

PDF - THE EFFECT OF POOR ACCOUNTING RECORDS IN SMALL AND MEDIUM PROFIT MAKING ORGANIZATION A CASE STUDY OF ASA VENTURES LTD, OZORO, ISOKO NORTH L.G.A - researchcub.info ABSTRACT

Discussion of the project work is necessary as it serves as a summary of the detailed work, which introduced what the leader will find in the following chapters. Chapter one which serves as an introduction chapter attempts to give a brief definition of accounting and also explain the importance of the terms used. Chapter two deals on literature review, nature and effect of poor accounting records on small and medium scale business. Chapter three explains the method of data collection. Chapter four interpreted and analyzed the various data collected, while the writer concluded the study of the project in chapter five with summary of findings, conclusion and recommendation that would in one way or the other rectify the problem/effect of poor accounting records in profit making organization.

CHAPTER ONE INTRODUCTION

1.1 Background of the Study

Proper accounting record is very vital for the survival of business in any making organization as it is widely recognized as a basic component used in measuring and recording of financial transactions so as to pass informed decisions. Debenture holders and shareholders are informed of their financial status in their companies through the accounting record kept.

Accounting is the process of presenting information derived from book-keeping as accounting for the use of management and others as opined by some learned authors and researchers.

All profit oriented organization needs the accounting information for proper management and control. It is now very necessary to have proper accounting records in every day's activities which can be well interpreted at any point in time by the users. Recording business transactions involves some documentation of facts for reference, it is important to maintain accurate accounting records for the following reasons; To meet government requirement of audited financial statement for the purpose of tax and share subscription.

To enable the ascertainment of profit and loss in an organization.

It is now very obvious that accounting is of noticeable importance to every unit of our society. Accounting records involve the following:

Source documents: Receipts, invoice, credit notes, cheques, payment voucher etc

Books of original entry: Sales journal, purchase journal, return inward journal, cash book, journal proper and ledger.

Final accounting: Manufacturing, trading, profit and loss account and the balance sheet.

They are prepared to know the transaction and the result of such for a particular period.

1.2 Statement of the Problem

The purpose of this piece of work is to find out the effect of poor accounting records in a profit making organization. In a situation where accounting records are poorly kept, problems emerge and such problems include;

Exposure of organization to theft

Decline in the size of organization

Poor management and control

Fraudulent act among employees

1.3 Purpose of the Study

The major of this study is to examine and be able to identify the possible effect that a poor accounting record will have in a profit making organization.

The study will specifically;

Find out the effect of poor accounting records

Identify the causes of poor accounting records

Make the researcher judge and identify the level of effect on the business.

1.4 Research questions

The research questions will be tailored along line of questions that will enable the researcher gather relevant information about the research topic.

What is the effect of poor accounting records in an organization?

Where are these effect pronounced in an organization?

Is there any alternative method of overcoming the effect?

Can a better method be adopted to upgrade the accounting records?

1.5 Significance of the Study

The significance of this research cannot be over emphasized as it will touch all aspect of accounting management function and the process for proper financial records.

Internal recording to managers for use in making special decision and in formulation of plans.

Internal reporting for managers use in controlling current operation

External operation to shareholders, government and outside parties.

1.6 Scope of Study

This piece of work is directed towards the evaluation and appraisal of the effect of poor accounting records in a profit making organization in which certain factors made it impossible for a full average of the study of some of such factors which involve but not limited to the following;

Inadequate source of information in getting the relevant text and literature for adequate reference was not so easy. More so, the project is limited to the small and medium scale industries where the effect of poor accounting records will be studied in details.

1.7 Definition of Terms

In the course of this research work some words have been use and needed definition for proper understanding.

Book-keeping: Is the process of recording data relating to accounting transaction in the accounting books, and the transactions are being recorded in an orderly manner.

Balance sheet: It refers to the summary of the state of affairs of the assets, liabilities reserves, profit and capital as shown by the book of account at a particular date.

Ledger: Is an account which contains summarized and a permanent record of all business transactions.

Cash book: Is a unique book that serves as a book of original and as well as section of ledger in which are recorded all daily cash receipts and cash payment.

Profit and loss account: Is an account prepared to determine the second profit which is called net profit or net loss.

Sales day book: Is the book where all goods sold on credit are recorded.

Purchase day book: Is the book where all goods bought on credit are recorded.

Trading account: Is an account where the sales revenue is compared with loss of sales to arrive at gross profit or loss.

Depreciation account: Is the permanent and continuous decrease in the quality and value of a fixed asset.

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