
**FINANCIAL REPORTS AND FINANCIAL STABILITY OF AN ORGANIZATION: A CASE OF VISION
AFRICA, KAMPALA**

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Abstract

The study aimed at financial reports and financial stability of an organization with a case of vision Africa, kampala and it was guided by the following objectives; To establish how the quality of financial reports assists Vision Africa - Kampala in ensuring financial stability, to assess how financial reports helped Vision Africa - Kampala in earnings management for financial stability and to determine the extent to which financial reports have assisted Vision Africa Kampala in the realization of corporate governance efficiency for financial stability. The study population included staff from Vision Africa in Kampala Business District. Key informants were also drawn from the Ministry of Education and Sports Rubaga Municipality, Area Local leaders, and some of the beneficiaries. A total of 192 respondents shall form the study population. The findings revealed that 10 (7.7%) strongly disagreed regarding the implementation of relevant aspects of the financial reporting manual and work programmes. 7 (5.3%) disagreed to the assertion, 50 (38%) agreed to the assertion and 63 (48.5%) strongly agreed to the assertion. This finding was in line with the arguments of Scott (210). The findings revealed that internal controls being were performed as required but due to lack of support arising out of some elements of administrative team intervention in financial reporting, more emphasis on the effective performance of the internal control system is needed.

Key words: financial reports, financial stability and organization

Background to the study

This study assessed the role of financial reports in the financial stability of organizations, using a case study of Vision Africa in Kampala (Alex & Kazaara, 2023). Globally, one of important assumptions in decision making process and improvement economy is existence of quality information. Significant number of this information comes from accounting information systems and from financial statements. Financial statements have to provide realistic and objective picture of realistic business condition of certain company (Akankwasa et al., 2022).

In Sub Saharan Africa, decision making on the basis of financial information In order to improve the usage of financial information in the context of the decision making process, we need to analyze financial statements (Gracious, 2023). In the context of the East African Community Member States a critical analyst will observe that financial statement analysis as the process where we convert data from financial statements into usable information for business quality measurement by different analytical techniques (Alex et al., 2023), which are very important in the process of rational management is still ignored to a greater extent (Ramadhan et al., 2023).

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In Vision Africa, the condensed statement of security and efficiency of business is registered by financial ratios. Accordingly, financial ratios can be examined in the context of measuring business quality. Different ratio values define different levels of business quality (Turyatamba et al., 2022). By defining the current business quality rate some significant presumptions are made for the development and existence of the company on the market. In that context we can conclude that financial information can be very useful in estimating the current business quality and creating assumption for more successful business in the future (Ramadhan et al., 2023).

Statement of the Problem

One of important assumptions in decision making process and improvement economy is existence of quality information. Significant number of this information comes from accounting information systems and from financial statements (Racheal, Kazaara, et al., 2023). However, in some organizations, financial statements have failed to effectively provide realistic and objective picture of realistic business condition of certain company, interpreted as management incompetence. In other words, auditing of financial statements is understandable, by which accuracy is ensured (Faridah et al., 2023). In context of consideration of financial statements for Vision Africa as a function of decision making it is important to emphasize that different users must know how to read those statements case ignored due to the technical language used in their compilation (Christopher et al., 2022). Reading contents of financial statements provide whole number of different instruments and analyses procedures for understanding business. A well-established process of management on the basis of the financial statements and financial information is one of the most significant presumptions of the quality business (Winny et al., 2023).

Specific Objectives

- 1) To establish how the quality of financial reports assists Vision Africa - Kampala in ensuring financial stability.
- 2) To assess how financial reports helped Vision Africa - Kampala in earnings management for financial stability.
- 3) To determine the extent to which financial reports have assisted Vision Africa Kampala in the realization of corporate governance efficiency for financial stability.

Methodology

Research Design

The study used a cross-sectional research design as supported by Litze (2007) that the design utilizes different groups of people who differ in terms of interest, but share other characteristics such as socioeconomic status, educational background and ethnicity. Cross-sectional studies are usually conducted to estimate the prevalence of

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the outcome of interest for a given population, commonly for the purposes of socio investigative research (Randall, Schuler and Jackson, 1996). This approach enabled the researcher to obtain a holistic in-depth insight into the role of financial reports in organizational financial stability of Vision Africa Kampala in Kampala Business District

Study Population

The study population included staff from Vision Africa in Kampala Business District. Key informants were also drawn from the Ministry of Education and Sports Rubaga Municipality, Area Local leaders, and some of the beneficiaries. A total of 192 respondents shall form the study population.

Table 1: Study Population

AREA								
Study Population	Vision Africa		MOES - Rubaga		Namungoona Area Local Leaders		Student Beneficiaries	
	M	F	M	F	M	F	M	F
Top management	02	02	02	02	02	02	-	-
Line Managers	02	02	02	02	-	-	-	-
Human Resource	03	02	-	-	-	-	-	-
Inspectorate	-	-	03	03	-	-	-	-
Community	-	-	-	-	15	15	54	77
TOTAL	07	06	07	07	17	17	54	77

Source: Rapid Assessment Survey

Sample Size

The study sample size was about 125 respondents drawn out of the study population. The sample was composed of the respective representation from each of the member groups in the study population. The sample size was determined using purposive sampling, where all the 27 members in Vision Africa (13) and MOES Rubaga Municipality (14) were all taken as Key Informants, while random sampling was applied on the Area Local leaders and the benefitting students using the Krejcie and Morgan (1970) table, there 52 respondents was used as in table 1

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Sample Size determination

Stevenson (2014) noted that a sample size determination is the act of determining the number of observations or replicated to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample. The sample size for this study was about 133 respondents determined basing on the criteria set according to Roscoe's rule of thumb cited in Sekaran (2016), He states that a sample size larger than 30 and less than 500 is appropriate for most research. This is supported by Krejcie and Morgan (1970) and Sloven's formula (1967) as noted by Kothari, (2004), (See appendix III).

Table 2: Study Sample size

AREA								
Study Population	Vision Africa		MOES - Rubaga		Namungoona Area Local Leaders		Student Beneficiaries	
	M	F	M	F	M	F	M	F
Top management	02	02	02	02	02	02	-	-
Line Managers	02	02	02	02	-	-	-	-
Human Resource	03	02	-	-	-	-	-	-
Inspectorate	-	-	03	03	-	-	-	-
Community	-	-	-	-	08	08	32	54
TOTAL	07	06	07	07	10	10	32	54

Source: Sampling Process

In reference Table 2, Proportionate sample sizes for different categories of staff was determined based on the principle of population proportionality to size (PPS) sampling. This means that the larger the population of staff in a given stratum, the larger the sample size determined. Table 3.2, shows that a total of 133 respondents were planned as the sample size, comprising 56 males and 77 females.

Data Collection Methods and Instruments

Interviews

Normally, this involves a face to face or telephone question and answer session between a respondent and an interviewer. Interview guides were used to collect qualitative data from the respondents. According to Baxter and Jack (2008), an interview is a conversation in which the researcher tried to get information from the interviewee and records it by him/herself. Interviews were employed because they were easily adaptable and effective since they encouraged probing for deeper information on part of the researcher. Interviewing helped when the respondent who were unable to write, some respondents do not have time for questionnaires (Amin, 2005).

Self-Administered Questionnaire

Likert Scale was used because it was the most commonly used tool for ratings and basically for quality control in getting respondents' views (Murphy and Davidshofer, 2004). It was also used for self-administered questionnaire. A questionnaire is a list of questions which are structured or semi-structured presented to respondents for self-administering (Regan, et.al, 2002). The questionnaire was made up of open and closed-ended items (where respondents were offered options from which they selected those items that they deemed appropriate) and open-ended questions (those that participants provided their own responses).

Data analysis

Qualitative data collected were analyzed by the use of content analysis. Here findings were compared with responses got by the questionnaire and analysis made thereof. Qualitative and quantitative analyses were done. The study used frequency tables and graphs to present findings, where the Statistical Package for Social Scientists (SPSS) is to be used to simplify the process of computing and generating percentages (Nelson et al., 2022). Quantitative data was coded and entered in the computer using SPSS software and E-views programs (Nelson et al., 2023). The analysis takes the form of descriptive statistics. The analysis provided descriptive statistics and summarized data of each variable in the data set. Each stage then showed relationships or correlations between the various variables relative.

RESULTS

Table 1: The Quality of Financial Reports in Organizational Financial Stability

Response	Frequency	Percentage
Strongly Disagree	5	3.8

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Disagree	5	3.8
Agree	20	15.4
Strongly Agree	100	76.9
Missing	-	-
Total	130	100.00

Source: Primary Data

Basing on the results in Table 1, when the staff were asked to give their views on the frequency in maintaining an efficient and effective financial reports able to enforce the functions of the organization, results revealed that 5 (3.8%) strongly disagreed to the quality of financial reporting in organizational financial stability (Racheal, Enock, et al., 2023), 5 (3.8%) disagreed, 20 (15.4%) agreed and 100 (76.9%) strongly agreed. This finding is in line with the Vision Africa financial and accounting manual (2008). The head of the internal audit department was established to be responsible to the management/board in the Vision Africa - Kampala with sufficient authority to enforce and to ensure broad audit coverage, adequate consideration of reports, and appropriate action on findings (Moses et al., 2023).

Implementation of relevant aspects of the financial reporting manual and work programmes

Table 2: Implementation of relevant aspects of the financial reporting manual and work programmes

Response	Frequency	Percentage
Strongly Disagree	10	7.7
Disagree	7	5.3
Agree	50	38
Strongly Agree	63	48.5
Not Sure		
Total	130	100.00

Source: Primary Data

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According to the results in table 2, revealed that 10 (7.7%) strongly disagreed regarding the implementation of relevant aspects of the financial reporting manual and work programmes. 7 (5.3%) disagreed to the assertion, 50 (38%) agreed to the assertion and 63 (48.5%) strongly agreed to the assertion (Akankwasa et al., 2022). This finding is in line with the arguments of Scott (210). The results revealed that in Uganda Vision Africa - Kampala, the financial reporting use tactical planning - especially regarding the deployment of technology to generate quality reports by first comprehending how their overall strategic plans and tactical plans fit together.

Quality Reports and Preparation of annual and quarterly work plans for the internal control

Table 3: Quality Reports and Preparation of annual and quarterly work plans for the internal control

Response	Frequency	Percentage
Strongly Disagree	-	-
Disagree	-	-
Agree	-	-
Strongly Agree	130	100.0
Missing	-	-
Total	130	100.00

Source: Primary Data

From the results in Table 3, when the staff were asked to give their views on frequency in preparation of annual and quarterly work plans for the financial reporting results revealed that 100% of all the respondents generally agreed that the principles of change management have typically been a centerpiece of the financial reporting in the financial performance of Vision Africa - Kampala. In fact, the more significant the transformation, the more important change management techniques have been (Gracious, 2023).

Table 4: Supervision of the conduct of internal control, and review the working processes of staff for quality financial Reporting

Response	Frequency	Percentage
Strongly Disagree	-	-
Disagree	-	-
Agree	43	33.3

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Strongly Agree	87	66.7
Missing	-	-
Total	18	100.00

Source: Primary Data

According to the results in Table 4, when the staff were asked to give their views on the effectiveness in the supervision of the conduct of controls, and review the draft reports and working processes of staff results reveal that 43 (33.3%) agreed; and 87 (66.7%) strongly agreed that supervision is effective in the conduct of controls, and review the draft reports. It also addresses the composition of its control teams in undertaking a range of activities. Dedicated staffing is almost always a mandatory element of a successful transformation process (Rashid et al., 2023). Some well-meaning financial reporting functions only demand a part-time focus of their key personnel on the transformation process in order to keep them available for other important projects (Damasus et al., 2023).

Table 5: Preparation of financial reporting quarterly reports for submission to the management

Response	Frequency	Percentage
Strongly Disagree	-	-
Disagree	-	-
Agree	43	33.3
Strongly Agree	79	61.1
Missing	8	5.6
Total	130	100.00

Source: Primary Data

Basing on the results in Table 5, when the staff was asked to give their views on the effectiveness in the preparation of financial reporting quarterly reports for submission to management results revealed that 43 (33.3%) agreed to this item of study, 79 (61.1%) strongly agree to the item of study. The total of affirmative responses totaled 94.4% of the respondents generally agreed that this is effectively done.

Table 6: Review the financial and accounting systems of operation in each department

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Response	Frequency	Percentage
Strongly Disagree	-	-
Disagree	14	11.1
Agree	22	16.7
Strongly Agree	94	72.2
Missing	-	
Total	130	100.00

Source: Primary Data

Basing on the results in Table 6, when the staff was asked to give their views on the frequency in reviewing the financial and accounting systems of operation in each department results reveal that 14 (11.1%) disagreed to the review of financial and accounting systems of operation in each department 22 (16.7%) agreed to the item of investigation, 94 (72.2%) of the respondents strongly agreed. Overall, 89% of the respondents generally agreed that the financial reporting identifies forces that impact governance (Faith et al., 2023).

Table 7: Control of revenue collection to ensure that all monies due to the zone are collected and banked

Response	Frequency	Percentage
Strongly Disagree	-	-
Disagree	-	-
Agree	51	38.9
Strongly Agree	79	61.1
Missing	-	-
Total	130	100.00

Source: Primary Data

According to the results in Table 7, when the staff were asked to give their views on the effectiveness in control of revenue collection to ensure that all monies due to the zone are collected and banked results reveal that 51 (38.9%) agreed to the control of revenue collection to ensure the all monies due to the zone are collection and banked; 79 (61.1%) strongly agreed to the item of study. Thus 100% of the respondents generally agreed that this is effectively done. This finding is in line with the arguments of Pascal (1991). The assessment determines the nature, extent and timing of the control procedures. Financial reporting of Vision Africa - Kampala comprises the plan of organization and methods adopted to safeguard assets, comply with laws and regulations, ensure the completeness and correctness of accounting data, promote efficiency and encourage adherence to management policies (Zowena et al., 2023).

Financial Reports Support to Corporate Governance in Financial Stability

The Finance and accounting staff revealed that in the accounting profession, managers measure the quality of financial reports through influences on organizational performance. The accounting profession, economic factors, international forces, taxation, and political systems are some of the factors reported that influence and control the importance of financial reports (Gajevszky, 2015) in assisting corporate governance (Brian & Jacob, 2023). These influences include: Internal control, Internal Reports Systems, Accounting Standards, Information Technologies and Accounting Information Systems, Auditing, Accounting Conservatism, Financial Restatements, Company Reputation, Culture, Business Ethics, Chief Executive Officers (CEO) Age, CEO inside debt holdings, the Entity Size, Age, and the Board Size (Lydia et al., 2023). Moreover, researchers have revealed an association between financial reports quality, executive compensation, and corporate management turnover. Thus, measuring quality may be based on information other than financial information in an entity's reports (Pounder, 2013). In the following section, there is an explanation and an illustration of findings in the literature about these influences (Cand et al., 2022).

Conclusions

The study analyzed the relationship between financial reports and financial viability in Vision Africa - Kampala. The study established that to ensure independence in the financial reporting process and in the part of the Internal Audit function in the management of resources in Uganda Vision Africa - Kampala, best practice dictates that financial reporting leaders report directly to the respective heads. It was established that in Vision Africa - Kampala, the financial reporting has an important role of supporting finance performance and viability. In the three sections - operations, internal audit, and finance, Vision Africa - Kampala internal audit is supposed to provide guidance to all departments and most especially finance in order to realize quality reports, support to earnings management and corporate governance.

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Recommendations

The findings revealed that internal controls being were performed as required but due to lack of support arising out of some elements of administrative team intervention in financial reporting, more emphasis on the effective performance of the internal control system is needed.

In a bid to improve performance, it is recommendable for the Vision Africa - Kampala management to ensure that control reports are always reviewed; that communication among the staff members for improvement of reliable financial performance and viability.

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