THE EFFECT OF ACCOUNTING INFORMATION SYSTEMS AND FINANCIAL PERFORMANCE

CASE STUDY: TANGA PETROLEUM COMPANY LIMITED (TAPCO) TANGA, TANZANIA

PRESENTED BY:

KHALID ZAID SAID

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS AND MANAGEMNT IN PARTIAL FULLFILMENT THE AWARD OF DEGRE OF BACHELOR OF BUSINESS ADMINISTRATION OF KAMPALA INTERNATINAL UNIVERSITY

APRIL 2010

APPROVAL

This is to certify that my approval has be given for this research report to be given to the school of Business and Management as a requirement for the partial fulfillment of the award of Bachelor of Business Administration

SUPERVISOR: MR. OMARA THOMSON

SIGNATURE.....

DATE.....26-04-2010.....

DEDICATIONS

I would like to dedicate this research to the ALL MIGHTY GOD for his protection and exposing me to the various challenges in life and being my parent in this world, my parent; Mrs Zaid S.Amina and Mr. Zaid Said Hamad, My sweet brothers Said K. Malingo and Mohammed Khamis. My best friend Mary and my sisters' in-law Mwanaisham S Nassor and Rahma Khamis, not forgetting Sheikh Abdallah Al-Mahruq and Sheikh Salim Abdissalaam for their prayer and support.

ACKNOWLEDGEMENTS

In all fairness, there is no way I can claim sole responsibility for the successful completion of this research report.

I wish to express, and extend my sincere gratitude to all those persons, institutions and companies that assisted me academically and spiritually.

The list is endless; however the following went an extra mile to deserve an extra recognition.

I wish to thank my Aunty Zuhura, Brother Seif Hilal, My Grandparents, Mr. Kinswemi,Sheikh Seif of Istiqaama Muslim Community, my sister Mwajuma,Zuhura and my brother Said Zaid for their prayer and support.

In a special way I salute Mr. Ssalli Mashood for his guidance on the research topic, on the other hand his lectures were empowering and contemporary. Keep it up!

I'm particularly thankful to Mr. Omara Thomson for his tireless effort on supervising and guiding me throughout the production of this work. God Bless You.

In the same spirit I wish to acknowledge the support of management and staff of Tanga Petroleum Company Limited (case study), K.I.U library staff for availing their resources access.

Thank you all for your tremendous contribution.

TABLE OF CONTENTS

DECLARATION i

APPROVAL ii

DEDICATIONS iii

ACKNOWLEDGEMENTS iv

TABLE OF CONTENTS v

LIST OF TABLES viii

CHAPTER ONE 1

1.0 Introduction 1

1.1 Background of the study 1

1.2 Background of the Case Study 2

1.3 Statement of the problem. 2

1.4 Purpose of the study. 3

1.5 Objective of the study. 3

1.6 Research questions 3

1.7 Scope of the study 4

1.8 Conceptual framework. 4

1.9 Significance of the study 5

CHAPTER TWO 7

2.0 LITERATURE RIVIEW 7

2.1 Introduction 7

2.2 Information system 7

2.3 Accounting information system 7

2.3.1 Financial performance 8

2.3.2 Components of Accounting Information System. 9

2.4 Function of the Accounting Information System: 11

2.5 Quality of a good accounting information system: 11
2.6 Requirements of an efficient accounting information system 12
2.7 Users of financial performance reports. 13
2.8 Desired qualities of financial performance reports. 15
2.9 Relationship between accounting information system and financial reporting. 16
CHAPTER THREE 18
3.0 RESEARCH METHODOLOGY. 18
3.1 Introduction. 18
3.2 Research design 18
3.3 Population and sample size. 18
3.4 Data collection methods 18
3.4.1 Questionnaire 19
3.4.2 Interviews. 19
3.4.3 Observations. 19
3.5 Data analysis and presentation. 19
3.6 Limitations of the study 19
3.7 How the limitations were handled 20
CHAPTER FOUR 21
PRESENTATION, DISCUSION AND ANALYSIS OF DATA 21
4.1 Introduction. 21
CHAPTER FIVE 26
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 26
5.0 Introduction. 26
5.1 Summary. 26
5.2 Conclusion 26
5.3 Recommendations. 27
5.4 Areas of further studies 28

REFERENCE: 29

Appendix I 31

Questionnaire 31

Appendix II 35

INTERVIEW GUIDE 35

LIST OF TABLES

Table 1: Classification of Respondent According to the Age 21

Table 2: Classification of Respondents According to Sex 22

Table 3: Classification of Respondents According to their Education Levels 22

Table 4: Classification of Respondents According to their Position with Tanga Petroleum Company Limited. 23

Table 5: Classification of Respondents According to the Time they have been in the Business Position 23

Table 6: Responses on whether there are other effects of accounting information system 24

Table 7: Response on suggestion about ways of increasing finacial performance in the Company. 24

CHAPTER ONE

1.0 Introduction

This chapter involves the background, background of the case study, problem statement, and purpose, objectives, research questions, scope, and significant of the study.

1.1 Background of the study

An accounting information system is the total suite of components that together will compromise all the inputs, storage and transactions, processing, collecting and reporting of financial performance data. It is in effect of infrastructure that will support the production and delivery of accounting information. The accounting information system will enhance the decision making and routine function of the organization through complaints concerning the information produced in the financial performance reports.

Financial performance report is the provision of accounting information that is useful to potential users like investors, management, government, shareholders, creditors and employees. This enables them to make rational investments, credit and similar decision. Financial performance reports also call financial accounts will be prepared to show the result of the entities operations of the year ended.

Financial performance is prepared basing on the information which will be provided by the accounting information system. Due to this fact, therefore, there will be notable relationship between the accounting information system will act as the formal vehicle

for the operational processing of accounting data and for related decisions support activities through financial performance reports.

Therefore management will have to design and manage an appropriate accounting information system for the timely presentation of accounting information that will be relied on making rational decisions.

1.2 Background of the Case Study

Tanga Petroleum Company Limited. Deals in fuel transportation from Dar-es-salaam to Tanga. Its Headquarter is in Tanga region and its branch is in Dar-es-salaam. TAPCO it is a private owned company which operate since within Tanzania. The company it is under Mr. Ally H. Said as Chief Executive Officer (C.E.O.) and Mr. Ahmed H. Said as Managing Director (M.D.).

The company has another department such as accounting department and Transport department which deals with all transport in activities in the company. The company deals with exporting and transporting of fuels such as Industrial Diesel Oil (I.D.O.), Petroleum, Diesel and Kerosene. It has another branch in Kahama District (Shinyanga Region). The company also soon opened a branch in Uganda for supply of fuels in Uganda. The company has a capital of $2.5 million, which was doubled in less than one and half year, to $4.3 million.

1.3 Statement of the problem.

There is a need for proper financial performance to meet the needs of end users in relation to the accounting information system. Due to poor identification, design,

incomplete and inaccurate information which is usually reported in financial performance reports, management of accounting make poor decisions.

Increasing errors in preparation of financial performance statement and individual accounts in Tanga Petroleum Company Limited (TAPCO) have been experienced. Financial accounts for the financial year 2008/09 delayed to be proved to management for decision making. This could have been due to inefficiencies in the accounting information system, thus there is a need to investigate the effect of the accounting information system.

1.4 Purpose of the study.

The purpose of the study is to examine the effect of the accounting information system on the financial performance.

1.5 Objective of the study.

1) To examine the quality of the accounting information system.
2) To examine the desired qualities of the accounting information system on financial performance.
3) To establish the relationship between the accounting information system and financial performance.

1.6 Research questions.

1. What is the quality of the accounting information system?
2. What are the desired qualities of accounting information system on the financial performance?

3. What is the relationship between accounting information systems and financial performance?

1.7 Scope of the study.

This study was on the effect of accounting information system and financial performance of Tanga Petroleum Company Limited.

The research was conducted between November-December 2009 through survey of historical sales and financial performance and respondent's recommendation.

This study will be conducted in Tanga Petroleum Company Limited.

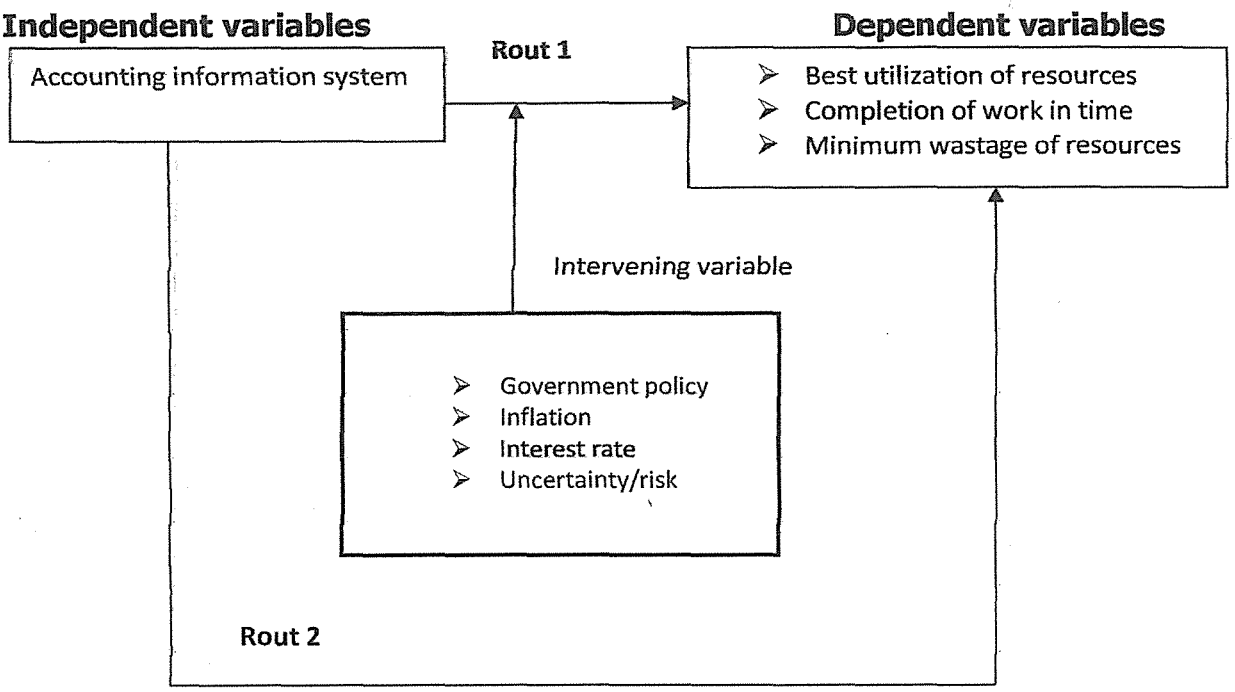
Data will be collected by the researcher using questionnaires, interview and document analysis technique.

1.8 Conceptual framework.

Conceptual framework defines the research topic through the explanation of the variable within the topic. We have the independent variables, dependant variables and intervening variables. Independent variables determine, predict, influence and control dependant variables. Intervening variables are those which work hand in hand with independent variable to influence the dependent variables. For the purpose of this research the independent variables will be Accounting information system, and the dependent variable will be financial performance and the intervening variable may include, Government policy, inflation, interest rate and uncertainty.

This can be illustrated in the figure 1. below

CONCEPTUAL MODEL



Adapted from: accounting information system (secondary data).

1.9 Significance of the study

The study may provide up to date literature for academicians and other interested parties for the further research prospects in the same field of the study.

It may also add more knowledge to the researcher on financial performance and also improve on researcher's knowledge, skills and better understanding of research.

The research finding may help the public to evaluate the financial performance or financial position of different organization.

It may also help the accountant to detect errors and correct them when preparing financial statement.

CHAPTER TWO

2.0 LITERATURE RIVIEW

2.1 Introduction

This chapter focuses on the review and analysis of existing literature about accounting information systems and financial performance and how they are related. Besides, a need for a system, functions, qualities of a good accounting information system and financial performance will be pointed out.

2.2 Information system

An information system is the total system mode of apparatus for handling and transmitting information within an organization (French, 1990).

According to Saleem, (1897), an information system is defined as a series of interrelated activities concerned with capturing, processing, communicating and converting data into information. Thus a system accepts inputs, processes them and then produces results. The intermediate result or information may either be stored or disseminated for decision making. Components of an information system include; input, processing, output, and storage.

2.3 Accounting information system

Lee (1996) defined an Accounting Information System to be an entity or a component within an organization that process financial transactions, provide storekeeping, directing and decision making for information. An accounting information system is part of large business information and management information systems.

An accounting information system is that activity that gathers, classifies, analyses, processes, interprets and communicates data about economic activities of a firm (Pandey, 1997). Bringhtman (1986) defines Accounting Information System as the collection of the subsystem under the general ledger.

Accounting Information System can either be manual, whether the information is processed by staff using documents such as journals, worksheets, reports or computerized where there is an electronic data processing of accounting information or even mechanical whereby data is carried out by human operated keyboard devices for example calculator or case registers (Kotttler, 1980).

2.3.1 Financial performance

Financial performance is the provision accounting information that is useful to potential users like, investors, management, government and many others. This enables them to make rational investment, credit and similar decisions, (Welsch, Newman and Ziatan Kovich, 1986), Financial performance prepared the result of entity's of the year ended.

Nkundabanyanga (2004) stresses that financial statements comprises a set of components which include; the balance sheet, income statement, cash flows statement, Accounting policies and explanatory notes and a statement showing all charges in equity excluding transaction with shareholders.

The company's Act cap 110 requires every company to maintain adequate records and prepare financial statements or financial performance in respect of the accounting period.

2.3.2 Components of Accounting Information System.

Nkundabanyanga (2004) asserts that, the AIS is broken into sub-system, (transaction cycle), the main ones include the following;

Sales Order Processing.

This involve the order taking, establishment of credit terms, preparation of paper work for shipping of the products, recording of the tax data and sometimes the determination of sales representative commissions.

Purchasing subsystems.

The systems relate to the insurance of purchase order for the procurement of raw materials or merchandise inventory. It may also extend to the procurement of services and to the replacement of sub-contractors.

Accounts receivable.

This involves the preparation of customer's invoices and periodicals, usually monthly statements for goods and services sold on credit. It also maintains accounts records and the preparation of associated management reports.

Accounts payables.

This handle the processing of invoices received from vendors and the preparation of payment voucher for the subsequent disbursement of cash for goods sold and services provided or purchase.

Payroll.

Payrolls are concern with the recording of the employee's wages and salaries and at taxes sales commission to employees of the organization and to the withholding of taxes and other deductions.

Inventory control.

Inventory relates to raw materials, finished goods and merchandise. Inventory control is concerned with monitoring stock/inventory levels so as to ensure consistence introduction and supply.

General ledger.

Cost accounting deals with accumulation of the accounting products cost, data in manufacturing organization. It frequently includes the maintenance of work-in-progress, inventory data and may include the provision of standard cost system while the determination of variables.

Budget system.

This handles the tracking of the budget for the comparison between actual and operating data.

There are other system that exists such as non-current asset controls, inflation accounting and tax planning (Nkundabanyaga, 2004).

2.4 Function of the Accounting Information System:

All individual within organization need a wealth of Accounting Information System in order to perform their duties respectively. This system provides accounting information, which gives a picture of the financial standing and operations of the organization (Cole, 2001).

Accounting Information System from companies is essentially for provision of accounting information to their users (Saleem, 1897). This information can be in form of financial statements, which are used in securing loans. Before loans are secured, the lender must examine the financial position of the entity in question.

According to Linowes, (1979), most Accounting Information System designed for resource control are used as storekeepers; they produce transactions in the form of business documents. It helps business organization in such away that business activities can be recorded in legal and general business documents so that claims are easily made without fraudulent dealings.

2.5 Quality of a good accounting information system:

A good accounting information system should be able to provide users with information that is relevant. Relevant information is timely and posses the predictive feedback value that is attention directing.

An accounting information system to be effective, it must contain the following qualities (Cole, 2001). Kakuru (1999) confirms to these qualities of the accounting information system put forward by (Cole, 2001) and they include;

- Flexibility. A good accounting information system must be flexible inn such a away that; it should allow adjustments at any time and level for the betterment of the organization.
- Applicability; a good accounting information system should be applied in every environment and serve all need groups.
- Timely; a good accounting information system must be it timely in that; it has got to have a quick and immediately response to issues for easy decision and implementation.
- A good accounting information system must be easily implemented and controlled by all groups of people within the operation.

The quality of accounting information system more still stems from its reliability in its operation and must provide accurate trustworthy information to its users in the time frame and information that are relevant to their needs (Nkundbanyanga, 2004).

2.6 Requirements of an efficient accounting information system.

Efficient accounting information system, should aim at producing reports of performance at the right time to the right people. The efficiency of accounting information system should ensure and enhance strong internal control system in financial matters or otherwise. This is why there must be use of various documents, books and authorization to cross check various transactions and they are recording, among other reasons (E.N.Larsen, 1982).

According to Licoln, *et-al*, (1979), they pointed out that efficient accounting information system should aim at establishing clear, proper and appropriate interpretation of facts

on the ground. This is why there should be a classification and summarization of information in the final accounts or financial statements intended to show what belong to what.

2.7 Users of financial performance reports.

According to Warren, Reeve and Fess, (1994), provision of information in form of financial reports involves first identification of users such as management, shareholders, employees, creditors, and Government among others users. They are interested by the income statement, special reports, regulatory reports, management reports to mention but a few.

It is easy to assume that only users of accounting information system are shareholders, since shareholders must receive periodic accounting statements. However, in reality there are many users of accounting information system (Sserwanga, *et-al*, 2005)

Internal users.

These are people within the organization who are involved in the day to day operation of the entity and include management and employees.

Management.

The manager of the business will want to know-how things are going. They need financial information in order to plan for the future; they need more up-to-date information in order to check whether actual performance is on target.

Employees, (and organizations that represents them, fore example trade union).

Require information about the stability and continuing of the business. They are crucially interested in information about employment prospects and maintenance of pension funding and retirement benefits.

Shareholders.

These are the primary stakeholders of the business because they invest capital on the business. Investors are concerned about risk and return in relation to their investments. They require information to decide whether they should continue to invest in the business.

Suppliers and Creditors.

Suppliers and trade creditors require information that helps them understand and assess the short-term liquidity of a business. They need accounting information to establish the credit worthiness of the customers or clients like, is the business able to pay short term debt when it falls due? It is through this that they are able to make confidence in the enterprise and therefore continuing dealing with the enterprise. They look at the cash flow statement, payment policy, and management of working capital.

Government.

These are Government agencies like land revenue agency which need information on business profitability in order to levy and collect corporation tax and value added tax.

General public.

Includes individual and organizations which ensure that business make their profits in socially acceptable manner without damage to the environment and consumers.

2.8 Desired qualities of financial performance reports.

Understandability.

The Accounting Standard Board (ASB) suggested that users are assumed to have reasonable knowledge of business and economic activities. For that matter therefore information disclosed in financial reports should be in form, which is understandable to user group.

Relevance.

Relevance in this context implies that to be useful, accounting information system must assists a user to form, confirm or may be revised a view usually in the context of making decision. The international accounting standard committee acquired that, the financial reports are relevant for decision making; if it forms an explanation, confirm it and revise it.

Reliability.

Information in financial is reliable if it is free from material error and bias and can be independent upon by users to represent event in transaction faithful (Sserwange, *et-al*, 2005). Therefore ,financial report must pause representational faithfulness must be

comprehensive of such nature that user can be reasonably and assured of its truthfulness and this can only be sold if users are able to assess what degree of confidence is reported in it (Salmons,1997).

Comparability.

Financial report should be able to contain information which is comparable with similar information about other organization; and with similar information about the same organization for the same period or same point in time.

Generally there is a need to compare result achieved by one company with other companies and without this information in the financial reports; it will be of little use (Frank wood, 1994).

Timeless.

As per Sserebe, (1996) is cruel in facilitating in form decision making and this therefore eliminate the time lag with the period of preparing and date of issue of reports since the less time taken the more useful the report is likely to be.

2.9 Relationship between accounting information system and financial reporting.

An Accounting System can be defined as collection of system under the control of a general ledger. These system or subsidiary include accounts receivable, accounts payable, payrolls system, sales and invoicing, inventory control and finally financial reporting.

There may be of course other systems that meet the specific needs of an organization, such as cost accounting, deposits, assets management, but the one given above are the most basic to cover the needs of almost all organization.

From this scenario therefore, there is no dispute that the accounting information system affect financial reports and therefore related in the way that, systems of the accounting of information system are able to meet the specific needs of users of financial statements through financial reports.

Generally, the Accounting Information System should aim at providing information and communicating it to various interested parties within and outside the organization for their decision making process (Tushabomwe, 2000).

CHAPTER THREE

3.0 RESEARCH METHODOLOGY.

3.1 Introduction.

This chapter contains the research design, description of population from which the sample will be selected and sample size, data collection methods, data analysis and the likely limitation of the study.

3.2 Research design.

The method under research design will be cross sectional study based on the qualitative together with quantitative in gathering the information that will be used to establish the relationship between accounting information system and financial performance.

3.3 Population and sample size.

Selection of cluster will base on primary stratification to distinguish the several strata in the country. Thus random stratification will be used. The need for stratification will be due to the device, economic and demographic characteristics of the various parts of the organization. Grouping of identical units into one stratum that will be homogeneous set of groups of units which will result to increase precision in estimate of the characteristics of population as the variance will substantially reduce.

3.4 Data collection methods.

The data will be used for the purpose or the study will comprise of both primary and secondary data. The methods which will be used include; quantitative and qualitative methods.

3.4.1 Questionnaire.

This will be for the top management and department officials. It will contain both open ended and close ended questions. The Researcher will use a questionnaire because they will help in collecting a larger amount of data within a very short period of time and involving a large number of respondents.

3.4.2 Interviews.

This will be used to enable the researcher obtain primary data which could be observed easily and does not require the use of Questionnaire and interviews.

3.4.3 Observations.

This will be used to enable the researcher obtain primary data which could be observed easily and does not require the use of Questionnaire and interviews.

3.5 Data analysis and presentation.

Data will be analyzed according to the purpose of the research and research questions, the problem will focus on the effect of the accounting information system on financial performance and will be presented using pie-charts, histograms, diagram's and tables.

3.6 Limitations of the study.

- Getting the cooperation of the respondent may be a problem since people may not be willing to disclose information about the organization due to security purpose.
- Obtaining the relevant secondary information may be complex task to the researcher since there may be lack of essential books.

- High cost of printing, traveling, telephone and communication costs may also be a limiting factor to the researcher.
- Interview biasness

3.7 How the limitations were handled

- Included confidentiality quotes on the questionnaire ("All information will be treated with maximum confidentiality").
- Accessed adequate financing from parents.
- Acquired communication skills knowledge.
- Use information from the internet

CHAPTER FOUR

PRESENTATION, DISCUSION AND ANALYSIS OF DATA

4.1 Introduction.

This chapter is the presentation and discussion of findings on the study of the effects of accounting information system and financial performance, the case study of Tanga Petroleum Company Limited. Quantitative and experimental research design. The discussion of the findings has been recognized especially to sewer the research questions and research objectives in presentation, the researcher used tables.

Table 1: Classification of Respondent According to the Age

Age of respondent (yrs)	**Frequency (f)**	**Percentage (%)**
18-25	9	18
26-33	20	40
34-41	15	30
42-49	2	4
50+	4	8
Total	50	100

Source: Primary data

The findings indicate that most of the respondents (40%) were of average age between 26-33 years, few were of age of 42-49 years which is evident to 4% of respondents. The purpose of asking the ages of respondents was to determine which class of sample provided a large number of respondents.

Table 2: Classification of Respondents According to Sex

Sex	**Frequency (f)**	**Percentage**
Male	45	90
Female	5	10
Total	50	100

Source: Primary data

This is because large number of employee at Tanga Petroleum Company Limited are males while female contain a small fraction of workers. There is no gender balance.

The findings indicate that most of respondents were male (90%), while female were 10% of total respondents.

Table 3: Classification of Respondents According to their Education Levels

Level	**Frequency (f)**	**Percentage**
Primary	6	12
' 0' level	9	18
'A' Level	12	24
Diploma	4	8
Degree and above	19	38
Total	50	100

Source: Primary data

The findings indicate that most of the respondents were literate which was equivalent to 88%. The purpose of asking the respondents qualification was to determine whether they would provide the required information about the effects of accounting information system on the company.

Table 4: Classification of Respondents According to their Position with Tanga Petroleum Company Limited.

Business position	**Frequency (f)**	**Percentage (%)**
Managers	2	4
Employees	30	60
Clients/ customers	10	20
Others	8	16
Total	50	100

Source: Primary data

From the table above, the findings indicate that employees were the people who were interviewed. This was because the employees were thought on ataining the required information and the fact that it was easy to access them and recognize them since most of them were putting on Tanga Petroleum Company Limited uniform.

Table 5: Classification of Respondents According to the Time they have been in the Business Position.

Respondents Category (years)	**Frequency (f)**	**Percentage (%)**
0-15	10	20
6-10	35	70
11+	5	10
Total	50	100

Source: Primary data

From the table above, the findings indicate that most of people interviewed been in the business with Tanga Petroleum Company limited between 6 years to 10 years (70%).

because, this group of people were easy to find though it was not as much as those from 11 years and above. This group of respondents was difficult to find them because they were very busy.

Table 6: Responses on whether there are other effects of accounting information system

Response Category	**Frequency (f)**	**Percentage (%)**
Yes	34	68
No	16	32
Total	50	100

Source: Primary data

The table above indicate that, large number of respondent (68%) said that there are other effects of accounting information system, from this findings it indicate, implies that Tanga Petroleum Company Limited have to also consider other effects of accounting information system. The finding agrees with the literature review that the quality of accounting information system leads to financial performance.

Table 7: Response on suggestion about ways of increasing finacial performance in the Company.

Response Category	Hedgeing	Increase edvertisement	Having new routes	Others	Total
Frequency (fl)	10	10	18	12	50
Percentage (%)	20	20	36	24	100

Source: primary data

From the table above, the findings indicate that respondents suggest other ways that Tanga Petroleum Company limited can use to increase financial performance, they suggest that Tanga Petroleum Company Limited can use adverts,Hedge,have new routes and others.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction.

This chapter presents the conclusions and recommendation to the findings of the Effects of Accounting Information System and Financial Performance of Tanga Petroleum Company Limited.

5.1 Summary.

When conducting the study, the research questions and objectives were aimed at explaining the effect of accounting information system and financial performance.The three major objectives of the study identified in chapter one was to ascertain whether the quality of accounting infformation system led increease in financial performance of the company. The study was successful in determining the effect of accounting information system and how to curb those effects.

This study was therefore successful in meeting the objective of providing further information to researchers in addition to far studies on the effect of accounting information system and financial performance.

5.2 Conclusion

Advertising is the most cost effective means of mass communication and therefore the companies should explore this opportunity and market their goals globally to the consumers.

Sales volume in any company do not necessarily increase due to advertising but there are other factors that affect sales level of any company which may include distribution

strategy, price, government intervention, sales promotion, personal selling among others.

Advertising should be compared by good sales force. Weak sales force means less level of marketing which will make sales decline. There fore a company should design sales force, set sales force objectives, strategy, size and plan that will make them sell their products more and hence inrease financial performance in the company.

5.3 Recommendations.

According to the findings on financial performance companies should apportion a lot of funds on accounting information system as a means of mass communication since it is the easiest and the fastest way to reach the customers as it covers the wide coverage area.

Companies should employ and train strong accounting information system relating to the condition of the market, within which it operates. This simply enhances an integrated marketing communication between companies, their employees and their market.

Companies should diversify in their accounting information system so as to market their financial performance to all segments. Accounting information system is not the only way to increase financial performance but other factors account for financial performance increase and copmanies should not also ignore this factor.

Split share, a company should split its share prices to make it affordable hence demand increases, therefore improve its position in the stock market and also raise capital for incentives.

Supervise financial statements to avoid fraud and errors. Example audit financial statements.

Refer to literature review 2.4, 2.5, 2.6, 2.7, 2.8, and 2.9.

5.4 Areas of further studies.

The researcher proposes the following area for further research as it can be general contribution of promotional activity other service to accounting information system, effects of taxation on company's performance, effects of pricing on sales volume and physical evidence can affect sales volume in companies.

REFERENCE:

Brightman Dismdale. (1986), *Computer in an information age.*

Edger P. Hibbert. (1997), *International Business Strategy and Operations.* Great Britain: Creative print and design.

Frank Wood (2002), *Business Accounting, financial times*, Prentice Hall.

French C.S. (1990), *Data processing and information Technology.*

G.A. Cole. (2001), *Management theory and practice*, Great Britain: Martins the Printers Ltd.

G.A. Lee. (1996), *Strategic management*, college of business administration.

Hendriksen, E.S, (1968), *accounting theory, disclosure insight and requirement in the U.K. International journal of accounting.*

Joseph Ben Omunuk. (1999), *Fundamental principal of accounting*, (1st ed).

Linowes G.F. (1976), *The role of accounting information system in the emerging nations,* *The journal of accounting accountancy*, volume 127 reg.18.

M.A.Wahab. (2000), Strategic *approach to accounting* (2nd ed).

Meigs & Meigs. (1986), *Financial accounting* (2nd ed).

Nkudabanyanga Steven, (2004), *advanced accounting.* (1st ed), Design & print: Wide Link Services.

Nobes, C & Parker, B." *Land Mark in accounting History-studies in accountancy ICAEW.*

Pandey I.M. (1997), *Financial management*,(7th ed). Vikas Publishing House Ltd.

Saleem. (1897), *Electronic data processing and information systems.* (1st ed).

Sserwanga Arther, et-al. (2005), *Introduction to financial accounting.* (1st ed).

Appendix I

Questionnaire

Dear respondents, I am a student from Kampala International University carrying inn research on the topic, "The Effect of Accounting Information System on Financial Performance". I'm kindly requesting you to fill in this questionnaire to enable me carry on my research information and whatever you give shall be treated confidentially.

You need not to include your name.

Thanks you

Khalid Z. Said

Put a tick where applicable.

General information

1) Age ☐

2) Marital status ☐

Married ☐ Single ☐ Widowed ☐

3) Educational level

Primary ☐ Secondary ☐ Diploma ☐

Degree ☐ None ☐

4) Others (specify)

.....

.....

Thank you

OBJECTIVE: THE QUALITY OF ACCOUNTING INFORMATION SYSTEM

1) Were you involved in any other organization before?

Yes ☐ No ☐

2) If yes which organization.....

3) Did you ever experience any problem in that organization concerning Accounting Information System?

a) Yes ☐ No ☐

4) Have you tried to use to use any method to solve that problem?

Yes ☐

No ☐

5) Do you fell that the experience of accounting information system assisted you?

a) Yes ☐ No ☐

b) If yes how.....

Thank you

OBJECTIVE: ROLES OF ACCOUNTING INFORMATION SYSTEMS IN THE ORGANISATION.

6) Apart from giving the reliable information in financial performance, what other service does accounting information system provide?

a) *Does it have any other services?*

Yes ☐ NO ☐

b) If yes, what are the services it offers?

Employment of resources ☐

Reduce cost ☐

Best use of resources ☐

Other (specify).....

7) Do you think you have benefited from the information of financial performance)

Yes ☐ No ☐

8) If yes how have you benefited

Managing the business ☐

Reduce the cost ☐

Employment of resources ☐

Others(specify).....

.....

Thank you

9) Have you experienced any problems as a result of dealing with this organization?

Yes ☐ No ☐

10)If yes which problems?

.....

.....

11)In which ways did it affect you?

.....

.....

Thank you

Appendix II

INTERVIEW GUIDE

General information

1) Title.....(for example the AIS officer)
2) Age.....
3) Sex: Male ☐ Female ☐
4) Educational level

Certificate ☐

Diploma ☐

Degree ☐

Others.....

5) What is the quality of the accounting information systems in your organization?.....
6) Why is there a need to have the accounting information systems in the organization?.....
7) What is the relationship between accounting information systems relate to financial performance?.....
8) Apart from giving information on financial performance what services do accounting information systems give?

.....

.....

9) Have you faced any problems with your organization's accounting information systems?

Yes ☐ No ☐

12) If yes, what problems

.....

.....

13)What measures are you putting in place to solve those problems?

.....

.....

Thank you