

**FINANCIAL STATEMENTS AND BUSINESS DECISIONMAKING  
IN THE LEAF TOBACCO UGANDA LIMITED**

**BY**

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND-  
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UNIVERSITY**

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## DECLARATION

This Research report is truly my original work and has never been submitted at any one time for award of any academic qualification to any university. The material that is not my work, due acknowledgement has been made.

Signature.....

Date.....28<sup>th</sup> 10/6/2019.....

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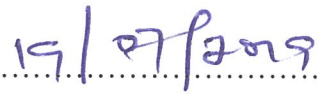
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### APPROVAL

This is to certify that this report has met the necessary requirements for the award of bachelor of Business Administration and is ready for examination with my approval as the University Supervisor

Signature:  .....

Mr. Masembe Muzamil

Date:  .....

**Supervisor**

## **DEDICATION**

This report is dedicated to my beloved mum Mrs. Namuli Rose for the tremendous support towards my education.

## **ACKNOWLEDGEMENT**

My sincere thanks goes to my supervisor Mr. Masembe Muzamil who tirelessly continued guiding me on how to handle issues and in writing a report and bear with my consultations at late hours amidst challenges of transport costs, limited resources and risks of travelling to and from west Nile.

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## **ABBREVIATIONS AND ACRONYMS**

LTUL	:	Leaf Tobacco Uganda Limited
PD	:	Production Department
RT	:	Raw Tobacco
HQTs	:	Headquarters

## **ABSTRACT**

The purpose of the study was to analyze the effect of financial statements on the business decision making at leaf tobacco Uganda limited. The study focused in identifying the usefulness of financial statements analysis in business decision making, assessing the decision making process that is enhanced by the financial statements and examining the relationship between the financial statements and business decision making.

The study adopted the quantitative research methodology employing a cross sectional research design. A population of 41 was selected from some selected departments of leaf tobacco Uganda limited using stratified simple random sampling.

The findings of the study revealed a significant and positive relationship between financial statements and business decision making,

The study recommended that leaf tobacco Uganda limited should adopt strong policy measures on the elements of financial statements which are link of different departments, a profitability level of the organization risk and the balance sheet provides liquidity ratios that show monetary worthiness of the company management and all internal controls to be observed for better financial performance.

## **CHAPTER ONE:**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter involves the background of the study, problem statement, objectives of the study, research questions, scope of the study, significance of the study and the conceptual framework.

#### **1.1 Background of the study**

The complex nature of today's business world and the transformation of the entire world into a global village have been of great concerns to managers of all forms of business organizations. According to Ojuigo (2001), the problems of managers are multi-varied because of inefficiency in management of poor decision outcomes of these organizations. Therefore, the managers are unable to achieve the organizational objective within a period of time. As diverse as business is, its controllable and uncontrollable factors influence all decisions which ultimately lead to the realization of set objectives. To achieve this, companies in developed countries, management have used reliable, authentic and relevant information from the financial statements to efficiently facilitate decision making. It must be noted that every business stores at making at least from investments "sustainable profits" so as to stay afloat and continue in business. Therefore, profit being the concern of every manager is a factor in business. To achieve this, available information from the financial statements of organizations must be analyzed, interpreted and used as a basis for decision making, (Zager and Vasicek 1991). Financial statement analysis is often considered as a vital tool used in evaluating a company's performance and ensuring that decisions are based on facts rather than rule of thumb. A financial analyst needs financial statements of companies to be able to identify operating and financial problems which may affect the companies, (Barret, 2001). Thus, any person who analyses the financial statements of firms should be able to identify the cause and effect of financial and operating problems of such firms. The cause of any financial or operating problem is an event, which produces an effect (the problem). However, in order to identify the cause and ef-

fect, which represents an indicator of the problem, should be observed. This process is referred to as interpretation (Pandey, 2005). According to (Mbat, 2001), it is the responsibility of the financial manager or analyst to enable them make better management decisions.

According to Kepner, (2001), most countries in Africa like Nigeria, the regulatory body are put place for overseeing the adoption and implementation of IFRS. The identification of causes should also be important in order to appropriately evolve corrective measures. Financial analysis and interpretation assist in the: - Identification of organizational performance through the use of analytical data, Identification of empirical relationships between operating results and those items which have influenced the achievement of the results and Identification of historical data order to determine which internal or external factors have exerted positive or negative influence on the operating results (Mbat 2001).

Categorically, there are three forms of financial analysis. These include: multivariate, univariate and ratio analysis, (Murphy, 1998). Moreover, ratios are the end results of basis analysis. The ratio requires an interpretation on the basis of their trends and in the lights of what is known of the business as a young concern. It should be noted that financial statements represent the positions of a firm at a particular point in time. However, the success or failure of a business depends largely on the quality of decisions made by management, which in turn depends on reality of accounting information available on them. Research into this area is quite relevant given the apparent investment failures experienced by many business organizations, (Arvery, 1998). The collapse of many businesses either private or public is due to poor decision. The question is whether management has used information provided in the financial statement extensively to enable rational decision making?

In Uganda many public and private companies are adopting the idea of financial statements. Financial statements apart from stating the financial position of an organization, provides other information such as the value added, changes in equity if any and cash flows of the enterprise within a defined period time to which it relates (Iyoha and Faboyede, 2011). This information is useful to a wide range of users making informed eco-

conomic decisions. The quality of financial reporting is indispensable to the need of users who requires them for investment and other decision making purposes. Financial reports can only be regarded as useful if it represents the “economic substance” of an organization in terms of relevance, reliability, comparability and aids interpretation simplicity (crey, 2001). Like in leaf tobacco Uganda ltd has initiated financial systems which produce accurate results that call for timely and efficient allocation of resources by reducing dissemination of information asymmetry and improving pricing of securities.

## **1.2 Statement of the Problem**

The principal aim of making investment decision is to get adequate returns from it. According to Saleemi (2008), “people as a rule will only tie up their money in a business if they are satisfied with the returns they get from it”. In an attempt to achieve maximum returns from investment in production, services shares or stock and/or other securities outside the firm, thus a comprehensive analysis for the company business decision making should be carried out using the company’s financial statements to ascertain both its explicit and implicit investment opportunities, (Pandey, 2005). However, it remains uncertain since leaf and tobacco Uganda limited still struggles with financial statement analysis in making investment decisions where the following problems may arise: inability to identify viable investment opportunities, decreasing returns from investments, decline in organizational overall profitability, increased investment risk, and the organization cannot achieve its corporate objective at the end of the period if the trend continues. Therefore, there is a need for leaf and tobacco Uganda limited to consider and analyze company’s financial statements for better business decision making and these are the focus of this study.

## **1.3 Objectives of the Study**

The study was guided by both general and specific objectives

### **1.3.1 General objective**

The main objective of the study was to analyze the effect of financial statements on the business decision making at leaf tobacco Uganda limited.



### **1.3.2 Specific objectives**

- i. To identify the usefulness of financial statements analysis in business decision making at leaf tobacco Uganda limited.
- ii. To assess the decision making process that is enhanced by the financial statements at leaf tobacco Uganda limited.
- iii. To establish the relationship between financial statements and business decision making at leaf tobacco Uganda limited.

### **1.4 Research Questions**

The study was guided by the following research question:

- i. What is the usefulness of financial statements analysis to the business decision making at leaf tobacco Uganda limited?
- ii. What is decision making process that enhances financial statements at leaf tobacco Uganda limited?
- iii. What is the relationship between financial statements and business decision making at leaf tobacco Uganda limited?

### **1.5 Scope of the study**

The scope of the study contained the content, time and geographical scope

#### **1.5.1 Content Scope**

The study analyzed the effect financial statements on the business decision making at leaf tobacco Uganda ltd.

#### **1.5.2 Geographical scope**

This study was carried out at headquarters of leaf tobacco Uganda ltd located in eastern direction of Kireka-Namugongo road 7m off Jinja road in Kampala district.

#### **1.5.3 Time Scope**

The research study started from 2017 up to 2019, this was the period when the company experienced few sales compared to previous years and there was divergence in decision made by top management on how to allocate little resources in different departments.

## 1.6 Significance of the study

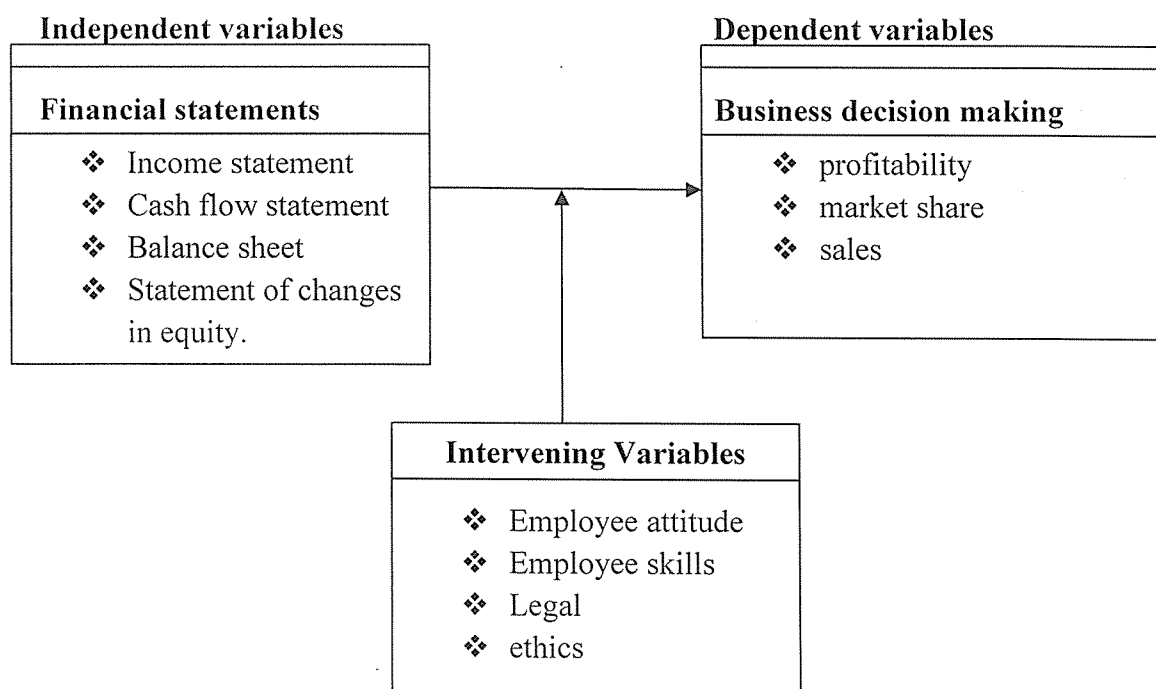
The significance of the study might include but not limited to the following:

- i. The study findings could help the Institutions under study and others in Formulating appropriate financial systems and organizational performance through decision making.
- ii. The results of the study might help the future researchers especially those who might be researching in a similar area of financial statements and business decision making of an institution as they would use it as literature review.
- iii. It is a contribution to the body of knowledge

## 1.7 Conceptual framework

Conceptual framework brings out elements under both variables and clearly explains the relationship between them and the intervening variables as the bridge to independent variable and dependent variable

**Figure 1.1;** Conceptual framework about the effect of financial statements on the business decision making



*Source; researcher, (2019)*

From figure 1, the Conceptual framework consists of Financial statements as an independent variable that includes income statement, cash flow statement, balance sheet and statement of changes in equity that managers base on to make a decision which reflects profitability, market share and sales as dependent variable. However useful business decision making cannot be achieved when the intervening variables which are employee attitude, employee skills, legal and ethical standards are not observed, for example well prepared income statement as per IAS have to reflect the profitability levels of the company and can be used for decision making when employees' attitudes, skills and legal issues are positive, the decision obtained from financial statements will not be of accepted accounting standards hence there is no relevance and reliable in the decision made, therefore for financial statements to be of use for business decision making, the management should also consider the intervening variables such as ethical standards and skills of each employee so as to achieve reliable and timely business decision that investors and other stakeholders can use to make financial decision for that particular period.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter covers critical review of literature by other scholars and writers in relation to financial statements and business decision making of organizations.

#### 2.1 Financial Statements

Marx (2008) defined financial statements of a company or individual as the documents that reflect the historic financial information of the entity. This includes a detailed and accurate record of the assets and liabilities as well as the income and expenses and also the cash flow of the entity. Saleemi (2006), Financial Statements represent a formal record of the financial activities of an entity. These are written reports that quantify the financial strength, performance and liquidity of a company. Financial Statements reflect the financial effects of business transactions and events on the entity.

According to William (2000), financial statements are reports prepared and issued by company management to give investors and creditors additional information about a company's performance and financial standings. This is the fundamental purpose of financial accounting to provide useful financial information to users outside of the company. A set of general-purpose financial statements is designed to report the earnings and profitability, asset and debt levels, uses of cash, and total investments by company owners for a specific time period following the periodicity assumption.

##### 2.1.1 Statement of Comprehensive Income

Income Statement, also known as the *Profit and Loss Statement*, reports the company's financial performance in terms of net profit or loss over a specified period, (Baker, 2000). Income Statement is composed of the following two elements;

**Income:** What the business has earned over a period (for example, sales revenue, dividend income, etc)

**Expense:** The cost incurred by the business over a period (e.g. salaries and wages, depreciation, rental charges, etc). Net profit or loss is arrived by deducting expenses from income.

### 2.1.2 Statement of Changes in Equity

According to Saleemi (2008), Statement of Changes in Equity, also known as the Statement of Retained Earnings, details the movement in owners' equity over a period. The movement in owners' equity is derived from the following components: Net Profit or loss during the period as reported in the income statement, Share capital issued or repaid during the period, Dividend payments, Gains or losses recognized directly in equity (for example revaluation surpluses) and effects of a change in accounting policy or correction of accounting error.

### 2.1.3 Statement of Financial Position

Statement of Financial Position, also known as the Balance Sheet, presents the financial position of an entity at a given date. It is comprised of the following three elements:

**Assets:** Something a business owns or controls (for example, cash, inventory, plant and machinery, etc)

**Liabilities:** Something a business owes to someone (for example, creditors, bank loans, etc)

**Equity:** What the business owes to its owners. This represents the amount of capital that remains in the business after its assets are used to pay off its outstanding liabilities. Equity therefore represents the difference between the assets and liabilities.

### 2.1.4 Statement of Cash Flow

Cash Flow Statement, presents the movement in cash and bank balances over a period.

The movement in cash flows is classified into the following segments:

**Operating Activities:** Represents the cash flow from primary activities of a business.

**Investing Activities:** Represents cash flow from the purchase and sale of assets other than inventories (for example purchase of a factory plant)

**Financing Activities:** Represents cash flow generated or spent on raising and repaying share capital and debt together with the payments of interest and dividends.

According to IFRS (2004), the above reports are prepared in that order and are issued to the public as a set of statements. This means they are not only published together, but

they are also designed and intended to be read and used together. Since each statement only gives information about specific aspects of a company's financial position, it is important that these reports are used together. For instance, the balance sheet shows the debt levels of the company, but it can't show what the debt coverage costs. Both the balance sheet and the income statement are needed to calculate the debt coverage ratio for investors and creditors to see a true picture of the debt burden of a company, (Gramling, 2004).

Companies issue financial statements for a variety of reasons at a variety of times during the year. Public companies are required to issue audited financial statements to the public at least every quarter. These regulated financial statements must meet SEC and PCAOB guidelines. Non-public or private companies generally issue financial statements to banks and other creditors for financing purposes. Many creditors will not agree to loan funds unless a company can prove that it is financially sound enough to make its future debt payments. Both public and private companies issue financial statements to attract new investors and raise funding for expansions.

#### **2.1.5 Financial statements can be prepared interminably or annually.**

##### **Interim Financial Statements**

Financial statements that are issued for time periods smaller than one year are called interim statements because they are used as temporary statements to judge a company's financial position until the full annual statements are issued, (Pandey, 2005). Interim statements are most commonly issued quarterly or semi-annually, but it is not uncommon for companies to issue monthly reports to creditors as part of their loan covenants. Quarterly statements, as the name implies, are issued every quarter and only include financial data from that three-month span of time, (Alexander, 1993). Likewise, semi-annual statements include data from a six-month span of time. Since these interim statements cover a smaller time period, they also track less financial history. This is why annual financial statements are generally more reliable and better represent a company's true financial position.

## **Annual Financial Statements**

Annual financial statements are prepared once a year and cover a 12-month period of financial performance. Generally, these statements are issued at the end of a company's fiscal year instead of a calendar year. A company with a June year-end would issue annual statements in July or August; whereas, a company with a December year-end would issue statements in January or February. Public companies are required by the SEC and the PCAOB to issue both interim and annual statements. A CPA firm must always audit annual statements, but some interim statements can simply be reviewed by a qualified firm.

### **2.1.6 Financial Statement Analysis**

Investors and creditors analyze this set of statements to base their financial decisions on. They also look at extra financial reports like financial statement notes and the management discussion. Nestor (2004), the income statement and balance sheet accounts are compared with each other to see how efficiently a company is using its assets to generate profits. Company debt and equity levels can also be examined to determine whether companies are properly funding operations and expansions.

Most investors and creditors use financial ratios to analyze these comparisons. Collier, 1991), there is almost no limit to the amount of ratios that can be combined for analysis purposes. These ratios by themselves rarely give outside users and decision makers enough information to judge whether or not a company is fiscally sound, however. Investors and creditors generally compare different companies' ratios to develop an industry standard or benchmark to judge company performance.

Financial statement analysis provides important information about a company's financial health. To meet their financial reporting obligations and to assist in strategic decision-making, firms prepare financial statements. However, "the information provided in the financial statements is not an end in itself as no meaningful conclusions can be drawn from these statements alone." Firms employ financial analysts to read, compare and interpret the data as necessary for quantitative analysis and decision-making, (Elliot, 2006). The following are the importance of financial statement analysis to stakeholders;

**Communication;** the implementation of IFRS would reduce information irregularity and strengthens the communication link between all stakeholders (Bushman and Smith, 2001). It also reduces the cost of preparing different version of financial statements where an organization is a multi-national (Healy and Palepu, 2001). Accounting standards ensures that important matters regarding preparation and presentation of financial statements as well as auditing same are not left to whim of the preparers and auditors. Before IFRS adoption era, most countries had their own standards with local bodies responsible for developing and issuance.

**Significance;** Financial analysis determines a company's health and stability. The data gives you an intuitive understanding of how the company conducts business. Stockholders can find out how management employs resources and whether they use them properly. Governments and regulatory authorities use financial statements to determine the legality of a company's fiscal decisions and whether the firm is following correct accounting procedures. Finally, government agencies, such as the Internal Revenue Service, use financial statement analysis to decide the correct taxation for the company.

**Liquidity;** The balance sheet provides liquidity ratios that show how much monetary worth the company has on a given day, which helps determine if the firm's financial reliability. The current ratio shows "the 'working capital' relationship of current assets available to meet the company's current obligations," reports Credit Guru. The quick ratio is similar, calculating those assets easily convertible into cash, determining the immediate working capital relationship. The debt to equity ratio establishes who owns more of the company, creditors or shareholders, (Vasicek, 2006).

**Efficiency;** Efficiency ratios measure how efficiently the company turns inventory into revenue. The day sales outstanding ratio focuses on the time required to turn inventory into cash and the age of your accounts receivable. The inventory turnover ratio "indicated the rapidity with which the company is able to move its merchandise," reports Credit Guru. Accounts payable to sales shows the percentage of sales funded with supplier's money.



**Profitability;** Profitability ratios reveal a firm's success at generating profits. "The profit margin of a company determines its ability to withstand competition and adverse conditions," reports Credit Guru. Return on assets, reveals the profits earned for each dollar of assets and measures the company's efficiency at creating profit returns on assets. Net worth focuses on financial returns generated by the owner's invested capital, (Smith, 2000).

### **Limitations of financial statement analysis**

Although analysis of financial statement is essential to obtain relevant information for making several decisions and formulating corporate plans and policies, it should be carefully performed as it suffers from a number of the following limitations.

**Mislead the user;** the accuracy of financial information largely depends on how accurately financial statements are prepared. If their preparation is wrong, the information obtained from their analysis will also be wrong which may mislead the user in making decisions.

**Not useful for planning;** since financial statements are prepared by using historical financial data, therefore, the information derived from such statements may not be effective in corporate planning, if the previous situation does not prevail.

**Qualitative aspects;** Then financial statement analysis provides only quantitative information about the company's financial affairs. However, it fails to provide qualitative information such as management labour relation, customer's satisfaction, and management's skills and so on which are also equally important for decision making.

**Comparison not possible;** the financial statements are based on historical data. Therefore comparative analysis of financial statements of different years cannot be done as inflation distorts the view presented by the statements of different years.

**Wrong judgment;** the skills used in the analysis without adequate knowledge of the subject matter may lead to negative direction. Similarly, biased attitude of the analyst may also lead to wrong judgment and conclusion. The limitations mentioned above about financial statement analysis make it clear that the analysis is a means to an end and not an

end to itself. The users and analysts must understand the limitations before analyzing the financial statements of the company.

#### **2.1.7 Ways to improve business decisions making through using financial statement analysis**

To make well-informed decisions, a company's management gleans data from various sources. These include financial statements, budget summaries, manufacturing analyses and personnel evaluation reports. Financial and non-financial data play a key role in the way the business manages its finances and remains economically healthy. The most important financial statements include equity statements, balance sheets, income reports and cash-flow statements, (Baker, 2000).

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. Vasicek (2006), In other words, auditing of financial statements is understandable, by which accuracy is ensured. In context of consideration of financial statements as a function of decision making it is important to emphasize that different users must know how to “read” those statements. “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.

According to Healy, (2001), financial statements help investors remove the uncertainty often associated with privately held businesses. Government regulations generally do not impose stringent reporting requirements on private entities as they do for publicly traded companies. Accounting reports include such data summaries as balance sheets, income statements and cash-flow reports. Companies that are not forthcoming with performance information could unsettle business in a sector, especially if they are major players. Secu-

rities-exchange participants could interpret the unusual discretion as a sign of potential slowdown or an increase in regulatory scrutiny, and may conclude that such a scenario could bode ill for the industry down the road.

Financial decision-making enables corporate leadership to analyze various investment opportunities facing a company and to show department heads how to make good commercial bets. In essence, company principals sift through financial statements to choose competent business partners with whom they can work and make money for the business. For example, a company believes it can expand overseas by signing partnerships with domestic partners. Before going farther, top leadership may ask corporate accountants to prepare an updated balance sheet and indicate whether the business will have enough money to carry out its commercial ambitions and gain market share.

The Impact of Financial Statements on business decision making

Businesses regularly put out financial statements such as the income statement, balance sheet and statement of cash flows. When these financial statements are released, they can have large impacts on the business and on the investors of the company. Therefore, it is critical for the business to ensure that the information the statements present is correct.

**Impact on Stock Price;** financial statements can have a drastic effect on the stock price of a company. Many investors look at the financial statements when making investment decisions. If information is presented in a financial statement that is better or worse than expected, it can send the stock price up or down. Zager (2005), Investors often use financial ratios based on information from the financial statements to make assumptions. Because of this, the financial statements can have a drastic effect on the investors of a business.

**Stability of the company;** Given the importance of accounting reports in financial-decision making, a lot of strategic thinking goes into how a company must present its financial data and use such information to win the economic competition. Financial decision-making talks often happen at the higher echelons of the corporate ladder, typically involving individuals in the C-suite that is, the chief executive officer, the chief operating officer, the chief risk officer and the chief financial officer. The goal is to have senior of-

ficers combine their business acumen and analytical dexterity to find the best ways to steer the company toward profitability. Financial statements have specific effects on decision-making. Income statements help in profitability management, whereas balance sheets are integral to solvency and financial-stability discussions. Cash-flows statements primarily affect decisions around fund-raising and long-term investment, (Miller,2002).

**Financing Decisions;** financial statements can also have an impact on how easy it is for a business to get financing. If a company is trying to take out a business loan, the lender will typically want to look at the financial statements of that company. If the information on the financial statements is not flattering, it may negatively impact the ability of the company to borrow money. Lenders usually want to invest in companies that have good financial numbers.

**Attract New Investors;** financial statements also affect attracting new investors. When a company issues new shares of stock, it will most likely distribute financial statements to potential investors. The potential investors will examine the financial statements to determine if they want to put money into the company. Low earnings numbers could negatively impact the number of investors willing to put money into the company.

**Other Companies;** in some cases, financial statements can even affect other businesses. For example, a leading company in a particular industry releasing financial statements can influence that industry as a whole. Bad numbers by a leading company can sometimes lead to a negative outlook on other companies. This may drive down the stock prices on other companies in the same industry or sector of the market.

## **Conclusion**

From the above introduction to financial statements it is clear that not all the information necessary to make sound financial decisions is readily available from these statements. A number of ratios need to be calculated and compared with others to enable the decision maker to draw the correct conclusions. It should be remembered that the financial statements reflect the historic activities and that decisions are taken about the future. This can only be done by drawing conclusions about trends of the different ratios rather than the actual historic numbers, (Marx, 2009).

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the research design, population of the study, sample size and selection methods, research instruments, method of data collection and analysis, validity and reliability and constraints faced.

#### **3.1 Research design**

The study adopted the analytical study design where both qualitative and quantitative methods of data collection and analysis were used. An analytical study design is defined as a designed as that takes into account the study element so that they are analyzed appropriately basing on the objectives of the study, (Saunders, 2007)

#### **3.2 Population of the study**

The study was carried out among 41 employees from different departments of leaf tobacco Uganda Ltd in Kampala district. In this study, a study population comprised all employees.

#### **3.3 Sample size**

The study covered a total of 27 respondents and the sample size was determined using an argument by Saunders, (2007) that sample sizes are more than 21 respondents can produce authentic result and these numbers may be judgmentally determined.

#### **3.4 Sampling procedure**

The sampling techniques used in this study was purposive sampling method. The purposive sampling method is one where a researcher picks respondents for participation in the study who are knowledgeable about the subject matter.

#### **3.5 Research instruments**

Self-administered questionnaires, interviews guide and a review of written documents were used during data collection.

### **3.5.1 Questionnaire**

The study centered on self-administered questionnaire as research instruments. Both open and close ended questions were designed for each category of respondents. The questionnaire also contained both structured and unstructured questions so as to seek the respondent's opinion on financial statements. The self-administered questionnaire enabled the researcher to reach a large number of respondents in a relatively short time.

### **3.5.2 Interview method.**

The researcher used both structure and unstructured interview to collect information from the population. The researcher used interview guide to get firsthand information which helped the researcher to come up with new ideas for follow up.

### **3.5.3 Document review**

Review of relevant document was done throughout the study. The researcher consulted on written materials like books, journals, reports, manuals, bulletins, magazines, the internet, and any other relevant records that helped to answer some of the like key research questions.

## **3.6 Data Collection and analysis**

### **3.6.1 Data collection**

Data was collected by researcher himself. The questionnaires were then administered to employees and administrative staff. This was done after soliciting for each respondent's willingness and cooperation in filling in the questionnaires. The respondents were asked to answer all the questions in the questionnaire and allow them time they need to answer fully.

### **3.6.2 Validity and Reliability**

The validity of the instrument is defined as the ability of the instrument to measure what is intended to measure. The validity of the instrument was established through a pilot test of 40 respondents who was requested to carry a careful and critical assessment of each item in the instrument to ensure that the instrument is measuring up to the expectations. In this respect, a Content Validity Index (CVI) was used. The reliability of the instrument

is defined as the consistence of the instrument in picking the needed information. Reliability was computed using the Inter-Rater Reliability (IRR) test.

### **3.6.3 Data processing and analysis**

Data processing was done through editing of the data to check for accuracy, consistency, legibility and comprehensiveness, and then data was coded for further data analysis. After data processing, qualitative data analysis was carried out by single frequency tabulation using a statistical program.

## CHAPTER FOUR

### DATA PRESENTATION AND INTERPRITATION

#### 4.0 Introduction

In this Chapter, attempt was made to present and interpret the results analyzed as described in Chapter three; results are presented and interpreted in the way that they show a significant relationship between variables.

#### 4.1. Demographic characteristic of the respondents

To show the demographic characteristic of the sample, frequency distribution was used to indicate the variations of respondents by sex, age group, level of Education, marital status, and years worked. The results were arrived at through a frequency table as shown in tables below;

##### 4.1.1 Gender of respondents

**Table 4.1, showing the gender of respondents**

	Frequency	Percentage (%)	Cumulative percentage
male	18	66.7	66.7
female	9	33.3	100.0
<b>Total</b>	<b>27</b>	<b>100.0</b>	

*Source: Primary Data, (2019)*

From the table 1 above it's indicated that most of the respondents were male 18 (66.7%) and the female 9 (33.3%), implying that most of the respondents were male. The findings signifies that the organization employees more males compared to the females.



#### 4.1.2 Age distribution of respondents

**Table 4.2, showing the Age of respondents**

	Frequency	Percentage (%)	Cumulative percentage
Valid below 30	11	40.8	40.8
Between 30 and 40	9	33.3	74.1
between 40 and 50	4	14.8	88.9
Above 50	3	11.1	100.0
<b>Total</b>	<b>27</b>	<b>100.0</b>	

*Source: Primary Data, (2019)*

The results from the table 2 indicate that most respondents are below age of 30 with 11, (40.8%) while those with age group above 50yrs have lowest response rate of 3 (11.1%). This is because those respondents of age 30years are still in lower positions and less busy than those above 50years. Therefore this implies that the respondents were old enough to understand and answer the questions posted to them for the research study.

#### 4.1.3 Education level of respondents

**Table 4.3, showing the level of education of respondents**

	Frequency	Percentage (%)	Cumulative percentage
Certificate	6	22.2	22.2
Diploma	11	40.7	62.9
Degree	7	26.0	88.9
Masters	3	11.1	100.0
<b>Total</b>	<b>27</b>	<b>100.0</b>	

*Source: Primary Data, (2019)*

Table 3 shows that respondents with diplomas' level of education are more than those of masters' level with 11 (40.7%) and 3 (11.1%) respectively. Majority of employees at leaf and tobacco Uganda ltd are at diplomas' level since the kind of work carried out calls for the qualification of Diploma than that of Masters which is mainly necessary at the top management level. This implies that respondents were professional enough to understand effectively the accounting policies and standards thus making it easy to respond to ques-

tions the researcher asked them.

#### 4.1.4 Number of years worked in the organization by respondents

**Table 4.4, showing the Number of years worked in the organization by respondents**

	frequency	Percentage (%)	Cumulative percentage
1-5 years	17	63.0	63.0
6-10 years	6	22.2	85.2
10+ years	4	14.8	100.0
<b>Total</b>	<b>27</b>	<b>100.0</b>	

*Source: Primary Data, (2019)*

Results from the table 4 indicates that the majority of respondents have worked for 1-5 years with 17 (63%), 6 (22.2%) of the respondents have worked in leaf and tobacco Uganda ltd within 6-10years while those of 10years and above have 4 (14.8%). This implies that respondents have worked in the company for more years and have enough knowledge about organization's duties.

#### 4.2 To identify the usefulness of financial statements analysis in business decision making at leaf tobacco Uganda limited.

Financial statement analysis provides important information about a company's financial health. To meet their financial reporting obligations and to assist in strategic decision-making, firms prepare financial statements. Some of the elements of the usefulness of financial statements are analyzed below.

##### 4.2.1 Financial statements are frequently in the way of reviewed

**Table 4.5, showing the weather Financial statements are frequently in the way of reviewed**

	Frequency	Percentage (%)	Cumulative percentage
Strongly agree	7	26.0	26.0
Agree	10	37.0	63.0
Not sure	2	7.4	70.4
disagree	5	18.5	88.9
Strongly disagree	3	11.1	100.0
<b>Total</b>	<b>27</b>	<b>100.0</b>	

*Source: Primary Data, (2019)*

From the table above 10 (37%) directly agreed that financial statements are frequently reviewed to enable reliable business decision making while 5 (18.5%) directly disagreed and 2 (7.4%) of the respondents were not sure. This implies that there are internal controls activities within the organization towards financial statements are effective which contribute to the timely decision making at leaf tobacco Uganda limited.

#### 4.2.2 Financial statements have helped to link different departments

Financial statements help to link different departments through Monitoring and collecting of information as a project progresses.

**Table 4.6, showing weather Financial statements have helped to link different departments**

	frequency	Percentage (%)	Cumulative percentage
strongly Agree	8	29.6	29.6
Agree	11	40.7	70.3
Not sure	2	7.4	77.7
Disagree	3	11.1	88.9
Strongly disagree	3	11.1	100.0
<b>Total</b>	<b>27</b>	<b>100.0</b>	

*Source: Primary Data, (2019)*

From the table above its established that most of the respondents agree that is 11 (40.7%), 8 (29.6%) strongly agree while 3 (11.1%) disagree and 3 (11.1%) strongly disagree thus, it shows that financial statements have helped to link different departments, implying that there is teamwork and frequent communication in the organization which makes audit work more effective hence achieving good financial performance.

#### 4.2.3 A profitability level of the organization is determined from financial statements.

**Table 4.7, showing weather profitability level of the organization is determined from financial statements**

	frequency	Percentage (%)	Cumulative percent- age
Strongly agree	13	48.1	48.1
Agree	9	33.3	81.4
Not sure	1	3.7	85.1
Disagree	2	7.4	92.5
Strongly disagree	2	7.4	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

From the table 7 above 13 (48.1%) of the respondents strongly agree that profitability level of the organization is determined from financial statements, 9 (33.3%) directly agree, while 2 (7.4%), 2 (7.4%) directly disagree and strongly disagree respectively. This shows that profitability level of the organization is determined from financial statements thus existence of financial statement analysis in an organization influences business decision making.

#### 4.2.4 The balance sheet provides liquidity ratios that show monetary worthiness of the company.

**Table 4.8, showing weather balance sheet provides liquidity ratios that show monetary worthiness of the company**

	frequency	Percentage (%)	Cumulative percent- age
Strongly agree	9	33.3	33.3
Agree	9	33.3	66.6
Not sure	3	11.1	77.7
Disagree	4	14.8	92.5
Strongly disagree	2	7.4	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

From the table above 18 (66.6%) of respondents in total strongly agree and agree that balance sheet provides liquidity ratios that show monetary worthiness of the company. 3 (11.1%) of respondents were not sure about balance sheet while 4 (14.8%) and 2 (7.4%) of the respondents disagree and strongly disagree respectively. This implies that balance sheet provides liquidity ratios that show monetary worthiness of the company since the majority of respondents agree with the statement.

#### 4.2.5 Financial statement analysis determines the company's health and stability.

**Table 4.9, showing whether financial statement analysis determines the company's health and stability**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	11	40.7	40.7
Agree	8	29.6	70.3
Not sure	2	7.4	77.7
Disagree	3	11.1	88.8
Strongly disagree	3	11.1	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

Table 9 shows that 11 (40.7%) of the respondents strongly agree and 8 (29.6%) directly agree that financial statement analysis determines the company's health and stability while 2 (7.4%) are not sure and the remainder of 6(22.2%) of respondents strongly disagree and directly disagree about the statement.

#### 4.3 To assess the decision making process that is enhanced by the financial statements at leaf tobacco Uganda limited.

To make well-informed decisions, a company's management gleans data from various sources. These include financial statements, budget summaries, manufacturing analyses and personnel evaluation reports. Financial and non-financial data play a key role in the way the business manages its finances and remains economically healthy.

#### 4.3.1 Decision of the company's management is based on various sources such as financial reports and budget summaries

**Table 4.10, showing whether decision of the company's management is based on various sources such as financial reports and budget summaries**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	11	40.7	40.7
Agree	9	33.3	74.0
Not sure	1	3.7	77.7
Disagree	3	11.1	88.9
Strongly disagree	3	11.1	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

The table 10 above indicates that 11 (40.7%) of respondents strongly agree and 33.3% agree that decision of the company's management is based on various sources such as financial reports and budget summaries while 6 (22.2%) of respondents in total strongly disagree and disagree, thus this shows that the management bases on the financial reports to make a decision.

#### 4.3.2 Decision making process is the existence of quality information from financial statements.

**Table 4.11, showing whether Decision making process is the existence of quality information from financial statements**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	7	25.9	25.9
Agree	9	33.3	59.2
Not sure	2	7.4	66.6
Disagree	5	18.5	85.1
Strongly disagree	4	14.8	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

From the table above 9(33.3%) of respondents directly agree and 7 (25.9%) of respond-

ents agree that leaf tobacco Uganda limited uses decision making process for quality information from financial statements and 2 (7.4%) of the respondents were not sure while the remainder of 9 (33.3%) respondents strongly disagree and disagree about the statement. This shows that most of respondents agreed meaning that decision making process is used for quality information from financial statements.

#### 4.3.3 Financial decision making enables corporate leadership to analysis various investment opportunities facing the company

**Table 4.12, showing whether Financial decision making enables corporate leadership to analysis various investment opportunities facing the company**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	12	44.4	44.4
Agree	6	22.2	66.6
Not sure	1	3.7	70.3
Disagree	4	14.8	85.1
Strongly disagree	4	14.8	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

The table 12 indicates that most of the respondents 12 (44.4%) strongly agree, 6 (22.2%) agree while 4 (14.8%) disagree, 4 (14.8%) strongly disagree and 1(3.7%) of the respondents were not sure that financial decision making enables corporate leadership to analysis various investment opportunities facing the company. This implies that corporate leaders do use financial decision in looking for investment opportunities facing the company.

#### 4.3.4 Business decisions of the company keep changing depending on financial statements of that period.

**Table 4.13, showing whether business decisions of the company keep changing depending on financial statements of that period**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	14	51.8	51.8
Agree	6	22.2	74.0
Not sure	1	3.7	77.7
Disagree	4	14.8	92.5
Strongly disagree	2	7.4	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

The table 13 above shows that 20 (74%) of respondents in total agree and strongly agree that leaf tobacco Uganda limited business decisions keep changing depending on financial statements of that period and 1 (3.7%) of the respondents were not sure while the total of 6 (22.2%) respondents strongly disagree and disagree about the statement. This shows that majority of respondents agree meaning that business decisions of the company keep changing depending on financial statements of that period.

#### 4.3.5 Decision made from financial statements shows efficient in performance

**Table 4. 14, showing whether decision made from financial statements shows efficient in performance**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	10	37.0	37.0
Agree	8	29.6	66.6
Not sure	2	7.4	74.0
Disagree	4	14.8	88.8
Strongly disagree	3	11.1	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

From the table above 10 (37%) of respondents strongly agree and 8 (29.6%) agree that



Decision made at leaf tobacco Uganda limited from financial statements shows efficient in performance, 2 (7.4%) of the respondents were not sure while 4 (14.8%) and 3 (11.1%) of respondents disagree and strongly disagree respectively about the statement. This shows that majority of respondents agree meaning that decision made from financial statements shows efficient in performance of leaf tobacco Uganda limited.

#### 4.4 To establish the relationship between financial statements and business decision making at leaf tobacco Uganda limited.

Businesses regularly put out financial statements such as the income statement, balance sheet and statement of cash flows. When these financial statements are released, they can have large impacts on the business and on the investors of the company. Therefore, it is critical for the business to ensure that the information the statements present is correct.

##### 4.4.1 Financing decisions of the company is based on financial statements in that period.

**Table 4.15, showing weather Financing decisions of the company is based on financial statements in that period**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	9	33.3	33.3
Agree	11	40.7	74.0
Not sure	1	3.7	77.7
Disagree	3	11.1	88.9
Strongly disagree	3	11.1	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

The table above indicates that 11 (40.7%) of respondents agree and 9 (33.3%) strongly agree that financing decisions of the company is based on financial statements in that period while 6 (22.2%) of respondents in total strongly disagree and disagree, thus this indicates that the management bases on the financial statements to make a decision thus affect the economic decision of the organization.

#### 4.4.2 Investors often use financial ratios based on information from financial statements.

**Table 4.16, showing whether Investors often use financial ratios based on information from financial statements**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	13	48.1	48.1
Agree	8	29.6	77.7
Not sure	1	3.7	81.4
Disagree	3	11.1	92.5
Strongly disagree	2	7.4	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

The table 16 indicates that most of the respondents 13 (48.1%) strongly agree, 8 (29.6%) agree while 3 (11.1%) disagree, 2 (7.4%) strongly disagree and 1 (3.7%) of the respondents were not sure that Investors often use financial ratios based on information from financial statements. This implies that investors in this global village do use financial ratios to find which business they should invest their money.

#### 4.4.3 Financial statement shows business performance in specific period.

**Table 4.17, showing whether Financial statement shows business performance in specific period**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	11	40.7	40.7
Agree	11	40.7	81.4
Not sure	1	3.7	85.1
Disagree	2	7.4	92.5
Strongly disagree	2	7.4	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

From the table above 22 (81.4%) of respondents in total directly agree and strongly agree that leaf tobacco Uganda limited uses financial statements to identify her performance in specific period and 1 (3.7%) of the respondents were not sure while the remainder of 4

(14.8%) respondents strongly disagree and disagree about the statement. This shows that most of respondents agree meaning that financial statement shows business performance in specific period.

#### 4.4.4 Financial statements affect the business decision making in the organization.

**Table 4.18, showing whether Financial statements affect the business decision making in the organization**

	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly agree	12	44.4	44.4
Agree	9	33.3	77.7
Not sure	1	3.7	81.4
Disagree	3	11.1	92.5
Strongly disagree	2	7.4	100
<b>Total</b>	<b>27</b>	<b>100</b>	

*Source: Primary Data, (2019)*

The table above shows that 12 (44.4%) of the respondents strongly agree, 9 (33.3%) agree that Financial statements have a big effect on the business decision making in the organization while 1 (3.7%), 3 (11.1%), and 2 (7.4%) of the respondents strongly disagree, disagree, and not sure respectively. This indicates that most of the respondents strongly agreed about the statement which shows that financial statements at leaf tobacco Uganda limited are based on making business decisions for that specific period.

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSION AND RECOMMENDATION**

#### **5.0 Introduction**

This chapter provides a discussion of findings in chapter four in respect to the objectives of the study and reviewed literature. It is subdivided into three sections; the first section focuses on the discussion of the study variables that is the effect of financial statements on the business decision making at leaf tobacco Uganda limited. The second and third sections constitute the conclusion and recommendations respectively.

#### **5.1 Summary of findings and discussion**

The study was purposively carried out to find out the effect of financial statements on the business decision making at leaf tobacco Uganda limited.

##### **5.1.1 The usefulness of financial statements analysis in business decision making at leaf tobacco Uganda limited**

According to the findings, leaf tobacco Uganda limited had an average internal control functions that favoured the preparation of financial statements and their interpretation which enhanced different departments functioning properly as evidenced from the tables of analysis. The financial statements that were used to analyze information are income statement, Cash flow statement, Balance sheet and Statement of changes in equity. According to the findings from table 6 financial statements analysis help to link different departments in the organization as it was supported by Wanambwa (2008) and calls for management of leaf tobacco Uganda limited to put more efforts on all internal controls that can be used for preparation of financial statements, however leaf tobacco Uganda limited have to improve in the areas were needs more attention for example when preparing different statements and checking other internal controls that can affect the profitability and productivity levels of company.

### **5.1.2 The decision making process that is enhanced by the financial statements at leaf tobacco Uganda limited**

From the tables of analysis on the decision making of the business, it shows that decision making process is the existence of quality information from financial statements and decision made from financial statements shows profitability and efficient in performance at leaf tobacco Uganda limited are at good percentage only needs more time to be improved further; this can be enhanced by elements of internal control functions such as regular review of audit reports, accountability and safeguard of assets. Of above two dimensions and others from tables 10 and 13, financial statements are particularly important for attainment of stakeholder's targets, (Flanagin and Metzger, 2008) and good measure in the organization's success.

### **5.1.3 The relationship between financial statements and business decision making at leaf tobacco Uganda limited.**

The finding from table 18 reveals a significant positive relationship between financial statements and business decision making at leaf tobacco Uganda limited. Financial statements are one of the principle means by which risk of fraud is managed (Saleemi, 2008). Also Altamura (2009) stated that the effective of internal audit systems have long been advocated as a mechanism for establishing high quality of financial statements and have been used voluntarily by firms for this purpose. In response to several high profile financial frauds, different writers like elliot (2006) and International Financial Reporting Standards (2004) have issued internal control integrated framework report, providing a foundation for the assessment of effectiveness of financial statements that every organization on globe use for their business decision making.

According to Baker (2002), financial statements are means by which an organization's resources are directed, monitored and measured. It plays an important role in preventing and detecting fraud and protecting organization's resources both physical and intangible that investors, management and other stakeholders' base on make their business decision for that particular period as baker (2002) reveals, the findings analysis from tables also confirms a significant positive relationship between the two variables.

## **5.2 Conclusion**

The purpose of the study was to analyze the effect of financial statements on the business decision making at leaf tobacco Uganda limited. This analysis provided reasonable assurance of the maintaining of the organization to be in a going concern situation and provides reasonable assurance to both management and stakeholders about the financial status of the company.

Considering to the results of the study it is evident that some of the usefulness of financial statements analysis are appreciated by respondents mainly the link different departments by financial statements, the profitability level of the organization determined from financial statements and how financial statements have an impact on business decision making and all these a yard stick for good financial performance at leaf tobacco Uganda limited. Therefore from table 18 of findings it's evident that there is positive relationship between financial statements and business decision making at leaf tobacco Uganda limited thus the management should endeavor to eliminate the weaknesses in their internal control functions so as to achieve sustainable financial performance.

## **5.3 Recommendations**

From the findings, since there is a positive relationship between financial statements and business decision making, I therefore recommend leaf tobacco Uganda limited to ensure that all elements of internal control functions are implemented and are not undermined by the management.

The finance and accounts department should be put in position to carry out periodic and continuous review of audit reports so as to observe early the loopholes that exist in the organization internal systems and take corrective action where necessary. The department will also ensure that the transactions are carried out in accordance with the International Accounting Standards (IAS) and International Standards on Auditing (ISA) that brings out guidelines for good financial performance of the organization.

Considering the elements of usefulness of financial statement analysis which are review of financial statements, determining the level profitability and financial statement linking

different departments were very strong factors for business decision making for specific period. Leaf tobacco Uganda limited should come up with strong policies to manage both intangible and tangible assets which enhance effective internal control systems for better financial performance.

Considering the elements of business decision making such as decision of the company's management is based on various sources such as financial reports and budget summaries, and decision made from financial statements shows efficient in performance. The company should aim at creating a good and clear communication channel where information is reached to the department of need without any; this can be done by designing accounting systems like tally, quick book and pastel which eases communication and giving reliable information.

#### **5.4 Areas for further study**

I further recommend a study to be done on internal control systems and financial performance of the organization, which looks internal analysis of all elements that have impact of financial decision of the organization.

More research could be carried out on the effectiveness of Internal Audit function and employee attitude on organizational performance as a whole.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE

#### QUESTIONNAIRE AND INTERVIEW GUIDE

#### TO MANAGEMENT AND STAFF OF LEAF AND TOBACCO UGANDA LTD

Dear Respondent, Am currently carrying out a study for the purpose of writing a research report as a requirement for the award of bachelors of business Administration of Kampala International University.

You have been selected to participate in this study due to the importance of your information in the study. The information you provide will only be used for the purpose of this study and will be treated with utmost confidentiality.

Please feel free and answer all the questions truthfully.

#### SECTION A

#### RESPONDENT'S BACKGROUND

##### 1. Gender (Please tick appropriately)

(i) Male ☐

(ii) Female ☐

##### 2. Highest level of education

(i) Certificate ☐

(ii) Diploma ☐

(iii) Bachelor ☐

(iv) Masters ☐

(v) Others (Specify).....

##### 3. Position held

(i) Head of departments ☐

(ii) Finance and Accounts staff ☐

(iii) human resource department ☐

(iv) Others ☐

**4. Age bracket**(i) Below 30 (ii) 30-40 (iii) 40-50 (iv) Above 50 **5. Number of years served in organization**(i) 1-5 years (ii) 6-10 years (iii) 10+ years **SECTION B**

**To identify the usefulness of financial statements analysis in business decision making at leaf tobacco Uganda limited.**

Please rank the following statements ranging from strongly disagree to strongly agree where;

1= strongly disagree, 2= disagree, 3= not sure, 4= agree, 5= strongly agree

NO.	STATEMENTS	1	2	3	4	5
1.	financial statements are frequently reviewed					
2.	Financial statements link different departments.					
3.	A profitability level of the organization is determined from financial statements.					
4.	The balance sheet provides liquidity ratios that show monetary worthiness of the company.					
5.	Financial statement analysis determines the company's health and stability.					

### SECTION C

**To assess the decision making process that is enhanced by the financial statements at leaf tobacco Uganda limited.**

NO	STATEMENTS.	1	2	3	4	5
1.	Decision of the company's management is based on various sources such as financial reports and budget summaries.					
2.	Decision making process is the existence of quality information from financial statements.					
3.	Financial decision making enables corporate leadership to analysis various investment opportunities facing the company.					
4.	Business decisions of the company keep changing depending on financial statements of that period.					
5.	Decision made from financial statements shows efficient in Performance.					

In your opinion, do you think management use financial statements to make a business decision at leaf and tobacco Uganda ltd? .....

### SECTION D

**To establish the relationship between financial statements and business decision making at leaf tobacco Uganda limited.**

NO	STATEMENTS.	1	2	3	4	5
1.	Financing decisions of the company is based on financial statements in that period.					
2.	Investors often use financial ratios based on information from financial statements.					
3.	Financial statement shows business performance in specific period.					
4.	Financial statements affect the business decision making in the organization.					

In your opinion, what are other factors that affect business decision making in an organization? .....

**Thanks for your participation!**