

**ASSESSMENT OF ACCOUNTING SYSTEM ON ETHIOPIAN ELECTRIC
POWER CORPORATION (A CASE STUDY AT HOSANNA BRANCH)**



COLLEGE OF BUSINESS AND ECONOMICS

DEPARTEMENT OF ACCOUNTING AND FINANCE

**A RESEARCH PAPER SUBMITTED TO DEPARTMENT OF
ACCOUNTING AND FINANCE FOR PARTIAL FULFILLMENT OF
REQUIREMENT IN HEAD OF (BA) DEGREE IN ACCOUNTING AND
FINANCE**

Prepared By: Belay Moges

Advisor: Mahlet Dera (BA)

WOLKITE, ETHIOPIA

JUNE, 2019

ABSTRACT

This study aims to assess the accounting system in Ethiopian electric power corporation in the case of Hosanna branch by studying the financial recording and reporting of accounting systems in the organization. Although few studies were conducted on accounting system the aim of this study is to close the gap in literature and add some more knowledge in this area. The research design is descriptive type. This paper used primary sources of data in order to gather the required information. Primary data were collected through questionnaire distribution to employees. These collected data were processed, analyzed and interpreted by using tables, percentage; recommendation and conclusion were forwarded based on the identified problem. The major problems there is skill gap on the use of accounting system between different levels of management, problems of confusion between the employees and delay in message. To overcome the identified problem a constructive recommendation made Ethiopian electric power corporation in the Hosanna branch should check the information spreading process in the organization in order to minimize the skill gap, provide training and technical support to the employees.

Key Words: Accounting system, financial report, policy and procedures.

ACKNOWLEDGEMENTS

First of all, I praise the name of Almighty God who gave me power and patience in every Endeavour of my life.

I would like also to extend my deep indebtedness to my advisor Mr. Mahlet Dera for her valuable comments, encouragements and guidance at various stage of the study.

I would also like to convey my sincere thanks to my family, specially my father and brother for their unconditional love and prayers encouraged me throughout my study in Wolkite University.

Last but not the least, my special thanks goes to my friends and for those who helped me in any form of assistance.

Table of Contents

ABSTRACT.....	i
ACKNOWLEDGEMENTS.....	ii
Table of Contents.....	iii
List of Table.....	v
Acronyms.....	vi
Chapter one.....	1
1.1 Background of the study.....	1
1.2 Statement of the problem.....	1
1.3 Objective of the study.....	3
1.3.1 General objective of the study.....	3
1.3.2 Specific objective of the study.....	3
1.4 significance of the study.....	3
1.5 Scope of the study.....	4
1.6 Limitations of the study.....	4
1.7 Organization of the research.....	4
CHAPTER TWO.....	5
2. LITERATURE REVIEW.....	5
2.1. Theoretical review.....	5
2.1.1 Definition of accounting system.....	5
2.1.2 Accounting system maintaining financial records.....	7
2.2 Purpose of the Accounting System.....	7
2.3 Role/Functions of accounting system.....	8
2.4 Policy and procedure.....	9
2.5 Types of Accounting System.....	10
2.5.1 Manual Accounting System.....	10
2.5.2 Computerized Accounting System.....	11
2.6 Difference between Computerized and Manual Accounting System.....	11
2.7 Methods for Computerization in Accounting.....	11
2.7.1 Cash – Basis Accounting.....	12

2.7.2 Accrual – Basis Accounting.....	12
2.8 Empirical Review.....	12
2.9 Research gap.....	13
3. RESEARCH METHODOLOGY.....	14
3.1 INTRODUCTION.....	14
3.2 Description of Study area.....	14
3.3 Research design.....	14
3.4 Target population.....	14
3.5 Research approaches.....	14
3.6 Source and type of data.....	15
3.7 Methods of Data collection.....	15
3.8 Methods of data analysis and presentation.....	15
4. DATA PRESENTATION AND ANALYSIS.....	16
INTRODUCTION.....	16
4.1 Background of respondents.....	16
4.1.1 The age of respondent.....	16
4.2.2 Work Experience of Employees.....	17
4.1.2 Educational level of respondents.....	17
4.2 Research questionnaire analysis.....	18
4.2.1. Accounting systems of the organization.....	18
4.2.2 Depreciation expense of the organization.....	20
4.2.3 Accounting cycle of the organization.....	22
4.2.4 The internal control system of the organization.....	23
4.2.5. Fair market value to assigning the fixed asset.....	25
5.1 Summary of Findings.....	27
5.2 Conclusions.....	29
5.3 Recommendation.....	30
REFERENCE.....	32
APPENDIXES: APPENDIX I: Questionnaire.....	34

List of Table

Table 4.1. age of respondent	16
Table4. 2. work experience of respondents	17
Table4. 3: Educational background of respondents	17
Table 4.4. what types of accounting system your organization used.....	18
Table 4.5. How often are financial reports prepared	19
Table 4. 6. Is there any relationship between the accounting system and your organization chart of account the computerized accounting system in the electric power.....	20
Table4. 7 . Does the company use only one method of depreciation for different purpose (i.e. for income tax purpose and financial reporting purpose).....	20
Table 4.8 Does the organization include depreciation expense in profit and loss statement?.....	21
Table4. 9. Does the company use accounting cycle	22
Table 4.10 Does the organization effective in using accounting cycle.....	22
Table 4.11 Does the company use an adequate accounting system and does it have clear and written accounting policies and procedure with related of the system	
Table 4.12 Does the Company deploys effective and efficient accounting records in the system to control activities in the accounting system	24
Table 4.13 Does the organization follow to international financial reporting standard (IFRS) ...	25

Acronyms

EEPco -Ethiopian Electric Power Corporation

GAAP -General accepted accounting principle

IFRS -international financial reporting standard

Chapter one

Introduction

1.1 Background of the study

An accounting system is the system use to manage the business transaction of any company records of income, expenses, and other financial activities of a business and it allows a business to keep track of all types of financial transactions, including purchases (expenses), sales (invoices and income), liabilities (funding, accounts payable), etc. and is capable of generating comprehensive the decision-making process (sunder, 2002).

The main use of accounting system produce financial reports to provide information about the financial position, financial performance and changes in financial position of a company that is useful to a wide range of users in making economic decisions. These financial statements are usually directed towards the common information needs of these users and as a result, it serves as their major source of financial information. Users of these financial statements include shareholders, prospective investors, employees, customers and government. The act of communicating financial information to these users is known as financial reporting. Financial Reporting can be defined as the process of presenting financial data about a company's financial position, the company's operating performance, and its flow of funds (Rose & Hudgins, 2008).

The accounting system should accommodate a variety of users and changing informational needs. The system should be sufficiently flexible to meet the resulting changes in the demands made up on it. Therefore, if the accounting system is cost effective, provide useful output, and has the flexibility to meet future needs, it can be provides a valuable service and major contribution to both individual and organizational goals.

1.2 Statement of the problem

Everything in the universe is changed through time. Similarly, the EEPCo of in case of hosanna branch will be made growth since its establishment. A long with this resulting change there would be increase in business transaction and some other changes. To handle this change, the EEPCo of has to make its accounting system in line with accounting cycle, generally accepted accounting principle (GAAP), computerize accounting system, internal control system, depreciation method .

In the study of accounting system to the area of accounting and finance, the use of hand in financial reporting will be replaced by the use of computer software's system to enable/facilitate quick reporting and easy processing and storage of financial information, hence due to facilitation of accounting system, preparation and access of financial statements and use of accounting policy and procedures will be made easy by the company. In the current business world, failure to use accounting system software system almost implies that financial information may not be accurate, delays in financial reporting, and that financial information may not be store for a long time. The studies on accounting systems and financial reporting will be in Ethiopian electric power to investigate the importance of accounting system on preparation and presentation of financial reports for the existence of computer-based accounting systems in reporting in the Ethiopian electric power company in case of Hosanna branch.

The problem here is whether the accounting system in the electric power is useful in assessing the financial report of its operation and also whether accounting system enhances qualified professional to support with the related policies and procedure to apply in maintaining good accounting system. Also, a problem to be reviewed in this research is to determine whether the use of accounting system to keep accounting records in organizations.

sajady et al. (2008) the effectiveness of accounting information systems for finance managers of listed companies at Tehran stock exchange were studied. The result showed that implementation of accounting information system at these companies caused the improvement of manager's decision making process, internal controls and quality of financial reports and facilitate the process of the company's transactions.

Onaolapo and Odetayo (2012) study also found that accounting system leads to good financial reports and also lead to better decision making. To reach to this finding, the researchers used purposive sampling technique to select ten personnel from each of the selected companies as a sample for the study. A hypothesis was also formulated and both descriptive and inferential statistical tools were employed to analyze the data. The result does not show any indication that performance of the organization improved.

This study necessitates assessing the accounting system preparation and performance of organization of financial reports, recording of financial transaction and maintains chart of

account for the help of qualified professional and related policies and procedure to apply maintain good accounting system in Ethiopian Electric power in case of Hosanna branch.

Moreover the study has been tried to answer the following some questions

1. Does access to accounting systems helps to enable users for desired use?
2. Does the organization use accounting cycle in order to process the accounting data of the organization?
3. Does the organization use fair market value to assign its fixed assets?
4. What the organization know about the internal control system of the organization?
5. Does the organization record depreciation expense to up to date the financial statement?

1.3 Objective of the study

1.3.1 General objective of the study

Generally, the aim of this study was to assess whether the accounting system of EEPco of in case of hosanna branch line with some of the common accounting practices.

1.3.2 Specific objective of the study

To assess the access to accounting systems helps to enable users for desired use in Ethiopian electric power.

To assess whether there were proper accounting cycle in order to process accounting data.

To assess whether the organization used fair market value to assign its fixed asset.

To know the internal control system of the organization.

To assess the organization record depreciation expenses to up to date the financial statement.

1.4 significance of the study

The study will be expected to provide basic information concerning accounting system problem and it's the impact on the financial statement to the users of accounting system such as a profit organization, nonprofit organization, creditors, suppliers and customers.

It provides an input for the organizations who would like to start using accounting system to improve their organization effectiveness.

This study can also be used as a foundation for other researchers who would like to undertake research on similar and related area of study.

The study gives a clue of measurements to be taken in order to improve the accounting system financial records, financial reports, policy and procedure uses and qualified accountant participation and in addition to this, the study also provides some information regarding the gap exists in the field to be studies.

1.5 Scope of the study

The study focused on the assessment of accounting system on Ethiopia electric power corporation a case study at Hosanna branch. The research would also be focus on the application of accounting system of the organization. The study assessed the area of status of financial administrative decisions, objectives and quality of financial administration.

1.6 Limitations of the study:

There were challenges that affect the fullness of this study. Among these challenges of the study, the major one are, Lack of reference materials such as a book and sample research, Lack of money, Lack of time, lack of real and sufficient information from the employees. Thus, these limiting factors may negatively impact the findings of this study in one or another way.

1.7 Organization of the research

This study was organized in to five consecutive chapters. Chapter one deals with: introduction, back ground of the study, statement of problem, objectives, significance, limitation and scope of the study. The second chapter contains review of theoretical and empirical literature on accounting system, Chapter three deals with research design and methodology of the study which include research design, source and types of date, collections and method of data analysis techniques. The fourth chapter presents result and discussion of the study and finally chapter five stated about the finding, conclusion and recommendation of the study.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Theoretical review

2.1.1 Definition of accounting system

A system is a set of things working together as parts of a mechanism or an interconnecting network; a complex whole and a set of principles or procedures according to which something is done; an organized scheme or method. A system is a collection of elements or components that are organized for a common purpose. A system is a set of interacting or interdependent component parts forming a complex or complicated whole. Every system is delineated by its spatial and temporal boundaries, surrounded and influenced by its environment, described by its structure and purpose and expressed in its functioning. According to, Sunder (2009) Accounting system is not only the oldest but also the most stable of the management disciplines. In spite of its stability and continuity, accounting system has seen major changes during the past century. It would be surprising if a century from now, the accounting system is the same as today.

Accounting system is a set of records, procedures and equipment that routinely deals with the events affecting the financial performance and position of the organization. Although we cannot look so far ahead, we can analyze the current conditions for clues about what to expect in the advancements in information technology have eventually led to the introduction of Computerized Accounting Systems in corporate reporting to help produce relevant and faithful representative financial reports for both management and external users for decision making (Greuning, 2006). The many advantages from the use of these systems have led many to conclude that Computerized Accounting Systems in Corporate Reporting is the “engine of growth” in business organizations (Frenzel, 2006).

Hussey (2005) defines accounting system as the system designed to record the accounting transaction and events of a business and account for them in a way that complies with its policies and procedures. Moreover according to Hartzell (2006), accounting system is a consistent way of organizing, recording, summarizing and reporting financial transactions. The minimum requirements for an accounting system must provide financial information for management to make policy decisions, prepare budgets and grant proposals and provide other. Useful financial

reports and, similar transactions must receive consistent accounting treatment. Ama (2004), defines the accounting system as “a formal system for identifying, measuring, accumulating, analyzing, preparing, interpreting and communicating accounting information about a particular entity to a particular group”. By formal system, we mean that the accounting system carries out its functions with laid down rules, regulations, methods, procedures and techniques. It is also routine and an automatic system. An accounting system as opined by Ama (2003) is a formal mechanism for gathering, organizing and communicating information about organization’s activities. Chionye (2003) defines accounting system as the art of identifying, recording, classifying, measuring and interpreting in a significant manner the financial transaction of an organization for decision making. Summarizing from time to time the information contained in the record, for its significant presentation and interpretation to interested parties as an aid to decision making.

Accounting system is also as a consistent way of organizing, recording, summarizing and reporting financial transactions. In general to the above definition an accounting system can be summarized as mechanism for gathering and communicating data for the ends of assisting and co-coordinating collective decision in view of the overall objective of a firm or an organization. Accounting system by its definition is a financial information system which includes accounting terms, records instruction manuals flow charts programs, and reports to fit the particular needs of the business. Accounting system is a set of records, procedures and equipment that routinely deals with the events affecting the financial performance and position of the organization. Finally, a system is an organized set of manual and computerized accounting methods rules, procedures and controlling ways of established together, record, classify, analyze, summarized interpret and present accurate and timely financial data for management decisions.

2.1.2 Accounting system maintaining financial records

The World Bank (2005), Accounting system created accounting record for each financial transaction. Some are created by the company (e.g. orders for payment or for goods); others are created by entities with which the companies deal (e.g. suppliers' invoices, bank statements). Records must be preserved and classified for easy access because they provide the paper trail on which the accounting system is based. A good record-keeping system facilitates financial accounting and reporting, internal control management and subsequent auditing. Records represent a particularly valuable type of information because they can provide verification and are therefore suitable as legal evidence. When financial management systems are being designed, the maintenance of records, and their computerization are also considered. Finance and audit laws generally require ministries to ensure that financial and accounting records are adequately kept.

2.2 Purpose of the Accounting System

The major purpose of accounting system is to provide useful information to both external users and to the company's managers for making operating decisions. Many transactions result in important financial managerial information. All accounting system is the means by which a company records and stores the financial and managerial information from its transaction so that it can retrieve and report the information in an accounting statement. All companies have accounting system, ranging from the very simple, such as a check book, to the very complex, involving the use of networked computers (Bazley, 2000, P. 66). The basic accounting model provides a frame work for accounting system and is the basis for recording transaction. This model for corporation, called the residual equity theory modes, is usually expressed in an equation (Bazley, P. 66). The way in which management is given the information for the use conducting the affairs of the business and in reporting to owners, creditors and other interested parties is called the accounting system. In general sense, an accounting system includes of the entire network of communications used by a business organization to provide needed information (Fees Warren, 1998, P 225).

An accounting system must be tailored to meet the specific need of each business. Since cost must be incurred in meeting these needs, one of the major considerations in developing an accounting system is cost effectiveness, for instance, although the reports produced by an

accounting system are a valuable end product of the system. The value of the reports produced should be at least equal to the cost of producing them. No matter how detailed or informational a report may be, it should not be produced if it costs more than the benefits received by those who use it. (Fees Warren, P. 225), the accounting system gathers processes and organizes accounting data in order to produce useful financial information. It should reflect company's needs and be designed to provide the financial information required by all interested parties and fulfill all the legal and regulatory requirements of the borrower country. The accounting system was a critical part of the company's financial management system and its design and operation are therefore of great importance. It should: provide information compatible with the agreed accounting standards and be simple and user friendly; be capable of installation and maintenance by industry staff, and be easily understandable by users; provide adequate documentation and audit trails; provide reliable and timely information, including financial management and other reports; and maintain integrity (World Bank, 2012).

2.3 Role/Functions of accounting system

According to Pamel, (2007) a business organization can be seen as a set of contracts among various participants: employees, shareholders, customers, vendors, managers, creditors, auditors, government, among others. Each party in the contract agrees to contribute resources. For example, employees and managers contribute skills, shareholders and creditors contribute capital, vendors provide machinery and materials, and customers provide cash. Each participant demands an inducement at least as large as the opportunity value of his contribution to the organization. For an organization to succeed, its production technology and set of contracts must satisfy each one of its participants. If he can get more elsewhere, he will quit the organization. If enough people quit, the organization collapses. They therefore argued that, accounting system is necessary to assemble, implement, enforce, modify, and maintain the contract set of organization.

Accounting system therefore plays five main functions in an organization. The first requirement of control is to devise a system of measuring the contributions made by each agent. It should also determine the amount of incentive due them, and monitor the distribution of inducements so that each agent receives his due, no more and no less. In addition, accounting system helps compare the contributions made and the incentives received by each participant and distributing this

information. Furthermore, accounting distributes information to various factor markets to keep them liquid and find replacements for participants who leave. Finally, accounting makes some information available in the form of common knowledge or public disclosure to help reduce conflict among participants at the time they re-negotiate their contracts (Hartzell, 2006). In its second function, the accounting system measures, records, and controls the outflow of resources from the organization. Payroll and benefit accounts for employees, shipping to customers, accounts payable to suppliers, and tax accounts measure the out flow of resources to the government (Rao, 2006).

In its third function, the accounting system compares the data on resource inflows and outflows to determine who has fulfilled his contract and to what degree. The accounting system prepares.

In a fourth function, accounting helps assemble and maintain the contract set by finding the appropriate participants in the factor markets for labor, managers, customers, suppliers, and investors among others. All these people must be convinced that participating in such an enterprise is in their own best interests.

Performa financial statements, business plans, and budgets prepared by the organization before the enterprise starts functioning help agents assess the costs and benefits of participating in the proposed enterprise in various roles. When contractual slots fall vacant, they must be filled from the factor markets (Sajady and Dastgir, 2008). Finally, when contract terms expire, they are often re-negotiated under changed circumstances. Agents are tempted to issue threats, to quit their position in the organization if their terms were not revised in their favor. Such bluff and threats sometimes lead to deadlock in negotiations, strikes, and therefore dead weight losses to society. Conclusively, an organization can be seen as a set of contracts or alliances among many people who join them with the expectation of gain. Accounting, therefore, is the mechanism that defines implements, enforces, modifies, and maintains this system of contract.

2.4 Policy and procedure

Louis (2006) Policies and procedures provide the framework within which an organization operates. They define what your organization does and how you do it. Clear policies and procedures support effective decision making and delegation because they provide guidelines on what people can and cannot do what decisions they can make and what activities are appropriate.

The policies and procedures your organization needs will depend on a number of factors such as the type of work you do and the size of your organization. Policies consist of high-level statements of intent about the things a business either wants to do or plans to avoid doing. Policies are statements of principle that guide decision-making and service delivery. In the community and disability services sector, policies are often based on legislation.

Procedures are more detailed instructions about how policies should be carried out by employees. They provide a link between the organization's plans and strategies and day-to-day operations. Protocols are similar to procedures but deal specifically with the agreed ways in which organizations interact on a specific matter. However, it is possible to write procedures that focus on the expected outcome of a task without specifying the means of achieving it if staff members are expected to use their own initiative. Accounting system is "the system designed to record the accounting transactions and events of a business and account for them in a way that complies with its policies and procedures (Owuala, 2001).

2.5 Types of Accounting System

Generally, there are two major types of Accounting System: Manual Accounting system and Computerized Accounting System.

2.5.1 Manual Accounting System

According to Ama (2004), this is a system, which uses special journals to streamline the journalizing and posting procedures. To handle a large volume of transaction rapidly and effectively, it is helpful to group the transactions into classes and to use a specialized journal for each. Recording and posting are made for these journals using the double entry record keeping.

Also according to free online Marian, manual system is a system in which the accountant or the book-keeper is required to post business transactions to the general journal, general ledger and worksheet by hand. This process can be computed by either using actual paper journal and ledger sheets or by creating these sheets in a computer program such as excel it is considered manual because each transactions is entered into the systems individually. Regarding to a manual system, the components of an accounting system include, the frame work for operation of the system, the input source document, the records used to store accounting information, the output reports. (Bagley, 2000, P. 66)

2.5.2 Computerized Accounting System

Ama (2004) defines this system as a system that uses specialized machines called calculators and computer in gathering information. It is technically known as Electronic Data Processing (EDP) Accounting System. A computer – based accounting system processes data in basically the same manner as does a manual system. Transactions are initially recorded manually on source documents, the data from these source documents are then key – punched into punched cards, which can be read by the computer. The computer process the information and performs such routine tasks as printing journals, posting to ledger accounts, determining account balances and printing financial statements and other reports. A computerized accounting system according free online Merriam is system which allows the user to enter the transaction into the program once and all accounts are updates as necessary.

2.6 Difference between Computerized and Manual Accounting System

According to the free online Merriam it has the following differences. Speed: The main difference between manual and computerized system is speed. Accounting software processes data and creates reports much faster than manual system. Calculations are done automatically in software programs, minimizing errors and increasing efficiency. Once data is input you can create reports literally by pressing a button in a computerized system. Cost: Another difference between manual and computerized system is cost. Manual accounting with paper and pencil is much cheaper than a computerized system, which requires a machine and software include training and program maintenance. Expenses can add up fast with cost for printers, paper, ink and other suppliers. Back-up: A third difference between manual and computerized system is the easy of backup of a computerized system. All transactions can be saved and backed up in case of fire or other mishap. You cannot do this with paper records, unless you make copies of all pages – long and inefficient process.

2.7 Methods for Computerization in Accounting

The two main methods of computerization in accounting which dictate how a company's transactions are recorded in the company's financial books are cash basic accounting and accrual basis accounting.

2.7.1 Cash – Basis Accounting

Ama (2003), states that cash basis of accounting revenue is recognized and recorded only when the cash is received. Expenses are recognized in the period when payment is made. Recording of revenue and expenses during an accounting period is based on an inflow and outflow of cash. A matching of cash receipts and cash disbursement is done to determine operating results during the period. This method is simple in application.

Rao (2006) defines cash basis as a basis of accounting by which a transaction is recognized only if cash is received or paid. Cash basis of accounting is suitable for such business organizations which operate for a short-term duration.

2.7.2 Accrual – Basis Accounting

The accrual basis of accounting is based on the principle that all revenue earned during a period and the related incurred expenses of earnings that revenue assignable to the period must be determined. These then are matched against each other to determine net income or net loss. Revenue is recognized at a time of sales of services or merchandise and expenses are usually recognized at the time the service are received and used in the production of revenue. Rao (2006) defines accrual basis as a system of classifying and summarizing transactions into assets, liabilities, capital, cost and resources and recording thereof. A transaction is recognized when either a liability or asset is created or impaired. Whether payment is made or received is immaterial in accrued basis accounting. The following are the essential features of accrual basis: I. Revenue is recognized as it is earned. ii. Costs are matched either against revenues so recognized or against the relevant time period to determine periodic income.

Costs which are not charged to income are carried forward and are kept under continuous review. Any cost that appears to have lost its utility or its power to generate future revenue is written off as a loss.

2.8 Empirical Review

There were studies that were conducted in the area of accounting information system and its impact on decision making, financial performance and organizational effectiveness. According to Hunton (2002) study, which investigated the relationship between automated accounting information system and organizational effectiveness; showed that there was strong relationship

between accounting information system and organizational effectiveness, which means access to accounting information, will lead to organizational effectiveness. Several recent studies on value of accounting information for equity valuation, share price and earnings prediction have queried current financial reporting model in the developed world.

In another research conducted by sajady et al. (2008) the effectiveness of accounting information systems for finance managers of listed companies at Tehran stock exchange were studied. The result showed that implementation of accounting information system at these companies caused the improvement of manager's decision making process, internal controls and quality of financial reports and facilitated the process of the company's transactions.

On the other hand, a study conducted by Onaolapo and Odetayo (2012), this study also found that accounting system leads to good financial reports and also lead to better decision making. To reach to this finding, the researchers used purposive sampling technique to select ten personnel from each of the selected companies as a sample for the study. A hypothesis was also formulated and both descriptive and inferential statistical tools were employed to analyze the data.

2.9 Research gap

The researcher believed that this study fulfilled the gap found between the previous study that searched by different and many researchers with in different times. So the gap exists because of the following reasons:

The range of time, that the previous researcher depends on complex figure in order to represent and analysis the data. Due to this, now days there are many changes in such as technological change and structural change which affects the whole activities of the accounting system. There are some related studies conducted by different researchers in different parts of the world. However, there are limited numbers of studies conducted in accounting system. Generally the researcher believed that the above mentioned literature gap exists can be filled by analyzing the finding of information and by modifying the research one in order to provide a better understanding of the accounting system on financial administration.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 INRODUCTION

The purpose of this chapter was to discuss the method adopted to accomplish the objectives. The chapter was organized as follows. The first section represented research design, asses the accounting system of Ethiopian electric power corporation, data source and collection methods, data analysis and presentation method included in this chapter.

3.2 Description of Study area

The study was conducted in Ethiopian electric power corporation in case of Hosanna branch.

3.3 Research design

According to, Saunders and Philip (2012), Research design is general plan of how to analyze about answering your research questions it would contain clear objectives derived from your research questions specify the sources from which intended to collect data. The researcher had been used descriptive form of research design. Because, Research design is the specification of procedures for collecting and analyzing the data necessary to help solve the problem at hand.

3.4 Target population

Population was the totality of people or object being considered in the use of accounting system in the electric power of hosanna branch. For the purpose of this study, the population size was restricted to the staffs of the electric power of hosanna branch in which use the accounting system in the organization. It includes all employees and management members who were users of the accounting system in the accounting department of electric power in Hosanna branch. The accounting department of permanent management and non-management staff who were working in the Ethiopian Electric power in Hosanna branch. The total number of staff in working in accounting system in the department was 18(eighteen).

3.5 Research approaches

These were quantitative, qualitative and mixed approaches. The reason was that to recognize non-numerical measures for qualitative approach and to show the numerical aspects in quantitative approach (polit and hunger, 1999). This study was used to both qualitative and

quantitative approaches. The sources included questionnaire, the collected quantitative data analyzed using simple descriptive statistics like percentages and table, the qualitative data that gathered from non-numerical measures of data analysis and interpretation from the summary and finding of the collected data to draw conclusion and recommendation.

3.6 Source and type of data

To conduct this study the researcher was used primary sources of the data. Primary data has been collected through by questionnaire from employees of the organization.

3.7 Methods of Data collection

To investigate the objectives of the study primary source of data was used. So to conduct the study primary data has been engaged. The researcher was used questionnaires that contained closed- ended and open ended questions. The open ended used to clarify the answers given by respondent in close - ended questions. The reason for selected questionnaires was used to collect a large amount of data from population and was efficient in time and cost.

3.8 Methods of data analysis and presentation

After collecting the raw data through different mechanisms mentioned above, the collected data has been analyses and interpret in quantitative data and the data collected was processes by editing and coding to eliminate errors. It was then synthesized and analysed using both qualitative and quantitative analytical techniques to draw valid conclusions and tables and percentages was used in the case of the quantitative approach, while descriptions was used in the case of the qualitative analysis. Additionally, Wolcott (1994) cited in Creswell (2003), suggested that qualitative research is fundamentally interpretative i.e. the researcher makes an interpretation of the data. Finally the analyses data would be present in the understandable manner to draw the conclusion and interpretation and forward a recommendation.

CHAPTER FOUR

4. DATA PRESENTATION AND ANALYSIS

INTRODUCTION

This chapter the following contents were included. These are 4.1 Background of respondents, 4.3analysis of research questionnaire and interpretation and finally 4.4 research finding and chapter summary.

4.1 Background of respondents

The analysis of the study was the assessment of accounting system on the financial recording and financial reporting presentation of Electric power organization with primary focus on selected Hosanna branch. As it shown below a total of 18 questionnaires was administered from these questionnaires respondent who retuned were only 15. The background information of respondents was deemed necessary because the ability of the respondents able to give satisfactory information on the study greatly depends on their background. Thus, the background information of respondents was categorized into work experience/ length of service year and education levels in the organization were presented as follow as presented using in descriptive statistics.

4.1.1 The age of respondent

Table 4.1 age of respondent

Age	Frequency	Percent %
>21	1	6.7%
21-30	3	20%
31-50	6	40%
51-65	5	33.3%
Total	15	100%

Source: Primary data.

According to above table most of the respondents, (40%) were in between 31-50, (33.3%) of them were in between 51-65, (20%) respondents were in between 21-30 and the rest (6.7%) are

less than 21 years from the total of 15 respondents, as it indicates that the most the employees in Electric power corporation in case of Hossana branch are dominantly in the age of 31-50.

4.2.2 Work Experience of Employees

The study investigated that the work experience of employees in the electric power corporation of Hossana branch were presented in the table below.

Table4. 2: work experience of respondents

	Frequency	Percent (%)
0-4	8	53.3%
4-7	5	33.3%
>7	2	13.4%
Total	15	100%

Source: Primary data.

The above data in the table shows that a significant number of employees served the organization was 0-4 years (8), followed by 4-7years (5) and>7(2). This information represented 53.3%, 33.3%, and 13.4%, respectively. In general, according to the above table from respondents some of employees of the organization were not served in organization for long period of time, because the only 7 employee was served more than 4years in organization.

4.1.2 Educational level of respondents

Details about the education levels of respondents were obtained and the results were revealed in table below that is very important to understand the accounting system with relate to the new technology and produce financial report.

Table4. 3: Educational background of respondents

	Frequency	Percent (%)
Diploma	5	33.3%
Degree	7	46.7%
Master degree	3	20%
Total	15	100%

Source: Primary data.

The above table shows majority of the employees of the organization in case of Hossana branch were first degree holders followed by diploma, and masters degree in the order 46.7 %, 33.3,% and 20% consecutively. This means that the respondents were adequately qualified professional persons to manage the accounting system operations of the electric power system properly with their first degree holders primarily and followed by diploma and the lastly masters degree in Hossana branch.

4.2 Research questionnaire analysis

This section of the study tried to show the analysis of questionnaire to achieve the objective the study

4.2.1. Accounting systems of the organization.

Table 4.4 what types of accounting system your organization used

	Frequency	Percent (%)
Computerized	4	26.7%
Manual	8	53.3%
Mixed	3	20%
Total	15	100%

Source: Primary data

The above table shows that the organization accounting system was manual on 53.3% representing of respondent (8), 26.7% representing of respondent (4) Said that organization used computerized accounting system and mixed 20% representing of respondent (3) were mixed. In general the organization was used manual accounting system. Because of 53.3% representing of respondent (8), said that the organization was used manual accounting system.

Table 4.5 How often are financial reports prepared?

	Frequency	Percent %
Monthly	4	26.7%
Quarterly	3	20%
Annually	5	33.3%
not prepared	1	6.7%
Other	2	13.3%
Total	15	100%

Source: Primary data.

The above table showed that the preparation of the financial statements was the summarizing stage of accounting (final process of accounting transaction recording) and must be prepared in sequence because the information is needed for the next accounting period in decision making. Accordingly 33.3% representing of respondent (5) said that financial statement prepared annually, 26.7% representing of respondents (4) said that preparation of financial statement is monthly, 20% of the respondent (3) said that preparation of financial statement was quarterly, 6.7% of the respondent (1) said no preparation of financial statement is made and others 13.3% of the responded (2) doesn't known about the preparation of the report. In general the Electrical power Corporation of Hosanna branch used Annual reporting system for preparation of financial statement.

Table 4. 6 Is there any relationship between the accounting system and your organization chart of account the computerized accounting system in the electric power?

	Frequency	Percent (%)
Yes	6	40%
No	9	60%
Total	15	100%

Source: Primary data

The above table showed that the organization accounting system doesn't relationship with the organization chart of account because 60% representing of the respondent (9) said that accounting system doesn't related with the existing organization chart of accounts. The chart of account is a financial key skeleton of any organizational tool that provides a complete listing of every account in an accounting system. From the above most of the respondents (60%) responses that chart of accounts are net relationship with organization computerized accounting system. So the organization doesn't used properly.

4.2.2 Depreciation expense of the organization

Table4. 7 Does the company use only one method of depreciation for different purpose (i.e. for income tax purpose and financial reporting purpose)?

	Frequency	Percent (%)
Yes	11	73.3
No	4	26.7
Total	15	100

Source: Primary data.

The above table indicated that the organization used only one method of depreciation for different purpose. 73.3% representing of respondent (11) said that organization used only one method of depreciation for different purpose. 26.6% representing of respondent (4) responded organization does 'not used only one method of depreciation for different purpose. In generally the organization used only one depreciation method to allocate the cost of plant asset of expenses over the useful life and including depreciation expenses for the determine of income or loss of the organization. Accordingly the organization is used straight line method.

Table 4.8 Does the organization include depreciation expense in profit and loss statement?

	Frequency	Percent (%)
Yes	10	66.7
No	5	33.3
Total	15	100

Source: Primary data.

The above table shows that the included organization depreciation expense in the profit and loss statement because 66.7% representing of respondent (10) were said that a organization include the depreciation expense in the income statement and 33.3 % representing of respondent (5) were said the organization not included depreciation expense in the profit and loss statement. In Generally according to the above table the organization computes the depreciation expenses. This means there is cost principle it is possible to allocate cost of plant asset to expense over its useful life in systematic and rational manner. From above discussion, the organization still followed cost principles to measures its plant asset. At the same time the organization have depreciation method to allocated cost of plant asset to expenses.

4.2.3 Accounting cycle of the organization.

Table4. 9 Does the company use accounting cycle?

	Frequency	Percent (%)
Yes	8	53.3%
No	7	46.7%
Total	15	100%

Source: Primary data.

According to the above table the electrical power corporation of hosanna branch was used the accounting cycle because 53.3% representing of respondent (8) were said that a organization used accounting cycle in accounting system and 46.7 % representing of respondent (7) were said that a organization were not used accounting cycle. In generally the organization used accounting cycle for financial reporting purpose.

Table 4.10 Does the organization effective in using accounting cycle?

	Frequency	Percent (%)
Yes	6	40%
No	9	60%
Total	15	100%

Source: Primary data

The above table shows that the electric power organization accounting system doesn't effective in using accounting cycle because 60% representing of respondent (9) were said that the organization were not effective in using accounting cycle and 40% representing of respondent (6) said that the organization were effective in used accounting cycle. According to the respondents accounting transactions not recorded in timely manner in order to reflect accurately the company's financial position at any point in timely. The organization of Hossana branch was not effective in implementing accounting cycle.

4.2.4 The internal control system of the organization.

A. what types of internal control system your companies use?

According to this question the respondents said that company use different types of internal control system such as segregation of duties, responsibility, Completeness, reconciliation system, Authorization. In the effort to study the organization internal control system the researcher distributed different questionnaires from respondents about the internal control of the company. As it respondents was responded in this internal control of the organization the responsibility of each employee was defined.

B. How is the effectiveness of the internal control system of the company?

According to the investigation undertaken, the organization had some good aspects of system of internal control system. In the effort to study the organization internal control system the researcher was able to respond different information from respondents about the internal control of the organization. As it was respond in this control procedure the responsibility of each employee was defined. For these manifestation the approval and control of documents such as for purchase of different material for electrification purpose, the establishment of petty cash funds was presented. For instance in the case of petty cash fund the petty cashiers place in the fund a pre numbered receipts, signed by the person who received cash. The amount of petty cash on hand and the amount shown on the signed receipts should also was equal to the original amount of the fund. When the amount of cash in the fund is low, the petty cashiers submit the signed receipts and request reimbursement from the general cashiers for all amounts that will increase the cash in the fund to original amount. At the same time, the receipts are canceled so that no one can use them again. Moreover, the organization records increase in those expenses (or other documents) that are documented by the receipts.

Table 4.11 Does the company use an adequate accounting system and does it have clear and written accounting policies and procedure with related of the system?

	Frequency	Percent (%)
Yes	4	26.7%
No	11	73.3%
Total	15	100%

Source: Primary data.

The above table indicated that the organization doesn't have possible accounting system with related clear and written accounting policies and procedure with the system. Because 73.3% representing of respondent (11) said that organization doesn't have accounting system used with related written polices and procedure to give the employees work in the system and others 26.7% representing of respondent (4) responded organization use accounting system with related written policy and procedures. In the respond information; The organization had some written policy and procedures that how to use the accounting system related to the computerized accounting system but it was not more clear and enough to use and it was not distributed to the employees at all levels. Why because it was not contain all of them that necessary to the system related issues and not much enough to use.

Table4.11 Does the Company deploy effective and efficient accounting records in the system to control activities in the accounting system?

	Frequency	Percent %
Yes	3	20%
No	12	80%
Total	15	100%

Source: Primary data

The above table showed that the electric power organization accounting system doesn't deploy effectively and efficiently transaction records system with accounting system in a control activities because 80% representing of respondent (12)said that accounting transaction recording in the system was not control and 20% representing of respondent (3) responded accounting transactions recording are controlled by the system.. The company used different types of

computerized accounting system and these systems were not well integration between each other the systems itself and create problems for balancing of accounts transfer from one to others. This situation misleads quality financial reports presentation in the organization. The accounting system of the organization was not clearly supporting the recording of inventory management, payroll administration and billing transaction process integration with the financial recording that is aggress of the utility in this regard the accounting system were not support properly.

4.2.5. Fair market value to assigning the fixed asset.

Table 4.12 Does the organization follow to international financial reporting standard (IFRS)?

	Frequency	Percent (%)
Yes	2	13.3%
No	13	86.7%
Total	15	100%

Source: Primary data.

According to the above table the electrical power corporation of hosanna branch were not followed the international financial reporting standard (IFRS).because of the representing of 86.7 of respondent (13) were showed the electrical power of hosanna branch was not followed the international financial reporting standard (IFRS) and representing of 13.3 of respondent (2) were said that electrical power of hosanna branch followed the international financial reporting standard (IFRS). In general according to the above table the investigation the electrical power corporation of Hosanna branch does ‘not follow international financial report standard (IFRS).

B. If your answer for question ‘1’ is No, specify?

According to the investigation undertake more respondents said the organization does ‘not follow the international financial reporting standards (IFRS), because the organization still followed general accepted accounting principle (GAAP). The Organization also followed cost basis of accounting employed for valuing planet assets of the organization through historical cost.

C. How does the organization assign fair market value of asset used in the organization operational activity?

According to the respondent the organization was not used the fair market value to assign organization asset. Because the organization not followed the international financial reporting standard (IFRS).Due to such circumstance the organization was followed the generally accepted accounting principle (GAAP). So the organization used historical cost principle for assigning market value of the asset.

CHAPTER FIVE 5

5. Summary of Findings, conclusion and Recommendation

The earlier chapter presented the results and discussion, whereas this chapter deals with the conclusions and recommendations based on the findings of the study. Accordingly, this chapter is organized into three sub-sections. Section 5.1 presents the summary of findings, 5.2 stated about the conclusions and last section 5.3 presents the recommendations in line with findings of the study.

5.1 Summary of Findings

The consequence of accounting system on the financial recording, financial report and financial presentation of Ethiopian Electric power of the Hosanna branch was the study carried out in the research. Hosanna branch of the Ethiopian Electric power formed the focus of this study. The study in consideration of its objectives had some useful findings from the data collected through questionnaire administration.

Based on the outcome of the investigation, a summary of the findings made were as follows:-

Shows that the organization accounting system was used manual accounting system accordingly 53.3% representing of respondent (8), said that the organization was used manual accounting system rather than computerized accounting system or mixed accounting system. 26.7% representing of respondent (4) and mixed 20% representing of respondent (3) were mixed. Accordingly 33.3% representing of respondent (5) said that financial statement prepared annually. Accordingly the respondents (60%) responses implied the organization of chart of accounts wasn't relationship with organization computerized accounting system. So the organization doesn't used properly.

The organization used only one depreciation method to allocate profit and loss by using straight line depreciation method. The organization was still followed cost principles to measures its plant asset. At the same time the organization have allocated depreciation expenses to profit and loss of plant asset as the finding prevailed that around 73.4% implied that straight line depreciation method and 66.7 %implied that profit and loss recovery from the depreciation

expense. From above discussion, the organization still is followed cost principles to measures its plant asset. At the same time the organization have depreciation method to allocated cost of plant asset to expenses.

It was mentioned in earlier discussion the process it reveals that business transaction was based on accounting cycle. Even if the organization followed accounting cycle financial statement cannot also be produced from incomplete accounting records, even this is not practiced in this organization. In fact around 53% entails that the organization followed accounting cycle but their effectiveness is better.

According to respondents said that organization was used different types of internal control system such as segregation of duties, responsibility, Completeness, reconciliation system, Authorization, In the effort to study the organization internal control system the researcher distributed different questionnaires from respondents about the internal control of the organization. The internal control system of the organization has some good aspects. However, still the organization lack good accounting system that go hand in hand with system. Finally Around 73.3% representing of respondent said that organization doesn't have accounting system used with related written polices and procedure to give the employees work in the system and others 26.7% representing of respondent (4) responded organization use accounting system with related written policy and procedures. In the respond information the organization had not some written policy and procedures that related to the computerized accounting system.

The electrical power corporation of hosanna branch were not followed the international financial reporting standard (IFRS). because of the representing of 86.7% of respondents were showed the electrical power of hosanna branch was not followed the international financial reporting standard (IFRS) and representing of 13.3% of respondent (2) were said that electrical power of hosanna branch followed the international financial reporting standard (IFRS). In generally according to the above table the investigation the electrical power corporation of Hosanna branch does 'not follow international financial report standard (IFRS). In general, the organization values the asset fair market value of the asset in accordance with GAAP especially historical cost principle. In other words there was no fair market value evaluation in accordance with IFRS.

5.2 Conclusions

Accounting system has been recognized in most important part of any company as a means of meeting economic growth. For a business to survive, grow and achieve status, it should have a dynamic purpose and efficient accounting system with integrated to computerized accounting system which accounting system is an integrated, computer-based used machine system which allows the user to enter the transaction into the program once and all accounts are updated as necessary.

From the findings of this study the following are therefore made to enhance the financial recording, financial report and financial presentation by the selected company in the financial accounting system operations.

The Electrical power corporation of Hosanna branch was used manual accounting system rather than computer accounting system or mixed system. The Electrical power Corporation of Hosanna branch was used Annual reporting system for preparation of financial statement. Also the charts of accounts are not relationship with organization computerized accounting system. So the organization doesn't used properly.

The organization was used only one depreciation method to allocate profit and loss by using straight line depreciation method and also including depreciation expense in the income and loss statement.

The organization was followed the accounting cycle. Even if the organization followed accounting cycle for financial reporting purpose .But the organization was not used accounting cycle effectively. So the organization was not prepared the financial statement accurately.

The organization was used different types of internal control system such as segregation of duties, responsibility, Completeness, reconciliation system, Authorization. The organization had not some written policy and procedures that how to use the accounting system related to the computerized accounting system but it was not more clear and enough to use and it was not distributed to the employees at all levels. Electric power of Hosanna branch accounting system doesn't deploy effectively and efficiently transaction records system with accounting system in control activities.

The electrical power corporation of hosanna branch were not followed the international financial reporting standard (IFRS). The organization was values the asset by using historical cost rather than fair market value. The asset in accordance with GAAP especially historical cost principle. In other words there was no fair market value evaluation in accordance with IFRS.

5.3 Recommendation

From the findings of this study the following recommendations are therefore made to enhance the financial recording, financial report and financial presentation by the selected company in the financial accounting system operations.

The recommendations are;

Ethiopian electric power Hosanna branch doesn't use properly computerized accounting system but it must be use computerized accounting system as take advantage of the exceptional benefits derived from the adoption of the designed accounting system with relate to computerized accounting system. This will help it to achieve a high and acceptable standard of quality in the financial recording, financial report and the financial report presentation of the electric power organization operations because of computer accounting system more accurate software processes data, creates reports much faster, minimizing errors and increasing efficiency.

The organization was used only one depreciation method to allocate profit and loss by using straight line depreciation method and also including depreciation expense in the income and loss statement. The organization should also assign good depreciation method like double declining, sum of year's digit method rather than using only one depreciation method to allocate the cost of depreciable asset. Under double declining balance methods and sum of the year digit. Provide for a higher depreciation cost in earlier year and lower in later period. The rational is that organization. Should charge more depreciation in earlier years because the asset is most productive in its earlier years. In such away the organization should use one of two decreeing charge methods.

The organization used accounting cycle for financial reporting purpose. The Electrical power corporation of Hosanna branch does not used accounting cycle effectively. The organization should use accounting cycle effectively and supported by computer accounting system use

transactions recorded in timely manner in order to reflect accurately the organization financial position at any point in timely and accurately financial reporting's.

The Electrical power corporation of Hosanna branch didn't give attention to rules and regulation with related accounting system and professional. on the other hand the accounting rules and regulation should aligning with accounting system of the current situation and it should upgrade their information technologies constantly so as to align with the rapidly developing computerized accounting system in the organization need and participation of qualified professionals which operate the system in the near futures benefit of the organization.

The organization was not followed international financial report standard (IFRS) and fair market value to assign their asset rather historical cost principle. The organization should be follow the international financial reporting standard and give attention for IFRS implementation, good internal control with related accounting system and professional. however the accounting should give special attention to IFRS implementation good internal control aligning with accounting system of the current situation and it should upgrade their information technologies constantly so as to align with the rapidly developing computerized accounting system in the organization need and participation of qualified profession who operate the system in the near futures benefit of the organization. To do so the organization should be give development and trading for the employment before implementation of IFRS.

REFERENCE

- Ama, G.A.N. (2003). *Fundamental of Public Sector Accounting and Finance*. Nigeria: Amasons - Publication Ventures.
- Ama, G.A.N, (2004) *Simplified Financial Accounting*. Nigeria: John Jacob's Classic Publishers Ltd.
- Chionye, L.E. (2003) *Fundamentals of Accounting*. Lagos: Bendons and associates Publishers.
- Fees Warren (1998), *Accounting principles*
- Frenzel.A.C.(2006). *Girls and mathematics-a "hopeless" issue? A control value approach to gender differences in emotions towards mathematics*. European journal of Psychology of Education, 22, 497-514.
- Greuning, H. v. (2006) *International Financial Reporting Standards*. A Practical Guide (4th edit oned.) Bank for Reconstruction and Development/World Bank.
- Hunton, J. E. (2002). *Blending information and communication technology with accounting research*, *Accounting Horizons*, 16(1), 55-67.
- Hussy, R. (2003). *Oxford Dictionary of Accounting*, (2nd ed.), London, Oxford University Press. Pp9
- Hussey, R. (2005) *Oxford Dictionary of Accounting*. U.S.A: Oxford University Press.
- Hartzell D. (2006) *Dictionary of Management*. India: Academic Publishers.
- Laudon, D.P. and Laudon, J.P. (2000): *Business Information System: A Problem Solving Approach*, New York, HBJ, College, Publishers.
- Laudon, D.P. and Laudon, J.P. (2001): *Management Information Systems: Organization and Technology in the Network Enterprises*, 4th ed. Prentice Hall International in. U.S
- Rose, P. S. & Hudgins, S.C. (2008). *Bank Management & Financial Series 7th Edition*;
- Sajady, H., Dasthir,, M., & Hashemnejad. (2008). Evaluation of the effectiveness of accounting information systems. *International Journal of Information Science & Technology*, Volume 6.

McGraw Hill/Irwin.Sunder, (2009). Evaluation of the Effectiveness of Accounting Information Systems. International Journal of Information Science & Technology, Vol.6, no 2, December, pp.49-59.

Onaolap A and Odetayo T (2012): Effect of Accounting Information System on Organizational Effectiveness: A case study of selected Construction Companies in Ibadan, Nigeria. American Journal of Business and Management, Vol.1, No.4, 2012.

Sunder, (2002). Of Accounting and Control. Cincinnati, Ohio: Southwestern college publishing.

Saunders and Philip (2012). Research Method for Bigginers Students. England:

polit D.F. Hunger B.P.(1999)Nursing research principles and methods (6thed.)philo alpha,lippincott.

Pearson Education Ltd.Sajady, H. and Dastgir, M.et al,(2008).Evaluation of The Effectiveness Of Accounting Information Systems. International Journal of Information Science & Technology, Vol.6, no 2, December, pp.49-59.

World Bank (2012) financial management and procurement in World Bank operations: operations policy and country services february 29, 2012

World Bank. (2005) review and design of accounting and reporting systems for World Bank financedfebruary2005.

**APPENDIXES: APPENDIX I: Questionnaire
WOLKITE UNIVERSITY**

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

My name is Belay Moges; I wish to seek your assistance, as a participant, with this research project, which is being conducted for partial fulfillment of the requirement of BA degree in accounting and finance. Therefore for the successful accomplishment of the study your response will have a pivotal role by being used as valuable input for the study of research that will be conducted in "The assessment of accounting system in Ethiopia electric power corporation a case study Hosanna branch,"

General Instruction

First and foremost, I would like to thank you for your willingness to fill these questionnaire forms.

All information provided will be used only for the research purpose. You don't have to write your name. I assure that your response will be kept in secret.

Each of your responses is very useful for the study therefore, please go through each question patiently and give a genuine answer.

Fill the blanks and put a tick (✓) sign, where it is necessary for the questions adequately in the space provided.

You can give more than one choice when it is necessary.

A. General background of the employee

1. Sex Male Female

2. Age <21 21-30 31-50 51-65

3. Educational status master's Degree Diploma

Bachelor Degree 12 grade complete

Other, specify _____

4. Work experience 0 - 4 year 4-7 years above 7 years

5. What is your position in the organization?

6. How long do you work at this position?

B. Questions related to the study

A. Does access to accounting systems helps to enable users for desired use?

1. What types of accounting system your company uses?

A. Computerized

B. Manual

c. Mixed

2. Is there any relationship between the accounting system and your organization chart of account the computerized accounting system in the electric utility? Yes No

3. How often are financial reports prepared?

Monthly

Quarterly

Annual

Not prepared

Other

B. Does the organization record depreciation expense to update the financial statement?

1. Does the company use only one method of depreciation for different purpose (i.e. for income tax purpose and financial reporting purpose)? Yes No

2. Does the company include depreciation expense in profit and loss statement? Yes No

C. Does the organization use accounting cycle in order to process the accounting data of the organization?

1. Does the company use accounting cycle? Yes No

2. Does the organization effective in using accounting cycle? Yes No

D. What the organization knows about the internal control system of the organization?

1. What types of internal control system your company use? Justify it.....

.....

2. What is the effectiveness about the internal control system of the company?

3 Does the company use an adequate accounting system and does it have clear and written accounting policies and procedure with related of the system? Yes No

4. Does the Company deploy effective and efficient accounting records in the system to control activities in the accounting system? Yes No

E. Does the organization use fair market value to assign its fixed asset?

1. Does the organization follow to international financial reporting standard, (IFRS)? Yes No

2. If your answer for question "1" is No, specify it.....

3. How does the organization assign fair market value of asset used in the organization operational activity?