

**RECORD KEEPING AND FINANCIAL PERFORMANCE OF SMALL AND  
MEDIUM SCALE ENTERPRISES IN KABAROLE DISTRICT  
CASE STUDY WEST DIVISION FORT PORTAL  
MUNICIPALITY**

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**A RESEARCH REPORT SUBMITTED TO COLLEGE OF ECONOMICS AND  
MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE AWARD OF A BACHELORS DEGREE OF BUSINESS  
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KAMPALA INTERNATIONAL  
UNIVERSITY**

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## DECLARATION

I, **Mwesigwa Yoweri** do hereby declare that this work is original and has never been submitted to any other institution for award of any degree. Where the work of others has been used reference has been made thereof.

Signature:  ..... Date: 14/06/2018 .....

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## APPROVAL

I do hereby certify that this research on record keeping and finance performance of small and medium scale enterprises; a case study of west Division Fort Portal municipality was under my supervision and is now ready for submission to the faculty of business (CEM) of Kampala International University

Signature:.....

Date:.....14<sup>th</sup>/06/2018

MRS. IRAU FLORENCE

SUPERVISOR

## DEDICATION

This research report is dedicated to my beloved parents Mr. Twinomugisha Edward and Mrs. Twinomugisha Jane for their continuous moral and financial support . Also to my beloved brother and sisters ,Mr. Godadi Tumwebaze , Sarah , Lea Rodah, Kezia, Kereniand to all my friends especially Sunday Levi, Bruce Rodgers , Dues , Fred, Calman, truth , Stella, good year , Immaculate, Goni, Kerenand among others .

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## **LIST OF ACRONYMES**

KLG	Kabarole local Government
WDFPM	West Division Fort Portal Municipality
MoFPED	Ministry of Finance, Planning and Economic Development
NBSSI	National Board of Small Scale Industries
SMES	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
SSB	Small Scale Business
URA	Uganda Revenue Authority
USSIA	Uganda Small Scale Industries Association.

# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction.

This chapter consists of the background of the study ,problem statement ,purpose of the study , objectives , research questions , scope of the study , the significance of the study and a conceptual frame work

### 1.1 Background of the study

#### 1.1.1 Historical back ground perspective

Record keeping in Uganda is based on written records appear quit late in human history. The first written records date back more than 5000 years in Egypt and ancient summer. The earliest Sumerian records were made using reeds cut at an angle to make wedge –shaped [cuneiform] marks on clay, which was then baked hard. For example, the oldest written records archaeologist have discovered in Egypt are from 5000years ago; the date when they were created is currently accepted date at which formal history [as opposed to prehistory] begins In that part of the word, is recognized as an engine of growth and development . In many countries , there will be some considerable efforts to support record keeping so as to create the necessary accurate figure, to make comparisons with the previous years and relationships some of the reasons why record keeping is being preferred is that they are easy to understand require small capital , they are flexible and a variety of other factors [Pauline , 2010 In Europe , the number of records kept may be 16005000 against large enterprises and they employed 68.6 million people against 34.6 million people employed by large enterprises [stanelly, 2011].The Uganda economy will be supported by record keeping enterprises making about Over 80% of Uganda's manufacturing output do record keeping the sector will employee over 2.6million people in Uganda. According to Uganda investment authority , [1996] and ministry of planning and economic development[2012].

#### 1.1.2 Theoretical Perspectives

Record management theory. This theory of record keeping was formulated by Micheal Buckland school of information and system university of California, Berkeley [A 94720-

### 1.1.3 Conceptual Perspective

According to Fraser University (2002), record keeping is defined as a process of managing the life cycle of the record by appraising the records, values and setting standards by which records are retained and disposed off. Record 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 and ledgers (Omonuk, 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. Accounting records are organized summaries of business financial activities (Sserwanga 2005). The following documents help in coming up with the accounting records; General ledger, is a ledger that contains all accounts needed to prepare financial statements (Sserwanga, 2005). Journal; is any book containing original entries of daily financial transactions. New York states society of certified public accountants (1997). Cash book; is a book in which cash and cheque transactions are entered. The cash book is said to be the book of original entry (Omonuk, 1999).

An invoice; is a commercial document issued by the seller to the buyer, indicating the products, quantities and agreed prices for products and services with which the seller has already provided for the buyer. An invoice indicates that unless paid in advance, payment is done by the seller, according to the agreed term. Invoices are often called bills (Wikipedia, the encyclopedia)

The maintenance of good accounting records is usually the most important variable in effective performance of small scale enterprises. It is very crucial in the effective administration of VAT regime in Uganda. In order for a firm to register and to comply with the requirements of law, it must keep good accounting records (Sejjaka, 1997).

The accounting process/ cycle is a process, which is followed by accountants and book keepers in processing raw data into information of financial statements/report (Omonuk, 1999). When the data is being recorded it has to be sorted out so as to be most useful to the business. This is known as classifying and summarizing data. Following such classifications and summaries it will be possible to work out financial reports during a particular period. It will also be possible to show what resources are owned by the business and what is owned by it, on the closing of the period and finally someone skilled in accounting should be able to tell whether

or not the business is performing well financially. They should be able to ascertain strengths and weakness of the business and be able to communicate to the owners (Frank Wood, 1999).

According to De Gobbi (2003), the small scale businesses refer to small and micro enterprises that lack sufficient collateral to cover the particularly high risks involved yet they operate with high transaction costs. She further says that they represent the large proportion of the economic sector in every country. They sometimes operate in the informal sector since many micro entrepreneurs are illiterate and have limited access to information, they are vulnerable and neglected group commonly composed of house wives since they have a lot of responsibilities to accomplish. On the on other hand international organizations such as the World Bank and the International Finance Corporations (2002), define Small Scale Businesses as those that require small amounts of capital to establish, small number of employees or in most cases personally handled by the owner, and referred to as micro businesses hence to them they are "mini businesses"

The European Union (EU) definition is based on the parameters of development, turnover and asset size and Organization for Economic Cooperation and Development (OECD) on employment and sales turnover. This implies that they play a vital role in alleviating poverty and increasing employment attributed to their promotion of competition and dynamism, since they augment government efforts in rural and urban areas thereby improving the household incomes which enables them to access various items for daily use at affordable costs. It is from this perspective that small scale businesses are dubbed as the small scale establishments since they operate at the least levels investment.

#### **1.1.4Contextual perspective**

Record keeping.is the maintenance of systematic and convenient records of money transaction in order to show the condition of a business enterprise [ bategeka 1996]. The essential purpose of financial of financial record keeping is to reveal the amount and sources of the losses and profits for any given period. Proper financial record keeping should also reveal the nature and the value of assets and liabilities of a firm as well as its net worth at the close of the period. In relation to record keeping and financial performance, the people of Kabarole district have judged that record keeping is more influential because of it associated impacts for example its accurate figures that help in comparison with previous years. Record keeping will be

important for the development of any Kabarole more especially for those areas at lowest development stages. The government of Uganda has been considerably supporting record keeping. Although the efforts made to promote their financial performance through proper documentation, and the fact that financial record keeping exists in small and medium enterprises, it has been found out that even business that keep financial records have failed to succeed in business due to the factors that affects the financial performance of small and medium enterprises [Muhammad,2002].Despite the importance stated above, there are still challenges in Kabarole district in regards to proper book that is why the study opted to investigated on the relationship between record keeping and financial performance of small and medium scale enterprises keeping and they include, in accuracy, lack of accounting skills, high inflation rates that discourages savings. While many studies had been investigated on the poor financial performance of small and medium scale enterprises, NO study had been conducted on record keeping

## **1.2 Problem Statement.**

Record keeping is important for the development of any country more especially for those countries at earlier development stages. The government of Uganda has been considerably supporting record keeping. Although the efforts made to promote their financial performance through proper documentation, and the fact that financial record keeping exists in small and medium enterprises, it has been found out that even business that keep financial records have failed to succeed in business due to the factors that affects the financial performance of small and medium enterprises [Muhammad,2002].Despite the importance stated above, there are still challenges in Kabarole district in regards to proper book keeping and they include, in accuracy, lack of accounting skills, high inflation rates that discourages savings. While many studies had been investigated on the poor financial performance of small and medium scale enterprises, NO study had been conducted on record keeping that is why the study opted to investigated on the relationship between record keeping and financial performance of small and medium scale enterprises.

## **1.3Purpose of the study**

The purpose of the study described the relationship between record keeping and financial performance of small and medium enterprises in Fort Portal west Division.

#### **1.4 Objectives of the study.**

- To determine the effect of providing accurate figures on Financial performance of Small and medium scale enterprises.
- To find out the effect of having comparisons on Financial performance of Small and medium scale enterprises.
- To establish the effect of detecting errors and fraud on Financial performance of Small and medium scale enterprises.

#### **1.5 Research Questions**

1. What are the effects of accurate figures to financial performance of small and medium enterprises in West Division Fort Portal.
2. What are the effects of comparisons to financial performance of small and medium scale enterprise in West Division Fort Portal Municipality
3. What are the effects of detecting errors and frauds to financial performance of small and medium enterprises in West Division Fort Portal Municipality.

#### **1.6 Hypothesis**

This is no significant relationship between record keeping and financial performance of small and medium scale enterprises.

#### **1.7 scope of the study**

The study covered record keeping in West division Fort portal municipality. Specifically the study was to investigated on record keeping of small and medium enterprises, the awareness of record keeping, regarding their obligations, problems faced by record keeping and the relationship between the records kept and the performance of small and medium enterprises.

##### **1.7.1 Geographical scope**

The study was carried out in West division Fort portal municipality Kabarole district.

### 1.7.2 Time Scope .

The study took a period of 5 months from February to June .this period was selected to enable the researcher come up with coherent information from the respondents as it enabled those (respondents) to give responses that will be typical of their opinions from the observations

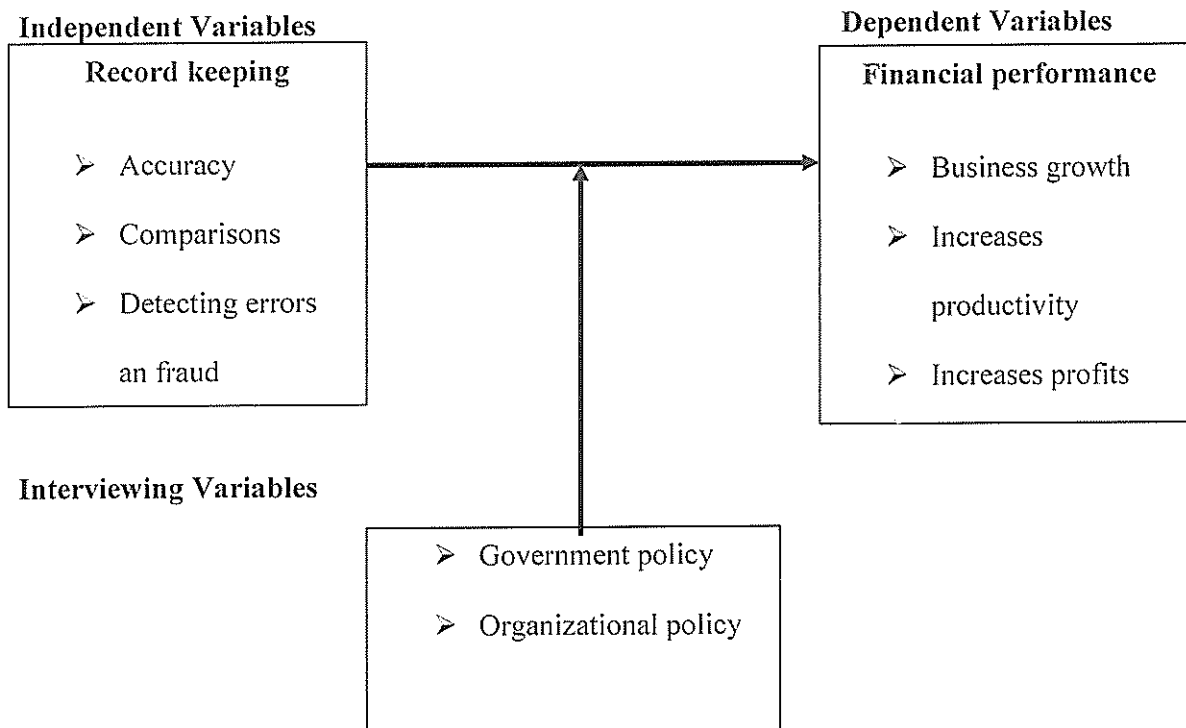
### 1.8 Significance of the study

The study provides a basis for academicians and future researchers who needed the information that was gather at the end of this study which made further researchers of the problem .

Still the findings of the study was useful to the business people to improve record keeping in their business both small and medium enterprises.

### 1.9 The conceptual framework

The conceptual frame work showed the relationship between types of various record kept on the financial performance on small and medium business, financial budgeting on the performance of small and medium enterprises in fort portal western division as conceptualized below.





The independent variables were perceived as the interest rate where the dependent variable was the performance. The professed goal of making record keeping will improve the welfare of people living in west division fort portal municipality .m et al 2013.

The less number of clients of SMEs will contribute to less profit gained by the business men in west division fort portal municipality.

Conceptual capacity with high number of people of record keeping increases on the profit of the business with the performance of improving house hold income in west division fort portal municipality.

The core reason of recording keeping will improve on the standards of living of people and as a result, their investments increases.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter presented the review of the existing literature related to the subject of the study. The literature is from the text books, achievers and the research available and other publication.

#### 2.1 Theoretical review

Record management theory. This theory of record keeping was formulated by Micheal Buckland school of information and system university of California, Berkeley [A 94720-46000]. By theoretical context, this theory will mean aboard areas of theories of record keeping which record management theory fit. There can be many such theoretical context, this theory just mention three context of record keeping management namely. Functional context; Record management theory, serves a firm or other organization. Therefore this data bases are not mission of record keeping management serves needs to relate to and supportive role of the record management program needs to articulate with roles of other parties of the organization. The roles need activities of the employees needing access to records. Professional context; record management theory can be seen as one member of a family of retrieval –base information system. An Iterian is not the sane as a Briton, but they are both European and share something in common as Europeans. Archives, record keeping management program and co-operate the same, but they are all retrieval based information service and so have some features in common hence another context of record keeping under record management theory. the recording of business transaction for the purpose of decision making in business. In terms of theoretical frame work, the study will draw on the accounting theory and particularly the decisions usefulness theory. The theory will attempt to describe accounting as a process of providing the relevant information to the relevant decision makers. Since the theory set out a formal procedure whereby an individual can make their best decision given his or her subjective probabilities. It then relevant in research where the SMEs managers are expected not only to monitor their business transaction but also to make their accurate decisions that would bring profits to their enterprises. Clelland [1961] explains how

entrepreneurs succeed in their business. He contends that successful business operators consider profits to be a measure of success and competency. They set personal but attainable goal for their business and are concerned in how well they are doing. In this sense, they are continuous of every transaction accruing from their business and hence they are in better position to control loss. The decision Usefulness Accounting theory emphasize

### **2.1.1 The conceptual review.**

Record keeping is the maintenance of systematic and convenient records of money transaction in order to show the condition of a business enterprise [bategeka 1996]. The essential purpose of financial of financial record keeping is to reveal the amount and sources of the losses and profits for any given period. Proper financial record keeping should also reveal the nature and the value of assets and liabilities of a firm as well as its net worth at the close of the period **Financial Performance.** Financial performance is subjective measure of how well a firm can use assets for primary mode of business and generate revenue. This term is also used as a general measure of firms overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sector in aggregation .

Small scale business. SMEs can be defined according to the number of fixed assets in the organization. The national board of small scale industries in Ghana uses both the fixed assets and number of employees in defining SNEs.

### **2.2 Nature of record keeping and financial performance of small and medium enterprises.**

The nature of financial record keeping considered factors like types of business, its size, volume of transaction, and degree of all information employed. Financial record keeping can both in manual and computerized system.[GHALL 1993]

Record keeping is the maintenance of systematic and convenient records of money transaction in order to show the condition of a business enterprise [bategeka 1996]. The essential purpose of financial of financial record keeping is to reveal the amount and sources of the losses and profits for any given period. Proper financial record keeping should also

reveal the nature and the value of assets and liabilities of a firm as well as its net worth at the close of the period .

The Ghana revenue authority register general departments, national board for small scale industry [NBSSI]. The Ghana company code and the international accounting standard board [IASB] insist on business either small or large to keep proper accounting records and report financial information not only because they understand the proactive benefit from maintaining organized and accurate financial information or business but they rate seen what actually happen to those who do not. In view to the business are obliged to keep financial reports which are generated from proper books of accounts which have accurately recorded the day today transactions of the business.

Financial record keeping is the process of recording all financial transactions and events that occur in the business. This is essential to the business because all assets that flow in and out of the business as well as liabilities incurred and settled must be accounted for without proper records, it is difficult to give account of the business activities. In other words it is all about recording business transactions financial record keeping involves analyzing, classifying, and recording daily transactions.

Performance: Refers to the standard to which someone does something as a job or examination the effectiveness of applied efforts or degree of success in discharging a duty.

Performance : This is the net profit earned the best utilization of installed capacity growth in turn over amount or increase and whether or not the company still exists

Small and medium enterprises [SMEs] are non-subsidiary, independent firms which employ less than a given number of employees. This number varies a cross countries, the most infrequent upper limit designating on small and medium enterprise is 250 employees as the European union. However some countries set the limit to 200 employees while the United States considers SMES to include the firms with fewer than 500 employees. Small firms are generally those with fewer than 50 employees while micro enterprises have at most 10 or in some cases 5 workers.

### 2.2.1 Purpose of record keeping

Record keeping is very important to small and medium enterprises because it provides accurate figures of the business which are very important for boosting of the business not only that it provides figures for comparison of different years and this helps to show if the business is making losses or profit and lastly it also detects errors and fraud of the business, therefore record keeping is very important for both small and large business.

### 2.3 Types of records kept in small and medium enterprises.

Different authors have attributed to the literature concerning financial record keeping in small and medium enterprises. Morgan [2006] says, the records must be kept on a current basis and must contain true and accurate representation of the facts. He adds that records must be maintained in the ordinary course of business by business. Small enterprises maintain different forms of records.

**Gross receipt and payment:** These are related to records on the income a business person receives from the business and how this money is spent. Every business uses a cash book to record receipts and payments. Receipts can include cash which is paid to the bank account but payments would be made from petty cash book.

The simplest cash book would be a book in which receipts will be recorded on the left hand page and payments on the right hand page. A business will normally keep a separate cash book for each bank account held.

Entries in the cash book must only be made where they are supported by proper documentation. All entries on the receipt side must agree to paying in slip. However if the paying in slip includes several cheques received then the cash book may have the remittance list.

**Invoices:** small business also needs to keep records on purchase, purchase are those items business people buy and resale to customers. In case of the manufacturer or producer this includes the cost of raw materials. The supporting document should show the amount paid and the amount was for purchase.

**Expenses:** these are the costs incurred to carry out the business. The supporting documents should show the amount was for expenses. These documents for expenses include petty cash book, invoices and many others.

**Cash disbursement:** cash outflow or payment of money to settle obligation such as operating expenses, interest payment for loans and accounts receivables during a particular period in order to carry out business activities.

## **2.4 Factors affecting record keeping and financial performance**

Lack of managerial skills. The managerial skills is more important for record keeping in ,small scale business the foundation stage a small scale business owner is able to run a business but as it grows and ages , managerial demands arise. These are in form of operational managerial requirement hence one factor affecting record keeping.

High levels of inflation. This is also another factor affecting record keeping and financial performance, the persistent increase of prices affects record kept for previous years and in the long run the there is a problem of inaccuracy because figure will different and this may led to the collapse of the business hence a negative factor that affects record keeping and financial performance.

Lack of accounting knowledge. This is also another factor affecting record keeping and financial performance, this is because many small scale business owners are illiterate and do not how to operate the cash flows, income statement and a balance sheet and in the short run their business decline due to lack of accounting knowledge hence another factor affecting record keeping financial performance.

Budgeting. According to [Pauline 1996], a budget is the detailed plan which sets out in many terms, the plans for income and expenditure in respect of a future period of time. It is prepared in advance of that time period and is based on the agreed objectives for the period of time together with the strategy planned to achieve those objectives.

A budget is a comprehensive financial plan setting expected route for achieving the financial and operational goals of the business. The use of budgeting is a key element of positive performance in small and medium enterprises because it assists the business owners to control

To assist in achieving business objectives of ensuring as far as practicable the orderly and efficient conducts of business including adhering to business policies, the safe guarding of assets, presentation and detecting of fraud and errors [ Fredrick S ,2006].

Similar principle of internal control system apply to all business in general and there are : segregation and rotation of duties, authorization of transaction, safe guarding the assets and independent cheques by independents persons to review if the control procedures have been performed properly [paul 2000].

The author melgs and meige looked at internal control as a measure taken by enterprise to ensure that business operates efficiently and effectively, on other hand kamaigruptalooked at as the plab of business and methods business and all methods and procedures adopted by business due to the performance of the difference.

#### **2.4.1 Objective of record keeping to financial performance of SMEs**

##### **Accuracy of financial performance to small scale and medium business enterprise .**

Refers to the closeness of measurement valued to standard or known value. Fore example, if in lab you obtain a weight measurement of 3.2kf for a given substance , but the actualor known weight is 10kg, then your measurement is not accurate... you can also be accurate but imprecise. This object in relation to record keeping fore example when count number of items that u have in your business and it gives you different figures it indicates that your not accurate u need to continue counting very well in order to give u accurate figure hence a vital objective of record keeping.

##### **Comparisons of financial performance to small scale and medium enterprise**

It refers to the act of comparing of one thing or persons as similar to or like another. his poetry invites comparisons with poems of Robert frost . or the examination of two or more items to establish similarities and dissimilarities. This objective in relation to record keeping and financial performance it help in comparing as in it definition, current years and previous year for example according to balance sheet of 2016 , figures were close related to those one of 2017 there comparison helps to determine whether the business is making profits or loses hence another vital objective of record keeping ..

Harrison, 2003; Colbert and kwon, 2000]. According to Mathieu and Zajac[1990] and Randall [1990], work outcomes, such as job performance, are linked to organizational commitment. Further, westerman and simmons [2007] find that work environment may play a predominant role in employee performance and commitment. Nouri and parter [1996] argue that while self interest is a powerful motivating force in the work place, individuals with strong organization affiliations can be motivated by organizational interests [ organizational commitment]. Difficulties are more likely to lead to significant performance again if individuals are committed to achieving them [Webb, 2004] Mathieu and Zajac [1990] found organizational commitment to positively correlate with employee motivation and correlate negatively with turnover and absenteeism. In addition they are found effective [attitudinal] commitment to have a strong relationship with work out comes than continuance or “calculative” commitment. Despite advances that have been made in understanding the relationship between employee attitude and financial performance, there are still several shortcomings. Typically, most research, regardless of the field, analyzes secondary data sets where the survey questions were tailored for a particular study. Rarely have any of these studies used existing, validated measures of the traditional variable of interest or designed the study to specifically test a model. Moreover, employee job satisfaction is often the only attitude variable I “Affective commitment is characterized by: [1] a strong belief in and acceptance of organizational goals and values and [2] a willingness to exert considerable efforts on behalf of the organization”[porter et al ., 1974: 604].continuance or [calculative] commitment originates in the perceived costs associated with leaving the organization [egloss of benefits and seniority].

### **2.5.1 Accounting records kept and performance**

Performance of business refers to the ability of business to meet the required standards, increase market share, improve facilities, ensuring returns on profitability and total reduction and once this is achieved, a business is believed to be performing effectively [fitzgerald et al 2006].

Performance refers to an ongoing process that involves managing the criteria for which an institution, agency or project can be held accountable [duranti and Thibodeau, 2001] typically these criteria are represented as component part of an internal system and cover the



institution's ability to; control financial expenses, satisfy staff derive timely interventions and respond to target group reactions to interventions.

## **2.6 Relationship between record keeping and financial performance of small scale business enterprises.**

According to Tomlin(2008), economists argues that record keeping are resources that could otherwise be used for investment, facilitating future growth of business. Hence, there is a belief that record keeping put disproportionate pressure on smaller business for growth.

Record keeping usually have to operate in an overbearing regulatory environment with the plethora of regulatory records cumbersome important procedure and high port charges that constantly exert serious burden on their operations. many SMEs have to deal with myriad of record keeping. As stated earlier they are heterogeneous and different in size and structure many in turn carry differing obligations for record keeping that affects the cost to the enterprises of complying with ( and to the revenue authorities of administering ) alternatively to possible record keeping obligations. Public corporation, for example , commonly have strong accounting requirements than do sole proprietorship, and enterprises with employees may be subject to the full panoply of requirements associated with record keeping, in carrying out responsibilities with the financial performance of small scale business. And fail to provide transparent records in operation. This type of environment harms individual business and the overall economy. As a result, many in the business community react by taking a steps of record keeping .this typically include underreporting profits and turn over; underreporting employees wages; and, creating phantom employees. A significant number of business also fail to register their business because of poor record keeping. This only increase the burden to the owners of the business, hence a relationship record keeping and financial performance of small and medium enterprises.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter presented and described the research methods and techniques used in data collections and data analysis. It will contain the research design, scope of the study; geographical scope, time, scope, parent population; target population, sample size; sampling techniques, sources of data, data collection methods, data collection procedures, instrument of data collections, data processing and analysis.

#### **3.1 Research design**

This study was descriptive research, which enhances the population to obtain better understanding of the poor financial performance of small and medium scale enterprises.

The method chosen allowed collecting of comprehensive intense data and provides an in depth study on why and how past initiative had not provided the desired results.

Research design is the plan for carrying out research projects.

#### **3.2 Population of the study**

The population for the research's study on record keeping in west division fort portal municipality kabarole district.

The population for the researchers' study comprises the owners and employees of the shops, restaurants, bats, mini supermarkets, hardware, among others. The population will comprise 100 businesses. This is according to west division fort portal municipal council [2016] license tax payers' record of small and medium enterprises. According to the types of business they deal in shops are 319, salons 25, restaurant 10, bars 20, supermarkets 4, drug shops 24, hardware 15 butcheries 22, and others 30.

**Table 1: the table shows the category, and population of the study as used by the researcher**

Category	Population of Study	Sample Size
Shops	10	5
Restaurants	15	3
Salons	20	5
Bars	5	4
Min supermarkets	15	4
Drug shops	10	2
Hardware Shops	9	5
Butcherries	20	5
Boutique shops	15	7
Others	31	8
Total	100	60

Source: Revenue register 2016/2017 west division.

The researcher is to use the Slovene's formula to come up with the sample size to be used in the study .The formula states that given the population, sample size is given by,

$$n = \frac{N}{1+N[e^2]}$$

Where n=sample size

N = target population

e= the level of confidence which is fixed at 0.05

$$n = \frac{100}{1+100[0.05]^2}$$

$$n=60$$

The sample size will be 60respondents. This is done in order to select respondents who have clear information about the topic under the study .

### 3.4 Sampling techniques.

The researcher will use random methods of sampling. The researcher is to select respondents at every after interval. The number of interval was arrived at by use of Slovens formula as calculated above

### 3.5 Data sources

Data was collected by using both primary and secondary sources where by primary sources will include use of questionnaires which will be self administered to the selected sample. While secondary sources of data will include documentary review of financial records in SMEs, text books, researcher reports, and internet browsing.

#### 3.5.1 Secondary data collection

Roston (2001) defines secondary data as that kind of data that is available, already reported by some other scholars. Secondary data will include policy document and abstracts of the various scholars relating to the topic of discussion in question. Secondary data for this study will be got from sources like libraries, archived records from the municipality, records of selected small scale business enterprises, government publications, online information, text book, newspapers and unpublished research reports. This will be because it will be readily available and easier to comprehend, as it will comprised of extensively researched work.

#### 3.5.2 Primary data collection

According to Roston[2001], primary data is that kind of data that will be gathered for the first time. It will never have been reported anywhere. Short comings of secondary data sources such as out datedness and inadequacy in terms of coverage, necessitated the use of primary source for first data. self-administered questionnaires will be used and this enabled the research to cover large population quickly and at a reasonable cost.

### **3.6 Research Instruments**

These were tools that are to be used to collect the necessary data.

#### **3.6.1 Questionnaires**

The researcher used questionnaires which was self –administered to collect data from the respondents. For example shop keepers, bar managers, restaurants, butchers, and barbers among others.

#### **3.6.2 Interviews**

The researcher administered interviews. An interview is a dialogue between an interviewer and interviewee. It is an organized conversation aimed at gathering data about a particular topic. This is a method where a researcher interviews respondents to obtain information on the issue of interest. In this case, the interviews during this research will be structured and will be specifically administered to owners of small scale business in West Division Fort Portal Municipality.

#### **3.6.3 Observations**

The researcher observed the records kept of the business operators in themselves of the business as well as counter books that was used to record the customers who took goods on credit. However, the observation method revealed that the respondents will never use counter books to record all the transaction made implying that they have poor records keeping system.

### **3.7 Measurement of variables**

#### **3.7.1 Validity and Reliability**

Reliability. Validity refers to the ability of an instrument to ensure what is intended to measure. In this research am to look at what is called content validity, this will be used to measure the validity of an instrument.

This will be done using experts judgment check on the relevant of questionnaires. This content validity index will be calculated using the following formula.

$C.V.I = \frac{\text{Number of questions declared valid}}{\text{Total number of questions}}$

---

Total number of questions in questionnaires

C.V.I OF 0.7 [ Amin 2005] is used to declare the questionnaire valid.

The questionnaire consists of 30 questions which required respondents view and out of them 20 were declared valid giving C.I.V of 0.66 which is approximate to 0.7 according to Amin, therefore for questionnaires was declared valid .

**Reliability of an instrument.** refers to the degree of consistency of that instrument and consistency refers to the ability of an instrument to give the same results each time. It was used to measure variables. It was tested and rested method to ensure reliability and under tested and retest method questionnaires was administered to a few people in one week and then say two weeks it was then administered a gain to the same people. Results from the two tests are compared. The main response from the first test is correlated with the main response from the secondary test using the pierson correlation co efficiency the minimum value to declared and instrument reliable will be 0.7 [Amin 2005]

### **3.8 Data collection procedures**

Before the proposal is approved by the supervisor, I will make the required copies of questionnaires and select research assistants to assist mi in distributing /administering and collecting of the questionnaires. Before the questionnaires are back I will summarize all response and compute the relevant statistics such as frequencies and percentage distribution, mean among others after these computations a final report will be completed for submission.

#### **3.8.1 Data analysis**

The information collected is analyzed and edited to create a consistency and completeness

After collecting the questionnaires they are to be tested for completeness and consistency across all the respondents and to allocate omission. Information obtained from the research study is presented and analyzed using tables, bar graphs, pie chart, narrative and statistical figures.

Descriptive statistics, this will be is used to measure the central tendency, variable and relationship between variables. It will include proportion, mean scores and percentage.

Summary statistics; This will be used in presenting of analysis. It includes, use of mean and percentages, summarized tabulations and frequency distribution.

### **3.9 Ethical consideration**

The following activities were implemented by the research to ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study.

Coding, this is in form of numbering every business that has been visited to reduce double information collection that may be hectic to the respondents.

Solicit permission, before collecting data from the employee; first seek permission from the business owners and from the local authorities.

Respondents were requested to sign in the informed consent .

The findings of the study were presented in a generalized manner

### **3.10 Limitation of the study**

- Generally, time was a limiting factor . being a partial of the entire programme, the time located was to little to allow an exhaustive investigation
- Research in educational institution was usually poorly founded and this study was not exceptional. However the research employed the following measures to overcome the above limitation and hence, came out with a successful report
- Failure to trace respondents, this was another problem in that clients were from different areas
- The researcher tried to utilize every time available to collect data in order to gather all the information required for the completion of research.
- The research was economical in handling the limited finance by making a specific budget that could cater for the completion of research.
- Language barrier which may necessitate hiring an interpreter since wet division fort portal is tribe municipality

## CHAPTER FOUR

### PRESENTATION AND ANALYSIS OF RESEACH FINDINGS

#### 4.0Introduction

The preceding chapter described the methodology applied for the study. This chapter presents the result of the study. It presents and discusses the finding. The findings are organized in the terms of research objectives. The reporting of the findings is done in form of narrative discussion where the findings are first described and then analyzed followed by discussions. The study was set to find out the extent to which recordkeeping in SMEs support the financial performance growth and sustainability of enterprises.

#### 4.1Analysis of the response rate and descriptive statistics

##### 4.1.1 Demographic Characteristic

This survey was conducted in West Division Fort Portal Municipality. In the study a total of 60 informants acted as respondents. The respondents belonged to both small and medium enterprises. The Distribution of respondents according to business entities study considered gender as presented in table

**Table 2: showing the gender of respondents**

Gender respondent	Frequency	Percentage	Valid percentage
Male	28	48	48.0
Female	32	52	52.0
Total	60	100	100.0

Table 4.1 shows that a total of informants who acted as respondents of the study. 28 of them were female of which 32 among them operated small enterprises and of them operated.

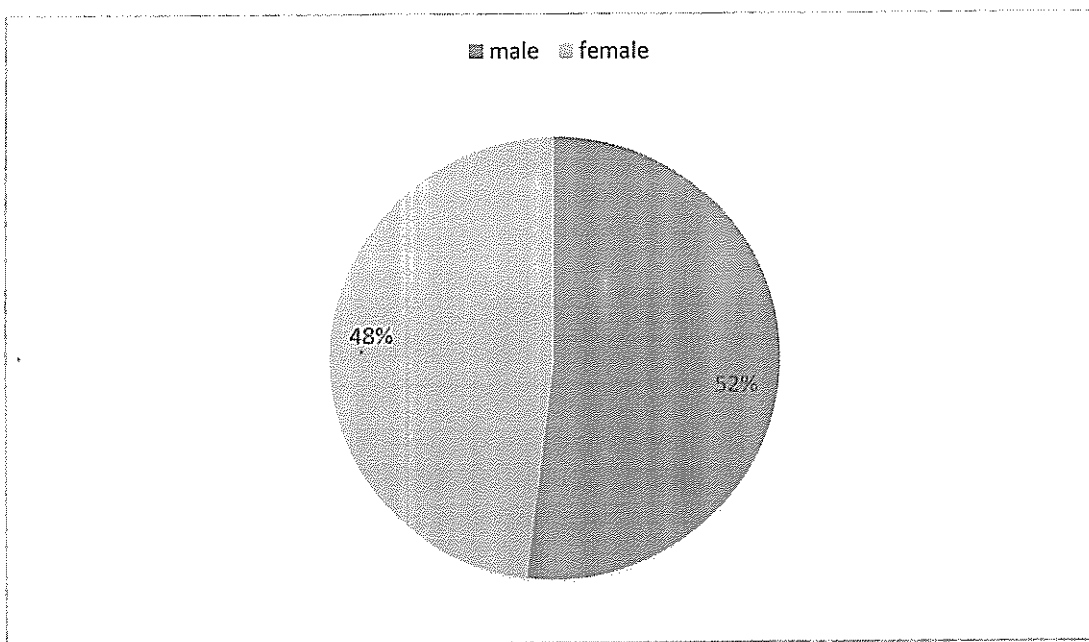


Medium enterprises. There were a total of 52 males operating the SMEs of whom 32 of them operated small enterprise and 28 of them operated smallscale enterprises. Out respondents 48% of them operated the 28 enterprises. Out of the 32respondents 48% of them operated the small enterprises while the 52% operated the medium enterprises.

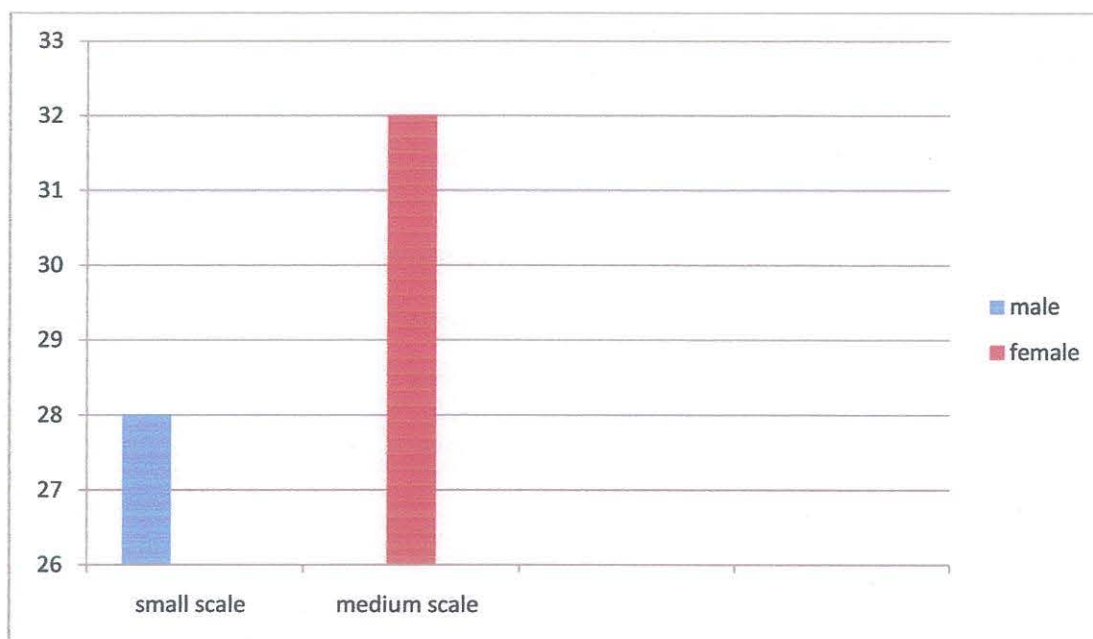
In terms of Gender distribution, the following pie chart shows the percentage of male and female respondents in the study,

**Figure 1: showing Gender distribution of the respondents.**

**Gender distribution on small and medium scale business enterprises**



In terms of business categories, out of 60 SMEs operating in west division fort portal municipality, the study picked on 60[32%] enterprises as shown in table 4.2. Another figure2 shows small and medium scale enterprises as per the respondent of individuals of west division fort portal.



**Table 4.1.2: showing the age group of the respondents**

Respondent age group	Frequency	Percentage	Valid percentage	Cumulative percentage
20-30	13	21.7	21.7	27.7
30-40	29	48.3	48.3	70.6
40-50	16	26.7	26.7	96.7
50 and above	2	3.3	3.3	100.0
<b>Total</b>	<b>60</b>	<b>100</b>	<b>100.0</b>	

Source;[ primary data 2018]

According to the respondents age of 20-30 had a percentage of 21.7, frequency of 13, 30-40 had the frequency of 29 and percentage of 48.3 , 40-50 had a frequency of 16 and a percentage of 26.7 and above 50 had the frequency of 2 and 3.3 percentage ,

#### 4.1.3 Academic Qualifications of respondents

**Table 3: Showing academic qualifications of the respondents**

Respondents	Frequency	Percentage
Diploma	14	23.3
Degree	20	33.3
Masters	11	18.3
Certificate	4	6.7
Phd	9	15
Others	2	3.3
Total	60	100

**Source: primary data, 2018**

From the above table it is seen that that the majority of the attendants in west division fort portal municipality are degree holders representing 33.3% followed by diploma holders at 23.3% followed by masters holders representing 18.3% followed by PhD holders by 15% and certificate holders with 6.7% and finally others by 2 respondents representing a total percentage of 3.3% of the total respondents. This implies that the respondents from Population Services International (PSI) in Uganda are well educated and therefore the information obtained from them can be relied upon for the purpose of this study are well educated and therefore the information obtained from them can be relied upon for the purpose of this study.

#### 4.1.4 Marital status of respondents

**Table 4: Showing marital status of the respondents**

Respondents	Frequency	Percentage
Married	32	53
Single	18	30
Separated	10	17
Total	60	100

**Source: Primary Data, 201**

Results in table 4 indicated that majority of the respondents were married with 53% of the respondents followed by single with 18 respondent with 30%, followed by separated with 17% of respondents. This implies that the respondents are well divided and belonged to all categories as shown above but in general analysis it indicates that most people belong to organized families and are married hence Information can therefore be relied on for making serious decisions in the organization.

#### 4.2 Accuracy to financial performance of small and medium scale enterprises.

The first objective of this study is to find the effects of accurate on financial performance of small and medium scale enterprises [SMEs], in this case, the respondents were asked to give their opinion on this as portrayed in table 4.3 below.

**Table 4:Shows that business owners train their employees on how to manage business**

SA=Strongly agree ,A=agreed NS=Not sure D=disagree SD=strongly disagree

ITEM	Statements	SA	A	NS	D	SD
		%	%	%	%	
B1	How much stock do you always have in your business?	38.5%	30.8%	38.2%	25%	0
B2	Has ever the business experience any shortage?	42.3%	26.9%	23.1%	35%	0
B3	Doe stock levels have an effect on the level of profitability	30.8%	38.5%	19.2%	20.5%	0
B4	You think financial record keeping is important?	20.7%	30.8%	32%	24.9%	0
Total		100	100	100	100	0

Source [survey data 2018]

Table 3 shows that business owners train their employees on how to manage business for instance in the absence of the owner and even in his presence and 39.5% strongly agreed [SA] 30.8% agreed [A] 19.2% were not sure [NS] 11.5% disagreed [D] meaning that most business owners train their employee on how, on whether business teach their business teach their

employees to review records kept, 42.3% [SA] ,26,9%[A] 23.%[NS] and 7.7% [D], the dis agreed on teaching the employees on how to review records like the market stall owners and other small scale enterprise owners, on the issue of whether businesses get advice on how to manage finance, most of them agreed like the medium scale enterprises owners of supermarkets and hardware shops.

#### 4.3 Comparison of financial performance of small scale and medium business enterprises

The second object of this study was to out the comparison. In this case, the respondents were asked to choose accounting records they kept in SMEs from a given list. The study found out that the SMEs kept various records of their business transactions as per presented in table 4.4.

**Table 5: Accounting Records kept by the SMEs**

Industrial sector	Purchase Day [order book]	Sale day [Receipt book]	Expenditure [Bills] book	Payroll Records	Asset Register
Retail shops	18%	25%	30%	27%	34%
Hardware shop and supermarkets	43%	41%	46%	53%	35%
Other service And stalls	39%	34%	24%	20%	31%
Total	100	100	100	100	100

Source [survey data 2018]

Table 4.4 shows that sales day [receipt] book ranked highest with 18% and the purchase day [order] book ranked second with 58%. The payroll book ranked third with 46%,the expenditure [bill] book ranked [44%] and the asset register book ranking last [fifth] with 42%. Twenty (28) out of the 38 retailers kept sale day [ receipt ] book, 18 of them kept the day purchase [order ] book, 17 of them the payroll record while only nine [9] of them kept the expenditure [bill]. Only eight of the retailers kept the asset register.

The findings also shows that enterprises that offered other services like transport, photography, video recording and so on emphasized more on keeping the expenditure [bill]

book [22] followed by the purchase day [receipt] book [16].the sales [receipt ] book was the third most kept [14] followed by the asset register [13] and lastly the payroll records. Respondents were also asked to select from a given list of financial statement those that they prepared for SMEs. The results were as presented in table 4.3

**Table 6: financial statements prepared by medium and small scale enterprises [SMEs]**

Industrial Sector	Statement of comprehensive income	Statement of cash flows	Statement of financial position	Statement of changes in equity
Retail (shops)	29%	31%	33%	27%
Supermarket And hard wares	41%	33%	17%	33%
Other services and stalls	30%	36%	50%	40%
Total	100	100	100	100

Source [survey data 2018]

Table 4.5 shows that the statement of comprehensive income ranked highest with 40% but also the same percentage disclosed that they didn't keep any of the financial statements. The statement of cash flow ranked the second [ 32] followed by the statement of financial position third while changes in equity ranked fourth with 13%.

The finding in this objective of the study shows that SMEs do keep subsidiary books of accounts, especially to capture sales and cost of sales. There is however little accounting information captured on operating expenses as evidenced by a few number of SMEs keeping books to record expenses. SMSs in retail shops business kept sales day books for controlling inventory and those in manufacturing sector kept records sales day book controlling inventory and those in the manufacturing sector kept records for non –current assets as owners try to safeguard their assets,. It could be clinched that record keeping in SMEs was therefore not

being done for the purpose of capturing information for performance measurement but for security and control.

The result further shows that most SMEs do not prepare a complete set of financial statements with some not preparing any financial statement at all. This confirms the findings of the research by mc mahon [2013]. Any entity may fail to prepare financial statements even with well maintained books of account because the preparation of financial statement requires accounting skills. Although the need to prepare a complete set of financial statement increases as an entity grows since reporting will not only be limited to internal users but also to external users like lenders. It imperative that owners/managers of the SMEs acquire the skill in advance [Everaertet al.[2012]

#### **4.4 Challenges faced by small and medium scale enterprises in Record keeping.**

The study also found out the challenges the SMEs operators face in keeping records of their business transactions. In line with the respondents were asked to describe the challenges they face. They gave challenges which are presented in the table below.

**Table 7: challenges faced by SMEs owners /managers in record keeping**

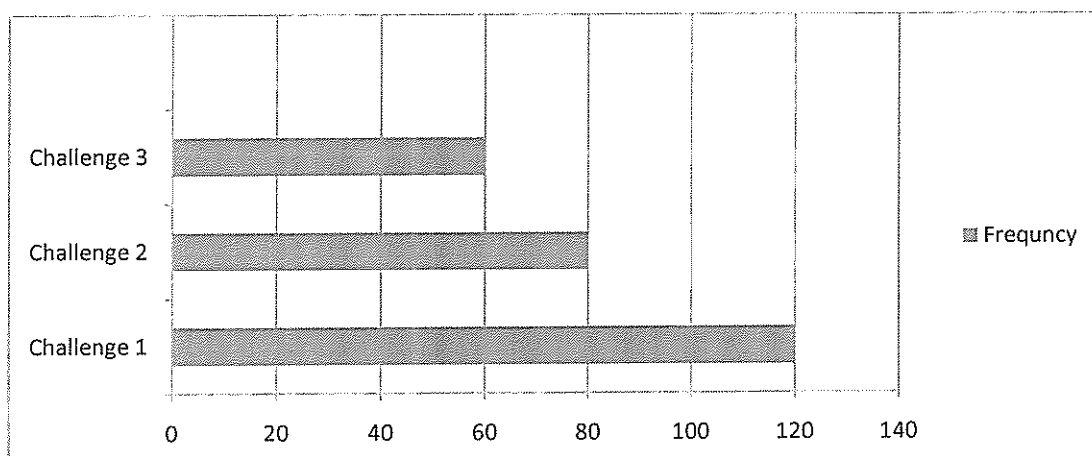
Challenges	Frequencies	Percentage response
Lack of accounting knowledge	120	46.1
Cost and time constraints	80	30.8
Fear of discouragement in case of loss	60	23.1
Total	180	100

Source [survey data]

Table .6 shows that the majority of SMEs [46.1%] attributed the challenges they faced in keeping proper accounting record to lack of accounting knowledge, 30.8% of SMEs indicated cost and time constraints as challenges while 23.1% cited of discouragement in case of a loss in their business as contributing to challenges they faced in keeping proper records.

The reasons given by the respondents as why they don't practice recordkeeping in their enterprise are not unique to Uganda in general. Lack of accounting knowledge on the part of the managers or owners of SMEs has cited in various studies in the word [everaert et al 2013 ]. Cost and time constraint is an obvious reason given by many business owners but research and scholars have emphasized the business operators should persevere and keep record of their business transaction for the purpose of efficient management [king and mc Grath 2010; mitullah, 2003]

**Figure 3; Showing the challenges faced by small and medium scale enterprises in west division fort portal municipality as per response to business owners.**



#### **4.5 Detection of errors and fraud to financial performance of small scale and medium business enterprise**

Given the fact that most of the business owners have a positive attitude to wards record keeping , the government should try to improve on the accounting courses in all universities and institution to reduce on errors and frauds committed by business owners. I would recommend that business owners should get enough knowledge on record keeping and accountancy, this will help in increasing the business financial performance of SMEs in west division fort portal municipality.



**Table 8: Attitudes of SMEs owners /managers towards bookkeeping too wards detecting errors and fraud**

SA =Strongly agree, A= Agreed NS=Not sure D=Disagree,SD=Strongly disagree

ITEM	STATEMENT	SA	A	NS	D	SD
		%	%	%	%	
C1	How has record keeping useful to the business ?	20%	30.8%	11.5%	19.2%	0%
C2	Are customers aware of record keeping	26.9%	23.1%	30.3%	7.7%	0%
C3	Has the business experienced any record keeping problems?	21.8%	38.5%	19.2%	26.5%	0%
C4	It is always good to keep record of all transactions in my business.	18%	0.7%	11.5%	18.5%	0%
C5	One should not keep records of transactions that did not go well for his business because the records will discourage the management	12.3%	26.9%	23.1%	20%	0%
Total		100	100	100	100	00

Source [survey date 2018]

From table 4.7 it is evident that majority of the owners –managers 38% said record keeping is the to success and better financial performance [55.3%] would love to be trained in accounting and record keeping. Moreover 30% of them believe that record keeping practice is vital for their businesses. Nice teen percent [19] of the entrepreneur however believe that it would be waste of resources and money to employ an accountant, [38.8%] of them said that some business and especially the small enterprises do not require recordkeeping while only 26.9% of the entrepreneurs strongly agreed [SA] that the practice of record keeping in business is tedious and less beneficial.

From the result presented table 4.5, it is evident that the respondents were having positive attitude towards record keeping. Eighty two [82.3%] of the respondent were willing to be further attained in record keeping. The respondents that some business do not require record keeping could be said to have emanated from this lack of enough knowledge of record keeping according to OtenyoMatanda[2008] most of the SMEs generally lack this knowledge.

The respondents were further requested to give their suggestions to improve the recordkeeping practice in their businesses. Table 4.7 presents the findings.

**Table 9: Respondents suggestions to improve record keeping practice of record keeping [SMEs]**

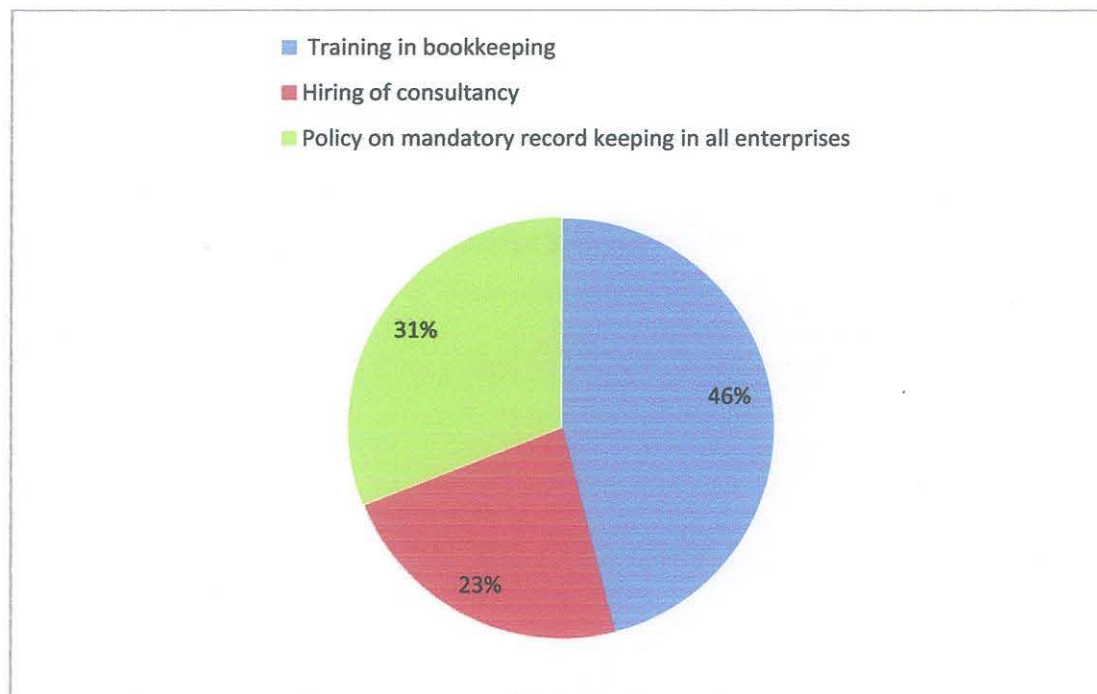
Suggestions	Frequency	Percentage responses
Training in bookkeeping	120	46.1
Hiring of consultants	60	23.1
policy on mandatory record keeping in all enterprises	80	30.8
<b>Total</b>	<b>260</b>	<b>100</b>

**Source [survey data 2018]**

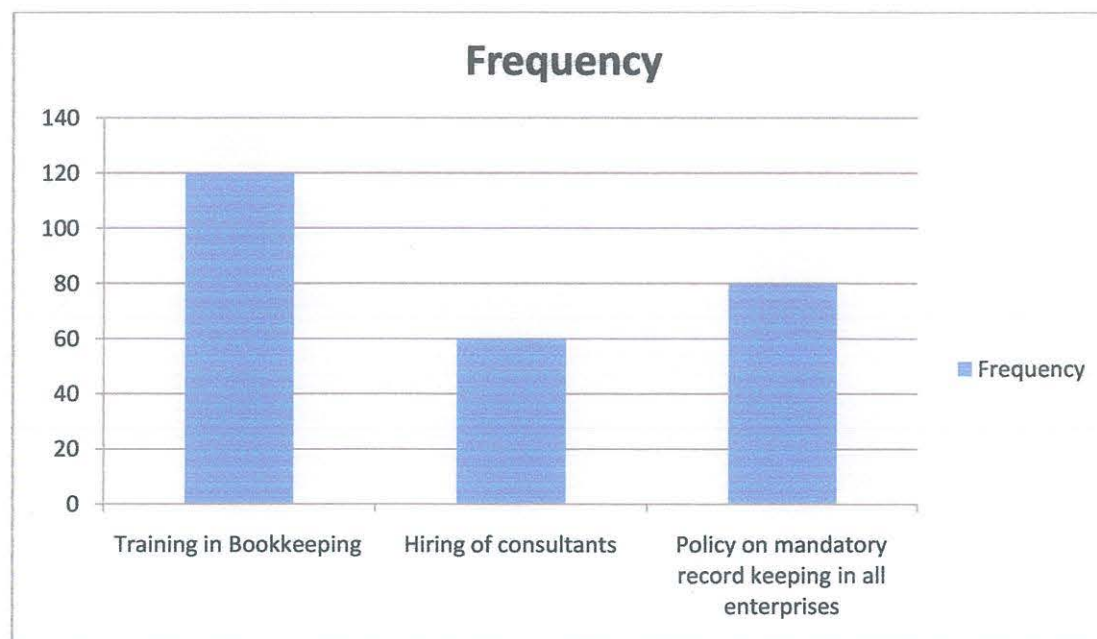
Table 4.9 shows that most of the recordkeeping and [SMEs] suggested training in bookkeeping as away to improve their recordkeeping practices. twenty five [23.1%] of the respondents suggested they would hire consultants and third percent [30%] that policy on mandatory recordkeeping in all enterprises would improve their recordkeeping practices.

The fact that majority of respondents [46.1] suggested to be trained on the recordkeeping shows that the respondents lacked this skill and that they would be willing to undertake the training for the improvement in financial performance and benefit of their enterprises. Due to the time constraints on the part of the entrepreneurs, some [23.1%] desired to employ experts in the field of recordkeeping. This would be appropriate if the enterprise is grown enough to meet the cost. But still according to clelland [1961] the entrepreneurs regardless of the size of their business require to have some basic of accounting

**Figure 4; showing respondents suggestions to improve record keeping practice of SMEs.**



**Figure 5; also shows respondents suggestions to improve record keeping practice of SMEs to avoid errors and fraud by the graph.**



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter contains the summary and conclusions of the study based on the findings already detailed in chapter four. I also provide the recommendations based on the study's conclusions. The recommendation could lead to appropriate intervention to improve or salvage identified weakness in the recordkeeping for SMEs. Also, stemming from the findings and the recommendation of this study are suggested areas of further research.

#### **5.1 summaries**

The summary presented here is based on the findings and it is done as per the objective of the study. The aim of the study was to find out the extent to which recordkeeping in SMEs support financial performance, the growth, and stability of the enterprises in west division fort portal municipality. The study of this of this aim strategically came up with three specific objective.

#### **5.2 Accuracy of financial performance to small and medium scale enterprises**

The first objective was to find out the accurate figures of record keeping and financial performance of SMEs. The findings were that some SMEs owners train their employees on how to manage business, some business train their employees on to calculate books of account to review records kept which helps in comparing financial performance and getting accurate figures over period of time, still on management some business get advice on how to manage financial performance, growth and sustainability and in management and financial performance of small and medium enterprises in west Division Fort Portal Municipality and Uganda in general.

##### **5.2.1 Comparisons of financial performance to small and medium scale enterprises**

The second objective was about to find out the comparisons of record keeping between the current year and the previous year business operations. The findings showed the current year had relations with the previous and this indicated that the records keep were effective, some

owners /managers kept various records that include the purchase day or order records, the receipt books, the expenditure or bill book , the payroll and the asset register. In addition to keeping these, some of the SMEs prepared statements of comprehensive income , statement of cash flows, changes in equity and statement of financial position. Some of the enterprises however did not keep any record of their business transactions and they did not also prepare the accounting statement.

### **5.2.3 Detection of errors and fraud of financial performance and small scale enterprises**

The third objective of the study was to find out the errors and fraud to ward record keeping in their enterprises. The finding of the study showed that the owners/ managers of SMEs had positive attitude to words Record keeping but lack of knowledge of Record Keeping made them to make more errors and fraud according to the research made .majority of the owners/ managers stated that they highly appreciate an opportunity to be trained the record keeping skills in order to avoid errors and fraud mistakes made by their employees. The study further revealed that the owners and managers of SMEs were highly to learn more record keeping skills. Moreover the respondents also regardless of the size their business were interested to learn about the account recording.

### **5.3 conclusions on each objective**

#### **Accuracy of financial performance to small and medium scale enterprises.**

The study revealed that Record keeping 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 by SMEs. This made it difficult for entrepreneurs to calculate their business performance effectively. Failure of keeping of accurate records was highly blamed on the lack of skills in the field. The study further revealed that the owners and managers of SMEs were highly willing to learn more about how to keep record of their business transaction because of positive impact of record keeping as analyzed in chapter one and two of the study and more so according to the records kept by individuals of west division fort portal it was found out that many books of their account were in accurate according to the respondents of the owners of the business hence many in accurate figures in their books of account.

### **Comparisons of financial performance to small and medium scale enterprises.**

The study revealed that Record keeping do not keep proper record for comparison between different years this is 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 by SMEs. This made it difficult for entrepreneurs to calculate their business performance effectively. Failure of keeping of accurate records was highly blamed on the lack of skills in the field. The study further revealed that the owners and managers of SMEs were highly willing to learn more about how to keep record of their business transaction because of positive impact of record keeping as analyzed in chapter one and two of the study and more so according to the records kept by individuals of west division fort portal it was found out that many books of their account were in accurate according to the respondents of the owners of the business hence many in accurate figures in their books of account.

### **Detection of errors and fraud to financial performance of small and medium scale enterprises**

The study revealed that Record keeping do not keep proper record for detecting errors and frauds this is 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 by SMEs. This made it difficult for entrepreneurs to calculate their business performance effectively. Failure of keeping of accurate records was highly blamed on the lack of skills in the field. The study further revealed that the owners and managers of SMEs were highly willing to learn more about how to keep record of their business transaction because of positive impact of record keeping as analyzed in chapter one and two of the study and more so according to the records kept by individuals of west division fort portal it was found out that many books of their account were in accurate according to the respondents of the owners of the business hence causing a lot of errors and frauds in their business

## 5.4 Recommendations

**Objective one: To determine the effects of providing accurate figures on Financial performance of Small and medium scale enterprises in West Division Fort Portal municipality.**

Since training the employees helps in increasing the efficiency of both small and medium enterprises and increases their management skills to improve in accuracy. I recommend that both owners of business enterprises should do it to improve efficiency in enterprises. I also recommend that employees should be trained on how to review record at least at the end of every month and the owners should also try to always get financial advice for growth of financial performance of small and medium scale enterprises in West Division Fort Portal Municipality and Uganda as a whole.

**Objective two: To find out the effect of having comparisons on Financial performance of Small and medium scale enterprises in West Division Fort Portal Municipality.**

Medium enterprises are the ones that mostly keep records like sale day books, invoice and other book of account. In these books they draft cash books, balance sheets, and income statements at different years that helps them to compare those years to see if there business are making profits or loses. But basing on what I found out even small scale enterprises should start keeping books of account for further betterment of financial performance of small and medium enterprises .financial statement should also be prepared at the end of the year which can help business know their financial position.

**Objective three: To establish the effect of detecting errors and fraud on Financial performance of Small and medium scale enterprises in West Division Fort Portal Municipality.**

Given the fact that most of the business owners have a positive attitude towards record keeping , the government should try to improve on the accounting courses in all universities and institution to reduce on errors and frauds committed by business owners. I would recommend that business owners should get enough knowledge on record keeping and



accountancy, this will help in increasing the business financial performance of SMEs in west division fort portal municipality.

### **5.5 Suggestion for further studies**

The aim of any business operation regardless of its size is to make profit. Research findings have shown clearly that for a business operator to make profit accurate recordkeeping of business records is vital. Research has also shown that SMEs are important for the economic growth of this study. To further support the financial performance, management and growth of the SMEs this study suggest that.

1. There is need to carry out a study of this kind but targeting the large entities. Given that the need for accurate account recordkeeping increases with the expansion of growth in size of a business there is a need to find out how the large enterprises are performing in terms of record keeping
2. Training of managers or owners of SMEs on the account recordkeeping skills is emphasized in this study. In rule of this, this study suggests that a research be conducted to find out the best way to approach the training or to come up with a training program for these enterprises which will not disrupt the operation of their business.

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## APPENDICES

### APPENDIX I: RESEARCH QUESTIONNAIRES

**Dear Respondent,**

I am a student of Kampala International University (KIU) undertaking a Bachelor of Business Administration majoring in Accounting and Finance. Currently am carrying out a research on record keeping and financial performance on small scale enterprises in West Division Fort portal municipality as party of requirement for a ward of bachelor's Degree of finance and accounting. This questionnaire is therefore intended to ask for academic purposes and all the answers will be handled to ask information on the above subject matter. This information is purely for academic purposes and all the answers will be handed with utmost confidentiality. I therefore humbly request that you complete this questionnaire correctly in the space provided or options given. (please, tick the appropriate answers where options are given)

#### PART A

##### GENERAL INFORMATION

##### SECTION A: Background information (tick the box applicable)

1. Gender

Male ☐

Female ☐

2. Age

20-30 years ☐

30-40 years ☐

40-50 years ☐

50 & above years ☐

3. Qualifications academically

Certificate ☐

Diploma ☐

Degree ☐

Masters ☐

4. Marital status

Single ☐

Married ☐

Separated /divorced ☐

**SECTION B :Fill in the most appropriate answers according to you**

Evaluated the following statement by circling the appropriate response basing on the scale below please do not leave item unanswered.

Code	1	2	3	4	5					
Status	Strongly disagree	Disagree	Not sure	agree	Strongly agree	1	2	3	4	5
A	<b>Accuracy and financial performance of SMEs</b>									
1.	How much stock do you always have in your business?									
2.	Has the business ever experienced any shortage?									
3.	Does stock level have an effect on the level of profitability?									
4.	What are the average daily sales of the business ?									
5.	How much capital is employed in the business ?									
6.	What are the daily expenses of the business? How many people are employed in your business?									

## SECTION C : RECORD KEEPING POLICIES

Evaluate the following statement by circling the appropriate response basing on the scale bellow

Code	1	2	3	4	5					
status	Strongly disagree	Disagree	Not sure	agree	Strongly agree	1	2	3	4	5
<b>A</b>	<b>Comparisons of record keeping and financial performance of SMES</b>									
1.	How have record keeping useful to the business?									
2.	Are customers aware of record keeping?									
3.	Has the business experienced record keeping problems?									
4.	How can a business overcome the problem of record keeping?									
5.	How has record keeping affected the business?									
6.	How to overcome challenges which affect recording keeping negatively.									

## SECTION D: RELATIONSHIP

Evaluate the following statement by circling the appropriate response basing on the scale below please do not leave any item unanswered

Code	1	2	3	4	5					
status	Strongly disagree	Disagree	Not sure	agree	Strongly agree	1	2	3	4	5
<b>A</b>	<b>Detecting errors and fraud to financial performance of SMEs</b>									
1.	How is Record keeping are useful in the profitability of the business.									
2.	How has Record keeping influenced the growth of the business?									
3.	How has Record keeping policies helps the business to be effective?									
4.	How is Record keeping efficiency to the business									
5.	How is record keeping helps in the management of the business?									
6.	Record keeping techniques has helped business to operate effectively and efficiently because of positive impact of it.									

**THANK YOU FOR YOUR RESPONSE!**



THE REPUBLIC OF UGANDA

Account clerk.....0772684878  
Finance person.....0774212081  
Finance treasurer.....0772373953  
Health inspector.....0782474204  
Inspector.....0782265549  
Engineer.....0782632600  
WDS Coordinator.....0772536903  
Email: [westdivisionfortportal@yahoo.com](mailto:westdivisionfortportal@yahoo.com)

WEST DIVISION-FORT PORTAL MUNICIPALITY  
P.O. BOX 65 KABAROLE  
KABAROLE DISTRICT

ANY CORRESPONDENCE ON THIS SUBJECT  
PLEASE QUOTE REF. NO WDFM/CR/164/3

June, 2018

Head of Department/Unit  
College of Economics and Management  
Kampala International University (KIU)  
Box 20000, Kampala-Uganda

## SECOND ATTACHMENT FOR MR. MWESIGWA YOWERI

I hereby acknowledge receipt of the application for the attachment of the above student and hereby accordingly offer  
vacancy.

The student is required to report for assignment of tasks and duties from the Finance department.

TOWN CLERK  
WEST DIVISION  
FORT PORTAL MUNICIPALITY  
Jeffrey Mugisa  
Town clerk  
1st June 2018