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**THE EFFECT OF ACCOUNTING PRACTICES ON FINANCIAL PERFORMANCE OF  
AMAL REMITTANCE COMPANY, MOGADISHU- SOMALIA**

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**ABSTRACT**

The study investigated the effect of accounting practices and financial performance of Amal Remittance Company in Mogadishu Somalia. The objectives were to determine the effects of financial statement on the financial performance of Amal Remittance Company in Mogadishu. To assess the effect of internal audit on the financial performance of Amal remittance Company in Mogadishu. To examine the effect of Bookkeeping on the financial performance of Amal remittance Company in Mogadishu. Research questionnaires guide were developed and distributed to a sample of 97 employees comprising of managements, line manager/supervisors and operational staff as respondents from a population of 130 Amal remittance company as sample. Stratified and simple random samplings applied to collect data. Data was analyzed using by multiple regression and stepwise method. Multiple regressions are a form of correlation. Data were also analyzed using the Statistical Package for Social Scientists (SPSS) for stepwise method. As regards the effect of financial statement on financial performance of Amal remittance company in Mogadishu-Somalia, the findings generally revealed that there is a significant relationship between financial statement on financial performance [ $r = 98.8\%$   $P = .000$ ]. Therefore this makes us to reject the null hypothesis and take the alternate hypothesis that means there is relationship between accounting practices and financial performance in Amal Remittance Company. The other predictors of accounting practices i.e. internal audit and Bookkeeping are excluded. Form the findings of the study, financial statement is the major predictor of relationship between accounting practices and financial performance in Amal remittance Company and it is 100% significance. According to the study findings internal audit did not predict the relationship between accounting practices and financial performance of Amal company as it is only worked when combined financial statements as predictors of relationship strictly to the null hypothesis that there is no relationship between internal audit and financial performance in Amal company. As the findings indicated, bookkeeping did not predict the relationship between accounting practices and financial performance in Amal Company as it is completely excluded as predictors of relationship between bookkeeping and financial performance of Amal remittance. So, the researcher recommended that, Amal Company is better to stop spending resources and efforts for practicing bookkeeping and to concentrate financial statement as indicated the finding of the study.