

ACCOUNTING PACKAGES AND QUALITY OF FIRMS FINANCIAL REPORT: THE SAGE PASTEL EVOLUTION PARADIGM

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Abstract

The study examines the relationship between accounting packages and quality of firms financial statement in Nigeria 2018. The study employed a descriptive/survey research design which copies of questionnaire were issued to SMEs within Abia State to collect data for analysis. Spearman's Rho Correlation was employed to ascertain the relationship between accounting packages and quality of firms' financial reports. Findings from the study revealed that accounting packages have a significant relationship and effect on the quality of firms' financial reports. Furthermore, Sage pastel evolution is the most preferred choice of accounting package among other modern accounting packages as a result of its business utility features and functions. Thereby it is recommended that firms should adopt the use of modern accounting packages (Sage Evolution) as a means improve their business performance and quality financial reporting.

Keywords: Accounting packages, Sage Evolution and Quality Financial Statement.

Introduction

Financial reporting information that must be useful to present or potential investors, creditor and other users in assessing the amount timing and uncertainties of prospective net cash inflow to the related enterprise or organization (Mirivic 2009) Financial reports can be described as a comprehensive summary of a firm's financial data over a period of time, such as a month, three month, a year or even the life of the business (Denis 1996) The statement of affairs of business of a particular moment of time, statement of comprehensive income which explains what happened to a business as a result of operations. Financial reports should be perceived to true and fair and this depends on the existence of proper internal control/systems.

Firms every where in the world can improve on their state of reporting financial affairs by employing use of computer systems referred to as accounting packages which ease processing of accounting data. Accounting packages are the applications of the computer based software used to input process, store out put accounting information (Carol 2002). The application is to support advancing technologies that enable firms to use computer programmes to perform tasks that were previously done manually. Although there are very few literature on computer application and financial reporting but the need for accounting packages is on the rise due to increase in the number of transactions as a result of the policy of continuous expansion of the business. It is noted that business accounting records can not be accurately maintained when the firm expands and when the system is not computerized it is those accounting packages that the firm can use to post numerous transaction to the right ledgers and prepare proper financial statements.

Against this back drop, this study seeks to examine the relationship between accounting packages and quality of financial reports. The studies specific objectives include to:

- i. Explore the effect of accounting packages cost on the quality of firms financial statement.
- ii. Compare between the choice of Sage Pastel Evolution and other Accounting Packages.

LITERATURE REVIEW

Conceptual Framework

Computerized accounting involves the use of computers applications especially accounting packages to handle large volume of data with speed, efficiency and accuracy aimed at recording and processing financial data of a firm into needed information however, does not mean change in principle, the principle of accounting remains the limitations of manual accounting and hence producing quality and reliable work same with day books ledgers double entry only that the accounting processing is done by computer packages (Mirivic 2009). A computerized accounting system is a delivery system of accounting information for purpose such as providing reliable accounting information to users (Anastas, 1997).

Computerization of system can certainly help in minimizing some errors when preparing accounting records (Boggs 2003). Other view adds that computerized systems are advantageous in consolidating information channels meaning that files which had previously been duplicated by several departments are now consolidated into a single file (Burns, Scaper & Turley 1996). A computerized accounting system using accounting packages is a system that uses computer software to input, process, store and output accounting information in form of financial reports. It records all transactions that routinely deal with the events that affect the financial position and performance of the entity.

Overview of Sage Pastel Evolution as a Computer Application Used in Accounting

With business activity management functionality interwoven into the core of the accounting application (Grey 2001). Formed in 1981, Sage Evolution brings all aspects of your operations together, providing an integrated, holistic view of your business. The comprehensive range of features and functionality, and a number of add-on modules, provides a scalable, flexible and robust management tool for your growing business. Sage Evolution delivers an entirely new dimension in business management software, taking your business way beyond the traditional realms of accounting software application. Developed within the Evolution Framework, Sage's latest technology standard, all components and modules in the Sage Evolution range are fully integrated and share a common interface providing a consistent user experience. In addition the utilization of the Microsoft Structured Query Language (SQL) database ensures data integrity and maintains all your data in one central database. Take Control of your Business as well as your Finances (Nwadighoha, Tapang and Ujah 2016).

According to Deschow, Grallund and Mouritsen (2017) In the past, accounting systems stored a wealth of information related to customers, suppliers, inventory and so on, however this information was often limited to accounting data i.e. the numbers. Sage Evolution takes accounting to the next level by allowing you to not only capture numbers, but what we refer to as business activities. This data is then integrated and presented together with the numbers providing a holistic view of your business instead of a numbers only view this then leads to a more quality financial statement preparation and report. This gives you the ability to control your financial situation as well as relationships with customers, suppliers and employees.

Traditionally termed 'CRM' or "Contact Management", Sage Evolution CRM is core to the Sage Evolution system's functionality. Sage Evolution CRM has taken the concept of traditional Contact Management much further by weaving it into the very fibre of the Sage Evolution accounting system, thus elevating accounting software to its next logical state allowing you to not only capture numbers, but also what we refer to as business activities. Activity data is integrated and presented together with the numbers providing a holistic view of your business instead of a numbers only view. This integration provides you with the ability to control not only your financial situation but your relationships with your customers, suppliers and employees. Any issue that takes place in a business, and is important enough to be tracked, is recorded as an Incident in Sage Evolution CRM. Sage Evolution CRM will track all Incidents to their conclusion or until they are closed off. The Evolution system stores Incidents even after they have been closed, allowing you to track a history of events as they occurred, as far back as you wish. There are two versions of Sage Evolution CRM: Sage Evolution CRM Standard contains basic incident tracking. This module must be purchased in conjunction with the core Sage Evolution accounting system. Sage Evolution CRM Premium

contains more advanced features such as Sales Force Automation, Business Gateway, Calendar, Knowledge Base, Workflow processing, Incident Graphs, Escalations and Contract Invoicing and now also Microsoft Outlook Integration. This module can be purchased as a stand-alone product.

Core Features of Sage Pastel Evolution.

The System Manager: The System Manager is the control centre for the entire Sage Evolution application. It is the system's user interface. Featuring a System Tree, it controls the system environment and setup, on-line help, multi-level password security and displays all the modules included in Sage Evolution. With all of these features and much more, Sage Evolution delivers enhanced efficiency, productivity and security to any business, including:

- A consistent user interface no matter which module you are currently using, i.e. Fixed Assets, Payroll, Accounting all share the same common interface and all appear as options on a single System Tree.
- Navigation tools such as menus, a hierarchical system tree, toolbars, and favourites.
- Powerful tools for maintaining, sorting, searching and grouping your lists of data.
- The ability to customize the interface (per user) to suit each user's requirements.

Database System: Sage Evolution takes advantage of the latest database technologies utilizes Microsoft's SQL Server or MS SQL Server Standard Edition. Microsoft SQL Server provides Sage Evolution with the ability to scale and support unlimited number of concurrent users. Additional data integrity is insured through the use of SQL's transaction roll back feature. Sage Evolution includes MS SQL Server Express for small sites. Larger sites must purchase MS SQL Server on a per user basis.

Store Data Indefinitely: The General Ledger stores five years of data and requires no month or year-end procedures. Accounting periods can, however be blocked, preventing transaction processing to those periods that have been closed. The Subsidiary Ledgers (Inventory, Receivables, and Payables etc.) store information indefinitely.

Transaction Rollback: Data protection and integrity is significantly improved in this aspect. This feature enhances data integrity by ensuring that users will never have incomplete entries or corrupt files, even if they suffer a power failure while a transaction is in process.

Supports Multiple Companies: The system can maintain multiple sets of books, each with its own chart of accounts. Access to companies and their related functions are password protected. Data can also be copied from one company to another, simplifying the company setup procedure.

Transaction Drill Downs: Drill down functionality allows you to find exactly what you're looking for, quickly. From customer information, to detailed transactions, right down to source documents just by clicking your mouse.

Functions of Sage Pastel Evolution That makes it unique in comparison to other accounting Packages

Sage Pastel Intelligence Reporting as South Africa's leading accounting software combined with Microsoft Excel and have produced a reporting tool that revolutionises the way you make decisions in your business and financial reporting. Sage Pastel Intelligence Reporting is an add-on module that dynamically links to your Sage accounting data, taking your business beyond standard reporting functionality. You can generate spreadsheets by simply extracting Sage Accounting data and converting it into an easy-to-read, graphic format. Sage Pastel Intelligence Reporting retains report formats and makes them available for future use. You also have instant access to 'live' information and that last minute journal no longer impacts your Excel reporting. Monthly financials account for a large percentage of manual Excel labour. Sage Pastel Intelligence Reporting offers a customisable pack which provides drill-down functionality. You can customise the standard set of reports and templates, and create new ones. It gives you flexibility with the combinations of financial data you choose to report on.

Non Current Assets Reporting: In the aspect of non current assets reporting international financial reporting standards requires that you keep a register of your business' non current assets as part of its accounting records. However, managing your company's non current assets can be tedious and time-consuming. Non current assets are physical items such as desks, computers, cars, machinery, etc which you acquire to run your business. As you use assets, they depreciate or become obsolete. You can legally expense depreciation in your accounts for tax purposes. The Sage Evolution non current Assets module automates all these processes for you. Once you provide the initial information, the system takes over and manages your assets for you. One of the realities of non current assets processing is that companies frequently change depreciation rules as legislation allows and as company policy changes. Some changes are retroactive to when you purchased the asset. Sage Evolution non current Assets calculates its values dynamically from the start of each asset's life, which makes retroactive changes simple (Carol 2002).

Human Resource Accounting: Information Alerts To cater for the move by many businesses to increase staff productivity and become more efficient, the Information Alerts module is designed to streamline key processes within the business. Information Alerts allows you to receive notifications based on a set of predefined criteria and take on a more proactive stance in dealing with exceptions in the business. Information Alerts can be configured to send out notifications to relevant users via e-mail or CRM (Contact Management) incidents. These notifications can be setup to notify you on time based intervals, daily, weekly or monthly. It comes with a set of predefined methods, which the business can utilise to define which criteria they would like to be aware of for example a client reaching their credit limit. An action can be for example a notification being generated and sent to the financial manager, who can then take action. The module currently supports Accounts Receivable and Payables, Inventory and Job Costing modules.

Sage Inventory Advisor: With the right inventory in the right place at the right time, growing your business has never been easier with Sage Inventory Advisor. an affordable cloud solution that helps companies to: - Minimise stock-outs - Release cash tied up in excess inventory - Significantly reduce the time spent on planning, forecasting and ordering. Sage Inventory Advisor can be implemented in just a few hours and is accessible anytime, anywhere. It requires no local hardware installation and provides worry-free updates and maintenance.

Job Costing: This add-on module lets you invoice jobs to customers. A job card is more powerful than an invoice, because you can link more types of items besides inventory items in a job. For example, you can purchase an item directly for use in a job, and you can allocate employee hours from the Payroll module into a job. You can also invoice a job on a partial basis. You can allocate costs and measure the profitability of short to medium term jobs. Create an unlimited number of job cards, with the ability to archive these for future estimates. You can allocate jobs to projects on a job card basis or a job line basis. Lot Tracking Lot Tracking allows you to track several units of a stock item using the same lot or batch number.

Manufacturing Accounting: This module is an extension of Sage Evolution Bill of Materials. It separates the manufacturing process into time periods where items being manufactured are transferred into Work In Progress and then into Finished Goods. In addition this module allows you to:

- i. See a full audit trail of each manufacturing process. - Draw stock at the beginning of the manufacturing process, and reverse any unused stock once the process is complete.
- ii. Change a Bill of Materials without affecting an ongoing manufacturing process that uses the same Bill of Materials.
- iii. Replace one or more components in an existing process if you need to, and then continue manufacturing with the new components.
- iv. Create by-products in addition to your main manufactured item . - Forward plan with the material requirements feature.

Sage Evolution Mobile App: by Sage Pastel With mobility now the cornerstone for operating a cutting-edge business, Sage Evolution Mobile is the perfect tool to stay ahead of the competition.

Now with an innovative suite of mobile applications, this home-grown ERP solution gives your sales force the ability to extend your business borders by transacting anywhere, anytime. Available on Apple's App Store and soon for Android too, Sage Evolution Mobile allows sales executives and management to view customised dashboards and real time information on customers, inventory, expenses and other key business information. The ability to check item quantities and prices with quick searches allows users to create in-the-moment quotes and orders with discounts - this means deals can be negotiated and closed in one meeting. Customers can accept terms by signing on the tablet and an e-mail confirmation follows. Sage Evolution's Mobile applications offers you online/offline modes, allowing the programs to operate even when users are out of 3G range and still ensure an automated and seamless integration back into Sage Evolution ERP.

Foreign Exchange Transactions and Translation: With Sage Evolution Multi-Currency you can process customer and supplier transactions in their currency. It allows you to track foreign currency, customer and supplier values in both the foreign and home currency. You can view balances and transactions in either currency at any time. You can maintain separate buy and sell rates for each currency. Sage Evolution Multi-Currency maintains a history of exchange rates so that you can process transactions at earlier dates using the most accurate exchange rate. When you process customer receipts or supplier payments, Sage Evolution uses the current exchange rate to calculate any foreign exchange profit or loss, which is automatically posted. In addition Sage Evolution Multi-Currency allows you to:

- i. Process and print customer and supplier sales and purchase documents in foreign currency or home currency.
- ii. Print customer and supplier statements, age analysis and transaction reports using foreign currency or home currency - Process foreign currency cashbook transactions.

Accounting packages and financial reporting.

Accounting Packages have been credited for their quick processing speed and large storage capacity. Using accounting computer based software ensures up-to-date account balances are available any time for management to make quick decisions (Lancouch, 2003). Quality of financial reports is assured with computerized accounting system as compared to manual systems. The method of inputting and processing data is sophisticated thus accuracy of data is improved. This means that financial reports will bear minimum errors. Computerized system will foster accessibility and faster transformation of information stored in computers, hence financial reports can easily be accessed through online system without delay and timely decision making (Kwarijuka, 1998).

Methodology

This study employed a descriptive/survey research design aimed at finding out the effect of accounting packages on quality of firms financial report. The area of this study is Abia State, Nigeria. The population of the study consists of the 45 questionnaires that were giving out to firms managers and various stakeholders as it pertains the preparation of a quality financial report of which 30 questionnaire were returned. After the collection of raw data, it was presented using frequency tables in raw figures and percentages of the results were then to be calculated using tools like SPSS and Spearman's Correlation were used to analyze data.

Data Presentation and Analysis

This section is concerned with analysis of the answers to the questionnaires administered to the respondents.

Data Presentation

Section A: Bio Data of Respondent

TABLE 4.1.1: Number of Respondent, Age and Gender

Gender	Age			Total	Percentage
	18-25yrs	26-35yrs	Above 36yrs		
Male	7	10	4	21	70
Female	3	5	1	9	30
Total	10	15	5	30	100

Source: Survey 2018

Comment: From the table above, 70% of the respondents were males while 30% of them were females. Most of the respondents were aged between 26-35 years which is a very active and productive age bracket.

TABLE 4.1.2: Educational qualification of Respondents

Education level	No. of respondents	Percentage (%)
Certificate	5	17
Diploma	7	23
Degree	15	50
Masters	3	10
Total	30	100

Source: Survey 2018

Comment: The findings in the table above show that 50% of the respondents are degree holders, 23% are diploma holders, 10% have masters qualification and only 17% have certificate qualification. This implies that data for the study was obtained from learned respondents who have easily got adopted to use computer based systems hence the reliability of the data.

TABLE 4.1.3: Job/Positions of Respondents

Job/Positions	Male	Female	TOTAL
Account officers	10	4	14
Managers	6	3	9
Business owners	5	2	7
TOTAL	21	9	30

Source: Survey 2018

46.7% of the respondent are account officers, 30% of the respondent are managers while, the remaining 23.3% are business owners.

Analysis of Responses

In this section attempt will be made to analyze the responses as filed in the questionnaire and returned by the respondent, in the entire questionnaire contained 3 questions. The questions are thus analyzed as follows:

SECTION B

QUESTION 1: Does your firm use accounting packages?

Response	Frequency	Percentage (%)
No	11	36.7
Yes	19	63.3
Total	30	100

Source: Survey 2018

From the table above, majority of the respondents (63.3%) responded that the firm's accounting functions are fully computerized while only 36.7% said that the system is not computerized. This implies that the firm's accounting functions are computerized and efficiency in preparing and handling accounting records.

QUESTION 2: Does the use of accounting packages affect the quality of your firms financial statement?

Responses	No. of respondents	Percentage (%)
Yes	22	73.3
No	8	26.7
Total	30	100

Source: Survey 2018

Comment: The above table shows that 73.3% of the respondents agreed that the use of accounting packages have affected the quality of firms financial statement while 26.7% did not agree therefore it implies that the accounting packages have an effect on the quality of firms financial report.

QUESTION 3: The response in respect to the choice of accounting package mostly used?

Response	Frequency	Percentage (%)
Quick Books	4	13.3
Sage	26	86.7
Tally	0	0
Others	0	0
Total	30	100

Source: Survey 2018

Comment: The above table shows that Sage evolution (86.7%) is the mostly used accounting package in the firm while Quick Books (13.3%) and no other packages are used in the firm. Therefore sage evolution is the most preferred choice of accounting package.

Correlation Analysis

Ho: Accounting packages have no effect on quality of firms financial reports.

			Computerized accounting	Financial reporting
Spearman's rho	Accounting packages	Correlation Coefficient	1.000	.669*
		Sig. (2-tailed)		.035
		N	30	30
	Financial Reports	Correlation Coefficient	.669*	1.000
		Sig. (2-tailed)	.035	
		N	30	30

*. Correlation is significant at the 0.05 level (2-tailed).

From the above findings, it shows that there is a strong relationship between accounting packages and quality of firms financial report. At Pearson correlation coefficient $r=0.669$ (66.9%). The results as depicted from the table above ($r^2=0.669$, $Sig=0.035$) suggest that accounting packages have a significant effect on the quality of firms financial reports.

SUMMARY, CONCLUSION AND RECOMMENDATION

SUMMARY

From the analysis above it can be noted that 73.3% of the respondents agreed that the use of accounting packages have affected the quality of firms financial statement while 26.7% did not agree. Furthermore, the correlation result suggest that accounting packages have a significant effect on the quality of firms financial reports at a significant level of 0.035 which is less than the accepted value of 0.05 . Also, Sage (86.7%) is the mostly used accounting package in the firm while Quick Books (13.3%) and no other packages are used in the firm.

CONCLUSION

From the foregoing the study have come to the following conclusions:

- i. Accounting Packages have an effect on the quality of firms financial reports.

- ii. Sage pastel evolution is the most preferred choice of accounting package as a result of its business utility features and functions.

RECOMMENDATION

Based on the premise of the study findings it can be seen that sage pastel evolution has not just come up as an accounting package for numerical computation but has addition business oriented features that has taken accounting to the next level. Thereby it is recommended that firms should adopt the use of modern accounting packages as a means to better business performance and quality financial reporting.

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