

**CHRIST APOSTOLIC UNIVERSITY COLLEGE
SCHOOL OF BUSINESS**

**AN ASSESSMENT OF BOOK KEEPING PRACTICES AMONG SMALL
AND MEDIUM SCALE ENTERPRISES IN KUMASI METROPOLIS**

**BY
NISSI ATO EWUR
ERNEST KODUAH**

**A PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS
ADMINISTRATION, CHRIST APOSTOLIC UNIVERSITY COLLEGE IN
PSRTIAL FULFILMENT FOR THE AWARD OF BACHELOR OF
SCIENCE DEGREE IN ACCOUNTING**

AUGUST, 2020

DECLARATION

Candidate's Declaration

We hereby declare that this dissertation is the result of our own original research and that no part of it has been presented for another degree in this university or elsewhere. However, all source materials have been duly acknowledged.

Candidate's Signature:..... Date:.....

Nissi Ato Ewur

(2016120027)

Candidate's Signature:..... Date:.....

Ernest Koduah

(2016120020)

Supervisor's Declaration

I declare that the preparation of this dissertation was in accordance with the guidelines on supervision of dissertation laid down by the Christ Apostolic University College, Kumasi

Signature.....

Date.....

Name: Mr. Frank Duku Mensah

ABSTRACT

The relevance of keeping proper books of accounts and sound accounting practices has been emphasized in achieving proper financial management in Small and Medium Scale Enterprises. In this study, we investigate the recording of proper books of account by SMEs in Kumasi (Ghana) through information based on responses to a close- ended questionnaire from 90 SMEs in Kumasi.

We report that majority of SMEs' owners were academic inclined, and also had at least an average level of accounting. This then contributed to the reason why most of these SMEs kept proper books of account.

It is therefore recommended that SMEs operators should obtain basic accounting knowledge to help them keep some records appropriately and where possible engage the services of SMEs accounting Professionals who will help the business keep proper accounting record and prepare the needed financial report at a least cost for the business, financial intermediaries and for other stakeholder usage. Since most of the respondents seem not to support attempts of making it mandatory to maintain proper accounting records and subsequently produce final accounts, we recommend that accounting record in SMEs become mandatory. The government should put measures in place to ensure that proper records keeping are kept by SMEs which will ensure that business declares the accurate income generated. In ensuring this, the necessary legal measures and adequate monitoring must also be put in place to ensure its compliance.

ACKNOWLEDGEMENT

First and foremost, we register our sincere gratitude to the Almighty God who has granted us the strength to carry out this study. Our humble appreciation also goes to Mr. Frank Duku Mensah, our supervisor who paved the way to our intended destination with their valuable expertise and structured guidance.

We would also like to register our gratitude to Mrs. Daniella Yamson for giving us a solid foundation to the course Research Methods. Indeed, it has been a milestone for us as a team to be successful in conducting this study.

Mr. Frank Duku Mensah, your contribution and feedbacks at the initial stage of selecting our research topic were sincerely recognized. We appreciate the NBSSI and the various SMEs for providing us with the information needed for making this research a reality.

Finally, we express our gratitude to all our family members and friends who supported morally and financially to this course. In short, we pray that God replenishes your efforts abundantly.

DEDICATION

We dedicate this project to the glory of the Almighty God, Mr. Frank Mensah Duku, the department of Business Administration, our parents and well-wishers for their support throughout the process of our education.

TABLE OF CONTENT

CONTENT	PAGE	
DECLARATION	ii	
ABSTRACT	iii	
ACKNOWLEDGEMENT	iv	
DEDICATION	v	
TABLE OF CONTENTS	vi	
LIST OF TABLES	viii	
CHAPTER		
ONE	INTRODUCTION	1
	Background to the Study	1
	Problem statement	3
	Research objective	6
	Research question	6
	Significance of the study	6
	Organisation of the study	6
TWO	LITERATURE REVIEW	8
	Introduction	8
	Conceptual framework	9
	Theoretical framework	19
	Empirical framework	21

THREE	METHODOLIGY	24
	Introduction	24
	Research design	24
	Population and sampling design	25
	Sample design	26
	Data collection method	27
	Data analysis method	28
FOUR	DATA FINDINGS AND ANALYSIS	29
	Introduction	29
	Gender distribution of respondents	31
	Age range	32
	Practices of financial records keeping	35
FIVE	SUMMARY OF THE STUDY, CONCLUSION AND RECOMMENDATION	40
	Introduction	40
	Summary of the study	40
	Conclusion	40
	Recommendation	41
	REFERENCES	42
	APPENDIX	46

LIST OF TABLE

Table	Page
1. Sample size distribution	27
2. Sector of operation	29
3. Ownership	30
4. Gender distribution of respondents	31
5. Age range	32
6. Qualification	33
7. Level of accounting experience	34
8. Practices of financial records keeping	36
9. Purpose for maintaining accounting records	37
10. Challenges in keeping accounting records	38

CHAPTER ONE

INTRODUCTION

Background to the Study

Micro and small-scale enterprises have been seen worldwide as instrument of financial and economic development. No wonder governments, in particular in the developing countries has made great effort and established policies to enhance the capacity of micro and small-scale enterprise. There has been an increasing concern for supporting the activities of Small and Medium-Scale Enterprises (SMEs) among governments (Amoako, 2012). Looking at their contribution towards national growth and economic development, it is believed that small and medium-scale enterprises (SMEs) are the backbone of a lot of economies across the globe (Alhassan & Muazu, 2014; Okoli, 2011). As stated by Amoako, Marfo, Gyabaah, and Gyamfi (2014), a major indicator of a advancing economy is a vibrant Small and Medium Scale Enterprises and how efficiently they contribute to Gross Domestic Product (GDP). Aside generating returns for their owners, Alhassan and Muazu (2014) made it clear that SMEs promote innovative ideas and creativity in the business arena, as well as creating an avenue to hep employ many people. Even in the developed industrial economies, it is the SME sector rather than the multinationals that provides the largest proportion of employees (Adu, 2013; Quartey & Abor, 2010). In other words, regardless of government institutional and approaches supporting to upgrading the limit of micro and small enterprise, they have not been able to meet expectations. This has then generated concerns and sceptics whether they can bring about economic growth and national

development in Ghana, the definition of Small and Medium scale Enterprises (SMEs) also differs from time to time and according to institutions. The Ghanaian Government used various definitions and criteria in identifying what is referred to as micro and small sized enterprises. At some point in time, it made emphasis of investment in machinery and equipment and working capital. At another time, it centred on capital cost and turnover were used. However, the Ministry of Trade and Industry, under whose jurisdiction the micro and small sized enterprises are, has therefore adopted a flexible definition especially as to the values of installed fixed cost.

The Statistical Service of Ghana (SSG) which published the industrial statistics explained small scale industries as those employing 29 employees or fewer, the rest are all considered as medium and large-scale enterprises. In relation to the Venture Capital Fund Act 2004 (Act 680) in Ghana, an SME is an industry, project, economic activity which employs not more than 100 people and whose total asset base, excluding land and building, doesn't go beyond the cedi equivalent of \$1 million in value. Also, according to the records of the Registrar General's Department in Ghana, almost ninety percent (90%) of registered companies are SMEs. Data from the Social Security National Insurance Trust (SSNIT) backed this assertion as it shows that 90 percent of companies employ less than 20 persons.

The National Board for Small Scale Industries (NBSSI) defined Micro and Small Enterprises as those businesses employing 29 or fewer workers. Micro enterprises are those employing between 1-5 people with fixed assets not

exceeding USD 10,000 excluding land and building. Small enterprises employ a range between 6 and 29 or have fixed assets not exceeding USD 100,000 excluding land and building. The National Board for Small Scale industries (NBSSI) further described SMEs as follows: Micro enterprise: below 5 employees; Small enterprise (6 – 29) employees; Medium enterprise (30 – 99) employees; and Large enterprise (100 and more) employees

Fasua (2006) classified business that fall under small and medium scale as follow in small scale enterprise, firewood supply, packaging of food items, meat retailing, plantain production, restaurant service, small scale poultry raising, rabbit raising, organizing labour squad, operating a European Journal of Accounting Auditing, nursery for children, home service, arranging food for parties and host of others. Business categorized under medium scale according to Fasua are: soap production, accountancy, aqua-culture/fish farming, chalk making, chemical production, foam production, nylon production, concrete block production, hair/body cream productions, commercial poultry, professional practice claw, education, food and beverage production among others.

Problem statement

In spite of all these problems relating to lack of bookkeeping, many businesses still fail to maintain proper records leading to high failure rate of about 30% of businesses annually in Ghana (Ghana Statistical Service report, 2003-2004). In addition, where they even survive, inaccurate records normally have an impact on businesses negatively and do not reveal the true picture of business.

In the past, the common factors that constrained SMEs growth included lack of government support, high operating costs, lack of access to finance and stiff competition among others (Esaete, 2005). However, with the current legal and regulatory framework in Ghana alongside the increased number of lending institutions, these problems have been substantially reduced (Alhassan & Muazu, 2014). Alhassan and Muazu (2014) indicated that the banking sector has recently improved its financial services towards SMEs in Ghana. Despite the constant attempts to boost activities of SMEs in Ghana the survival and growth of SMEs is still a challenge (Alhassan & Muazu, 2014). Poor record keeping makes it difficult to differentiate between business transactions and personal transactions of SME owners (Van Aardt et al. 2008; Rankhamise, 2010). Many business owners and managers use the assets of SMEs for their domestic use or personal benefits. According to Aremu and Adeyemi (2011), studies indicates that it is difficult for SMEs to access loans from financial institutions due to lack of proper financial records which is a requirement (Amoako, 2013). Except for statutory requirements, SMEs rarely consider proper accounting system, yet the poor and ineffective record keeping has contributed to the collapse of some of the SMEs. Ibrahim, 2015; Germain, 2010; Igboke 2002; and Udoh & Jaja, 2002, supported the failure of SMEs to keep proper records are one of the factors for their failure.

Empirical studies on bookkeeping practices in Ghana include Fuseini Issah Osman, Lawrence Ayine Adaane, and Belinda Bonney (2008) which also considered bookkeeping and perception of growth of small and medium scale enterprises in the Cape Coast metropolis and also discovered that, some people

did not see any benefit. Suraj (2011) conducted a study on bookkeeping practices and its relevance to SMEs in the New Juaben District in the Eastern Region and found out that many SMEs did not keep proper books and could not obtain financial assistance from banks, Amissah (2011) also conducted a study on proper bookkeeping and basic accounting procedures among SMEs in the Greater Accra Region and discovered that lack of knowledge in bookkeeping and lack of finance to engage the services of a bookkeeper contributed to most SMEs not keeping books. Amoako, Marfo, Gyabaah and Gyamfi (2014) investigated the accounting records keeping practices of SMEs in Ghana using the Suyani Municipality as a case study and found that majority of SMEs did not keep complete accounting records, Alhassan and Muazu (2014) also researched into the relationship between record keeping and performance of SMEs in the Tamale Metropolis and discovered that there was a positive relationship between record keeping and business performance. In bookkeeping, the majority understood the importance of bookkeeping in the growth of their businesses. Since the majority had a positive perception about bookkeeping.

In spite the fact that, SMEs are the foundation of the country's economy, no research has yet been done on the records keeping procedures among SMEs in the Kumasi Metropolis and this arises the need for an in-depth research to be conducted on SMEs in these areas. This study sought to assess records keeping among Small and medium scale enterprise.

Research objective

1. To assess the procedures used to record transactions in the books of small and medium scale businesses.
2. To examine the need for SMEs to keep proper records.
3. To examine the challenges to proper record keeping.

Research question

1. How does small and medium scale businesses keep records?
2. Why is it necessary for SMEs to keep proper records?
3. Are there challenges SME faces in keeping proper records?

Significance of the study

It is intended that the findings of this research project will primary be used for policy making, add to literature and improve the records keeping by SMEs. It can secondary be used by small scale business and the general public to assess and evaluate the need to ensure proper bookkeeping and to ensure that proper books are kept to ensure that the right amounts are paid out as tax, enhancement in their decision making, when to increase and when to decrease their expenses, and many more.

Organisation of the study

The chapter one comprises the background of the study, statement of problem, objectives, research questions, the study area, the scope of the study,

limitations of the study, and the significance of the study and the organisation of the study. Chapter two looks at the review of the study. Chapter three looks at the research methodology and profile of the study area. The analysis of data will be at chapter four and the chapter five will look at the findings, recommendations and conclusions.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This study reviews extensively the records keeping procedure its impact on Small and Medium Scale Enterprises, the perception business owner has towards keeping proper records, the necessity of keeping proper records and the challenges associated with SMEs not keeping proper records. This chapter review related literature on the problem's areas outlined in the purpose of the study. The literature focuses on the following sub-headings:

1. Conceptual Framework
 1. Small and medium scale enterprise
 2. Contributions of SMEs
 3. Definition of bookkeeping
 4. Concept of bookkeeping
 5. Steps of bookkeeping
 6. Types of bookkeeping
 7. Importance of bookkeeping
 8. Effects of improper bookkeeping
 9. Possible solutions to improper bookkeeping
2. Theoretical Framework
 1. History of bookkeeping
3. Empirical Framework

Conceptual framework

Small and medium scale enterprise

SMEs forms a central part of the economy in many developing countries across the world. SMEs is seen as the bedrock of the emerging private sector in developing countries and government assistance is paramount to sustaining and growth for the sector's contribution to the country's economy (World Bank report, 2000).

Micro, small and medium scale enterprises (MSMEs) create an avenue to help support job creation, income generation and poverty reduction in emerging economies like that of Ghana.

The definition of Small and Medium scale enterprises is broadly divided into two by (Back 1995). The first section being the qualitative definition define small and medium enterprises focusing on their qualitative characteristics such as; its ownership and control by few individuals, financed by owner- managers, and its operations is usually local base, even though its markets might be large. Also, the second viewpoint of the definition is the quantitative definition which also define small and medium enterprises based on their quantitative the quantitative characteristics (such as number of employees, sales volume, total assets and net worth) of small enterprises vary from industry to industry and from country to country. The importance of SMEs and the critical role they play in the economy of our nation cannot be understated. Hence in many countries, the laws mostly require that the Enterprises prepare financial statements and, often, have them audited (Amoako, 2012).

Contribution of SMEs

1. They are more labour intensive as compared to large businesses and therefore, have reduced capital costs associated with job creation (Anheier and Seibel, 1987; Liedholm and Mead, 1987)
2. They perform useful role in ensuring economic stability, growth and employment.
3. They are more likely to succeed in similar urban centres and rural areas, where they can contribute to the more even distribution of economic activity in a region and can help to slow the flow of migration to large cities. (Benard Effah et al,2014).

Definition of bookkeeping

Musah and Ibrahim defined records as documents created or received and maintained by an organization or individual in pursuance of legal obligations or in transacting business.

Vaedant also defines financial records keeping as the art and science of systematically recording financial transactions and maintenance of correct and up-to-date financial records of the organization to enable a trader know the result of his business transaction at the end of a certain period and may also prove the accuracy of such record. Vedant B. Definition of Bookkeeping;2009. Available:[http://www.itmatchoonline.com/article/Bookkeeping definition.php](http://www.itmatchoonline.com/article/Bookkeeping%20definition.php)

Concept of bookkeeping

Financial records in businesses is concerned with the way businesses communicate financial information to the public: the various categories of people who either invest in, lend money to, or do business with a company. These people rely on a company's financial statement and other information reports to make investment and other financial decisions about the company.

Although bookkeeping procedures can be somehow complex, all are based on two types of books used in the bookkeeping process; journals and ledgers. A journal is made up daily the daily transactions (sales, purchases, and so on), and the ledger is also made up of the record of individual accounts. The daily records from the journals are entered in the ledgers. Each month, as a general rule, an income statement and a balance sheet are prepared from the trial balance posted in the ledger. The purpose of the income statement or profit-and-loss statement is to present an analysis of the changes that have taken place in the ownership equity as a result of the operations of the period. The balance sheet presents the financial position of a company at a particular date in terms of assets, liabilities, and the ownership equity.

There are some basic rules that one must understand so as to make the setting of an accounting system easier and understandable to others.

Steps in records keeping

Jim W. Norman, 2004) stated that bookkeeping and accounting share two fundamental goals: to keep track of income and expenses, thereby enhancing your chances of making a profit. It is therefore required that business should consider these basic steps when recording their transactions.

1. keep receipts or other acceptable records for every amount received or paid out by the business
2. summarize income and expenditures on some regular basis, generally monthly
3. the summarized data is used to create financial reports that tell specific information about our business

Types of record keeping

Records keeping can be manually done or electronically (computerized). It does not matter if we use hand written schedules or use accounting software on the computer the aforementioned basic steps must be applied (Jim W. Norman, 2004).

1. Manual Record Keeping

Bookkeeping is the process of recording financial transactions of a business such that they are systematically organized for reference and preparation of financial statements. A manual system is a bookkeeping system where business records are kept by hand, without the use of a computer system. Instead, transactions are written in journals, from which information is manually rolled

into a set of financial statements Business adopt single entry system or double entry system to record transactions.

Single Entry book keeping

The single-entry system is a process of recording financial transactions where only one entry is marked for either a debit entry or credit entry for a specific transaction. The single-entry book keeping system is an “informal” accounting system where a user of the system records only one entry to enter business transaction (Eric and Gabriel, 2012). One of the standout features of single-entry system is that it doesn’t track asset and liability accounts which makes it look more like a check book register. Single entry book keeping doesn’t present the full picture of the financial position of a particular firm (Abdul-Rahamon, 2014).

Double Entry Book keeping

The double entry system ensures that for every single entry, a corresponding credit entry must be recorded while every credit entry completed by filing a similar debit entry, which means that each entry has an opposite entry. The double entry system is the standard frame work used by organizations to record financial transactions (Senzu & Ndebugri, 2018).

Double-entry system in records keeping is unique because it documents financial activities in a way that creates an equilibrium within the accounting records. In a complex business environment, in which an organization may be

involved in thousands of transactions daily, this balancing is a valuable control that ensures the accuracy of the recording process.

In spite of the enormous changes in business operations and their complexity since 1494, the basic elements of the double entry system of bookkeeping have remained virtually unchanged. Zhou (2010) suggested the use of accounting software is to improve accounting practices.

2. Computerized records keeping

Computerized bookkeeping eliminates many of the paper "books" that are utilized to record the financial transactions of a business entity; rather, relational databases are used recently, but typically, these still enforce the underlying principles of bookkeeping including the single-entry and double-entry bookkeeping systems. A computer is therefore a programmable machine that responds to a specific set of instructions in an appropriate manner and can execute a pre-recorded list of instructions Gupta (2008).

CPAs supervise the internal controls relating to computerized bookkeeping systems, which serve to reduce errors in documenting the numerous activities a business entity initiates or complete over an accounting period.

Record keeping is particularly relevant to the integrity of the business. The increasing corrupt tendency in Ghanaian society, which has permeated the fabric of the society including Ghanaians entrepreneurs, have prevented most small enterprises operators from maintaining adequate records. A lot of entrepreneurs avoid tax paid to the relevant authorities. Poor governance structure is another

challenge preventing small and medium enterprise to access funds easily from banks and other specialized financial institution in a country. An industrial analysis recently observed that one of the reasons why micro and small-scale enterprises (MSEs) funds hasn't been invested, is the operator prefer to get the funds as loan, at the expense equity contribution

The benefits of using accounting software include (Machera & Machera, 2017):

1. Stock reconciliation becomes easy
2. Maintenance of Assets register becomes easy
3. Financial ratios and graphs are then made possible
4. Making provision of financial intelligence for the business
5. Cloud accounting is possible
6. Speedy processing of transactions
7. Enhances completeness and accuracy

Importance of bookkeeping

1. Bookkeeping helps you to budget: Bookkeeping is relevant because it helps the business owner to budget. When income and expenses are properly organized, it becomes easier to review financial resources and expenses. Budgets create financial roadmap for the business. With a budget, you are able to plan for future expenses to be incurred and the anticipated resources that would cover those expenses.
2. Performing Business Evaluations: business owners are able to make an evaluation on their business in order for them to know if the business is

growing or not. Knowing where the business is at a certain point in time can help them to develop different strategies and make changes to improve it.

3. **Ease of Paying Taxes:** Another important aspect that directly connected to bookkeeping is the preparation of annual taxes. If a business have an organized balance sheet and they know everything about the cash flow in the business, calculating annual taxes becomes easy. They will not have to search for all the bills and always be in a rush because of this. They will also spare their tax adviser some efforts and time. Instead of correcting their statements, the adviser will now be able to provide tax-related advice.
4. **Ease of Claiming Business Expenses:** Expenses that small business owners want to claim as business expenses can be tracked and organized better with bookkeeping accounting.
5. **Tracking Profit and Growth:** Bookkeeping is relevant because it shows the profitability of the business. On the income statement, you can assess to see if your business is making profitable or not. Without this information, it becomes difficult to know how well (or not so well) you're doing. Bookkeeping then helps with tracking the growth of business. Over time, you will be able to accumulate months and years of data. With this data, you can analyse trends and gain a better understanding of your business cycles and compare results across periods.

6. **Financial Management:** Bookkeeping is relevant because it enables you to take control of the finances of the business. Bookkeeping projects a clear picture of how you use money. You can trace outstanding invoices owed by you or your customers for a given period. You will benefit from paying your bills on time and receiving payment from your customers for products purchased or services rendered on time too. It's this delicate balance of cash inflow and outflow that will help keep your business going.
7. **Requirement under Law:** Last, but certainly not least, the law requires the business owner to keep financial records for the business. Depending on your legal structure, the law expects the business owner to keep financial records separate from his personal expenses. Failing to do so, may lead to the termination of the business.

Effects of improper bookkeeping

1. Inefficient Business Operation

Bookkeeping plays a vital role in the daily activities of businesses. When transactions of businesses are not well kept, it affects the management of the working capital for any business organization, particularly for SMEs. This sometimes leads to the current liabilities exceeding the current asset, hence, resulting in financial distress for these businesses.

2. Difficulty in establishing Control

The absence of a sound accounting system or effective bookkeeping procedure makes it difficult establishing a sound internal control system. In SMEs there are some important control points like stock control, cash control, assets control etc. bookkeeping is a key tool to facilitate control process. If there are no adequate accounting records, fraud, misuse, corruption will be increased and will cause financial loss for the organisation.

3. Inability to secure funds from financial institutions

In the absence of an appropriate financial records, SMEs find it difficult getting finances financial institutions. Many medium size enterprises cannot go for public equity financing due to the lack of financial statements and proper accounting records

4. Poor Investment Evaluation & Management

SMEs turns to invest mostly in wrong projects due to the fact that they base their investment decision not on realistic of past records but rather on their perception and hearing from previous investor of that particular project, advise from friends and family members without having any investment analysis through Net Present Value (NPV), Internal Rate of Return (IRR), Accounting Rate of Return (ARR) etc. By investing in the wrong project, they lose their capital and gradually go for collapse.

5. Poor Business Decision

Decision making is a key aspect of every business. Decision making is made based on the past and present occurrences. Without adequate records it becomes difficult making an informed and better decision. Because effective bookkeeping

system ensures relevance, reliability, comparability and consistency of the information that are used to take decisions.

Possible solution to improper bookkeeping

For the simplicity, accuracy and security of financial records, small business entrepreneurs can maintain his books of account in computerized mode. While keeping books of account, every transaction has to be recorded in line with the applicable accounting standards and principles, because these principles/standards ensure the accuracy and the computer mode usually conforms to all requirements of the industries.

Theoretical framework

History of bookkeeping

Traces of financial and numerical records are found in nearly every civilization with a commercial background. Records of commercial contracts can be found in the ruins of Babylon, and accounts for both estates and farms were kept in ancient Greece and Rome. The double entry system of bookkeeping started from the development of the commercial republics of Italy, and instruction manuals for bookkeeping were developed during the 15th century in various Italian cities.

It wasn't until 1494 that the bookkeeping method similar to the method used today was described in great detail. Frater Luca Pacioli published what is generally identified as the first complete text on bookkeeping. The book was

titled "Everything about Arithmetic, Geometry and Proportion." This text explains in detail the standard accounting system used today. In the book, Pacioli painstakingly noted the various bookkeeping tools used including journals and ledgers. He is commonly known as the father of modern bookkeeping.

In the late 18th and early 19th centuries, the industrial revolution made available a relevant stimulus to accounting and bookkeeping. The rise of manufacturing, shipping, trading, and subsidiary services made accurate financial records a mandatory task. The history of bookkeeping, in fact, closely reflects the history of industry, commerce, and government and, in part, helped to shape it. It also provides sustainable recordkeeping to connect the past activities to the present activities and the present to the future (McKemish, 2001). The global expansion of industrial and commercial activity usually required more sophisticated decision-making processes, which as a result required more sophistication in the selection, classification, analysing and presentation of information, increasingly with the help of computers. Taxation and government regulation became more relevant and resulted in increased demand for information; business firms needed to have available data to support their income tax, sales tax, payroll tax, and other tax reports. Governmental agencies and educational and other non-profit institutions also increased in size, and the demand for bookkeeping for their own activities accelerated. Record keeping has then become the background on which the totality of modern businesses depends (Olukotun, James & Olore, 2012).

Empirical framework

The contributions of SMEs to the development of Ghana cannot be overlooked. They therefore support the achievement of economic growth and development of the nation. In Ghana, the National Industrial Census (NIS) report projected that 70% of all industrial establishments are in the Small and Medium Enterprises Sector (GSS, 2003) and contribute about 22% to GDP composing of about 92% of all businesses in Ghana. Also, it is estimated that, 85% of manufacturing employment and to a larger extent overall employment growth in the country comes from the Sector.

Daniel Agyapong (2010), investigated into Micro, Small and Medium Enterprises' Activities, Income Level and Poverty Reduction in Ghana which Indicated that the activities of SMEs is helping in the alleviation of the high unemployment rate in the country. Also, Governments' revenue is boasted through the activities of SMEs by way taxes. The more SME's there are within a society, the more revenues the government can generate through taxes. People who are employed will also be able to generate income thereby reducing the poverty level in the country. In effect SME's contribution toward the economy and employment is essential as they provide the stimulus to economic growth, develops human assets, fosters backward and forward linkages and develops entrepreneurial skills in the country.

Empirical research made on bookkeeping are, Dr. Olufemi Aladejebi & Dr. Johnson Abiodun Oladimeji (2019), also researched into the impact of record keeping On the Performance of Selected Small and Medium Enterprises with Lagos Metropolis as a case study and discovered that, the respondents understood the importance of record keeping and its positive impact on business and agreed that the major benefits of keeping proper record is to know the performance of the business and that record keeping is key to the success of the business. Majority of the SMEs operators lack basic accounting knowledge and decry the cost involved in preparing financial statement and hence resort into keeping the records themselves and in most cases manually. The cost involved in business failure as a result of lack of proper record keeping far outweigh the cost of preparing proper record for any business concern. The study therefore recommended that SMEs operators should seek for basic accounting knowledge to enable them maintain some records properly and where possible engage the services of SMEs Professionals who will be able to keep proper record and prepare relevant financial report at a minimal cost for the business, banks and for other third party usage. Abubakar Suraj (2011) researched into bookkeeping practices and its relevance to SMEs in new Juaben municipality in the eastern region of Ghana. The findings of the study show that bookkeeping is still a difficult task for most businesses in the Municipality. It was also discovered from the study that, most business owners, especially sole proprietors think they own the business and could decide to keep or not to keep books of accounts. Thomas Appiah (2015) researched into the challenges of paying tax of small and medium scale

enterprises in the Kumasi metropolis and discovered that one of the challenges facing SMEs in Kumasi metropolis is lack of proper records keeping. The results of the study found out that about 57% (204) respondents indicated lack of proper book keeping as a challenge to tax compliance. It was noted that some of the respondents did know how to keep proper books of accounts of their businesses upon which they are assessed for tax.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter is made up of the methodology of the research and it is broken down into the following subdivision: research design, research area, the population, sample as well as the distribution of the samples. In addition, the research instruments, data collection procedures and method of data analysis. The methodology applied by the study will have to be chosen in order to acquire information and deduce conclusions about the need of proper bookkeeping in small and medium scale businesses.

Research design

According to Cambridge Advanced Learners Dictionary (2003), Research design is "a comprehensive plan for data collection in an empirically research project" (pg.614). Also, According to Mugenda and Mugenda (2003), research design can be based on the research type, purpose of research and analysis that will be used.

The researcher used descriptive research design which aims at accurately and systematically describing a population, situation or phenomenon. This gives us the opportunity for us to have the option to evaluate the accounting practices among the SMEs. The researcher sees it to be in accordance with the main purpose of descriptive research design that is, improving the bookkeeping practices. The objective here is to improve practice among SMEs.

This method also uses a wide variety of quantitative and qualitative data collection methods to investigate both SMEs that uses either proper book keeping or improper book keeping.

The survey method will be used in gathering information from respondents. This includes direct visits, interviews and administration of questionnaires. Questionnaires and personal interviews will be the methods employed in gathering the field data their convenient. The field data will be analyzed using frequencies, percentages, pie chart and tabulations will be used to score the data.

Population and sampling design

Population

Identifying the number in SMEs in Ghana has consistently been met with certain challenges. Notwithstanding this, the examination embraced the enlisted SMEs by NBSSI in the Kumasi Metropolis. As at 2019, there were 195 SMEs registered with the NBSSI in Kumasi metropolis. These businesses is made up of a composition of 50.57% manufacturing, 30.45% service, 13.21% agriculture industry 4.02% production, 1.15% processing and 0.57% finance of the industrial sector of Kumasi metropolis.

Sample design

Sampling

Normally researchers would want to study is the entire population. Despite the numerous numbers of SMEs in Kumasi metropolis, it is impossible or unfeasible to gather information from each one of them and therefore one must settle for a sample. According to Black and Champion (1976), sample is a portion of elements selected from a population, which is considered to be representative of the population. The research was designed to cover the activities of 90 small and medium scale enterprises in Kumasi metropolis. This will be sampled out of the 195 SMEs registered with the NBSSI as at 2019.

Sample size

Kumasi metropolis is made up of 9 sub metropolitan areas namely: Menhyia, Tafo, Suame, Oforikrom, Bantama, Kwadaso, Nhyiaeso and Subin-Asawasi, Asokwa. Data collected is based on records of 100 SMEs in these sub metros. The distribution was made proportionally to the number is SMEs in these sub metros.

Sample size distribution

NO	Location of SME	Number of SMEs
1	Asokwa	9
2	Oforikrom	9
3	Bantama	9
4	Menhyia	9
5	Tafo	9
6	Suame	12
7	Kwadaso	12
8	Nhyiaeso	10
9	Subin	9
Total		90

Data collection method

Data collection involves gathering of facts presented to the researcher from the study's environment (Cooper and Schindler, 2014). For the purpose of this research, and in order to achieve the objectives, primary data will be collected to get personal insight.

In order to get a clear picture and to be able to derive relevant information for analysis, the primary data will be collected by gathering quantitative data which was gathered by administering a questionnaire to selected SMEs in Kumasi metropolis

The questionnaire survey

The questionnaire was carried out by asking closed-ended questions in order to call for responses which will be narrowed down the field of enquiry. This will

also help us to analyse the data easier since the responses can be directly compared and easily aggravated. They will be versatile; surveys can be employed among people of all ages and they can be replicated from one subject to another and many questions can be answered in a short time.

Data analysis method

Data analysis is an essential part of any research. Data analysis summarizes collected data. It constitutes the interpretation of data collected through the use of analytical and logical reasoning to determine relationships, patterns or trends. In analysing our Data, we used a frequency distribution table showing in percentages the responses from our respondents for each question asked on the questionnaire. This will then be made easy through a well-established online data collection process which analysis data as they are being collected.

CHAPTER FOUR

DATA FINDINGS AND ANALYSIS

Introduction

This chapter provides an analysis of data collected from on the topic under study. The study examined the records keeping practices among SMEs in Kumasi metropolis. It deals with the data presentation and analysis in relation to the purpose of the study, which was to assess the records keeping practices among SMEs in Kumasi metropolis.

Sector of operation

Industry	Frequency	Percentages
Retail	35	39%
Manufacturing	13	14%
Service	37	41%
Wholesale	19	21%

From the table above, it explicitly shows that out of the 90 SMEs, 35 of the businesses retail goods representing a percentage of 39%, 13 of the businesses manufacture goods representing 14%, 37 of them provide services representing 41% and 19 of them are into wholesale businesses representing 21%. This means that majority of the SMEs in the Kumasi Metropolitan Assembly provide services. This could probably be caused by the fact that most SMEs (informal sector) cannot afford the huge start-up capital of manufacturing firms and wholesale

firms. This is inconsistent with the findings of Suraj (2011), Lawrence Ayine Adaane (2016) and Dodor (2017) who had majority of the SMEs into trading.

Ownership

Ownership	Frequency	Percentages
Sole Proprietor	54	60%
Partnership	11	12%
Family	11	12%
Limited liability	14	16%

The table above shows the data of the ownership status of the businesses with whom the respondents owned. From the 90 respondent, 54 of the respondents forming 60% of the total population solely owned the businesses, 11 of them were in partnership constituting 12% of the total population, 11 of them were in family owned businesses also forming 12% of the total population and 14 of the respondents were in limited liability businesses making 16% of the total population. This shows that most of the SMEs are the sole owners of the business because of how easy it is to start such businesses. Suraj (2011) Sole proprietorships also known as one-man business when supported with the adequate skills and capital is likely to grow and expand to offer employment to the ever-growing labour force in the metropolis. According to Thomas Appiah (2015) and Suraj (2011), majority of the SMEs were solely owned or one-man businesses which is in consistent with the results of this findings.

Gender distribution of respondents

Gender will enable us understand the proportion of male to female population in the SMEs sector in the metropolis.

Gender	Frequency	Percentage
Male	60	68%
Female	28	32%

The results from the table above reveal that, the male population constitutes the largest with a percentage of 68% while that of the female population constitute about 32%. This data is an indication of a male dominated sector even though the female population is significantly represented. It is however in agreement with the findings of Suraj (2011), which shows that majority of the business owners in New Juaben are males. Also, according to Thomas Appiah (2015), who researched into the challenges of paying tax of small and medium scale enterprises in the Kumasi metropolis and discovered that one of the challenges facing SMEs in Kumasi metropolis is lack of proper records keeping discovered that majority of the SMEs owners were males. This is also in consistent with the results of this findings.

Age range

This table shows the demographical distribution in terms of the age category of respondent

No	Age Range	Frequency	Percentage
1	20-25	20	23%
2	26-30	22	25%
3	31-35	27	31%
4	36-40	12	14%
5	41-45	4	5%
6.	46-50	1	1%
7.	50 and above	2	2%
	Skipped	2	

The data above illustrate the age range of respondents. It is made up 7 categories of respondents between the age range of 20-25, 26-30, 31-35, 36-40, 41-35, 46-50, 51 and above. Out of the 100 respondents survey, 20 (23%) was within the age category of 20 - 25, 22 (25%) was between 26 -30, 27 (31%) within 31-35, 12 (14%) within 36 - 40, 4 (5%) were 41- 45, while 1 (1%) were 46-50 and 2 (2%) who were 51years and above. The researcher wanted to obtain the ratio of age distribution in the metropolis. This is an indication that majority of the youth make up the largest in the sub-sector and that explains essence of the sector is in terms of its contribution with regards the socio-economic development of the metropolis. This result is similar to the results from the work of Christian Dodor (2017) who evaluated the effects of sound bookkeeping practices on the growth of small and medium scale enterprises in Ho municipality where majority of the business owners were in the age category of 20 to 30 followed by those above

30years and below 40years. However, all other age groups within the municipality were considerably represented.

Qualification

No	Qualification	Frequency	Percentage
1	GCE/SSCE or below	3	3%
2	Secondary/ SHS	13	15%
3	Diploma	19	22%
4	Degree	49	56%
5	Others	4	5%
	Skipped	2	

In understanding the behaviour of business owners, it is necessary to know their educational level. Mostly Ghanaians have the perception that, it is required that one should have a higher educational level to successfully comprehend the dynamics and threats posed by business management. This academic background has a direct impact in understanding the relevance of maintaining proper accounting records. By implication, business owners who have good educational level will make sure that they have the right control measures in place and also ensure the implementation of the needed accounting methods. The data collected showed that, 3(3%) were GCE/SSCE or below, 13(15%) had complete Senior High School, 19(22%) had a Diploma certificate, 49(56%): Degree, and others constituted 4(5%). From the data, it shows that majority of the respondents had completed their degree program which shows that university graduates are now

developing the mindset of owning their own business than joining the pool of unemployment graduates.

Generally, most operators in the SME sector in the metropolis had obtained formal education in one way or the other which is positive and can directly influence record keeping practices especially when they can read and write. The results are consistent with Tolentino (2000) who stated that the readiness of owners to practice proper bookkeeping was influenced by their educational level. According to Thomas Appiah (2015), majority of the SME owners that time had completed Senior High School or Secondary school followed by business owners who had completed Tertiary. As stated by Tolentino (2000), Muchira (2012) the educational level and experience of owners has an influence on the quality of records keeping.

Level of accounting experience

This was an assessment of the accounting knowledge of the business owners.

No	Level	Frequency	Percentage
1	Low level	12	14%
2	Below average	9	10%
3	Average	35	40%
4	Above average	18	20%
5	High skills	14	16%
	Skipped	2	

The literature highlighted that majority of the SMEs do not worry themselves about the preparation of accounting records because of the level of accounting skills business of the owners. This then makes it essential for us to assess the accounting levels of the owners based on their own rating of their accounting skills. We deduced that, 12 (14%) had a lower level of accounting, 9 (10%) were below average, 35 (40%) were average, 18 (20%) were above average and also 14 (16%) had a higher accounting skill. This data shows that more than half or 50% of the respondent were above average in terms of their accounting experience which forms the reason why most of the SMEs kept accounting records. This is because, business owners who have an understanding about the need for business to keep record will ensure that their businesses keep adequate records.

Practices of financial records keeping

This provides information on the number of SMEs who kept proper records. The question was asked in relation to these two basic forms of records: the books of account and financial report.

The books of accounts constitute the Receivables ledger, Payables ledger, Cash book, General ledger, etc whereas the financial report also consists of Statement of Financial Position, Income statement, Cash Flow Statement, and others.

Practices	Frequency	Percentage
Yes	76	92%
No	7	8%
Skipped	7	
Total	90	100

Respondents were asked a question on their record keeping practices. This question was geared towards grouping the respondents. Those who kept accounting records answered YES and those who didn't chose NO in relation to their accounting skills which states clearly that most of the business had a fair knowledge of what proper records keeping entails.

Out of the 100, 92% respondents kept proper accounting records. The “yes” implies that, with regards their understanding of accounting records they were in line with the accounting records keeping procedures.

Furthermore, 8% answered “No”. They consist of those whose records were not in line with the required form to make it qualify for a classification under financial records.

The respondents have diverse forms of financial records and their understanding of accounting record then becomes subjective to further justification. This result is in line with the results from a similar study conducted in New Juaben by Suraj (2011) where majority of the respondents kept proper records. Also, according to Abiodun Oladimeji (2019), most of the SMEs kept records of their business transactions. These records were kept by the business owners.

Purpose for maintaining accounting records

No	Purpose	Frequency	Percentage
1	Income distribution	3	4%
2	Taxation	4	5%
3	Performance evaluation on purpose	28	34%
4	Tracking of receivables and payables	31	37%
5	To determine the size of the business	11	11%
6	For support in accessing finance	6	7%
	Skipped	7	

From the data recorded previously, we had closed to 92% of the respondent who kept proper records. We then continued to obtain the purpose for maintaining financial records.

The factors of motivation or the indicators were in 6 forms, which are: income distribution, taxation, performance evaluation on purpose, tracking of receivables and payables, to determine the size of the business and for support in accessing finance. Out of the 100 respondents, 4% stated that they kept accounting records to know the income distribution of the business, 5% agreed that they kept records to know the tax to be paid, 34%: Performance evaluation on purpose, 37%: Tracking of receivables and payables, 11%: To determine the size of the business, and 7% also agreed that they kept records to be able to gain financial assistance from financial institutions.

Considering the findings of Christian Dodor (2017), majority of the SMEs kept proper records to enable them to also track their payables and receivable

which is consistent with our findings. Also, according to Abiodun Oladimeji (2019) who researched into the impact of record keeping On the Performance of Selected Small and Medium Enterprises with Lagos Metropolis as a case study discovered that majority of the people kept records because records keeping helps them in detecting thefts within the business itself and also helps them to know the performance of the business

Challenges in keeping accounting records

No	Challenges	Frequency	Percentage
1	Its time consuming	24	29%
2	It is expensive	9	11%
3	It requires technical skills and knowledge	35	42%
4	It requires more staff	1	1%
5	It exposes your financial position	11	13%
6	It makes the firm pay more tax	0	0
7.	There's no need to keep accounting records	1	1%
8.	It is difficult to maintain the system	2	2%
	Skipped	7	

The table above shows the challenges SMEs in Kumasi metropolis mostly face. From the data, 29% of the respondents saw records keeping to be time consuming, 11% saw it to be very expensive, 42% stated that it requires technical skills and knowledge, 1% said that it requires more staff, 13% agreed that it

exposes their financial position, 1% also contested that there is no need or keeping accounting records and 2% stated that it is difficult to maintain the system. This shows that most of the business owners agree that to be able to maintain proper records, it requires the use of some technical skills and knowledge and this can be done easily done by employing the expertise of a highly skills bookkeeper. Comparatively, this finding is different from the findings of Suraj (2011) who saw bookkeeping to be a challenge because they were always busy and Christian Dodor (2017) who also had majority of his respondents finding it difficult in maintaining the system. Also, according to Abiodun Oladimeji (2019), the business owners stated that lack of accounting knowledge was one of the challenges that prevented businesses from keeping adequate records. The results of this research is then in consistency with that of Abiodun Oladimeji (2019).

CHAPTER FIVE
SUMMARY OF THE STUDY, CONCLUSION AND
RECOMMENDATION

Introduction

The study is to assess the records keeping practices of SMEs in Kumasi metropolis. This chapter contains the summary of the whole study, the conclusion and recommendations.

Summary of the study

The data indicates that majority of the SMEs in Kumasi metropolis provide services of which most of them are solely owned by university graduates. It also shows that these people have basic accounting knowledge which makes them understand the relevance of maintaining proper accounting records. Furthermore, only a hand full of the respondents do not see the need for keeping proper records and also think that it requires more staff.

Conclusion

The respondent consists of diverse groups of people who businesses operating in different sectors. The study is intended to analyse the record keeping practices among SMEs in the Kumasi metropolis. With regards to the results, it shows evidently that majority of the SMEs keep proper records because most of the business owners see the relevance for a business to keep proper records. Also, a majority of the respondent agreed that bookkeeping was relevant because it

helps businesses measure the performance and progress of the business, also keeping track of their receivables and payables and therefore, helps in the success of the business. Most of the business owner lack the basic accounting or records keeping knowledge and also stated emphatically that bookkeeping requires technical skills and knowledge which is related to the hiring the expertise of a professional.

Recommendation

It is therefore recommended that SMEs operators should obtain basic accounting knowledge to help them keep some records appropriately and where possible engage the services of SMEs accounting Professionals who will help the business keep proper accounting record and prepare the needed financial report at a least cost for the business, financial intermediaries and for other stakeholder usage. Since most of the respondents seem not to support attempts of making it mandatory to maintain proper accounting records and subsequently produce final accounts, we recommend that accounting record in SMEs become mandatory. The government should put measures in place to ensure that proper records keeping are kept by SMEs which will ensure that business declares the accurate income generated. In ensuring this, the necessary legal measures and adequate monitoring must also be put in place to ensure its compliance.

REFERENCES

- Abdul-Rahamon, O. A. & Adejare, A. T. (2014). The Analysis of the impact of Accounting Records Keeping on the Performance of the Small-Scale Enterprises International *Journal of Academic Research in Business and Social Sciences* 4, 1-17, doi:10.6007/IJARBS/v4-i1/506 double.
- Abubakar S. (2011). Assessment of bookkeeping practices and its relevance to SMEs in New Juaben municipality in the eastern region of Ghana. Kwame Nkrumah University of Science and Technology, Kumasi. Institute of distance, Ghana.
- Adu, F. A. (2013). Working capital management in trading and manufacturing firms in Accra and its effect on liquidity and profitability – A focus on Inventory and trade receivables. Unpublished Master's Thesis, Ashesi University College, Accra, Ghana.
- Alhassan, M., & Muazu, I. (2014). Record keeping and the bottom line: Exploring the relationship between record keeping and business performance among small and medium enterprises (SMEs) in the Tamale Metropolis of Ghana. *Research Journal of Finance and Accounting*, 5(2), 107- 117.
- Alhassan, M., & Muazu, I. (2014). Record keeping and the bottom line: Exploring the relationship between record keeping and business performance among small and medium enterprises (SMEs) in the Tamale Metropolis of Ghana. *Research Journal of Finance and Accounting*, 5(2), 107- 117.
- Alhassan, M., & Muazu, I. (2014). Record keeping and the bottom line: Exploring the relationship between record keeping and business performance among small and medium enterprises (SMEs) in the Tamale Metropolis of Ghana. *Research Journal of Finance and Accounting*, 5 (2), 107- 117.
- Amissah, H. (2011). Proper bookkeeping and basic accounting procedures in small scale enterprise. Master's Thesis, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana.
- Amoako, K. O. (2012). Trust in exporting relationships: the case of SMEs in Ghana. Unpublished Master's Thesis, Middlesex University.
- Amoako, K. O. (2012). Trust in exporting relationships: the case of SMEs in Ghana. Unpublished Master's Thesis, Middlesex University.

- Amoako, K. O., Marfo, E. O., Gyabaah, E. N., & Gyamfi, O. (2014). Accounting records keeping practices of SMEs in Ghana: Evidence from Sunyani Municipality. *British Journal of Economics, Finance and Management Sciences*, 9, 120 – 132.
- Anheier, H.K. and Seibel, H.D. (1987) small-Scale Industry and Economic Development in Ghana: Business Behavior and Strategies in Informal Sector Economies. Breitenbach, Saarbruchen.
- Cooper, D. R., & Schindler, P. S. (2014). “Business research methods”. 12th Ed. New York NY: McGraw-Hill.
- Daniel A. (2010). Micro, Small and Medium Enterprises’ Activities, Income Level and Poverty Reduction in Ghana. University of Cape Coast, Cape Coast, Ghana.
- Dr. Olufemi A., Dr. Johnson A. O. (2019). The Impact of Record Keeping On the Performance of Selected Small and Medium Enterprises in Lagos Metropolis. *Journal of Small Business and Entrepreneurship Development* June 2019, Vol. 7, No. 1, pp. 28-40. American Research Institute for Policy Development.
- Effah, B., Boampong, E., Asibey, O., Pongo, N.A. and Nkrumah, A. (2014) Small and Medium Bamboo and Rattan Enterprises in Economic Empowerment in Kumasi: Perspectives of Procedures. *Journal of Social Economics*, 1,11- 21.
- Esaete, M. (2005). Quality of record keeping and performance in small business enterprises. Unpublished Master’s Thesis, Makerere University, Kampala, Uganda.
- Fuseini, I, O., & Lawrence A. A., and Belinda B. (2008). Bookkeeping and perception of growth of small and medium scale enterprises in the Cape Coast metropolis. University of Cape Coast, Cape Coast, Ghana.
- Gupta, V. (2008). Comdex 14-In-1 Computer Course Kit,. 2008 Edition ed. New Delhi: Dreamtech Press

- Machera, R.P. & Machera, P. C. (2017). Computerised accounting software; A curriculum that enhances an accounting programme. *Universal Journal of Educational Research* 5(3): 372-385. doi: 10.13189/ujer.2017.050310
- McKemmish, S. (2001). Placing records continuum theory and practice. *Archival Science*, 1(4), 333 – 359.
- Muchira, B. W. (2012). Record keeping and growth of micro and small enterprises. A case study of Thika Municipality in Kenya. Unpublished MBA thesis, KenyattaUniversity-Kenya.
- Mugenda, O. M., & Mugenda, A. G. (2003). Research methods. Quantitative and qualitative approaches. Nairobi. Acts
- Okoli, B. E. (2011). Evaluation of the accounting systems used by small scale enterprises in Nigeria: The case of Enugu-South East Nigeria, *Asian Journal of Business Management*, 3(4), 235 – 240
- Olukotun, A. G., James, S. O., & Ifedolapo, O. (2012). The roles of record keeping the growth and survival of small scale enterprises in Ijumu local Government area of Kogi State. *Global Journal of Management and Business Research*, 12(13), 54 – 66.
- Quartey, P., & Abor, J. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 218.
- Senzu, E.T & Ndebugri, H. (2018.) Examining business performance of micro, small and medium scale enterprise through Accounting records keeping; case study in Ghana. Munich Personal RePEc Archive Retrieved from www.mpra.ub
- Suraj, A. (2011). Assessment of bookkeeping practices and its relevance to SMEs in New Juaben Municipality in the Eastern Region of Ghana. Unpublished Thesis, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana.
- Thomas a. (2015). Challenges of paying tax: a case study of small and medium scale enterprises in the Kumasi metropolis. Kwame Nkrumah University of science and technology, Kumasi, Ghana.

Tolentino, A. (2000). Guidelines for analysis and programmes for small and medium enterprises development. Enterprise and Management development working paper EMD/13/E.

Zhou, L. (2010). The Research on Issues and Countermeasures of Accounting Information of SMEs. *International Journal of Business Management*, 5(3), 223-225. retrived from www.ccsenet.org

CHRIST APOSTOLIC UNIVERSITY COLLEGE

SCHOOL OF BUSINESS

**THE ASSESSMENT OF BOOKKEEPING PRACTICES AMONG
SMES**

This questionnaire is to assess to know the records keeping procedures or practices among the SNEs in Kumasi metropolis. This is also to assure respondent the any information shared is therefore treated confidential.

Answer each question by ticking within the box provided and provide detailed answers where necessary.

GENERAL INFORMATION

1.0 Business details

1.1 Name of business (optional).....

1.2 Sector of operation (thick the desired choice)

No	Sector	Thick
1.	Retail	
2.	Manufacturing	
1	Service	
2	wholesale	

1.3 Ownership

No	Ownership	Thick
1	Sole Proprietor	
2	Partnership	
3	Family	
4	Limited Liability	

3.0 Accounting practices

3.1 Does the firm keep accounting records with reference to these basic forms of bookkeeping?

The books of account and financial report. The books of accounts constitute the Receivables ledger, Payables ledger, Cash book, General ledger, etc whereas the financial report also consists of Statement of Financial Position, Income statement, Cash Flow Statement, and others.

No	Response	Thick
1	Yes	
2	No	

3.2 Purpose for keeping accounting records

No	Purpose	Thick
1	Income distribution purpose	
2	Taxation	
3	Performance evaluation on purpose	
4	Tracking of receivables and payables	
5	To determine the size of the business	
6	For support in accessing finance	

3.3 Challenges in keeping accounting records

No	Response	Thick
1	It is time consuming	
2	It is expensive	
3	It requires technical skills and knowledge	
4	It requires more staff	
5	It exposes your financial position	
6	It makes the firm pay more tax	
7	There's no need to keep accounting records	
8	It is difficult to maintain the system	