

**COMPUTERIZATION OF ACCOUNTING SYSTEM IN
MANUFACTURING INDUSTRY (CHALLENGES AND
PROSPECTS)**

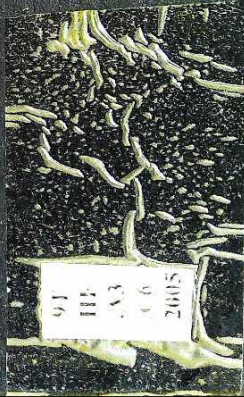
**A CASE STUDY OF NEIMETH INTERNATIONAL
PHARMACEUTICAL PLC, IKEJA.**

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DECEMBER, 2005



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(A CASE STUDY OF NEIMETH INTERNATIONAL
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BY

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BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING, FACULTY OF SOCIAL AND MANAGEMENT
SCIENCES

2003/10

ADEKUNLE AJASIN UNIVERSITY AKUNGBA AKOKO,
ONDO STATE.

IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE AWARD OF BACHELOR OF SCIENCE (B.SC
HONS) DEGREE IN ACCOUNTING

DECEMBER, 2005

CERTIFICATION

This is to certify that this project was written by AGBADASOLA ROTIMI Matriculation Number 200212038 of the Department of Accounting, Faculty of Social and Management Science, Adekunle Ajasin University, Akungba- Akoko, Ondo State. In partial fulfilment of the award of B.sc. (Hons) Degree in Accounting.

.....
MRS. T.P FADIRAN
SUPERVISOR

.....
SIGNATURE AND DATE

DEDICATION

This project is dedicated to God Almighty and to my loving and caring parents MR. D.O AGBADASOLA AND (LATE) MRS. L. AGBADASOLA

ACKNOWLEDGEMENT

My boundless gratitude and appreciation goes to my project supervisor, Mrs. T.P Fadiran I appreciate her commitment of time, energy and ideas. She has endeavoured to share with me the wealth of her knowledge. The research could not have been successful, if not by her regular advice, patience, understanding, interest and painstaking supervision.

My special thanks go to my ever caring parents Mr. and Mrs. Agbadasola, for how they have been taking care of me. I pray that you will live to reap the fruits of your labours. (Amen).

Special mention must be made to the following people for their support. Bishop Akomolafe, Mrs. Ijiniran, Mrs. A Fasae and Mrs. C.A Ogunmoyin. I thank my star for coming to this world with you.

I also express my gratitude to my people, Yemisi, Ifejola, Ayo, Gbenga, Iyabo, Kemi, Tope and everybody that might have contributed one quota to my life and my staying at Akungba. I pray that any quota you might have contributed, God will repay you in million fold.

My special thanks also go to Mr. P.O Yabugbe (H.O.D) and all lecturers of the Department of Accounting whose contribution cannot be estimated.

AGBADASOLA ROTIMI

ABSTRACT

Computerization of accounting system as an information system is a kind of wide information system network that received input and process output for all parts of the organisation. With accounting system, information needs of the users of financial statement are meet. The users of financial statement includes: Management, Government, Shareholders, Creditors, Employees, Customers, Competitors, Financial analysis and advisers.

Without an accounting system, which assists in the interpretation and recording of the effect of business transaction, it will be practically impossible to ascertain the financial position of company and it will not be able to meet the information needs of the users of the financial statement.



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CHAPTER ONE

INTRODUCTION



1.1 BACKGROUND TO THE STUDY

It has been agreed upon by people from all works of life all over the world that, this is an information technology era, which means that information accuracy and speed is very important to be able to cope with the dynamic world in which business will have to operate.

It is therefore pertinent that the information on which the management would base its planning must be accurate, concise and timely: to provide information that has these qualities, a scientific method (which has the computer as the centre point, the EDP) evolved along the years, which was in recognition of the demands of management. This method has been referred to as data reduction. Data processing could be described as the collection, analysis, manipulating and reporting of events that happen in the organisation.

The computer is many things to many people. To some, it is terrible complex invention which is best avoided. While to others, it is the ultimate solution to all problems. These are only two extreme examples of several

misconceptions about the computer, while the former view depicts a deliberate and ultimate futile effort to ignore an overwhelming technological development and frustrations. Hence, the need to exploit its usefulness and acknowledge its impact in our life. This research work is aimed at finding out what exactly are the challenges of the technology of computer in general and as applicable to accounting in particular.

1.2 STATEMENT OF THE PROBLEM

The slow rate of development in Nigeria could be traced to the fact that professionals who should think of new ideas are engaged in routine job. This is because only little effort have been directed towards making people to be aware of the potentials of the computer and as such there has been an under utilization of the computer. Since potential users are not aware of the effect it can have in the manner and efficiency with which their work can be done.

Computerization of accounts works has been made difficult due to the computer fraud. Due to the inadequate provision of effective security and inadequate of computer auditing system. Lack of reliable public power supply into the country which caused a lot of damages into the electronic and

computer machine put in place for development scare away some organization to computerized accounting job. In Nigeria we lack a reliable telecommunication needed for linkage and some organisation lack fund to put all the necessary machines in place.

1.3 OBJECTIVE OF THE STUDY

The research work is aimed at identifying the usefulness of the introductions of computer in the accounting system especially in manufacturing companies.

Here are some of the aims of the study: To create awareness on the need to computerize accounting system. To ensure potential investors and stock –holders that the use of computer will facilitate timely and accurate reporting of information. To create awareness to Nigeria on the need for computer literacy

1.4 SIGNIFICANCE OF THE STUDY

The study will enable manufacturing industry to be aware of the effects of computer system in data processing to solve business problems.

It is expected that the findings of this research will improve : Lukewarm attitudes of our people towards the computer which as earlier mentioned could be traced to have constituted to the slow pace development of our economy. It is also expected that the finding of this study will have both theoretical and practical uses to scholars, professionals and the general public.

1.5 SCOPE OF THE STUDY

The research is designed to cover the use of computer in the accounting functions of manufacturing industry: NEIMETH INTERNATIONAL PHARMACEUTICALS PLC is chosen as the case study.

1.6 PLAN OF THE STUDY

The research work is arranged into five chapters, Chapter one basically deals with the background of the study, statement of the problem objective of the study, statement of the study, scope of the study, plan of the study and limitation of the study.

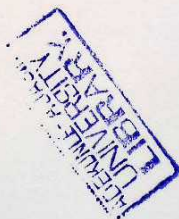
Chapter two is the literature review, topics treated are: problems of computerized accounting system, the advantages of computer application in

accounting. Purpose and designing of an accounting system, Manual Accounting system, computer application in accounting, internal control system in the computerized accounting environment,

Chapter three deals with research methodology, method of data analysis, presentation, identification of population, sample size, Questionnaire Assumptions and validity.

Chapter four consists of data analysis and interpretation.

The last chapters treat summary of findings, recommendations and conclusion made after proper and adequate analysis on the topic. It is my hope and anticipation that the steps and methods of this chapter will make the study more meaningful, useful and applicable to all students who use this project as reference.



1.7 LIMITATION OF THE STUDY

This research shall be limited only to the company's head office, due to the fact that:

1. The company has many branches and as such it is almost impossible to cover all the branches which are scattered all over the country.
2. It has been confirmed that the head office operate a centralized accounting.

CHAPTER TWO

LITERATURE REVIEW

2.1 PREAMBLE

The job of accountants in a business enterprise is to put the thousands of daily transaction into some sort of orderly form so that periodic summation and interpretation can be made. According to Averbach I.L. "The manager makes a great variety of decisions they could not otherwise intelligently make without such information". Owners want to know whether or not the company is making progress or not. Creditors (those who own money to the company) and prospective creditors insist on full up to date and accurate information. Since accounting is closely related to every facets of business, it has been called the "Language of business" it is used to record and summarize business transaction. It had been found that there is a high degree of correlation between the quality of accounting of been kept by a firm and it financial success. Accounting records show the owner or management how the business is doing financially, with this, the owner or management is able to make adjustments that result in maximum profitability for the firm.

Ref: Aver Bach: The Impact of Information Processing in Mankind (I.F.I.P
– 1981).

2.2 PURPOSE AND DESIGNING OF ACCOUNTING SYSTEM

The first step when designing an accounting system is to define the objectives the system is to accomplish, according to “Wester & Simpson 1976” the areas of interest when designing and accounting system are:

- 2.2.1 The inputs of the system
- 2.2.2 The outputs from the system and
- 2.2.3 The logical and/or arithmetic steps to be performed

A detailed specification of each area should be made including only those logical and timing constraints that truly required, learning as much latitude as possible for design flexibility.

2.2.4 PURPOSE OF ACCOUNTING SYSTEM

Accounting system deals so much about maintaining of accounting records. Business does not prepare new financial statements after every transaction. Rather they accumulate the effects of individual business transactions in their accounting records. Then, at regular intervals the data in



these records are used to prepare financial statements, income tax returns, and other types of accounting reports.

But the need for accounting reports is not the only reason businesses maintain accounting records, other purpose of accounting records are:

1. Establishing accountability for the assets and or transaction under an individual's control.
2. Keeping track of routine business activities such as the amount, of money in company bank accounts, amounts due from credit customers, amounts owned to suppliers.
3. Obtaining detailed transaction about a particular transaction.
4. Evaluating the efficiency and performance of various departments within the organization.
5. Maintaining documentary evidence of the company's business activities. For instance, tax laws; require companies to mountain accounting records supporting the amount reported as tax returns.

Accounting is the language of business whose objective is to provide relevant information to stakeholders. What does this mean, and why is it

important? Relevant information has a logical connection to the idea under consideration and, therefore, is capable of making a difference in the user's decision.

Ref: John G. Wester and William D. Simpson 1976 pp 2-1, published by Texas Instrument Incorporated.

2.3 MANUAL ACCOUNTING SYSTEM

Since the aims of this research is based on computerization of accounts in a summarised form. This will enable us to have an idea of what is it that the computer is expected to do, the reason for this is that we cannot instruct the computer to do something we ourselves do manually. It has to do that we know inside out and also have an idea of expected result. The accounting system is made up of the principal procedural activities of the accounting process, sometimes referred to as the accounting cycle. Are as follows:

JOURNALIZE: Providing a chronological record of transaction in the book of original entry.

POST: Classifying and accumulating the results of transaction in accounts effected.

ENTRY: Allocation of each transaction into different accounts codes or unit.

PREPARATION OF TRIAL BALANCE: Checking on the quality of the debt and credit and balances in the financial.

STATEMENT: Prepare financial statement from the adjusted data thus reporting on the results operation for the period (income statement). Accounting for the charges in retained earnings during the period and showing the current balances of the account. Showing the financial position at the end of the period (balance sheet), reporting on the sources and uses of a forms economic resources for the period statements of changes in financial position. Record and post the Journal entries necessary to close the books thus updating retained earnings and preparing the revenue, expenses and dividend accounts with zero balance for the start of the next period.

2.4 INTERNAL CONTROL SYSTEM IN THE COMPUTERIZED ACCOUNTING ENVIRONMENT

Accounting to HEROLD (1979), Internal in a computerized environment is basically the same with the natural system in term of types that is organization, segregation of duties, physicals authorization and



approval, arithmetical and accounting, personnel, supervision and management.

In any data processing system there is a need of control and security which covers the processing and output of data, physical security and also file security. Computer based system are especially subject to deliberate Fraud, accidental errors and physical attack.

It is thus wherefore essential proper controls and securities are established. The object of system control includes:

1. Making sure that all data is processed.
2. Error detection and corrections are to be made in any section of the program before using it to process financial records.
3. Fraud detection and prevention especially in the payroll programme, because non staff may be included or duplication of an employee's name in the program.

2.4.1 **COMPUTER AND FRAUD:** Fraud detection and prevention calls for a computer literate, Auditor who needs proper audit from source document to final accounting record, control over input and output and the ability to select transaction at random and inspect supporting evidence.

Major test program are computer control level and the test results are produced by the computer in the format of a completed detailed report components are tested in excess of their maximum related capacity and investigated under repeated loading and the computer make a significant contribution to overall control.

There is a need to be certain controls on who has authority to write or alter (or even initiate a change of) Programs who has access to what aspect of the computer utility (for example in NEIMETH INTERNATIONAL PHARMACEUTICALS PLC only one of the account staff has the access code of payroll, another staff for fixed asset code in like manner to other accounting packages and how the procurement of the machine and its accessories should be controlled.

2.4.2 FRAUD AND ITS CONTROL IN COMPUTERIZED SYSTEMS

Fraud can be described as theft of assets without the consent of their lawful owner by intention and misrepresentation of facts in order to deceive. There are three broad areas in which computer fraud can be perpetrated. They are:

1. Feeding a fraudulent input document to the system.
2. Altering the computer
3. Altering computer storage.

Fraud can be perpetrated by feeding wrong data into the system. This can be regarded as falsification of data, program manipulation. Frauds are caused by E.D.P staff; such crime would be more sophisticated reducing the chances of discovery.

Fraud can also be perpetrated in the manipulation of information in the storages; staff that has access to the information in storage can alter the figures using the editor or other means.

In order to fraud, there is the need to introduce some controls, into the use of computer. The computer and its peripherals could be kept in a separate



The computer has greatly speed up the reporting of historical financial information (reports), making possible the provision of all kinds of more pertinent and current information such as budgets, cash flow, forecasts, comparative analysis and calculations. According to J. Shelly and Roger Hunt, The computer is highly reliable so long as the input itself is accurate

ACCOUNTING

2.5 THE ADVANTAGES OF COMPUTER APPLICATION IN

of each company) to safeguard against fraud.

Adequate measure should be taken (giving the peculiar circumstances

on the installation.

book once it is produced and finally carry out occasional random spot checks record of the authorize rise alternations to the programs, look after the log track of jobs being processed, programs in use as well as master file. To keep operation section. There should be an internal audit, which involve keeping interruption, time taken errors arising and subsequent action within the operators Logbola which contain a list of job processed, breakdown time, room and only authorized staff will be allowed entrance. There are the

and the instructions are properly programmed, you will always have the correct result. The rule in computer is "garbage in, garbage out" that is to say that the input will determine the output. This helps the accounting system. This goes a long way to ensure that the results of the processing of the accounting system are accurate. Many Accountants are professionals and comfortable with computer technology and have found themselves into non-traditional roles.

There are usually some ill-feelings between the Auditors and the account staff are generally relieved and have more time to spare for the auditors in explaining certain unclear issues to them (this lack of time in most of the time the genesis of their problems. This will at the end of the day afford the auditors to achieve a greater level of confidence in the accounting system as the basis of the preparation of the accounts, and consequently reducing their substantive test and this will result to having the auditors or audit report as fast as it is practically financial and specially audit report, cannot be overlooked in the business world as that is one of the motivations of the investors.

Generally, in an account office, there are usually papers and files all over the place, making the office untidy and consequently making the account staff too untidy. But where computer is used in the accounts office, less paper work will be involved and the files for the supporting documents of the inputs will be neatly filed in the filing cabinet. The important of this is that supporting documents will not be lost. There will be security of data, as earlier mentioned. The data can always be kept (stored) in more than one place such, that it is almost impossible for all the copies to be destroyed simultaneously.

To make reference will be easy in computerized account office because one can always check the Visual Display Unit (V.D.U) what one is looking for or better still to be able to locate where the supporting documents will be easy and this will greatly reduce the time spent on looking at it critically one after the other. Where the account staff uses computer for their works, they will spend less time on the job and have more time for preparing analysis which will be useful to them and the auditors will be more relaxed and consequently productivity will be higher. Unlike in the manually operated



accounting system, where the staff are virtually under stress all the time (This is obvious in their faces and in the way they react and attend to people).

Ref: J. Shelly and Roger Hunt: Computer Studies the first Course (London: Pitman Education Limited 1981).

2.6 PROBLEMS OF COMPUTERIZED ACCOUNTING SYSTEM

According to Harold Lucas: The likely problems that a computerized accounting system could be faced are:

COST: The initial capital outlay is certainly considerable; to install the machine is also expensive. The company must therefore weight the expenses involved (including that of required staff and software) against the anticipated result to be obtained.

PACKAGES: Accounting work is the type that required considerable amount of arithmetic calculations and the requirement of one company differs from others. Then problem that is common is that of packages problem. The company should select packages that best suit their organization needs.

PROFESSIONALS: Since a lot of organizations make use of computer and there are insufficient computerizes who have the required

combines knowledge of computer and accounting, there is the problem of sufficient supply to meet the growing demand for such professionals it effects the computerized accounting system a great deal, but the company can train its staff so as to do the job as it required.

INSTALLATION PROBLEM: The conversion from old to new system will take place overnight. In most cases a step by step conversion is desirable. The computerization of debtors ledger, creditors ledger, store accounting and wages accounting in that order will create problems because transaction taken place during the process have to be suspended and staff, clients customers would have to be disappointed most of these problems could be avoided or its effect minimized by careful planning.

Ref: Harold Lucas: Computers in Management and Business Studies.
2nd Edition, Plymouth Mac Donald Evans Limited (1979).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 PREAMBLE

This chapter makes it clearer the process and methodology employed in the collection of the data made use of in this project. It includes the sources of data, method of data collection and data analysis.

3.2 SOURCES OF DATA

There are two main sources of drawing data:

Primary data

Secondary data

3:2:1 **PRIMARY DATA:** - it is defined by Gypta as “the statistical material which the investigator originates for the purpose of the injury at hand”. This involves obtaining the necessary information required from respondents through questionnaire, interview and also by observation

3:2:2 **SECONDARY DATA:** - Secondary data are data that were developed for some purpose other than helping to solve the problem at hand.

According to Gupta "the term secondary data on the other hand refers to that statistical material which is not originated by the investigator himself, but which he obtains from someone else records, these involves different publications, from journals and data from different texts.

3.3 METHOD OF DATA COLLECTION

The methods of data collection used in this research project are:

3:3:1 Questionnaire: - The questionnaire was directed at the company account staff, the EDP staff and accounts independent auditor.

3:3:2 **INTERVIEW METHOD:** Personal interview were conducted over company account's reports and the source of data how it been process and the end result of such process data. This method is more effective than the questionnaire method as their responses to questions led to other questions.

3.4 DATA ANALYSIS

Most of the data used in this research work were collected through the use of questionnaire therefore, it is to analyze these response obtained from the respondents to each of the questions in the questionnaire will be analysed. All questionnaires were received back.



Since questionnaire alone cannot be relied upon under primary source of information. I had to conduct an oral interview to collect more facts so as to make the research work a complete one.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1 PREAMBLE

The analysis of data gathered through the questionnaire administered under the research work were analysed in this chapter. The questionnaire administered also covered all the account staff, computer staff and commercial staff of the NEIMETH INTERNATIONAL PHARMACEUTICALS PLC.

4.2 PRESENTATION AND ANALYSIS OF DATA

The following are the findings from both the interview conducted and questionnaire distributed.

Base on the data, the questionnaire as analysed bellow according to each of the hypothesis, the responses of the respondents are tabulated and their percentage determined. Also included in the chapter is the result from the oral interview granted by some account and EDP staff. This chapter also tested the research hypothesis.



QUESTIONNAIRE DISTRIBUTION

Question 2 what is your educational qualification?

Table 4.2.1

	Staff	Staff	Staff	Total	%
WASC or its equivalent	1	-	-	1	10
OND/NCE or its equivalent	2	1	-	3	30
HND/B.SC. or its equivalent	-	1	1	4	40
Master Degree	-	-	-	-	-
Professional qualification	1	-	1	2	20
Total	6	2	2	10	100

From table 4.2.1 sample, 10% has WASC o'level, 30% OND/NCE

and its equivalent, 40% HND/B.Sc. or its equivalent and 20% professional qualification qualified

Question 3: Is your accounting system of your organisation computerized?

Table 4.2.2

	Yes	No	Total
Account staff	6	-	6
Computer staff	3	-	3
Commercial staff	1	-	1
Total	100%	-	10

Table 4.2.2

Shows that 100% of the sampled population said the accounting system of Neimeth International Pharmaceuticals Plc are computerized.

Question 4: For how long has it has been computerized?

Table 4.2.3

	Staff	Staff	Staff	Total	%
1-5 years	-	-	-	-	-
6-10 years	6	3	1	10	100
11-15 years	-	-	-	-	-
15-20 years	-	-	-	-	-
Total	6	3	1	10	100

From table 4.2.3, it has clearly shows that Neimeth int'l Pharm. Plc has operating computer system for our size years.

Question 5: Can you use computer?

Table 4.2.4

	Yes	No	Total
Account staff	6	-	6
Computer staff	3	-	3
Commercial staff	-	1	1
Total	9	1	10
Percentage	90%	1	100%

Table 4.2.4 shows that 90% of the population sampled can use

computer.

Question 6: Do you have computer in-house training for staff?

Table 4.2.5

	Yes	No	Total
Account staff	5	-	5
Computer staff	3	-	3
Commercial staff	2	-	2
Total	10	-	10

From table 4.2.5, 100% of sample population said the company has in-house training for her staff to learn how to use computer effectively.



Question 7: Do you have a password?

Table 4.2.6

	Yes	No	Total
Account staff	6	-	6
Computer staff	3	-	3
Commercial staff	-	1	1
Total	9	1	10
Percentage	90%	1	100%

From table 4.2.6, 20% of the sampled population has a password, while 80% do not have password to all the utilities

Question 9: Is all your accounting jobs computerized?

Table 4.2.7

	Yes	No	Total
Account staff	6	-	6
Computer staff	3	-	3
Commercial staff	-	1	1
Total	10	-	10
Percentage	100%	-	100%

From table 4.2.7, all the sampled population said all the accounting job of Neimeth international Pharmaceutical Plc is computerized.

Question 10: Does computer have effect on accounting job in relating to your organisation?

Table 4.2.8:

	Staff	Staff	Staff	Total	%
Sped up work	-	1	-	1	10
Timely reporting	-	-	-	-	-
Accounting information	-	-	1	1	10
All of the above	6	2	-	8	80
Total	6	3	1	10	100%

From table 4.2.8, out of the sample, 10% said computer speed up word, 10% said it guarantees accuracy of information, while 80% it speed up work, ensure timely reporting and accuracy of information.

Question 11: Can computerization of accounts work reduce account staff?

Table 4.2.9:

	Yes	No	Total
Account staff	4	2	6
Computer staff	2	1	3
Commercial staff	-	1	1
Total	6	4	10
Percentage	60%	40%	100%

The average table indicates that 60% of the sampled population said that the computerization of accounts can lead to unemployment or reduce account staff while 40% believed that it can not lead to unemployment nor reduce account staff.

Question 12: Does computer make fraud perpetration difficult?

Table 4.2.10:

	Yes	No	Total
Account staff	4	2	6
Computer staff	2	1	3
Commercial staff	-	-	1
Total	6	3	10
Percentage	90%	30%	100%

From table 4.2.10, 60% of the sampled populations are of the opinion that the use of computer makes it difficult to perpetrate fraud, 30% said computer did not make it difficult, while 10% said he did not know.

Question 13: Computerization of accounting system is an expensive project?

Table 4.2.11:

	Yes	No	Total
Account staff	5	1	6
Computer staff	3	-	3
Commercial staff	-	1	1
Total	8	2	10
Percentage	80%	20%	100%

From table 4.2.11, 80% of the sampled population agreed that computerization of business is very costly.

Question 14: Does Computer advantage justify its cost?

Table 4.2.12:

	Yes	No	Total
Account staff	6	-	6
Computer staff	3	-	3
Commercial staff	1	-	1
Total	10	-	10
Percentage	100%	0%	100%



From table 4.2.12, all the respondents believe that the money spent on computer acquisition and maintenance is worthwhile.

Question 15: Is any of your accounting jobs better done manually?

Table 4.2.13:

	Yes	No	Total
Account staff	-	6	6
Computer staff	-	3	3
Commercial staff	-	1	1
Total		10	10
Percentage		100%	100%

From table 4.2.13, all the respondents do not believe any of the jobs can better done manually.

Question 16: What effect does it have on security of data and error detection and correction?

Table 4.2.14:

	SECURITY	SECURITY	CHANGES
Account staff	5	1	6
Computer staff	3	-	3
Commercial staff	-	1	1
Total	8	2	10
Percentage	80%	20%	100%

From table 4.2.14, 80% of the sampled population said computer increase security of data, error detection and correction while 20% said computer makes 170 changes in the security of data.

4.4 HYPOTHESIS TESTING

This is to test whether the amount of money spent on acquiring and maintains computer is worth while or not.

H_0 (Null hypothesis)

This cost is too much compared to the usefulness that is it not worth it.

H_1 (Alternative hypothesis)



That the money invested in computer is worthwhile making use of question 14 are analysed in table 4.2.12 to compute (x_2) using question 13 bearing in mind that more people are aware of how much the computer cost, 80% of the population are aware of the cost, using question 14.

Table 4.4.1

ALTERNATIVE	0	e	$(0-e)^2$	$\frac{(0-e)^2}{e}$
YES	10	5	25	5
NO	-	5	25	5
TOTAL	10	10	50	10

$$E = 10/2 = 5$$

$$X_2 = 10$$

The degree of freedom is $n - 1 = 2 - 1 = 1$. Theoretical (table) value at 0.05 significant level is X_2 T.I.D.F = 0.05 = 3.84

Interpretation of Calculation

It will be observed that we should reject the null hypothesis, since the value of computed test statistic is greater than the theoretical value is $X_2 = 10$ and theoretical value = 3.84.

Decision: The null hypothesis is therefore rejected, and the alternative hypothesis is hereby accepted. It can be concluded that the amount spent on computer acquisition and maintenance is worthwhile.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1 SUMMARY

The importance of computerization of accounting system cannot be over emphasized which have as one of its ultimate aim satisfying information needs of the users of the financial statements. It is gratifying to note, however, that the treatment of items maintenance of document and records assist in ascertaining the financial position of any company.

The finding, however, helps individuals in their investment decision-making because every rational investor will study the output of the accounting system before embarking on any investment decision.

The finding further revealed that the introduction of accounting standard would narrow the areas of difference in practice so that financial statements are uniform and meaningful.

5.2 RECOMMENDATIONS

With respect to this study, and the finding from it as a result of review of related literature, I hereby recommend the following:

1. Management of Neimeth International Pharmaceutical company has the responsibility of recruiting competent staff to handle and prepare its accounts while at the same time make sure that they assigned duties and various jobs specifications are marched with the individual skills to ensure high level of performance for improved financial reporting and increased profitability.
2. Manufacturing companies should be organized proper training for their staff from time to time. This will, however, make the training to be relevant to the needs of the company and items relating to the accounts can be adequately treated.
3. There is need to introduce a separate accounting standard for the manufacturing companies. Its introduction will lead to uniformity and standardization of financial reporting as well as making comparison more meaningful.
4. Management should also ensure that daily banking of cash is made compulsory so as to check the level of fraud.

5.3 CONCLUSIONS

Computerization of accounting system help provide useful services to the public such as in the field of auditing, public and general consultation, recording and reporting observation. Information generated by the accounting system assist various users of financial statement in taking decisions.

Non-introduction of accounting standard has widened the areas of differences in practice, which make the uniformity and meaningfulness of financial statement difficult.

However, the maintenance of cashbook, journal, ledger and trial balance, and financial statement has facilitated the accounting work of many companies.

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APPENDIX
ADEKUNLE AJASIN UNIVERSITY,
AKUNGBA AKOKO, ONDO STATE.
FACULTY OF SOCIAL AND MANAGEMENT SCIENCE
DEPARTMENT OF ACCOUNTING

TOPIC: COMPUTERIZATION OF ACCOUNTING SYSTEM IN
MANUFACTURING INDUSTRY, (CHALLENGES AND PROSPECTS

Sir / Madam,

I am a student of the above named Institution conducting a research work on the topic computerized of accounting system in manufacturing industry (challenges and prospects)

I would be very grateful if you can spare me little attention and answer the questions in this questionnaire. Such information will be used for research purpose only and will be treated with strict confidence.

Thanks for your cooperation.

Yours faithfully,

Agbadasola Rotimi.

SECTION A

BACKGROUND INFORMATION

1. Name (optional)
2. What is your Educational Qualification?
 - (i) WASC or Equivalent
 - (ii) ND/GCE 'A' or its equivalent
 - (iii) HND / BSC or its equivalent
 - (iv) Master Degree
 - (v) Professional Qualification
3. Is your Accounting System computerized? Yes No
4. For how long has it been computerized?
 - (i) 1 - 5 years
 - (ii) 6 - 10 years
 - (iii) 11 - 15 years
 - (iv) 16 - 20 years
5. Can you operate computer? Yes No
6. Do you have in-house training for computer staff?
Yes No
7. Do you have a password to any of the computer or your accounting?
Yes No
8. Does your password have access to all utilities? Yes No
9. Is all your Accounting Job Computerized? Yes No
10. Does computer have effect on accounting job in relating to your organization? Yes No
11. Can computerization of accounts reduce account staff and eventually lead to unemployment? Yes No

12. Does computer make fraud perpetration difficult? Yes No
13. Computerization of accounts **is** an expensive project? Yes No
14. Does computer advantage justify its cost? Yes No
15. Is any of your accounting jobs better done manually? Yes No
16. What effect does it have on security of data and error detection and correction?
- (i) Increase Security
 - (ii) Reduce Security
 - (iii) No Changes