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WORKING CAPITAL MANAGEMENT AND ACCOUNTING GOING CONCERN

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ABSTRACT

The study evaluated working capital management and accounting going concern of listed manufacturing firms in Nigeria. The objective of the study was to investigate whether cash conversion cycle, current ratio, payable days and inventory days have significant effect on accounting going concern of listed manufacturing firms in Nigeria. The secondary source of data collection was

Introduction

Working capital management has a big impact on how well a company performs. The remaining amount of current assets after current liabilities is known as working capital (Ibrahim, Usaini & Elijah, 2021). A company must manage its current liabilities and assets to maintain a sufficient level of working capital. The company could wind up even forced into liquidation if it doesn't keep up a sufficient level of working capital. As a result, a company's requirement for working capital to run its regular operations becomes critical. Working capital management is regarded as one of the most crucial aspects of a company's management since it is carefully considered to be the lifeblood of any economic entity. All organizations, regardless of their size or type of business, need a certain amount of working capital to cover their daily operations, whether or not they are profit-oriented. Effective cash resource management is considered the primary critical

adopted in the study where the purposive sampling technique was used to select a sample size of forty-four (44) listed manufacturing firms in Nigeria for the study. Least Square regression analysis was used in this study and the findings revealed that cash conversion cycle, current ratio, payable days and inventory days have significant effect on accounting going concern of listed manufacturing firms in Nigeria. The study concluded that working capital is a life giving force for any productive economic activity and therefore, its management is categorized among the highly important functions of corporate management. Finally, it was recommended that optimal cash conversion cycle with respect to working capital, liquidity, and trade credits for firms based on sectorial analysis should be developed to enhance their performance of firms in Nigeria.

Keywords: Working Capital Management, Accounting Going Concern, Cash Conversion Cycle, Current Ratio, Payable Days, Inventory Days.

component for preserving a business's liquidity, solvency, longevity, and profitability (Abdullahi, Garba & Abubakar, 2020). To further generate value for shareholders, effective working capital management is crucial.

The fundamentals of WCM involve matching short-term inflows and outflows. It deals with allocating capital to the daily operations of the business, making sure that the amount of money coming in (accounts receivable) exceeds the amount going out (accounts payable). If not, the company will run out of money very soon. This also has an impact on the amount of inventory held, since having too much inventory ties up funds in unsold goods. When there is a shortage, it indicates that you have not produced enough to satisfy the demand (Urhoghide & Korolo, 2022). It is also important to pay close attention to how the company manages its accounts payable and receivable in relation to trade credit and short-term cash management. Therefore, improving WCM is crucial for businesses to withstand the effects of economic volatility (Mandipa & Sibindi, 2022). On the other hand, in times of economic expansion, businesses also need to manage their working capital well. A broader understanding of working capital management offers more opportunities for wealth creation, so it's not just about protecting businesses

from financial disruption; it can also be strategically managed to improve competitive position and profitability. Efficient working capital is essential for increasing long-term company performance and reducing the likelihood of company failure. Its goal is to guarantee that a company can continue with its regular business operations and has enough cash on hand to pay off maturing short-term debt as well as upcoming operating costs (Folajimi, Appolos, Grace & Olusoji, 2020).

There hasn't been agreement on the conclusions in the body of research on WCM and accounting going concern. While some studies have shown a negative relationship, others have found a positive one. Mandipa and Sibindi (2022), for instance, looked at the effects of working capital management using South African businesses and discovered that the length of time that inventories, accounts payable, and receivables are outstanding has a detrimental effect on the performance of the company. Furthermore, the same conclusions were reached by Ibrahim *et al*. (2021) after analyzing Nigerian companies. Over a ten-year period, Abdulazeez, Babab, Kolo, and Abdulrahamand (2018) investigated the effect of working capital management on the financial performance of Nigerian listed conglomerate companies and found a statistically significant negative correlation with profitability.

There is a risk to the company's viability because of potential declines in profit. Stated differently, inadequate financial management led to serious problems for businesses. This issue has the effect of making it challenging for businesses to grow. A few of the problems include declining sales, growing costs, and ongoing losses. The profitability of the company depends on its ability to manage commercial receivables. Accounting for accounts receivable is the life-cycle of a business. Thus, the manner in which an entity is managed determines whether or not the organization will be able to operate. Customers will benefit from the positive credit balance if they settle their receivables with ease. Poor account receivable management is thought to produce inconsistent revenue that impedes the productivity, profitability, and liquidity of the business. If repayments are not made consistently due to insufficient debt monitoring, tracking, and sorting, otherwise the ability to generate profit is significantly impaired (Bolek, 2023).

Additional research revealed a favourable correlation between WCM and business performance. Chowdhary and Amin (2017) found a positive correlation between

current asset management and firm performance after examining the effect of overall working capital management on the profitability of pharmaceutical firms listed at the Dhaka Stock Exchange. The profitability of Nigerian quoted manufacturing firms was investigated by Micheal (2017) and Duru (2018), who discovered a positive correlation between the cash conversion cycle and profitability. This study therefore ascertains working capital management and accounting going concern.

Literature Review and Hypotheses Development

Accounting Going Concern

Businesses are required to follow several different principles when it comes to accounting. A good illustration of this is the continuing concern. According to the going concern concept of accounting, businesses must prepare their financial statements with the understanding that they will remain in operation for the foreseeable or predictable future. According to Effiong, Asuquo, and Enya (2020), going concern is the accounting presumption that a business will continue to operate in the near future. This effectively indicates that there is no chance of liquidation within the near future—typically understood to mean within the next 12 months. Maintaining a business requires meeting obligations, paying off debt, and reaching objectives. Before completing a final going-concern analysis, the company reevaluates its capacity to continue operating (Loughran, 2021). To be deemed a going concern, a business must be able to produce, raise, and/or generate enough cash to pay its bills on time and for its ongoing operations. In their financial statements, which are audited by an independent third party, executives of publicly traded companies are required to explicitly declare that they have taken all reasonable measures to ensure the company's continuous operations. If the entity's financial statements are prepared in compliance with IFRS, IAS 1 is the standard that addresses going concern (Effiong *et al*., 2020).

According to IAS 1, appropriate disclosure of the basis for preparing financial statements is required. IAS 1 requires management to assess if their business can stay in operation for the foreseeable future. In the event that the assessment indicates that management is concerned about the entity's sustainability and stability in its financial reporting practices, this information should be disclosed in the financial statements to clients, users, and prospective or current readers so

they can comprehend the state of the business. The likelihood of going concern problems with a company's operations or financial situation can be ascertained using a variety of indicators. These signs include a sharp decline in sales income, a sizable overdraft, an enormous amount of past-due debt or interest payable, a lack of funding for research and development, the departure of important management, problems with cash flow, and the failure of a sizable project. Going concern will be gauged by sales growth (Asuquo, Dada, & Onyegaziri, 2018).

Working Capital Management

Without a doubt, working capital is essential to a company's ability to run, especially in the manufacturing industry where raw material procurement is sporadic. Consequently, this indicates that a company's working capital is the central component of its successful operational activities. Working capital is the total amount that a business invests in its current assets for its ongoing operations, as defined by Ehiremmen (2017). In addition, working capital refers to the portion of a company's capital set aside for covering ongoing expenses like paying employees, satisfying debt, and acquiring raw materials, to name a few. According to these definitions, working capital is the circulating or current capital required by a company in order to continue operating and fulfill its daily responsibilities (Ehiremmen, 2017).

According to Osundina (2018), working capital is the difference between current assets and current liabilities. Having a specific amount of money on hand for daily operations is the essence of working capital. To elaborate, he stated that a company's working capital needs to match its operations in order for it to achieve the desired level of profit. This indicates that working capital needs to be just right—it shouldn't be excessively high or low. One of the key elements that determines business success is having the appropriate amount of working capital in relation to operations (Ehiremmen, 2017). In general, there are three different kinds of working capital: temporary, permanent, and both. Temporary working capital, also referred to as fluctuating working capital, is working capital that varies in relation to the volume of production, whereas permanent working capital is the minimum investments made by a company to increase its current assets to carry a minimum level of operational activities. According to this, fluctuating

capital is the extra money a company needs to cover changes in its sales and production processes (Prempeh & Peprah-Amankona, 2020).

Cash Conversion Cycle and Accounting Going Concern

By definition, the cash conversion cycle (CCC) is not constant. Ambe (2023) contends, for instance, that the CCC is a composite metric that describes the average naira investment in inventory into a naira collected from a customer. According to Abednego, Andrew, Joseph, and Inusah (2023), the cash conversion cycle is the time frame that starts with the payment for the acquisition of raw materials needed to make a product and ends with the collection of debtors (account receivables) linked to high profitability. They contend that doing this increases the working capital's efficiency. Thus, a key indicator of the effectiveness of working capital management (WCM) is the duration of the cash conversion cycle. A useful performance indicator for evaluating a company's working capital management is the cash conversion cycle. It was emphasized that a brief cash conversion cycle signifies that the company is attempting to maximize its collection of receivables and minimize its payment of payables (to suppliers). As a result, there is an increase in the firm value and the net present value of cash flow. Additionally, they contend that CCC calculates the time (in days) from the time raw materials are purchased and placed in the warehouse (store) to the time sales revenue is received. The cash to cash (C2C) cycle is another name for this idea (Bolek, 2023). The cash conversion cycle shows how many days a company's funds are committed to working capital. Additionally, some auditors contend that days inventories, sales receivables, and accounts payables are the three distinct components that make up the CCC (Abednego, Andrew, Joseph & Inusah, 2023).

Liquidity and profitability creation are provided by the CCC (Hossain, 2020). Furthermore, in order to optimize profitability, management liquidity is undoubtedly necessary for inventory stock management. He emphasized that since there is a positive correlation between the CCC and operating profit, the impact of the CCC decision on gross profit (GP) is a gauge of the performance of the company. Nonetheless, a number of studies have indicated a negative correlation between the CCC and business financial performance (Doan & Bui, 2020). Because it would take longer for the company to turn over its current assets to generate sales, a long cash cycle lowers total asset turnover.

Ambe (2023) investigated the financial performance and cash conversion cycle of listed healthcare companies on the Nigerian Stock Exchange for the years 2012 to 2016. The correlation model and descriptive analysis were employed in the study. The findings were that the cash conversion cycle and financial performance of healthcare companies listed on the Nigerian Stock Exchange had a negative relationship and a shorter turnover period can improve profitability and financial performance. This implies that companies with shorter cash conversion cycles were probably going to do better than companies with longer cycles. The study recommended that organizations should refrain from stockpiling and instead manage cash flow throughout their supply chain networks in an intentional and effective manner.

A study on the effects of static and dynamic liquidity measures on working capital was carried out by Bolek (2023). The cash conversion cycle serves as a stand-in for the dynamic approach, and the current ratio for the static approach. Selected from companies listed on the Warsaw Stock Exchange was a sample of sixty-one (61) non-financial firms. Regression and correlation analyses were used in the study and the findings revealed an inverse relationship between current ratio and cash conversion cycle.

Nyabwanga, Otieno, and Nyakundi (2022) studied the relationship between liquidity, solvency, and financial health of small and medium-sized enterprises (SMEs). The ratio analyses method was used by the study to analyses secondary data. It took place between 2009 and 2011. The multiple regression technique was used. The analysis agreed that the sampled firms' current and quick ratios, which are 2:1 and 1:1, respectively, are below the industrial average. The results showed that performance is positively and significantly impacted by the cash conversion cycle, current ratio, and quick ratio.

Alavinasab and Davondi (2022) investigated the connection between 147 Tehran Stock Exchange-listed companies' profitability and working capital management. The five-year study period was from 2015 to 2019. The sample that was chosen is comprised of companies that have been in business since 2005; their records are easily obtainable, their fiscal year concludes in March, and they are not finance or investment firms. Regression analysis and multivariate correlation are used to analyses the collected data, and the Kolmogorov-Smironow test is used to determine whether the data have a normal distribution. The study revealed that

while there is a positive correlation between profitability and the current asset to total asset ratio, there is a negative correlation between CCC and profitability. Additionally, there are negative correlations between profitability and the ratios of total liabilities to total assets and current liabilities to total assets.

Payable Days and Accounting Going Concern

One of the main sources of secured short-term funding is accounts payable. It is a good goal to emphasize the importance of utilizing the relationship value with the payee in addition to having the highest possible level of preventions. Strong ties between the company and its suppliers will therefore strategically enhance production lines and fortify the company's credit record in preparation for future growth. An overly enthusiastic purchasing function can lead to liquidity issues, and creditors are an essential component of an efficient cash positive purchasing strategy that starts cash outflows. The amounts that businesses owe their suppliers are represented by accounts payable. They are also known as suppliers who have processed an invoice for goods or services but have not yet received payment. Businesses take longer to fulfill their payment obligations to suppliers the higher the value. According to Okpe and Duru (2015), improper handling of a company's payables can lead to issues that could spell disaster for the business.

Accounts payable is the total amount of money a company owes for previously made purchases. It stands for the amount of money a company owes its supplier, which is represented as a liability on the balance sheet of the business. It differs from debts created by formal legal instrument documents, such as wages payable and notes payable (Peavler, 2015). Accounts payable is an accounting entry that indicates an entity's commitment to settle a short-term debt with its creditors, according to Priniotakis and Argyropoulos (2019). "Payables" is a common term used to describe accounts payable. These are obligations that, in order to prevent default, must be settled within a certain amount of time. Payables are relevant at the household level as well as for corporations. Accounts Payable is defined as a liability to a creditor carried on an open account, typically for purchases of goods and services, by Webster's New Universal Unabridged Dictionary.

Oranefo and Egbunike (2023) investigated the relationship between the turnover of accounts payable and the company performance of quoted manufacturing firms in Nigeria. An ex-post facto research design was used in the study. Seventy-

five non-financial companies listed on the Nigerian Exchange Group (NGX) made up the sample. In order to calculate financial ratios from yearly financial statements that were downloaded from the database, this study used secondary sources of data. Multiple regression analysis methods were applied to the data. The ratio of accounts payable to revenue has a substantial negative impact on Tobin's Q and a non-significant positive effect on ROA.

Singh (2022) investigated the responses of account payables to advocacy for hedge funds. The research provides compelling evidence that the effects of activism by investment banks may extend beyond official debt capital to include unconventional lenders such as trade creditors. The study employed secondary data, and the multiple regression analysis method was used to analyses the findings. The results show that trade payables may be explained by activism-related adjustments in operational retained earnings, net assets, and investment returns.

Urhoghide and Korolo's (2022) ascertained whether listed industries on the Nigerian Stock Exchange have significantly different working capital management practices. For the study, a sample of 56 listed non-financial companies was used. A longitudinal research design, spanning the years 2016–2020, was used in the study. The study employed generalized least squares regression analysis to investigate the correlation between the variables. The study revealed a significant negative relationship between the Average Collection Period (ACP) and profit after tax; a significant negative relationship between the Inventory Conversion Period (ICP) and profitability; and a significant positive relationship between the Average Payment Period (APP) and corporate performance. Based on the results, it was recommended that businesses create credit policies that will facilitate the easy collection of receivables proceeds, thereby reducing the incidence of bad debts.

Abdeljawad and Dwaikat (2021) examined the impact of working capital management on the profitability of thirteen industrial firms in Palestine. The study used secondary data from annual reports of companies listed on the Palestinian Security Exchange (PSE) spanning 17 years (from 2002 to 2018). The data was analyzed using multiple regression techniques, and the findings showed that while the accounts payable period had a negative impact on ROA and ROE, the CCC had a positive effect on profitability.

Inventory Days and Accounting Going Concern

Inventory days indicate how long cash is tied to inventories and measure the cycle times of inventories (in days). Businesses want to minimize the amount of resources they commit, particularly to projects that could result in direct or indirect expenses such as upkeep of storage facilities, insurance, interest loss, spillage or obsolescence risks, etc. Nonetheless, there are some good reasons to keep more inventory on hand, such as anticipating an increase in demand, protecting production from interruptions in delivery, and preventing shortages of necessary materials (Wang, 2019).

The inventory policy is represented by the number of days inventory is held (DINV), which is computed as (INV × 365)/cost of goods sold. The DINV indicates how many days' worth of stock the company typically holds. For a given level of operations, longer storage days equate to a larger inventory investment. The firm's flexibility is impacted by the affectability of inventory control at a given level of inventory; ineffective inventory control leads to rigidity and unbalanced inventory (Olaoye, Adekanbi & Oluwadare, 2019). The oversight of stock items and non-capitalized assets is known as inventory management. As a part of supply chain management, inventory management keeps an eye on the movement of goods from producers to warehouses and from these locations to points of sale. Maintaining a thorough record of every new or returned item as it enters or exits a warehouse or point of sale is a crucial aspect of inventory management. An effective inventory management plan saves time and money, boosts productivity and efficiency, increases accuracy of inventory orders, creates a more organized warehouse, and retains both current and potential customers. Inventory turnover is one of the factors used to gauge inventory management (Van, Hung, Van, & Xuan, 2019).

Nwokoye (2022) examined the impact of Days inventory turnover (DIO), days payables outstanding (DPO), and days sales outstanding (DSO) on the performance of quoted firms in two Nigerian sectors. Using pooled OLS and multivariate panel regression techniques, this was carried out within a multivariate framework using data spanning the 2010–2020 reference period. On the other hand, it was discovered that the days inventory turnover variable had a positive and significant impact on the performance of businesses in the consumer goods industry. The study recommended increased liquidity, offering trade credits to reduce the risk of clients loosing sales.

Folajimi, Appolos, Grace, and Olusoji (2020) investigated how listed conglomerate firms in Nigeria fared financially when it came to inventory control – that is, inventory procurement, inventory security, and inventory usage control. The results showed that: inventory usage control has a significant and positive influence on financial performance; inventory procurement control has a significant positive effect on financial performance; and inventory control significantly and positively affects the financial performance of listed conglomerate firms in Nigeria. The study concluded that listed conglomerate companies in Nigeria had a substantial financial performance impact from inventory control.

Sunusi, Boudiab, and Muhammad (2020) examined the relationship between the profitability of Nigerian conglomerate firms and inventory turnover management. The study employed feasible generalized least square (FGLS) regression as an analytical tool. The results show that the profitability of Nigerian conglomerate companies is impacted by inventory turnover management in an inverse relationship with the profitability of Nigerian conglomerate firms that are listed. Inventory that is becoming obsolete needs to be lowered if there isn't a strong demand for the products. Additionally, management ought to put extraordinary inventory control procedures into place.

Tang (2018) ascertained on how inventory management affects businesses' performance in the telecom sector. Descriptive research methodology was used in the study, and SPSS was used for quantitative analysis. Furthermore, the study's sample selection process made use of both simple representative samples and selective sampling methods. The findings revealed that improving inventory management procedures could improve businesses' performance and competitive edge.

Current Ratio and Accounting Going Concern

The quotient of current assets and current liabilities is known as the current ratio. It is employed to gauge a company's short-term liquidity. It illustrates the management team's capacity to use resources effectively and efficiently. Treasury bills issued by the Federal Government of Nigeria, bankers' acceptances, certificates of deposit, savings accounts, and other money market instruments are examples of cash equivalents, which are liquid asset substitutes with high credit

quality and degree of liquidity that can be quickly converted into cash. A company's cash holdings, which fully cover its maturing obligations, are the epitome of sound financial strength. However, because the ideal cash levels are hazy and unpredictable, businesses have been forced to hoard cash due to the credit crunch/recession, information asymmetry, and market imperfections (Drobetz & Grüninger, 2017).

Profitability ratios are used in financial analysis to quantify profitability. While a number of ratios are used to determine an entity's liquidity position, a set of ratios measuring profitability includes net profit margin, return on assets (ROA), return on equity (ROE), and payout ratio. These ratios, which include the cash, quick, and current ratios, indicate whether an organization will be able to pay its debts in the near future. An organization with low liquidity will find it difficult to fulfill its operational commitments and will ultimately be compelled to look for debt financing to keep things running. The majority of previous business failures have been ascribed to the inability of entrepreneurs to effectively oversee their companies' liquidity, guaranteeing profitability. According to Dabo, Andow, and Peter (2020), liquidity shouldn't be either excessive or inadequate. While insufficient liquidity would have an impact on the company's ability to earn money, creditworthiness, and manufacturing process, excess liquidity is defined as accumulated idle cash that does not generate profit for the firm or organization. A variety of liquidity indicators are covered by liquidity ratios, such as net working capital, cash ratio, quick ratio, and current ratio, to mention a few. A low ratio indicates that the company is either having trouble making ends meet or is not managing its liquidity well. Although a high ratio indicates that the business is doing well financially, it shouldn't be too high because there is a significant opportunity cost associated with having more money. Liquidity management holds significance for both internal and external analysts due to their keen interest in the company's daily operations. The challenge in managing liquidity is figuring out how to strike the necessary balance between profitability and liquidity, since increasing one causes a decrease in the other (Dzapasi, 2020).

Almakura, Shiaki, Gambo and Muhammad (2024) examined the effect of liquidity management on the financial performance of Nigerian oil and gas firms. Current ratio, quick ratio, cash ratio, and return on capital employed were explored as proxy variables for liquidity management and financial performance, respectively,

using an ex-post facto research approach. The study used a purposive sampling approach to collect secondary data, which was based on the availability of data at the time of the investigation. These figures were collected from five Nigerian oil and gas firms' annual financial reports, which spanned the years 2012 through 2021. The data was analyzed using descriptive statistics and regression analysis. Results from the analysis revealed that Quick Ratio and Cash Ratio has a positive insignificant impact on Return on Capital Employed while Current Ratio has a negative significant impact on Return on Capital Employed. Based on the findings, managers of oil and gas firms should adopt effective liquidity management policies that guarantee an optimal level of liquidity that improves its profitability and enables them operate with a reasonable margin of safety.

Ogundipe, Idowu, and Ogundipe (2021) investigated market valuation, working capital management, and the performance of Nigerian firms. For the years 1995 through 2009, a sample of fifty-four Nigerian non-financial quoted companies that were listed on the Nigeria Stock Exchange was chosen. The study's data came from the sample firm's annual reports for the time period it was examined. The analysis, which employed a regression model, showed that there is a substantial inverse relationship between current ratio, market valuation, and the performance of Nigerian firms. The study recommended that Nigerian firms ensure adequate working capital management, particularly for the cash conversion cycle components of accounts receivable, accounts payable, and inventories, as efficient working capital management is expected to positively contribute to firms' market value.

Chuke and Elias (2018) investigated how quoted insurance companies in Nigeria fared financially in relation to the average collection period. The study's sample consisted of the annual financial reports of twenty listed insurance companies in Nigeria from 2000 to 2011. The findings indicate that the length of the accounts receivable period has a negligible detrimental effect on profitability. Growth, the fixed financial total asset ratio, the current ratio, and the debt asset ratio all show a positive correlation that is expected, but the firm size shows an unexpected correlation with profitability. The study concluded that there is no meaningful causal relationship between the accounts receivable period and the profitability of listed insurance companies in Nigeria.

Onyeka, Nnado, and Okechukwu (2018) investigated the impact of leverage and current ratio on cash and cash equivalents (CASH) and return on assets (ROA). Westerlund Panel Co-integration Tests, which showed that the variables were not cointegrated, and the Levin-Lin-Chu panel unit-root test, which verified the data's stationarity, were used to diagnose the data. The fixed effect regression all-inclusive model showed that the current ratio and leverage had a negligible positive impact on cash and ROA, but the logarithm of total assets had a significant positive impact on CASH. These findings suggest that finding the best liquidity-profitability trade-offs is essential to maximizing a firm's profits.

Methodology

The ex-post factor research design is used in this study due to the fact that the variables cannot be manipulated by the researcher. This method was adopted since social scientific research problems do not lend themselves to experimental and controlled inquiry of the ex-post factor kind. Also, this research design makes it impossible to select, control and manipulate the factors necessary to study cause-and-effect relationships directly. The population of this study consists of Nigerian listed companies on Nigerian Exchange Group (NGX) as at 31st December, 2023. The population comprises of one hundred and fifty five (155) firms listed on Nigerian Exchange Group. Since the entire listed firms cannot be used for the study, the study is limited to forty-four (44) listed manufacturing firms in Nigeria. The basic criteria of selecting these firms are the capitalization prowess and their specialization. In selecting the sample, purposive sample technique was used to derive the sample size. The p**urposive sampling** was used to ensure that the sample represents a diversity of perspectives. The secondary source of data collection was used for this study where data was gathered from audited annual reports of selected listed deposit money banks in Nigeria. However, for the purpose of this study, nine (9) years annual reports of forty-four (44) selected manufacturing firms were adopted.

The study employed multiple regression technique of analysis using Least Squares regression estimation. This method was adopted because it enhances easy presentation and interpretation of data. The empirical model of the study is mathematically expressed as follows;

$$AGC_{it} = \alpha + \beta_1 CCC_{it} + \beta_2 CUR_{it} + \beta_3 PAD_{it} + \beta_4 IVD_{it} + \varepsilon_{it}$$

Where;

AGC_{it} = Accounting Going Concern

CCC_{it} = Cash Conversion Cycle

CUR_{it} = Current Ratio

PAD_{it} = Payable Days

IVD_{it} = Inventory Days

ε_{it} = Error term

α = intercept

$\beta_1 - \beta_3$ = Coefficients of parameters estimated

Result and Discussion

Table 1: Summary of Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
AGC	396	-9.60	6.37	430.54	1.0872	1.30279	13.003	.245
CCC	396	-70052.40	37117580.00	53189504.22	134316.9298	1950410.27608	330.715	.245
CUR	396	-.01	36.41	601.65	1.5193	2.65781	101.881	.245
PAD	392	2.87	70080.58	275892.58	703.8076	4889.59120	143.756	.246
IVD	392	-105.05	2036.36	54997.91	140.3008	179.68507	59.286	.246
N	392							

Source: Output of data analysis by author using SPSS (2024)

From the above table, the dependent variable accounting going concern (AGC) has a mean value of 1.0872, standard deviation of 1.30279, minimum value of -9.60 and maximum of 6.37. The independent variables; Cash Conversion Cycle (CCC) has a mean value of 134316.9298 and a standard deviation of 1950410.27608, a minimum and maximum value of -70052.40 and 37117580.00 respectively. Current Ratio (CUR) has a mean value of 1.5193, standard deviation of 2.65781, minimum value of -0.01 and maximum value of 36.41. Payable Days (PAD) has a mean value of 703.8076, standard deviation 4889.59120, minimum value of 2.87 and maximum of 70080.58. Inventory Days (IVD) has a mean value, standard deviation, minimum and maximum values of 140.3008, 179.68507, -105.05 and 2036.36 respectively.

Table 2: Summary of Coefficient of Correlation

Coefficient Correlations

			CCC	CUR	PAD	IVD
		CCC	1.000	-.169	.999	-.682
		CUR	-.169	1.000	-.164	.007
		PAD	.999	-.164	1.000	-.689
		IVD	-.682	.007	-.689	1.000

Source: Output of data analysis by author using SPSS (2024)

Table 2 above shows the 2-tailed correlation analysis of the variables at 0.05 level of significance. This shows that cash conversion cycle (CCC) is negatively correlated with current ratio (CUR) and inventory days (IVD) but positively correlated with payable days (PAD). Likewise, current ratio (CUR) is positively correlated with inventory days (IVD) while negatively correlated with cash conversion cycle (CCC) and payable days (PAD).

Table 3: Summary of Regression result

Model Summary

Equation 1	Multiple R	.288
	R Square	.83
	Adjusted R Square	.74
	Std. Error of the Estimate	1.231

Coefficients

		Unstandardized Coefficients		Beta	t	Sig.
		B	Std. Error			
	(Constant)	1.216	.086		14.221	.000
	CCC	-.001	.000	-4.199	-3.970	.000
	CUR	.050	.024	.104	2.081	.000
	PAD	-.001	.000	-4.390	-4.118	.000
	IVD	.001	.000	.096	1.387	.166

Source: Output of data analysis by author using SPSS (2024)

The B column discusses the coefficient of the model. This indicates that a proportion increase in the accounting going concern variable of manufacturing firms will result to a 0.1% reduction in cash conversion cycle, 5% increase in current ratio, 0.1% reduction in payable days and a 0.1% increase in inventory days.

The cumulative adjusted R^2 (0.74) which is the multiple coefficient of determination gives the proportion or percentage of the total variation in the dependent variable as explained by the independent variables jointly. Hence, it signifies that 74% of the total variation in accounting going concern of the sample firms is caused by the proxies of working capital management. This is quite high so predictions from the regression equation are fairly reliable. It also means that 26% of the variation is still unexplained so adding other independent variables could improve the fit of the model. This indicated that the model is fit and the explanatory variable are properly selected, combined and used. The findings have theoretical, practical and regulatory significance. This significance represents the contributions of the study which are expected to benefit the existing body of knowledge within the accounting and finance research, regulators and providers of accounting services.

Considering the significant effect of cash conversion cycle on accounting going concern of sampled firms, the regression result in table 3 indicate that cash conversion cycle has a negative and significance influence on accounting going concern of manufacturing firms in Nigeria. This was proved by the beta coefficient value of -4.199 and a t- value of -3.970 which has a p- value of 0.000 which is significance at 5% significance level. This leads to the acceptance of alternative hypothesis and rejection on null hypothesis. Hence, it is concluded that cash conversion cycle has significant effect on accounting going concern of listed manufacturing firms in Nigeria.

Considering the significant effect of current ratio on accounting going concern of sampled firms, the regression result in table 3 indicate that current ratio has a positive and significance influence on accounting going concern of manufacturing firms in Nigeria. This was proved by the beta coefficient value of 0.104 and a t-value of 2.081 which has a p- value of 0.000 which is significance at 5% significance level. This leads to the acceptance of alternative hypothesis and rejection on null hypothesis. Hence, it is concluded that current ratio has significant effect on accounting going concern of listed manufacturing firms in Nigeria.

Considering the significant effect of payable days on accounting going concern of sampled firms, the regression result in table 3 indicate that payable days has a negative and significance influence on accounting going concern of manufacturing firms in Nigeria. This was proved by the beta coefficient value of -4.390 and a t- value of -4.118 which has a p- value of 0.000 which is significance at 5% significance level. This leads to the acceptance of alternative hypothesis and rejection on null hypothesis. Hence, it is concluded that payable days has significant effect on accounting going concern of listed manufacturing firms in Nigeria.

Considering the significant effect of inventory days on accounting going concern of sampled firms, the regression result in table 3 indicate that inventory days has a positive and significance influence on accounting going concern of manufacturing firms in Nigeria. This was proved by the beta coefficient value of 0.096 and a t- value of 1.387 which has a p- value of 0.166 which is insignificance at 5% significance level. This leads to the rejection of alternative hypothesis and acceptance on null hypothesis. Hence, it is concluded that inventory days has no significant effect on accounting going concern of listed manufacturing firms in Nigeria.

Discussion of Findings

The results indicate that almost all the variables are significantly normally distributed at 5% level of significance. The correlation matrix indicates the variables have mixed relationships. The results also indicate the absence of multi-colinearity.

The findings from the first hypothesis agreed that cash conversion cycle has significant effect on accounting going concern of listed manufacturing firms in Nigeria. This findings is in agreement with the findings of Ambe (2023), Bolek (2023) but in disagreement with the results of Nyabwanga, Otieno and Nyakundi (2022) and Alavinasab and Davondi (2022).

The findings from the second hypothesis revealed that current ratio has significant effect on accounting going concern of listed manufacturing firms in Nigeria. This result agrees with the findings of Oranefo and Egbunike (2023), Singh (2022) and Urhoghide (2022) while it negates the findings of Abdeljawad and Dwaikat (2021).

The findings from the third hypothesis revealed that payable days have significant effect on accounting going concern of listed manufacturing firms in Nigeria. This is further strengthened by the position of Nwokoye (2022), Folajimi, Appolos, Grace and Olusoji (2020) and Sunusi, Boudiab and Muhammad (2020) while it negates the findings of Tang (2018).

The findings from the fourth hypothesis revealed that inventory days have no significant effect on accounting going concern of listed manufacturing firms in Nigeria. This findings correlates with the findings of Almakura, Shiaki, Gambo and Muhammad (2024), Ogundipe, Idowu, and Ogundipe (2021) while it negates the findings of Chuke and Elias (2018) and Onyeka, Nnado, and Okechukwu (2018).

Conclusion and Recommendations

Conclusion

It is impossible to overstate how important working capital is to the smooth operation of daily business operations. This is true because managing working capital is one of the most crucial aspects of corporate management since it is the lifeblood of any profitable economic endeavour. Effective working capital management is essential to a company's long-term growth and survival because ineffective working capital management reduces profitability and can trigger a financial crisis.

Decisions about working capital management are fundamental to financial management because they are necessary for any organization to survive; they affect the profitability and liquidity risk of the company, which in turn affects its value. A straightforward method for making sure the company can finance the gap between its short-term liabilities and assets is working capital management. It is possible that corporate profitability could decline as the cash conversion cycle (CCC) lengthens, even with a generous trade credit policy and/or lower stock-out risk. This is especially true if the costs of higher working capital investments rise more quickly than the advantages of keeping more inventory and/or extending trade credit to customers. The length of the receivable accounts and payable accounts period, as well as the amount and duration of storage, are all taken into account in the net cash conversion cycle criterion.

Recommendations

The following recommendations are hereby made:

i. Optimal cash conversion cycle with respect to working capital, liquidity, and trade credits for firms based on sectorial analysis should be developed to enhance their performance of firms in Nigeria.

ii. Appropriate investment and inventory planning strategic planning should be designed by firms' management to minimize the risk of losing sales which will enhance firm performance in Nigeria.

iii. Repayment and receivable periods should be designed to attract greater sales, firms patronage, and consequently, higher performance in Nigeria

iv. Manufacturing firms should emphasize to increase sales to increase inventory turnover to achieve maintainable competitive advantage through managing inventory to optimal level so as to maximize profitability.

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