

CHRISTIAN SERVICE UNIVERSITY COLLEGE

**A STUDY TO EXPLORE THE REASONS WHY SMALL AND MEDIUM SCALE
ENTERPRISES (SME'S) ARE NOT KEEPING ADEQUATE ACCOUNTING RECORDS
(EVIDENCE FROM KUMASI)**

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**A PROJECT WORK PRESENTED TO THE DEPARTMENT OF BUSINESS
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(ACCOUNTING OPTION)**

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ABSTRACT

Small and medium scale enterprises contribute over 22% of the employment opportunities and 15.5% of GDP in Ghana. Despite their significance, recent studies show that 60 % of the SMEs fail within the first few months of operation. .The general objective of this study was to explore the reasons why small and medium scale enterprises (SME's) are not keeping adequate accounting records in the kumasi municipality. The study employed a cross-sectional survey research design to get more details from the respondents so that the results from the sample can be inferred to the larger population. Purposive, cluster and simple random sampling techniques were used in the study. Structured questionnaire was self- administered to collect quantitative data from primary sources.

The study shows that most of the traders do not record adequate accounting records in their businesses. The analyzed data were presented using statistical tables and graphs. The research findings can provide knowledge to owners of SMEs to use in maintaining proper bookkeeping so as to improve their performance and help generate employment in the Ghanaian economy. The research work can also be used by academicians, researchers and management consultants as a source of knowledge and reference.

Finally recommendations have also been made as to how they should go about in preparing and keeping adequate accounting records.

DEDICATION

This piece of academic work is dedicated to the almighty God for his guidance and protection throughout the undertaken of this project work.

We also dedicated this work to all our loved ones especially our parents, lecturers and spouses for their prayers, guidance and financial support

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We thank God Almighty for the strength, support and guidance He has given us throughout our entire life especially during our time at Christian Service University College. We thank him again for granting us knowledge and wisdom to do this project work.

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GOD RICHLY BLESSES YOU ALL!

TABLE OF CONTENT

CHAPTER ONE

INTRODUCTION

1.1	Background of the Study.....	1
1.2	Research Problem	3
1.3	Objectives of the Study.....	4
1.4	Research Questions.....	4
1.5	significance of the Study.....	4
1.6	Organization of the study	5
1.7	Limitation of study.....	5
1.8	Scope of the Study.....	6

CHAPTER TWO

LITERATURE REVIEW

2.0	Introduction.....	7
2.1	What are accounting records.....	7
2.2	Forms of accounting records.....	7
2.3	Functions.....	8
2.4	Process of accounting records.....	8
2.5	SME's and proper book of accounts.....	8
2.6	Users of accounting record.....	10
2.7	Accounting concept and standards.....	10
2.8	Significant of accounting records	11

CHAPTER THREE

METHODOLOGY

3.1	Introduction	13
3.2	Population	13
3.3	Sample and sampling procedures.....	13
3.4	Data collection methods.....	14
3.4.1	Observation.....	14
3.4.2	Questionnaires.....	14
3.4.3	Interview	14
3.5	Data analysis.....	15
3.6	Limitations.....	15
3.6.1	Data constrains	15

CHAPTER FOUR

RESULTS AND ANALYSIS OF THE STUDY

4.1	Introduction.....	17
4.1.1	What does SME's knows about accounting records	17
4.1.2	How adequacy of book keeping in SME's.....	18
4.1.3	What difficulties/challenges do traders encounter in keeping records.....	20
4.1.4	Positive impact of accounting records to SME's	21
4.2	Problem encountered by traders in keeping accounting records.....	23

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1	Summary.....	24
5.2	Conclusion	24
5.3	Study Recommendation	26

References

Appendix

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Every business need to keep proper books of accounts so as to ascertain at all times how the business is progressing. This will help the owner or the businessman to assess the returns of his/her investment employed. The success of a business to a large extent depends on how well it effectively and efficiently manages its resources and for that matter accounting records.

Internal Revenue Service as well as VAT will have no difficulty of assessing the tax for the business. Financial institutions and other investors can easily know the strength of the business and take a decision on how much to invest at a particular period.

Small Scale enterprises have been variously defined, but the most commonly criterion is the number of employees of the enterprise. In applying this definition, Confusion often arises in respect of the arbitrariness and cut off points used by the various official sources. Steel and Webster (1990), Osei et al (1993) in defining Small Scale Enterprises in Ghana used an employment cut off point of 30 employees to indicate Small Scale Enterprises. The latter however dis-aggregated small scale enterprises into 3

Categories:

- (i) micro -employing less than 6 people;
- (ii) very small, those employing 6-9 people
- (iii) small -between 10 and 29 employees

World Bank since 1976 also define small and medium scale Enterprises as firms with fixed assets (excluding land) less than US\$ 250,000 in value. Grindle et al (1989:9-10) define

Small scale enterprises as firms with less than or equal to 25 permanent members and with fixed assets (excluding land) worth up to US\$ 50,000. USAID in the 1990s also explain SMEs as firms with less than 50 employees and at least half of its output sold (also refer to Mead, 1994).

UNIDO's definitions for Developing Countries explain Large Enterprises as firms with 100 or more workers.

Medium Enterprises as firms with 20 - 99 workers and Small Enterprises as those between 5 to 19 workers as well as Micro with less than 5 workers.

The dynamic role of small and medium scale enterprises in developing countries as engine through which the growth objectives of developing countries can be achieved has long been recognized. It is estimated that SME's employ 22% of the adult population in development countries (Gallagher & Robson, 1995). The sector employs about 15.5% of the labor force in Ghana (Parker et al 1994) and has experienced a higher employment growth. The sector's output as a percentage of GDP accounted for 6% in 1998.

However, small and medium scale enterprises faces lot of challenges on record keeping even though much efforts have been made by most NGO's and other professionals in organizing training facilities for these traders in Kumasi.

Any organization regardless of its size has certain resources and obligations which are influenced by a large number of transactions undertaking to achieve its objectives. It is impossible for a person or a group of persons to remember all the occurrences of these events and their impact on business. These records need to be analyzed, interpreted and

communicated to the interested parties who use the information as a basis for their decision-making.

The question is, do these business ventures keep effective and efficient accounting records? Do they make use of the information they give to enable them function properly?

The study is therefore meant to explore the reasons why small and medium scale enterprises(SME,s) are not keeping adequate Accounting records, the need to keep them and recommend to management to appreciate the internal and external advantages for recording and keeping accurate records to enhance effective and efficient decision making and smooth administration. This will prevent many businesses from collapsing few years of their establishment and stop the perception of superstition as evil behind business failure.

1.2 RESEARCH PROBLEMS

Organizations in the SME's sector have over the years being described by business experts as a sector with lack of good book keeping records. The tax authorities continue to lament on this issue likewise credit providers.

In view of this, it is often difficult for government to plan adequately to embrace this sector. Credit extension to this sector is also difficult to be assessed by financial institutions. Budgeting or financial planning for the business in this sector is quite a difficult task because of lack of good Book keeping practices of the business in this sector.

To be able to curb this problem, this study was initiated to assist owners of SME's policy makers and practitioners' to understand the need why SME's should be mandated to keep adequate records.

1.3 OBJECTIVES OF THE STUDY

The objectives of this research are;

- To assess what sorts of records are kept by businesses in this sector.
- Identify some of the reasons why SME's are not keeping proper Books of Accounts.
- Stress on the need for keeping good record
- Offer suggestions and recommendation on how they can keep simple proper books of accounts

1.4 RESEARCH QUESTIONS

The above objectives served as the research questions to guide the study;

- What sort of accounting records is kept by many businesses?
- What is the adequacy of book keeping by SME's?
- What are the challenges facing these enterprises in keeping records?
- To what extend can accounting records helps these small scale enterprises?

1.5 SIGNIFICANCE OF THE STUDY

The Research would be of immense help to:

1.5.1 Small scale enterprises,

- To seek for financial assistance and other credit facilities easily.
- To keep track of their total sales and purchases for the business
- To make an effective budget and asses the profitable areas of the business
- To prevent many businesses from collapsing few years after their establishment.

1.5.2 The research team

The study will help us to come out with problems associated with keeping adequate accounting records, identify why many businesses collapsed few years after their establishment and the practical measures to curtail such problems for effective business growth.

1.5.3 The general public and the government

Interested parties such as investors, individuals and suppliers can easily have some information for their informed decisions. The government budget allocation to the private sector and tax planning can be effectively applied and assessed.

1.6 LIMITATIONS OF THE STUDY

The research was hampered by a number of constraints. Some of these constraints include Managerial Constraints, Input Constraints, Finance, Equipment & Technology, Domestic Demand, Regulatory Constraints, Legal and some institutional. These can be classified into Data, time and financial constraints

Data constraints

Some of the respondents were unwilling to answer questions asked on things they consider secret. This put some of the data collected into doubt.

Some of the questions also were not properly answered because they cannot remember nor have no records on them as a result of their low education.

Time constraints

Most owners and managers wasted a lot of our time before some information was given. Some shops were so busy that it became difficult to have a discussion with the owners or managers.

Financial constraints

There were not much funds to enable us move around for more information from targeted Enterprises. This research is therefore restricted to some enterprises at Kumasi.

1.7 SCOPE OF THE STUDY

For the analysis to be clearer, simplified and limited to the topic the research will be limited to purchase and sales day books, records of day to day events, statements of Comprehensive income, the statement of the financial position and problems associated with keeping proper records of account as well as measures to control them.

1.8 ORGANIZATION OF THE STUDY.

The research is divided into five chapters.

Chapter One: This includes the introduction, background study, aims and objectives, and statement of problems.

Chapter Two: Comprises of Reviews of relevant literature and the subject matter.

Chapter Three: The research methodology adopted for the study

Chapter Four: Results and discussions.

Chapter Five: This will also include summary, conclusions and recommendations of the research.

CHARTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter seeks to explain what accounting records are, its form, function as well as processes and SME's and proper book of accounts. It identifies users of accounting records, concepts and standards and significance of accounting records.

2.1 WHAT ARE ACCOUNTING RECORDS?

Accounting records are documents and supporting materials used by individuals and companies in the preparation of financial statements, tax documents, and so forth. By law, companies are required to keep such records for a set period of time, often seven years, to make them available for inspection and audit. It also includes all the documentation and books involved in the preparation of financial statement or records relevant to audits and financial reviews. Accounting records includes records of asset and liabilities, monetary transactions, ledgers, journals and any supporting documents such as books and invoices

These records can be electronic, paper, or a mix of both. They include any documentation related to financial transactions, from payroll records to end-of-day printouts from cash registers. Statements from banks are also included in accounting records, along with similar statements related to investments. Accounting ledgers are also considered accounting records.

Business owners are expected to keep this documentation in good working order. Accountants and support staff typically are in charge of supervising and maintaining such records. These are used in preparing reports for investors and tax declarations. If these records therefore are not complete, financial information generated by businesses will be inaccurate.

2.2 FORMS OF ACCOUNTING RECORDS

Accounting records can be electronic, paper, or a mix of both. They include any documentation related to financial transactions, from payroll records to end-of-day printouts from cash registers. Statements from banks are also included in accounting records, along with similar statements related to investments. Accounting ledgers are also considered accounting records. Essentially, if it contains a record pertaining to a company's financial activity, its accounting records include such books as source documents, accounting journals, general ledgers, along with the financial statements like the income statements, balance sheet, and statement of retained equity and statement of cash flows.

2.3 FUNCTIONS

The main function of these documents is to create an accurate history of all financial transactions related to a given period of time, including income received as well as disbursement made for relevant expenses.

Along with money transactions, these books of accounts also make it possible to determine the balance between assets and liabilities.

2.4 PROCESS OF ACCOUNTING RECORDS

A number of documents are included as part of the process of preparing and maintaining proper books of Accounts. Invoices issued by business are one of the fundamental documents that are noted and tracked in ledgers and journals. The invoice makes it possible to keep track of potential income that can reasonably be anticipated by the business. By entering the invoices and the invoice amounts in the books, it is much easier to apply checks or other forms of payments that are remitted by customers into the account.

2.5 SME'S AND PROPER BOOKS OF ACCOUNTS

Small and medium scale enterprises use the same type of records as large businesses do. However, keeping the records in small businesses is much easier. Small businesses have fewer transactions to record and few employees, but there is still important accounting information that applies to all businesses.

There is a fact that, no business can succeed in the long term without knowing exactly where its profits come from, what its expenses are and how much it is making at each operation.

However, many small and medium scale enterprises do not pay much attention to these proper books believing that such records are needed most by large businesses. Decisions and daily activities are based on guesses and not on facts from information on the records.

Accounting information, according to Obrien, should be viewed as “data that have been converted into a meaningful and useful context for specific end users subject to valued-added process where its forms is aggregated, manipulated and organized, analyzed and evaluated for a definite outcome for use by interested parties.”

Information contained in a business records, according to Accountants of Manager of university of Leicester, provides important guidance for management decisions. The use of accounts for making decision requires an understanding of where the information in the enterprise or business originate. Analyses of accounting records require technique that will enable managers to draw correct inferences from a set of accounts. Example, Management should know how to use accounting information to analyses the cost of production to make a precise decision to judge the profitability or performance of the enterprise.

2.6 USERS OF ACCOUNTING RECORDS

Many users have the need for accounting records in order to make important decisions. These users include; Investors, Management, Shareholders, Government agencies, Labors unions and Financial institutions.

2.7 ACCOUNTING CONCEPT AND STANDARDS

Attempting to eliminate subjectivity and to achieve comparability, Accounting records are prepared using a number of accounting concepts and conventions provided by the company's private partnership (Act 163). Almost all of these concepts state that it is the responsibility of the management to prepare books of accounts which shows true and fair view of the enterprise result for the period and its financial position at the end of the period. Some of the concepts include;

- The going concern concept
- The prudence concept
- The accruals and the matching concept
- The consistency concept
- The business entity and materiality concept as well as
- The historical cost concept, objectivity and realization concept.

Other methods of valuing stock include; FIFO, LIFO, and Sum of the year's digit methods are also considered in accounting records.

2.8 SIGNIFICANTS OF ACCOUNTING RECORDS

Business financial analysis is based on its accounting records. Accurate accounting records are the key in the success of every business and it assists an organization to answer some important questions like;

- Is the business making profit or losing?
- Is expenditure increasing or decreasing?
- Is the business standing on a sound financial ground?
- Which products yield higher returns?
- Is the enterprise adopting proper accounting records to track all its information?
- Are taxes paid appropriately?

An accurate accounting records act as a function where all these valuable financial information can be constructed. Therefore timely financial information produced helps to mitigate future occurrences. The significance of accounting records is therefore summarized below;

- Assist in monitoring business operations.
- Providing the necessary financial information for decision making by its users.
- Assist in budgeting.
- Assist in obtaining other source of capital.
- Assist in meeting its social responsibilities like tax obligation, social infrastructure, and other sponsorships undertaking by the business.

The findings of this research paper are significant because the analysis of these findings will reveal whether the systems of book keeping by small traders in their current form reflect Accounting principles and practices adopted by the formally organized institutions. The findings will also explain how small and medium scale enterprises define business success in monetary terms and how a relevant accounting record is to traders in small and micro enterprises in Ghana.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

This chapter concerned with the research methodology adopted for the study. It covers population, sampling procedures, and research design instruments, problem encountered during the administration of the questionnaire and how the data would be analyzed.

3.2 POPULATION

The population of this study comprised of Four Hundred and Fifty-Eight small scale enterprises in the Kumasi metropolis. The population chosen is the people who trade in all categories of commodities and second hand goods. These sections of small scale enterprises were purposely selected with the view that they would put in place proper Accounting records of their operations to generate the require information to solve business problems such as financial help from financial institutions, internal strategic decisions ,investors and many more for business growth.

3.3 SAMPLE AND SAMPLING PROCEDURES

Out of the population of Four hundred and fifty-eight (458), one hundred were targeted whiles seventy-five (75) SME's participated in this research. We employed a combination of different sampling techniques such as random, cluster and purposive sampling .Cluster sampling was used most since most of the businesses were scattered. Those market areas in rows were group into a cluster whiles non rows were randomly selected .Questionnaires were given to those who could read and write whiles interview was conducted for those who cannot read and write. It was envisage that these sampling techniques were the most convenient and appropriate to achieve the objective of the research.

3.4 DATA COLLECTION METHODS

For the purposes of this research, two types of data were used, primary and secondary data.

- Primary data: This comprises of Information collected from a fist hand source. I.e. The person himself.
- Secondary data: This also includes Information collected from those already analyzed by someone else.

The primary sources of data were:

3.4.1 Observation

Personal observations were made by looking at how small and medium scale traders go about their businesses and how records are kept in their trading activities.

3.4.2 Questionnaires

The questions were skillfully designed and self explanatory to yield the desired information. We explained to those who could not read properly before they were able to respond. Both representative and random samples were taken into consideration. Whilst the elites of cloth or materials sellers line “fosu” line, ready-made sellers stores, gas cooker sellers stores, utensils sellers stores, provisions seller stores etc, were targeted for random sample survey.

3.4.3 Interviews

A lot of interviews conducted to find more about how these traders recognize the essence of record keeping in their businesses especially for those who cannot read and write. Under this interview, semi-structured interviewing which is based on a list of prepared questions was used. Both opened and closed questions were used during the interview.

In the secondary source of data, we made used of various libraries, news papers, bulletins, magazines and the internet available.

3.5 DATA ANALYSIS

Both primary and secondary data were analyzed to give meaning to the response collected through the questionnaires and interviews. Percentages were calculated as well as pie charts, bar charts, etc were also used to give graphical presentation to the information.

3.6 LIMITATIONS

There were a number of constraints in gathering our data. Some of these constraints include ;Managerial Constraints, Input Constraints, Finance, Equipment & Technology, Domestic Demand, Regulatory Constraints, and Legal as well as institutional. These were further classified into Data, Time and Financial constraints.

3.6.1 Data constraints

Respondent unwillingness to answer questions asked on things they consider secret, put the data collected into doubt.

Some of the questions were not properly answered because they cannot remember nor have no records on them as a result of their low education on record keeping.

3.6.2 Time constraints

Most business owners and managers wasted a lot of our time before some information were given. Some shops were so busy that it became difficult to have a discussion with their owners or managers.

3.6.3 Financial constraints

There were not much funds to enable us move around for more information from targeted enterprises. This research is therefore restricted to some enterprises at Kumasi.

CHAPTER FOUR

RESULTS AND ANALYSIS OF THE STUDY

4.1 INTRODUCTION

This chapter is about the results of the study as well as the analysis and interpretation of the responses from the questionnaires and interviews.

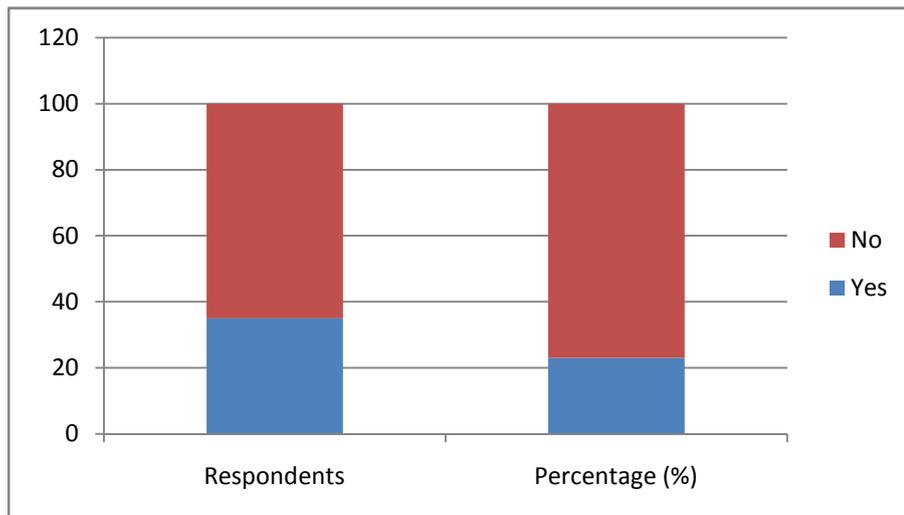
The research questions were;

- What sorts of accounting records are kept by businesses?
- What is the adequacy of book keeping by SME's?
- What are the challenges facing these enterprises in keeping records?
- To what extent will these records help the SME.s?

4.1.1 What does SME, s know about Accounting Records

The information gathered from the research found out that most of the businesses do not have any knowledge at all about keeping adequate records. They have all the information on their small note books. Few businesses who do understand the need to keep records hardly engage people for fear of knowing their business secret or embezzle their funds. Those who have engaged an accountant do not prepare all the books of account but only record the receipt and payments of the business.

The chart below shows the response rate for such research questions. fig (1)



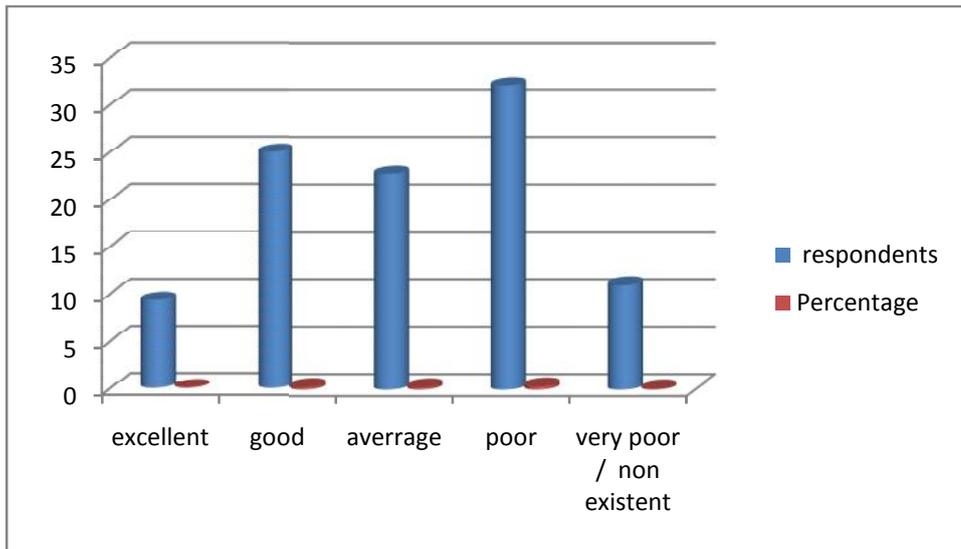
Sources: Researchers' field survey, May 2012.

From the table above, the findings indicated that 35 respondents said yes to the question that they know something about book- keeping. This represents 23 % of the 100 people interviewed. Again 65 respondents said no to the research question, representing 77% of the entire people interviewed. We can easily conclude that record keeping is very low as far as SME, s businesses are concern.

4.1.2 What is the adequacy of book keeping by SME's?

On the adequacy of book keeping, 9.3% of the respondents indicated excellent, 25. Indicated good, 22.7% indicated average, and 32% indicated poor, 10.3% indicated very poor/non-Existing .Generally, the results showed that book keeping practice of the SMEs in Kumasi Municipality is not adequate and this may negatively affect the financial performance.

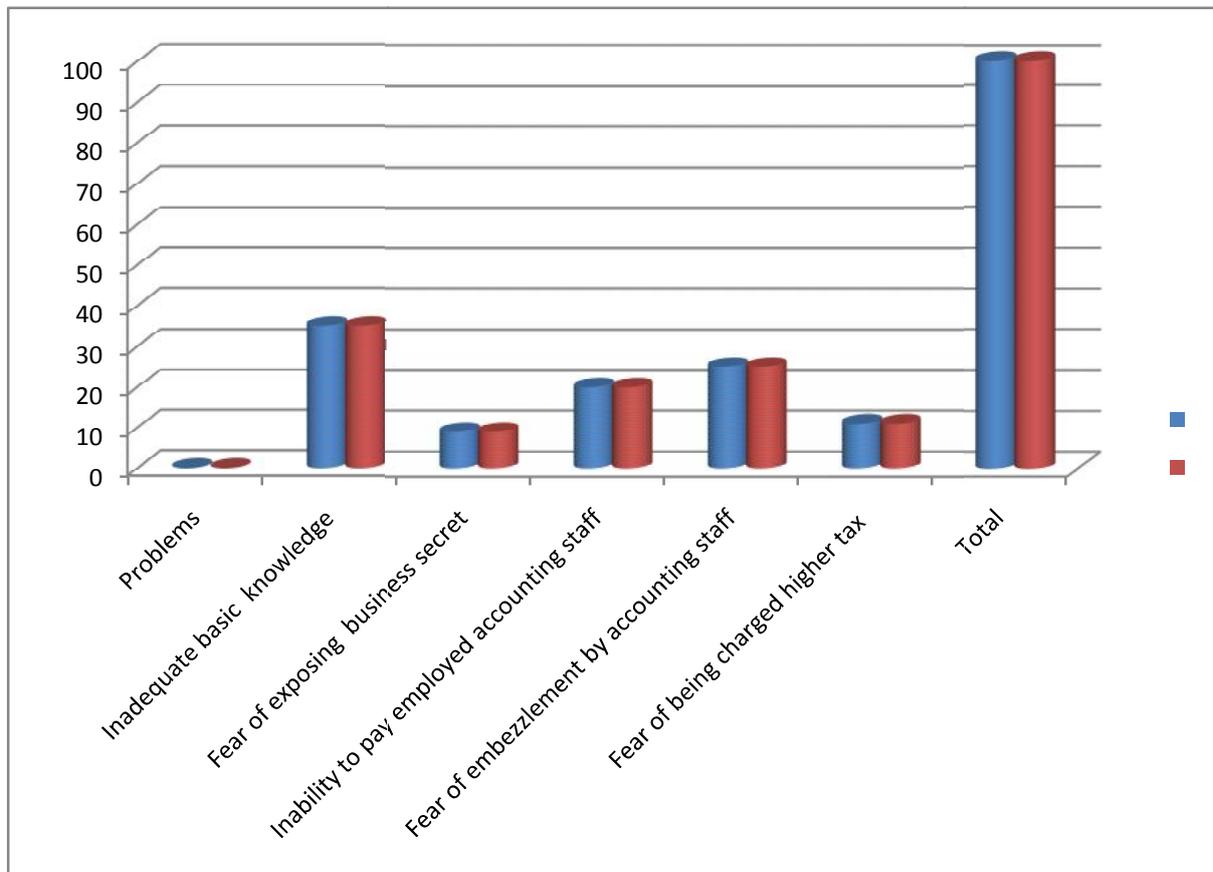
The chart below show how adequacy of book keeping in SMEs fig (2)



Sources: Researchers' field survey, May 2012.

4.1.3 What difficulties/challenges do traders encounter in keeping records?

The findings relating to research question is presented below.



Sources: Researchers' field survey, May 2012.

The chart above shows that traders have many reasons for not keeping records, 35% Of the traders lack the basic knowledge in recording transactions, the other 65% think that existence of an accounting staff in their business will expose them to many dangers such as embezzlement of funds, exposing business secret, high tax payments as well as difficulty of paying the staff. Others also say it is a waste of time and costly of buying computers to record their business transactions.

4.1.4 Positive impact of accounting records to SME's

In their detailed paper on accounting for rationality Caruthers and Espeland (1991) state that, over time it has been noted that profit enterprises would not survive if they were not sufficiently profitable. They further state that those enterprises that embraced the double entry system of accounting enjoyed a technical advantage over those that do not and the entities that do not adopt this system of accounting records would in the long run be driven out of the market. According to Frazer (1929), Accounting is an application of economic principles. Trading is an economic activity involving various elements of transactions and therefore there must be a form of accounting system that is consistently maintained.

Whilst responding to the entire questionnaire, respondents were of diverse opinions as to how the records or book - keeping of their sales have influenced their transactions. Two traders representing 10% said that record keeping of their sales enabled them to identify their debtors. It therefore helped them to go to them for their money's. Twenty percent (20%) were of the opinion that record keeping of their sales help them to check stock whether is up to date or not. This helps them to be vigilant always about customers who sometimes exceed their credit days and consider those who are credit worthy as their potential customers.

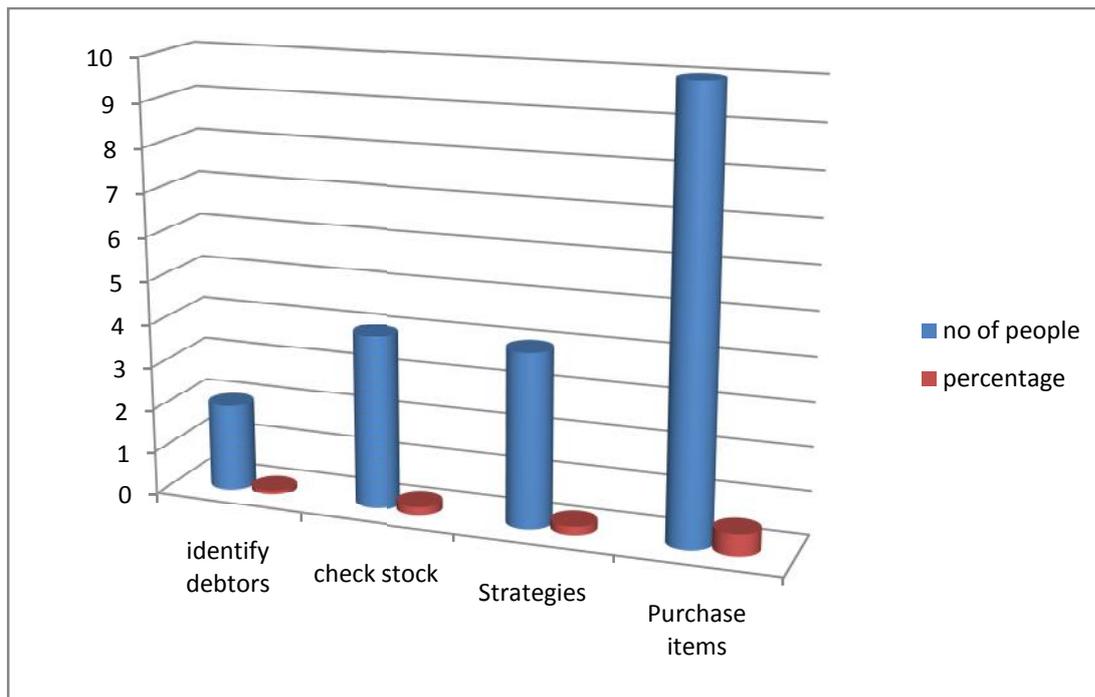
When it came to items purchased for business transactions, an average number of the traders which represent 50% said that records keeping had help them considerably to know goods that consumers like at a given period of time. To them, this helps them to steer and direct their affairs well in business.

Another advantage that came out of this research was that, it has helped traders to control inflow and outflow of cash. Almost all the traders who keep records said that it has helped them to do away with limiting spending on trivial goods/items.

Four (4) respondents' below indicated that 20% of people who keep records are always on alert when they are falling short and this prompts them to map out strategies to move their business ahead.

To sum up, all the traders we interviewed said that when they keep records on their transactions, it helps them to identify goods that are sold quickly and that accounting records need to be given much attention.

Bar Chart of Positive Impact of Accounting Records to Traders



Sources: Researchers' field survey, May 2012.

4.2 PROBLEMS ENCOUNTERED BY TRADERS IN KEEPING ACCOUNTING RECORDS

The research that we conducted revealed that keeping accounting records was not all that easy task. Nineteen (19) traders were emphatic that they did not have knowledge and the skills in keeping accounting records. Another thirteen (13) of the traders said they do not keep records because of time constraints while three (3) traders also said they always feel lazy to keep such numerous records.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

As it has been discussed earlier, accounting records is "keeping records of what is bought, sold, owned and owed; what money comes in, what goes out, and what is left". It is the financial transaction of any event that involves money. In effect, it has so many importance to traders in their trading activities. Some of which are:

- Assists in monitoring the success or failure of business
- Provides necessary financial information
- Assists in obtaining bank financing
- Assists in obtaining other sources of capital

The method used in collecting data for the study was both the primary and the secondary source. The primary source of data included the use of questionnaire in administering the chosen population where traders were selected using the simple random sampling technique. Under the secondary source of data, the internet and other bulletins were used to source for information. The data collected were analyzed put into writing, discussed and illustrated with tables and charts. The conclusions and recommendations are further discussed here in this chapter

5.2 CONCLUSIONS

The study found out that accounting records is a great challenge among many SMEs in Kumasi Municipality. The greatest challenge was seen in little knowledge in accounting records and collapse of some businesses which amounted to 66.6%. The research also

discovered that 45% of the SMEs showed inadequate book keeping practices. Further, the study found out that 54% of the financial performance of SMEs was deteriorating and failing as of not keeping adequate accounting records.

There is the need to put up proper management to ensure that records are kept to generate the needed information for the business and their stakeholders for proper decision making. One such element of skills capable of making SME's activities effective and efficient is management's ability to keep records of purchases, sales and expenditure of all other transactions.

Unfortunately few SME's in the municipality keep records of their sales. Various reasons were given by these small and medium scale enterprises why they are not keeping records of their sales. Some of these reasons are that many SME's do not have the knowledge and understanding in book - keeping. Others also say that they do not have time of keeping records especially when their customers are queuing for goods. There were also those who even said that they feel lazy to document their purchases, sales and expenditures every day. There may be other reasons for SME's in Kumasi metropolis for not keeping records of their business transactions. This research has not found all the reasons why SME's are not keeping adequate records but is just a pace - setting for future research to advance on the little we have delved into.

5.3 STUDY RECOMMENDATIONS

We recommend that the government in conjunction with ICA Ghana should work out a comprehensive strategy to sort out the problems associated with keeping adequate accounting records by sensitizing the owners and managers of small and medium scale enterprises through exposure drafts, or discussion papers.

Enough time should be given to all interested parties. Symposiums, conferences, and open forums can also be used to sensitize the operations of SME's.

One of the findings of the study was that some owners and managers of the SMEs have little knowledge in accounting records. Our study would recommend for further sensitization programmers to equip the owners and managers of the SMEs with proper knowledge in accounting records.

The research activities conducted in small and medium scale enterprises in Kumasi Municipality identify some factors that affect proper book keeping activities of some businesses as lack of relationship between proper book keeping and their financial performance. As a result of some limitations imposed on this study to achieve our objectives, some areas that are relevant to this study were not covered. We suggested for further research into the entire relevant operations of the SMEs sector to make the study complete.

Further study could also be done to establish the effect of e-book keeping on proper management practices of small and medium scale enterprises. Again, further study could be done on the effect of financial accounting information on financial performance of small and medium scale enterprises.

Lastly, the following recommendations are made if small and medium scale enterprises want to make a considerable improvement in their businesses operations.

We recommend that SME's traders who are ignorant of accounting records should be encouraged by their counterpart traders to improve their operations.

It is further advised that SME's who are reluctant to keep records of their sales must be given public education about the significance of accounting records. This should be organized for these traders that the absence of accounting records in all business activities could lead to the collapse of that business and not on any superstition of evil behind business failure.

Finally, government agencies like the VAT Service in the Metropolis should from time to time be given public lecture to these traders on the skills and steps in keeping records.

Basic book keeping procedures should be incorporated into the educational curriculum at the Junior High School Levels.

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APPENDIX

QUESTIONNAIRE TO TRADERS

I am a student of Christian Service University College working on the research topic ‘a study to explore the reasons why small and medium scale enterprises (SMEs) are not keeping adequate accounting records’.

A case study of Kumasi Store.

I would be very much grateful if you could provide answers to the, questions below. Please tick where applicable.

The study is purely an academic exercise and all information provided including your personal views would be treated confidential.

1. Age.....
2. Sex.....
3. Are you married Yes [] No { }
4. No. of Children
5. Educational Background: None [] 1st Cycle [] 2nd Cycle [] Tertiary [].
7. Types of items sold.....
.....
8. Nature of the items sold? Perishable [] Non Perishable []
9. Sources of capital?
10. Do you keep records of sales? Yes [] No []
If yes, how often do you do it?
- Daily [] Weekly [] Monthly [] Other (Specify)

11. Do you keep your money in the bank? Yes No

12. Why do you like to keep records of your daily sales? *Please tick.*

To assess loans

To determine profit and loss

for future reference

For budgeting

For tax purposes

13, How far has the record keeping of your sales helped you in your transactions / businesses?

.....
.....
.....
.....

14 What problems do you encounter in record keeping of your daily / weekly / monthly sales?

Please tick.

Lack of knowledge and skill in book - keeping

Ignorance

Time constraints

Lack of control over cash

Feel lazy to keep records

15. In your opinion is it necessary to keep accounting records for your business?

If yes; why.....

.....

If No; why.....

.....

The table below shows the response rate for research questions fig (1)

Response	Respondents	Percentage (%)
Yes	35	23
No	65	77

The table below shows the chart at fig (2)

Adequacy	Respondents	Percentage (%)
Excellent	9.3	9.3%
Good	25	25%
Average	22.7	22.7%
Poor	32	32%
Very poor/non existent	11	11%
Total	100	100%

The table below shows the chart at fig (3)

Problems	Number of respondents	Percentage (%)
Lack of basic knowledge	35	35
Fear of exposing any business secret	9	9
Inability to pay employed accounting staff	20	20
Fear of embezzlement by accounting staff	25	25
Fear of being charged higher tax out of profit.	11	11
Total	100	100

Fig. 4 Table Showing Positive Impact of Book - keeping to Traders:

	No. of People	Percentages (%)	Degree Celsius
! 1			
Identify debtors	2	10%	1 36
Check Stock	4	20%	1 72
Strategies	4	20%	1 72
Purchase Items	10	50%	180
TOTAL	20	100	360

