

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

**DEPARTMENT OF ACCOUNTANCY**



**RESEARCH PROJECT**

**THE IMPACT OF COMPUTERISED ACCOUNTING SYSTEM ON  
FINANCIAL REPORTING AT ZIMBABWE RURAL DISTRICT  
COUNCIL**

**BY**

**B1647317**

**A PROJECT SUBMITTED IN PARTIAL FULLFILLMENT OF THE  
REQUIREMENTS FOR BARCHELOR OF ACCOUNTANCY HONOURS  
DEGREE OF BINDURA UNIVERSITY OF SCIEENCE EDUCATION**

**FACULTY OF COMMERCE**

**JUNE 2020**



**Approval Form**

The undersigned assure that they have read and recommend Bindura University of Science Education acceptance of the research project titled: **The impact of computerised accounting system on financial reporting at Zimbabwe Rural district Council Workers Union [2017-2019]**. This research was submitted by B1647317 in partial fulfilment of the requirements of Bachelor of Accountancy Honours degree.

**To be completed by student**

I certify that this dissertation meets the preparation and guidelines as presented in the Faculty Guide and instructions for dissertations.

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Signature of Student

Date

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**DEGREE PROGRAMME:**    Bachelor of Accountancy Honours Degree

**YEAR PERMITTED**            2020

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## **DECLARATION**

I B1647317 declare that this research project is my own work and was not copied or plagiarized from any sources without acknowledged accordingly

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## **DEDICATION**

This study is dedicated to my mother Mrs Mabika, family and my dearest friend Clements Makandwa who supported and inspired me tirelessly and whole heartedly throughout my studies . I shall forever appreciate your contribution towards my success in pursuit of excellence. Almighty Lord continue to bless you and guide you.

## **ABSTRACT**

The study focuses on the impact of computerized accounting system on financial reporting in Zimbabwe Rural District Council Workers Unions by evaluating: the nature of computerized accounting system used by the Z. R. D. C. W. U. To establish qualities of financial reports generated by computerised accounting systems. How computerization of accounting has affected the generation of financial reports, and the extent to which computerized accounting contributes to financial reporting in the Z. R. D. C. W. U. A survey questionnaire was administered on a sample of 40 respondents selected purposively from a population. From the findings, 100% of the respondents admit that Z. R. D. C. W. U uses accrual-based system of computerized accounting, majority of the respondents agreed that computerized accounting improves better record ,speed and accuracy and storage and speed, while 69% of the respondents maintain that the system provides timely information for decision making. 51% of respondents at Z.R.D.C.W.U agreed that the financial reports produced were characterised by relevance, faithful representation, verifiability, timeliness, understandable and were comparable. With increased improvements and versions of accounting packages, the study recommends that finance and accounting staff should have constant and continuous training by the authorized dealers of the packages so that they remain well equipped with the knowledge and experience of the package. There is also need for more internal audit reviews to appraise and check the strength of the instituted controls within the accounting system in Zimbabwe Rural District Council Workers Union





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# CHAPTER I

## INTRODUCTION

### 1.0 Introduction

This chapter provides the background information on the area of the study which is the effectiveness of the computerised accounting in financial reporting. It provides the statement of the problem that motivated the researcher to undertake the study, the justification for undertaking the study, the assumptions considered as well as the limitation and delimitation thereof. This chapter also provides an insight into the research objectives.

### 1.1 Background of the study

Zimbabwe Rural District Council Workers Union (ZRDCWU) is a brainchild of the Labour Relations Act (Chapter 28:01) under the Ministry of labour and social welfare. Its mandate is to look into the welfare of employees in all Zimbabwe 61 rural councils by providing them a platform for negotiating employment related issues through funds generated from monthly subscription collected from rural council workers.

Before the installation of computerised accounting system at ZRDCWU ,all the processes of accounting which associates with the system today, such as receiving data,recording,processing and reporting was done manually with pen and paper. The computerised accounting software which is the pastel version was introduced at ZRDCWU in January 2017 and the administration department had partial computerised accounting system used and they use manual accounting to record some of the transaction. Computerised accounting implies that the only thing that accountant do is recording transactions into the computer which process the other steps of accounting cycle automatically or by request Weber (2011).

Accounting software are used to implement computerised accounting system. The computerised accounting is based on the concept of database which is basic software which allows access to the data contained in the database. One of the function of the computerised

accounting software is preparation of accounting documents. The computers help in preparing documents like cash memos, bills and invoice. Hence computerised accounting has user defined templates which will provide faster, accurate entry of transactions and therefore all documentation and reports can be generated automatically. Every account and transaction is assigned a unique code where the grouping of account is done at first stage .This process simplifies work of recording the transaction. Marivic (2009) argued that computerised packages will minimizes human errors in transaction recording.

However due to the introduction of computerised accounting software in 2017 they was increase in errors compared to previous years which lead to delay in producing financial statements.

**Table 1.1 Number of errors for the year 2017 to 2019**

Financial statements	2017	2018	2019
Statement of comprehensive income	50	65	80
Statement of financial position	80	95	105
cash flow statement	75	86	120

Primary data source .Z.R.D.C.W.U journal page 53

From Table 1.1 above the numbers of errors in the financial statements kept on increasing year by year. More orientation lessons were done in 2018 but the errors kept on increasing. The new government requirements of presentation of financial statements aggravated the matter as the errors kept on increasing.

In the meeting of feedback of the audit made beginning of June 2018, the problem was highlighted by the finance director. He said they were facing problem of delay in making financial statements ready for auditing. The problem was said to be caused by high rate of errors made in the financial statements. However from the problems faced by ZRDCWU it is noted that Computerised accounting system contributes to a large extent on the financial reporting of an organisation.

## **1.2 Statement of the problem**

The advancements in information technology have eventually led to the introduction of Computerised Accounting System in corporate reporting to help to 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 computerised Accounting System in Corporate Reporting is the engine of growth making. From records available, statistics for the year 2017 to 2019 period indicate that ZRDCWU have persistently failed to produce in time important reports required for decision making. The situation at ZRDCWU had also been characterised by inaccurate records and loss of audit trail. As a result reports had to be made meaningful through manual adjustments to make them useful for decision making.

### **1.3 Objectives**

- 1) To explore the nature of the computerised accounting system used at ZRDCWU.
- 2) Establish qualities of financial reports generated by computerised accounting systems.

- 3) Determine the benefits and challenges of computerised accounting system over the manual accounting at ZRDCWU.

#### **1.4 Research questions**

- 1) What is the nature of the computerised accounting system used at ZRDCWU?
- 2) What are the qualities of financial reports produced by a computerised accounting system?
- 3) What are the benefits and challenges of computerised accounting system over the manual accounting?

#### **1.5 Study assumptions**

- 1) The researcher will have access to relevant information on the research topic
- 2) Response of questionnaires are accurate and reliable.
- 3) Findings from the sample will represent entire population.

#### **1.6 Scope of the study**

The study will be carried out at the Zimbabwe Rural District council workers union. This study focuses mainly on the computer based Financial Management of ZRDCWU. It also focuses mostly on the computerised accounting system. The period of the study is from January 2017 to December 2019

#### **1.7 Limitation of the study**

The compilation of primary data was a challenge due to the fact that response time for respondents was not long enough. To overcome this challenge the researcher had to put extra effort so as to build good relations with the respondents so that progress was attained. Due to the sensitivity of the financial information some junior staff in the department of finance initially refused to provide information. However to overcome this the researcher consulted the line, managers, this problem was solved and they finally accepted to respond to the questionnaire.

#### **1.8 Significance of the study**

### **1.8.1 .To the researcher**

The researcher gained research skills into overall the effectiveness of computerised accounting system on financial reporting. The researcher also gained added ability to collect and analyse data to achieve the objective of the study. It also gave the smooth platform to integrate the theoretical fundamentals mastered during her study at University with practical aspects of the business environment.

### **1.8.2 .To the university**

The result of this study are expected to add literature on the impact of computerised accounting system on organisational performance thereby providing a line of thought to other succeeding students .The findings of the research will also help university in knowing ways of improving organisational performance

### **1.8.3. To the organisation**

This study is important to Zimbabwe Rural District council workers union and its stakeholders in improving organisation computerised based accounting system in enhancing accurate financial statements. The study will point out weakness in the accounting system which management needs to address.

## **1.9 Definition of terms**

**Computerised accounting system** is the application of the computer based software used to input, process, stores and output accounting information system. This application is in support of ever advancing technology that enables firms to use computer programs to perform tasks that were previously done manually.

**Financial reporting** is means of portraying financial accountability, in order for an organisation to review financial activities of the past year and make plans for the future.it also a process of supplying financial information which is reliable, accurate and complete to various stakeholders for making economic decisions

**Accounting software** refers to program that is used to capture and process business transactions within functional modules such as creditors, debtors, payroll, general ledger and trail balance

## **1.10 Chapter Summary**

The chapter looked at the introduction, the background of the study on the impact of computerised accounting system on financial reporting. The significance of the study, assumptions, limitation and the scope of the study. This chapter also highlighted the objective of the study, the research questions and the statement of the problem. The next chapter reviews the literature related to impact of computerised accounting system on financial reporting.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter looks at the conceptual and theoretical frameworks as well as empirical evidence relating to impact of computerised accounting system on financial reporting.

#### **2.1 Conceptual Framework**

This chapter presents the theories that guide the study, the nature of the computerised accounting system used at ZRDCWU, the quality of financial reports generated by computerised accounting system and the pros and cons of computerised accounting system over manually accounting. However the independent variable is computerised accounting system and the dependent variables financial reporting which is financial statements i.e. statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity.

#### **2.1 Theoretical Literature Review**

This section dealt with the theories that were important to the subject of this study. The theories included system theory, positive accounting theory and resource-based review theory.

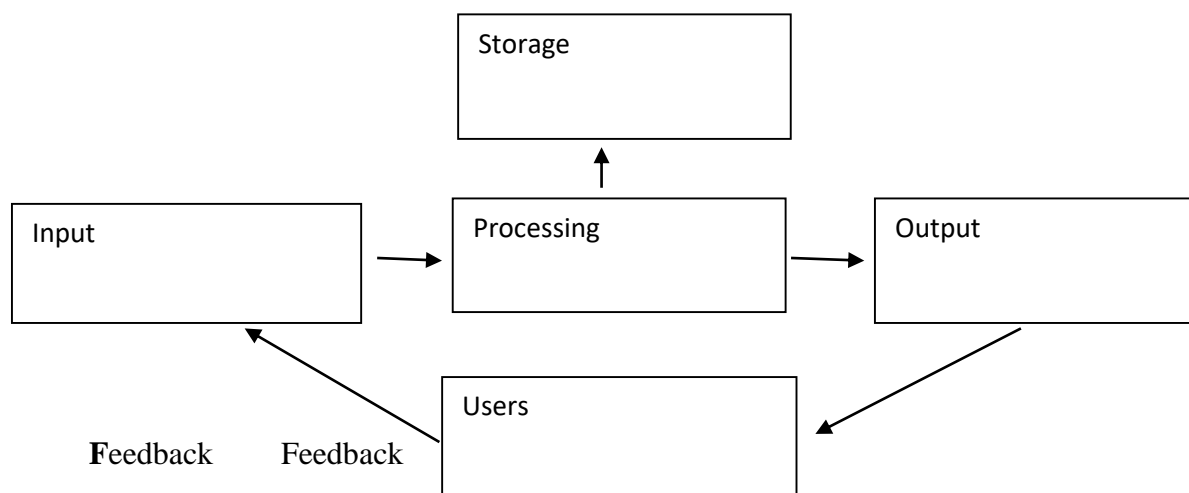
##### **2.2.1 Systems Theory**

Kaufmann (1996) developed systems to explain historical development as a dynamic process and was more fully developed by biologist. Bertalanffy argued that everything is interconnected and therefore, we should study the interconnectedness as a means of understanding the world. The systems theory method of analysis involves, first the deconstruction of what is to be explained that is phenomenon under consideration, secondly, the formulation of explanations that account for the behaviour of properties of the component separately and finally the synthesis of these explanations into an aggregate understanding of the whole. General systems theory like other innovative frameworks of thoughts passes through



phases of ridicule and neglect. It has benefitted, however, from the parallel emergence and rise to eminence of cybernetics and information theory. Systems theory is relevant to this study because the methods proposed by the theory is to mode complex entities created by multiple interaction of components by abstracting rom certain details of structure and component and concentrating on the dynamics that define the characteristics functions, properties and relationships that are internal or external to the system. Computerised Accounting Systems is a computer based system, which combines accounting principles concepts as well as the concept of information system to record process, analyse and produce financial information to its users to make economic decisions (Gelinias et al, 2005). The illustrative figure below relates the CAS to systems theory since it involves multiple components which interact to generate usable results these are input, processing storage, users and output.

**Figure 2.1: A Computerised Accounting Systems Model**



**Source; Gelinias et al, 2005**

### 2.2.2 Positive Accounting Theory

Positive accounting theory was developed by Watts and Zimmerman in 1978 and 1986 which seek to predict and explain why managers elect to adopt particular accounting methods in preference to others. Positive theories are concerned with explanation and prediction (what does/will happen) and are grounded in empirical data (Frenzel 2001). Since they are grounded in empirical data they appear to offer accounting researchers the prospects, the validity of Johnson and Kaplan’s (Relevance Lost) criticisms of management accounting practice. This form of research draws on a wide range of theoretical frameworks to address financial management accounting issues. Different research methods and methodologies are not viewed

as competing but are rather used together to provide a variety of insights into a wide range of management accounting research questions (Frenzel 2001).

### **2.2.3 Resource-Based View Theory**

The origin of RBV can be traced back to earlier research, Barney (1995) developed the strategic factor markets and the role of expectations can be seen within resource based framework, Barney's framework proved a solid foundation upon which others might build up, the current dominant view of business strategy resource-based theory or resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and interactive role that places it well ahead of other mechanisms of strategic decision making (Marivic 2009). The resource-based view (RBV) offers critical and fundamental insights into why firms with valuable, rare, inimitable, and well organised resources may enjoy superior performance (Barney, 1995). Build on the RBV, Hoes, Sunder (1997) suggests a more expansive discussion of sustained differences among firms and develop a broad theory a competitive heterogeneity. The Resource Based View's lack of clarity regarding its core premise and its lack of any clear boundary impedes fruitful debate. Given the theory's lack of specificity, one can involve the definition-based or hypothesis-based logic. We can also argue that resources are but one potential source of competitive heterogeneity. Competitive heterogeneity can obtain for reasons other than sticky resources (or capabilities). (Sunder 1997). Competitive heterogeneity refers to enduring and systematic performance differences among close competitors. The theory is relevant to this study because NGOs need to compete in their performance in order to achieve their objectives, mission and vision.

### **2.3 The Nature of Computerised Accounting System.**

Bartlett (2015) described a computerised accounting system as method or scheme by which financial information on business transactions are recorded, organised, summarised, analysed, interpreted and communicated to stakeholders through the use of computers and computer based system such as accounting packages. He emphasised that it's a mechanised process of facilitating financial information inflows as well as the automation of accounting tasks such as database recording and report generation. According to Ware (2015) computerised accounting system is a computer based system, which combines accounting principle concepts as well as

the concept of information system to record, process, analyse and produce financial information to its users to make economic decisions..

Ware (2015) said that there are two ways in which computerised accounting transactions are recorded, these are cash basis accounting and accrual basis accounting.

### **2.3.1 Cash Basis Accounting**

This is an accounting system that recognizes revenue and expenses only when cash is exchanged. The cash basis accounting system does not consider income from credit accounts. This basis does not show an accurate value of liabilities Murungu (2015).

### **2.3.2 Accrual Basis of Accounting**

Revenues are reported on income statement when they are earned. When the revenue are earned but cash is not received the asset accounts receivable will be recorded Bartlett (2015). Accrual Basis Accounting brings a true view of how the business has been doing its business. Government's financial statements are prepared using accrual basis of Accounting Bartlett (2015).

### **2.3.3 Components of Computerised Accounting System**

Accounting software are used to implement computerised accounting system. The computerised accounting is based on the concept of database, it is the basic software which allows access to the data contained in the database Perkins (2015)

The following are the components of computerised accounting software

#### **1. Preparation of accounting documents**

Computers help in preparing accounting documents like cash memo ,bills, invoice and accounting vouchers, here computerised accounting system have user defined templates which will provide faster , accurate entry of transaction and therefore all documentation and reports can be generated automatically.

#### **2. Recording of transaction**

Everyday business transaction are recorded with the help of computer software. Every account and transactions is assigned a unique code where the grouping of account is done at the first stage .This process simplifies the work of recording the transactions.

### **3. Preparation of trial balance and financial statements**

After recording of transaction, the data is transferred into ledger accounts automatically by the computer. Trial balance is prepared by the computer to check accuracy of records, with the help of trial balance the computer can be programmed to prepare the statement of comprehensive income and statement of financial position.

#### **2.4 The quality of financial reports generated by CA.S.**

This objective tries to describe the financial reports generated by computerised accounting system. Computerised accounting system is when mechanisms are associated putting them together with the aim of organising accounting raw data and changing it into financial reporting information to enable decision making Dalci (2015)

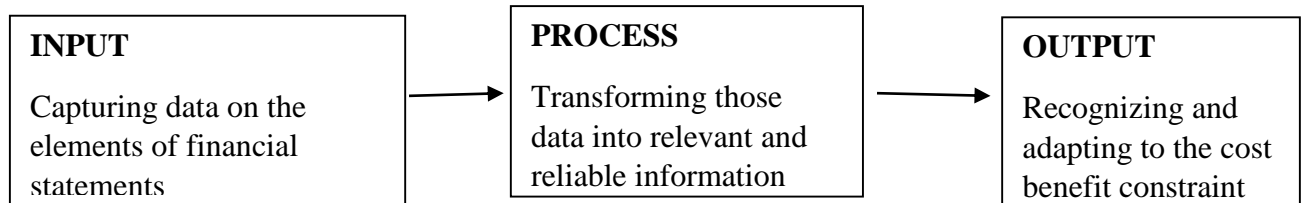
Mbogo (2010) defined financial Reporting as the process of presenting financial data about a company financial position, the company's operating performance, and its flow of funds. Issues bothering on financial reporting are quite complex and cumbersome. The Function of financial reporting is to make publicly available information which concerns stewardship for example what resource are under control of the organisation, and the consequence of their past use and management's planning.

The financial report generally consists of statement of financial position at the end of the period, statement of comprehensive income for the period, statement of cash flows for the period and notes to the accounts Murungu (2015). Financial reporting is largely an effort to asses' financial performance, that is, how well or how poorly an entity performed with money entrusted to it. 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 Murungu (2015) two major models are considered in this context, manual or computerised 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 stated qualities below:

Quality of financial reports is assured with computerised accounting system .The method of inputting and processing data is sophisticated thus the accuracy of data is improved. This means that financial reports will bear minimum errors. Computerised accounting system will foster

accessibility and faster transformation of information stored in computers hence financial reports can easily be accessed through online system without delay and timely decision making (Sunder 2010)

**FIG 2.2 Process of producing financial reports using computerised accounting system.**



**Source: Hurt (2010)**

### **Input of data**

Computerised accounting system can gather much data and capturing elements such as purchases order, payment vouchers and sale invoice (Hurt 2010).It takes into consideration a room for capturing customer behaviour and transactions history. Demand for inventory item and vendor quality .By providing those items investors and other stakeholders can improve their decisions.

### **Processing of data**

Computerised accounting system is capable of transforming primary data into information which is relevant and reliable (Hurt 2010). Through the programme in the software, data is converted into information useful for decision making. They further said that data to be useful for decision making processed into meaningful information.as illustrated from fig 2.2, the general module of a CAS generates trial balance and financial statements reports as outputs of financial accounting cycle.

### **Output and reporting**

The benefit of gathering data, processing it and reporting it should outweigh its costs (Hurt, 2010). Management usually give out information to potential investors a real time basis (Trigao et al 2015). Time and money of the organisation can be saved through a well implemented CAS. One of the components financial reporting statements (Statement of Profit and Loss and other comprehensive income) shows the profit of an origination as per (IAS 1). IFRS

Foundation (2018) cited that performance of a business is mostly measured using profits, therefore, there is combination between the organisation and financial reporting.

#### **2.4.1 Characteristics of Quality Financial Reports**

##### **Fundamental qualitative characteristics**

###### **Relevance**

Financial information must be relevant to its users and it must be equipped for making an effect in making decisions. If predictive value, confirmatory value or both are available in accounting information a difference in decision making is possible. (IFRS, Foundation 2018). Alrazeen (2015) cited that CAS should give relevant accounting information continuously.

###### **Faithful representation**

General purpose financial reports represent economic phenomena in words and numbers. To be useful financial information must not only be relevant, it must also represents faithfully the phenomena it purports to represent. Faithful representation means representation of substance of an economic phenomenon instead of representation of its legal form only. A faithful representation seeks to maximise the underlying characteristics of completeness, neutrality and free from error (Pretorious et al 2015).

#### **2.4.2 Enhancing Qualitative Characteristic**

###### **Verifiability**

Verifiability helps to assure users that information represents faithfully the economic phenomena it purports to presents (IASB, 2018). Verifiability means that different knowledgeable and independent observes could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.

###### **Timeliness**

According to conceptual Framework (2018) Timeliness means information is available to decisions makers on time to be capable of influencing their decisions.

###### **Understandable**

Naturally the information produced must be understandable. A guideline is to provide information that people, who are willing to understand it, cam understand it professionals or

non-professionals (Conceptual Framework, 2018). 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. Information can only be useful to end users if they are able to understand it. According to Dalci (2015) understandable as a quality of financial reporting that enable users to perceive the significance of financial information. He argues that users are assumed to have reasonable knowledge of business and willingness to study and understand the information.

### **Comparable and consistent**

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 IASB (2018). 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 statements among companies over time.

## **2.5 Benefits of Computerised Accounting System over the manual accounting**

Different scholars have expressed views on computerised accounting packages and have expressed the benefits over the manual accounting. Manual accounting it is a system in which Accountant or bookkeeper is required to post business transactions to the general journal and worksheet by hand. This process can be by using paper journal, general ledger and worksheets by hand. However computerised package can quickly generate all types of records needed by management. Data processing and analysis are faster and more accurate which meet the manager need for accurate and time information for making decision.

### **Better record keeping and data security**

Whilst human error can still corrupt your data e.g. entering figures in wrong fields, a good package will reduce this possibility and ensure that there is reference for all transaction for example for every cheque or receipt entered /created Ware (2015). However this does eliminate all manual work. Vouchers, invoice, receipts etc. will still need to be filed in a logical order and details of what was entered onto the system should also be recorded on paper. This will help when you need to track errors, in the annual audit and if disaster strikes and you to re-enter all transactions. For record keeping and compliance with the law, businesses often must keep financial records for year. it is extremely difficult to keep copies of paper records in

multiple location and a catastrophic incident that results in destruction of paper record can damage a business in many way Cosmin (2015). With computerised accounting solution, files and financial information can be stored online or on offsite data cartridges or both giving a business the level of redundancy that it needs to recover from a catastrophe and ensuring compliance with all data retention laws.

### **Time and cost saving**

Using a computerised Accounting System saves the company time and money. The use of computer makes inputting accounting information simple .Transactions are entered into the system and system process and posts transactions accordingly. Computerised Accounting system reduces staff time preparing accounts and reduce audit expenses as record are neat, up to date and accurate Dalci (2015).Better use is made of resource and time; cash flow should improve through better debt collection and inventory control. More importantly, the system helps presents financial reports on time to aid in the economic decision making process of external users.

### **Organization and accuracy**

A computerised Accounting System enables businesses to stay organised. 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 a lees room for errors as 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 Mbelwa (2015).

### **Storage and speed**

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 information Taiwo and Edwin (2016) The introduction of computerised Accounting System provides the ability to see the real time state of the company financial position.

### **Compatibility**

The implementation of computerised accounting system also allows various business to more easily share financial information. For example, if company with manual accounting procedures purchases another organisation with manual accounting procedures, it may take



weeks or even months to completely integrate the financial data of the two firms. On the other hand, if both company utilise compatible accounting system, all data can easily be integrated because one program is able to speak to the other. Deusidedit (2015) added that a computerised accounting system can store many years of information. If the audit requires it, the employer can access information dating from years back, if, during the audit the auditor spontaneously requests an accounting document, the employer can quickly retrieve it from the system instead of rummaging through storage boxes to locate hard copies. The majority of computerised accounting system have features such as order entry and generation of associated invoices.

### **Lower cost of operations**

Accounting can become expensive for businesses, as the level of work can result in the business needing to hire an accounting service on contract or hire several full time employees. Much of manual accounting was eliminated as way of reducing costs. Some task were observed to be unnecessary doing them manual for they were expensive (Deusidedit, 2015) .staff members on those posts were retrenched so as to lower operations

#### **2.5.1 Limitation of computerised accounting**

Despite the numerous benefits of Computerised Accounting System that can be listed they are challenges also faced. The impediments to implementing a CAS include lack of time , mangers view that CAS is costly , perception that technology is not suited to the nature of the business and lack of IT expertise .

### **Installation cost**

The costs of installing computers in an organisation is very high as it needs huge sum of money. Accounting system cost have decreased substantially, but they still can be costly, not only to purchase but to maintain them as well. Extra costs of training new employees in the system should be considered along with ongoing customer service. Charges for customising reports and other process can pose limitations on small and medium sized business that cannot afford these services. Other program costs to consider include new version upgrades and even hardware that may require as technology progresses. If business can't afford these costs they will be left behind Anuel (2017).

### **Power failure**

When dealing with accounting programs, you should consider electrical power as a major limitation of the system Ware (2015). Without electricity, most small-business accounting systems are useless no data can be input or reports generated. Any electrical fluctuation can have a negative impact on accounting data, deleting information and creating confusion. Another consideration that limits the usage of accounting systems is the network where program may reside, if the computer network is not properly set up, the software cannot be accessed and cannot be utilised Cosmin (2015) Most organisation are faced with frequent power failure that slows the rate at which operations are executed in organisations. This leads to loss of data hence taking more time to be retrieved.

### **Computer virus**

The major stressing challenges in the whole world are the problem of computer viruses. Affirm that computer viruses usually infect system introduced via external storage devices which have already been infected. This has led to loss of data most which is very costly to get back as it will need experts who are invited to install and design new packages. System security concerns can pose limitation on accounting software Mbelwa (2015).

## **2.6 Empirical Evidence**

### **Impact of Computerised Accounting System on Financial Reporting in the Ministry of Local Government of Rwanda- Scovia Murungi, Rwanda, 2015.**

In the results computerised Accounting System has proved to be effective in providing information regarding the financial position of an entity in a timely and efficient manner. In the Ministry of Local Government of Rwanda, accounting information system serves the purpose of furnishing information about the economic resources, claims against those resources, owner's equity and changes in the resource and claims. Accounting software enables timely and faster generation on reports. This helps manager to easily identify and solve problems instantly and take evidence-based decisions within various departments of the Ministry. Computerised Accounting System also enables data to be available to different users instantly. Several inefficiencies were identified that could handicap the smooth running of the entire financial system of the ministry. These included poor accounting information system maintenance, inadequate on job training for accounting and finance staff and weak internal audit.

### **Effects of computerised Accounting System on Ghanaian Banks: A case study of Ghana Rural Banks-Emmanuel Opoku Ware, Ghana, 2015**

The results indicated Computerised Accounting has helped in facilitating the provision of timely, quick customer service delivery, accurate and reliable information required by them. It has also brought about quality performance in banking operation by abiding by the accounting instructions and guidelines which help to minimise risk/ challenges that are likely to be encountered in the course of their duties as well as evolves adequate measures to combat much challenges and achievement. Though the cost of maintenance and designing and effective computerised accounting system and purchase of associated facilities needed for it is high, if banks are committed to improving their performance and enhancing higher quality of work performed for higher profitability, they should go for it as well as ensure that the recommendation are rigidly followed. The study population was 70 and sample size was 60.

**Comparative Analysis of Computerised accounting and manual Accounting system of Quoted Microfinance banks in Nigeria-Nestor Amahalu, Mary-Fidelis Chidoziem Abiahu and Obi Chinyere, Nigeria, 2017.**

This study assess the system of quoted microfinance banks from 2006-2015. Findings showed that computerised accounting systems has a positive effect on the reported profitability of banks more than manual system of accounting. The study recommends among others that Microfinance banks should implement computerised accounting systems than the manual accounting systems because it has more positive effect on the profitability levels of the banks.

**The benefit of Computerised Accounting Information System on the JIT Production Systems-Illcit Daici, 2009.**

The findings from the research have shown that Improvements in technology have replaced manual bookkeeping systems with computerised ones. As a result accounting information systems that were previously performed manually are now performed by computers in most companies. Companies can now capture process, store and transmit data with the help of computers. Whereas data collections and processing were performed manually in historical systems, on-line collection and processing of data are performed by computerised systems. In manual accounting information systems, processing of data is slow and subject to error. Fortunately, improvements in the technology have enabled companies to collect, process, and retrieve data quickly. In addition there is less likelihood for error when data are processed with computers.

**The Effects of Computerised Accounting Systems on the Quality of Financial Reports of Non-Governmental Organisations in Nairobi, Kenya, Olive Chepkorir, Kenya, (2014)**

This study aimed at investigating the effects of computerised accounting systems on financial reports of Non-Governmental Organizations (NGOs) in Nairobi. The main instrument of data collection was the questionnaires. Quantitative data was analysed using both descriptive and inferential analysis. Data collected through the open ended questions and analysis of documents was analysed qualitatively through content analysis. The sample of the study consisted of one hundred NGOs operating in Nairobi. The study recommends that in order to ensure that the NGOs have quality financial reports they should invest on computerised accounting systems to improve the speed, timeliness, accuracy and relevance of the financial reports of their organisations. The finance management should also follow the legal frameworks that balance the right to disclose against the right of confidentiality. The management should ensure that they have an open recruitment policy for staff based on merit in order to recruit qualified staff to enhance the quality of work in the organisations.

## **2.7 Gap Analysis**

A gap has remained in terms of systematically understanding of the impact of computerised Accounting System on financial reporting in workers Union in Harare Zimbabwe. This is much influenced by the relationship between computerised accounting system and financial reporting. This is because employee's are computer literate and lack of funds to hire skilled labour force and this affect the quality of financial reporting done by computerised accounting system. This gap can be eliminated by training of employee's and hiring of qualified accountants.

## **2.8 Justification of the study**

The above researches prove to have provided evidence that most studies concluded that there is positive relationship between computerised accounting system and financial reporting. The financial reporting problems faced by ZRDCWU is mainly caused by the use of computerised accounting system .As a result, this study aims at understanding the impact of computerised accounting on financial reporting.

## **2.9 Chapter Summary**

Research objective which were written in chapter one were clearly explained in chapter 2 to give more understanding of them. A platform was created in chapter 2 to discuss the nature of

computerised accounting system used at ZRDCWU, computerised accounting system and financial reporting and pros and cons of CAS. Methodology used in the study is in chapter 3 (next chapter).



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

Research methodology focuses on how the collection of data was done using applicable methods. Research design, population which was targeted, explanation of census, population size, view of data type, instruments used in collection of data and a summary are some of the areas highlighted in this chapter.

#### **3.1 Research Design**

Research design is the arrangement of condition for the collection and analysis of data Gumbura (2014). Neil (2001) research design is a process used in combining mechanisms of different nature of the study in an organised manner aiming to solve problem in the research, hoping that problem will be fully addressed. Kumar (2011) also cited it as a plan which can be used in answering research related questions accurately, objectively, economically and validly. Research design has an intention of collecting, presenting and analysing data in a way that combines relevance, research purpose and current economic situations Gumbura (2014).

##### **3.1.1 Descriptive Research Design**

Moon et al (2016) viewed that descriptive research involves the study of the environment and situations of businesses. Data acquired from using this type of research will be used in analysing variables and situation relating to questions of the research. Under this design, a set of controls is placed with the goal of generating and collecting raw data that gives an understanding about targeted population structure.

##### **3.1.2 Merits of Descriptive Research**

Descriptive research design enables a further meaning making to the item being researched on (Creswell 2015). Descriptive surveys can be a pre-cursor to future research because it can be helpful in identifying variables that can be tested. Cooper and Schindler (2003) cited that there are positive features of descriptive research which include validity of instruments used, validity and reliability of data, shows trends, modification of readily available knowledge.

### **3.1.3 Demerits of Descriptive Research**

Cooper and Schindler (2003) said that this design of research has no new information, simplifies reports of actions and their reasons, is boring and has no fact which inspire. Qualitative research sometimes they are expensive and time consuming. Descriptive studies cannot be used to correlate variables or determine cause and effect. Researcher bias may play a role in many ways for example the choice and wording for questionnaire maybe influenced by the bias of the researcher. The researcher may also make subjective choice about which information to record and emphasis in the findings. According to Creswell (2015) no variables are manipulated, therefore statistical analysis is not possible, because of this some scientists regard descriptive studies as reliable and unscientific.

### **3.1.4 Reasons for using Descriptive Research**

Researcher usually can take into considerations descriptive research when trying to understand human experience. Interviews, use of questionnaires and observations are various data collecting instrument that are found in descriptive research. The fact that descriptive research accepts has a room for research with no control over variables makes it most appropriate for the research. The descriptive research assisted that researcher in the analysis of the nature of the computerised accounting system used at ZRDCWU and investigate the impact of computerised systems in the financial reporting for the research understudy.

## **3.2 Case Study**

The goal of the case study is to understand something more general than the case but nothing generalizable to other contexts (Coswell 2006). Yin (2011) gave a brief description of case study that it is a study of a situation experiences real life status. it can be a way of that describes, investigates, evaluates and explain detail and entity. The research preferred to use a case study research for the valid reason that it is of great value in studying an entity (Zimbabwe Rural



District Workers Union). The research type allows the examiner to have explanation, reasons and descriptions on a problem affecting an entity.

### **3.3 Population**

Population is defined as a group of the individual that have one or more characteristics in common that are of interest to the researcher,(Best and Khan 1993).Population study enables the researcher to be capable of simplifying the research through the collection made. Leedy (1995) cited that they are two categories of population called target and accessible population. Where target is the circle of which we aim facts from the research to focus on. The population under study is Zimbabwe Rural District Workers Council (ZRDCWU).

#### **3.1 Population Target**

According to Best and Khan (1995) they defined target population as any group of individuals that have one or more features in common that is of interest to the researcher. The population under study was made up of all levels of management and non-managerial staff from different division such as head of department, system administrator and accounts clerk to mention a few. The total population of the study amounted to 40 employees.

##### **3.3.1 Limitation**

Improper representation of the target population might hinder the researcher for achieving the desired aims and objectives. Despite of applying appropriate sampling plan representation of the subjects is dependent on the probability distribution of observed data. Despite of applying appropriate sampling plan representation of the subjects is dependent on the probability distribution and lead to falsity in proposition.

#### **3.4 Sample Population Size**

The purposive technique above was used in selection of respondents not only for its time and money saving but also helps in selecting of typical and relevant cases necessary to equip the study with the required information. Each party of the target population in this case has equal opportunity of independence as far as expression of their opinions is concerned .Research sample is viewed as part of the study population which is to give the researcher data. Sample size is the number of members of institutions from whom an investigator is able to do wanted data collections Creswell (2015). Sampling is important in qualitative research for its purpose

that it was built to have rich understanding or information about an event. It was also made for the researcher to have knowledge as possible about status of a member in the study population and that person can provide data about that group. Sampling is only done when researcher gathers a sample population under study

### **.3.5 Sampling and sampling technique**

The sample used in the study were selected using purposive sampling which is function of non-probability sampling, under purposive sampling technique, the researcher purposely choose who, in their opinion are thoughts to be relevant to the research topic. Sampling using this method is fast and simple there is no need to use all work from the source of information.

The sample size was therefore selected from all different department and the subject of the study include more particular on the management staff, accounting staff , internal auditor and stores man who were directly dealing with the day to day management of the organisation since they were the ones conversant with the relationship between computerised accounting and financial reporting.

### **3.6 Source of Data**

#### **3.6.1 Primary data**

Primary data was obtained through the use of self-administered questionnaire to respondents following systematic and established academic procedures as suggested by (Best and Khan1995). Primary data was collected from the respondent that were chosen from ZRDCWU.

Primary data enables the researcher to have the specific information which directly matches her research. Furthermore the researcher question are designed in a way that resulting data will be in same line with the study. Accurate information will result from primary data because the researcher collected the data under study personally.

However in a large population data collection is costly and a lot of time is used when using primary data. When a researcher considers feedback from target population, it is highly probable the feedback given is not correct. Primary data is collected from a mind which is controlled by the question on hand, without giving room for more information which might be useful to the researcher.

### **3.6.2 Secondary Data**

Secondary data also helped in this research to show trends of audit qualified reports issued to ZRDCWU for the past two years. The researcher had to use to official statistics, letters and reports

The secondary data source has some advantages. Collection of data was made fast, cheap and provided historical of comparative data with primary data of the study. However the major limitation of this type of data source was that reliability and validity remains questionable and do not provide the exact information required by the researcher. In addition, data from secondary sources was collected and executed for different purposes

### **3.7 Data Collection Method**

This study was based on data collected from two major categories of source that are primary and secondary data. Whereas primary source data were used in the questionnaires, to collect more information and clarify on some information, it majorly constituted structured and open ended questions focusing on the research objective and control questions to check correctness and consistency. The secondary source involves were mainly organisation financial and management reports. This record inspection was carried out in relevance to the study objectives besides, the study employ the use of interviews which involves talking or interacting face to face with the respondent sampled for the study and finding out issues concerning the research objectives.

#### **3.7.1 Questionnaires**

McBurney & White'S (2007) defines questionnaire as a research instrument consisting of a series of a questions and other prompts for the purpose of gathering information from respondents. Saunders et.al (2003) says the term questionnaire is used as a general term to include all techniques of data collection in which each individual is asked to respond to the sane set of questions in a predetermined order. The primary aim being is to draw accurate information from the respondent. The questionnaire before distribution at the company was submitted to the Human Resource Head of training to check for problems, mistakes and questions ambiguity.

The researcher used both open ended and closed ended questions. Closed ended questions helped in achieving high response rate by minimizing the amount of time a respondent spent

on each question since the answers will be provided and easy to analyse. Some closed ended questions were in the form of Likert questionnaire which is a multi-item scale which is used to measure a single construct by summing each participant's responses to the items on the scale. The respondents were expected to rate each statement or item by agreeing, disagreeing or maybe/unsure. Arbitrary scores were also used to categorise the responses, where respondents were asked to rate the responses on scale of 1 up to 3, depending on their own opinion. In this case study, respondent were asked to choose options that ranged 3 being highest to 1 being lowest depending on the level of impact the factor has on the problem identified. On the hand, open ended questions allowed respondents to give answers in their own thinking and knowledge giving room for more information that was unknown to the researcher.

Questionnaire allows the collection of large amounts of information within a short period of time and in relatively cost effectively way. A questionnaire was used because respondents had a greater feeling of anonymity, thus, they were comfortable expressing their real feelings on even personal or sensitive topics on the questionnaire. To add more to that it permitted greater uniformity on how the questions were answered, thereby, ensuring greater comparability in the answers provided. Respondents were also able to have the opportunity to respond to questions during their own time for example tea, lunch or any free time.

Other advantages of adopting questionnaire as an instrument of attaining informing are questionnaire reduce bias, the researcher own opinion will not influence the respondent to answer questions in a certain manner. There is no verbal or visual clues to influence the respondents. The responses are gathered in a standardised way, thus more objective than interviews. The response was good as the respondents felt honoured to be chosen as the sample population. Data provided by questionnaires was easy to analyse and interpret. In case where wide coverage is required a questionnaire is the most effective instrument to collect data. Respondents are free to give information as they remain anonymous and there is little skill required to administer a questionnaire.

However, some of the respondent were new members to the organisation, so they provided wrong information as they were not familiar with some of the activities being carried out within the organisation. The researcher, therefore, had to carry interviews to improve the validity of the data as a way of eliminating the weakness. Some of the respondents took longer time expected to complete the questionnaire. Lack of interaction between the researcher and the respondent did not give room for classification and verification of facts. Questionnaires depend

on the ability and willingness of the respondents to provide information needed and the researcher had no way of developing participants' interests. The ecological setting of the respondents cannot be controlled by the researcher, which at the other hand had effect on the quality of response for example answering the questions while on the phone.

### **3.7.2 Interview**

Cooper & Schindler (2003), an interview refers to a method of data collection, information or opinion gathering that specifically involves asking a series of questions. Saunders et al (2009) went on to say, an interview is purposeful discussion between two or more people. The use of an interview is a purposeful discussion between two or more people. The use of interview can help to gather valid and reliable data that are relevant to the research questions, problems and objective of the study. According to Best et.al (1995) a personal interview is a face to face or telephone interview in which an interviewer asks respondents' questions designed to obtain answers pertinent to the research hypothesis, thus, it is a two way communication.

The researcher, therefore, used interviews in this research because they offered an opportunity for quick feedback and fostering high participation of respondents in cases where the respondent had limited time, through the interviews the researcher was able to probe for more comprehensive and clearer explanation. The interview guide contained different set of questions from the questionnaire in order to avoid the problem of asking same questions that the respondent would have already been answered in the questionnaire as interviews were carried out to some of respondent that had previously answered the questionnaire, to eliminate the possibility of boredom and unwillingness to engage in such activity.

### **3.8 Validity and Reliability**

Validity is defined as the quality of data gathering instrument or procedures that enables it to measure what is supposed to measure. To measure validity, the researcher adhered to certain pointers, ambiguous items were avoided, question did not require calculation and were only included if they contributed to research objectives. Cooper and Schindler (2003) asserts that validity is the extent which difference found with measuring tools reflects true differences among respondents being tested. The measurement should be sensitive to all nuances.

Reliability is defined as the extent to which a research instruments such as test will give the same results on occasions (Gary T 2009). Best and Khan (1993) refers to consistency and

stability of any experimental effect. The most common technique for establishing reliability is by replication. If the same experimental designs lead to the same results on subsequent occasions and using different samples then experiment is said to be reliable. With regard to reliability of questionnaires and interview questions after submitting it for testing with different individuals, exactly same results were obtained. Their reliability was verified.

### **3.9 Data Collection Procedures**

The researcher first wrote a letter to the Secretary General of ZRDCWU seeking mandate to undertake the research. The research went on to attach an introductory letter with questionnaire for clarification of the intentions of the study which was assurance of both privacy and confidentiality of the information. This was done by the inclusion of non-disclosure clause in the cover letter. The questionnaires were self-administered by the researcher to respondents. The researcher then informed the respondents of the intentions to collect the questionnaires after the fourth day. All respondent were assured of confidentiality of their information since this was only for academic purpose.

### **3.10 Data Presentation and Analysis Procedures**

Ghuri (2005) noted that the purpose of analysing data is to obtain useful and usable data. The process included gathering, modelling and transformation of data highlighting useful information, supporting decision making and suggesting conclusions. The data that was collected by the researcher through the use of questionnaire and interviews from employees was analysed using Microsoft excel before it could be presented. Frequency bar graphs, tables and pie charts were used to present the data that was collected by the researcher to enable easy comparison and clear projection of the result. These findings were presented in chapter four.

### **3.11 Chapter Summary**

This chapter explained the research methodology that was used by the researcher in carrying out the research. It covered the research design, population and sample size as well as collection, presentation and analysis procedures. The next chapter will focus on data presentation, analysis, interpretation and discussion.



## CHAPTER IV

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4.0 Introduction

This chapter outlines and presents the data gathered by the researcher on the analysis of impact of computerised accounting on financial reporting at Zimbabwe Rural District Council Workers Union. Focuses was on the responses given during personal interviews and responses on the questionnaire done during the research period. Results which were obtained under different methods were jointly analysed in the chapters address each research objective. Different charts and graph were used to present the data gathered.

#### 4.1 Rate of Respond to Questionnaires

Forty questionnaires were issued out to the respondent at ZRDCWU all of them were returned. The respondents is depicted in table 4.1 below.

##### 4.1.1 Response rate on questionnaire distributed

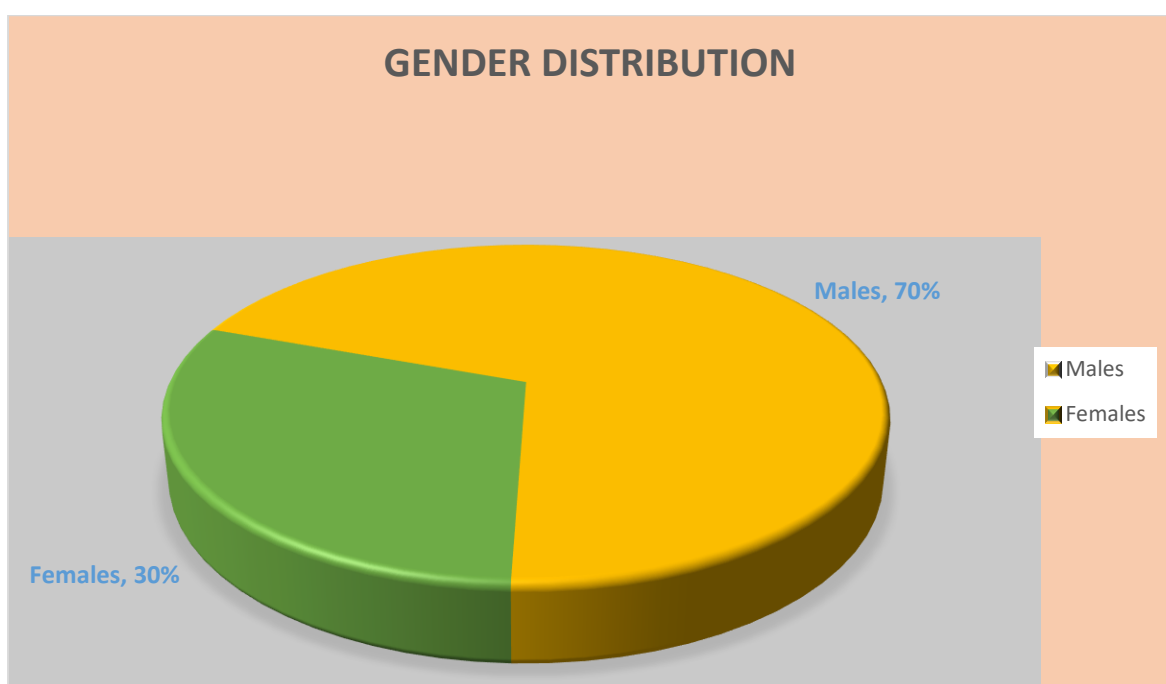
The questionnaire were issued out to the targeted population in Zimbabwe Rural district Council workers Union. Forty Questionnaires were issued to Finance, Human Resource and Salaries department. The response rate to the questionnaire was 100% as all the questionnaire were completed and returned successfully.

**Table 4.1**

<b>Questionnaires</b>	<b>Distributed</b>	<b>Successful</b>	<b>Unsuccessful</b>
<b>Number of Questionnaires</b>	<b>40</b>	<b>40</b>	<b>0</b>
<b>As a percentage</b>	<b>100</b>	<b>100</b>	<b>0</b>



## 4.2 Gender Analysis

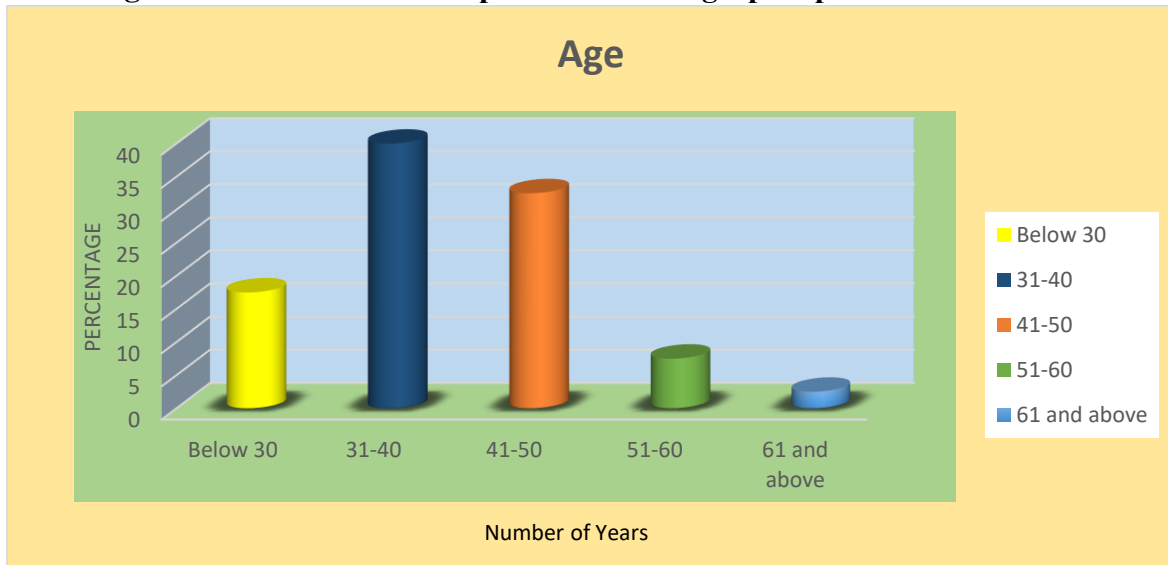


**Fig 4.2 Information on Gender**

*Source: Primary Data*

In sample of 40 respondents, female participants constituted of 30% and male respondents were 70% .This is mainly due to the fact that males were easy to communicate with and persuade to participate in the activity and also the majority of workers at Z.R.D.C.W.U are males.

### 4.3 Background information of respondents' Demographic profile

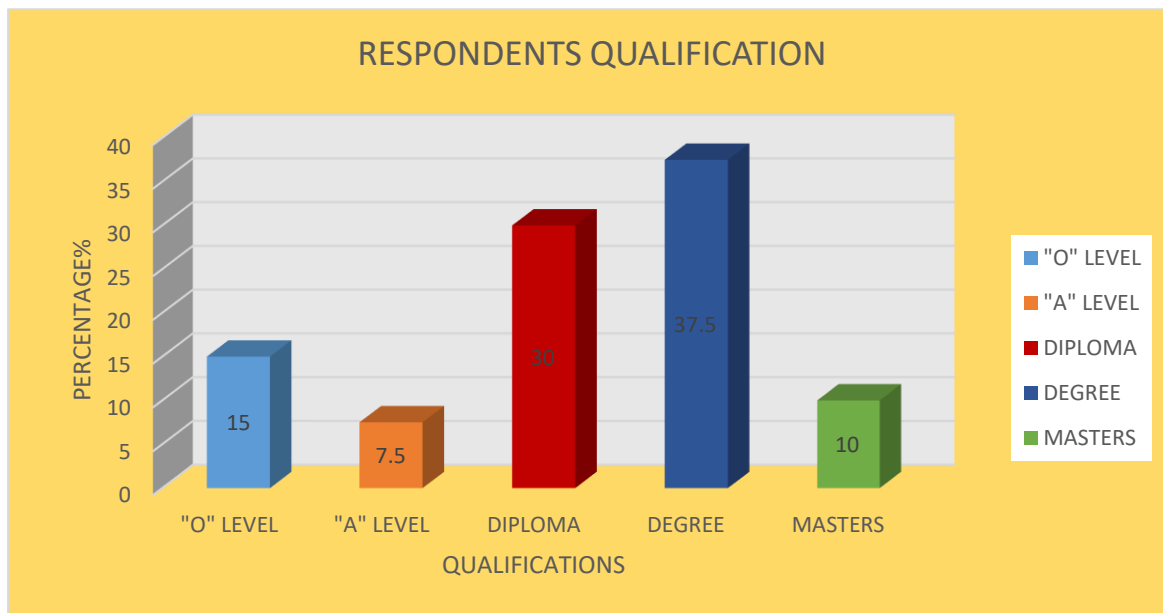


**Fig 4.3 Ages of respondents**

*Source: primary data*

The above fig 4.3 shows the age groups at Zimbabwe Rural district Council Workers Union, with only 17.5 % of workers are below the age of thirty. The majority of workers are in the age group of 31 to 40 years, with a percentage of forty. This is due to the recruitment criteria of the organisation in which they selected a middle age group to work for the company. 32.5% ranges from 41 to 50 years. 7.5% of the population are in the age group of 51 to 60 and with only 2.5% above the age of 61 years.

#### 4.4 Qualification of respondents

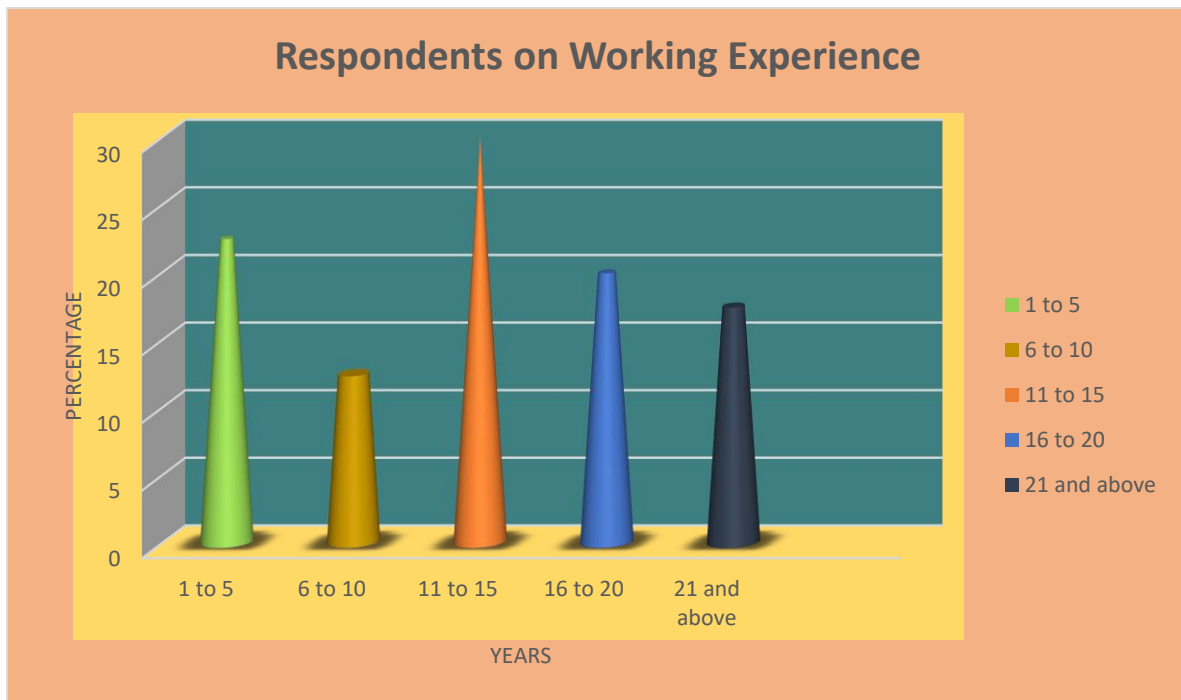


**Fig 4.4above show a bar chart of respondent's qualification**

*Source: primary data*

The respondents with "O" level constitute 15% , "A" level constitute 7,5 % , Diploma has 30% . Degree qualification constitute 37.5 and those with Master degree constitute 10% of the total percentage. This show that the company has managements that can easily adapt to the new system of computerised Accounting system

#### 4.4 For how long have you worked for this organisation?



**Fig 4.5 information on working experience**

*Source: Primary Data*

From the Fig 4.5 above respondents in category 1 to 5 years, they are only 22.5 percent, 6 to 10 years there is 12.5 percent. 11 to 15 years there is 30 percent was the highest percentage and it was due to company policy that employees retire at 60 years and the majority of workers joined the company at their early 30s, and above 21 years, there is 17.5 percent.

#### 4.5 Position Held

**Table 4.5 position held**

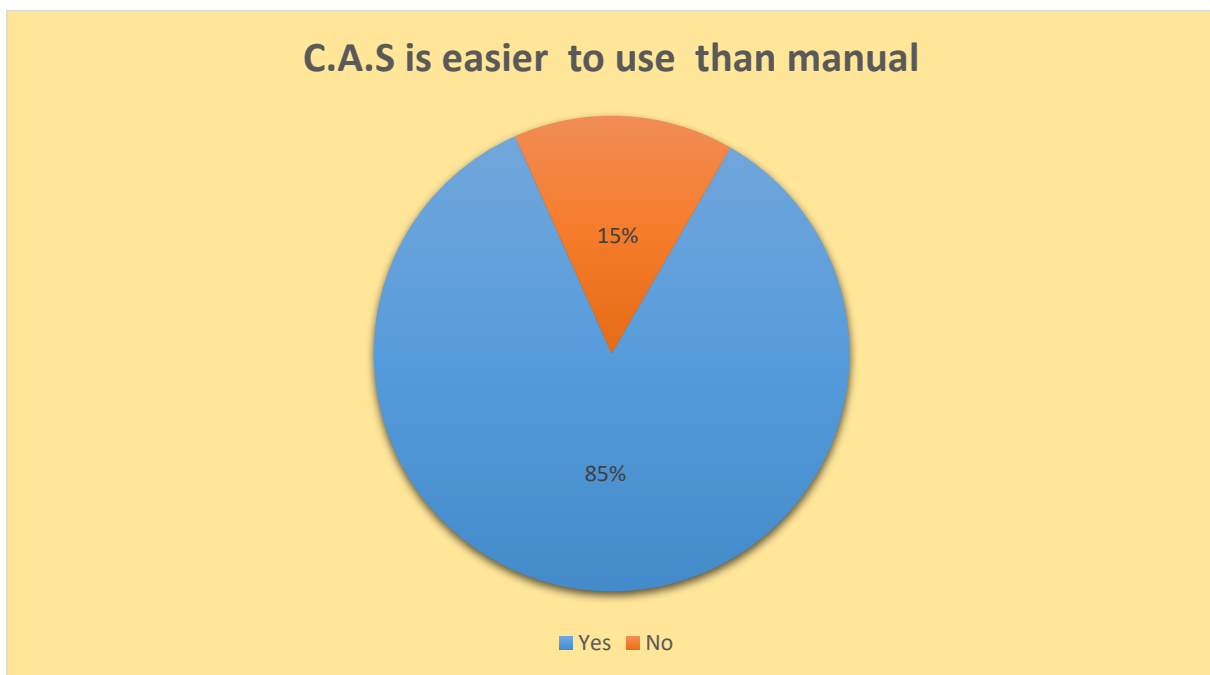
Position	Number of People	As a % of total population
Head of department	3	7.5
System administrator	2	5
Accountant	2	5
Accounts Clerk	6	15
Chief clerical office	3	7.5
Clerical officer	8	20
Creditors Clerk	6	15
Total	40	100

The table above show the shows the number of people that holds different position at Zimbabwe Rural district council. From the table above 7.5 % of the population are head of departments. System administrator constitute 5% of the population while accountants also constitute 5% of the population target. Accounts Clerks constitute 15% of the population with the debtors and creditors clerk constituting the same percentage. 20% of the population are clerical officers and 5 % are receptionist. From the above information it can be concluded that there is delegation of duties at Z.R.D.C.W.U.

**4. 6 Computerised is easy to use that than manual.**

**Table 4.6**

<b>Response</b>	<b>Total number of respondents</b>
<b>Yes</b>	<b>34</b>
<b>NO</b>	<b>6</b>



**Fig 4.6 C.A.S is easier to use than manual**

*Source: primary data*

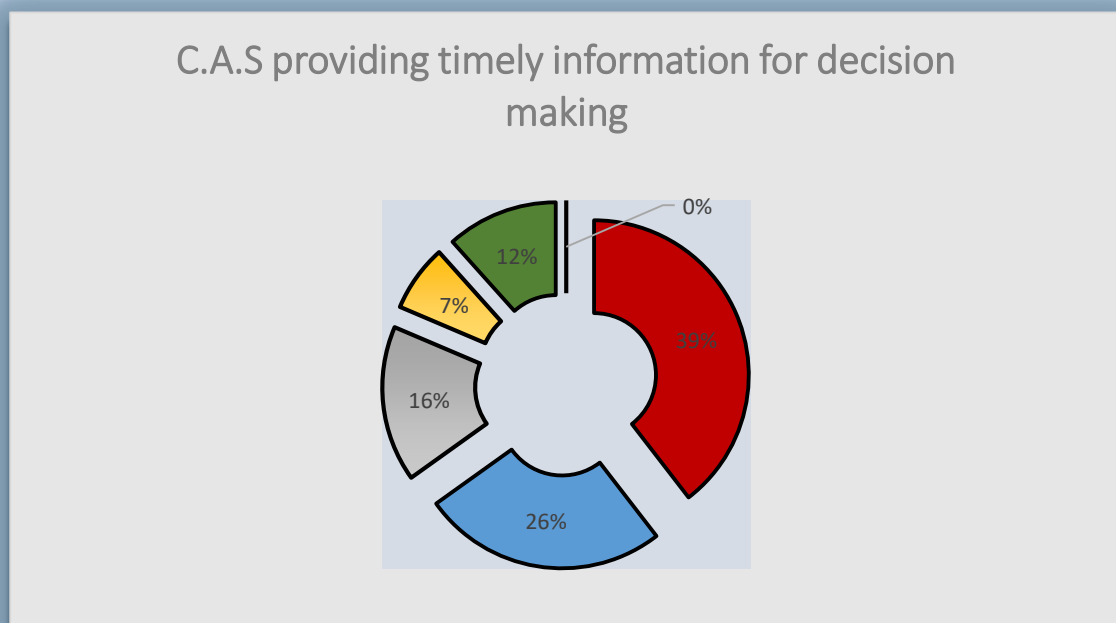
From the fig above show the responses from the population target. 85 % of the population target marked (Yes) in support of C.A.S of the being easier than manual. This is because ever since the introduction of computerised accounting System at ZRDCWU it was noted that the errors in financial reports were minimised. However the financial reports

Produced were more accurate and also they were lower cost of operation and this was also according to (Mbelwa 2015). Hence the majority of the population agreed that computerised accounting system is easier to use than manual. However 15% of the respondents marked (NO). This was because this percentage of the respondents were in support that the manual system was easier to use.

**4.7 Showing whether C.A.S provides timely information for decision-making at Zimbabwe Rural district Council workers union.**

**Table 4.7**

	Response	Response Rate%
Completely agree	17	42.5
Mostly agree	11	27.5
Slightly agree	7	17.5
Slightly disagree	3	7.5
Mostly disagree	2	5
Completely disagree	0	0
Total	40	100



**Figure 4.7 C.A.S providing timely information for decision-making**

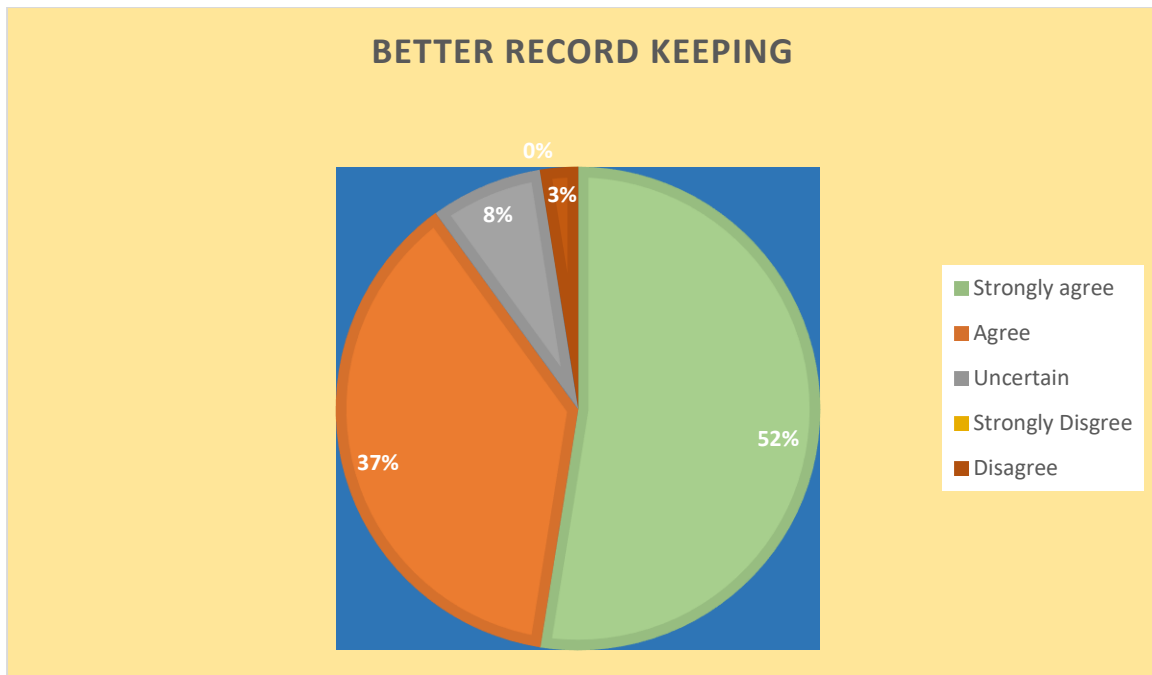
*Source: primary Source*

Findings in table and diagram above reveal that 39% of the respondents completely agreed that computerised accounting system provide timely information for decision-making. 26% of the population mostly agreed that C.A.S provide timely information for decision making and cumulatively those that completely and mostly agreed makes the majority of the population of 65% that supported computerised accounting system in providing timely information for decision making. 16% of the population slightly agreed that C.A.S provided information in time while 12 mostly disagreed and 7% slightly disagree. None of the respondents completely disagreed with the view that C.A.S provide timely information for decision making. This is because since the introduction of computerised accounting system the financial reports were proving timely information for decision making this was according to (Annual 2017).

#### 4.8 Advantages of Computerised Accounting system in financial reporting

**Table 4.8**

Advantages	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Better record keeping	21	15	3	1	0	40
Time and cost Saving	17	13	7	2	1	40
Organisation accuracy	23	11	4	1	1	40
Storage and speed	25	10	3	2	0	40
Comparable	18	20	2	0	0	40
Lower cost of operation	15	21	2	2	0	40
Total	119	90	20	8	2	240
Percentage	50	38	8	3	1	100

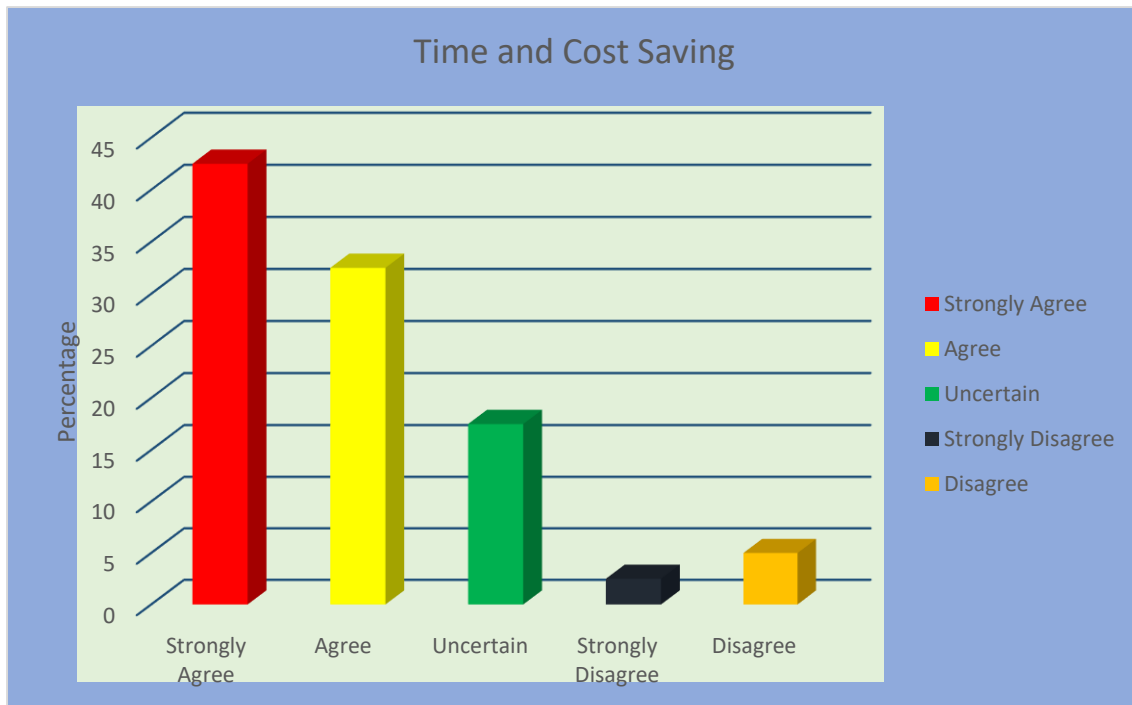


**Fig 4.8 Better record keeping**

*Source: primary data*

From the fig above 52% Strongly agree that Computerised accounting system contribute to better record keeping and 37% agree that the use of Computerised accounting system aid to better record keeping while only 8 % were uncertain to whether C.A.S aids to better recording keeping and only 3% disagree to better record keeping when using Computerised Accounting system. The above data shows that the majority are in support of the Computerised accounting system which aid to better record keeping as supported by Cosmin (2015)

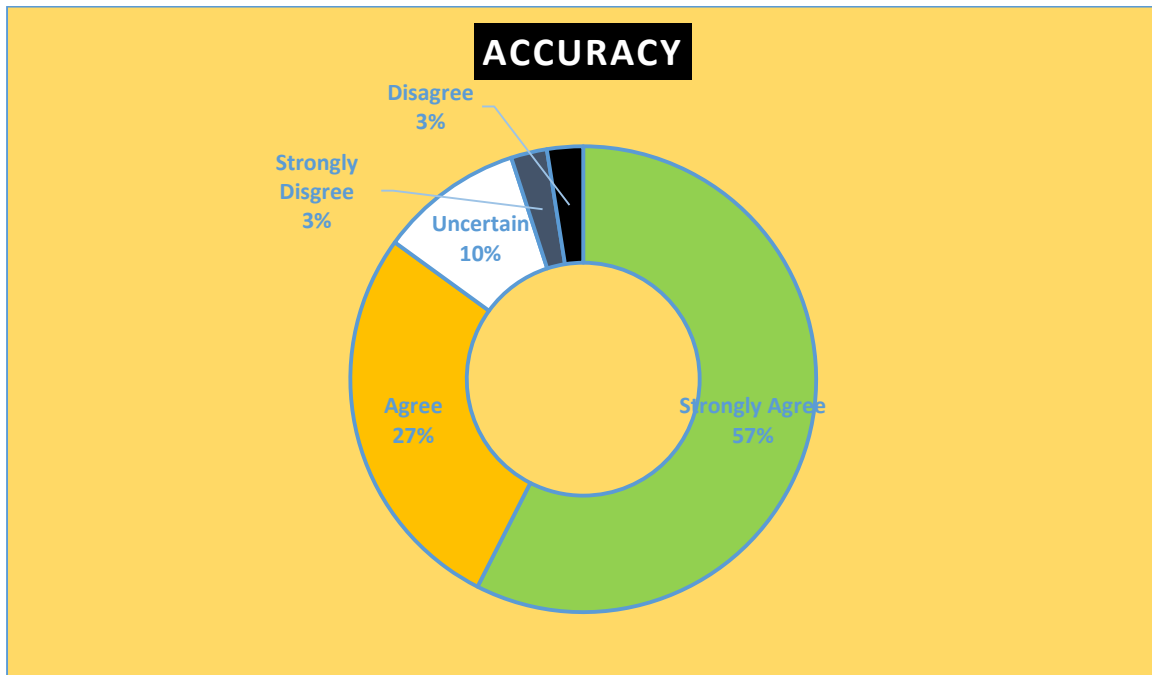




**Fig 4.9 Time and Cost Saving**

*Source: primary data*

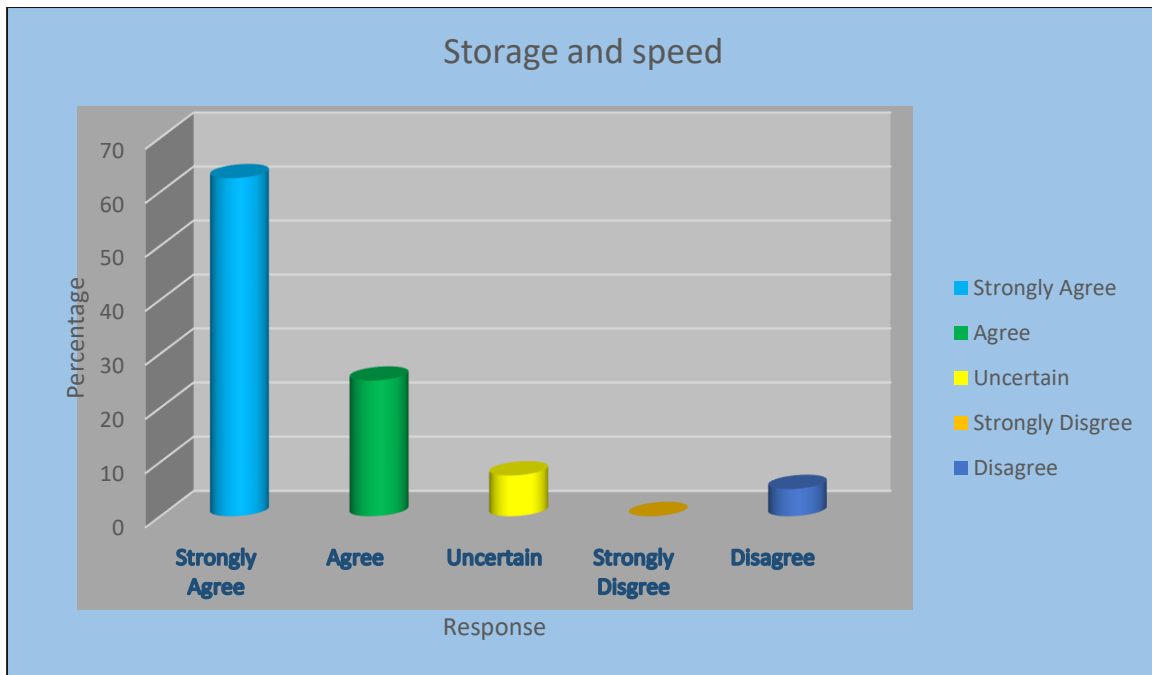
The above data show a graph that depicts what the majority of respondent's view about time and cost saving when using Computerised accounting system. 42.5% of the respondents strongly agree that by using computerised accounting system the company tend to be cost efficient and it saves management time when in the preparations of financial reports. 32.5% agrees that the use of computerised accounting system aids to time and cost saving, while 17,5 where uncertain of the outcome advantage of time and cost saving that computerised accounting system will contribute to the organisation. 2.5% strongly disagree that the use of C.A.S is time and cost saving. 5% of the population strongly disagree that Computerised accounting system brought timeliness and cost saving in the preparations of financial reports. The majority of population are in support of the time saving and cost saving the C.A.S has contributed to the company. Anuel (2017) supported the view that computerised accounting system saves time and cost in the preparations of financial reports.



**Fig 4.10 Accuracy**

*Source: primary data*

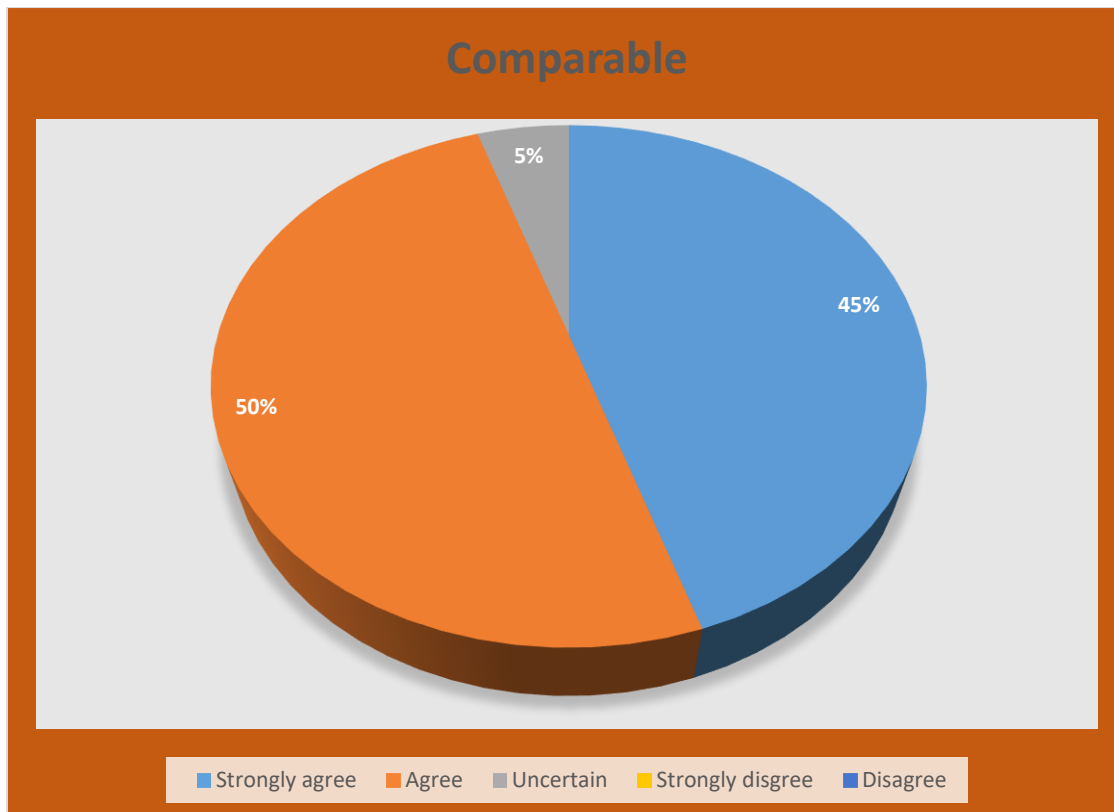
The above figure show accuracy as one of the major advantages of computerised accounting system. The above Pie chart show that 57% strongly agrees that Computerised accounting system produce accurate financial report. 27% of the respondents supports the idea that C.A.S produces accurate financial reports. 10 % of the respondents were uncertain if computerised accounting system aid to accuracy in the preparation of financial reports 3% strongly disagree and 3% disagree that C.A.S contributes to the accuracy of financial reports.



**Fig 4.11 Storage and Speed**

*Source: primary data*

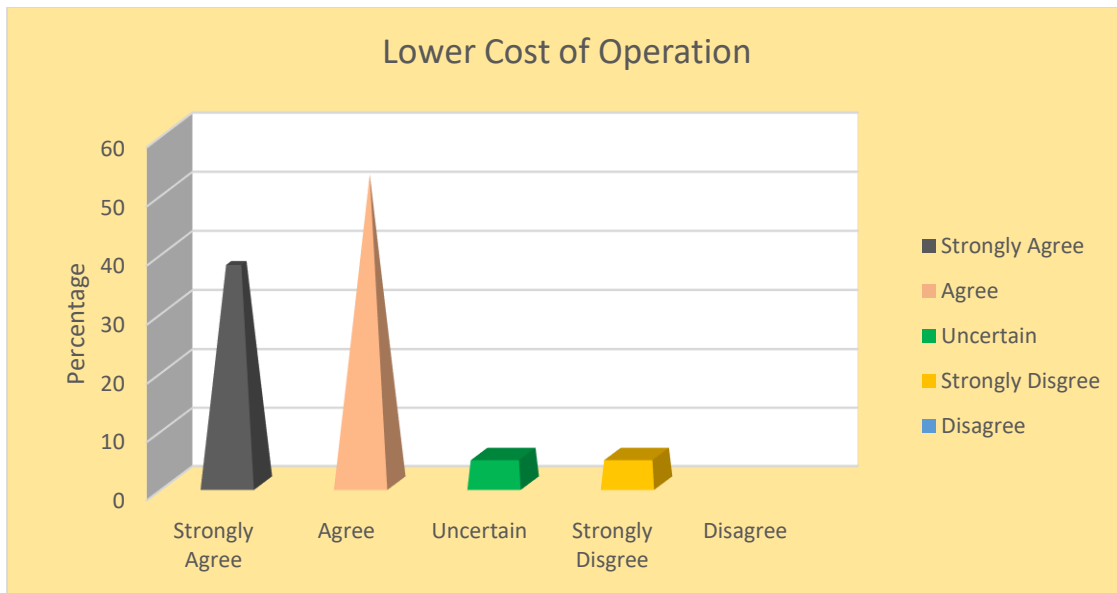
The figure above show the responses given by the respondents about how Computerised accounting system contribute to the storage of data and the speed of retaining the data. 62.5% of the population strongly support that C.A.S aid to easy storage and ease of retaining data in the preparation of financial reports. 25% agrees that it's fast to retain data using computerised accounting system and it's easy to retain it for use in the preparation of financial statements. Only 7.5% of the population were uncertain of the contribution of computerised accounting in aiding speeding and ease of storage. 5% of the population strongly disagree that C.A.S was the contributing factor of speed and easy storage of data used in the preparation of financial statements.



**Fig 4.12 Comparable**

*Source: primary data*

The fig above show the respondents view about the financial reports produced by computerised accounting system in terms of comparability. 50% of the respondents strongly supported that the financial statements produced by computerised accounting system are comparable while 45% of the population agrees that the financial statements produced by C.A.S are comparable.5% of the respondents were uncertain to the comparability of financial statements produced by computerised accounting.



**Fig 4.13 Lower Cost of Operation**

*Source: primary data*

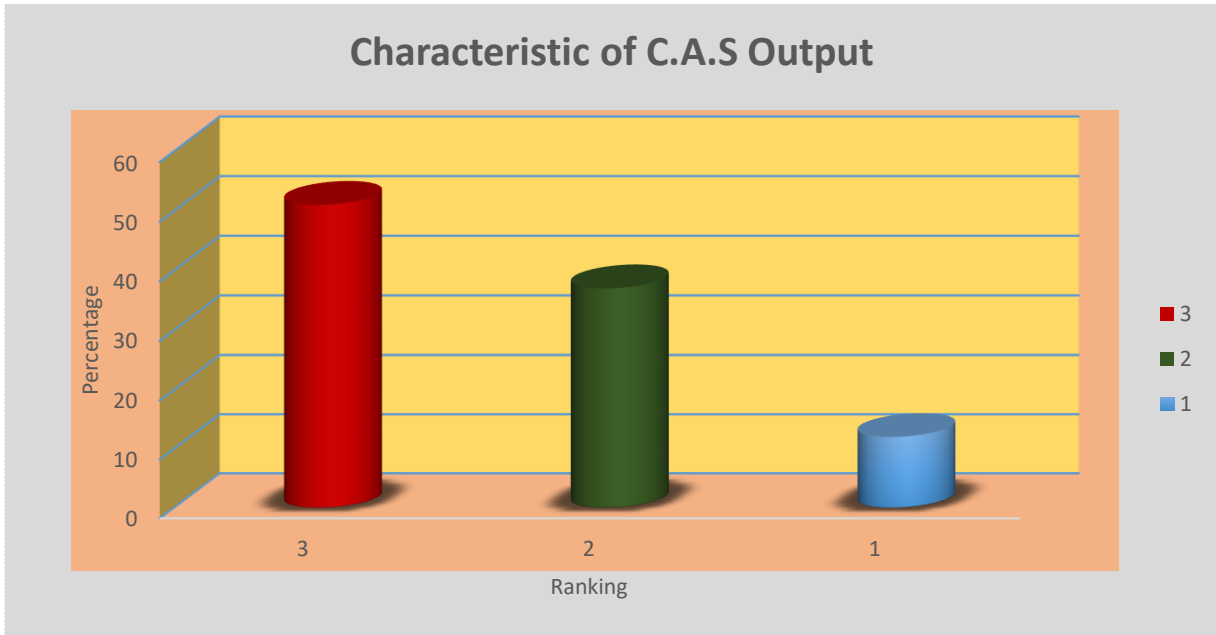
The above stacked bars shows the how the respondents view computerised accounting system in lowering the cost of operations .37.5% of the population strongly supported that C.A.S lowers the cost of operation in the preparation of financial reports.52.5% agrees to the view that computerised accounting system reduces the cost of operations . Only 5% were uncertain of the reduction of operational cost when using C.A.S and 5% strongly disagree that computerised accounting system reduces the cost of operation.

**4.9 The following are the characteristic of financial reports produced by C.A. S. Rank these characteristic from #3 to #1 (3 being the highest 2 medium ranking and 1 lowest ranking)**

**Table 4.9**

Characteristic of C.A.S output	Ranking			Total
	3	2	1	
<b>Relevance</b>	22	11	7	40
<b>Faithful Representation</b>	17	19	4	40
<b>Verifiability</b>	20	17	3	40
<b>Timeliness</b>	23	15	3	40
<b>Understandable</b>	24	9	7	40
<b>Comparability</b>	16	18	6	40
<b>Total</b>	122	89	30	240

<b>Total as %</b>	51	37	12	100
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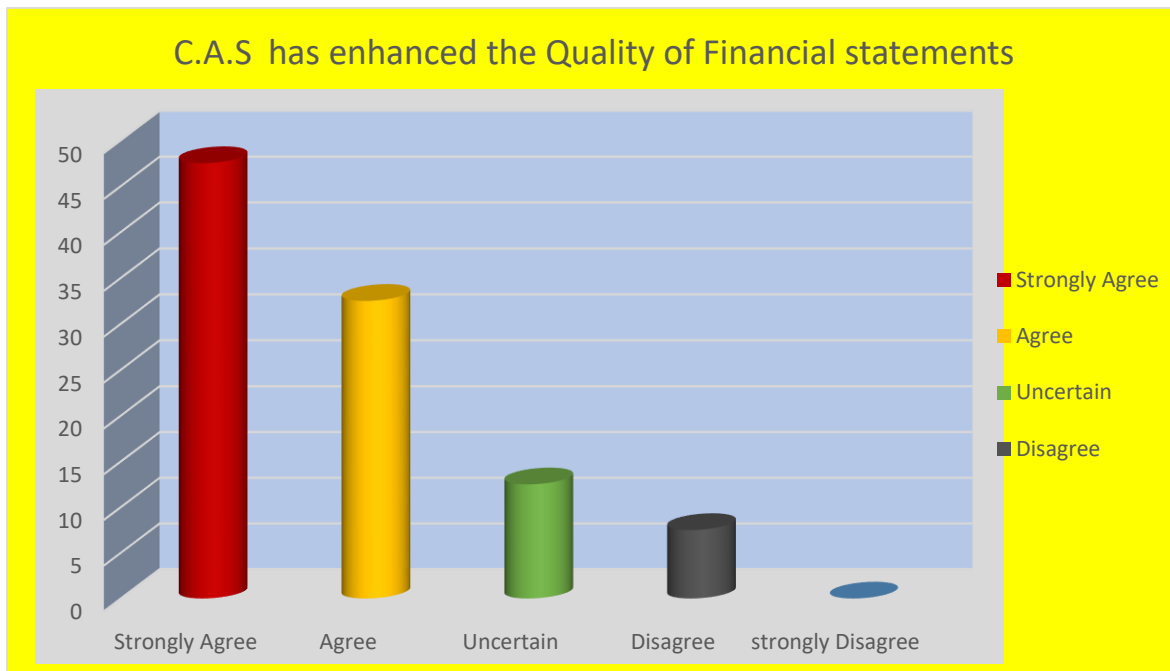
**Fig 4.14 Characteristics of Financial Reports produced by Computerised Accounting System**

The fig above 4.14 show the characteristics of financial reports produced by computerised accounting system. 51% of the respondent ticked three which is the highest of the ranking they were agreeing that the following characteristics of financial reports are produced by computerised Accounting System. The majority of the respondents was agreeing because ever since the introduction of computerised accounting system at ZRDCWU the financial reports produced were characterised by relevance, faithful representation, verifiability, timeliness, understandable and comparability and this according to Pretorius et al (2015) maximise completeness, neutrality and free from error. 37% ticked 2 as the medium ranking. This is because it was noted computerised accounting system does not produce the characteristics of financial reports one hundred percent. However 12% of the respondents ticked 1 being the lowest ranking hence this respondents were disagreeing to larger extent that computerised accounting system produces the above characteristics of financial reporting. This is because this respondents believed that the manual way of accounting was the best.

**4.10 Showing whether C.A.S has enhanced the quality of financial Statements at Z.R.D.C.W.U**

**Table 4.10**

Quality	Response	Response as %
Strongly Agree	19	47.5
Agree	13	32.5
Uncertain	5	12.5
Disagree	3	7.5
Strongly Disagree	0	0
<b>Total</b>	<b>40</b>	<b>100</b>



**Figure 4.15 the Quality of Financial Statement by C.A.S**

The table and fig above shows that 47.5% of the respondents strongly agree that computerised accounting system has enhanced the quality of financial statements while 32.5% agree that C.A.S has enhanced the quality of financial statements. 12.5% of the population were uncertain of the quality of financial statements produced by C.A.S. 5 % of the population disagreed that computerised accounting system has enhanced the quality of financial reports. The majority of the population supported that case has enhanced the quality of financial statements this is because ever since the introduction of computerised accounting system at ZRDCWU the

number of errors in the financial report was minimised. Computerised accounting system means they will be accessibility and faster transformation of information stored in computers hence financial reports can easily be accessed through online system without delay and timely decision making (Kwarijuka 2010).

#### **4.11 C.A.S is an effective means of keeping proper accounting records**

**Table 4.11**

Response	Number of Respondents	As a %
Agree	<b>36</b>	<b>90</b>
Not sure	<b>4</b>	<b>10</b>
Do not agree	<b>0</b>	<b>0</b>
Total	<b>40</b>	<b>100</b>

The above table show the number of respondents the that agrees that computerised accounting systems is an effective means of keeping proper accounting records. 90% of the population agree that it is an effective way of keeping proper accounting record.

According to the respondents they cited that computerised accounting systems ensures efficient performance in accounting record because it aids Computerised accounting make sure accuracy in accounting records and statements. Mbelwa (2015) says that it also prevents errors and omission in records .Deusidedit (2015) added that Computerised accounting reduces monotony of doing repetitive work. Reporting- computerised accounting system can produce invoice, credit notes, purchases order and other documents more quickly. More reports are automatically updated and instantly available

#### **4.12 The nature of the computerised accounting system used at ZRDCWU and the advantages.**

The respondents state that they use Accrual basis of accounting when recording transaction. They have stated the following as advantage of accrual basis of accounting: It provides an accurate picture of overall cash flow for the organisation stating that organisation transaction occur over a period of several months and therefore several accounting periods. The respondents supported accrual accounting basis stating that it reflects income and expenses generated in one month can carry over into the next month even longer. Accrual basis allows for easy planning since it allows the organisation to account for all expenses and revenue within



the right period, giving the organisation time to create budgets for expenses and revenue generation Hamel (2016). The respondents state that it improves the organisation decision making process.

## **INTERVIEW GUIDE**

The researcher interviewed three respondents, which include the Secretary General, vice Secretary General and the Accountant. The purpose of the interviews was to ensure a thorough investigation of the problem under study supported by the questionnaire. These were done to acquire more knowledge on the area of study and to check validity and reliability of data given in questionnaire. On the three interviews schedule all were successful

### **4.13 The impact of using Computerised accounting system on financial reporting.**

The Accountant highlighted financial reports generated by computerised accounting system conform to some of the quality attributes of good financial information. Computerised accounting system reduces the number of errors in the preparation of financial reports. C.A.S put everything in place, debtors' ledger, creditors' ledger. Banks statements and previous financial records etc., which make it easy to compile when preparing financial statements. Errors can be traceable to source document in the system.

Computerised accounting system stores all the data in one place, which make it easy to retain data easily and fast. Computerised accounting system have led to the reduction in the cost of operation as all the work can be done by the designated people without necessarily delegating some small task to subordinates .This is because once every department has entered the information on the computer system all other authorised members can have access to information that has been uploaded .

When every user departments has uploaded information on the computer system it can be easily be traced to the user personnel. This increases accuracy as user will be afraid of that the information they have uploaded can be easily pointed out to them.

### **4.14 The qualities of financial reports produced by computerised accounting system.**

The Accountant highlighted financial reports generated by computerised accounting system conform to some of the quality attributes of good financial information and reports, which are

relevance, faithful representation, comparability, understand ability, verifiability and timeliness.

He goes on to say that financial statements produced using C.A.S can be easily compared from one year to another. The information will be readily available in the system as compared to manual some of the documents were some of the can be missing and some misplaced making it difficult to compare with other years. Information produce using computerised accounting system is easier to compare with other business in the same industry since the system being used conform to certain automated standard.

Information in the system can be verified easily, usually verifiability and faithful representation works hand in hand since the information as it assures the stakeholders that information represents the organisation

However He highlighted that the information that Computerised accounting system produced, have to be accurate ,free from errors and also have been entered with qualified people who adhere higher standards of ethics in order to produced high quality financial statements. Computerised accounting system operates on cabbage in cabbage out. The use of computerised accounting system produces quality financial reports given that the management have been trained to use the system.

#### **4.15 The causes of failure to produce financial statements in time.**

All of the three interviewee pointed out that the failure to produce financial statements in time is caused by lack of expertise of how to use the system as a major reason for late financial reporting, which led to errors. In trying to find and correct the errors, that's where the delay is coming from.

The Chief accountant mentioned that lack of employee morale due to economic situation which led to sit-ins and strikes the by delaying the preparation and compilation of financial reports. Salaries are eroded every day that makes it difficult for employees to turn up for work leading to raw financial information being piled up.

The Secretary General also mentioned that lack of supervision led from the management and those with supervisory rolls led to late presentation of financial statements. He state that subordinates normally work when the top management supervise them.

#### **4.16 The benefits of and challenges of using Computerised accounting. How does this benefits and challenges affect the presentation of financial statements?**

The Accountant highlighted that the use of computerised accounting system have led to the reduction of operational cost. He stated that some task were observed to be unnecessary doing them manually for they were expensive. He also stated that the use of computerised accounting system lead to increased functionality and easy access since all the data would be in one place.

The Accountant goes on to say the use of computerised accounting system have led to easy generation of financial reports. He highlighted that through regular intervals of updating the system with transactions will make it easy for the presentation of financial statements. He stated that once all the information is in place financial reports can be easily be prepared

The Accountant stated that they faced data entry error challenges .He stated that it is difficult to trace were the error occurred which also increases the time taken in the presentation of financial statements.

#### **4.17 Chapter Summary**

The study shows the used of computerised accounting system have led the presentation of quality financial reports and timely presentation of financial statements, The study shows that the use computerised accounting system can lead to presentation of financial statements in time but due to other factors . Such as lack, supervision and training have led to late financial reports. Data presentation was done with excel, spreadsheet, simple graphs and tables and pie charts. Chapter five, which is the next chapter that will include the summary of the research study, recommendations and conclusion about the research, study.



## **CHAPTER V**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter summarise the report by providing a meta-view of the research, the findings, the recommendation and the conclusions reached and suggestions for the identification for future study. All conclusions and recommendation are based on the findings summarised in chapter 4.

#### **5.1 Chapter Summary**

This researcher carried a study on the impact of computerised Accounting System at Zimbabwe Rural District Council. Loss of records, weak data integrity, and untimely reports was closely related to manual accounting system. The findings of this study were used as basis of coming up with conclusion and possible solutions to deal with the problems arising from the accounting system.

The literature relating to manual accounting and computerised accounting which the researcher thought to be closely related to the problem under study was extensively and intensively reviewed. Literature review shown that untimely reports were due to manual accounting system. Literature also gave an insight of other drawbacks faced by poor accounting system. The research method relating to this study was sufficiently discussed and strength and weakness were noted. The researcher presented and analysed the researched data in graphs, pie charts and tables.

The major findings were that Computerised Accounting was easier to use than manual accounting. Computerised Accounting System provides timely information for decision making at ZRDCWU. The benefits of computerised accounting system exceeds the challenges. Computerised Accounting system has enhanced the quality of financial statements and also it has minimised the number of errors in financial reports and efficient services to the organisation. Computerised Accounting system is an effective means of keeping proper accounting records.

## **5.2 Conclusion**

The findings of this study as shown in chapter 4 revealed that manual accounting system at ZRDCWU is not sound and effective. Manual accounting is more difficulty to use than the Computerised accounting system because more effort is needed in recording and capturing of data and also there is lot of paperwork when using manual accounting. Computerised accounting System have got many benefits compared to manual accounting as Computerised accounting system aids to better record keeping, cost saving, accuracy, speed ,and lower cost of operation. The characteristics of financial reports are produced by computerised accounting system hence the financial reports produced by computerised accounting system are understandable, relevance, verifiable and comparable. Computerised Accounting system has enhanced the quality of financial statements at ZRDCWU as the number of errors in the financial statements has been minimised since the introduction of Computerised Accounting System. Computerised Accounting system have showed that it is an effective way of keeping proper accounting records because it the system ensures efficient performance in accounting record because of accuracy in accounting records.

## **5.2Recommendations**

They should be training of employees to make them well versed with the new changing of C.A.S.it may be helpful to give more training to the staff to enable them to improve in using all modules in the accounting package they may choose to adopt. Staff also may need training which is consistence with the dealers of accounting software which are authorised. This is to enable staff to get used to new version and updates of the accounting package.

## **5.3Area of Future Studies**

The researcher recommends that the area of further study should be on impact of Accounting Information System on decision making process of an organisation.

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**APPENDIX A**  
**QUESTIONNAIRE**  
**BINDURA UNIVERSITY OF SCIENCE AND**  
**EDUCATION**  
**FACULTY OF COMMERCE**



Dear sir / madam

I am a final year student at Bindura University of Science Education currently studying Bachelor of Commerce (Honours) Degree in Accounting. I am carrying out a research on **THE IMPACT OF COMPUTERISED ACCOUNTING SYSTEM ON FINANCIAL REPORTING AT YOUR ORGANISATION. I am seeking approval to carry out the research on your organisation.** Information collected will be treated with confidentiality.

Thank you for your co-operation

Yours faithful

B1647317

## QUESTIONNAIRE TO ZRDCWU NON-MANAGERIAL MEMBERS

**Please tick in the box provided**

### Section A

1 Your age falls under which category?

Age	Tick
Below 30 years	
31 to 40 Years	
41 to 60 Years	
Above 60 Years	

2 Are you male or female?

Sex	Tick
Male	
Female	

3 Which position do you hold?

Head of department	[ ]
System administrator	[ ]
Accountant	[ ]
Accounts Clerk	[ ]
Chief Clerical officer	[ ]
Clerical officer	[ ]
Debtors Clerk	[ ]
Creditors Clerk	[ ]

4 Please tick your highest qualification

Qualification	Tick
“O” Level	
“A” level	
Diploma	
Degree	
Masters	

5 How long have you been working at Zimbabwe Rural District Council Workers Union  
 1-5 years [ ] 6-10 years [ ] 11-15 years [ ] 16-20 years [ ] 21 years and above [ ]

6 Computerised Accounting System is easier to use than manual  
 YES [ ] No [ ]

7 Showing whether Computerised accounting system provides timely information for decision-making at Zimbabwe Rural district Council workers union (Please tick)

	Response
Completely agree	[ ]
Mostly agree	[ ]
Slightly agree	[ ]
Slightly disagree	[ ]
Mostly disagree	[ ]
Completely disagree	[ ]

8 The following are advantages of Computerised Accounting System in Financial Reporting.

<b>Advantage</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly disagree</b>
a) Better record keeping					
b) Time and cost saving					
c) organisation accuracy					
d) Storage and speed					
e) compatibility					
f) Lower cost of operations					

9 The following are characteristics of financial reports presented by a Computerised Accounting System and financial reporting. Rank these characteristics whether they presented using Computerised Accounting **System** (3-highest to 1- lowest)

<b>Characteristics of CAS output</b>	<b>3</b>	<b>2</b>	<b>1</b>
a) Relevance			
b) Faithful Representation			
c) Verifiability			
d) Timeliness			
e) Understandable			
f) Comparable			

10 Showing whether Computerised Accounting System has enhanced the quality of financial reports at Z.R.D.C.W.U (Please tick)

Quality	Responses
Strongly Agree	[   ]
Agree	[   ]
Uncertain	[   ]
Disagree	[   ]
Strongly disagree	[   ]

11 Computerised Accounting is an effective means of keeping proper accounting records?

Agree [   ]

Not Sure [   ]

Do not agree [   ]

12 If [Agree] give reason.

.....

.....

.....

.....

.....

13 What is the nature of the computerised accounting system used at ZRDCWU? What are the advantages?

Accrual basis accounting [   ]

Cash basis accounting [   ]

.....

.....

.....

.....

## APPENDIX B



### Interview Guide

- 1 What is the impact of using Computerised Accounting System in Financial Reporting?
- 2 What are the Qualities of Financial Reports created by Computerised Accounting System?
- 3 What are the causes of failure to present financial statement in time?
- 4 What are the benefits and challenges of using computerised Accounting System? How does this benefits and challenges affect the presentation of financial statements?