Financial statements analysis and Rwandan private companies financial performance: a case study of Petrocom LTD.

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FINANCIAL STATEMENTS ANALYSIS AND RWANDAN PRIVATE COMPANIES
FINANCIAL PERFORMANCE
A CASE STUDY OF PETROCOM LTD

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ABSTRACT
The purpose of this research was to explore and understand the financial statements’ analysis and the financial performance of Rwandan Private Companies. The research has been conducted in PETROCOM LTD with the following objectives: identifying the main techniques used in the financial statements analysis in PETROCOM LTD, assessing how the financial statements’ analysis affects the financial performance of PETROCOM LTD, examining other factors being internal and external which have impact on the financial performance of PETROCOM LTD, and assessing the role of conducting the financial statements analysis within PETROCOM LTD. This research has been carried out in order to find out why some Rwandan Private Companies are established and tend to collapse in a short time of period even though they carry out the analysis of their financial statements. The researcher is attracted by this problem to conduct a research in PETROCOM LTD, because this company is nowadays poorly performing even though it has a high share on the market and carries out the analysis of its financial statements. To achieve the objectives of the study, the researcher has followed a methodology of data collection by using a questionnaire and interview guide for primary data collection. The secondary data have been collected by reading books, articles, reports, journals and websites related to the role of financial statements’ analysis and financial performance of the organization. Under this study, data have been collected using a sample survey method and both qualitative and quantitative techniques. The results from the study have been analyzed using statistical methods and confirmed that the financial analysis plays a great role on the financial performance of PETROCOM LTD as it helps to know the profit and loss of the company. The research further found out that the main techniques used to conduct the financial statements analysis in PETROCOM LTD is Comparative financial statement, the liquidity ratio is the ratio that is mostly used to conduct the financial statements analysis in that company. It was also revealed that conducive environment is another factor that contributes to improve financial performance of PETROCOM Ltd.