PDF - EVALUATION OF THE ACCOUNTING SYSTEMS USED BY SMALL SCALE ENTERPRISES IN NIGERIA A CASE STUDY OF P. A. TABLE WATER UGHELLI - researchcub.infoABSTRACT

The studyevaluated the accounting systems in use by small scale enterprises operating inEnugu south east of Nigeria. The study was necessitated due to high rate ofsmall scale enterprises failure. The population of the study consists of 242accounting officers and proprietors of small scale enterprises operating inEnugu. 148 respondents were selected through simple random sampling techniques.The instrument employed for the study was a structured questionnaire fourresearch questions and one null hypothesis tested at 0.05 level of significanceguided the study. Data were analyzed using mean and standard deviation andt-test summary of the results revealed that seven accounting systems wereavailable for use to small scale enterprises use the single entry system ofaccounting and that keeping of proper accounting records enhance profitability.It was concluded that there was correlation between proper records keeping andprofitability of small scale enterprises. It was recommended among other thingsthat the ministry of commerce and industry should help the small businessowners to avail themselves the opportunity to the use accounting system thatare relevant for the day to day reporting of their business transaction.

CHAPTER ONE

INTRODUCTION

1.1 Backgroundof the Study

There is no accurate account when accounting started.However, available information showed that, the system of record keeping can betraced back to the early civilization of the body lanai and Assyrian were everybody has the method of keeping record by making the warehouse, store papyrusand was tables. Papyrus paper as we know was the paper used, in Egypt to startthe art of financial record keeping wasprimitive in 1494, an Italian Monk and month metical know as Luck Paciaintroduced the double entry book keeping system in terms of accounting recordsto mean that all entice must have a debtors and a creditor. At this time,record s were only prepared for business in statement form and not for theowners, the yearly was still not in place. After the development by the doubleentry system by Luck Pacio, the profit and loss account was advocated by adetachment which should be prepared on a yearly interval, the emergingcivilization and technological development o the recent day modern accountingmethod during the industrial revolution which bought about industrialinnovation, more sophist satiated or complex accounting methods were introducedhence the information of the professional accountancy bodies, for example;

Institute of chartered accountant of school formed in 1854.

Institute of chartered accountant end land and Wales wasformed in 1880.

Association of certificated public accountant in use wasformed in 1887 as new method of accounting were development ownership wasseparated from management since, the discovery of the double entry system.

In Nigeria findings of records was made by kingdoms, empire,individual, etc. in all. There art of modern record keeping come to being withthe advent of the Royal Niger Company , the Nigeria accounting record keepingfavoured the same with the establishment of the institute of the charteredaccountants of Nigeria of chartered accountants of Nigeria is responsible forthe Nigeria regulation of produced and parties of nationwide accountants ofNigeria was signed, at the time of writing a bill is before the passage ofanother accounting body know as certificate public accountant (P.A) of Nigeria.

Accounting to Erthihie (2005), described accounting as “theproper recording classifying, analyzing reporting of information for measuringand controlling the finance of the business of the end users “Agawan (2006)also outline that the accounting is a discipline concerned with the recording,analyzing, summarizing, measuring. For closing and reporting of income andwealth of business organization and other related entities.

1.2 Statement ofthe Problems

Accounting as an effective tools for managerial decisionmaking is a significant nature but some business organization have been tracedwith some problems which resulted to their wilding – up recording andassessment of profit or loss made at any giving times.

No provision for the value of assets and liabilitiesrecords.

Lack of recording the value expenses.

Lack of distribution of fund.

1.3 Objective ofthe Study

In view of the problems highlighted above, the objectives ofthe research are;

To know how effective accounting is to managerial decisionmaking.

To create understanding on the relevance of accounting in anorganization.

To determine the extent to which accounting can helpmanagers to have access to desired in formation.

To find solutions to the problems identified.

1.4 ResearchQuestions

In this study the research question;

In what ways can accounting records improve yourorganization for decision making?

Has the task or recording of value of assets and liabilitieshas any effects in decision making in an organization?

Does lack of expenses has any effect on managerial decisionmaking?

How can managerial decision making be related to accounting?

1.5 Significanceof the Study

The research will help many business which are concern onhow to run a profit making organization and make accounting record neat, thisresearch work is expected to attain the following;

It help the organization to know the strength of theirorganization in financed status.

It will help management to know the financial strength ofthe organization in decision making.

It will help the managers to know the day growth in theorganization,.

It will also help the organization to know the resent andfeature problem that the organization is going through or has encounter.

1.6 Scope of theStudy

This research was carried out with a critical investigationunder a manufacturing drinking water company (P.A Water) Ughelli, Delta State.

1.7 Limitationof the Study

Owing to the lack of time. Finance, material, transportfacilities, the research study is limited. Also, the negative and non –challent attitude of the respondents to give relevant information as a resultof fear of exposing their organization’s secret also contributed to thelimitation.

1.8 Definitionof Technical Terms

The definition terms were used in this research work and itimportant to know so as to facilitate the readers thought.

Accounting: This isthe process of recording, classifying selecting measuring, interpreting

andcommunicating and keeping all financial data in an organization to enable usersmake assessment and decision.
Book – keeping: Thisis the actual systematic way of recording the daily transaction in theappropriate book.
Asset: These are thefinancial resources of a business enterprise represented in properties, trade –debtors, stock, cash in hand and bank etc.
Profit: This is theactual amount gain from a business transaction on a daily business.
Cash book: Thisis a book that is used to record all cash and cheque transaction.
Return outwards book: This is used to record detail of goods sent back to the supplies as aresult of spoilt or damages.
Return inwards book: This book is used to record all returns made by the seller of the goods.
Liabilities: This isan amount own by the enterprise to outsiders.
Organization: This isa process whereby group of people come together to achieve a common goal.
Net profit: This isthe profit arrived at after the deduction of all expenses incurred in a period.
Ledger: Is a summaryof all entries of transaction in an account for a period of time usually amonth, posted from the books of original entry.
Gross profit: This isthe excess of sale revenue over the cost of goods sold in a particular period.
The balance sheet is a summary of account which shows thefinancial position of a business organization at a particular date.
The trial balances: Is the list of balances extracted from the ledger test arithmeticalaccounting of the posting in the ledger.
Profit: Is the rewardwhich become due to owners of a business as a result of a successful reload oftrading.

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