The Imperatives of Accounting and Financial Records in the Development of Small Scale Enterprises in Nigeria

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Abstract
This study examines the imperatives of accounting and financial records in the development of small scale enterprises in Nigeria. The cardinal objective of the survey is to examine the imperative of accounting and financial records keeping on the development of Small Scale Enterprises in Nigeria. To achieve this main objective of the study, five operational objectives are set out for the study. The study adopts survey design to gather data through the administration of questionnaire for the study. Data collected were analysed using regression analysis through SPSS. Result of analysis shows that accounting and financial record keeping in small scale enterprises is significant to effective performance and profitability of the enterprises although not all the selected industries maintained accurate financial record. Result also shows that only 80% of the selected industries keep accurate accounting records of financial transactions using standard procedures and types of financial record being kept include: Statement of comprehensive income, cash book, journals, income and expenditure account and workers performance and evaluation report. The study concludes that relationship exists between the accurate and regular accounting record keeping and profitability and performance of small scale enterprises in Nigeria and also between accounting record keeping and investment decision making and development cum profitability of small scale enterprises in Nigeria as in developed countries of the world. It is recommended that Small Scale Enterprises should tap from the advantage derive from the use of electronic system of recording in order to better their accounting record for enhance business performance.

Keywords: Accounting, Accounting Records, Book Keeping, Ledger Account

Background to the Study
Many new business owners are daunted by the mere idea of bookkeeping and accounting. But in reality, both are pretty simple. Keep in mind that bookkeeping and accounting share two basic goals: to keep track of income and expenses, which improves chances of making a profit, and to collect the financial information necessary for filing various tax returns (Burns, 1999). There is no requirement that records be kept in any particular way as long as records accurately reflect the business’s income and expenses (Ademola 2012). There is a requirement, however, that some businesses use a certain method of crediting their accounts: the cash method or accrual method. Depending on the size of the business and amount of sales, one can create own ledgers and reports, or rely on accounting (Williams 1999).

Macgraw Hill dictionary of financial accounting defines Accounting records as documenting all sources of information and evidence that are used in preparing, verifying and/ or auditing financial statements (Macgraw Hill dictionary 2006). Accounting records also includes documentation to prove ownership of assets creation of liabilities and evidence of monetary and non monetary transactions. According to this dictionary, accounting records can take on many forms and they include: Ledgers, Journals, Bank statements, Contracts and agreements, Verification statements, Transportation receipts, Invoices, Vouchers, etc. But according to Babson (2000), accounting records can be in physical or electronic formats. In many countries the accounting bodies prescribe rules on dealing with accounting records from a presentation of financial statements and/or auditing perspective. The rules vary in different countries and different industries may have specific record-keeping requirements. Accounting records are important for all types of accounting including financial accounting, cost accounting as well as for different types of organizations corporations, partnerships etc (Burns, 1999).

An accounting system records, retains and reproduces financial information relating to financial transaction flows and financial position. Financial transaction flows encompass primarily inflows on account of incomes and outflows on account of expenses. Elements of financial position, including property, money received, or money spent, are assigned to one of the primary groups, that is, assets, liabilities, and equity. Within these primary groups each distinctive asset, liability, income and expense is represented by respective “account”. An account is simply a record of financial inflows and outflows in relation to the respective asset, liability, income or expense. Income and expense accounts are considered temporary accounts, since they represent only the inflows and outflows absorbed in the financial-position elements on completion of the time period (Williams 2008).

Business benefit from availability of accounting information, equally important is the availability of
accounting that facilitates the solution or resolution of business planning, organization and control function of the enterprises as a social organization (Burns, 1999). Most small scale firm owners prefer to recruit unskilled personnel especially clerical and accounting staff. The product of these unskilled accounting (clerical staff) has only succeeded in helping the small scale firms to stagnate; some firms have even wound up. In a study by Adebayo et al (1998) in Lagos State on “Causes of Death of SMEs in Nigeria”, he discovered that recruitment of undertrained or unskilled accounting and clerical staff was responsible for the death of 80% of the SME in the state. This was because unskilled accounting staff could not keep reliable accounting records that would stand the test of time statutory; such staff could not correctly determine the profit or loss of the firm by preparing statement of comprehensive income.

**Definition of Small Scale Enterprises**

What are the small scale enterprises? Small scale enterprises has been defined variously by many individuals and institution using various yardsticks such as numbers of employees, volume of sales, value of assets, or the volume of deposit in banks (Ademola et al 2012).

The National Economic Reconstruction Fund (NERF) defined small and medium enterprises with a criterion that projects to be financed by the firm should have a total fixed asset cost (including land) of not more than N10million.

The Federal Ministry of Industry (in respect of the small scale industries credit scheme) sees small scale industry as any manufacturing, processing or service industry with capital investment not exceeding N150,000 in machinery and equipment alone. According to Atijosan (1998), a small business is any manufacturing, processing or servicing industry that satisfies any or all of the following conditions:

- Capital, but excluding cost of land and not excluding N750,000
- Staff strength not exceeding 50 persons and wholly Nigerian owned.
- A manufacturing, processing or servicing industry, exceeding the units of investment stated is relatively small compared to prevalent size of plant and the technology is fairly labour intensive.

According to Ademola et al (2012), Small scale enterprises are catalysts for catalysts for world’s economic growth and development which have dominated the industrial sector of both developed and underdeveloped countries. Aruwa (2006) believed that Nigeria’s industrial sector is dominated by small and medium scale enterprises (SMEs) which accounts for 90% in terms of number of enterprises, as compared with other developed countries where more than 98% of all their enterprises belong to SME sector, about 80% of the total industrial labour force in Japan is SME, 50% in Germany, 46% in USA are employed in smaller firms.

Central Bank of Nigeria defined small scale enterprises as all businesses with a total assets investment of less than one million, an annual turnover of less than one million and with a total number of employees of less than fifty (World Bank Mapping 2001).

The International Finance Corporation (IFC) and Corporate Affairs Commission in 2001 further justified that Nigeria’s industrial sector is dominated by SMEs, estimated to be about 90% of the sector employing less than 50% of the people (HPACI 2002). Given the place occupied by the SMEs in Nigeria’s industrial sector, it is expected that the success of the Nigerian economy would be partly dependent on the success of the SMEs. Nwoye (1991) pointed out clearly that SMEs are catalysts for Nigeria’s economic growth and development. He believe that through so many SMEs, Nigeria has great potentials for success and growth, sales of large volume of goods etc. Even though, some of them have adequate capital, many of them fail due to poor financial management operations.

**Accounting Record Keeping Procedures**

Record keeping cycle involves a process that is followed by Accountants and book keeping staff in processing raw financial data into output information inform of financial statements. The process ranges from creation of business transactions, analyze and record the transactions in the journals by account name, post information from journals to ledgers, prepare a trial balance, journalize adjusting entries, post adjustments from the journal to the ledger, prepare an adjusted trial balance, journalize closing entries, post closing entries from the journal to the ledger, prepare a post closing trial balance, and prepare the financial statements (William et al 2008). They specifies further that objectives of record keeping include the following:

- To provide an accurate, thorough picture of operating results.
- To permit a quick comparison of current data with prior years’ operating results and budgetary goals.
- To offer financial statement for use by management, bankers and prospective creditors.
- To facilitate the prompt filing or reports and tax returns to regulatory and tax collecting government agencies.
- To reveal employees fraud, theft, waste and record keeping errors.
- To allow for fast, accurate, and reliable access to records, ensuring the timely destructions of redundant information and the identification and protection of vital and historically important records.

It is necessary when a firm is seeking fund from a bank for expansion.
The benefits of record keeping cannot be over emphasized. Record keeping has become the foundation on which the totality of modern business depends. This is because without it, it will be impossible to ascertain the level of profitability and the level of business susceptibility to fraud. Record keeping and good record management is also essential for any corporate body to function effectively (Ademola 2012). According to Covin and Selvin, (2008), if the records are kept over a period of time, they give background picture which can help organizational change. Continuing, they said it is not only accounting records that must be kept. In fact personal records enable an accurate evaluation of personnel to aid administration of job selection. According Ademola 2012, the specific benefits of record keeping include the following:

- It helps to avoid business failure.
- It is useful for financial management planning and control.
- It helps to make sound decisions.
- It gives background picture which helps organizational change.
- It is critical to business survival.

**Accounting Record Storage and Retrieval**

Accounting records are important as they are sources of information and thus they must be numbered and stored properly for the purpose of record retrieval. Crane (1997) defined record storage as the housing of records when whether semi-active or inactive, must still be retained. He also pointed out that records should be stored in a well built records center, the archives, commercial storage and the basement. Reed (2010) defined record retrieval as a system of removing records from their storage places. He stated that file arrangement should support the retrieval of records by either arranging them numerically or alphabetically so as to ease retrieval. Crane (1997) further explained that retrieval should be done by authorized personnel in a record centre. He explained that accounting record documents should be arranged to ensure that files containing restricted information are accessible only to authorized personnel and officials. Best practices for successful record retention program should include; training and education, check lists to ensure inclusions of all required documentation prior to closing a file, paying attention to detail, documenting pertinent information relative to the transaction providing and obtaining instructions in writing, records maintained in an organized manner and stored in a designed area and written standard operating procedures addressing record retention (Reed 2010).

**Bookkeeping Methods**

Book keeping is the recording of business transaction in a systematic and orderly manner while accounting is the classification, analysis and interpretation of the business record for decision making. Accounting skills is required in order the firm business transaction in the following account book as stressed. There are two basic types of bookkeeping methods: single entry and double entry systems. Standardized bookkeeping systems can be found in business or stationery stores. Computer record keeping systems are also available.

**Single Entry Bookkeeping System**

According to Eric and Gabriel (2012), the single entry system is an "informal" accounting or bookkeeping system where a user of this system makes only one entry to enter a business financial transaction. It generally includes a daily summary of cash receipts and a monthly record of receipts and disbursements (worksheets). A cheque book, according to them, is a single entry bookkeeping system where one entry is made for each deposit or cheque written. Receipts are entered as a deposit and a source of revenue. Cheques and withdrawals are entered as expenses. If a manual system is used, in order to determine the revenues and expenses, worksheets to summarize the income and expenses in different categories are to be prepared. Bookkeeping software and spreadsheets are also available to do this. The emphasis of this system is placed on determining the profit or loss of a business. It got its name because transactions are either recorded as revenue (deposit) or expense (withdrawal). Since each entry is recorded only once, debits and credits (recording method required for the double entry system) are not used to record a financial event. While the single entry system may be acceptable for tax purposes, it does not provide a business with all the financial information needed to adequately report the financial affairs of a business.

According to Barbara (2010), this system uses a cash receipts journal and a cash disbursements journal in addition to the checkbook. All transactions are recorded in one of these journals. It records the flow of income and expenses and is practical for a small business just starting out. The cash receipts journal records all the cash received. It has columns for various categories of receipts with a line for each receipt, including date, source of cash and total amount. The column categories may be departments or types of merchandise, types of service or whatever classifications make sense for business. The cash disbursements journal records the money spent. It has columns for various categories of expenditures which include date, cheque number, payee, description of expense and total amount. The column categories may be merchandise for resale, supplies, interest, rent, salaries or whatever classifications make sense in the business. The choice of column categories in both journals is
critical to future analysis. All columns in both journals should be totaled each month with year to date totals after each month.

Double Entry Bookkeeping System
The double entry accounting systems records financial transactions in relation to asset, liability, income or expense related to it through accounting entries. Any accounting entry in the double entry accounting system has two effects: one of increasing one account, the other of decreasing another account by an equal amount. If the accounting entries are recorded without error, at any point in time the aggregate balance of all accounts having positive balances will be equal to the aggregate balance of all accounts having negative balances. The double entry bookkeeping system ensures that the financial transaction has equal and opposite effects in two different accounts.

Accounting entries use terms such as debit and credit to avoid confusion regarding the opposite effect of the accounting entry, for example, if an accounting entry debits a particular account, the opposite account will be credited and vice versa (Williams 2008). According to Alvaro (2010), recording a transaction requires recording what is given up and what is received, recording a transaction requires the noting of two changes every time a change in property occurs and an entry is made in the record system hence terminology “double entry record system”. It is important to observe the relationship between the left side and right side of entries. In other words, increases in business property are recorded on the left side of an asset account, increase in money owed (creditors rights) are recorded on the right side of the of a liability account. Alvaro (2010) brought out that double entry system creates a convenient relationship which permits an interim check of accuracy of recording work at any time during the process. If one is not sure that an entry has been made correctly, one may stop and add up all the left side and then all right side, the two totals should be equal.

Statement of the problem
According to Morries (2007), Small businesses have some inherent disadvantageous characteristics that will require that they be provided with public supports. Such characteristics, apart from limited managerial capabilities, include lack of economies of scale, lack of collective voice and influence on policy, frequent cases of market failures and/or biases against small businesses, weak financial capacity to undertake projects or the costly support services such as Business Development Service (BDS), and huge knowledge gaps (most small business promoters don’t know what they need to know but which they don’t know). When these public supports are not available, chances of failure can be very strong.

According to Oladejo (2008), the achievement of the firm’s objectives is greatly influenced by the application of accounting records. Most businesses in Nigeria still are not aware of the importance and benefits of accounting records. It is found that accounting records are faced with some challenges which are inadequate infrastructural facilities, inability of most business firms to demand accounting systems adequate to them for their needs, lack of standardized professional bodies in accounting records and also local firms are been threatened by developed countries that are enjoying the full benefits of accounting records. He concluded that accounting records have contributed immensely to the unprecedented rate in the growth of small businesses in identifying the expenses, income, and profit and loss of a firm at the end of an accounting year.

In a study of 148 respondents in Nigeria (Enugu), Okoli (2011) links proper record keeping and profitability of small scale enterprises and assert that due to inadequate record keeping, the small scale operators could not assess their performances effectively. He argues that in order to enhance the profitability of small scale enterprises and their continuity, there is need for adequate record keeping which will help the proprietors to keep track of the performance of these enterprises.

Mensah (2007) states that a significant number of enterprises in their survey kept no records pertaining to operations, finance, audited accounts, tax returns, and so on. Until recently, all the micro and small enterprise could not receive credit from the banks and promotional institutions on grounds that the formal banking sector considered them a high risk area, and hence charged them high cost for borrowed funds from the banks.

In assessing the financial statements of micro and small enterprises, Aryeetey (1994) claims the existence of practical problems in deriving records and figures that make up the statements. One reason for that is because for almost all enterprises the owners keep all the records in memory and hence the lack of records of all kinds –sales, marketing, accounting, credit borrowing from lending institutions, staff costs, owners emoluments, etc. Owners of SMEs do not keep proper records and thus, they are not able to provide data about their entities.

Also Sege (2010) said small businesses fail because those who start them fail to carry out market research to find out if there is any genuine market for their products and/or services; poor accounting record keeping, bother to get money sorted out before they start the business; Choose a feasibility business model; and Plan for growth or what happens if the business is a success; and plan an exit strategy. A manufacturing, processing or servicing industry, exceeding the units of investment stated is relatively small compared to prevalent size of plant and the technology is fairly labour intensive.
According to Ademola (2012), small scale enterprises are catalysts for world’s economic growth and development which have dominated the industrial sector of both developed and underdeveloped countries. Aruwa (2006) believed that Nigeria’s industrial sector is dominated by small and medium scale enterprises (SMEs) which accounts for 90% in terms of number of enterprises, as compared with other developed countries where more than 98% of all their enterprises belong to SME sector, about 80% of the total industrial labour force in Japan is SME, 50% in Germany, 46% in USA are employed in smaller firms. Central Bank of Nigeria defined small scale enterprises as all businesses with a total assets investment of less than one million, an annual turnover of less than one million and with a total number of employees of less than fifty (World Bank Mapping 2001). In addition, the International Finance Corporation (IFC) and Corporate Affairs Commission in 2001 further justified that Nigeria’s industrial sector is dominated by SMEs, estimated to be about 90% of the sector employing less than 50% of the people (HPACI 2002). Given the place occupied by the SMEs in Nigeria’s industrial sector, it is expected that the success of the Nigerian economy would be partly dependent on the success of the SMEs. Nwoye (1991) pointed out clearly that SMEs are catalysts for Nigeria’s economic growth and development. He believe that through so many SMEs, Nigeria has great potentials for success and growth, sales of large volume of goods etc. Even though, some of them have adequate capital, many of them fail due to poor financial management operations.

As large as the number of the small scale industries is and as important as they are as highlighted above, only few of them realize the importance of accurate and up-to-date account record keeping. According to a study by (Mensha 2002), a significantly low proportion (18.8%) of small scale industries in south-south Nigeria keep accounting record and most of these record and statement of account are not accurate and up-to-date to reflect the situation in those industries. This result is similar to another study by Ademola (2012) in Kogi state titled “The Roles of Record Keeping In the Survival and Growth of Small Scale Enterprises in Ijumu Local Government Area of Kogi State” which found out that only 22.1% of small scale enterprise keep accurate accounting record of the business. Important studies of this nature has not been conducted in Akure, Ondo state where we also have high population density of small scale industries. More importantly, there is need to study the reasons why most small scale industries are not keeping accounting records of their transactions and factors responsible for this. This is what this study sets out to achieve.

**Research Objectives.**

The aim of the study is to evaluate the importance of accurate accounting record keeping to small scale industries and; indentify factors that determine proper account keeping in those industries and the specific objectives are:

i. Examine if small scale industries keep proper and accurate accounting record of their transactions?

ii. Ascertain if accounting record keeping contribute to efficient performance of small scale business?

iii. Examine if Manual account record keeping more useful and popular to small scale industries than electronic methods.

**Research Questions.**

i. Do small scale industries keep proper and accurate accounting record of their transactions?

ii. Does accounting record keeping contribute to efficient performance of small scale business?

iii. Does Manual account record keeping more useful and popular to small scale industries than electronic methods.

**Research Hypotheses**

\[ H_0: \text{Small scale industries do not keep proper accounting records of their financial transactions.} \]

\[ H_0: \text{Accounting records keeping do not contribute to efficient performance of small scale business.} \]

\[ H_0: \text{Manual account record keeping is not more useful and popular to small scale industries than electronic methods.} \]

**Methodology**

The research design for this study was a survey type conducted through anonymous questionnaire, interview and other techniques to get information about the record keeping practices and its importance in small scale industries. Although the study population is large, only a small sample of it will be involved in this study. If the characteristics of the population are homogenous, a small sample will be adequate otherwise a large sample size is needed (Idris et al, 2002). Therefore, a small sample will be involved as a result of the nature of the research work and in order to ensure that qualitative data were made available for analysis.

The sampling method adopted in this study is simple multi-staged random sampling technique. Therefore a total of one hundred respondents will be enrolled for the study. The population under consideration has been restricted to members of staff of the five small scale industries in Akure, Ondo State. Namely: Primum
Water and Beverage Company, Dejavu Blocks and Ring PLC, Osomo Bitter and Beverage Company, JOF Ideal Family Farms and Rolly Tee Foods and Snack. All the companies have valid registration with the Corporate Affairs Commission and Ministry of Commerce and Industry in the State. The study population size is estimated at about 500 which include literate and matured staff who were capable of providing intelligent and accurate response to the study. The study made use of primary data through the use of questionnaire administered to the respondents and data were tested through Chi-Square through SPSS.

Result and Discussion

Test of Hypotheses

**Ho:** Small scale industries do not keep proper accounting records of their financial transactions. Level of significance = 0.05

Decision rule: Accept Ho if $\chi^2_c < \chi^2_t$, or significance is greater than 0.05

Reject Ho if $\chi^2_c > \chi^2_t$, or level of significance less than 0.05

Hypothesis was tested using SPSS version 19 at 95% confidential interval. The result is depicted below.

**Survey Analysis 2015**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small scale enterprises do not keep proper accounting records of their financial transactions.</td>
<td>25</td>
<td>69</td>
<td>94</td>
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<tr>
<td>Small scale industries keep proper accounting records of their financial transactions.</td>
<td>65</td>
<td>29</td>
<td>94</td>
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<tr>
<td>Total</td>
<td>90</td>
<td>98</td>
<td>188</td>
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</table>

*Source: Field survey 2015*

**Chi-Square Tests**

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
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<tbody>
<tr>
<td>Pearson Chi-Square</td>
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<td>Likelihood Ratio</td>
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<td>.000</td>
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<td>Linear-by-Linear Association</td>
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<td>.000</td>
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<td>N of Valid Cases</td>
<td>94</td>
<td></td>
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</tr>
</tbody>
</table>

*Source: Field survey, 2015*

**Interpretation of Result**

From the result in the chi-square table above, the $\chi^2_c$ is 61.349 while it is 24.8 from Chi-square table at level of significance of 5%. Since the $\chi^2_c$ calculated of 61.349 is greater than the $\chi^2_t$ tabulated of 24.80, then the null hypothesis which states that Small scale industries do not keep proper accounting records of their financial transactions is rejected. This implies that small scale industries do keep proper record of their financial transactions.

**Decision:** Therefore, Null hypothesis is rejected and alternative is accepted according to decision rule stated above.

**Hypothesis Two:**

**Ho:** Accounting records keeping does not significantly contributes to efficient performance of small scale business.

Level of significance = 0.05

Decision rule: Accept Ho if $X^2_c < X^2_t$, or significance is greater than 0.05

Reject Ho if $X^2_c > X^2_t$, or level of significance less than 0.05

Hypothesis was tested using SPSS version 19 at 95% confidential interval. The result is depicted below.

**Survey Analysis 2015**

<table>
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<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
<th>Total</th>
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<tbody>
<tr>
<td>Accounting records keeping does not significantly contributes to efficient performance of small scale business.</td>
<td>27</td>
<td>67</td>
<td>94</td>
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<tr>
<td>Accounting records keeping significantly contributes to efficient performance of small scale business.</td>
<td>74</td>
<td>20</td>
<td>94</td>
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<tr>
<td>Total</td>
<td>101</td>
<td>87</td>
<td>188</td>
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*Source: Field survey 2015*
Chi-Square Tests

<table>
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<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
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<td>Pearson Chi-Square</td>
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<td>Likelihood Ratio</td>
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<td>Linear-by-Linear Association</td>
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<td>.006</td>
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<tr>
<td>N of Valid Cases</td>
<td>94</td>
<td></td>
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</table>

Source: Field survey, 2015

Interpretation of Result

From the result in the chi-square calculated above, it can be observed that the $X^2_c$ of 78.602 is greater than the $X^2_t$ tabulated of 24.8 at level of significance of 5%, therefore, the null hypothesis which states that Accounting records keeping does not significantly contribute to efficient performance of small scale business will be rejected. This indicates that accounting records keeping significantly contributes to efficient performance of small scale business in Nigeria. Adequate record keeping can influence the performance of an organisation. The Small Scale Business in Nigeria needs to keep proper record of their transaction in order to appraisal their performance on daily basis. Proper keeping of accounting records by small scale businesses can help the business in many ways. One of this is that adequate record keeping can be used by the practitioners to obtain loans and advances from banks needed to improve their businesses. It can be inferred that adequate record keeping and performance of small scale business are related.

Hypothesis three:

Ho: Manual account record keeping is more useful and popular to small scale industries than electronic methods.

Level of significance = 0.05

Decision rule: Accept Ho if $X^2_c <$ value $X^2_t$ or significance is greater than 0.05

Reject Ho if $X^2_c >$ value $X^2_t$ or level of significance less than 0.05

Hypothesis was tested using SPSS version 19 at 95% confidential interval. The result is depicted below.

Survey Analysis 2015

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
<th>Total</th>
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<tbody>
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<td>Manual account record keeping is not more useful and popular to small scale industries than electronic methods</td>
<td>18</td>
<td>76</td>
<td>94</td>
</tr>
<tr>
<td>Manual account record keeping is more useful and popular to small scale industries than electronic methods</td>
<td>76</td>
<td>18</td>
<td>94</td>
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</tbody>
</table>

Total  94  94  188

Source: Field survey 2015

Chi-Square Tests

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<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
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<tr>
<td>N of Valid Cases</td>
<td>94</td>
<td></td>
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</tbody>
</table>

Source: Field survey, 2015

Interpretation of result

From the result in the chi-square table above, the $X^2_{calculated}$ of 24.500 is greater than the $X^2_{tabulated}$ of 24.8 at level of significance of 5%. Therefore, the null hypothesis which states that Manual account record keeping is more useful and popular to small scale industries than electronic methods is accepted. This implies that manual accounting record is more relevant to practitioners of Small Scale Business than electronic entry in keeping record of their transactions.

This further shows that manual accounting entry is more related to small scale business in recording many of their business transaction than electronic entry. This is due to the fact that majority of the SMEs practitioners have little or no knowledge in the use of modern entry of accounting hence the use of manual entry of transactions. More so, the cost application involves in installation electronic recording system is very beyond the reach of many of the practitioners of SMEs in the state, therefore, the need to adopt manual entry of transaction which is very cheaper and flexible to use.
Finally, it can be inferred that manual entry of transaction and recording system in SMEs are related.

Summary
The study discovers the imperatives of accounting and financial record keeping in the development of small scale enterprises in Nigeria, using Akure as a sample town. Although the proportion of companies that keep financial and accounting record is not as high as expected in this age of accountability, it is commendable. The study also observed that the methods of accounting record keeping are commensurate with the development of the company. While majority use manual method, almost 86%, others used the computer and internet.

All the selected companies confirm the importance of accounting record keeping in accountability and profitability of the industries. It ensures the survival of such industries. The study also confirm the barriers to accounting record keeping in small scale to include poor finance or capital base to employ the service of qualified accountant, ignorance, poor technical knowledge and corruption. It relates accounting record keeping to profitability and development of small scale industries.

Conclusion
The study concludes that relationship exists between the accurate and regular accounting record keeping and profitability and performance of small scale enterprises in Nigeria on the one hand; and financial accounting and investment decision making and performance cum profitability of small scale industries in Nigeria on the other hand just like in developed countries of the world. This is not surprising because, return on assets and loss and profits need to be recorded to know the performance of the company. Also, it helps to indicate a company’s overall profitability and the performance of an enterprise and therefore should be seen as an integral part of core document of the organization.

When accurate documentation of both accounting records documented by a well trained accountant or book keeper and developed for presentation to relevant stakeholders, the organization can attract customers and investors since it will show the strength of the firm and therefore make enormous profit.

Again, when accounting record are not kept or not accurately kept, the result will be that both assets, earnings, values, profit and so on of the organization will be understated or under-evaluated. This will not motivate companies with a low level of capital to develop as most important things will be omitted or missing from the record. It can even provided the opportunity for many unscrupulous personnel of the organization to embezzle money and run down the company.

Furthermore, accounting record will help to establish trustworthiness with stakeholders and form a valuable marketing tool.. It will also enhance external reputation of the industry. Again, record keeping will manifest or appear legitimate in the public eye and avoid costs from non legitimacy. Accounting record keeping is very important factor to decision makers in this era of knowledge based economy. As a result, each organization should make serious attempt to keep record of all activities and transactions as well as assets and liabilities of the company since record keeping gradually becoming an integral part of management accounting in today’s world.

Recommendations
Therefore it can be inferred that sustainable and effective decision can be taken through reliable and accurate record of accounting in any organization. Without keeping accurate record, profitability of the company will not be accurately measured, performance of staff will not be known, efficiency or effectiveness of assets and liabilities will not be determined. This can lead to dearth of information that is very valuable in taking important decision in the small scale industries.

Without accurate information and accounting record on any organization, investors will not invest adequately on the industry, the stakeholders and public will not know it strength, and this will affect their performance and development. This is because accurate record on accounts is a “preparers and standard setters and potential decision taker” for small scale enterprises and even the large one because it received attention of most investors.

References


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