

**RECORD KEEPING AND PERFORMANCE OF SMALL AND MEDIUM
ENTERPRISES: A CASE STUDY OF HUDA TOURS AND TRAVEL
IN KAMPALA DISTRICT**

BY

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**A RESEARCH REPORT SUBMITTED TO THE FACULTY OF
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DECLARATION

I Ashaba Darren, declare that this is my own original work and it has never before been presented elsewhere for any academic award. The pieces of work from other sources have been dully recognized.

Sign:  Date: 24/07/2019

APPROVAL

This research under the topic ‘record keeping and performance of small scale enterprises’ has been under my supervision and is ready for submission with my approval as a supervisor

Sign:.......... Date: 05/08/2019.....

MR. MASEMBE MUZAMIRU

ACADEMIC SUPERVISOR

DEDICATION

I dedicate this work to my humble family mostly my lovely uncle Geoffrey and Mother Ms. Annet, Aunt Patience for their bravery, love and their passion for education and to my brothers and sisters and lastly to my friends for their generous support from the start.

ACKNOWLEDGMENT

Let me take this opportunity to thank the God for the gift of life and wisdom he has granted me for my success in this project.

Secondly this work would not have been success without the assistance that I have received from various people that I would wish to acknowledge; I would like to express my sincere gratitude to my uncle Geoffrey for all the support you have rendered not only me but the enter family and community at large.

I am particularly indebted to my supervisor Mr. Massembe Muzamiru whose wisdom, knowledge most especially time despite of the poor health conditions, thanks for your motivation and guidance towards my success.

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LIST OF ACYROMNS

ASICS	Australian Securities and Investments Commission ()
ATOM	Australian Taxation Office
GDP	Gross Domestic Product
KIU	Kampala International University
MUSDS	Material Safety Data Sheets.
SMES	Small Scale and Medium Enterprises
TSAR	Trained Safety Advisor
WHYS	Work, Health and safety

ABSTRACT

The study concerns the record keeping and performance of small scale enterprises. The study was carried out in HUDA tours and travel

The main intention of this research was to establish as to whether record keeping affects the performance of SMES. The study was carried out on 25 respondents with the help questionnaires and personal interviews, primary and Secondary data was collected using questionnaires and reviewing literature on this research topic.

The findings in this research showed that record keeping has great effect on the performance of SMES on management of the business and decision making. More so the research also showed that record keeping is a cost to the business where by some extra employee has to be employed to undertake the job of record keeping, more so the hard ware needed for effective record keeping such as computers stationary and others are highly costly. This is because of the little profits made by small enterprises and also medium enterprise. More so it was found out that the SMEs do not keep complete accounting records because of lack of accounting knowledge and the cost of hiring professional accountants. As a result, there is inefficient use of accounting information to support financial performance measurement in SMEs. in addition to the above research also show that business manager in these SMEs as for the case of HUDA TOURS AND TRAVEL are willing to learn more on how to keep their records but in vain. Thus the findings and recommendations in this report will help SMEs such as HUDA TOURS AND TRAVEL and the government in drawing policies on how to improve the performance of SMEs through proper record keeping.

CHAPTER ONE:

INTRODUCTION

1.0 Introduction

For many years record keeping has been seen as the most important practice in the business because it is significant for accountability, budgeting and making informed decisions in the business. There for the business to operate well in the market, and improving its performance it is supposed to observe well its practices in record keeping.

1.1 Background to the study

Records and record keeping is the most important business practice in all success full complete global SMEs and for any business to succeed; it needs to have accurate reliable and timely records. (Annel sundqvist 1992) made the research on the importance of record keeping and how they are important in the success of the business organizations. Therefore records must for every organization whether small or big, records must be kept and this is how the funds of the organization can be accounted. Records include all the documents that institutions or individuals create or receive in the course of administrative and executive activities. Asumpta (2004) exposed that most medium companies and

small business operating in Africa operate without keeping records which has made some of the legal practices like tax payment difficult.

Here in Uganda, small and medium enterprises are reported to contribute about 70% of Uganda's GDP. This is mainly by small holders who may not even fit the definition of a micro and small business (monitor 2010-2014), And it was employing 2.5m people contributing to 90% of the private sector largely subsistence and possible that the contribution of both micro and small units is much larger than 70%.

1.2 Statement of the problem.

Most small scale and medium enterprises are growing but do not make it as they die before their first birthday/ mature stage as they operate without keeping records which are useful in monitoring performance. (Donna, 2005) basing on the above Donna revealed that SMES cannot operate smoothly without proper record keeping.

1.3 The purpose of the study. .

The purpose of the study was to investigate the effect of record keeping on the performance of SMEs.

1.4 Objective of the study.

1. To find out the importance of record keeping on the performance of the SMES.
2. To examine the cost implications of record keeping on performance of SMES.
3. To examine the methods used by SMES in record keeping..

1.5 Research Questions.

- a. What is the importance of record keeping on the performance of SMES?
- b. What is the cost implication of record keeping on performance of SMES?
- c. What are the methods used my SMES in record keeping?

1.6 Scope of the study.

1.6.1 Subject scope.

This study focused on examining the relationship between record keeping and performance at HUDA TOURS AND TRAVEL located in Kampala Luwumu Street.

1.6.2 Geographical scope.

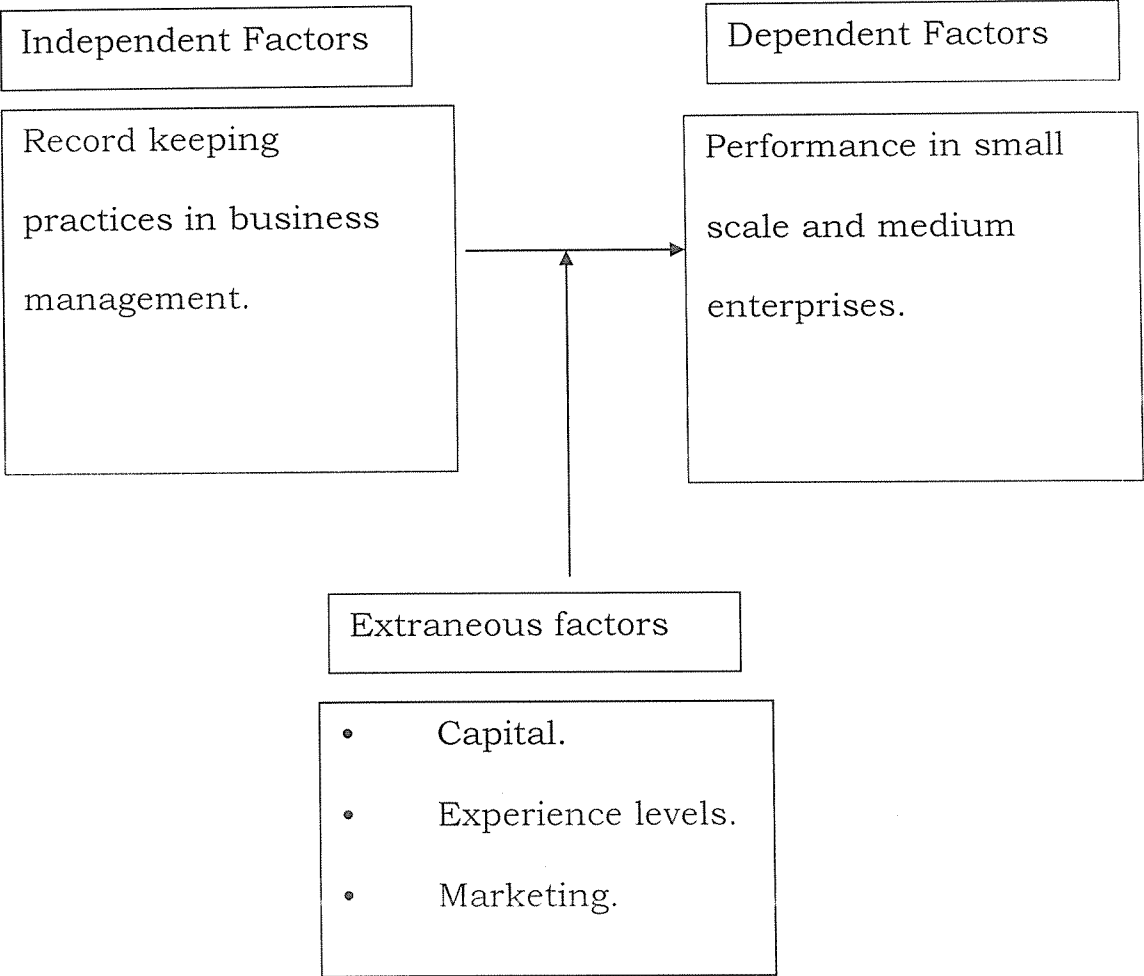
Huda tours and travel is a medium travel company rocketed at Luwumu Street in Kampala Uganda.

1.7 Significance of the study.

Small scale and medium enterprises will use the research findings to improve record keeping in their organization, Knowledge on the existing literature will also be added. The study will help the researcher as a partial fulfillment for the award of a Bachelor's Degree in business administration and other relevant courses of study

The study will provide information that will be used by policy makers especially Uganda Revenue Authority information of proper tax policies and help the business community to keep proper records for proper assessment to avoid penalties.

1.8 Conceptual framework



The relationship between records keeping and performance of small scale and medium enterprises increase the performance levels.

CHAPTER TWO:

LITERATURE VIEW

2.0 Introduction

This chapter involves a critical review of existing works on the variables that is to say what the different authors have talked about record keeping and performance of an enterprises.

2.1 Importance of Record Keeping in Small Scale Enterprises

2.1.0 Record keeping

According to Fraser University (2002), record keeping is defined as a process of managing the life cycle of the record by a appraising the records, values and setting standards by which records are retained and disposed off. Recording keeping is the record making process of accounting. It is a subset or a component of accounting. It includes the preparation of books such as cash book, receipts, vouchers, trial balance, income statement and ledgers among others (Omunuk, 1999)

However, the Australian standard (1996) also defined record keeping as making and maintaining of complete, accurate and reliable evidence of business transactions in form of recorded information.

The above three definitions emphasize the need to maintain records so that they are available for use when required.

2.1.1 The importance of record keeping for SMEs.

Record keeping to Mbo Luvindao is very important in all businesses. Small and medium sized businesses also need to ensure that they keep proper and accurate records of all business related activities. Records vary from files about clients and projects, to staff and financial records. We will briefly look at some records small businesses should keep and why this is important.

Without the necessary staff to deliver service to your clients, your business will not succeed. It therefore makes sense that small businesses should keep staff records to help manage employees. These records will include contracts of employment, performance records of employees, date on which they started working, etc. This information will be very useful for determining which of your staff consistently performs well and may be promoted. In addition to these internal benefits; proper employee record keeping is a requirement under the Labor Law.

Another important set of records in a business is your client files. These files have records of all transactions with respective clients. This information is useful in determining trends in the buying patterns of

your clients which in turn enables you to design your products or services and selling experience around them. This information can also be used to determine who the most loyal and profitable customers are and perhaps what discounts/specials you can offer them. It can also show what customized service will add value to your customer's experience that might sway him/her to become a lifelong client of your business.

Businesses also keep financial records. Though some small businesses discount the importance of proper financial record keeping because they do not see the need for it or lack the necessary skill to record the business' transactions; it is vitally important to the survival of your business. Banks and other financial institutions will want to assess your business' performance before they provide your business with a loan, overdraft or other facility. This assessment is primarily based on your financial statements. By not keeping proper financial records in your business, you are sending a message to your banker and that message is "high risk".

Another use of financial records is for tax purposes. If your business should be paying tax and you are not paying it, you will incur penalties that may cripple your business' operations. Proper financial record

keeping can help with assessing which products in your business are popular, which are slow moving and where to provide discounts/specials.

There are numerous accounting software programs available that can make life easier when recording your business' financial transactions, however, a basic understanding of bookkeeping is vital for the effective use of the software. In most instances, cost is also a hurdle in acquiring the software. Many small businesses in Namibia still record transactions by hand or use Microsoft Excel, which may work well.

The method of record keeping will often depend on the size of your business and the complexity of your transactions. There are numerous short courses in bookkeeping offered by learning institutions that can greatly improve your bookkeeping skills and enable you to successfully manage your business' finances.

Keeping proper records of your business operations will therefore ensure that you stay on a measurable track and can lead to further growth in your biotypes of business records

2.1.2 Types of records kept in SMEs.

1. Accounting records

Accounting records document your business's transactions. These records include information about your income, expenses, and equity. You can compile the figures from your accounting records into financial statements and small business ratios.

You must track accounting records for several purposes. Accounting records help you see your business's financial health. You can measure your company's profitability over time, look at patterns in your records to help make decisions, and see if you have enough capital to cover your expenses. The government requires you to keep financial documents that show income and expenses. You use accounting records to file your income tax return. Once you file your tax return, be sure to keep tax records. The IRS can penalize you for up to six years after you don't report income. For this reason, you should keep tax records of your small business finances for seven years. Get the latest accounting training, tips, and news sent directly to your inbox.

2. Bank statements

Bank statements are records of all your accounts with the bank. These accounts might include records of your checking, savings, investments, and credit cards. You can reconcile bank statements with your accounting records. Comparing bank records to your financial records helps you see mistakes in your books. If your bank statements do not match your accounting records, there might be an error. Like accounting records, bank statements help you track your business's progress. You will also use this information to file taxes. Errors are as a result of uncredited checks, unpresented checks or errors by the accountant

3. Legal documents

Depending on your type of business structure, you have different legal documents. For example, if you own an incorporated company, you should keep track of your articles of incorporation.

You have legal documentation if you operate under different business structures. Usually, a partnership has a partnership agreement. Sole proprietors and LLCs also have legal documents. Keep legal documents in your business records as proof that you own your company.

4. Permits and Licenses

Your location and industry may require you to have a permit or license. For example, you may need a permit from your city to assure that your parking area meets specific codes. Or, if your city restricts the size of your business sign, you may need a sign permit. Keep up to date records of all your permits and licenses. You need documentation of permits and licenses to show you follow regulations.

5. Insurance documents

As a small business owner, you may need insurance for different aspects of your company. General business liability insurance protects your business from losses. You may also need other policies, like auto or renters insurance. To use your insurance, you need proof that you are covered. For example, you may need to prove your coverage if your business is damaged by fire. Or, insurance can protect you during legal disputes. Your insurance documents include information needed to report incidents, such as your policy number.

2.2 Basic record keeping requirements

Setting up the right record keeping system for your business will help you work efficiently, meet legal requirements and strengthen customer and staff relationships.

There are certain record keeping requirements for businesses in Queensland, and there may be specific laws and requirements related to your industry sector. It's a good idea to protect yourself by seeking expert advice before setting up a record keeping system for your business. Laws that apply to your business will determine how long you need to keep records for. If you use an electronic record keeping system, you must also be able to produce a hard copy of a record if the Australian Taxation Office (ATO) or Australian Securities and Investments Commission (ASIC) request it. For financial reporting, ASIC's Regulatory index - financial reporting breaks reporting requirements down by business type. Personal financial records must be kept for 5 years, whereas the following records must be kept for 7 years: financial records for your company most employee records all records of fringe benefits and capital gains.

Basic records

To meet basic legal requirements, you must keep the following:

meeting the basic legal requirements means following the international recognized accounting standards this include preparation of cash book financial accounting records cash receipts and cash payments bank accounts chequebook, ledger, vouchers, deposit books and bank

statements employment records - hours of work, overtime, remuneration or other benefits, leave, termination of employment, type of employment, personal details of workers, employee personal contact and employment details occupational training records - for both you and employees to comply with work, health and safety laws including evacuation and emergency training attendance sales records - invoice books, receipt books, cash register tapes, credit card documentation, credit notes for goods returned and a record of goods used by the business owner personally proof of purchases cheese butts (larger purchases), petty cash system (smaller cash purchases), receipts, credit card statements, invoices, any other documents relating to purchases including copies of agreements or leases

work, health and safety (WHYS) records workplace incidents, risk register and management plan, names of key WHYS people (e.g. WHYS representative, Trained Safety Advisor (TSAR), first aid attendant), chemical storage records, first aid incident register, workplace assessments, Material Safety Data Sheets (MUSDS).

It is a good idea to keep personal and business records separate, to simplify business reporting and tax returns. For example, using a dedicated business credit and debit card for business expenses will make it easy to separate business and personal expenses

2.3 Performance monitoring

Performance monitoring involves an in-depth analysis of a process or project, to determine whether it is efficient and effective. It involves developing criteria, conducting interviews and examining documentation to determine how the process or project is conducted. This type of monitoring is also referred to as a process audit (CB029 - 2003, The Audit Skills Handbook, sesction 1.8).

Organizations typically measure performance to determine if a process or practice is effective and whether objectives or targets are being met, and thus satisfactory performance. Measuring performance allows the organization to not just measure whether an outcome is being achieved, but how well or the degree of satisfaction of the outcome; in this way it is a 'qualitative' form of measurement. Performance measurement can also assist the organization in determining how capable it is whether current practices and whether the organization's capability can be extended to new practices or processes.

Public offices should regularly assess the effectiveness and efficiency of their recordkeeping systems and processes to ensure that they are satisfactory and meeting the public office's business needs support continuous improvement in line with the organization's business

objectives identify achievements and successes comply with standards issued by State Records, and plan for new services and upgrades to existing tools and services.

This type of monitoring can be undertaken as part of an internal audit process or may be undertaken in cases where there are suspicions of maladministration or fraud. Performance monitoring activities can range from monitoring overall performance of the organization's records management program recordkeeping by business units, workgroups or individuals records management processes records management systems delivery of records management services by service providers, and assessing the records management capability of the organization.

Performance monitoring can also include targeted assessments of recordkeeping, for example assessing high risk business areas to ensure that records are being created and captured, and that records are adequate are the records being created and captured adequate for providing evidence of the business of the organization. The starting point for some performance monitoring activities may be the identification of a business issue/problem. The organization can analyses the problem using the relevant tool and develop a solution which may involve updating processes or developing new processes.

Organizations can monitor their performance by conducting assessments using the plans, goals and objectives of the records management program assessing feedback from clients of the services provided by the records management program benchmarking against standards such as AS/ISO 15489 and standards issued by State Records assessing the level of understanding and use of records management policies and procedures by staff assessing progress against the organization's storage and disposal plan conducting an internal audit of recordkeeping and/or management of records using the Records Management Assessment Tool, and conducting detailed reviews of high risk business areas to confirm that records are being created and captured into the recordkeeping system. Organizations may also seek independent or external performance monitoring of their organization's recordkeeping and management of records, for example, auditors can undertake both performance and compliance monitoring.

CHAPTER THREE:

METHODOLOGY

3.0 Introduction

This chapter shows the means that the researcher used in obtaining all relevant information required to accomplish the research report and it includes the research design, population study, sample size and selection techniques, data collection instruments, data processing and analysis, data sources and limitations of the study.

3.1 Research design

I used a case study at Huda travel and tour company one of the SMES in Kampala hoping that it will provide all the important information in a bout record keeping.

3.2 Study Population

The study population comprised of respondents from Huda travel and tour company employees both from staff and management and they were chosen for the study because they could easily access and reveal information from the company.

3.3 Sample Size

Only 25 respondents were consulted because the company employees less than 40 employees..

3.4 Source of data

Data was collected from both primary and secondary sources.

3.4.1 Primary data source

The main sources of primary data were questionnaires which were distributed to employees and management, interviews and documentary review of how transactions are recorded in the organization.

3.4.2 Secondary data source

This information was obtained from external sources like text books, research reports, Newspapers, browsing the internet but even some of the internal records where reviewed.

3.5 Data collection methods and instruments

I used instruments like questionnaires, interview guide, library search and documentary review to collect data.

3.5.1 Questionnaires

I used both structured and semi-structured questions to collect data from respondents, and this was the main data collection instrument which required respondents to attempt questions at their own free will in the format which was understood by both respondents and the researcher.

3.5.2 Documentary Review

I reviewed the internal records of the company both for accounting and human resource .more so records from the internet and books from the library were reviewed to get all the relevant information about the topic.

3.6 Data collection procedure

I obtained an introductory letter from the university which I presented to HUDA TOURS AND TRAVEL company management. I went ahead to distribute the questionnaires to the respondents and interviewed other respondents from management who accepted and also agreed to review some of the company records.

3.7 Data processing and analysis

I analyzed the data using frequency tables, percentages and graphs to analyze different trends, relationship between record keeping and

performance and the level of agreement on the effect of record keeping and performance.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

With this chapter four, presentation, data analyses and interpretation of findings based on the study objectives will be the main focus. The relationship between the record keeping and performance of SMEs like Huda tours and travel will be seen and that means that questions like the cost effect of record keeping, the importance of record keeping and the methods used by SMEs in record keeping will be analyses, interpreted and presented.

4.1 Demographic characteristics

4.1.1 Gender

The information in table below shows gender and their percentage as they were used in the research.

Table 1: Shows Gender response

Gender	Frequency	Percentage
Male	17	68%
Female	8	32%
Total	25	100%

Source: Primary Data 2019

The results in table one shows the gender distribution of respondents where 25 respondents were considered as the sample population and 17 where male making 68% and 8 where female making 32%.

4.1.2 Age bracket

Age distribution numbers and Percentages.

The table below shows the age distribution of respondents at Huda Tours and travel Company

Table 2: showing the age composition of respondents

Years	Frequency	Percentage
20-30	12	48%
31-40	5	20%
41-50	4	16%
Above	4	16%
Total	25	100%

In the results above shows that the respondents with age from 20-30 years cover the biggest parentage which is 48% and they are followed by those from 31-40 years which also cover 20% and those from 41-50 cover 16% as those also above 50 which also cover 16%. From that information

we can see that the young people who are young from 20-30 covered the biggest percentage in this research.

4.1.3 Education level

Table 3: showing the level of education attained by the different respondents

Education	Number	Parentage
Diploma	16	64%
Degree	7	28%
Musters	3	8%
Total	25	100%

The tables above shows the education levels of respondents at Huda travel and Tour Company where the respondents with diploma are 16 which cover 64% and 7 respondents have degree with only 3 respondents with musters degree.

4.2 Importance of record keeping in Huda tours and travel Company

Table 4 below show the level of agreement some of the Impotence of record keeping at Huda tours and travel Company.

Level of agreement on the importance record keeping at Huda tour and travel company Importance of record keeping in Huda tour and travel company.

Table 4: Shows the level of agreement some of the Impotence of record keeping at Huda tours and travel Company

Helps in budgeting	Help to control	accountability	Monitor performance	Finance management	
Strongly agreed	20	19	24	18	24
Agreed	4	4	1	5	1
Disagreed	1	0	0	0	0
None	0	2	0	2	0
Total	25	25	25	25	25

From the table above respondent at Huda tour and company listed the number of importance of record keeping in their company where by 20

respondents strongly agreed, 4 respondents agreed, 1 respondent disagreed and none respondent was not sure.

19 respondents strongly agreed that record keeping helps in labor turnover, 4 respondents agreed, 2 respondents were not sure and no respondent disagreed.

24 respondent strongly agreed that record keeping helps in accountability, 1 agreed and none respondent disagreed or not sure.

On the issue of monitoring performance 18 respondents strongly agreed, 5 respondents agreed, 2 respondents were not sure and no respondent disagreed.

Finance management was strongly agreed by 24 respondents, 2 respondents agreed none disagreed or not sure.

In conclusion there for basing on the above importance and the level of agreement record keeping is of great importance to the organization and there for the organization to be active record keeping should be so much considered the strong performance of SMEs.

4.3 Financial implication of record keeping at Huda travel and tour company

Table: 4 below show the level of agreement on some of the financial implications of record keeping to Huda Tour and travel Company by respondent in that organization.

Table 5: Shows the level of agreement on some of the financial implications of record keeping

Level of agreement	Labor cost increase	Computer hardware costs.	Stationary costs
Strongly agreed	20	24	23
Agreed	5	1	2
Disagreed	0	0	0
None	0	0	0
Total	25	25	25

From the table above respondents stated some of the financial implications on record keeping to Huda travel and Tour Company and on this 20 respondent strongly agreed that record keeping, 5 respondents agreed and none of the respondents was not sure or disagreed.

More so of computer hardware was another cost implication of record keeping and on these 24 respondents strongly agreed, 1 agreed and no one this agreed or was not sure.

Stationary costs on papers and pens was strongly agreed, 2 respondents agreed and no one disagreed or not sure.

from the above all the respondents agreed that record keeping has a cost implication on the organization but still without record keeping still would have a coast implication as discoursed in table three.

4.4 Methods used in record keeping at Huda ravel and tour company.

Table 6: Shows some of the record methods used in record keeping and level of usage at Huda travel and Tour Company.

Method of record keeping	Examples	Level of agreement of usage
Formal record keeping	Computer hardware and soft ware	Strongly agreed
Informal record keeping	Paper and books	Agreed

From the information in the table above some examples and methods like formal record keeping were listed by respondents where technological means like the use of computers such as quick books micro soft excel to keep record in the organization and also listed the use of informal methods like the use of papers and books. more so from the level of agreement on the use of record keeping methods where the use or formal methods like the use of computers was strongly agreed while the use of informal methods like books and papers was agreed that it is used but have little importance because of its disadvantages like high costs of stationary difficult in interpretation if a poor hand writing have been used and also the costs of storage and storage its self I not easy. This Is because record can be lost or destroyed in a blink of an eye in case of any accident such as fire.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary of major findings, conclusions drawn from discussion of findings, recommendation and areas for further research. Having carried out the study, presented data, as well as analysis of findings, the chapter then reviews the outcome to the study in line with objective.

5.2 Summary of findings

From the research findings in chapter four the relationship of record keeping and performance is of great importance if the organization is to be conducted in a good way because of the importance listed in table 3 above. In that table above importance like helping in budgeting, accountability, control of labor turnover and finance management have been listed and most of the respondents strongly agreed with the motion. more so the cost implication of record keeping were also listed like the cost on buying computer hardware papers and labor cost but those costs cannot be controlled than to have an organization without record keeping.

5.2.1 Importance of record keeping to the organization.

from the information in table 3 above many importance where listed and those importance are of great use for smooth running of the organization and on this I will say that without record keeping an organization can not go on because departments like finance may not be monitored and accountability of finance may be impossible if the transactions are not recorded and therefore, for the organization to run well proper records are a must. And in general the following are the advantages of record keeping in SMEs as per the research.

- Calculation of the company's profit and loss. This is through preparation of a profit and loss account.
- Helps in tax compilation. After calculation of the company's profits and loss it becomes easy for the company to compile the tax it is supposed to pay.

Keep track of the company's assets, liability and owners' equity. This is through the maintenance of the balance sheet. The company such as HUDA TOURS AND TRAVEL, through this the company is able to oversee its assets and the equity in the company.

- Helps to track how much income is tucked in accounts receivable/inventories and for how long.

Which of the departments is making profit, break even or making loss, gross and net profit?

More so how much do you owe on expenses such as rent, utilities, equipment's, stock, etc. Basing on the above advantages research shows that they all have a significant effect on the performance of SMEs thus records are so much important for both small and medium enterprises

5.2.2 Cost implications of record keeping to the organization.

with the evidence from the respondents in table 4 above I agree that record keeping has a cost implication on the organization because the organization have to get an employee whose job is to handle record keeping and that person is subjected to wage or salary and that is a cost to the organization. More so computer hardware have to acquired and also stationary have to be put in place and also that is a coast to the organization.

5.2.3 Methods used in keeping records;

Increasing competition

Competition affects the company's performance substantially, according to findings due to favorable economic policies and encouraging small scale enterprises so many poultry farms have been started.

Increasing costs of production

Findings disclosed that poor taxation policies, high inflation and lack of clear policies on exemptions and incentives, high tariffs on electricity and water since their business uses most of them hence major factors increasing cost of production.

Respondents further disclosed that since they are farmers, they should be given incentives and argued that there is a segregation in giving incentives and exemptions

Economic changes

Findings further revealed that within the period (2008-2010) there was high inflation of 14% which led to the increase in prices of their products (IBOS extracts). However, it was revealed that they have been able to export their products even outside Uganda like, Sudan and Rwanda.

Lack of trained manpower

Findings have also revealed that this factor became a bit of a problem and costly mostly to hire trained accountants and some expatriates who are helping them with business. The company has about 2 trained and experienced accountants who can keep proper books of accounts.

5.3 Conclusion

Findings from spearman's rank correlation imply that there is a positive weak relationship between record keeping and performance of small enterprises r which implies that records keeping affects performance greatly.

5.4 Recommendations

A basic record keeping system, whether on paper or an off- shelf computer software program, should be simple to use, easy to understand, reliable, accurate, and consistent and designed to provide information on a timely basis. It generally needs; a basic journal to record transactions, a basic journal to record transactions (receipts, disbursements, sales, purchases, etc.) accounts receivable records, accounts payable records, payroll, petty cash records, inventory records and all these documents and all these documents should reflect the following;

How much income are you generating now and how much income can you expect to generate in future

How much cash is tied up in accounts receivable (and thus not available to you) and for how long

How much do you owe for service or product delivery 33

What are your expenses, including payroll, payroll taxes, merchandise, yourself and employees (such as health insurance, retirement, etc.....)

How much cash do you have at hand? How much cash is tied up in inventory? What is your actual working- capital budget

How frequently do you turn over your inventory

Which of your product lines, department or services are making a profit, which are breaking even, and which are financial drains

What is your gross profit? What is your net profit?

How do all of the financial data listed above compare with last year- or last quarter? How do they compare with the projections in your business plan

How do all the financial data compare with those of your competitors? With those of the industry

5.5 Area of further study

- Effect of value added tax on performance of small business enterprises
- Computerization and performance of small businesses enterprises

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APPENDICES

Appendix 1: Questionnaires for Respodents

Dear respondent,

This questionnaire is intended to investigate record keeping and performance of small scale business enterprises. The results are purely meant for academic purposes and will be treated with utmost confidentiality. You are requested to feel free to give most appropriate answer.

PART 1: BACK GROUND INFORMATION 1. Gender : male ☐ female ☐

2. Age bracket

a. 21-30years ☐ b. 31-40 years ☐ c. 41-50 years ☐ d. 50 and above ☐

3. Marital status

a. married ☐ b. single ☐ c. divorced ☐ d. widow ☐

4. Highest level of education attained

a. certificates ☐ b. diploma ☐ c. bachelors ☐ d. masters ☐

5. For how long have you served this company?

- a. Not more than years ☐
- b. From 2-years ☐
- c. From 4-years ☐
- e. For more than years ☐

6. How do you finance your business?

- a. Owners capital ☐
- b. Loan ☐
- c. Both ☐

PART 11: RECORD KEEPING

7. Are records of your transactions kept.

Strongly agree Not sure Disagree Strongly disagree

8. Records of cash sales and purchases are kept

Strongly agree Agree Not sure Disagree Strongly disagree

9. Records of credit sales and purchase transactions are kept

Strongly agree Agree Not sure Disagree Strongly disagree

10. Adequate records are kept

Strongly agree Agree Not sure Disagree Strongly disagree

11. Are the payments made by cash or cheque?

- a. By cash ☐
- b. cheque ☐
- c. both ☐

12. All payments made are recorded

Strongly agree Agree Not sure Disagree Strongly disagree

13. Do you prepare any of the following records?

- a. Income statements ☐ b. Balance sheet ☐
c. Cash flows statement ☐ d. all ☐ c. none ☐

14. Records of cash and purchases are kept

Strongly agree Agree Not sure Disagree Strongly disagree

15. Expenses like rent and salaries are recorded

Strongly agree Agree Not sure Disagree Strongly disagree

16. On average how many customers do you serve per month?

- a. Between 20-100 ☐ b. Between 100-500 ☐
c. Between 500-1500 ☐ d. Others specify

.....

17. How often do your customers purchase goods from the company?

- Regularly ☐ occasionally ☐ others (specify)

.....

18. How are products bought in company in company fairing in the market?

- a. Highly demanded ☐
b. fairly demanded ☐ c. Not demanded ☐
d. Low demanded ☐

19. How have customers responded to your products?

- a. Positively ☐ b. Negatively ☐ c. Not sure ☐

PART 111: FACTORS AFFECTING BUSINESS PERFORMANCE

20. Factors that adversely affect your business performance. (tick appropriately)

Factors Strongly agree

Agree Not sure Disagree Strongly disagree Competition Planning

Location High taxes Customer influence High costs

PART 1V: RELATIONSHIP BETWEEN RECORDS KEEPING AND PERFORMANCE OF SMALL BUSINESS ENTERPRISES

21. Records keeping affects your business between substantially

strongly agree Agree Not sure Disagree Strongly disagree 22. If yes
does it affect your business?

.....

23. Records keeping have a negative effect on the cost of production of
your business?

strongly agree Agree Not sure Disagree Strongly disagree 24. Proper
account records would improve your business performance?

strongly agree Agree Not sure Disagree Strongly disagree 25. Do you
encounter any problems in maintenance of records?

Yes ☐

No ☐

26. If yes, highlight some of the problems?

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