

# PDF - ASSESSING BOOK-KEEPING PRACTICES OF SMALL AND MEDIUM SCALE ENTERPRISES IN UYO LOCAL GOVERNMENT AREA - researchcub.info

Nigeria's economy is characterized very by largenumber a relative of micro enterprises, and in between lie small and mediumenterprises (SMEs). The unique feature of most SMEs is that, they can beeasily established since their requirement in terms of capital, technology;management and even utilities are not as demanding as it is the case of largeenterprises. Consequently, small enterprise sector is one of the leadingemployers (next only to peasant agriculture) in Nigeria and has been recognizedas significant sector in employment creation, income generation, povertyalleviation and a base for industrial development. It is estimated that thereare over 30 million enterprises in the sector employing between 15 to 16million people. Despite the enormous potential of the private sector, poorrecord keeping is identified as a constraint hampering its growth in Nigeria.Businesses are unable to keep track of daily activities and banks are unwillingto lend to SMEs all due to lack of financial information. Hence, this studyseeks to investigate whether SMEs practice bookkeeping or not, and thecontributions of bookkeeping to the growth of SMEs in the Uyo in Akwa IbomState of Nigeria. The study considered a total population of 450 comprisingSMEs, 15 Banks as well as NBSSI office in the Local Government Area. Out ofthis figure, a simple random sampling technique was used to select a samplesize of 136 for the study. From the findings of the study, it was revealedthat, 80.8% SMEs were practicing bookkeeping and the manual system waspredominantly used. The recommendations however were that, NBSSI must bestrengthen and well resourced by government to offer support services in thearea of organizing effective training programmes for SMEs operators. There mustalso be an intensive publicity in the local dialect through the mass media tosensitize SME operators on the need to maintain proper books of records.

5

## TABLE OF CONTENTS

Content	Page
TitlePage	i
Declaration	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
CHAPTER ONE	
1.0Background of the Study	1
1.1Statement of the Problem	3
1.2Objectives of the Study	5
1.3Research Questions	6

1.4	Significance of the Study	6
1.5	Limitation of the Study	7
1.6	The Scope of the Study	7
1.7	Methodology	7
1.8	Layout of the Study	8

## CHAPTER TWO

7

2.0	Overview	10
2.1	Definitions of Small and Medium Enterprises	10
2.1.1	Qualitative Definition	10
2.1.2	Quantitative Definition	12
2.1.3	The Nigerian Situation	12
2.2	Bookkeeping Definitions and Concepts	13
2.3	Basic Steps in Bookkeeping	14
2.4	Financial Management in SMEs	15
2.5	Financial Reporting and Analysis	16
2.6	Benefits of Financial Information	17
2.7	Costs of Financial Information	18
2.8	SMEs Contribution to Economic Growth and Development	19
2.9	Nigeria Government Policies in Promoting SMEs Development	20
2.10	The Conceptual Framework	22

## CHAPTER THREE

3.0	Overview	25
3.1	The Study Area	25
3.2	Research Design	25
3.2.1	Population	26
3.2.2	Sampling and Sampling Size	26
3.2.3	Instrumentation	27
3.3	Method of Data Collection	28
3.4	Data Analysis	28

8

## CHAPTER FOUR

4.0	Overview	29
4.1	Demographic Features	29
4.1.1	Age Distribution	29
4.1.2	Gender	30
4.1.3	Educational Background	31
4.2	The Length of Period in Business	32
4.3	Forms of SMEs Business Organisation	33
4.4	Nature of Business	34
4.5	Number of Employees in SMEs	35

4.6	Organisations Dealing with SMEs	36
4.7	Training Programs for SMEs	37
4.7.1	Effectiveness of Training Programs to SMEs	38
4.8	Business Records	39
4.8.1	Reasons for not Practicing Bookkeeping	40
4.8.2	Bookkeeping Management	41
4.9	Availability of Credit Facilities to SMEs	41
4.9.1	Accessing Loans From Banks by SMEs	43
4.10	Difficulties Businesses Encounter in Bookkeeping	44
4.10.1	Reasons for no Bookkeeping by SMEs	45
4.10.2	Benefits of Bookkeeping	46
4.10.3	Difficulties Businesses Face for not Practicing Bookkeeping	47

9

4.11	Those Responsible for Bookkeeping	48
4.12	Analysis of Data From Banks	50
4.12.1	Banks Support to SMEs	50
4.12.3	Banks Criteria in Granting Loans to SMEs	50
4.13	Major Problem of SMEs in Accessing Loans from Banks	51
4.14	Lending Rate to SMEs	52
4.15	Role of Business Records in Granting Loans to SMEs	52
4.16	Analysis of Data From NBSSI	52
4.16.1	The Role of National Board for Small Scale Industry	52
4.17	The Specific Activities of NBSSI With SMEs	53
4.18	Challenges of NBSSI/BAC in Dealing with SMEs	53
4.19	Bookkeeping Practices of SMEs	54
4.20	Challenges Businesses Face for Failure to Practice Bookkeeping	54

#### CHAPTER FIVE

5.0	Overview	55
5.1	Summary of the Study	55
5.2	Summary of Findings	56
5.3	Conclusions	59
5.4	Recommendations	60
	References	62
	Appendix I	65
	Appendix II	74

10

#### LIST OF TABLES

Table 4.1:	Researches on SMEs Annual accounts uses	18
Table 4.2:	Population and sample size	27
Table 4.3:	Age Distribution	30
Table 4.4:	Gender	31
Table 4.5:	Educational Backgrounds	31

Table 4.6:	Duration of SMEs in Business	32
Table 4.7:	Forms of Business Organisations	33
Table 4.8:	Kinds of Business Ventures Respondents	34
Table 4.9:	Number of Employees in Business	35
Table 4.10:	SMEs and Organise Groups	36
Table 4.11:	Forms of Training to SMEs	37
Table 4.12:	Effectives of Training	38
Table 4.13:	Business Record keeping	39
Table 4.14:	Reasons for no Recordkeeping	40
Table 4.15:	Satisfy with Business Records	41
Table 4.16:	Ways of Recordkeeping	42
Table 4.17:	Difficulty in Trying to Access Credit Facility	42
Table 4.18:	Reasons for lack of access to loans	43
Table 4.19:	Difficulties in Bookkeeping	44
Table 4.20:	Reasons for no Bookkeeping	45
Table 4.21:	Benefits of Bookkeeping	46
Table 4.22:	Micro Credit Support to SMEs	50
Table 4.23:	Criteria Banks used in Granting Loans	51

11

## LIST OF FIGURES

Figure 1:	Problems Business face for not Keeping Records	48
Figure 2:	Those Responsible for Bookkeeping	49

12

## **CHAPTER ONE INTRODUCTION 1.0 BACKGROUND**

Small and Medium-sized Enterprises (SMEs) play a major role in economic development through employment creation and income generation. SMEs are sometimes referred to as Micro, Small and Medium Enterprises (MSMEs). They cover non farm activities such as manufacturing, mining, commerce and services. There are different criteria for categorizing SMEs. Commonly used criteria are total number of employees, total investment and sales turnover (Burns & Dewhurst 1996; Bushong 1995; Holmes et al. 2003).

In the context of Nigeria, SMEs are those enterprises engaging up to 29 employees, in most cases family members, with capital amounting up to N100,000. Majority of SMEs fall under the informal sector. SMEs are formalized undertakings engaging between 1 and 29 employees, with capital investment from N100, 000.

According to World Bank (2006); Nigeria is characterized by low capital formation, SMEs are the best option to address this problem. SMEs tend to be more effective in utilization of local resources using simple affordable technology. SMEs play a fundamental role in utilizing and adding value to local resources. In addition, development of SMEs facilitates distribution of economic activities within the economy

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