited research time frame, the researcher will not be able to cover reports of more than two years.

1.6.3 Subject Scope

The research will be centered upon computerized accounting while examining what accounting is, the difference between manual and computerised accounting, the pros and cons of computerised accounting and characteristics of financial reports generated as a result of computerised accounting. The other aspect to be examined is financial reporting while tackling the qualities and or the characteristics of financial reports.

1.7 Significance

- a) This research paper will be of prime benefit to the management and staff of Stanbic Bank Uganda Limited, not only for the Garden City branch, Kampala for other branches as well, since it will enable them identify and understand the risks and problems associated with computerized accounting and financial reporting and how best to combat such problems.
- b) This information will also be of great importance to other business companies and bodies that have adopted and those that are yet to adopt the system of computerized accounting in knowing the pressure points to be emphasized and well managed in order to pursue the system successfully.
- c) The study will also be of great benefit to the students who will be able to access this information that will guide them in research and equip them with knowledge as far as manual and computerized accounting is concerned and the importance of computerized accounting as far as financial reporting is concerned.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter discusses and reviews similar or related researches and literature published by other authors' articles, books, journals, reports and previous dissertations 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.

2.2 Accounting

As many professional accountants and auditors state - accounting is a language of business which is accepted in all developed and developing countries, but what exactly is accounting? Well, accounting has been defined by many authors in various ways. According to Osmond, (2011), accounting is the way business owners manage their company's financial information in orders to make better decision regarding their companies.

Meigs & Meigs (1986) also defines accounting as the art of measuring, communicating and interpreting financial activities. I do agree with both authors since the meaning derived out of their ideas are similar and state the actual art behind accounting.

2.2.1 History of Accounting

Osmond, (2011), states that; Accounting is several centuries old and that Luca Pacioli, an Italian friar from San Sepulcro, is the father of accounting. Pacioli is credited with developing the double entry bookkeeping system in 1494 using debits and credits to manage a company's financial information. His system included ledgers and journals where financial information was kept relating to business transactions. Pacioli's accounting system is still in use today, even by the various computerized accounting programs in the industry.

2.3 Computerized Accounting

Before we can explore studies about computerized accounting, there is need to know what exactly a computer means. Waburoko, (2001) define computer as a general purpose machine, which can receive, store, manipulate and output information. It is therefore agreeable that a computer is an electronic device that operates and runs under the control of instructions or

commands stored in its own memory unit, accepts data through input, stores it, processes the data and produces output.

Computerized accounting is defined by Alan & Frankwood (2005) as a total suit of components that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data.

Individuals and companies both big and small manage their money and assets one way or another. They hire accountants to help them carry out the mathematical requirements of accounting and balancing their books. Before the introduction of information technology into accounting, these accounting protocols were performed manually. Today many accountants and non-accountants like to use computer software to perform these duties.

2.4 Manual versus Computerized Accounting

Accounting is an important part of every company. Businesses are required to keep books on their credits and debits. So which is best for your business idea - people or software? Well, Weber, M. (2011) emphasizes that every company applies accounting because it is generally accepted that companies have to reveal certain financial and management information to the government and public users and of course because accounting is an indispensable tool in business decision-making process, it has led to the development of information technologies and many computer products (software in terms of accounting packages) that make accounting as easy as ABC for those who use them. From this point accounting can be divided into two basic categories: those which apply manual accounting and those which prefer computerized accounting systems. This topic therefore targets the main features of manual and computerized accounting, their benefits and shortcomings, and their comparison.

Whereas computerized accounting has been defined by Alan & Frank (2005) as a total suit of components that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data, manual accounting on the other hand implies that employees perform the whole accounting cycle manually on a periodic basis: they calculate trial balances, journalize transactions, prepare financial statement reports and other routines.

Whether manual or computerized, accounting in itself is known to have a cycle that includes the following steps: journalizing the transactions, posting them to ledger accounts, preparing trial balance, making adjustment entries, preparing adjusted to end-of-period trial balance, preparing financial statements and appropriate disclosures, journalizing and posting the closing entries, and preparing after-closing trial balance at last, Weber M. (2011). From the first look, it is not very difficult and it is so indeed, but when there are thousands or millions of transactions to be handled, the situation dramatically changes. Lots of transactions that must be processed in the accounting cycle make this process routine and even a little mistake or inaccuracy can cause all the cycle from the very beginning to fail which will therefore require an extra effort to find and correct the mistake.

Manual accounting uses several paper ledgers and journals where accountants record financial information. The general ledger includes miscellaneous transactions and the aggregate balance of all subsidiary ledgers and journals. Whereas Manual accounting is very detailed, since accountants must carefully enter information into physical books, Computerized accounting uses software programs designed from traditional manual accounting systems and involves the use of computers, spreadsheets and programs designed to record and report financial information electronically, (Osmond, 2011).

2.4.1 Benefits of Computerized Accounting over Manual Accounting

Time: Paper works are involved in manual accounting; all the accounting activities are carried out on paper manually and obviously, it takes much time and resources for the average business organization and most especially, a financial institution that still uses the manual system. Computerized accounting saves a lot of time where in, the employee has to record the transactions and all the other calculations would be carried out by the software either automatically or by a request. Magdalene M, (2010)

Accuracy: I also agree with Magdalene M, (2010) again, that computerized accounting is not only speedy but also accurate. With a computer being used to collect data and change it into meaningful information that is used by management to make timely and effective decisions, the computer carries out the entire data processing through classifying, sorting, calculating,

summarizing the data and production of reports, as stated by Birungi (2000). This entire process helps to minimize the risk of miscalculations and other human errors that could have emerged as a result of manual data processing.

Security: With the manual accounting system, every record is on paper and in case of any uncertainties such as heavy floods, landslides and fire outbreaks, the useful data may all be lost, and yet with the computerized accounting system and the introduction of internet and networks in the information technology world, an easy backup and restoration system as well as the use of passwords to avoid unauthorized parties from accessing the data, keeps the information secure.

Cost : Some arguments may stress that manual accounting can be handled with cheap work force and resources and that it is reliable as it is done manually with minutes of observations Magdalene M, (2010). However, the level of competition in the business world of today is tight and even growing tighter day by day and if a business with an aim of being successful does not consider the aspect of time especially as far as decision making is concerned, then that business stands to lose. Computerized accounting in this case may be more costly than manual accounting in terms of cheap work force but its output actually overweighs its cost.

Level of output : Magdalene M, (2010) also argues that computerized accounting can actually handle thousands of calculations simultaneously and accurately as compared to manual accounting where by transactions are handled one at a time and even needs much time to do that as well as being characterized by human errors and mistakes in calculations which may eventually affect the final output of information and hinder effective decision making.

2.5 Financial Reporting and its Qualities

According to the Babylon dictionary (1997), financial reporting is the process of preparing and distributing financial information to users of such information in various forms. Emphasis is made that the most common format of formal financial reporting are financial statements, which are actually prepared in accordance with rigorously applied standards defined by professional accounting bodies developed according to the legal and professional framework of a specific locale.

A financial statement also known as a financial report is a formal record of the financial activities of a business, person, or other entity, Babylon dictionary (1997). A financial statement also often referred to as an “account”; expression of one’s responsibility over a particular activity.

Financial reporting is largely an effort to assess financial performance, that is, how well or how poorly an entity performed with money entrusted to it, (Sacco, 1998). Financial decisions include raising and spending money as well as making promises that have financial consequences. Financial reporting is considered a part of accountability for financial decisions. Exactly, the quality of financial reporting depends upon how the financial data is handled right from the point of data collection to the processing stage that leads to the production of meaningful financial information in terms of reports. As noted by Sacco, (1998) two major models are considered in this context, manual or computerized accounting. With either system, many types of financial reports can be generated but a considerable amount of attention is given to the system that generates financial reports with the stated qualities below:

2.5.1 Characteristics of quality financial reports

Understandable: Naturally the information produced must be understandable. A guideline is to provide information that people, who are willing to understand it, can understand it: professionals or nonprofessionals. As a business owner, you have to think of the different accounting backgrounds of the different types of people who will be reading your reports and match that accordingly Marquez Comelab. Information can only be useful to end users if they are able to understand it.

Relevant & Material: Relevance is the capacity of information to make a difference in a decision. It is important to report and disclose information that is relevant for anyone to make a decision. Accounting information must also deal with things that are significant enough to impact decisions that are made by those who use the financial reports (Marquez,2011). Since financial statements are for users to make economic decisions, the information must be relevant to the decisions that those users have to make. . Whether the information affects the economic decisions of users (materiality) and the nature of information affect relevance as well. Materiality

is one of the assumptions used in financial reporting that contributes to relevance Derrell V. (2010)

Reliable: also agree with Frank and Alan (1999) that reliability is regarded as one of the main qualities. People must be able to depend on the figures and the facts printed on your financial statements and to make sure that they are true. It must be verifiable. Free from error. E.g. you can always look at a receipt to verify the amount of an expense. As you already know, when you get audited, you must verify all transactions that occurred in your business.

Comparable & Consistent: Furthermore, comparability relates to the ability of information to be compared with those of other similar companies, without comparability the accounts would be of little use Frank and Alan (1999). General Accepted Accounting Principles (GAAP) allow for certain choices of different accounting methods for depreciation and inventory management.

If a financial statement from one company that was prepared differently from other companies in the industry, or even prepared differently from previous statements, it is likely that the users will not be able to compare the statements among companies and over time. Comparability adds a degree of transparency to financial statements by allowing comparisons over time and among entities.

Comparability is affected by consistency of presentation and disclosure of accounting policies—particularly when comparing items among entities that might use different (but equally valid) methods like straight-line/ reducing balance depreciation or FIFO/ average cost method. This indicates that comparable financial statements are not necessarily uniform, but merely allow suitable comparisons. Derrell V. (2010)

Objectivity: Information which is free from bias will increase reliance the users place on it Frank and Alan.(1999) The information should meet all the proper user needs and be neutral in that the perception of measures should not be biased towards the interest of any one user group. The accounts should always show a true and fair view of financial statements.

CHAPTER THREE

3.0 METHODOLOGY

3.1 Introduction

This chapter brings forward the methodology of the study and in doing this, the discussion here under majorly involves the study design, area of study, the population studied, sample size and the selection method, the data collection tools or methods, way of data management, data processing and data analysis. The researcher also points out some of the challenges or limitations that may come up during the study process.

3.2 Study Design

The researcher used qualitative and quantitative research tools based on the findings of the questionnaires and interview guides that were used to gather the necessary data.

3.3 Area of Study

The area of study will be Stanbic Bank Uganda Limited, Garden City branch, Kampala.

3.4 Population

This encompassed the accounting staff/tellers, support staff and management of the case study who actually record and even use the same information generated as a result of computerized accounting.

3.5 Sample Size and Selection Method

The researcher used convenient sampling to come up with 15 respondents of the financial institution as broken down below.

Table 3.1 Showing the category and size of respondents used for the study

Category	Size
Management Staff	2
Accounting Staff/Tellers	10
Support staff	3

The purposive technique used above in selection of respondents is not only for its' time and money saving aspect, but also helps 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 has an equal opportunity of independence as far as expression of their opinions is concerned.

3.6 Data Collection Tools/Methods

This study based on data collected from two major categories of sources: primary and secondary. Where as the primary source of data used is the questionnaire, to collect more information and clarify on some information, it majorly constituted structured and open-ended questions focusing on the research objectives and control questions to check correctness and consistency.

The secondary data source involves 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 involved talking or interacting face to face with the respondents sampled for the study and finding out issues concerning the research objectives.

3.7 Data Management

3.7.1 Data Processing

Collection of data researched was followed by sorting, data arrangement and scrutiny for any arising inconsistencies, so as to obtain an objective and reasonable judgment.

3.7.2 Data Analysis

Data analysis in this case was done quantitatively with statistical techniques such as the statistical package for social scientists. The use of table, frequencies and percentages was employed in the analysis so as to ensure accuracy, adequacy and completeness of the study.

3.8 Limitations

- I. Cost of the research/study: just like any other research, costs are normally unavoidable and these may include, transport costs, airtime costs, typing, printing and binding costs among others that may come up unpredicted. However, as far as costs are concerned, the researcher will have to acquire soft loans from friends and relatives so as to meet the costs of the research.
- II. Time required to carry out the research: the time required to carry out the research is not adequate, given unpredicted and uncertain happenings that may hinder timeliness such as delays and bad weather which the researcher definitely has to bare with and try as much as possible to work longer hour in order to compensate for the lost time.
- III. Uncooperative respondents: as usual, not every respondent during research is completely willing to cooperate positively towards the demands of the researcher, some are even hostile. However, giving up on the respondent will only hinder the acquisition of the necessary information, so the researcher will not get tired as far as wooing the respondents to cooperate is concerned.

CHAPTER FOUR

4.0 PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents empirical findings in reference to the research questions in chapter one. The findings below were obtained from both the primary and secondary data sources. They were presented and analysed using frequency tables and percentages to establish a relationship between the variables.

4.2 Findings on the uses of a computerized accounting system.

Table 1: Responses on whether, the company uses a computerised accounting system for its operations.

Response	Frequencies (out of 15)	Percentage (%)
YES	15	100
NO	0	0
Total	15	100

Source: Primary Data

Table 4.1 above indicates that all the respondents (100%) are in agreement that the company actually runs and maintains a computerised accounting system for its operations. This positive response is of great significance to the study since it enabled deeper research into the topic in question.

Table 2: Responses showing what major tasks are performed by the computerised accounting system.

Major Response (Tasks)	Frequencies	Percentage (%)
Data summary	9	60
Data analysis	11	73
Entering/Recording of data	12	80
Reporting (financial statements)	13	86
Data security(password protection)	13	86

Source: Primary Data (N=15)

Table 4.1 above is showing the major tasks stated by the majority of the respondents. It is also evident by the percentage differences above that the respondents mostly appreciate the ability of the system to carry out data entry (80%), security (86%) and production of financial statements or reports also standing at a percentage of 86%.

Table 3: Responses, showing the financial statements (reports) generated by the computerised accounting system.

Response (reports)	Frequencies	Percentage (%)
Statement of comprehensive income	13	86
Statement of financial position	14	93
Statement of cash flows	14	93
Income statement	15	100

Source: Primary Data (N=15)

The research also aimed at finding out what type of financial statements are produced by the computerised accounting system and as we can see in table 4.3 above, are the various reports of the financial kind that the respondents pointed out during the study. All the financial statements named above rank highly in percentages of interviewee responses. This reveals that the stated financial statement (*Statement of comprehensive income, Statement of financial position, Statement of cash flows and the Income statement*), are the most commonly generated financial reports produced by the system at the bank.

As seen above, the study findings on the use of a computerised accounting system and data entry, processing and reporting are paramount. In the first case, we can reveal that the case study actually employs the use of a computerised accounting system for its operations as per the findings of the research and the tasks performed by the system among other found out include those summarized in table 4.2 above. While the system performs several tasks in the bank, the end results zeroed to financial reports generated by the system as shown in table 4.3 above.

4.3 Findings on the pros and cons of a Computerized Accounting System

Table 4: Responses, on the pros of a computerised accounting system.

Response (pros)	Frequencies (out of 15)	Percentage (%)
Risk management	12	80
User friendly	14	93
Easy communication (funds transfer)	14	93
Easy balancing of daily transactions	14	93
Effective auditing	14	93
Speed	15	100
Time saving	15	100

Source: Primary Data

Table 4.4 above shows the advantages of a computerised accountings system as per the study carried out. However, among the several advantages pointed out, those shown above are the most prominent as reflected by their high percentage responses. It is therefore clear that the system actually performs its operations very well as far as auditing, balancing, communication, user friendliness, speed and the time saving factor as per the high percentage of response on these factors shown in the table thus guaranteeing effectiveness and efficiency of business operations.

Table 5: Responses, on what the cons of a computerised accounting system are.

Response (cons)	Frequencies	Percentage (%)
Old computers hinder speed	8	53
Computer virus threats and data loss	9	60
Long training period	10	66
Eye strains	12	80
Chances of system failure	12	80

Source: Primary Data (N=15)

Earlier on, the study was able to find out a number of appreciations of the system, however, the respondents were also keen on stating some disadvantages of the system as shown in table 4.5. It

is also important to note that there were not really many disadvantages revealed by the research as shown on the table above. This does not only show that the system is of higher advantage to the bank but it is also notable that most of the system cons regardless of their response-percentage variances, are not of a financial nature and actually contribute less to disrupt the effectiveness and efficiency of the financial operations of the business.

Table 6: Responses on preferences between manual computerised accounting systems.

Preferences	Frequencies	Percentage (%)
Manual Accounting	0	0
Computerised Accounting	15	100
Total	15	100

Source: Primary Data (N=15)

From the findings, it is clear that all the respondents interviewed, prefer computerised accounting to manual accounting. This is seen in the percentage differences shown in table 4.6 above, with computerised accounting standing at 100% and manual accounting at 0% of preference by the respondents. This shows that the use of a computerised accounting system is much more effective and efficient as compare to the manual accounting option, as far as business operation, running, management and reporting is concerned.

Much as the respondents stated their independent preferences in table 4.6 above, the researcher went forward to find out the reasons for the preference chosen above. Eventually, computerised accounting became the most outstanding option and the reasons for its preference as per response, are shown in table 4.7 below.

Table 7: Responses on reasons for preference of the option chosen in table 4.6 above.

Reasons for preference	Frequencies	Percentage (%)
Less paper work	8	53
Simplifies work	9	60
Easy tracking of transactions	11	73
Time saving and speed	14	93

Source: Primary Data (N=15)

Responses on table 4.7 above show that computerised accounting is much preferred instead of manual accounting because of the latter's aspects of less paper work, the ability to easily track transactions, simplifying of work and the time saving factor, which are all key to today's business operations

4.4 Finding on the qualities of Financial Reports generated by a Computerized Accounting System

In this section, the researcher aimed at finding out from the respondents, the qualities of financial reports, how often the respondents access the financial reports and whether transactions that lead to the production of these reports pass through authorization, as shown in the findings below.

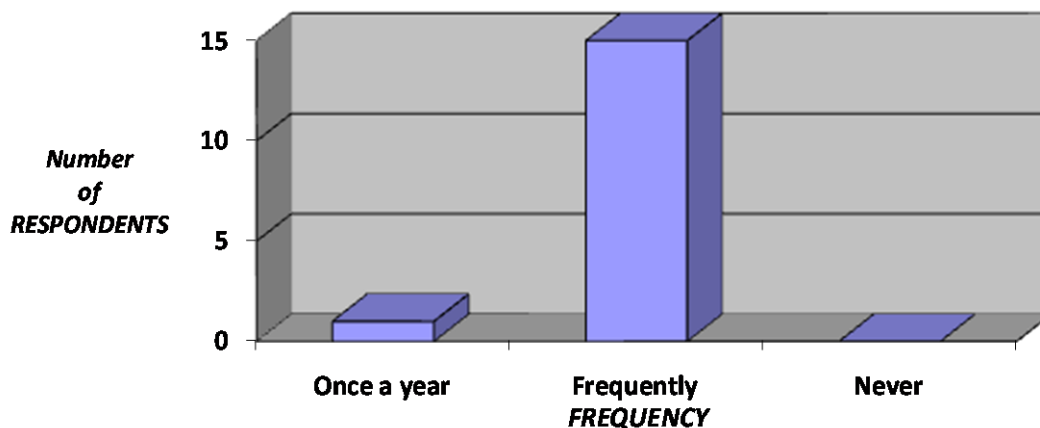
Table 8: Showing findings on what the qualities of financial reports generated by a computerised accounting system are.

Response (qualities)	Frequencies	Percentage (%)
Comparable	11	73
Understandable	12	80
Consistent	14	93
Reliable	14	93
Material	14	93

Source: Primary Data (N=15)

Table 4.8 above, shows the qualities or characteristics of a computerized accounting system that the researcher was able to find out from the respondents. The findings above are majorly solid to the aspects of these financial reports being consistent, reliable and material as indicated by their high response percentages of 93% above. This shows that the system is not only accurate as far as calculations of figure that appear in the reports are concerned but is also produces trustworthy results and can not be manipulated when it comes to reporting. It is also important to note that the aspects of materiality, consistency and reliability as pointed out above, among other qualities of reports generated through computerized accounting is concerned, are the major weaknesses of a manual accounting system and it is the reason as to why financial reports generated in a computerized manner are much more preferred as compared to those generated the manual way, which is actually an outdated system of operation.

Chart 4.1: Showing findings on how often the respondents' access financial reports.



Source: Primary Data

In order to find out whether the respondents have access to financial reports, the researcher deemed it necessary to find out how often they get access to these reports. As a result, the findings shown on table 4.9 above indicate that actually 93% of the respondents have frequent access to the reports. This also indicates that the respondents' opinions as far as financial reports are concerned are articulate.

Table 9: Showing findings on whether transactions pass unauthorized and why.

Response	Frequencies	Percentage (%)
YES	0	0
SOME	15	100
NO	0	0
Total	15	100

Source: Primary Data (N=15)

All companies have got different and various modes of operation as far as supervision and chain of command are concerned. It is right from the beginning point of a single transaction that a company will either make a gain or a loss that eventually has to appear in the periodic financial statements. In this case, every company treats their chain of transaction differently and with this factor in question, the researcher deemed it necessary to find out the authority of transactions in

the case study where respondents were meant give their independent opinions. However, from the findings, it is clear that some transactions may pass by authorization and others pass unauthorized. The reasons given for this option all zeroed to one conclusion that transaction differ in nature especially in terms of the amount of monies the transaction requires. As far as the case study is concerned, any transaction beyond the amount of Uganda Shillings Twenty Five million (25,000,000) has to be authorized by the bulk tellers in charge whereas transaction below that amount of money can be carried out between the teller and the client without any authorization unless the client or customer is actually borrowing a loan from the bank. This indicates that the company has put in place risk management strategies so as to reduce on the level of risks associated with the business operations which may lead to losses.

Table 10: Shows correlations between computerized accounting and financial reporting in Stanbic Bank.

Correlations

		Computerized accounting	Financial reporting
Computerized accounting	Pearson correlation	1.000	.861**
	Sig (2-tailed)	.	.000
	N	15	15
Financial reporting	Pearson correlation	.861	1.000
	Sig (2-tailed)	.000	.
	N	15	15

**Correlation is significant at the 0.01 level (2-tailed)

From the table above, findings shows a strong significant positive relationship between the variables ($r=0.861^{**}$, $p>0.01$) which presupposes that if management of Stanbic Bank ensures proper computerized accounting, the quality of financial reporting will surely be increased by

86.1%.Therefore 13.9% is the gap that needs to be closed by Stanbic Bank and this is majorly due to short falls of the computerized accounting system.

CHAPTER FIVE

5. 0 SUMMARY, RECOMMENDATIONS AND CONCLUSION

5. 1 INTRODUCTION

This section of the study reviews and discusses the major findings of the study, drawing conclusions and recommendations in light of the findings according to the study objectives.

5.2 Discussion of major findings from the Study

To determine the use of a computerized accounting system.

The study showed that the company (case study) actually makes use of a computerized accounting system. This is evidenced by the results given by the respondents in agreement with the use of the system in the company. Where the uses of a computerized accounting system are; the system's ability to perform data entry, data processing, data security and data reproduction or reporting such as the generation of financial statements/reports. All these functions of the system have enabled the bank run its operations smoothly in a much more effective and efficient manner.

To find out the pros and cons of computerized accounting system to financial institutions.

According to the findings of the study, a computerized accounting system is of a great importance to the running of the company but is also associated with its own weaknesses that sometimes hinder efficiency in the company's business environment. The most prominent values of the system being: ability to carry out automatic financial auditing and transaction balancing, easy communication, user friendliness, speed and the time saving factor. With all these values at hand, it is clear that the system actually performs its operations very well as far as guaranteeing effectiveness and efficiency of business operations is concerned.

The irregularities of the system however, count in as well. These majorly include risks of system failure and eye strains among others. Most of these weaknesses of the system can actually be combated easily in order to reduce on the business risks that may come up as a result. For example, system failure can be solved through consistent upgrading of the system and the aspect of eye strains can be controlled by avoiding long working hour on computers and operation through working shifts. Otherwise, it is notable from the findings that the system is actually more of an asset than a liability to the company's business operations and it would therefore be

necessary for other financial institutions that have not yet implemented this system, to adopt the idea of establishing it so as to improve on operations in terms of effectiveness and efficiency.

To establish the qualities of financial reports generated by a computerized accounting system.

From the findings, financial reports generated through computerized accounting are mainly consistent, reliable and material among other qualities. These most prominent qualities of financial reports generated through computerized accounting make the system much more unique to the manual accounting system especially where accuracy in financial calculations and reliability in reporting count. It is one of the strongholds as to why 100% of the respondents prefer a computerized accounting system to the manual accounting system. With this in mind, it is worth to recommend a computerized accounting system for business operations especially in of the financial nature as compared to the outdated manual accounting system.

5.3 SUMMARY OF FINDINGS

To determine the use of a computerized accounting system.

The results from the study confirm that computerized accounting performs several unique tasks in a company which are satisfactory. This is indicated by the tasks noted down by respondents in the questionnaire on this variable.

To find out the pros and cons of computerized accounting to financial institutions

The findings revealed that computerized accounting is not only advantageous but is also associated with some weaknesses. However, the study results indicate that advantages of a computerized accounting are much more paramount than its disadvantages. This reflects a positive response in the adoption of the use of computerized accounting.

To establish the qualities of financial reports generated through computerized accounting.

The study findings also identified a number of qualities or characteristics of reports generated through computerized accounting. It is evident that most of these qualities are unique to those of the reports generated through manual accounting, thus making the latter system much preferable.

5.4 CONCLUSION

To determine the use of a computerized accounting system.

From the findings, response is high that the company (case study) runs its financial operations, right from the beginning point of data entry, data processing and security to the end point of data reporting of a financial nature in a computerized manner. It is therefore fair to conclude that Stanbic Bank Uganda Limited actually make use of a computerized accounting system.

To find out the pros and cons of computerized accounting to financial institutions

The results revealed that much as a computerized accounting system has got satisfactory advantages, it also comes with its disadvantages. However, the study findings show that the advantages of computerized accounting are more paramount as compared to its disadvantages even as far as financial reporting is concerned. This therefore zeroes to the computerised accounting as more of an asset than a liability to business operations and reporting.

To establish the qualities financial reports generated by a computerized accounting system.

The study also established a number of qualities of financial reports generated through computerised accounting. From these findings however, it is evident that reports produced through manual accounting have also got their own strengths characteristically but all the same, financial reports generated through computerised accounting have much more paramount and unique qualities that still leave computerised accounting as a better option to financial reporting.

5.5 RECOMMENDATION

To determine the uses of a computerized accounting system.

I strongly recommend that financial institutions should continuously adopt a culture of utilizing computerized accounting systems that provide easy preparation of financial reports. As seen from the earlier chapter, computerized accounting systems perform enormous tasks which if performed correctly provide the company with accurate, efficient and timely reports.

To find out the pros and cons of computerized accounting to financial institutions

The computerized accounting system has got its own strengths and weaknesses while in operation. However, the study findings show that the system is actually more of an asset than a liability to the company's business operations and it would therefore be necessary to recommend

that other financial institutions that have not yet implemented this system, get to adopt the idea of establishing it so as to improve on operations in terms of effectiveness and efficiency.

To establish the qualities of financial reports generated by a computerized accounting system.

In the business world of a financial nature, daily financial operations have reported several weaknesses such as errors and intentional figure manipulations being common to financial reports generated through the manual accounting system. However, the introduction of a computerized accounting system as far as the study was concerned, brought with it qualities of financial reports that are very unique to those reproduced manually. This gives a strong stand for a company that is in need of smooth operations and reliable reporting, the computerized accounting system is recommended.

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APPENDIX 1 (Research Questionnaire)

MAKERERE UNIVERSITY KAMPALA

QUESTIONNAIRE ON COMPUTERISED ACCOUNTING AND FINANCIAL REPORTING

Dear respondent,

I am a final year student in Makerere University conducting a purely academic study as a partial requirement that leads to the award of the degree of Bachelor of Commerce.

The research is on computerized accounting and financial reporting. The answers provided will be treated with utmost confidentiality and only for academic purposes. I therefore kindly request you to respond appropriately to the following questions.

Thank you.

Amongin Mary Magdalene

SECTION ONE: THE USE OF A COMPUTERIZED ACCOUNTING SYSTEM

1. Does your organisation/company employ the use of a computerised accounting system?

Yes No

2. What are the major tasks performed by the system?

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.....
.....

3. List down the names of financial statements prepared by your organisation/company through computerized accounting:

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.....
.....
.....

SECTION TWO: THE PROS AND CONS OF COMPUTERIZED ACCOUNTING AS FAR AS

FINANCIAL REPORTING IS CONCERNED.

1. What are the advantages of computerized accounting systems?

- a)
- b)
- c)
- d)

2. What are the disadvantages of computerized accounting systems?

- a)
- b)
- c)
- d)
- e)

3. What would you prefer; (please tick in one box of your preference below)

Computerized accounting

Manual accounting

3.1 Please give reasons for your preference ticked above:

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.....
.....
.....
.....

SECTION THREE: THE QUALITY OF FINANCIAL REPORTS GENERATED BY

COMPUTERIZED ACCOUNTING SYSTEMS.

1. What are the qualities or characteristics of financial reports generated by the computerized accounting systems in your organisation?

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.....
.....

2. How often do you get access to the financial reports?

- Once a year Frequently Never

3. Do all transactions pass unauthorized? (Please tick in one box of your preference below)

- Yes Some No

Please give reasons for your choice of answer in Qn. 3 above.

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