The Critical Role of Accounting Systems in the Financial Performance of Small and Medium scale enterprises (SMES) in Nigeria
(A case study of Bauchi Metropolis)

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Abstract

Small and Medium Enterprises (SMEs) are significant contributors to economic development and job production, particularly in emerging countries like Nigeria. However, many SMEs struggle to attain long-term viability owing to poor financial management practices and insufficient accounting systems. This research explores the critical role of accounting systems—specifically bookkeeping and internal control in the financial performance of SMEs in Bauchi State, Nigeria. Using a quantitative study approach, data was obtained from 150 registered SMEs in Bauchi Metropolis via questionnaires. Pearson correlation and regression analysis found a significant positive relationship between bookkeeping, internal control, and financial performance. Bookkeeping accounted for 68.5% of the variation in financial performance, whereas internal control explained 94.4%, demonstrating its vital role in financial success. The results underline the necessity of implementing structured accounting processes to promote transparency, limit risks, and maintain compliance. This study offers practical insights for policymakers, SME owners, and financial institutions, while also addressing a large research vacuum on the role of accounting systems on Nigeria's SME sector. Further study is required to examine different financial behaviors and increase the geographical scope to enhance the generalizability of the results.

Introduction

Background to the study

Small and Medium Enterprises (SMEs) are essential to the economic development of countries globally. They constitute over 90% of private sector production and are crucial in job creation, contributing to almost 70% of employment in developing nations and 35% of GDP (World Bank SME Finance, n.d.; Bertanzetti et al., 2024). Small and medium-sized enterprises (SMEs) in Nigeria are essential, comprising around 96% of all

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firms. Despite their economic significance, merely 20% of these enterprises succeed in maintaining operations beyond five years, underscoring considerable challenges in their sustainability (Uchenna, 2023).

Small and medium-sized enterprises often encounter obstacles such as low productivity, restricted access to trained labor, inadequate financial management techniques, and insufficient accounting systems. These deficiencies impede their capacity to attain enduring financial stability and operational efficiency (Mukaila & Adeyemi, 2011). An organized accounting system is essential for addressing these difficulties. It delivers accurate and timely financial information, helping company leaders to make educated choices, monitor performance, and maintain compliance with legal and regulatory obligations (Admin & Admin, 2024). Efficient bookkeeping and internal controls, as elements of a comprehensive accounting system, are crucial for monitoring income and expenditures, deterring fraud, and facilitating strategic planning. This research intends to assess the critical role of accounting systems—specifically bookkeeping and internal controls in the financial performance of SMEs in Bauchi State, Nigeria. It strives to give empirical insights into how better financial management practices might boost the sustainability and development of SMEs in a demanding business climate.

Statement of the Problem

Although SMEs are acknowledged as potential drivers of economic development and modernization, many fail to accomplish their intended objectives owing to poor management and insufficient accounting processes (Olatunji, 2013 & Trivedi, 2023). The lack of strong financial systems and internal controls has led to wasteful resource allocation and early collapse of some SMEs (Mukaila & Adeyemi, 2011). Furthermore, the inability of SMEs to attract and retain skilled financial professionals exacerbates these issues, leaving them vulnerable to operational inefficiencies and financial instability (Abeh, 2017).

This research aims to address these gaps by investigating the critical role of accounting systems in the financial performance of SMEs. By focusing on the critical areas of bookkeeping and internal controls, the study seeks to identify practical solutions to improve financial practices and foster sustainability within the SME sector in Bauchi State.

Materials And Methodology

Research Design

This study employed a survey research strategy to obtain pertinent information utilizing questionnaires. The design promotes the methodical collecting of data to answer research questions successfully.

Population of the Study

The population contains 150 Small and Medium Enterprises (SMEs) registered with the Bauchi State Ministry of Commerce and Industry in Bauchi Local Government. These SMEs cover 10

Sectors: Agriculture, Trading, Consultancy, Production/Manufacturing, Fashion Design, Accommodation and Food Services, Information Technology and Communication, Beauty and Hairdressing, Education, and Other Services.

Sample and Sampling Techniques

Using the Krejcie and Morgan Table, a sample size of 108 was calculated from the population of 150 SMEs. Random sampling was performed, and 108 questionnaires were given, out of which 100 were successfully returned. This strategy assures representation while reducing prejudice.

Sources of Data and Method of Data Collection

Primary data was acquired by a standardized questionnaire split into two sections. Part One collected demographic and basic information without divulging respondent names. Part Two employed a five-point Likert scale (1 = Disagree to 5 = Strongly Agree) to gather answers related to the study's goals.

Model Specification

A linear regression model was utilized to examine the impact of accounting systems on SMEs' financial performance:

$$Y = \beta_0 + B_1 X_1 + B_2 X_2 + \epsilon$$

Where:

- Y: **Financial Performance** (dependent variable)

- X_1: **Bookkeeping** (independent variable)

- X_2: **Internal Control** (independent variable)

- B_0: Intercept (baseline financial performance when X_1 and X_2 are zero)

- β_1, β_2 : Coefficients representing the effect of bookkeeping and internal control on financial performance, respectively

- ϵ: Error term (captures unobserved factors influencing financial performance)

Method of Data Analysis

The demographic data were evaluated using descriptive statistics (mean). Hypotheses were examined using Pearson correlation and linear regression analysis. The dependability of the instrument was examined using Cronbach's Alpha to verify consistency.

Validation of the Instrument

Instrument validity was confirmed by demonstrating that it measured the required variables. Reliability was verified using Cronbach's Alpha, demonstrating the consistency and precision of the instrument.

Data Presentation, Analysis And Interpretation

Descriptive Statistics

Demographic Features of the Respondents

Demographic profiles of respondents are explained according to descriptive analysis. For the purpose of the analysis, the demographic profile of this study include: Gender, Number of Employee, Years in Business, Level of Education, Industry and Legal Status .The detail of demographic information reflects in Table 3.1 below.

Table 3.1: Demographic Profile (N=100)

Demographic Characteristics	Category	Frequency	Percentage (%)
GENDER			
	Male	72	72.0
	Female	28	28.0
	Total	100	100.0
NO OF EMPLOYEE			
	Below 5	42	42.0
	5-10	39	39.0
	Above 10	19	19.0
	Total	100	100.0
YEAR IN BUSINESS			
	Below 5years	42	42.0
	5-10years	39	39.0
	Above 10years	19	19.0
	Total	100	100.0
INDUSTRY			
	Agriculture	10	10.0
	Trading	40	40.0

Production/ Manufacturing	6	6.0
Fashion Design	14	14.0
Beauty and Hair dressing	15	15.0
Education	8	8.0
Others	7	7.0
Total	100	100.0

LEVEL OF EDUCATION

No Education	36	36.0
Primary	21	21.0
Secondary	15	15.0
ND/NCE	18	18.0
HNDBSc./BA/	10	10.0
Total	100	100.0

LEGAL STATUS

Enterprises	46	46.0
Company	54	54.0
Total	100	100.0

According to Table 3.1, for the first demographic characteristic which is gender, results show that majority of the respondents are male respondents which involves 72.0% of the respondents (72 respondents) compared to female respondents which only 28.0% of the respondents (28 respondents).

Next demographic characteristic, which is numbers of employee, results show that majority of the

respondents (in industry) below 5 employees include 42.0% (42 respondents) and followed by 5 to 10 employees represent 39.0% of the respondents (39 respondents) and the last respondents represent 19.0% (19 respondents) are above 10 employees.

Next, demographic characteristic that shows year in business, results show that majority of the respondents below 5 years includes 42.0% (42 respondents) and followed by 5 to 10 years represent 39.0% of the respondents (39 respondents) and the last respondents represent 19.0% (19 respondents) are above 10 years.

Next, demographic characteristic that show Industry, the results show that majority of the respondents which represent 40.0% are engaged in trading business, 15.0% represent

Beauty & Hair dressing, 14.0% represent Fashion Design, 10.0% represent Agriculture, 8.0% represent Education, and 7.0% represent others while 6.0% represent Production / Manufacturing.

Then, demographic characteristic that show Level of Education, the results show that majority of the respondent, 36.0% represent Non Educated, 21.0% represent those that have Primary School Certificate, 15.0% represent SSCE certificate, 18.0% represent ND/NCE certificate while 10.0% represent HND/BSc./BA certificate.

Lastly, demographic characteristic that shows Legal Status, the results show that majority of the respondent are companies which represent 54.0% while 46.0% represent Enterprises.

Statistics of the Study Variables

Descriptive analysis was undertaken to address study questions regarding the impact of accounting system on the financial performance of SMEs in Nigeria. Respondents were asked to pick their replies from the scale of two alternatives. The mean score for each statement is generated to measure how consistent it is in each statement. The highest mean score of variable shows that the variable is more impacting the financial performance in SMEs.

Table 3.2: Descriptive Analysis for Book-Keeping

Items	Statement	Mean
BK1	SMEs always maintain records of their Transactions	4.34
BK2	At times SMEs seeks the service of an expert	4.26
BK3	SMEs utilize accounting records to monitor the strength and weakness of their transactions	4.24
BK4	Bookkeeping give a precise and thorough picture of operational outcome	4.28
BK5	Booking offer financial statement for use by management for decision making	4.60
	Average Mean Score	**4.34**

From the above table 3.2, the first independent variable of the study is book keeping. It shows the average mean score for book keeping. The average mean score of book keeping is 4.34 which show that there is a high impact of book keeping on financial performance of SMEs in Nigeria. The firth item in book keeping show the highest mean score which is 4.60, followed by the first item which show 4.34 mean score, fourth item is the next item

that show highest mean score which is 4.28, followed by second item which show 4.26 mean score while the third item of book keeping show the lowest score of mean which is 4.24.

Table 3.3: Descriptive Analysis for Internal Control

Item	Statement	Mean
IC1	Preventive internal control discourage irregularities from happening	4.33
IC2	Internal control have proactive control that helps in ensuring all goals are satisfied	4.01
IC3	Detective internal control help to detect errors and irregularities after they have occur	4.28
IC4	Internal control preserve SMEs assets	4.42
	Average Mean Score	**4.26**

From the above table 3.3, the second independent variable of the study is internal control. It shows the average mean score for internal control. The average mean score of internal control is 4.26which show that there is a high impact of internal control on financial performance of SMEs in Nigeria. The fourth item in internal control show the highest mean score which is 4.42, followed by the first item which show 4.33 mean score, third item is the next item that show highest mean score which is 4.28, while the second item of internal control show the lowest score of mean which is 4.01.

Table 3.4: Descriptive Analysis for Financial Performance

Item	Statement	Mean
FP1	Proper records and internal encourage rise in sales throughout the years	4.10
FP2	Proper recordkeeping and internal control minimizes expenditures throughout the years	4.42
FP3	Proper records and internal improve net profit throughout the years	4.38
	Average Mean Score	**4.30**

From the table 3.4 above, the dependent variable of the study is financial performance. It shows the average mean score for financial performance. The average mean score of financial performance is 4.30 which show that there is a high effect with the accounting system. The second item in financial performance show the highest mean score which is 4.42 the lowest score of mean are the first item of financial performance which is 4.10. The last financial performance items that will influence the accounting system show the mean value of 4.38.

Table 3.5: Descriptive Analysis of the Computed variable

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BOOK_KEEPING	100	1.60	4.60	4.3440	.50218
INTERNAL_CONTROL	100	1.00	4.75	4.2600	.67131
FIN_PERFORMANCE	100	1.33	4.67	4.3000	.67918
Valid N (listwise)	100				

Based on Table 3.5 above, it shows how many respondents there are (N=100), minimum, maximum, mean and standard deviation of this study variable which are book keeping, internal control and financial performance. In this questionnaire, respondents answered using 5 Likert Scale which have range from 1 to 5 scale started from strongly disagree above table shows that the mean for financial performance is 4.3000 which indicate the most respondents are either strongly agree or agree with the statement in the questionnaire with regards to financial performance. Besides, for the independent variables, book keeping has the highest mean which is 4.3440 while internal control has the lowest mean which is 4.2600 compared to book keeping.

Reliability Analysis

After the reverse coded item was recoded, Cronbach's alpha was used to assess the validity as well as the internal reliability of each construct. For the scales of book keeping, internal control and financial performance the reported Cronbach's alpha values varied from 0.884 to 0.986 which were all greater than the acceptable dependability of 0.6 suggested by Malhotra(2010).The mean scores for each variable were then computed for running following statistics. The Table 4.6 below presented the detailed dependability value for each construct.

Table 3.6: Reliability Analysis

Variables	Items	Cronbach's Alpha Value

Bookkeeping (BK)	5	0.986
Internal Control (IC)	4	0.884
Financial Performance (FP)	3	0.907

According to the table 3.6 above, the Cronbach's Alpha value for book keeping is 0.986, it shows that it is good since the value is more than 0.6.

The Cronbach's Alpha value for internal control is 0.884. The value is reliable because the result is more than 0.6. The Cronbach's Alpha value for financial performance is 0.907. It shows that accounting system that contributes to increase in financial performance of SMEs is good since the value is more than 0.6.

Pearson Correlation

The command linear correlation (pearson) calculates the coefficient of correlation between each couple of factors between the time of the Pearson product. Pearson's coefficient of correlation measures the power of linear variables connection. There are many thumb rules on how to interpret a coefficient of correlation, but they are all particular to the domain.

Table 3.7: Rules of Thumb of Pearson Correlation Coefficient

Size of Correlation	Interpretation
0.90 to 1.00 (-0.90 to −1.00)	Very high positive (negative) correlation
0.70 to 0.90 (-0.70 to -0.90)	High positive (negative) correlation
0.50 to 0.70 (-0.50 to -0.70)	Moderate positive (negative) correlation
0.30 to 0.50 (-0.30 to -0.50)	Low positive (negative) correlation
0.00 to 0.30 (0.00 to -0.30)	Little if any correlation

Table 3.8: Pearson Correlation of the Computed Variables

Correlations

VARIABLES	BOOK_KEEPING	INTERNAL_CONTROL	FIN_PERFORMANCE
BOOK_KEEPING	1	.865[**]	.828[**]
INTERNAL_CONTROL	.865[**]	1	.972[**]
FIN_PERFORMANCE	.828[**]	.972[**]	1

**. Correlation is significant at the 0.01 level (2-tailed).

To interpret correlation coefficient in the table 3.8 above, the research examines the coefficient and its associated significance value. The output confirm the results are significant that there is high positive linear relationship exist between book keeping and financial performance (R = 0.828, sig. = < 0.05) indicates that there is a high positive linear relationship between book keeping and financial performance. And also the output confirm the results are significant that there is high positive linear relationship exist between book keeping and internal control (R = 0.865, sig. = < 0.05) indicates that there is a high positive linear relationship between book keeping and internal control. In the value of the test statistics is more than the critical value, the decision is to accept H1. As conclusion, accept the alternate hypothesis, meaning that the book keeping will influence the financial performance of SMEs in Bauchi.

From the table 3.8 above, the research examines the coefficient and its associated significance value. The output confirm the results are significant that there is very high positive linear relationship exist between internal control and financial performance and the P (R = 0.972, sig. = < 0.05) indicates that there is a very high positive linear relationship between internal control and financial performance. And also the output confirm the results are significant that there is high positive linear relationship exist between internal control and book keeping (R = 0.865, sig. = < 0.05) indicates that there is a high positive linear relationship between book keeping and internal control. In the value of the test statistics is more than the critical value, the decision is to accept H2. As conclusion, accept the alternate hypothesis, meaning that the internal control will influence the financial performance of SMEs in Bauchi.

Regression Analysis and Testing of Hypotheses

Hypothesis 1

H_1: There is significant relationship between book keeping and financial performance of SMEs in Bauchi.

Hypothesis 2

H_2: There is significant relationship between internal control and financial performance of SMEs in Bauchi.

Table 4.9: Combined Regression Analysis for Bookkeeping and Internal Control

Statistic	Bookkeeping & Financial Performance	Internal Control & Financial Performance
Model Summary		
R (Correlation)	0.828	0.972
R^2 (Explained Variance)	0.685 (68.5%)	0.944 (94.4%)
Adjusted R^3	0.682	0.944

Std. Error of Estimate	0.38311	0.16086
ANOVA		
Sum of Squares (Regression)	31.283	43.131
Sum of Squares (Residual)	14.384	2.536
Mean Square (Regression)	31.283	43.131
Mean Square (Residual)	0.147	0.026
F-Statistic	213.133	1666.873
p-value (Sig.)	0.000	0.000
Coefficients		
Intercept (Constant)	-0.563	0.111
B (Std. Error)	0.335	0.104
β (Standardized Coefficient)	1.119	0.983
t-Statistic	-1.678	1.073
p-value (Sig.)	0.097	0.286
t-Statistic for Bookkeeping	14.599	
t-Statistic for Internal Control		40.827
p-value (Sig.) for Bookkeeping	0.000	
p-value (Sig.) for Internal Control		0.000

Interpretation of Bookkeeping & Financial Performance (Hypothesis 1):

The R value (0.828) shows a positive correlation between bookkeeping and financial performance.

The R^2 value of 0.685 indicates that 68.5% of the variance in financial performance can be explained by bookkeeping practices.

The F-Statistic (213.133) and the p-value (0.000) confirm that the regression model fits well and is statistically significant.

The coefficient for bookkeeping is 1.119, indicating a positive impact on financial performance.

Decision: Accept Hypothesis 1, confirming a significant relationship between bookkeeping and financial performance.

Interpretation of Internal Control & Financial Performance (Hypothesis 2):

The R value (0.972) suggests a very strong positive correlation between internal control and financial performance.

The R^2 value of 0.944 indicates that 94.4% of the variation in financial performance can be explained by internal control.

The F-Statistic (1666.873) and the p-value (0.000) confirm that the regression model fits very well and is statistically significant.

The coefficient for internal control is 0.983, indicating a significant positive impact on financial performance.

Decision: Accept Hypothesis 2, confirming a significant relationship between internal control and financial performance.

In conclusion, both bookkeeping and internal control play significant roles in influencing the financial performance of SMEs in Bauchi.

Discussion of Findings

The findings of this study reveal a strong positive and statistically significant relationship between bookkeeping and the financial performance of SMEs in Bauchi Metropolis. his result aligns with the work of Adurayemi (2016), which underlined the important significance of precise financial record-keeping in supporting corporate success. Maintaining well-organized financial records means that SMEs can track their revenue, spending, and cash flow efficiently; allowing informed decision-making and strategic financial planning. When SMEs implement regular accounting processes, they have greater control over their financial operations, leading to increased transparency and accountability.

Furthermore, the findings highlight the need for SMEs to seek the assistance of competent accountants or financial specialists. These individuals contribute experience and adhere to best practices, which increase the quality of financial reporting and overall performance. By exploiting the insights given by financial professionals, SMEs may assure compliance with tax and regulatory obligations, lower the probability of financial mismanagement, and develop a platform for long-term success. This underscores the importance of investing in financial literacy and professional guidance to optimize financial outcomes.

The study also highlights how SMEs can use accounting records to analyze the strengths and weaknesses of their business operations. Properly kept records help firms to

discover lucrative areas, rectify inefficiencies, and make strategic improvements that enhance overall performance. For instance, SMEs may utilize financial data to examine market trends, evaluate the profitability of certain goods or services, and allocate resources wisely. This proactive approach to financial management reinforces the connection between robust bookkeeping and improved financial performance. In addition, the empirical study indicates a substantial positive and statistically significant relationship between internal control and the financial performance of SMEs in Bauchi Metropolis. This study complements the work of Akimana (2019), which emphasized the important function of internal control systems in guaranteeing corporate stability and development. Internal control methods, such as division of roles, frequent audits, and adherence to defined financial standards, assist avoid fraud, mistakes, and financial mismanagement. The availability of strong internal control systems provides SMEs with the capabilities to preserve their assets, assure the correctness of financial information, and boost operational efficiency. For example, internal controls help firms spot abnormalities early, manage risks, and develop confidence with stakeholders, including investors, consumers, and suppliers. This, in turn, boosts their financial situation and enhances their capacity to compete in the market. The results underline the interdependence of excellent accounting processes and internal controls in generating financial success. SMEs that invest in both areas are better placed to solve issues, exploit opportunities, and achieve sustainable development. These findings serve as a reminder to policymakers, financial institutions, and company owners of the need to encourage and support the adoption of strong financial management practices in SMEs. By doing so, they may assist establish a more resilient and successful SME sector that contributes considerably economic growth.

Summary, Conclusion and Recommendations

Summary

This research studied the impact of accounting system on the financial performance of SMEs in Bauchi State.

This research was split into four chapters. Chapter one looked at the background of the study identified the problems of the study and objectives of the study were established. In summary, the chapter serves as the introduction to the research.

Chapter two described the methods for the research. Essentially, the chapter examined the design and demographics of the research. An acceptable sample size was found and chosen using Krejcie & Morgan Table. Type and source of data was also examined, instruments of data collection, validity, reliability and administration of the instrument. Furthermore, the perceived functional linkages and related models were also examined here.

In chapter three, the data were examined into two sections, descriptive analysis and empirical analysis utilizing pearson rule to rank correlation and regression analysis owing to the nature of the data and the objective of the research. The descriptive analysis analyzed the minimum, maximum, mean and standard deviation of the responses. The

empirical analysis made efforts to establish the link between the variables. The numerical values of the model's coefficients and intercepts were derived by the result of pearson rank correlation and linear regression with the aid of SPSS.

Conclusion

Accounting records plays a vital role in the growth and performance of SMEs to strive. From the empirical analysis, it was discovered that bookkeeping and internal control system is very key to successful running of SMEs to achieve better performance in profit making. Bookkeeping is a significant determinant of financial performance in SMEs. Accurate and consistent financial records enable informed decision-making and support business growth. Internal control is a stronger predictor of financial performance, as it minimizes risks, ensures compliance, and fosters trust among stakeholders.

It was also discovered that bookkeeping and internal control have a positive significant relationship with the financial performance. From our findings, SMEs must make sure they keep proper accounting record in order to achieve better performance in their business and if possible employ a knowledgeable person that can perform this function at minimum cost. Together, these factors provide a solid foundation for SMEs to achieve financial stability and long-term success.

Recommendations

To improve financial performance, the study recommends the following:

For SMEs, it is crucial to invest in training programs aimed at improving the accounting skills of employees and business owners. The adoption of modern accounting systems should be prioritized to streamline record-keeping and improve accuracy. Additionally, SMEs should establish and strengthen internal control mechanisms, including regular audits and segregation of duties, to mitigate fraud and foster financial accountability.

For policymakers and stakeholders, it is recommended to formulate regulations that encourage SMEs to implement standardized accounting practices. Providing subsidies or incentives can further support SMEs in developing robust financial systems and effective internal control frameworks.

For financial institutions, the study advocates offering loans or grants to SMEs, contingent upon their adoption of adequate accounting systems and internal control standards.

Limitations of the Study

Despite its contributions, the research is limited by its geographical scope, as it was confined to SMEs in Bauchi State, potentially restricting the generalizability of the findings; its sample size of 100 SMEs, which may not fully represent the entire SME population in the state; and its focus on bookkeeping and internal control, excluding other financial practices that could influence performance. Neglecting other financial procedures that may impact performance.

Suggestion for Further Research

Future researchers should widen the geographical reach to include SMEs from various states or regions to boost the generalizability of the results. Additionally, bigger sample sizes should be employed to offer a more thorough representative of the SME population. Researchers might also study the influence of other financial activities, including as budgeting, financial forecasting, and cash flow management, to give a more comprehensive view of variables impacting financial success.

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Appendix - Questionnaire

Section A

Gender: (a) Male [ ] (b) Female [ ]

Number of Employee (s): (a) below 5 [ ] (b) 5-10 [ ] (c) above 10[ ]

Years in Business: (a) below 5years [ ] (b) 5-10years [ ] (c) Above 10years [ ].

Level of Education: (a) No Education [ ] (b) Primary [ ] (c) Secondary [ ] (d) ND/NCE [ ]

(e) HND/BSc./BA [ ] (f) Postgraduate [ ]

Industry: (a) Agriculture [ ] (b) Trading [ ] (c) Consultancy [ ] (d) Production/ Manufacturing

[ ] (e) Fashion Design [ ] (f) Accommodation and food services [ ] (g) Information Technology

and Communication [ ] (h) Beauty and Hair dressing [ ] (i) Education [ ] (j) Others [ ]

Legal Status: (a) Enterprises [ ] (b) Company [ ]

Section B

In this Section, Kindly indicate the extent of your agreement with the statement below by ticking

[√] one of the spaces provided. Where SA = Strongly Agreed, A = Agreed, N = Neutral, DS =

Disagreed and SD = Strongly Disagreed

Items	Statement	SA	A	N	D	SD

	Bookkeeping					
BK1	SMEs always maintain records of their Transactions					
BK2	At times SMEs seeks the service of an expert					
BK3	SMEs utilize accounting records to monitor the strength and weakness of their transactions					
BK4	Bookkeeping offer an accurate and thorough picture of operating result					
BK5	Bookkeeping give a precise and thorough picture of operational outcome					
	Internal Control					
IC1	Preventive internal control discourage irregularities from happening					
IC2	Internal control have proactive control that helps in ensuring all goals are satisfied					
IC3	Detective internal control help to detect errors and irregularities after they have occur					
IC4	Internal control preserve SMEs assets					
	Financial Performance					
FP1	Proper records and internal encourage rise in sales throughout the years					
FP2	Proper recordkeeping and internal control minimizes expenditures throughout the years					
FP3	Proper records and internal improve net profit throughout the years					