

ACCOUNTING SYSTEM IN PUBLIC AND PRIVATE FIRMS (A FOCUS AT NIGERIA STOCK EXCHANGE (NSE) AND GMO GROUP OF COMPANIES ONITSHA)

EMEKA OBIORA PETER
Department of Accountancy
Chukwuemeka Odimegwu Ojukwu
University Igbariam
Obiorapeters919@gmail.com
+2348037395101

Abstract

The status of a firm, irrespective of form, at any point in time depends on the adequacy of the accounting system initiated by the management. This research was carried out to examine the accounting system existing in the public and private enterprises in Anambra State with GMO group of companies Onitsha and Nigeria Stock Exchange (NSE) Awka as study points. The research work highlighted the importance of accounting system. The study tools employed include questionnaires and oral interview addressed to accounting officials of both enterprises. In analyzing the data collected percentages was used. Karl Pearson's correlation co-efficient was used to also test the formulated hypothesis. Findings of the analysis showed that these two enterprises strive to maintain sound accounting system though they highlighted the problems encountered in their effort to do so, some of these problems include: lack of accounting staff, improper documentation of such documents, large volume of transaction, delay in correlating other return. From the findings the following recommendations were made: that there should be training program for accounting staff through service, workshops, seminars is essential etc to make them better equipped to meet with the challenges of the job organization with large volumes of transactions (EDP system) computerized accounting system should be employed so as to enable them meet the demands of the job and increased efficiency.

Key words; Management, Accounting System, Public and Private Enterprises and Documentation

Introduction

Most games have their score keepers, business is not an exception and in the words of Okolo 1980. "The life-blood of an organization, however small is money". This is so whether the organization is a profit oriented organization or not or even a charitable organization with the use of money, the need for financial records arises.

Accounting serves as a financial record of an organizations activities expressed quantitatively as money spent or money received from various activities. The accounting department tallies all expenses, income, changes in ownership and property bought or sold in a company. It is the firms score keeper. The basic unit for all accounting is the transaction.

Each transaction the company makes is recorded and this helps it to identify what its revenue and expenses have been for a specific period of time. The company's share holders be it public or private company are consistently questioning the financial performance of the company particularly its profitability, since accounting information is needed by owners of the business for evaluation, the organization relies on its accounting department for information that will show a true and fair view of the financial position of the organization and help management in its day-to-day decision making.

As a result of this and coupled with the need to establish a standard accounting system in the organization, there is need to x-ray the accounting system of the enterprises to see whether the accounting officers or managers are in line with the rudiments of accounting system with a view to providing valuable information to the users.

This includes the equipment, procedures and devices used to process financial data to produce feedback in the form of statements and reports necessary for management control. The basic elements that make up the accounting system are;

- a. The function or the activities which shows the manner in which books of account prepared are organized.
- b. The people that make up the enterprise.
- c. The machines through which tasks are carried out.
- d. The network of papers, records and reports collected, assembled and transmits information.

Statement of the Problem

As a result of the growing need for genuine and reliable information, for national economic decisions, internal control and management decision. There arises the need for the establishment and enforcement of accounting and auditing standards for the preparation of financial statements.

Notwithstanding, one cannot expect to find a totally uniform standards where financial statements are being prepared from different accounting basis. Management are permitted to adopt and consistently follow any accounting policies and systems which are suitable as to present fairly its organization's financial position. As a result of difference in the volume of transaction of both public and private enterprises their accounting system may differ though the ultimate goal is to present a true and fair view of the financial report and also present a reliable information for organizational and economic decision.

Research questions

- a. To what extent does Nigeria Stock Exchange maintain good and effective accounting system?
- b. Is the computerized accounting system more reliable and effective than the manual accounting system?
- c. What are the problems associated with the use of computerized accounting system and manual accounting system?

Research Hypotheses

The following hypothesis are formulated; (based on H_0)

- a. H_0 : GMO does not maintain a good and effective accounting system.
- b. H_0 : Computerized accounting system is not more reliable than the manual accounting system.
- c. H_0 : Computerized Accounting system does not have advantage over manual accounting system.

The Concept of Accounting System

Accounting system as a concept have been discussed as a system designed to record the accounting transaction and events of a business and as the account for them in a way that complies with its polices and procedures. A lot of professionals have expressed their views on the subject, these views expressed by differed authors vary in scope.

Reynold Sanders and Hillman (1954) described accounting system as the combination of accounting records and procedures designed for an entity. A sound accounting system therefore is a set of records, equipments procedures and the internal control designed to produce a reliable adequate accounting information which is tailored to the special needs of an enterprise.

The basic goal and objective of a good accounting system is tailored to meet data needs of users of accounting information. A well designed and properly utilized accounting system makes positive contribution to the firm's growth and as the firm optimizes the operations, the economy also improves. A good accounting system must provide effective and efficient flow of information for the preparation of accurate and useful accounting records.

According to Ola (1999) appropriate accounting system provides management with up to date information. A similar view was expressed by Baston 1980 as he emphasized, "A proper record should therefore be kept so that at any required moment, reference could be made to records to find effects of each transaction and the combined effects of all transactions".

Horgen (1982) in his words states that accounting systems are set of records, procedures and requirements that routinely deal with events effecting financial performance and position of the entity. He is more concerned with the more occurring event which he categorized into four (4) namely; cash disbursement, cash receipt, purchase of goods and services, production, selling and administrative expenses. To his opinion, accounting system feeds management with information for routine decision making.

Black, Champion, Brown (1961) in their own angle came out with the view that accounting is an orderly and efficient scheme for providing accurate financial information and control.

They went on to identify five (5) ingredients of accounting system as follows;

1. Basic business documents such as cheques and sales tickets which serves either to get things done or report what has been done.
2. Journals in which the effects of transactions on assets and equities are analyzed in terms of debit and credit.
3. Ledgers which show the result of transactions as summarized according to each assets or equity effected.
4. The financial reports on how the enterprises faired for that period.
5. The procedure for preparing these records and reports.

The entire flow of communication employed by a business organization to provide for its information need are therefore referred to as accounting system. All the above are rightly pointing to the importance of accounting system to an organization. Thus, in the view of the writer, for what system stands it is essential for the survival of every enterprise.

Importance of Maintaining Adequate Accounting, System in an Organization

The business environment of a firm is a basis for determining the extent of sophistication or simplicity of accounting system. Each business makes a choice of its information need and this gives insight in the decision that best suits it. In the word of Reynolds Sanders, Hillman (1984) "Accounting records and procedures should meet the need of the individual business organization/firm." They went further to state thus setting up a system for collecting and processing data in business and its environment". The importance and benefit of a sound accounting system can be understood in the words of Ola (1979) which states the benefit accruing from maintaining good records enable the businessmen or managers to know when his employees are plundering the business". If there are no good stock records it will be difficult to know when employees are stealing from the business. Poor each accounting is an opportunity for the cashier to be fraudulent. It is only with the aid of accountant records that a business man can know how much finance he requires and how long a businessmen should therefore keep accurate records of his cash position to help him make solid investment decisions. Well designed and well utilized accounting systems are position contributions to organizations and the economy. Accounting allows managers to keep track of the result of business activities. It helps managers to spot problems which can be core Chad if one finds his financial statements are better than those of other forms in the same industry, with the difference. There might be better management. Accounting information is a very important tool for good communication between the firms management and prospective investors, shareholders/lenders, financial analyst suppliers and customers, union officials, government agencies and competitors.

Designing and Installing an Accounting System

Every organization must have a well designed system under which if operates. The success or failure of a design makes it imperative for the management to be careful before deciding which system to operate. An accounting system should contain the following.

- i. Provision of understandable base of measurement of predetermined objectives and standards.
- ii. Ensuring that records produced should serve as a tool for future planning purposes.
- iii. The system should in corporate all the accounting principle and practices and other land down accounting standards.
- iv. It should ensure for honest and dedicated staff and efficient communication channel in the organization.

The result of the above will be the information below;

- a. The extent of work done
- b. The time spend in doing the work
- c. The volume of the work done
- d. The quality of the work done

In the words of Ubogu Festus E. and Ibeziako O. Henry in their book “Computerized Accounting System” Computerized Accounting system is a transformation from manual Accounting system of operation to a computerized system. Traditional manual Accounting method no longer cope with the growth and complexity of Business organization and are being phased out. The explosion in the application of computer to the accounting function means that, an accountant who is not computer literate may have to seek their relevance elsewhere most likely outside the profession.

Computerized accounting system uses the concept of data base. For this purpose, an accounting software is used to implement the computerized accounting system. It does away the necessity to create and maintain journals, ledgers which are the essential part of manual accounting system. According to them, accounting system encompasses the sequence of steps followed in the accounting processes. It is also called “Accounting Circle”. It is a financial process starting with recording business transactions and leading up to the preparation of financial statements.

History of Accounting Systems

The earliest known accounting records were found in the Middle East and date back over, 7,000 years! It was important for early rulers, businesses and individuals to be able to keep track of income and expenditure, whether due to a desire to determine whether a particular activity was profitable, to tax citizens or to impose customs fees.

In the late 1400s, the Italian friar Luca Pacioli earned his accreditation as the father of Accounting for describing the structure of the double-entry book keeping system used by venetian merchants during the Italian Renaissance, which has served as the direct predecessor of modern accounting practices. He is perhaps best known for stating the Golden Rule of Accounting.

Do not go to bed before the debits equal the credits’.

Modern Accounting System

Jumping ahead to 1880, the first accounting machine was invented by a man named Herman Hollerith known as the tabulating machine, it used punch cards to add numbers to a card that could then use to determine the total. Hollent also founded a company that later merged to become a component of IBM.

In the 20th century, developments in computer technology and especially the introduction of the PC meant that it was possible for “ordinary people” to gain access to a definite system. That is an accounting system that does it all. From the first DOS – based accounting systems such as pc plus to today’s internet-based accounting systems such as Debitor, which uses Saas (or cloud computing), all serve as models for the distribution of accounting systems.

Contingency Theory and the Design of Accounting Information System

Contingency theory suggests that an accounting information system should be designed in a flexible manner so as to consider the environment and organizational structure confronting an organization. Accounting information systems also needs to be adopted to the specific decisions being considered in other words, Accounting Information System needs to be designed with an adaptive framework.

Contingency view of accounting information system in the accounting literature was ‘A contingency framework for the Design of Accounting Information System’. Accounting organizations and society (2015) by Lawrence A. Gordon and Darry Miller.

This paper laid out the basic framework for considering accounting information system from a contingency perspective.

The underlying purpose and theory of financial account and reporting is that financial accounting information in the form of financial statements should provide information that is useful for making Business

and Economic decisions, because the purpose of financial accounting is related to making business and economic decisions.

Financial accounting is more of an externally focused process than many business owners realize. The underlying theory that financial reporting should provide useful information for decision making also recognizes that reporting does not exist out of the economic legal political and social environment that the company operates in and where the reporting takes place.

Said differently, underlying theories of accounting recognize that accounting rules must be flexible enough to allow change in the environment changes.

Assumptions of Contingency Theory

- Consistency analysis
- Rationality
- Corporate social performance
- Linearity and monotonicity

Accounting System:

Accounting system may be manual or computerized. The manual system which use special journals to streamline the journalizing and positioning process to sophisticated computer system which maintain accounting system used in companies will be specially failure to the size and information needs of the business.

Types of Accounting System;

Accounting system may be;

1. Manual or
2. Computerized

These are the types of Accounting system which exist.

The Manual Accounting System

Manual accounting system are the traditional forms of maintaining a business financial account and records using a pen/pencil and paper instead of using a computer spread sheets. They involve keeping ledgers and files which typically involve a cashbook, sales and purchase day book and petty cash sheets.

Although the use of basic manual book keeping system require little knowledge or skill in accounting, it is still preferred method of accounting by those who have used them in the past.

Advantages of the Manual Accounting System

- i. Correcting errors
- ii. Data corruption
- iii. Duplicate copies of data

i. Correcting Errors: Correction of errors are easy in manual systems as opposed to computerized ones which can leave messy and complicated audit trails for deleted and charged entries. In the manual system errors are erased and replaced with the correct ones.

ii. Data Corruption: The risks of corrupted data are much less with manual system. There have been cases where months and years with of data have been lost as a result of computerized file corruption. Keeping manual books can avoid this problem, particularly if the records and stored securely in a fire proof environment.

iii. Duplicate copies of the same data or accounting records are generally avoided with traditional book keeping.

Disadvantages of Manual Accounting System

- i. Time
- ii. Routine work
- iii. Manual error

- i. Time:** It takes a lot of time to compute the information because one does not have a computer totaling and categorizing figures, one must do it on his own.
- ii. Routine Work:** Manual accounting can seem much more tedious than computerized accounting, one have to add, double-check ones work and physically write in numbers.
- iii. Manual Error:** When accountants complete tasks manually, the likelihood of error increases substantially it is easy for a human to transpose numbers or more other seemingly minor mistakes that could have far reaching consequences.

The Concept of Computerized Accounting System:

The computerized accounting system is an accounting information system that processes the financial transactions and events as per General Accepted Accounting Principles (GAAP) to produce reports as per user requirements. Every accounting system manual or computerized has two aspects;

- i. It has to work under a set of well defined concepts called accounting principles.
- ii. There is a user-defined framework for maintenance of records and generation of reports.

In a computerized accounting system, the framework of shortage and processing of data is called operated environment that consists of hardware and software in which the accounting system works, and both are independent. The type of software determines the structure of the hardware.

Every computerized accounting system has two basic requirements.

1. **Accounting Framework:** It consists of a set of principles, coding and grouping structure of accounting.
2. **Operating Procedure:** It is a well defined operating procedure blended suitably with the operating environment of the organization.

Advantages of the Computerized Accounting System

1. Speed
2. Accuracy
3. Reliability
4. Up-to-date
5. Legibility
6. Efficiency
7. Quality reports

- 1. Speed:** Accounting data is processed faster by using a computerized Accounting system than it is achieved through manual efforts. It requires less time than human beings in performing a task.
- 2. Accuracy:** The possibility of error is eliminated in a computerized accounting system because the primary accounting data is entered once for all. The subsequent usage and processes in preparing the accounting reports.
- 3. Reliability:** The computer system is well adapted to performing repetitive operation. They are immune to hiredness, boredom or fatigue. As a result computers are highly reliable compared to human beings.

4. **Up-to-date Information:** The Accounting records, in a computerized accounting system are updated automatically as and when accounting data is entered and stored. The cost account purchase account and also the final accounts grading, profit and loss account, reflect the impact immediately.

Limitations of a Computerized Accounting System

1. Cost of training
2. Staff opposition
3. Disruption
4. System failure
5. Breach of security
6. Ill-effect on health

How to Replace Manual Accounting Systems with Electronic Systems:

Setting up an electronic accounting system to match a current manual system has three major advantages. An electronic system offers potential reductions in calculating errors, increased ease of reporting data in useful formats, and improved safety and permanency of stored data. The advantages of matching the two systems over creating a new one is that your employees already know the procedure for identifying their entries.

Obtain Software: Form a group of your personnel responsible for implementing the current accounting system. Also include people who use the reports proceeded. Review the current system and identify problem areas that can be corrected in the new system you can hire programmers to write software to your specifications, but this is often more costly than buying a generic software program and requires time for debugging programming errors. Off the-staff software is designed to fit a variety of company systems and may not fit yours precisely.

Install New System: Determine how much older data from the manual system must be entered to make electronic system produce accurate document. This may require entering system and entering more after the change is implemented. Hiring a temp data entry person can speed this task, set a data and switch to the new system.

Administration of the Instruments

50 (fifty) copies of the questionnaire were delivered by the researcher to the group used for the study and only 45 copies were returned (representing 90%) to the researcher. 5 questionnaires were not returned.

The mortality rate will be thus

$$\frac{5}{50} \times \frac{100}{1} = 10\%$$

A total number of fifty (50) questionnaires were distributed and forty-five (45) of them were returned. Thus representing a response rate of ninety (90%) percent.

This chapter is divided into two sections. Section A which contains analysis of the personal data of the respondents and section B contains analysis of responses to research questions asked by the researcher.

The data collected are to be presented, analyzed and interpreted to ensure quantitative and qualitative result.

Table .1
Questionnaire Administered

| | | |
|--------------------------------------|----|------|
| Number of questionnaire administered | 50 | 100% |
|--------------------------------------|----|------|

| | | |
|---------------------------------------|----|-----|
| Number of questionnaires returned | 45 | 90% |
| Number of questionnaires not returned | 5 | 10% |

Source: Field Survey 2017

From the above table, out of 50 questionnaires administered, 45 representing 90% were returned while the remaining 5 representing 10% were not returned.

Table .2

Distribution according to gender of respondents

| Gender | Number of Respondents | Percentage (%) |
|--------------|-----------------------|----------------|
| Male | 26 | 57.8% |
| Female | 19 | 42.2% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table shown above, a number of 26 respondents representing 57.8% were males while the other 19 representing 42.2% are females.

Table .3

Distribution according to educational qualification

| Qualification | Number of Respondents | Percentage (%) |
|---------------|-----------------------|----------------|
| B.Sc | 3 | 6.7% |
| M.Sc | 15 | 33.3% |
| Ph.D | 5 | 11.1% |
| ICAN | 8 | 17.8% |
| Others | 14 | 31.1% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the above table, 3 respondents representing 6.7% has a B.Sc qualification, 15 respondents representing 33.3% has M.Sc qualification, 5 respondents representing 11.1% has Ph.D qualification, 8 respondents representing 17.8% has ICAN qualification and 14 respondents representing 31.1% has other qualifications. This shows that the respondents are well qualified to give answers to the questions posed by the researcher.

Table .4

Distribution according to working experience of respondents

| Range of Years | Number of Respondents | Percentage (%) |
|--------------------|-----------------------|----------------|
| 0 – 5 Years | 18 | 40% |
| 6 – 10 Years | 12 | 26.7% |
| 1 – 15 Years | 9 | 20% |
| 1 – 20 Years | 4 | 8.9% |
| 20 Years and above | 2 | 4.4% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, 18 respondents representing 40% has served for 0 – 5 years, 12 respondents representing 26.7% has served for 6 – 10 years, 9 respondents representing 20% has

served for 1 – 15 years 4 respondents representing 8.9% has served for 16 – 20 years and 2 respondents representing 4.4% has served for 20 years and above.

Table .5
Distribution according to marital status

| Marital Status | Number of Respondents | Percentage (%) |
|----------------|-----------------------|----------------|
| Single | 18 | 40% |
| Married | 27 | 60% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the above table, a number of 18 respondents representing 40% are single while the remaining 27 respondents representing 60% are married.

Data Analysis

Question 6

Do you maintain accounting record for your business?

Table .1

Response on whether the organizations maintain accounting records

| Opinion | Number of Respondents | Percentage (%) |
|--------------|-----------------------|----------------|
| Yes | 42 | 93.3% |
| No | 3 | 6.7% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 93.3% of the respondents are of the opinion that their organization maintain accounting record for their business while 6.7% of the respondents did not agree with that.

Question 7

Does your company still operate the manual accounting system?

Table .2

Response on whether the company still operate a manual accounting system

| Opinion | Number of Respondents | Percentage (%) |
|--------------|-----------------------|----------------|
| Yes | 21 | 46.7% |
| No | 24 | 53.3% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 46.7% of the respondents are of the opinion that the company still operate a manual accounting system while 53.3% of the respondents do not agree with that.

Question 8

Do you practice the double entry system of book keeping?

Table .3

Response on whether the organization practice the double entry system of book keeping

| Opinion | Number of Respondents | Percentage (%) |
|----------------|------------------------------|-----------------------|
| Yes | 21 | 46.7% |
| No | 24 | 53.3% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 46.7% of the respondents are of the opinion that the organization practice the double entry system of book keeping while 53.3% do not agree with that.

Question 9

Did your company start with the manual accounting system?

Table 4

Response on whether the organization started operations with the manual accounting system

| Opinion | Number of Respondents | Percentage (%) |
|----------------|------------------------------|-----------------------|
| Yes | 43 | 95.6% |
| No | 2 | 4.4% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 95.6% of the respondents are of the opinion that the organization started with the manual accounting system while 4.4% of the respondents do not agree with that.

Question 10

Is receipt issued for every transaction made?

Table .5

Response on whether receipt is issued for every transaction made

| Opinion | Number of Respondents | Percentage (%) |
|----------------|------------------------------|-----------------------|
| Yes | 40 | 88.9% |
| No | 5 | 11.1% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 88.9% of the respondents agree that receipt is issued for every transaction made while 11.1% did not agree to that.

Question 11

Does the person authorizing payment equally make payment?

Table .6

Response on whether the person authorizing payment equally make payments

| Opinion | Number of Respondents | Percentage (%) |
|----------------|------------------------------|-----------------------|
| Yes | 38 | 84.4% |
| No | 7 | 15.6% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 84.4% of the respondents are of the opinion that the person authorizing payment also makes payment while 15.6% of the respondents did not agree to that.

Question 12

Does external auditor audit your books?

Table .7

Response on whether external auditors audit the books of the company

| Opinion | Number of Respondents | Percentage (%) |
|----------------|------------------------------|-----------------------|
| Yes | 2 | 51.11% |
| No | 22 | 48.89% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 51.11% of the respondents agreed that external auditors audit their book while 98.89% of the respondent did not agree with that.

Question 13

Does your company operate the computerized accounting system?

Table .8

Response on whether the company operate the computerized accounting system

| Opinion | Number of Respondents | Percentage (%) |
|----------------|------------------------------|-----------------------|
| Yes | 34 | 75.6% |
| No | 11 | 24.4% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 75.6% of the respondents agreed that the company operates a computerized accounting system while 24.4% of the respondent did not agree to that.

Question 14

Do you think that computerized accounting system is more reliable and effective than the manual accounting system?

Table .9

Response on whether computerized accounting system is more effective and reliable than the manual accounting system.

| Opinion | Number of Respondents | Percentage (%) |
|----------------|------------------------------|-----------------------|
| Yes | 32 | 71.1% |
| No | 13 | 28.9% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 71.1% of the respondents agreed that computerized accounting system is more effective and reliable than the manual accounting system while 28.9% of the respondents did not agree.

Question 15

Does the computerized accounting system have an advantage over manual accounting system?

Table .10

Response on whether the computerized accounting system has an advantage over the manual accounting system

| Opinion | Number of Respondents | Percentage (%) |
|--------------|-----------------------|----------------|
| Yes | 34 | 75.6% |
| No | 11 | 24.4% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 75.6% of the respondents agree that computerized accounting system has an advantage over the manual accounting system while 24.4% of the respondents did not agree with that.

Question 16

Do you think the public and private enterprise operate similar accounting system?

Table .11

Response on whether the public and private enterprise operate accounting system

| Opinion | Number of Respondents | Percentage (%) |
|--------------|-----------------------|----------------|
| Yes | 31 | 68.9% |
| No | 14 | 31.1% |
| Total | 45 | 100% |

Source: Field Survey 2017

Analysis:

From the table above, it is shown that 68.9% of the respondents agree that private and public enterprise operate similar accounting system, while 31.1% of the respondents do not agree with that.

Hypothesis 1

H₀: The company does not maintain a good and effective accounting system.

H₁: The company maintains a good and effective accounting system.

$$r = \frac{N(\sum xy) - (\sum x)(\sum y)}{(N\sum x^2 - (\sum x)^2)(N\sum y^2 - \sum (y)^2)}$$

Using table 1

Let Yes and No be represented by x under which Yes equals 2 and No equals 1.

Let y represents the feedback from the respondents where Yes = 42

No = 3

| X | Y | X ² | Y ² | XY |
|---|----|----------------|----------------|----|
| 2 | 42 | 4 | 1764 | 84 |
| 1 | 3 | 1 | 9 | 3 |
| 3 | 45 | 5 | 1773 | 87 |

$$r = \frac{N(\sum xy) - (\sum x)(\sum y)}{(N\sum x^2 - (\sum x)^2)(N\sum y^2 - \sum (y)^2)}$$

$$r = \frac{2(87) - (3)(45)}{}$$

$$r = \frac{(2 \times 5) - 3^2}{(10 - 9) - (3546 - 2025)} \frac{(2 \times 1773) - 45^2}{1 \times 1521}$$

$$r = \frac{174 - 135}{(10 - 9) - (3546 - 2025)}$$

$$r = \frac{39}{1 \times 1521}$$

$$r = \frac{39}{1521}$$

$$r = \frac{39}{39}$$

$$r = +1$$

Decision Rule:

The alternative hypothesis will be accepted while the null hypothesis will be rejected.

Hypothesis 2

H₀: Computerized accounting system is not reliable and effective more than the manual accounting system.

H₁: Computerized accounting system is more reliable and effective than the manual accounting system.

$$r = \frac{N(\sum xy) - (\sum x)(\sum y)}{(N\sum x^2 - (\sum x)^2)(N\sum y^2 - \sum (y)^2)}$$

Using table 9

Let Yes and No be represented by x under which Yes equals 2 and No equals 1.

Let y represents the feedback from the respondents where Yes = 32

No = 13

| X | Y | X ² | Y ² | XY |
|---|----|----------------|----------------|----|
| 2 | 32 | 4 | 1024 | 64 |
| 1 | 13 | 1 | 169 | 13 |
| 3 | 45 | 5 | 1193 | 17 |

$$r = \frac{N(\sum xy) - (\sum x)(\sum y)}{(N\sum x^2 - (\sum x)^2)(N\sum y^2 - \sum (y)^2)}$$

$$r = \frac{2(77) - (3)(45)}{(2 \times 5) - 3^2} \frac{(2 \times 1193) - 45^2}{(10 - 9) - (2386 - 2025)}$$

$$r = \frac{154 - 135}{(10 - 9) - (2386 - 2025)}$$

$$r = \frac{19}{361}$$

$$r = \frac{19}{19}$$

$$r = +1$$

Decision Rule:

The alternative hypothesis will be accepted while the null hypothesis will be rejected.

Hypothesis 3

H₀: Computerized accounting system has no advantage over manual accounting system.

H₁: Computerized accounting system has an advantage over manual accounting system.

$$r = \frac{N(\sum xy) - (\sum x)(\sum y)}{(N\sum x^2 - (\sum x)^2)(N\sum y^2 - \sum (y)^2)}$$

Using table 10

Let Yes and No be represented by x under which Yes equals 2 and No equals 1.

Let y represents the feedback from the respondents where Yes = 34

No = 11

| X | Y | X ² | Y ² | XY |
|---|----|----------------|----------------|----|
| 2 | 34 | 4 | 1156 | 68 |
| 1 | 11 | 1 | 121 | 11 |
| 3 | 45 | 5 | 1277 | 79 |

$$r = \frac{N(\sum xy) - (\sum x)(\sum y)}{(N\sum x^2 - (\sum x)^2)(N\sum y^2 - \sum (y)^2)}$$

$$r = \frac{2(79) - (3)(45)}{(2 \times 5) - 3^2)(2 \times 1277) - 45^2}$$

$$r = \frac{158 - 135}{(10 - 9) - (2554 - 2025)}$$

$$r = \frac{23}{1 \times 529}$$

$$r = \frac{23}{529}$$

$$r = \frac{23}{23}$$

$$r = +1$$

Decision Rule:

The alternative hypothesis will be accepted while the null hypothesis will be rejected.

Discussions on Findings

The procedure used in this study was through the use of questionnaire and simple percentage. The researcher distributed 50 copies of questionnaires to the staff of GMO group of companies and NSE. A number of 45 questionnaires were returned after distribution.

After analyzing the response gotten from the respondents and testing for the research hypothesis stated, the following findings were made;

Whether the Company Maintains a Good and Effective Accounting System

Among the questionnaires distributed to the staff of GMO group of Companies Onitsha and NSE and on the first hypothesis, 42 respondents from the companies are of the view that the company maintains a good and effective Accounting system.

The hypothesis was tested using Karl Pearson's correlation co-efficient formular and the decision taken was to accept the alternate hypothesis and reject the null hypothesis because the final answer was +1 which implies that the two variables has a direct co-efficient.

Whether Computerized Accounting System is More Reliable and Effective than the Manual Accounting System

Among the questionnaires distributed, and on the second hypothesis, 32 respondents from the companies are of the view that computerized accounting to more reliable and effective than the manual according system.

The hypothesis was tested using the Karl Pearson's correlation co-efficient formular and the decision taken was to accept the alternative hypothesis and reject the null hypothesis because the final answer was +1 which implies that the two variables has a direct co-efficient.

Whether Computerized Accounting System Have an Advantage Over the Manual Accounting System

From the test of hypothesis 3, 34 respondents are of the opinion that computerized accounting system have an advantage over the manual accounting system while 11 respondents did not agree to this.

In the test of hypothesis 3, the decision taken was to accept the alternate hypothesis and reject the null hypothesis because the final answer was +1 which implies that the two variables have a direct co-efficient.

Conclusion

Proper and sound accounting system in an organization is a powerful and indispensable because it facilitates decision making. In any organization, its role in the proper and smooth running of a business cannot be over emphasized.

The private enterprise keep good accounting system because this has much to contribute to efficiency and increase in profit and resultant business growth. The public enterprise equally strive to maintain good accounting system but lack of commitment on the part of the staff hinders its rational and soundness of any decision taken by an entrepreneur and his ability to know the status of his firm at any point as per; adequacy, completeness and soundness of the accounting system installed. The system cannot otherwise be controlled or can assets be safeguarded if accounting system is not isolated.

Recommendations

Based on the problems of the public and private enterprise. In an attempt to maintain sound accounting system, the researcher made the following recommendations:

There should be training of accounting staff through training, workshops, seminars so as to expose them to the rudiments of accounting system.

For organization with large volume of transactions, the researcher recommends that the computerized accounting system should be employed so as to enable them to meet up with the demand of the job and also to increase efficiency and proper storage of information.

Machines should be provided to help the manual system in easing the job of accounting staff and also to accomplish the job at a specific time.

Proper documentation of some documents is very necessary since this is where accounting really starts.

References

Akanbi, T.O. (2004). *The Cost and Benefits of Computerizing in Banking*, Lagos, Landmark Publisher Ltd.

- Akpala, A. (Prof.) (1990). *Management: An Introduction and Nigeria Perspective*; Enugu; Providence Press (Nig.) Ltd.
- Barish N. (2010). *Systems Analysis for Effective Administration* New York, Funk and Wagnols.
- Chimezie Uche (2010). *Accounting System in the Eastern State of Nigeria*, B.Sc Project, University of Port-Harcourt.
- Chorafor, D.N. (2000). *Computer Literally at the top Management of the Banking Industry in Nigeria*, Lagos, Landmark Publishers Ltd.
- Ejiofor P. (2011). *Foundation of Business Administration*, Onitsha, African Publisher Ltd.
- Faimade, O. (2005). *Computer Appreciation Course Manual*, Lagos, Camcom Nig. Ltd.
- Financial Accounting Standards Board (FASB) (1978). *Financial Accounting in Non Business Organization*, a Report Prepared by Anthony, R.N. Stanford. Corn. Pp. 253-78.
- Gilbert, O. (2014). *The Use of Accounting System Information in Enterprises*. 2nd Edition, London Macmillan.
- Glautier Underdown (2016). *Usefulness of the Imposition of Accounting System Standeadards in Public Enterprise*. Australian Journal of Public Administration, Vol. xxxix, No. 1, March.
- Hargreaves J. (2010). *Computer and Changing World London*, Hutchinson Publisher Ltd.
- Hawkins, C.J. and Pearce, D.W. (2004). **Capital Investment Appraisal**, Macmillan.
- Millichamp, A.H. (1990). *Auditing*; 5th Edition. London: DP Publication Ltd.
- Mohan Bhatia (2002). *Auditing in a Computerized Environment*. New Delhi, Tata McGraw Hill Publisher Ltd.
- Okoye Nnenna (2012). *Accounting System in Public and Private Companies* B.Sc Project.
- Okezie B.N. (1999). *Fundamental of International Accounting*. Owerri, Bon. Publishers.
- Reynolds Sanders (2012). *Accounting System as the Combination of Accounting Records and Procedures*. Nigeria. Oxford University Press.
- Rohit Khar (2015). *Computerized Accounting System*, Indian, New Delhi. Random Publisher.
- Vantendeloo and Vanstraelen (2015). *Introduction of Accounting Theories in Business Establishments*, 2nd Edition, London: Macmillan.