

Inadequacy of Accounting Records and Poor Budgetary Planning: A Threat to Entity's Going Concern

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Abstract: Ondo state is known to be predominantly an agro - allied based, engaging in agricultural activities such as cocoa production, timber, fishery and to a little extent palm kernel. Of all these, cocoa production occupies the central position. Cocoa activity is a major one in ondo state creating employment opportunities and incomes for both the government and individuals engaged in it. However, a cursory observation indicates that a significant number of licensed buying agents (lba's) engaging in cocoa trading discontinued with it while some even go bankrupt after four to five years of their trading due to accumulation of debts. This paper examined cocoa marketing /trading activity in idanre with a view to determining causes of failure among cocoa traders. The research was a case study, survey design while the analysis follows the empirical causal design. Data for the study were derived from one hundred and fifty (150) structured questionnaire administered on selected lba's and public officials responsible for controlling cocoa business activity in the area. The selection was made using purposive random sampling. However, only one hundred and thirty one (131) were retrieved. Other data were obtained from government records, publications and internet among others. The study made use of both descriptive and empirical analysis. The descriptive analysis employs the use of tables and charts to describe the characteristics of the responses in the questionnaire while the empirical study uses the method of pooled data regression to analyse the relationship. The paper revealed that there is a statistical significance between inadequate accounting records, poor budgetary planning and going concern threats. The paper recommends the application of proper records keeping as a panacea for going concern threats. Also, there is a need for sound budgetary planning to serve as a framework through which the trading activities could be tracked, directed and monitored.

Key words: Entity • Going Concern • Agro-Allied • Threats • Cocoa Trading • Budgetary Planning

INTRODUCTION

Researchers at various levels of their studies have attributed the causes of business failure to factors such as lack of capital, location, lack of business connections, low level of business education, low patronage and a few others. However, in recent time, attention has been shifted to the importance of inadequate record keeping and poor budgetary planning as source of business failure. Record keeping in business occupies the same position that blood occupies in man, for without blood, there is no life and without adequate records, the success or going concern instinct of a business is threatened. A fundamental question that one may be curious to ask is 'why is it that in the olden days, our agent mothers

operated this kind of business and yet survived without any record or written documents?'. The fact remains that the number of transactions and the number of customers they transact business with were meagre and not only that their level of performance cannot be measured since they cannot separate their personal capital or cash from their venture or business cash. The going concern assumption is a fundamental principle that underlies the preparation of the vast majority of financial reports of businesses. A business is seen to be going concern when it is considered to be able to pay its debts as and when they are due and continue in operation for a foreseeable period of time. Most local buying agents (lbas) engaging in cocoa trading collapse in their five years of operation. This is as a result of lack or inadequate record keeping

and poor budgetary planning which result in accumulation of huge debts. Record keeping system of vast majority of the lbas is based on mental or verbal information, thus inviting possibilities of forgetfulness or inaccuracy, thus causing problems in planning for the future Paul [1]. Most of the lbas relied on owners- managers know-how and expertise but lack managerial skills or sophisticated managerial principles Maes [2]. Noote Boon [3] recognised that in small business, much of the operating knowledge is tacit and it is connected to craftsmanship. Record keeping in business refers to day-today maintenance of business transactions and accurately manipulating them to produce accurate and consistent financial statement Parker [4]. A comprehensive record keeping system makes it possible for any trader to evolve accurate and timely financial reports that shows the progress and current condition of the business. Successful record keeping system is one that does not limit record keeping solely to the documentation of a transaction but also include the implementation and maintenance of written standards, operating procedures, documented training and education, all mitigating factors and demonstration of due diligence and reasonable care Reynolds [5].

Conceptual Frame Work: The issue of record keeping is of age and has been in existence since the bible days. In esther chapter 6 verses 1, king ahasuerus could not sleep and he commanded to bring the book of records of the chronicles and they were read before the king. In verse 2, the word written was used to re-emphasise the existence of record keeping. In mathew chapter 4 verses 4 - 10, when jesus christ was tempted by the devil, jesus christ was able to conquered the devil by quoting from the records of the word of god using the word 'it was written'.

Accounting, as a record keeping process, has evolved over many centuries to serve the changing social and economic needs of society. Book-keeping and accounting started long time ago, though the exact date is not known, there is evidence to suggest that they originated right from the time people started having financial dealings among one another. According to Hamid [6], financial records keeping is thought to have begun in about 4000 b.c. in the ancient kingdoms of babylonia, summeria and assyria. Clay tablets were used in the babylonian empire to record various facts. Many of these records contained lists of events as they occurred or lists of goods belonging to an individual or estate.

Similar types of records have also been found describing business activities in ancient greece, egypt and rome. All these early records contained mostly lists of inventories of goods and debts, later records began to reflect a concern for computing profit and loss from the ventures. Although these early records are interesting, they add little insight in to the development of modern day accounting, which is based on a double entry method.

There is no specific date when book keeping commenced in nigeria, the only method of keeping records in history available in those days is that people made marks on the wall by using dried plantain and charcoal for credit transaction made Odewale [7]. All these attest to the indispensability of record keeping.

Record Keeping Systems: Skaggs [8], defined record keeping system as set of components that collects records, classifies, analyzes, processes and summarized business transactions in the books of accounts. The system might be manual or computerized, the functioning of any record keeping system heavily depends on the way management addresses factors in the business control environment, commitment to integrity and ethical values, organizational structure forming audit committees of the board of directors, improving methods of assigning authority and responsibility and good human resource policies. A basic record keeping system whether manual or computer soft ware program, should be simple to use, easy to understand, reliable, accurate, consistent and designed to provide information on a timely basis. It generally needs a basic journal to record transaction (receipts, disbursements, sales, purchases etc), accounts receivable records, accounts payable records, payroll records, petty cash records and inventory records Sutcliffe [9]. Record keeping system of most of small scale business involved more reliance upon mental or verbal information, thus inviting possibilities of forgetfulness or inaccuracy, this causes problems in planning for the future, trusting information on the memory naturally involves some dangers, the most obvious danger is that of forgetfulness. Mental or verbal information is not available for reference Paul [1]. A successful record keeping system is one that does not limit record keeping solely to the documentation of a transaction but also includes the implementation and maintenance of written standards, operation procedures, documented training and education, all mitigating factors and demonstration of due diligence and reasonable care Reynolds [5].

The Need For Record Keeping: The need for record keeping in cocoa trading business cannot be overemphasised. Ile [10] crystallised this need to include:

- Planning and controlling all expenditure both capital and recurrent
- Controlling the receipts and payments of cheques relating to the business and banking transactions
- Keeping check on the assets of the business such as plants and machinery, stock, debtors and cash
- Facilitating the measurement of efficiency of the business from the comprehensive statement of income and statement of financial position so prepared from the accounting records.
- Lending decisions to banks and other financial institutions in respect of granting loans to business organisations is facilitated in the event that such business provide the required financial statements prepared from adequate financial records.
- Facilitating the determination of the precise balances of debtors and creditors for decision purposes
- Acting as a time-saver by bringing order out of disorder

Consequences Of Lack Or Inadequate Record Keeping:

- Accounting data form the basis of ratio analysis, which are capable of indicating early warning signals of business losses or economic wastes thereby occasioning remedial actions. Lack or inadequate of relevant records makes this impossible.
- Effective management planning and control decisions are hard to make when adequate records are lacking
- There would be high probability of business failure
- Revenue authorities would be forced to impose best of judgement assessment on the business for tax purposes, which would likely occasion a greater tax burden
- Opportunities to obtain loans from banks and other financial institutions can hardly be exploited, as the relevant financial statements cannot be prepared without relevant data and such loan would not usually be granted without the bank first ascertaining the credit worthiness of the business largely from the records.

Documents And Books Used In Cocoa Trading

Documents

Receipt: According to Saffady [11] a receipt is a document prepared to show evidence of money received.

Receipts should be printed, having a counterfoil or carbon copy and should be consecutively numbered. Spoiled receipts should be cancelled and not detached from the counterfoil and no blank counterfoil should be accepted.

Invoice: This is a document submitted by suppliers demanding payment for the goods and services that they have an invoice provides information to the buyers about the cost of the goods, trade discount and net amount as a document submitted by the suppliers demanding payment for the goods and services supplied that they have provided on credit and its normally reconciled with other document such as delivery notes.

A Voucher: It is documentary evidence in support of a transaction in the book of accounts and the act of establishing the accuracy and authenticity of entries in the books accounts is called vouching. The essence of the voucher is to substantiate an entry in the books of accounts with any documentary evidence such as agreement, receipts, counterfoils and also that the transaction has been authorized Saffady [11].

Record Keeping Books: Cash Book: It is a book in which cash and cheque transactions are entered. Whenever cash or cheque is either received or paid out, the first entry is the cash book. In this way, the cash book is said to be a book of original entry, the debit side of the cash book is called the cash receipts journal while the credit side is called the cash payments journal.

Ledger: A business may use many accounts in recording its transactions. Each account is placed on a separate page in bound or loose-leaf book, or on a separate card in a tray of cards. If the accounts are kept in a book, the book is called the ledger. If they are kept on a cards in a file tray, the tray of cards is a ledger. As used in accounting, the word ledger means a group of accounts or place of storage of accounts. Transactions are posted from the journals to the ledger. Ledger are categorized into, the general ledger which contains all the ledger accounts of the organization and the subsidiary ledger which are created to avoid crowding the general ledger with all accounts Saffady [11].

Journal: A journal is a book for recording business transaction in chronological order. A simple method of record keeping is to use 13-column paper for journals. You derive the information for each journal entry from original source documents, such as receipts for cash paid or received, checks written or received, cash register tapes,

sales tickets, etc. The information appearing on these documents must be analyzed to determine the specific accounts affected and the dollar amounts and then the proper journal entry is recorded Hughes [12].

A transaction is entered in a journal before it is entered in ledger accounts. Transactions are entered into the journals by date, amount, description and account to which the transaction has been assigned. For example, when rent is paid, the journal entry would be made in the cash disbursement journal under the accounts of cash and rent. A journal is called the book of original entry Wang [13].

Budgetary Planning: Planning and budgeting are like siemens twins as they dovetail to each other. Budgeting is a systematic and formalised approach for performing significant phases of the management planning and control of functions. It is the process of detailed short-term corporate plan into action. Budgetary process is involved in planning process. When monetary values are attached to the plan, the plan becomes a budget. Planning on the other hand involved the establishment of objectives and the formulation, evaluation and selection of the policies, strategies, tactics and actions required to achieve these objectives. Without a plan, it is impossible to determine the operational performance of any business. A comprehensive financial planning system is critical in sustaining an enterprise and keeping a competitive edge in the market. It ensures the effective and efficient use of financial resources within the enterprise and contributes to the forward planning which results in better coordination of activities across different functional units. Also, having more accurate and timely information leads to more transparent and credible financial forecasts that increases confidence within the investment community. Planning is important as it provides a framework for making decision by establishing goals, objectives and strategies. It is oriented towards the future and involves an awareness of how today's decisions will affect tomorrow's opportunities. Planning is essential for achieving both short and long run business goals and success. Planning begins with setting goals and objectives while goals provide the basic direction for planning.

RESULTS

The aim of this research work is to investigate the implications of inadequacy of accounting records and poor budgetary planning on entity's going concern. 150

cocoa buyers in odode, alade and atosin all in idanre local government area of ondo state, were sampled using purposive random sampling. The research was a case study, survey design while the analysis follows the empirical causal design. Data were sourced using a questionnaire. The design of the questionnaire follows the limited information dependent variable technique. That is the qualitative responses of respondents were quantified using the dichotomous variable method (*yes = 1; no = 0*); and the polychotomous variable method - the likert rating. That is

Strongly agree	= 5
Agree	= 4
Undecided	= 1
Disagree	= 2
Strongly disagree	= 3

131 questionnaires were retrieved from the field survey. The analysis is divided into both descriptive and empirical analysis. The descriptive analysis employs the use of tables and charts to describe the characteristics of the responses in the questionnaire. The empirical analysis aims at analyzing the causal relationship among entities' going concern, inadequacy of accounting records and poor budgetary planning. The descriptive analysis is further divided into six sections as follows:

- Personal characteristics of respondents (questions 1 to 9 of section a)
- Sources of business finance (questions 1 - 5 of section b in the questionnaire)
- Categories of workers in use (question 6 - 10)
- Operational mechanism (question 11 - 18)
- Budgetary planning (19 - 24)
- Advances recovery strategy (25 - 29)
- Going concern threat (30 - 40)

The study uses tables and column bar charts to describe the variables listed above respectively.

Descriptive Analysis of Questionnaire Responses Section A.

Personal Characteristics Of Respondents Sex: Table 1 and Figure 1 revealed that out of the 131 respondents 118 were male signifying 88% while 16 were females signifying 12%. The implication of this result is that there were more male than female in cocoa buying business in the study area.

Table-A 1: Sex Distribution Of The Respondents

	Male	Female
Frequency	115	16
Percentage	88	12

Table-A2: Marital Status Distribution Of The Respondents

	Married	Single
Frequency	105	26
Percentage	80	20

Table A3: Age Distribution Of The Respondents

	Below 20	21-30	31-40	41-50	Above 50
Frequency	0	26	46	55	4
Percentage	0	20	35	42	3

Table A4: Educational Qualification Distribution Of The Respondents

	Below Pry Six	Sch. Cert	Grd2 /Nce	Ond /Nd	Hnd /B.Sc	Total
Frequency	21	41	20	23	26	131
Percentage	16	31	15	18	20	100

Table A5: Business Experience Distribution Of The Respondents

	Under 5 Yrs	6-10 Yrs	11-15 Yrs	16-20 Yrs	21 And Above
Frequency	32	46	22	12	19
Percentage	24	35	17	9	15

Table A6: Business Status Distribution Of The Respondents

	Registered	Non-Registered
Frequency	87	44
Percentage	66	34

Marital Status: From Table 2 and Figure 2 it is shown that 105 Of the respondents were married representing 80%, while 26 representing 20% were either unmarried or divorced. This suggests that the business under study are carried by matured people.

Age: Table 3 and Figure 3 shows that the majority of the respondents fall within the age of 41 to 50 while the minority falls within the age of 50 and above. None of the respondents falls below the age 20. This result also confirms that cocoa business is a business of the middle age and adults.

Educational Qualification: It is observed from Table 4 and Figure 4 that the majority of the respondents (31) school certificate. 20% of them hold hnd/b.sc certificate while 16% hold below primary six certificate

Businessesexperience: From Table 5 and Figure 5 it is shown that 35% of the business firms surveyed were 6 to 10 years of age, 24 % were under 5 years of age, 17% were 11 to 15 years, 15% were 21 years and above while only 9% were 16 to 20 years old.

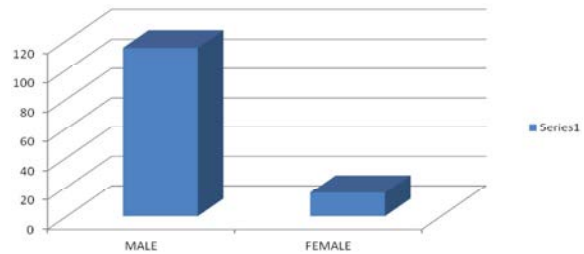


Fig. 1: Column Bar Chart Showing Sex Distribution Among The Respondents

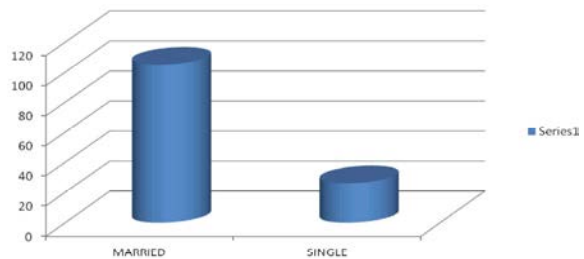


Fig. 2: Column Bar Chart Showing Marital Status Distribution Among The Respondents

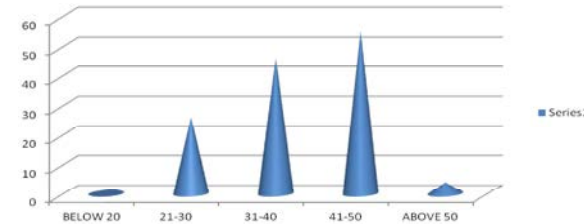


Fig. 3: Column Bar Chart Showing Age Distribution Among The Respondents

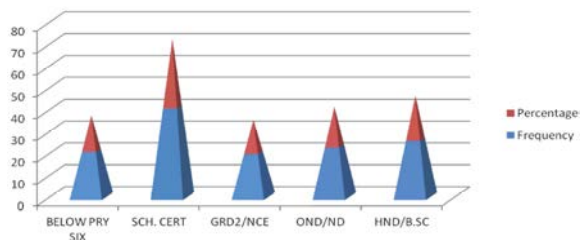


Fig. 4:

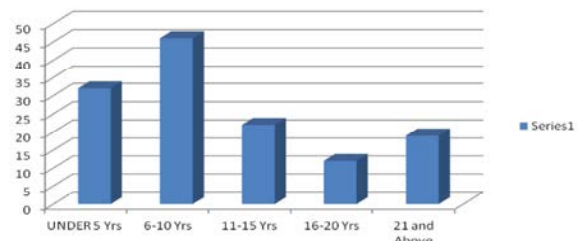


Fig. 5: Column Bar Chart Showing Business Experience Distribution Among The Respondents

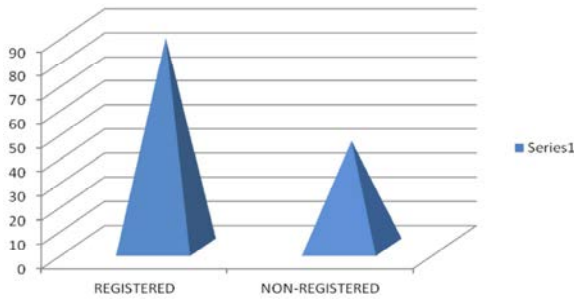


Fig. 6: Column Bar Chart Showing Business Status Distribution Among The Respondents

Business Status: Table 6 and Figure 6 revealed that 66% of the businesses surveyed were either registered or in the process of registration. Only 34% were not registered. This implies that cocoa business in the study area can be categorized under both the formal and informal business sector

Section B:

Key To Responses: The section b of the questionnaire shows the opinions of the respondents to series of items. The research questions are categorized under the following sub - titles: sources of business finance, categories of workers in use, operational mechanism, budgetary planning, advances recovery strategies and going concern threat. The analyses of responses are presented in tables of scores and percentages and graphically with charts. This section covers the items 1 to 40 of the questionnaire.

Empirical Analysis of Responses: The objective under this analysis is to investigate the causes of failure among cocoa traders in idanre local government area of ondo state. The dependent variable is proxied by going concern threat (gctt, a 131 × 11 matrix of opinions. That is there are 131 observation and eleven (11) items in the questionnaire capturing going concern threat as shown in Table 7. The independent variables for the analysis are the factors identified in the questionnaire as contributing to going concern threat that is business failure. These are sources of business finance (sbf) a 131 × 5 matrix, categories of workers in use (catw), a 131 × 5 matrix, operational mechanism (opmec) a 131 × 8 matrix, budgetary planning (budgpl) a 131 × 6 matrix and advances and recovery strategy (adrest) a 131 × 5 matrix. The dependent variables are matrices of opinions in the questionnaire, the score for each variable are described in tables a, b, c, d and e respectively.

Table 7: Result Of Count Data Regression Of Causes Of Business Failure

Dependent Variable: Gct				
Method: Ml/Qml - Poisson Count (Quadratic Hill Climbing)				
Date: 03/31/13 Time: 22:15				
Sample: 1 131				
Included Observations: 131				
Convergence Achieved After 4 Iterations				
Covariance Matrix Computed Using Second Derivatives				
Dependent Variable: Gct				
Variable	Coefficient	Std. Error	T-Statistic	Prob.
Sbf	-0.485302	0.172028	-2.821057	*0.0056
Catw	0.177891	0.174485	1.019523	0.3099
Opmec	0.075362	0.132833	0.567343	0.5715
Budgpl	0.527296	0.139742	3.773349	*0.0002
Adrest	0.719591	0.153759	4.680004	*0.0000
C	22.59541	3.635123	6.215857	*0.0000
R-Squared	0.422827	Log Likelihood	-435.7744	
Adjusted R-Squared	0.39974	F-Statistic	18.31457	
S.E. Of Regression	6.896578	Prob(F-Statistic)	*0.0000	
Sum Squared Resid	5945.349			

*Significant At 1%

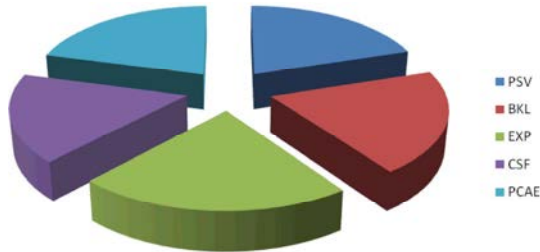
The study uses the method of pooled data regression to analyze the relationship. The relationship between business failure and the set of independent variables is expressed in the following model $GCT = \alpha + \beta SBF + \beta CATW + \beta OPMEC + \beta BUDGPL + \beta ADREST + \epsilon$ since the data for the regression analysis are generated from the answered questionnaire whose scores follow the likert rating, the analysis therefore follows the limited dependent variable regression modeling. The study uses the polychotomous or count data regression method as the estimation technique. The result of the analysis is presented in Table 7.

Discussion of Findings: From the empirical analysis of responses, it could be deduced that so many factors are responsible for the failure or going concern threat of any business. Table b1 revealed that 59% of the lbas obtained finances from external source and 20% from personal savings showing that the business is mainly financed with debt/loan. As for the categories of workers in use, the proportion of skill to unskilled workers as shown in table b2 is 18.4% to 17.1% indicating that the workers are fairly educated/literate.

Table b3 shows that a highest score of 498 responses with a percentage score of 14.5% succeeded with record keeping. In terms of budgetary planning, a total of 492 scores with 17.4% reveals the need for budgetary planning (Table b4). This percentage is corroborated with a total score of 490 who believed that poor budgetary planning is a threat to an entity's going concern. Table b5 shows a highest score of 469 and a percentage score of 21.1% of adequate record keeping of assets & liabilities as a means of debt tracking & recovery.

Table B1: Sources Of Business Finance

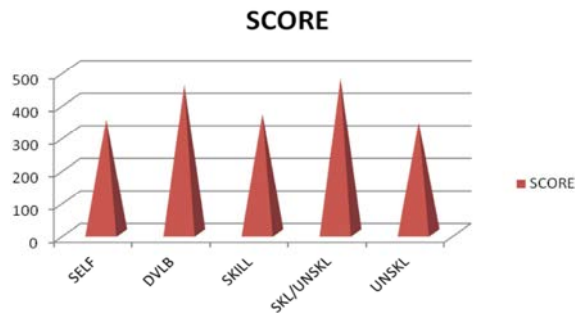
	Psv	Bkl	Exp	Csf	Pcae
Score	424	427	461	366	440
Percentage	20	20	22	17	21



Psv = Personal Savings Financed Business
 Bkl = Bank Loan Finance Business
 Exp = Exporters Financed Business
 Csf = Business Financed Through Credit Sales From Farmers
 Pcae = Business Financed Through Personal Cash And Advances From Exporters

Table B2: Categories Of Workers In Use

	Self	Dvlb	Skill	Skl/Unskl	Unskl
Score	349	455	366	474	340
Percentage	17.6	22.9	18.4	23.9	17.1

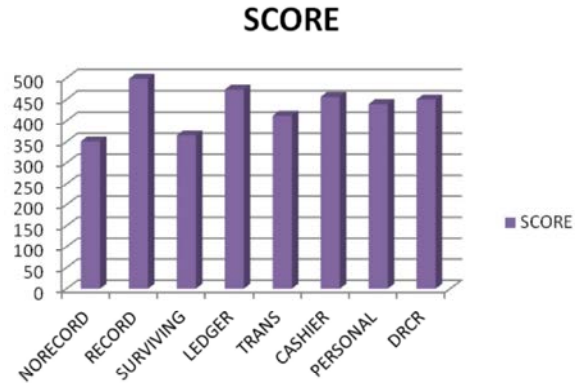


Self = Business Operation Carried Out By Self
 Dvlb = Business Operation Is Operated On The Basis Of Division Of Labor
 Skill = Skilled Labour Alone Employed
 Skl/Unskl = Both Skilled And Unskilled Labour Are Employed In My Business
 Unskl = All My Workers Are Unskilled.

The result in table 7 revealed that all the factors are positively related to going concern threat that is business failure except sbf. Also all the coefficients of the factors are significant except catw and opmec. The coefficient of sbf is -0.4853, significant at 1%. This implies that a fall in the source of funding of business increases business failure by about 48.5%. The coefficient of budgpl is

Table B3: Operational Mechanism

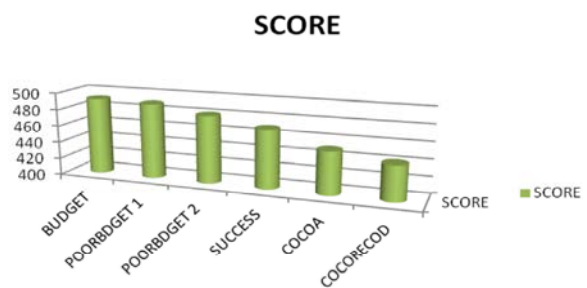
	Norecord	Record	Surviving	Ledger	Trans	Cashier	Personal	Drcr
Score	351	498	365	473	412	456	439	450
Percentage	10.2	14.5	10.6	13.7	12.0	13.2	12.7	13.1



Norecord = I Am Educated And So I Keep No Record Of My Business, Record = Business Success Attributed To Record Keeping, Surviving = Business Surviving Without Record, Ledger = Customers Records Are Kept In Ledgers Trans = All Transactions Are Recorded In One Book Cashier = My Business Employed Cashier, Personal = All Disbursement Of Cash Are Done Personally, Drcr = There Is Need To Do Reconciliation Of All Debit And Credit Transaction On Monthly Basis.

Table B4: Budgetry Planning

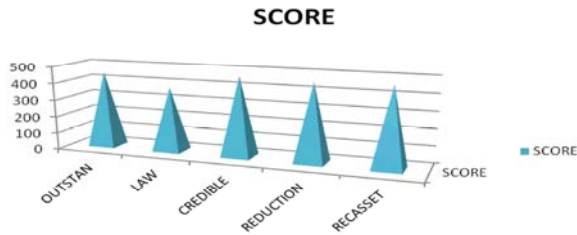
	Budget	Poorbdget 1	Poorbdget 2	Success	Cocoa	Cocorecod
Score	492	490	481	470	451	442
Percentage	17.4	17.3	17.0	16.6	16.0	15.6



Budget = There Is Need For Budget Planning At The Beginning Of Business Period, Poorbdget1 = Poor Budgetary Planning Leads To Business Failure, Poorbdget2 = Poor Budgetary Planning Is A Threat To Business Going Concern Or Survival, Success = Budgetary Planning Is Essential For The Success Of A Business, Cocoa = Quantity Of Cocoa Expected To Buy Are Determined On Annual Basis, Cocorecod = Records Of Cocoa Purchased Are Kept Annually For Comparison And Performance Measurement

Table B5: Advances Recovery Strategies

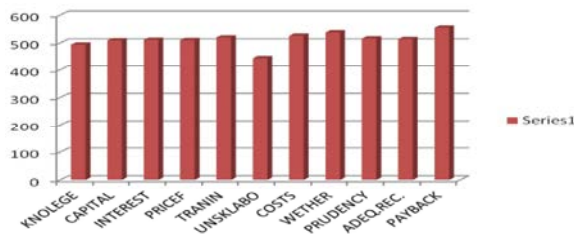
	Outstan	Law	Credible	Reduction	Recasset
Score	451	379	470	459	469
Percentage	20.2	17.0	21.1	20.6	21.1



Outstan = Keeping Adequate Records Has Helped In Collecting Outstanding Advances, Law = Use Of Law Enforcement Agents Is A Good Means Of Debt Collection Credible = Working With Credible Agents Is A Good Way Of Reducing Outstanding Advances, Reduction = Reduction In The Amount Of Advances To Agents Is A Good Way Of Reducing Outstanding Liabilities, Recasset = A Good Record Of Asset And Liabilities On Monthly Basis Will Assist In Debt Tracking.

Table B6: Going Concern Threat

	Knolege	Capital	Interest	Pricef	Tranin	Unsklabo	Costs	Wether
Score	494	509	511	510	520	445	526	538
Percent.	8.8	9.0	9.1	9.0	9.2	7.9	9.3	9.5
Prudency	Adeq.Rec.			Payback				
516	514			555				
9.2	9.1			9.8				



Knolege = Lack Of Business Knowledge, Capital = Inadequate Working Capital, Interest = High Bank Interest Rate, Pricef= Price Fluctuation, Tranin = Lack Of Training, Seminar And Workshop, Unsklabo = Use Of Unskilled Labour, Costs = High Cost Of Transportation Resulting From Fuel Hike, Wether = Bad Weather In Terms Of High Rainfall, Prudency = Lack Of Prudency On The Part Of Buyers, Adeq.Rec. = Lack Of Adequate Records, Payback = Failure Of Farmers To Pay Back Loans And Advances.

0.5273, significant at 1%. This implies that an increase in the failure of budget planning leads to about 52.7% increase in the threat of business failure. In like manner the coefficient of adrest is 0.7195, significant at 1%.

This implies that failure to have a good advances and recovery strategy leads to about 72% threat of business failure. On the overall the log likelihood value (-435.7744) shows that the model is of a good fit, that is all the coefficients jointly explain the variation in the problem of going concern in cocoa business in the study area. This is also confirmed by the coefficient of multiple determinations, r^2 which is 0.4228. This implies that about 42.3% of the problem of business failure cocoa traders in idanre local government area of ondo state are explained by the combined problems of poor funding, poor budget planning and poor strategies of recovering outstanding advances and debts.

CONCLUSION

A very high percentage of business/trading in our society today are carried out on cash and carry basis. This is contrary to dealings in cocoa trading which is basically that of advanced payments. To advance a customer is to make payment ahead on trust in anticipation of receiving goods in return. The problem that is usually associated with this type of trading is the likelihood that customers to whom money/cash is advanced may not supply the goods or return money advanced to them. A sizeable number of workers involved in the business/trading are semi-literate as confirmed from the questionnaire responses on tablea4. These categories of workers do not see honesty and integrity as their watchword. Some of them see cash advanced to them as gift or their own shares of national cake. A lot of factors have been identified from our analysis as a major threat to entity's going concern. All these factors are positively correlated with going concern threat. The implication is that any default in any of the factors will result in threat to entity's going concern. As lucrative as the business is, most lbas don't stay long on it before going bankrupt due to debt arising from default by the customers. Record has shown that a larger part of the assets of the lbas are debtors ranging from good to doubtful and to bad. To survive in this type of business, it is suggested that the lbas must advance money to credible customers based on their past records of trading with them. Also there is a need for adequate record keeping. The issue of record keeping is central to all other factors. No matter how good a plan is, it needs to be documented. A good advance recovery strategy requires adequate record keeping. Record keeping is essential for performance measurement as without measurement, there cannot be comparism. This is essential for an informed decision making.

Besides, there is the need for sound budgetary planning, this is essential for the success of the business as failure to plan, they say is planning to fail.

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