

**THE EFFECT OF ABSENCE OF FINANCIAL REGULATORY BODIES ON
FINANCIAL REPORTING OF AMAL FINANCE COMPANY IN MOGADISHU**

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ABSTRACT

In this study, an assessment of the effect of the absence of financial regulatory bodies on financial reporting of Amal Finance Company in Mogadishu is done. The study is relevant given that finance companies in Somalia are few that are ready to offer services in a politically unstable environment. It becomes important to find out how this has been achieved. In order to assess the relationship between the two variables, the research was guided by the following objectives: to assess how Amal Finance Company has operated in the absence of government financial regulatory bodies in Somalia, to assess what has been done by Amal Finance Company in the implementation of the budgetary control processes in the absence of financial regulatory bodies in Somalia, to analyze how Amal Finance Company has implemented the financial Reporting Procedures in the absence of financial regulatory bodies in Somalia.

To determine the pattern of change in relation to time, a cross sectional design was used. Cross sectional studies are useful to collect factual information from an adequate number of respondents with case study analysis over a particular year.

The research findings revealed that though financial regulations from a popularly elected government do not exist in Somalia, Amal has designed its own guidelines and works with the respective leaders to serve the customers. However, problems include: inadequate staffing, incomplete reporting for international consideration, and lack of a clearly monitored operational framework. Despite the inadequacies, AFC has served a number of beneficiaries in over 300 countries worldwide.

Basing on the findings, it is suggested that AFC should ensure correct measures in the recruitment and staffing processes. With the respect to the budgetary control, Amal Finance Company should put in place the budget committee, budget guidelines and emphasize the recruitment of qualified staff to handle the budgetary control processes. Also, the conflicting parts in Somalia need to forget their differences and settle down for national development. Financial reporting should be a collective responsibility of the management in the absence of

financial regulatory bodies. Amal Finance Company could use the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).