

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Small scale merchandizing businesses have been widely acknowledged as the springboard for sustainable economic development. It has tremendous impact on employment generation. However, several of these enterprises demise without fulfilling expectation due to poor management arising from weak accounting structure. A sound accounting and internal control system in any business irrespective of its scale is crucial. Audits of small scale enterprises have proven to be worrisome for professional accountants because of the inadequacy of the internal controls. Except for statutory demands, small and medium enterprises hardly give serious thoughts to the process of sound accounting yet, the adequacy and ineffectiveness of accounting process have been responsible for the ultimate collapse of a host of them. The uniqueness of small scale enterprises calls for a careful consideration in the design of an accounting system argues that failure by small and medium enterprise (SMEs) to manage cash flows results in illiquidity and finally the demise of SMEs. He advocated for the engagement of a qualified accountant who can be instrumental in advising on strategic response to turbulent and competitive business environment. Accounting systems processes data and transaction to provide users with information they need to plan, control and operate their business.

1.2 STATEMENT OF THE PROBLEMS

The level of book keeping and accounting in one man businesses have created many problems against the effective operation and accountability of a sole proprietorship. One man business suffers disproportionately from the regulatory burden compared to large companies. Since the smaller enterprise often do not have sufficient financial and human resources to manage their obligations in the most efficient way.

Meanwhile, a number of small scale enterprises have not given much attention to book keeping in relation to their business transaction, despite its importance in the success

of businesses. This could be lack of sound knowledge in book keeping practices by owners or respective manager. Also, there was difficulty in ascertaining whether there is a comprehensive accounting record that satisfied the law which under it was incorporated. Presently, small-scale business enterprise in Nigeria are faced with accounting problems that hampers the growth and development of these enterprises. This support the saying that the success of any business whether small, big or mega depend largely on book keeping practices. Because of the importance of appropriate accounting information for owners and managers of one man businesses and their different stakeholders. It is therefore important in this study to access the accounting problems of small-scale business enterprise in terms of accounting records.

Accounting system functions are not solely for purpose of producing financial reports rather its role goes beyond this traditional view and can also be used as a controlling mechanism for budgeting. Full adoption of the system will essentially require attainment of all the benefits of the system. Evidence from a number of studies reveals that small scale business financial accounting has remained the principle source of information for the owners and managers. Small scale business has been given due recognition especially in the developed nations for playing very important roles towards fostering accelerated economic growth, development and stability within several economies. They make up the largest proportion of businesses all over the world and play tremendous roles in the reduction of unemployment rate, creating a better standard of living as well as immensely contributing to the gross domestic products of many counties. Small scale businesses play a significant roles in the sector of the economy by reducing the ever- growing unemployment rate. For instance the united state economy is considered by many people to be largely dominated by large- scale corporations but actually over 60% of all the firms are owned and managed by small-scale merchants. In Akwa Ibom State although there are no accurate records of registered small- scale business enterprise in Ikot Ekpene the proliferation of these businesses in all the nooks and crany indicate that thousands of

indigene and non- indigenes depend solely on the sector of the economy for their survival. Moreover, this sector also constitute an important channel through which goods and services reach the final consumer in the society.

1.3 OBJECTIVE OF THE STUDY

The main purpose of this study are:

- i. To access the accounting problems of small scale merchandising business
- ii. To ascertain the types of accounting records kept by the small scale merchandizing business
- iii. To identify the consequences of failing to keep proper financial record and writing financial reports.
- iv. To access the quality of account personnel responsible for keeping records of small-scale merchandizing business enterprise.

1.4 RESEARCH QUESTIONS

- i. What accounting problems do small-scale merchandizing business enterprise face?
- ii. What type of accounting records do small-scale enterprise keep?
- iii. What are the consequence for not keeping proper financial records and writing financial reports?
- iv. Who is responsible for keeping records of small scale merchandizing business enterprise?

ACCOUNTING PROBLEMS OF SELECTED SMALL-SCALE MERCHANDISING BUSINESS ENTERPRISE IN IKOT EKPENE

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