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THE IMPACT OF FINANCIAL RECORDS ON PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs)

A CASE STUDY OF MR. WASHINGTON OY.

ADEJUMO, AZEEZ ADENIYI

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Adejumo Azeez Adeniyi (1202192)
Degree Programme in Business
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Abstract

Adejumo Azeez Adeniyi (1202192)

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ABSTRACT:

This research study was conceived to undertake a critical appraisal of the impact of financial records on performance of small and medium scale business using Mr. Washington as an empirical case study.

The objective of this research work is to examine the problems faced by SMEs in the area of keeping effective financial records and to provide some possible solutions. The researcher was enthused to implement this research study because he believes that keeping of financial records have a significant impact on the performance of small and medium scale businesses. Data was collected through the use of questionnaire from both males and females who have at least 5 years of in-dept knowledge about the organization (SMEs). Besides this, a simple random sampling method of data collection was also adopted.

The study reveals that financial record keeping has significant effect on the performance of small and medium scale businesses (SMEs).

Finally, this research study reveals the fact that in order to increase the profitability of the business as well as to expand the SMEs operations, there is need for a good accounting record keeping to be maintained properly by a qualified personnel or accountant who has the accounting skills, knowledge and self determination.

Keywords: financial records , critical appraisal , implement, performance , simple random sampling , significant , qualified personnel or accountant and profitability .

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1. INTRODUCTION

The acronym SMEs stands for Small and Medium Scale Enterprises. Basically, there is no universal single definition of what constitutes an SME. The criteria for SME depends on the location of businesses, the industry in which it operates, the number of employees, the level of sales volume over a given period (turnover) and value of assets

Small and Medium Scale Business (SME) can be defined as enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro or an annual balance sheet total not exceeding 43 million euro. (Hodgetts & Kuratko 2008, 4)

Book keeping or record keeping can be defined as the process of identifying, classifying, recording and summarising the business transactions in order to allow the managers, investors, government agencies and the creditors to measure or to evaluate the activities of the entity. (Adekunle 2000, 1)

Various documents used in accounting records includes invoices, receipts, vouchers and pay-rolls.

Other various accounting principles, concepts and conventions have been issued to standardise or to aid the effective record keeping of business operations as well as to ensure monitoring of business performance.

1.1 Statement of Problem.

The small and medium scale enterprises play important roles in the economic well-being of Finns. Therefore, the financing of SMEs and their accounting records system is an issue to be taken seriously by any business investors. It is generally acknowledged that financing of business operation is a major problem all over the world and this should not be overlooked or ignored by any organization that seeks to achieve business growth or business success.

However, the researcher would like to examine the financing and accounting records systems of small and medium scale enterprise over the years and the problems that are being faced by the owners of SMEs in their business operation.

1.2 Objectives of the Study

This thesis has specific objectives to carry out among which are to:

- a. Examine the problems faced by SMEs in the area of keeping financial and accounting records.
- b. Investigate some governmental policies that affect SMEs.
- c. Examine the accounting records involved in small and medium scale business.
- d. Investigate the modes of finance of the selected organisations.
- e. Identify the possible solutions to the financing and accounting records problems faced by SMEs.

1.3 Research Questions.

In an attempt to actualize the objectives or the stated purposes of this study, the following research questions are constructed as follows:

- i. To what extent does keeping financial record enhance the survival of small and medium scale business in Finland?
- ii. What are the various strategies being used by SMEs in operating or in maintaining an effective financial records?
- iii. To what extent do financial records have significant effect on the performance of small and medium scale business (SMEs)?
- iv. What are the major problems being faced by SMEs in the areas of keeping financial records and maintaining of an efficient accounting system?

1.4 Scope and Limitation of the Study.

The study is limited to small and medium scale business or enterprise using Mr. Washingman Oy as a case study. This is to ensure a proper focus and to obtain a better analysis of findings. This study is also limited to both financial resources and time factor or time available to the researcher.

However, the conducted personal interviews and observations made by the researcher on small and medium size business revealed that some SMEs owners frequently have difficulties in obtaining capital or credit facilities from the financial institutions in their early start-up phase.

1.5 Significance of the Thesis

- i. Recommendations and conclusions of this thesis will enlighten the business proprietors (owners) and managers of businesses on how to ensure and maintain proper accounting records keeping.
- ii. The thesis will also be useful in further research with respect to all aspects of business management including efficient financial record keeping.
- iii. To the researcher of this thesis, this will be useful in fulfilment of the requirements for the awards of Bachelor Degree in Business Management.

1.6 Research Methodology

Research methodology of this thesis is chosen to find out answers to research questions out of data collection and analysis of data used. The main objective of this research is to find out the impact of keeping financial records on the performance of small and medium scale enterprises (SMEs) using Mr. Washingman Oy as an empirical case study.

Questionnaires and personal interviews will be used to collect data for this thesis.

However, the questionnaires will consist of two major sections as follows:

Section A: This will consist of a quantitative personal data about the respondents.

Section B: This will consist of qualitative data of statements of records keeping and performance of business.

1.7 Definition of Terms

a. Economic Development: This refers to as the qualitative and quantitative changes in an existing economy of a given country. It can also be described as a process that influences growth and restructuring of an economy to enhance the economic well-being of the community. (Hisrich, Peters & Shepherd 2010, 23)

b. Economic Growth: This is an increase in the capacity of an economy to produce goods and services, compared from one period of time to another. The major factors in economic growth are: Capital accumulation, technological progress and growth in the population of labour force. (Bruce 2000, 140)

c. Primary Data: These are information or data that are collected through the use of questionnaires, interview and personal observation. (Saunders, Lewis & Thornhill 2009, 318)

d. Secondary Data: These are information or data that are already processed or analysed. These are the data or information collected or got from the texts, journals and magazines, reports, internets and many others. (Saunders, Lewis & Thornhill 2009, 256)

e. Production: This is the process of changing raw materials inputs into finished products or output.

f. Resources: This refers to all inputs that are needed for producing e.g. man, machinery and materials.

g. Earned Income: This refers to the income derived from active participation in a trade or business which including wages, salary, tips, commission and bonuses.

h. Capital Income : This can be defined as income generated by an asset over time rather than from work done by using the asset.

1.8 Plan Of Study

The study will be organised into five chapters. The first chapter will be introduction which will include the Historical background of the study, Objectives of study, Statement of problems, Research questions, Limitation and scope of study, Research methodology, Significant of study and Definition of the terms.

Chapter two focuses on Literature Review and covers the views of some notable individuals and writers on the subject.

Chapter three deals with Research Methodology and possible methods of collecting data.

Chapter four focuses on Data Analysis and Presentation of findings.

Finally, Chapter five deals with Summary, Conclusions and Recommendations.

2. LITERATURE REVIEW

2.1 Introduction

To be a successful entrepreneur, it is very necessary for the business owner to understand the importance of keeping proper and efficient Accounting records. Accounting record keeping is central to the operation of modern business. However, modern system of keeping accounting records is all about recording, preparing and interpreting business transactions. Generally, bookkeeping or record keeping is the process of identifying, measuring, recording and communicating economic information of an enterprise.

2.2 Definition of Records Keeping

Bookkeeping or record keeping can be defined as the part of accounting that is concerned with recording of financial data .

Bookkeeping can also be defined as the process of identifying, classifying, recording and summarising the business transactions in order to allow the managers, investors and the creditors to measure and evaluate the activities of the entity. (Adekunle 2000, 1)

2.3 Users of Accounting Records.

There are many different users of accounting records. Financial statements are used by owners of the business, managers, lenders, creditors, customers, government and many others.

a. Owners of the business

Efficient financial record keeping will enable the owners of the business to know the financial position of the business. The value of assets and liabilities will be shown and reflected in the balance sheet.

b. Managers

All the information relating to the business financial record is needed by those who manage the business in order to assess their own performance and to assist them in decision making process, effective business planning and control of the business undertaking.

c. Lenders

Users such as bankers, debentures holders and many others make use of company financial statement to determine the ability of the organisation to pay the interest on the loan at the right time and to repay the capital when due.

d. Customers

These are those that patronise the business by their needs. They will need to know whether a business is financially capable to meet their demands especially in business - to - business

e. Suppliers as Creditors

This categories of users will like to determine whether or not the business will be able to honour its obligations by paying for the goods and services as at when due.

f. Government

Government through the appropriate revenue authority, makes use of data from financial statements to access and collect taxes.

2.4 Characteristics of Good Accounting Records

Financial records keeping is the basic tool for an effective and efficient business administration. However, a good financial or accounting record should be an evidence of business and financial transaction, it should be able to reflect the true financial position of the organization, it should be a vital source of information processing, it should be easily updated, it should be easily understood, it should be easily summarized and finally, it should be capable of being retrieved at least for very short time or probably permanently.

2.5 Effective Accounting or Financial Records Keeping Management Program

An effective financial record management program will help an organisation to limit the costs and the risks that can occur as a result of poorly managed records. However, effective financial record keeping management program can be summarized as follows:

a. Creation of needed financial records

The bookkeeper should be able to create those financial records needed in the normal course of business and keep aside all the obsolete or outdated records. He should always retain all the essential records needed that can be used as evidence for legal requirements or for business transaction purposes. However, all the obsolete or outdated financial records should be disposed or should be preserved as archives records in order to support the secondary use (back-up) in the future.

b. Records Storage

Financial records should be stored and maintained in a safe and secure place in order to support retentions, access and archival preservation where applicable.

c. Financial Records Retrieval

Efficient financial record keeping should enable quick retrieval of some relevant information in the organization.

2.6 Financial Records Storage and Maintenance

Proper financial records storage for retention and disposition is the key to an effective records management program. Financial record storage and maintenance enable the accounting records to be presented when the need arises for potential litigations, audits, day-to-day business purposes or for future reference use. However, there should be regular and systematic disposition of unneeded records. Bookkeeper should always ensure that disposition of obsoleted records is routinely documented for future reference use.

Ensuring a proper financial records storage and maintenance by (SME) organization includes: Use of proper shelving to store the records, using an electronic data back up procedures, preparing plans ahead for any fire disaster, ensuring that computer back-ups are stored securely offsite, ensuring that fire prevention systems are put in place especially in the records storage areas, ensuring an adequate environmental control in storage areas, ensuring that security rules and procedures are maintained and followed and finally, ensuring that proper recording format standards are complied with in the organization.

2.7 Institutional Sources of Financing Small and Medium Scale Enterprises (SMEs) in Finland.

The major institutional sources of financing SMEs in Finland can be listed as follows:

- a. Establishment of banks such as Nordea bank and Danske bank (e.t.c) to offer credit facilities for business start-up and for business growth.
- b. The establishment of Finnvera to contribute to the financing of growing SMEs and to supplement the financing provided by the owners of the business and banks.

c. The Nordic Environment Finance Corporation (NEFCO) to render assistance to the realization of the financially sound project

d. Public associations. This is loan obtained from friends, family and many others. (Uusyrityskeskus 2013)

2.8 Bookkeeping for the Enterprise (SMEs)

All business have a legal obligation to keep accounts. It is worthwhile for most entrepreneurs to outsource their bookkeeping, that is to seek for service from a firm of accounts, so that SMEs can concentrate on earning their income.

2.8.1 Day-to-Day Bookkeeping

Day-to-Day bookkeeping which is dealt with during the accounting period, is based on corroborative documents. These includes sales invoices, purchase invoices, payslips and bank statements. Sole traders may use a single-entry bookkeeping if they wish so. However, all other forms of enterprise must use a double-entry bookkeeping. This means that every business transaction is recorded in two accounts. That is, in a debit account and a credit account. (Uusyrityskeskus 2013)

2.8.2 Accounting Period For SMEs

Business accounting period is normally 12 months. The first accounting period may be shorter than or longer than 12 months but it can never exceed 18 months or be less than 6 months. Also, a business's accounting period does not have to be a calendar year. It can be for example, 1 April - 31 March.

However, the accounting period may be changed during the business operations, in which case, its length will deviate from the 12-months period. Conversely, the accounting period for a sole trader must always be a calendar year, 1 January to 31 December. (Uusyrityskeskus 2013)

2.8.3 Firms of Accountants

It is usually worth for an entrepreneur to use a firm of Accountants or an accountant to deal with the company bookkeeping so that they can use their own time for earning income. Generally, firms of Accountants are experts in statutory bookkeeping, VAT and business taxation. Besides this, a firm of Accountants may also take care of payroll computation and payroll accounting. Finally, expertise in Cash-flow planning is also important for small scale business. (Uusyrityskeskus 2013)

2.8 .4 Financial Statements

As the accounting period has concluded, the financial statements and annual report are created. The financial statements for a small business comprise of a Profit and Loss account, a Balance sheet and notes to the Financial Statements. All these documents should comply with the specific formal requirements of the Finnish Accounting Act, the Finnish Accounting Decree and Community Law. Besides, the owner of the business accepts the financial statements and annual report with their signatures. (Uusyrityskeskus 2013)

2.9 Finnish Income Taxation System For SMEs

The income earned from a sole trade among SMEs` s company business is taxed as his or her own income. Part of the business` s income is capital income and part is earned income. The business` s income is divided into earned income and capital income on the basis of the net assets of the business. (Net assets = assets of the business - liabilities of the business). Capital income is 20% of the net assets for the previous year and the rest is earned income. Alternatively, the entrepreneur can decide that capital income will only be 10% of the net assets or that all of the business` s income is earned income. In the year of foundation of the business, the capital income share is calculated according to the net assets on the last day of the first accounting period.

However, if the spouses work in the business together, the business income is divided between them. The earned- income of the business` s income is divided between the spouses in proportion to their work contribution and the capital- income of the business will be shared according to their share of net assets. The tax on the capital- income of the business` s income is 30% if the total capital income of the entrepreneur does not exceed 50000 EUR but if the total capital income of the entrepreneur exceeded 50000 EUR, then the tax on the capital- income of the business` s income will be 32% .

Conclusively, the earned- income share is added to other earned income of the entrepreneur and the entrepreneur pays tax on the total earned income figure according to the progressive tax scale. (Uusyrityskeskus 2013)

2.10 SMEs Book Of Prime Entry.

The book of prime entry to be kept by the SMEs business` s owners includes general journal and ledger.

2.10.1 The General Journal

This is a book of original entry. This is a ledger for all accounts other than those for customers and suppliers. Journals are usually used for different purposes and the rule to be employed in writing up a general journal is to Debit the debit column and to Credit the credit column. The amount in the debit column must be equal to that in the credit column . At the foot of each

entry, a note called the narrative (narration) must be appended which will show the nature of the authority for the entry.

- a. Uses Of General Journal to SMEs
 - i. On the opening entries of a business
 - ii. On the closing entries of a business
 - iii. On the acquisition and sales of a fixed asset
 - iv. For the correction of trial balance errors
 - v. For the recording of financial transactions

b. Principal Features of Journals

One starts with the item or entry to be debited. The corresponding item or entry should be followed. A brief narration or the description of the particular transaction should be written to company transaction and it should be normally started with the word "Being". As much as possible, "Folios" or other relevant references should be applied in preparing journal. In general, the name of the company for which a journal is being prepared should be written in all questions requiring the preparation of journal.

S /N	DESCRIPTION	FOLIO	Dr €	Cr. €

Table 1 : Format of a Journal

2.10.2 The Ledger

This is an accounting record that summarises the financial affairs of a business. It contains details of assets, liabilities and capital, income and expenditure as well as profit and loss. However, there may be numerous sales transactions which will necessitate the opening of a daily cash sales register that can be used to record all the daily sales made. The total cash sales for the day is then transferred to cashbook and sales ledger. The same type of register may be kept for the purchase also. Henceforth, any receipts or payments not made in cash e.g. Credit / debit card payments, cheques, postal orders and draft are then recorded directly to the cashbook.

a. Principal Features of Ledger

The ledger is divided into two sections which is denoted as Debit side and Credit side. There are columns for Date, where the month and the day on which a transaction that occurred is recorded. The transaction itself is entered in a brief possible way in the column for Particulars. The column for Folio records the page of the subsidiary book in which one can further information about the transaction in the Particular column while the money's worth of the transaction is entered in the Amount column in Euro (€)

Dr.				Cr.			
DATE	PARTICULAR	FOLIO	AMOUNT €	DATE	PARTICULAR	FOLIO	AMOUNT €

Table 2 : Format of a Ledger

2.11. Computerized Accounting System

Computerized accounting system can be defined as the IT-based bookkeeping applications that can be used to gather, classify, record, analyze, interpret, summarize and presenting accurate and timely financial data for management decision. Generally, computer software are capable to process many information at a faster rate and at the same time. IT-based bookkeeping applications ensure better internal control report system at any point of time, high speed and mobility of reporting, reliability, accuracy, volatile, back - up facilities and retrieval of records. However, computerized accounting system is very expensive to maintain, needs some special training or skills for personnel and encourage increased dependence on machine if a business has a large payroll, inventory, accounts receivable, account payable.

2.12 Source Documents

Source documents are documents that are used to record the business transactions in the books of account of the business. Whenever a business transaction takes place, whether involving sales or purchases, receiving or paying money, owning or being owed money, it is usual for the transactions to be recorded on a document. These documents are the source of all the information recorded by the business. Examples of source documents are as follows:

a. Sales Order: A customer writes out an order or signs an order for goods or services he wishes to buy.

b. Purchase Order: A business makes an order from another business for the purchase of goods or services such as material suppliers.

c. Invoice: An invoice relates to a sale order or a purchase order.

i. When a business sells goods or services on credit to a customer, it sends out an invoice. The details on the invoice should match up with the details on the sales order. The invoice is a request for the customer to pay what he owes.

ii. When a business buys goods or services on credit, it receives an invoice from the supplier. The details on the invoice should match up with the details on the purchase order.

Generally, the invoice is primarily a demand for payment. The top copy will go to the customer and other copies will be used by various people within the business.

Most of the invoices are numbered so that the business will be able to track all the invoices being sent out. Information usually shown on an invoice includes the following.

1. Name and address of the seller and the purchaser
2. Date of the sale
3. Description of what is being sold
4. Quantity and unit price of what has been sold . For example, 20 pairs of shoes at €20 a pair.
5. Details of trade discount, if any . For example 10% reduction in the cost of buying over 100 pairs of bags.
6. Total amount of the invoice including any details of VAT
7. Sometimes, the date by which payment is due and any other terms of sale.

d. Debit notes: This might be issued instead of raising an invoice to adjust an invoice already issued. It is commonly issued to a supplier as a means of requesting a credit note.

e. Goods Received Notes (GRNs): These are filled in to record a receipt of goods. It is commonly used in a warehouse. They may be used in addition to suppliers' advice notes. Usually, the accounts department will require to see the relevant GRN before paying a supplier's invoice.

f. The Credit note: This is similar to invoice but with less detail and 'Credit Note Number' instead of Invoice Number.

2.13 Trial Balance

Trial Balance can be defined as the list of all the balances on the individual accounts. It can also be defined as the list drawn up to showing the balances extracted from all the accounts. A trial balance is a listing of debit and credit balances to check the correctness of the double-entry bookkeeping system. A trial balance can be prepared at regular intervals usually monthly. There should be equal amounts on the debit and credit sides. These two columns of balances should come exactly equal. Although, the accuracy of the trial balance is not

all times showing that the book keeping is well done. There are certain errors that do not affect trial balance agreements. (Michael 2013, 130)

2.14 Errors that do not Affect Trial Balance

There are some errors that do not really affect trial balance when they are made. (Ad-ekunle 2000, 34) These errors includes:

a. Errors of Omission

This is where a transaction is completely omitted from the books of account. For example, if Mr.A sold €150 worth of goods to Mr.B, but Mr.A did not enter it in either the sales or B's personal account, the trial balance will still balance.

b. Errors of Commission

Where the correct amount is entered but in the wrong person's personal account.

c. Errors of Principle

This occurs where an item is entered in the wrong class of account. For example if a fixed asset such as Motor Van is debited to an expenses account such as motor expenses account.

d. Errors of Compensation

This occurs where an errors cancel each other. e.g . if the sales account was added up to be €100 more and the purchases account was added up to be €100 more. Then, the two errors will cancel out in the trial balance.

e. Errors of Original Entry

This occurs where original figure is not correct, yet double entry is still observed using this incorrect figure.

f. Complete Reversal of Entries

This error occurs where the correct accounts are used but each item is shown on the wrong side of the account. Suppose we paid a cheque of €2000 to Mr. Brown. The double entry of which is credited to bank €2000 and Mr. Brown is debited. In error, it is entered as a credit Mr. Brown for €2000 and debit bank for €2000. The trial balance will not reveal the error.

2.15 Bank Reconciliation Statement (BRS)

Bank Reconciliation Statement can be defined as a comparison of a bank statement with the cash book. Differences between the balance in the cashbook will be errors or timing differences and they should be identified and corrected. The bank opens a personal account for

each of its customers and this account records all the payments into or out of the account. (Dare 2000, 76) However, in all bank's personal account, each customer is normally a creditor of the bank unless his account is overdrawn where upon which he becomes a debtor. A credit balance on the bank statement is therefore equivalent to or reflected as a debit balance in the cashbook (bank column). (Raymond 2000, 70)

2.15.1 Purpose of Bank Reconciliation Statement (BRS)

- i. Bank Reconciliation Statement (BRS) assists in checking the accuracy of the records being kept by the bank and the business.
- ii. It provides information as to entries not being recorded by the business e.g. bank charges, interest earned on account.
- iii. It provides the basis of adjusting cash balance to reflect the true position of the cash at bank.

2.15.2 Reasons Why The Cashbook Balance And Bank Statement Balance (BSB)

May Not Agree At a Particular Date.

- a. Where the payment made by the bank on behalf of the firm or charges levied by the bank have not been recorded in the firm's cashbook.
- b. Where the amounts received directly by the bank have not been recorded in the firm's cashbook.
- c. Where the cheques drawn by the firm in favour of suppliers or other creditors have been correctly credited in the cashbook but not yet been presented for payment at the firm's bank.
- d. Where the cheques or cash paid into the bank by the firm and duly recorded but not yet recorded into the firm's cashbook by the bank.
- e. Where the error was made by the bank on the statement.

2.16 Final Account

The reason for having a proper system of record keeping is to enable the businessmen or an entrepreneur to determine whether he was trading profitably or not. Thus, this will necessitate the preparation of final accounts. To produce this information, it is necessary to construct two ledger accounts i.e. the Trading Account and the Profit and Loss Account.

The Trading Account will show the "Gross Profit" and the Profit and Loss Account will show the "Net Profit" for the period under review. (Adekunle 2000, 98)

2.16.1 Gross Profit

Gross Profit is simply the difference between the selling price and the total cost of goods sold. To take a very simple example, if a trader buys a shoe from a wholesaler for €150 and

sells it for €250, then, he has made a gross profit of €100. This is not however his actual profit because he has not taken into account all the various expenses of running his business. (Adekunle 2000, 98)

2.16.2 The Trading Account

This account is constructed by taking into account the stock of goods on hand at the beginning of the period (since part or all of these will have been sold) and also the stock of goods on hand at the end of the period. Trading account is used to ascertain the gross profit on sales. (Adekunle 2000, 98)

2.16.3 The Profit And Loss Account.

Like the Trading Account, the Profit and Loss Account is a part of double entry bookkeeping system. Profit and loss account is used to ascertain the net profit for the period. (Adekunle 2000, 98)

2.17 The Balance Sheet

Balance Sheet can be prepared to ascertain the financial position of the business organization at the year end. The balance sheet shows the assets owned by the business, the liabilities owed by the business and the amount of the stake or equity of the owner in the business. The balance sheet is a statement which is drawn up to show a trader's financial position on the stated date. (Michael 2013, 107)

2.18 Importance of Financial Records Keeping To Small and Medium Scale Enterprises (SMES)

Financial records keeping are the basic tools for an effective and efficient business administration in small and medium scale enterprises. It provides some relevant information for business planning and for decision making. Financial records can also form a basis for government accountability and mostly subject to specific legal requirements. However, a proper financial records keeping are essential for efficient business operation and if poorly managed, it can result to business liabilities, poor resources management and may at times result to inefficiency of business operations. Besides this, other benefits of keeping accounting records by SMEs may be summarized as follows:

- i. Financial records keeping will help an entrepreneur to know their customers and how much the customers owe the company.
- ii. It helps an entrepreneur to know their suppliers and how much the company owes them.

- iii. It helps an entrepreneur to know what sales or income he has made and what expenses he has incurred.
- iv. It helps an entrepreneur to know the amount of increase or decrease in the business.
- v It helps an entrepreneur to know the value of his assets and liabilities.
- vi. Financial records keeping also helps an entrepreneur in making adequate business planning, good business control and coordination of business activities.
- vii. It helps to make financial records and information available for business planning.
- Viii. It helps an entrepreneur to show the true financial position of the business at a particular date.
- ix .Financial records keeping also provides some necessary information to outsiders such as customers, creditors, internal revenue and government. It also gives an entrepreneur the opportunity of business forecasting and projecting into the future.
- x. Finally, a financial record keeping helps to provide an entrepreneur some parameters for decision making in business.

2.19 Advantages Of Keeping Financial Records By Small And Medium Scale Business (SMEs)

The financial records keeping help to provide information to people who have contact with the business. The information provided by an enterprise's records keeping could be used for the following groups:

A. Owners Who Are Also Managers

- i. In assessment of the past performance.
- ii. Whether to cease the business or to continue the business as before or to expand the business e.t.c.
- iii. As a basis for detailed future business planning.

B. Owners Who Are Not Managers

- i. To assess the performance of the business management.
- ii. Whether to support or to change the personnel management.
- iii. Whether to dispose the investment or to re-invest more.

C. Management Who are not Owners of the Business

- i. They will be able to assess their own performance.
- ii It will serve as a basis for future business planning.

D. Banks and other Lenders

- i. To assess management performance in order to decide whether lending should be abandoned, reduced, continued or increased.
- ii. To determine the terms and conditions of any loan lending (e.g. if the collateral security should be required from the borrowers or if the guarantors should be provided by the business owners and the repayment periods. (e.t.c)

E. Actual and Potential Suppliers

- i. To determine how long the business will take to pay its suppliers.
- ii. To determine what credit limit will be reasonable to lend out.

F. Actual and Potential Customers

- i. An appreciation of the size of order to be placed compared with the whole turnover of the business.
- ii. Appraisal of the long and short term ability of the business to fulfil the orders placed.

2.20 Disadvantages of Not Keeping Financial Records By Small And Medium Scale Enterprise

The disadvantages of not keeping financial records or accounting records by SMEs are merely the opposite of the advantages of keeping an efficient and effective financial record as being enumerated above. Also, not keeping financial records is illegal and can cause a punishment according to Bookkeeping Law.

2.21 Reasons for Continual Survival of Small and Medium Scale Enterprises (SMEs)

Generally, Small and Medium Size Business Organisation (SMEs) can continue to survive business growth and development due to the following reasons. They are as follows:

a. Small Capital Requirement

SMEs need a small capital to start up the business and they can still continue to exist with the hope of making profit in the future.

b. Pride of Ownership

This makes the owner of the business to carry out their job with business zeal because they are aware that business independence has no alternative.

c. Personal Interest

The owner of the business shows his personal interest and his attention to the business as well as to their customers.

d. High Respect for their Customers

The owner of the business adheres or strict to the adage which says that "Customers are the kings and do no wrong. "Therefore,the customers must be respected no matter their attitudes and their behaviours to the business.

e. Hours of Business

Some of the owners of the business open from morning till late in the week days, weekend and even on public holidays.

f. Small Profit Belief

Occasionally,some of the business owners put low prices on their products in order to make small profit results in quick turnover.

2.22 Why Small and Medium Scale Business are Important for the Development of Finnish Economy.

The Small And Medium Size Businesses (SMEs) are important for the development of Finnish economy due to the following reasons:

- i. SMEs provide or create employment opportunities: SMEs business creates more job for the Finns and also to the foreigners due to the flexibility of job recruitment procedures in SMES compare to big company .
- ii. SMEs help to make goods available to some far away places where the large scale business enterprises may not reach.For instance,the rural areas. SMEs make the goods available to long distance places and make some consumables goods also available in all the interior part of the country.
- iii. SMEs contribute immensely to the existence of large firms by acting as a subsidiary firms to a larger firms and therefore,play a significant roles in the manufacturing and distribution of goods and services
- iv. SMEs firms also serve as sources of invention and innovations.They do this through the various researches they carry out in order to meet the demands of their customers.
- v. Finally,SMEs are also important for the development of the country because the business owners often change their business lines according to the needs of the people.

2.23 Problems of Small and Medium Scale Enterprises (SMEs)

some of the commonly cited factors that impeding or hampering the survival of small and medium scale business includes (Hodgetts & Kuratko 2008, 10) :

a. Wrong Choice of Business

This is the wrong choice of the right products or services to be offered by the business owners. A company founded on a well chosen products or services is mostly survive business failure.

b. Competition

Competition is one of the key factors that affecting the success of SMEs in Finland. Inability of an entrepreneur to foster a fruitful relationships with customers may lead to the closure or discontinuity of the business.

c. Education and Experience

Absence of prior knowledge in the line of business and lack of business experience among the owners of the business mostly accounts for the business failure in SMEs. Education and experience in line of the business are highly essential to entrepreneurs.

d. Technological Changes

Another one of the major factors that affecting SMEs is how to do new things or rather how to adapt to the use of newly technological changes such as how to design, how to produce and distribute the goods and services offered to the society. Most machines used by these industries are obsoleted and not functioning well.

e. Poor Management

Empirical evidences showed that some of SMEs owners do not have or do not possess adequate managerial know-how or technical know-how that required for the effective and efficient running of the business.

f. Lack of Capital

SMEs` owners have a limited access to sources of funds due to low income level and inability to meet the loan condition requirements of the banks and other financial institutions. These sometimes, can make the purchase of huge capital equipment or other fixed assets more difficult for the owners of the business.

g. Poor Financial Control

Even when funds are available, it is not unusual to find many small business owners mixing up personal and business funds together. For example, owners`s loan can hardly be separated from the actual capital form of the equity.

h. Lack of Employees Satisfaction

Most of the SMEs` owners can not afford to employ some competent and skilled manpowers to run their affairs of the company and where they do, the general conditions of service of the workers are very poor. Other related problems of SMEs are high Government policy on company taxes, high rate of business failure, low productivity and indisciplines among the company`s employees.

2.24 Suggestions for Improvement of Small and Medium Scale Enterprises (SMEs) Failure.

These are the likely suggestions for an improvement of business failures in SMEs. They are summarised as follows:

- i. Proper planning and effective launching of the business before embarking on a business. All the business owners should make proper business planning and effective launching of the business ahead before they establish any business ventures. He or she needs to generate business ideas about product he wants to produce or service he wants to render to the society.
- ii. Local sourcing of relevant raw materials by liaising with some research institutes in order to have access to their business breakthrough. Adequate provision for source of materials to be used by the business owners for his or her production must be made frequently.
- iii. Conducting adequate business census, business research, business idea and business survey on the SMEs so as to know the common business barriers and how the government can provide the necessary assistance on that particular business line.
- iv. Improvement in production capacity and quality in order to make the goods and services more competitive and demandable. This will increase the number of customers and also create a good market for the company`s products.
- v. Better business planning and organizing on the parts of the entrepreneurs. Generally, at the preliminary or initial stage, an entrepreneur or owner of the business needs to have or initiate a better business plan. He must organize his business in such a way as to create a value for the customers.
- vi. Provisions of more industrial centres and proper fundings by the government as well as to provide the require financial and technical assistance to small and medium scale enterprises` owners.

vii. Proper financial and accounting practices on the part of the industrialists should be established or maintained in order to prevent frauds. All the business owners should employ the service of bookkeeper or a qualified accountant to maintain or to keep an adequate accounting records for the company.

viii. Acquiring necessary entrepreneurship`s traits through formal entrepreneurship`s development programmes .This acquired entrepreneurship`s traits will help the entrepreneurs to promote business growth and increased company profitability.

3. RESEARCH METHODOLOGY

3.1 Introduction

This research chapter is basically designed to reveal the various techniques that were employed in data collection and analysis of data used. The main objective of this research is to appraise, investigate and to observe the impact of financial records on the performance of Small and Medium Scale Enterprises (SMEs) using Mr. Washingman Oy as an empirical case study. The researcher would employ a descriptive method which will describe any given phenomenon logically, factually and concisely through the use of some questionnaires, observations and interviews. The outlines of the this chapter could be appraised thus:

3.2 Research design

Research design simply means the plan and structure of how the research procedures would be carried out. However, the research design adopted for this study is a survey type which is descriptive in nature. By adopting a survey research, the researcher selected a sample of respondents from a population of Mr. Washingman Oy`s employees and a population of SMEs entrepreneurs. Some standardized questionnaires were successfully administered to them. This research study examined the various strategies adopted by Mr. Washingman Oy in operating and maintaining an efficient and effective accounting records. (Saunders, Lewis & Thornhill 2009, 136)

3.3 Characteristics Of Study Population

The population of the study for this research is the entire sets of items or objects under consideration or investigation. It is a collection of individual from which a sample is chosen for investigation. In order to examine the impact of financial records on performance of small and medium scale business (SMEs) using Mr. Washingman Oy as an empirical case study, all the senior and junior staff both males and females who have at least 5 years in-dept knowledge of

the company's product or company's service are selected from the population of the workers. Another population to this study consisted of owners of SMEs. Personal interviews were conducted in some other Small and Medium Scale organization (SMEs) that have been in business operation on a continuous basis for not less than five years as well as having a minimum of not less than five permanent employees apart from casual labourers.

3.4 Sample Size and Sampling Techniques.

The sample size of twenty-five (25) respondents was selected which includes:

- a. 4 - Owners of the business.
- b. 5 - Managers of the business who are not owners.
- c. 10 - Senior employees of Mr. Washingman Oy
- d. 6 - Junior employees of Mr. Washingman Oy

This procedure for deriving a representative sample from the population is observed by ascertaining and listing the number of owners who have been in business operation on a continuous basis for not less than five years and the staff both males and females who have at least 5 years in-dept knowledge of the company's product or company's service are selected. Those staff who are also involving in the preparation of company's accounting records are considered as well. However, a Simple Random Sampling method was adopted in obtaining the study sample due to the fairly large area of coverage. A questionnaire was given to each of them to fill. (Saunders, Lewis & Thornhill 2009, 225)

3.5 Nature of the Data Collected.

For the purpose of this research project, data are collected from different sources as primary data and secondary data.

3.5.1 Primary Data : These are data that are collected from the original source. This means that these data are never in existence or being analyzed by any other researcher, but they are being collected solely because of this research work. This includes the use of questionnaires, the use of interview either by personal or telephone interview, making observation and many others. (Saunders, Lewis & Thornhill 2009, 318)

3.5.2 Secondary Data: These are data that have been collected already and analyzed by another researcher for further research work. The researcher adopted this data because it is relevant to this research work. Secondary data in line of this research study were collected on journals, company profiles, newspapers, magazines and many others. (Saunders, Lewis & Thornhill 2009, 256)

3.6 Instrument of Data Collection.

The questionnaires, interviews and personal observation are the selected research instrument being used in this research work. The questionnaire consists of series of related questions that gives a precise answer to all the research questions. These questionnaires were personally administered and collected. It was also possible to conduct interviews with the some owners of the businesses in order to complement or to validate some facts that needed for the study. Secondary data are at times obtained from the organisation`s internal records e.g. the costs of initial and additional capital investments. However, the questionnaires consisted of two major sections as follows:

Section A: This consists of a numerical personal data about the respondents.

Section B: This consists of statements of records keeping and performance of business.

3.7 Research Questions.

In an attempt to actualize the objectives or the stated purposes of this study, the following research questions are constructed as follows:

- i. To what extent does keeping financial records enhance the survival of small and medium scale business (SMEs) in Finland?
- ii. What are the various strategies being used by SMEs in operating or in maintaining an effective financial records?
- iii. To what extent do financial records keeping have significant effect on the performance of small and medium scale business (SMEs)?
- iv. What are the major problems being faced by SMEs in the areas of keeping financial records and maintaining an efficient accounting system?

3.8 Reliability and Validity of Research Instrument.

Reliability of a research instrument simply means the extent to which the data collection techniques or analysis procedures will produce some consistent findings while validity of research instrument is the degree to which a research measuring instrument (e.g. test or scale) measures what is designed to be measured. However, for validity of measurement to be established, there should be a complete absence of measurement error. The interviewing responses given by the owners of the small and medium scales enterprises (SMEs) during the research survey had given the researcher an insight on the impact of keeping accounting records or financial records when operating SMEs business. (Saunders, Lewis & Thornhill 2009, 156)

3.9 Limitation of the Research Methodology.

The population and sample size of this research study is limited to small and medium size enterprises (SMEs) using Mr. Washingman Oy as an empirical case study. However, a simple random sampling method was adopted in obtaining or selecting the study sample due to time and financial constraints of reaching out to other organizations places. Also, there was no adequate cooperation among some owners of the SMEs enterprises. Some of the owners as well as managers of the SMEs enterprises refused to fill the questionnaires. Personal interviews made with some of the owners of the business by the researcher were not fully answered by these owners of the business maybe due to security or personal reasons.

4. Data Analysis and Interpretation

4.1 Introduction

This chapter presents and discusses the data collected through the use of questionnaire during the field work. The data were analysed and fully interpreted. The objective is to determine if the financial record has a significant impact on the performance of small and medium scale enterprises (SMEs). Each question on the questionnaire was analysed in a tabular form. For the purpose of this thesis, data collected are presented and analysed in the sub-sections.

4.2 Data Presentation

A general description and analysis of the responses to the questionnaires will be provided. The data analysis of this study will be based on the twenty (20) collected questionnaires out of twenty-five (25) distributed questionnaires to all the respondents. Hence, the possible conclusion will be drawn based on these valid returned questionnaires.

4.3 Data Analysis and Presentation of Findings.

In chapter three, attempt was made to highlight the methods of data collection both from primary and secondary sources and explanation of each instrument of data collection given a fair statement. Both the population and sample size for this research were determined and reliability of the study was carried out by using appropriate techniques as follows.

OCCUPATION	NO. OF RESPONDENTS	PERCENTAGE (%)
Self- employed	10	50
Professionals	6	30
Others business	4	20
TOTAL	20	100

Table 3: Respondents classification by occupation

Table 3 shows that about 50 % of the respondents are self-employed while 30 % are professionals in various fields work. However, other business ventures represent only 20%.

POSITION	NO. OF RESPONDENTS	PERCENTAGE (%)
Managers	5	25
Employees	13	65
Others staff	2	10
TOTAL	20	100

Table 4: Respondents classification by position in the business organization.

Table 4 indicates the classification of respondents by their respective positions in their business organization. 25 % of the respondents represent managers of the business while employees and others staff make up 65 % and 10 % respectively.

SOURCES OF FINANCING BUSINESS	NO. OF RESPONDENTS	PERCENTAGE (%)
Personal savings	9	45
Retained profit	6	30
Bank loan	3	15
Others finance source	2	10
TOTAL	20	100

Table 5: Respondents classification by sources of financing business.

Table 5 shows respondents classification by sources of financing SMEs. Business capital from personal savings has 45 % and 30 % for those that sourced their capital from retained profits. Capital source from bank loan has 15 % while other finance source is 10 %.

MAINTAINING PROPER ACCOUNTING RECORD	NO. OF RESPONDENTS	PERCENTAGE (%)
Agree	16	80
Disagree	4	20
TOTAL	20	100

Table 6: To examine the importance that attached to accounting record keeping concerning the business operation.

Table 6 illustrates the importance that attached to accounting record keeping concerning the (SMEs) business operation. 80 % of the respondents supported the view that maintaining and keeping accounting records is important while 20 % of the respondents disagree with the opinion.

GOVERNMENT POLICIES AFFECTING SMEs ACTIVITIES	NO. OF RESPONDENTS	PERCENTAGE (%)
Yes	17	85
No	3	15
TOTAL	20	100

Table 7 : To examine the impact of government policy on SMEs activities

Table 7 analyses the impact of the government policy (e.g. grant and subsidies) on business activities. Thus, 85 % of the respondents believed that government policies influence SMEs activities but 15 % of the respondents do not believe that government policies take any significant roles in supporting the SME`s growth.

THERE SHOULD BE AN EFFECTIVE ACCOUNTING SYSTEM ON SMEs	NO. OF RESPONDENTS	PERCENTAGE (%)
Yes	18	90
No	2	10
TOTAL	20	100

Table 8: To examine if efficient and effective accounting system affect SMEs.

Table 8 shows that the efficient and effective accounting system has a great influence on SMEs with 90 % of the respondents agreed on the view while only 10 % of the respondents disagreed with the view.

AUDITORS ARE IMPORTANT IN (SMEs) BUSINESS	NO.OF RESPONDENTS	PERCENTAGE %
Yes	15	75
No	5	25
TOTAL	20	100

Table 9: To examine the importance of auditors in the business organization (SMEs).

Table 9 examines the roles of auditors in the business organization. 75 % of the respondents believed that auditors are necessary in SMEs while 25 % of the respondents did not believe that auditors are necessary in business organization. (SMEs)

TYPES OF ACCOUNTING SYSTEM IN USE	NO.OF RESPONDENTS	PERCENTAGE (%)
Computerized system	12	60
Cash	8	40
TOTAL	20	100

Table 10: Types of accounting system in use.

Table 10 shows that 60 % of the respondents signified that the accounting system in use was computerised system while about 40 % of the respondents signified that their accounting system in use was based on cash basis.

THERE SHOULD BE ADEQUATE FINANCE ON SMEs	NO.OF RESPONDENTS	PERCENTAGE (%)
Yes	19	95
No	1	5
TOTAL	20	100

Table 11 : To examine the influence of adequate finance on SMEs.

Table 11 indicates that 95 % of the respondents agreed that there should be adequate finance on SMEs by the owners of the business while only 5 % of the respondents disagreed that adequate finance influences the Small and Medium Scale business (SMEs).

4.4 Discussion of Findings

The study has attempted to evaluate the impact of financial records on performance of small and medium scale business using Mr. Washingman Oy as an empirical case study. The objective was to find out if financial records keeping have significant effect on the performance of small and medium scale business (SMEs) or not and to observe also if an efficient and effective accounting system have significant impact on small and medium size enterprises (SMEs) or not. However, at the end of the study, the following observations were made.

Most of the respondents being interviewed observe the fact that financial record keeping formed a significant impact on the performance of Small and Medium Scale business (SME) because financial records keeping helps an entrepreneur in making adequate business planning, good business control and coordination of business activities. In addition, majority of the respondents unanimously agreed upon that Mr. Washingman Oy as well as other SMEs should not rest on their current Financial records keeping techniques and strategies. This is because the business environment is viable, competitive and dynamic. Thus, further moves should be made by Mr. Washingman Oy to consolidate the current financial records keeping techniques for better factors.

Finally, the researcher also found out that keeping an effective and efficient financial records couples with proper accounting system techniques could be a stepping-stone to any organization (SMEs) success.

5. Summary, Conclusion and Recommendation.

5.1 Summary of Findings

In this research work, effort has been made to appraise the impact of financial records and accounting system of small and medium scale enterprises (SMEs); the literature review covering various writers on the research subject; problems associated with the owners of SMEs business in terms of keeping financial records; the advantages and disadvantages of keeping financial records in SMEs and the reasons why small and medium scale businesses are important for the development of the Finnish economy; the research work and the analysis of the research that being carried out and finally the recommendations on how to keep proper accounting records by SMEs was also presented in this research work. The objectives of this research as stated under the purpose of study includes finding out the impact of financial records on the performance of Small and Medium Scale business. Credit sales are made to the customers and it was revealed that that an adequate records of all the debtors are kept by the owners of SMEs. Respondents are often recording the amount owed the creditors and all the assets of the business are making a satisfactory profit. Additionally, it was also discovered

that the business accounts are often reconciled with the bank statement by the company professional or expert bookkeeper. It is also found out that any errors being made during the business operation or during the business transactions are frequently identified and perfectly corrected.

5.2 Conclusions

To ensure an effective business performance, the SMEs owners (specifically Mr. Washingman Oy owner) should try as much as possible to review their financial records keeping frequently. However, from the interpretation of this research findings and the research results, it can be concluded that an understanding of the principles of financial records keeping and accounting records keeping are essential by any organization who is interested in the successful business growth. Again, the result of the analysis shows that once the principles and procedures of accounting records are understood, the most efficient and effective accounting system should be set up by the business owners so as to provide necessary feedbacks for management decisions.

Furthermore, from the findings of this study, it was noted that the business can be at a loss no matter how efficient its service may be if the company fails to maintain or fail to keep an effective accounting records. The findings of the study also explain the extent of involving an effective accounting records in the day - to - day activities of the organization. This gives the company's professional bookkeeper or an accountant the opportunity to convey such financial information to the owners of the business and other users about the truth and fair view of such financial statements. From the findings of this research study, it can also be concluded that "the success of SMEs require the combination of skills, knowledge and determination". Hence, " Knowledge is to knowing what is to be done, Skill is to knowing how to do the business while Determination is to seeing that business operation is actually carried out or done properly ". In essence, a good accounting record needs to be prepared properly by a qualified personnel or expert accountant who has the knowledge, skill and determination to discharge his obligatory duties as expected. Finally, it can be concluded from this research findings that in order to ensure (SMEs) business growth and business profitability, the SMEs owners precisely the owner of Mr. Washingman Oy should ensure that proper and sound accounting records keeping is installed or should put in use in their business operation.

5.3 Recommendations

The recommendations made from this research study for both the management of Mr. Washingman Oy and other SMEs (organizations) are as follows:

- i. The management of Mr. Washingman Oy and the owners of other SMEs should properly make use of efficient financial records that designed and prepared by their professional bookkeeper or accountant. This will afford them the opportunity to make necessary suggestions on how to improve the operation of the business.
- ii. In making use of proper financial records or efficient accounting records, the SMEs owners should employ the service of a qualified and expert accountant who would use his technical and his professional skill to carry on the check and balance on the day to day business transactions instead of employing ordinary clerk and account officers.
- iii. There should be segregation of duties among the company personnels. For instance, the personnel or employees in the account section should not at the same time carry out the duty of administrative and marketing section and vice-versa.
- iv. Effective control measure and internal check should be put in place frequently by a professional bookkeeper or by the qualified accountant so as to prevent fraudulent and negligent practices that might occur during the business operation. This will atimes help to eliminate waste.
- v. To ensure an effective business performance as well as employees performance, the business (SMEs) owners should review its financial record keeping frequently.

Solution proffered in this research study in order to ensure the business growth and to remedy poor staff performance in the company includes:

- a. Employment of more experienced staff .
- b. Unnecessary expenses should be reduced or totally avoided.
- c. All the businesses transactions should be properly recorded to ensure a financial prudence and to suit its purpose.

5.4 Limitation and Suggestions for Further Study

5.4.1 Limitation of the Study

It should be noted that this research study is based on the primary sources of data. Obviously, certain constraints or problems are being faced during the course of carrying out this research, among which are:

- i. Inaccuracy of some data being obtained from different sources (respondents).
- ii. Reluctance or poor attitudes of some respondents such as owners of the business (SMEs), managers of the business and other employees during the research data collection.
- iii. Provision of sensitive information by some of the respondents during research survey.
- iv. Time factor and financial constraints on the part of researcher during the course of research study. Finally, the result and inferences from this research study should be taken and adopted with cautions because the study was restricted to Mr. Washingman Oy and to other SMEs (organizations) only. By extension, this thesis may not be used as a universe for non-profit organizations.

5.4.2 Suggestions For Further Study

From the this research findings, it is suggested that the further research study can be carried out with a larger sample size. However, it would also be helpful if all the owners of SMEs (Organization) are encouraged to respond positively to questionnaires as well as avoiding to provide some sensitive information during the research survey in the future.

Finally, it is reasonable suggested that further research studies should be conducted on the impact and effect of keeping financial records on the performance of Small and Medium Scale Enterprises (SMEs).

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Appendices:

Questionnaire on impact of financial records on performance of small and medium scale enterprise (SMEs).

Dear Respondent,

LETTER OF INTRODUCTION.

Good day, my name is Adejumo Azeez Adeniyi. I am a student of Laurea UAS studying Business Management. I am conducting a study on the impact of financial records on the performance of small and medium scale business. This is in partial fulfilment of my award of Bachelor Degree in Business. (BSc. in Business Management)

I shall be grateful if you can answer all the questions correctly and I assured you that all the information so provided will be held on strict confidence and used solely for the fulfilment of the award of my BSc. in Business Management. You are kindly required to mark the box that you think is the most appropriate.

Thanks for your anticipated co-operation.

Yours faithfully,

.....

Adejumo Azeez Adeniyi.

Questionnaire on impact of financial records on performance of small and medium scale enterprise (SMEs).

Section A: Personal data (Please mark "X" in the box appropriately)

Enterprise : (A) (B) (C) (D)

- | | | |
|-------------|--------------------|-----|
| 1. Status : | owner | () |
| | staff | () |
| 2. Sex : | male | () |
| | female | () |
| 3. Age : | below 20 years | () |
| | 20 - 29 years | () |
| | 30 - 39 years | () |
| | 40 years and above | () |

- 4.Marital Status: single ()
 married ()
5. Educational background: Bsc. or equivalent ()
 Polytechnic ()
 Technical school ()
 High school ()
 Others ()
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- 6.Experience on the job under 1 year ()
 1 - 4 years ()
 5 - 9 years ()
 10 years and above ()

Section B: These are the statements on financial record keeping and performance of business. (Please, mark the correct answer with "X")

- 1.Does every small and medium scale business must keep a proper financial record for business growth? (a). Yes () (b). No ()
- 2.Do you agree that there are some relationship between financial / accounting record keeping and the performance of small / medium scale business? (a). Yes () (b). No ()
- 3.Do you agree that the professional auditor and bookkeeper take some significant roles in the business organization? (a). Yes () (b). No ()
- 4.To what extent does financial record keeping has significant impact on the performance of Small and Medium Scale business (SMEs)? (a). Very High () (b). Very Low ()
- 5.How can you categorise your business?
 (a). Big company () (b). Small business ()
6. Did you obtain any financial grant or support from Finnish government when you established your business? (a). Yes () (b). No ()

7. Where did you source your capital when you established this business?

(a). Personal saving () (b). Bank loan () (c). Friends, family and relatives ()

8. What is the major problem or barrier to this business?

(a). Poor Transportation () (b). Finance () (c). Finnish Language ()

9. Do you have any business competitors that competing with your business growth?

(a). Yes () (b). No ()

10. Who are your major customers in this business?

(a). Finns () (b). Foreigners () (c). Both Finns and Foreigners ()

11. Who are your major competitors in this business?

(a). Finns () (b). Foreigners () (c). No competitors ()

12. Do you own any other business in Finland?

(a). Yes () (b). No () (c). Neutral ()

