Financial Management Impact on Performance Reports in Borrower Multisupplier and Consultancy LTD, Kigali Rwanda

Seraphin Dusabeyezu & Ernest Safari, PhD

ISSN: 2616-4965

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 7||Issue 9||Page 69-81 ||November||2023|
Email: info@stratfordjournals.org ISSN: 2616-4965

Financial Management Impact on Performance Reports in Borrower Multisupplier and Consultancy LTD, Kigali Rwanda

[*1]Seraphin Dusabeyezu,

Mount Kigali University, Rwanda, School of Hospitality,travel & Tourism Management,

[*]Correspondence: email duseraphin2@gmail.com

[2]Ernest Safari, PhD

School of Business and Economics, Mount Kigali University, Rwanda

How to cite this article: **Dusabeyezu, S. & Safari, E. (2023). Financial Management Impact on Performance Reports in Borrower Multisupplier and Consultancy LTD, Kigali Rwanda, *Journal of Finance and Accounting*, *7*(9) pp.69-81.** https://doi.org/10.53819/81018102t4219

Abstract

This study aimed to analyze the impact of financial management on performance reports in Borrower Multisupplier consultancy (BMSC Ltd, Kigali Rwanda). The research uses a descriptive survey design and quantitative method, with 133 employees and 121 sellers as a sample size. Data was collected using structured questionnaires and analyzed using SPSS software version 21. The Cronbach alpha coefficient formula was used for reliability and validity. The results show that quality financial reporting contributes significantly to performance reports, with a high positive correlation between these two factors. The use of ratio analysis is also important, with a high positive correlation between ratio analysis and performance reports. Internal control is also crucial, with a high positive correlation between internal control and performance reports. The ANOVA results show a significant relationship between financial management and performance reports in Borrower Multisupplier and Consultancy Ltd, Kigali Rwanda. The researcher concludes that financial management contributes to performance reports and recommends that companies develop financial management techniques that contribute successfully to their company's performance reports. The findings are presented and interpreted using frequencies and tables. The findings suggest that financial management plays a crucial role in enhancing performance reports and should be considered in the development of financial management strategies for borrower and multisupplier companies.

Keywords: *Financial management, Performance reports, Borrower Multisupplier, Consultancy, Rwanda*

1.0 Introduction

Kalufya and Nyello (2021) argued that recent evidence on retail investors is available from the finance literature, using market-based evidence and documenting that retail investors tend to invest in 'attention-grabbing' stocks and firms they know from product markets (Keloharju et al., 2012). They are not able to obtain private information by investing in shares of firms with which they are professionally close (Doskeland & Hvide, 2011).

Taken together, these findings seem to indicate that there is potential to improve market efficiency by enhancing the information environment for retail investors. However, studies of the trading behavior of retail investors around earnings announcements and analyst recommendations cast doubt on this conclusion. Tuan (2016) shows that retail investors systematically underestimate the implications of earnings announcements for future earnings. Furthermore, Malmendier and Shanthikumar (2007) find that retail investors fail to adjust the well-documented bias in analyst recommendations.

Finally, Hirshleifer et al. (2008) using personal trade data provided by a discount broker, document that retail investors tend to be net buyers around earnings announcements with extreme earnings surprises, regardless of whether these surprises are positive or negative. Okelo and Lagat (2016) found that retail trading increased relative to institutional trading around earnings announcements after Regulation Fair Disclosure was introduced, consistent with retail investors abstaining from trading when they fear institutional investors have better information. In addition, Vieru et al. (2006) for the Finnish market and Kaniel et al. (2012) for the market provide evidence of the informed trading of retail investors prior to earnings announcements. It indicates that at least some retail investors possess private information, which they incorporate into their valuations.

Okelo and Lagat (2016) have defined financial reporting as the process of preparing and issuing financial information about a company. Financial reporting is the communication of information that relates directly or indirectly to the information provided by the accounting system. That information concerns performance, the financial position at a particular date, and the future prospects of the firm. The information pertains to business enterprises rather than to industries or the economy as a whole; it often results from approximate rather than exact measures; it largely reflects the financial effects of transactions and events that have already happened; it is a source of information needed by those who make decisions about business enterprises; it is provided and used at a cost.

1.1 Statement of the Problem

Borrower Multisupplier and Consultancy Ltd in Kigali, Rwanda, and similar companies have posed a significant challenge to the country, straining government finances without fulfilling their intended functions (Okelo & Lagat, 2016). Many of these companies have been consistently reporting substantial losses, exacerbating the financial burden on the government. Furthermore, accusations of top executives drawing hefty salaries and benefits from these loss-making entities have emerged. Instead of being key players in economic revitalization, most of these enterprises have faced collapse. The situation is compounded by reduced government funding for state-owned enterprises in Rwanda, making the impending collapse inevitable. There is now an urgent need to enhance corporate governance and risk management to optimize the allocation and use of public resources. Escalating corporate scandals and mismanagement underscore the necessity of revising the existing accountability measures for state-run enterprises. To address these challenges, a specific reporting framework with measurable attributes should be established to gauge performance (Carrizosa & Rayan, 2017). Compliance with such a framework is associated with the production of high-quality reports, whereas non-compliance exposes an entity to operational and financial risks, possibly indicating poor corporate governance. The study aimed to explore the impact of financial management on performance reports within Borrower Multisupplier and Consultancy Ltd, shedding light on the critical relationship between corporate governance, enterprise risk management, and reporting quality. Establishing this link is crucial for setting performance benchmarks and improving the accountability of state enterprises (Tuan, 2016).

1.2 Research Objective

The general objective of this study was to analyze the financial management impact on performance reports in Borrower Multisupplier and Consultancy (BMSC) Ltd, Kigali Rwanda.

2.0 Literature Review

2.1 Theoretical Review

2.1.1 Financial Management

According to Hauner and Peiris (2015), explained the financial management as the statement dimensions of achievement of an official for precise timeframe and declared as general benefits or loss suffered for that timeframe. Financial management defined as the company's capability to succeed its objectives utilizing assets in a sufficient and appropriate system. The author focused on the management's duties, is to manage properties in most accurate and sufficient system to achieve managerial goals. The successful assessment comprises of assessment of the level of the success applying mixed methods (Hernando & Nieto, 2016). They used the two possible means of investigation that are both quantitative and qualitative methods. Financial management may be evaluated by seeing fundamentals of financial reports of equity amendments (Levine, 2013). These elements support to identify the true image of business related with substances of elements of financial management.

Moreover, all companies target at maximizing the degree of success (Lee & Chen, 2015) but, the benefit did not indicate that borrower multisupplier and consultancy no other objectives. Borrower multisupplier and consultancy may bear additional socio-economic goals (Lee & Chen, 2015). However, the objectives of the present research is related with the first objectives, achievement. To measure the performance of company organizations, most nature of ratio employed are essential elements (Kumbhar, 2012).

2.1.2 Borrower and Consultancy Performance Reports

A large accounting literature established that information asymmetry between lenders and borrowers, coupled with lenders' asymmetric payoffs, leads to a debt-contracting demand for accounting conservatism. It was therefore important to understand the interaction and tradeoff between accounting conservatism and alternative mechanisms that can alleviate information problems faced by contracting parties. they proposed that a pre-existing lending relationship with borrowers' major customers grants lenders access to private supply-chain information that is valuable in assessing the borrowers' creditworthiness, and hence, may substitute for conservative accounting numbers in the lenders' decision making. As supply-chain partners often engage in process integration and non-arm's-length transactions, downstream customers may possess a significant amount of private information about upstream suppliers' future operations and financial risk (Schloetzer, 2012).

Through a pre-existing lending relationship with borrowers' major customers, lenders can communicate privately with the customers and request timely financial disclosures, business projections, strategic investment plans such as collaborative product design and development plans, and loan compliance information. Such timely and forward-looking information can supplement lenders' information set and help verify information obtained from alternative sources. This enables supply-chain lenders to more timely and precisely estimate borrowing suppliers' future cash flows and net asset value, leading to more informed credit assessments. They therefore expected a pre-existing lending relationship with borrowers' major customers to enhance supply-chain lenders' ability to screen borrowers and deliberate monitoring costs, which reduces these lenders' reliance on conservative financial statements. Compared to supply-chain lenders, non-supply-chain lenders are less informed about borrowers' creditworthiness at loan origination (Standard & Poor, 2013).

From borrowers' perspective, they expected their existing accounting policies to dictate their choices of prospective lenders. They did not expect borrowers to cater to a potential lender by strategically adjusting conservative reporting policies prior to loan origination. Temporarily changing reporting policies involves nontrivial costs and may meet with resistance from other stakeholders. Accordingly, supplier-borrowers with less or more conservative accounting policies tend to seek loans from supply-chain lenders. They therefore hypothesized that suppliers borrowing from supply-chain lenders provide less conservative financial statements than suppliers borrowing from non-supply-chain lenders at loan origination (Rogers & Stocken, 2008).

Based on a sample of 1,135 supplier firm-year observations with new loan issuances between 1988 and 2010, they measured accounting conservatism by immediately prior to the year of loan origination. They found that suppliers borrowing from supply-chain lenders provide less conservative financial statements than suppliers borrowing from non-supply-chain lenders, after they controlled for financial health and credit risk of both the suppliers and their customers as well as common lender attributes. The finding was consistent with their hypothesis that private supply-chain information reduces lenders' reliance on conservative accounting numbers in debt contracting. As borrowers' accounting conservatism and their choice of prospective lenders might be jointly determined, they also employed a simultaneous regression approach and continue to find a negative relation between lenders' pre-existing relationship with borrowers' major customers and borrowers' accounting conservatism at loan origination (Carrizosa & Rayan, 2017).

2.2 Empirical Review

2.2.1 Quality Financial Reporting and Performance Reports

According to Hauner and Peiris (2015), one phenomenon that reduces the quality of financial reporting is a change in accounting standards, even if there are restatements; the ability to analyze trends over a long period is destroyed. In particular, consistency and comparability are not successful when the standard may be adopted in any of several years and allows a choice of how to adopt, such as retroactive or prospective application. When a new standard is issued to replace an old one, the new standard should simplify adoption procedures and make it effective for all entities in a single year, under one method. New standards should improve comparability, consistency, and understandability, not only relevance and reliability. The accounting profession must improve its reports to the public, and standards must clearly reflect the economics of the underlying transactions. Quality accounting standards should not need abundant rules and regulations that add up year after year. Every new regular on that specifies how to account for a transaction brings an opportunity to find a way around it by creating a more complex transaction. This, in turn, creates the need for a new rule to tighten the gap.

According to Levine (2013), poor financial reporting can result from the failure of an audit committee to question management's selection of accounting methods. An audit committee is neither intended nor equipped to guarantee to the board of directors and shareholders the accuracy and quality of a company's financial statements and accounting practices. The committee has no time to watch for the details in financial reporting, nor to design and implement a strong internal control system to prevent poor reporting. Furthermore, an audit committee has neither the time not the technical expertise to examine the accounting principles. The members also have no power to oversee senior executives' teams, or to argue with them. Directors often have close relationships with corporate executives; they populate each other's boards and tend not to criticize each other. Because of these factors, using audit committees as a tool for corporate governance has not been proven effective.

The author surveyed audit committee members at companies, and found that most depend upon management and outside auditors for information. They do not think that financial reporting is poor quality until something goes wrong and is discovered by outsiders, with bad news in the press. If this doesn't occur, audit committees did not discuss the issue of financial reporting quality. The survey showed that audit committees' main concern is that even with their best efforts, they cannot prevent fraudulent financial reporting if management overrides internal controls (Barber & Odean, 2008).

2.2.2 Use of Ratio Analysis and Performance Reports

According to Jackie, (2019), effective financial management are the keys to running a financially successful business. Ratio analysis is critical for helping you recognize financial reports which leads the performance of borrower, for identifying developments over time and for measuring the overall financial report of your business. In addition, borrowers and potential investors often rely on ratio analysis when making lending and investing decisions.

Financial analysis and reporting are important parts of the management tasks of control and financial management. Financial analysis comprises systems used by investors, creditors, and management to evaluate the past, current, and future financial performance of business. On end of the analysis, the information is reported to the right investors, internal and external the organization, at which time the stakeholders take action in the form of decisions. Ratio analysis on report is critical quantitative analysis tool of report. One of its most important function lies in its capacity to act as covering indicators in identifying positive and financial trends. The information a trend analysis provides allows to you to make and implement ongoing financial plans and, when important, make course corrections to financial reports. Ratio analysis also provides ways for you to compare the financial statement of your business against other business within your industry or between your business and business in other industries (Jackie, 2019).

2.2.3 Internal Control and Performance Reports

Saidu and Zabeda (2013) conducted study on impact of the effective internal control system on the internal audit effectiveness at local government level in Malaysia. They found that control environment, control activities, information communication and risk assessment influence audit effectiveness. In this study auditing helps to ensure proper financial policies and procedures are implemented in a way that will enhance financial management. The control environment mirrors the public service board and county executive committee commitment to internal control in the county. Components of the control environment include the company structure of the institution, management's philosophy and operating style, the integrity, ethics, and competence of personnel, the external influences that effect the company's operations and risk management practices, the attention and direction provided by the public service board and the committees and the effectiveness of human resources policies and procedures.

According to Rezae et al. (2001), internal control activities occur through the organization. They include a range of activities such as; approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of asset and segregation of duties. They incorporate an extensive variety of various exercises such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records which provide evidence of execution of these activities as well as appropriate documentation (Saidu & Zabedah, 2013). Administrative and regulatory measures that are professional dynamic in nature and keep undesirable occasions from happening are what he alluded to as preventive controls.

Tuan (2016) on the other hand, considers the Control environment to be the mentality toward internal control and control cognizance built up and kept up by the management and workers of an organization. Monitoring is the assessment of internal control performance over time; it is proficient by progressing checking exercises and by particular assessments of internal control, for example, self-assessments, peer reviews, and internal audits. The reason for monitoring is to figure out if internal control is adequately designed, properly executed, and effective. Internal control is adequately designed and properly executed if all five internal control components (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring) are present and functioning as designed (Saidu & Zabedah, 2013). Views monitoring as needed to ensure that planned administrative, operational and financial tasks and activities are carried out in a timely and proper manner such that set internal control objectives and organizational performance are achieved (Carrizosa & Rayan, 2017).

3.0 Methodology

This study aimed to analyze the impact of financial management on performance reports in Borrower Multisupplier consultancy (BMSC Ltd, Kigali Rwanda). The research used a descriptive survey design and quantitative method, with 133 employees and 121 sellers as a sample size. Data was collected using structured questionnaires and analyzed using SPSS software version 21. The Cronbach alpha coefficient formula was used for reliability and validity.

4.0 Findings and Discussion

Quality Financial Reporting

The first aim of the study was to establish the effect of quality financial reporting on performance reports in Borrower Multisupplier and Consultancy Ltd, Kigali Rwanda. The findings were analyzed descriptive analysis results are presented in Table 1.

Table 1 Descriptive Analysis on Quality Financial Reporting

	Strongly Disagree		Disagree		Unsure		Agree		Strongly Agree		Total		
Statement	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**Mean**	**Sd**
The financial reporting process in company has become better over the last 5 years	0	0	7	5.3	10	7.5	82	61.7	34	25.6	133	4.08	0.735
The good things have happened over the last 5 years in regard to the financial reporting process in company	0	0	0	0	7	5.3	84	63.2	42	31.6	133	4.26	0.549
The balance between the benefits and costs of the financial reporting process as a whole has become better	0	0	0	0	0	0	74	55.6	59	44.4	133	4.44	0.499
The consultancy of financial reports in company has become better	0	0	0	0	6	4.5	78	58.6	49	36.8	133	4.32	0.558
The balance between the benefits and costs of the consultancy of financial reports has become better	0	0	0	0	0	0	67	50.4	66	49.6	133	4.50	0.502
Overall Mean												**4.32**	

Source: Primary data (2022)

Table 1 presents the results of the effect of quality financial reporting on performance reports. The one phenomenon that reduces the quality of financial reporting is a change in accounting standards, even if there are restatements; the ability to analyze trends over a long period is destroyed, (Lynne, 2002). The findings were analyzed, out of 133 respondents, on the financial reporting process in company has become better over the last 5 years, the 5.3% disagreed, 7.5% were on unsure side, 61.7% agreed and 25.6% strongly agreed that the financial reporting process in company had become better over the last 5 years. On the good things have happened over the last 5 years in regard to the financial reporting process in company, 5.3% were on unsure side, 63.2% agreed and 31.6% strongly agreed that the good things have happened over the last 5 years in regard to the financial reporting process in company. On the balance between the benefits and costs of the financial reporting process as a whole has become better, 55.6% agreed and 44.4% strongly agreed that the balance between the benefits and costs of the financial reporting process as a whole has become better. On the consultancy of financial reports in company has become better, 4.5% were on unsure side, 58.6% agreed and 36.8% strongly agreed that the consultancy of financial reports in company has become better. On the balance between the benefits and costs of the consultancy of financial reports has become better, 50.4% agreed and 49.6% strongly agreed that the balance between the benefits and costs of the consultancy of financial reports has become better. The overall means of results was 4.32 that is between agree (4) and strongly agree (5), it presents that the quality financial reporting contributes on performance reports in Borrower Multisupplier and Consultancy Ltd, Kigali Rwanda.

Use of Ratio Analysis

The second aim was to analyze the importance of use of ratio analysis on performance reports in Borrower Multisupplier and Consultancy Ltd, Rwanda. The findings were analyzed and presented in Table 2.

Table 2: Descriptive Analysis on Use of Ratio Analysis

	Strongly Disagree		Disagree		Unsure		Agree		Strongly Agree		Total		
Statement	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**Mean**	**Sd**
Ratio analysis is helpful in determining the overall health of a company	3	2.3	9	6.8	4	3.0	96	72.2	21	15.8	133	3.92	0.813
Ratio analysis helps to understand how the business is doing financially	0	0	0	0	0	0	72	54.1	61	45.9	133	4.46	0.500
Ratio analysis allows key decision makers to evaluate the company's current situation and make changes as needed	0	0	0	0	0	0	64	48.1	69	51.9	133	4.52	0.502
Ratio analysis provides a picture of the company's profitability during a specific period	0	0	0	0	0	0	87	65.4	46	34.6	133	4.35	0.477
Ratio analysis assists management and owners to take corrective actions on their business	0	0	0	0	0	0	69	51.9	64	48.1	133	4.48	0.502
Overall Mean												**4.346**	

Source: Primary data (2022)

Table 2 presents the results of the importance of use of ratio analysis on performance reports. Ratio analysis is critical for helping you recognize financial reports which leads the performance of borrower, for identifying developments over time and for measuring the overall financial report of your business. In addition, borrowers and potential investors often rely on ratio analysis when making lending and investing decisions, (Jackie, 2019). The data were analyzed, out of 133

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 7||Issue 9||Page 69-81 ||November||2023|
Email: info@stratfordjournals.org ISSN: 2616-4965

respondents, on ratio analysis is helpful in determining the overall health of a company, the 2.3% strongly disagreed, the 6.8% disagreed, 3.0% were on unsure side, 72.2% agreed and 15.8% strongly agreed that the ratio analysis is helpful in determining the overall health of a company. On the ratio analysis helps to understand how the business is doing financially, 54.1% agreed and 45.9% strongly agreed that the ratio analysis helps to understand company financially. On the ratio analysis allows key decision makers to evaluate the company's current situation and make changes as needed, 48.1% agreed and 51.9% strongly agreed that the ratio analysis allows key decision makers to evaluate the company's current situation and make changes as needed. On the ratio analysis provides a picture of the company's profitability during a specific period, 65.4% agreed and 34.6% strongly agreed that the ratio provides the pictures of profits in company during a specific period. On the ratio analysis assists management and owners to take corrective actions on their business, 51.9% agreed and 48.1% strongly agreed that the ratio analysis assists management of company. The overall means of results was 4.346 that is between agree (4) and strongly agree (5), it presents that the ratio analysis is an important on performance reports in Borrower Multisupplier and Consultancy Ltd, Kigali Rwanda.

Internal Control

The third aim of the study was to evaluate the importance of internal control on performance reports in Borrower Multisupplier and Consultancy Ltd, Kigali Rwanda.The findings were analyzed and presented in Table 3.

Table 3: Descriptive Analysi on Internal Control

	Strongly Disagree		**Disagree**		**Unsure**		**Agree**		**Strongly Agree**		**Total**		
Statement	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**Mean**	**Sd**
Internal control helps a company to effective management	0	0	0	0	4	3.0	100	75.2	29	21.8	133	4.19	0.463
Internal control improves the financial reporting and measure the financial performance	0	0	0	0	0	0	97	72.9	36	27.1	133	4.27	0.446
Compulsory reporting of management on internal control influences company performance	0	0	0	0	0	0	72	54.1	61	45.9	133	4.46	0.500
Internal control allows company's managers to periodically review their inventory and account for all assets	0	0	0	0	0	0	59	44.4	74	55.6	133	4.56	0.499
Internal control assist company in procedures and safeguards to prevent unauthorized use of supplies	0	0	9	6.8	3	2.3	81	60.9	40	30.1	133	4.14	0.760
Overall Mean												**4.324**	

Source: Primary data (2022)

Table 3 presents the findings of the importance of internal control on performance reports in Borrower Multisupplier and Consultancy Ltd. The activities that are covered in the implementation of a good corporate internal control are overseeing activities in connection with authorizations and reconciliations, reviewing of employee performance, security of assets, and segregation of duties (Okelo & Lagat, 2016). The data were analyzed, out of 133 respondents, on internal control helps a company to effective management, the 3.0% were on unsure side, 75.2% agreed and 21.8% strongly agreed that the internal control helps a company to effective management. On the internal control improve the financial reporting and measure the financial performance, 72.9% agreed and 27.1% strongly agreed that the internal control improves the financial reporting and measure the financial performance.

On the compulsory reporting of management on internal control influences company performance, 54.1% agreed and 45.9% strongly agreed that the compulsory reporting of management on internal control influences company performance. On the internal control allows company's managers to periodically review their inventory and account for all assets, 44.4% agreed and 55.6% strongly agreed that the internal control assist company's managers to periodically review their inventory and account for all assets. On the internal control assist company in procedures and safeguards to prevent unauthorized use of supplies, the 6.8% disagreed, 2.3% were on unsure side, 60.9% agreed and 30.1% strongly agreed that the internal control assist company in procedures and safeguards to prevent unauthorized use of supplies. The overall means of results was 4.324 that is between agree (4) and strongly agree (5), it presents that the internal control is an important on performance reports in Borrower Multisupplier and Consultancy Ltd, Kigali Rwanda.

The results presented above show that the financial management has a great impact on performance reports in borrower multisuplier and consultancy companies. The high quality financial statements should reflect the real economics of the transaction being reported (Keloharju; et al, 2012). Financial management may be evaluated by seeing fundamentals of financial reports and intended to perform the equity amendments, these elements support to identify the true image of business related with substances of elements of financial management (Levine, 2013). Furthermore, all companies target at maximizing the degree of performance (Lee & Chen, 2015).

The study presents that the consultancy of financial reports in company has become better, 58.6% agreed and 36.8% strongly agreed that the consultancy of financial reports in company has become better due to the effective reporting, and the balance between the benefits and costs of the consultancy of financial reports has become better, 50.4% agreed and 49.6% strongly agreed that the balance between the benefits and costs of the consultancy of financial reports has become better. As the study results presented that the quality financial reporting affect performance reports. The financial management is the key to running a financially successful business. Ratio analysis is critical for helping companies recognize financial reports which leads the performance of borrower, for identifying developments over time and for measuring the overall financial report of your business. In addition, borrowers and potential investors often rely on ratio analysis when making lending and investing decisions (Jackie, 2019).

The results presented that the ratio analysis allows key decision makers to evaluate the company's current situation and make changes as needed, the 48.1% of respondents agreed and 51.9% strongly agreed that, it means 100% agreed that the ratio analysis allows key decision makers to evaluate the company's current situation and make changes as needed. On the question of that the ratio analysis provides a picture of the company's profitability during a specific period, 65.4% agreed and 34.6% strongly agreed, and on that the ratio analysis assists management and owners to take corrective actions on their business, 51.9% agreed and 48.1% strongly agreed.

For that the internal control is important on performance reports, internal controls systems such as; control environment, control activities, monitoring of internal control systems and information communication technology helps companies in ensuring that there is prudent financial management. The impact of the effective internal control system on the internal audit effectiveness at local government level in Malaysia. They found that control environment, control activities, information communication and risk assessment influence audit effectiveness. In this study auditing helps to ensure proper financial policies and procedures are implemented in a way that will enhance financial management (Saidu & Zabeda, 2013).

The results of this study show that the internal control improve the financial reporting and measure the financial performance, the 72.9% of respondents agreed. The compulsory reporting of management on internal control influences company performance, 54.1% of respondents agreed and 45.9% strongly agreed that the compulsory reporting of management on internal control influences company performance. On that the internal control assists company in procedures and safeguards to prevent unauthorized use of supplies, the 60.9% of respondents agreed and 30.1% strongly agreed that the internal control assist company in procedures and safeguards to prevent unauthorized use of supplies. According to Rezae et al. (2001), internal control activities occur through the organization. They include a range of activities such as; approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of asset and segregation of duties.

5.0 Conclusion

This study concluded that the financial management of Borrower Multisupplier and Consultancy Ltd have the high contribution on performance reports of company. It concluded that company had the quality financial reporting, and know the important of use of ratio analysis and proper internal control of borrower and supply activities of company. Based on the results, researcher concluded that there is a significant relationship between quality financial reporting on performance reports. It is also concluded that there is a significant important of use of ratio analysis on performance reports. Researcher also concluded that internal control was good and make significant important on performance reports. The results indicated the ANOVAa and presented than the variables were statistically significant with F=783.155 with p value=0.000b, it means that there was a significant relationship between the contribution of the financial management and performance reports in Borrower Multisupplier and Consultancy (BMSC) Ltd, Kigali Rwanda.

6.0 Recommendations

It is recommended that other borrower and multisupplier and consultancy companies should effectively use the quality financial reporting, ratio analysis and internal control that lead the contribution of financial management on performance reports in company.

This study recommends that the borrower and multisupplier and consultancy companies should develop the financial management techniques that contribute successfully on performance reports of company, this will help the companies to earn with extra incomes and provide the clear services to the customers.

REFERENCES

Barber. B. M, Odean. T (2008). The effect of attention and news on the buying behavior of individual and institutional investors. *The review of financial studies* 21: 86-92

Doskeland. T, Hvide. H (2011). Do individual investors have asymmetric information based on work experience? *The journal of finance* 3:1013-1015

Hauner. D & Peiris. S. J (2015). Bank efficiency and competition in low-income countries: A case of Uganda. *International Monetary Fund Working Paper*, 127-151.

Hirshleifer. D, Sengyeon. L. S, Hong. T. S (2008). Driven to Distraction: Extraneous Events and Underreaction to Earnings news. *The journal of Finance* 54:2290-2296

Jackie. L (2019). Importance of ratio analysis in financial planning: Small business. *International Research Journal of Management*, 04-06

Kalufya. N & Nyello. M. R (2021). Internal audit practices and financial management reforms: The case of payroll accounting system in Tanzania public sector. *Open journal of business and management* 09: 13-17

Keloharju. M, Knupfer. S, Rantapuska. E (2012). Mutual fund and share ownership in Finland. *Journal of Economics, Business & Accountancy* 178-180

Lee. W. & Chen (2015). the effects of internal marketing and organizational culture on knowledge management in the information technology industry. *International Research Journal of Management*, 659-662.

Malmendier. U, Shanthikumar. D (2007). Are small investors naïve about incentives. Journal of financial and economics 85:457-489

Okelo. C. A & Lagat. C. K, & Terer. E (2016). Effect of internal control systems on financial management in Baringo county government, Kenya. *Journal of economics, finance and accounting* 3:03-05

Rezaee. Z, Elam. R, & Sharbatoghlie. A (2001). Continuous auditing: The audit of the future. *Managerial auditing journal* 16: 150-158

Rogers. J, Stocken. P (2005). Credibility of management forecasts. *The accounting review*. 8:1233-1260

Saidu. B. M & Zabedah. S. S (2013). Impact of the effective internal control system on the internal audit effectiveness at local government level. *Journal of social and development science*, pp. 16-23

Schloetzer. J (2012). Process integration and information sharing in supply chains. *The accounting review* 87: 1005-1032

Tuan Vu. H (2016). The research of factors affecting the effectiveness of internal control systems in commercial Banks-empirical evidence in Viet Nam. *Canadian center of science and education*, 144-146