

**AN EMPIRICAL INVESTIGATION INTO BOOKKEEPING  
PRACTICES IN SMALL BUSINESS ORGANIZATIONS IN  
RATHNAPURA DISTRICT**



**WALEBADA HEETHAGALAGE AMILA SANJEEWANIE**



FCM1414



Project Report  
Library - EUSL

## ABSTRACT

Bookkeeping is one of the functions of financial accounting. Bookkeeping includes maintaining proper records and books for recording complete details of transactions made during the course of business. When the accounting practice of small business is considered, it can be categorized as complying with standard accounting practices, are not complying at the same level and same manner.

In Rathnapura District, the small business organizations are consisted with the areas of manufacturing, service, wholesale, retail, textiles/ footwear and agricultural business. According to observations, no documents are there explaining on bookkeeping practices of small business organizations in Rathnapura district.

This research is focused on what extent do the Small Business Organizations in Rathnapura District practice bookkeeping system properly. To find out the extent of Bookkeeping Practices of Small Business Organizations in Rathnapura District, the Primary bookkeeping Practices, the Ledgers keeping Practices and the Final Accounts Preparation Practices are considered.

Since the research study is geographically confined to the Rathnapura District, the 100 registered Small Business Organizations situated in the district are selected for the survey. To collect primary data required for the study set of questionnaires has distributed among the Small Business Organizations. Data collected through questionnaires are presented by pie charts, bar charts and frequency tables and univariate analysis and cross tabulation analysis are adopted to analyze variables.

According to study results, the primary bookkeeping practices is in moderate level and the ledgers keeping practices and Final Accounts preparation practices are in a low level. The overall Bookkeeping Practices in Small Business Organizations in Rathnapura District is in a low level.

# TABLE OF CONTENTS

Contents	Page No
Acknowledgement	I
Abstract	II
Table of Contents	III
List of Tables	IV
List of Figures	V
<b>1. Chapter One: Introduction</b>	
1.1. Background of the study	1
1.2. Problem Statement	3
1.3. Research Questions	3
1.4. Objectives of the study	3
1.5. Significance of the study	4
1.6. The scope of the study	5
1.7. Summary	5
<b>2. Chapter Two: Literature Review</b>	
2.1. Introduction	6
2.2. Bookkeeping	6
2.2.1. Identifying	7
2.2.2. Recording	7
2.2.3. Classification	10
2.2.4. Summarizing	10
2.3. Primary Bookkeeping	10
2.3.1. The journal	11
2.3.2. Purchases Day Book	11
2.3.3. Sales Day books	12
2.3.4. Purchases Returns Day Books	12
2.3.5. Sales Returns Day Books	12
2.3.6. General Journal	13
2.3.7. Cash Book	13
2.3.8. Petty Cash Book	14
2.3.9. Basic document for subsidiary books	14

2.4. Ledgers entry system	16
2.4.1. Sub-division of ledger	17
2.4.2. Trial Balance	18
2.5. Financial Statements	19
2.5.1. The Income Statement	19
2.5.2. The Balance Sheet	20
2.5.3. Statement of Cash flows	21
2.6. Summary	21
<b>3. Chapter Three: Conceptualization and Operationalization</b>	
3.1. Introduction	22
3.2. Conceptualization	22
3.2.1. Book Keeping	23
3.2.2. Primary Bookkeeping	23
3.2.3. Ledgers Keeping	24
3.2.4. Final Accounts Preparation	24
3.3. Operationalization	26
3.4. Summary	28
<b>4. Chapter Four: Methodology</b>	
4.1. Introduction	29
4.2. Study Setting and Design	29
4.3. Population and Sample	29
4.4. Method of Data Collection	30
4.4.1. Primary Data	30
4.4.2. Secondary data	31
4.5. Methods of measurements	31
4.5.1. Method of measuring personal information	32
4.5.2. Method of measuring business information	32
4.5.3. Method of measuring Primary Bookkeeping practices	32
4.5.4. Method of measuring the Ledgers keeping practices	33
4.5.5. Method of measuring the Final Accounts preparation practices	33
4.6. Method of data presentation	34
4.6.1. Presentation of personal and business information	34
4.6.2. Presentation of Bookkeeping Practices	34
4.7. Method of data analysis and Evaluation	34



4.7.1. Univariate Analysis	35
4.7.2. Cross Tabulation	37
4.8. Summary	37
<b>5. Chapter Five: Data Presentation and Analysis</b>	
5.1. Introduction	38
5.2. Analysis of Reliability of the instruments	38
5.3. Method of presentation	39
5.3.1. Analysis of number of respondents	39
5.3.2. Personal Characteristics and Business Characteristics	40
5.4. Data Analysis	51
5.5. Cross tabulation	53
5.6. Summary	58
<b>6. Chapter Six: Discussion</b>	
6.1. Introduction	59
6.2. Discussion of Primary Bookkeeping Practices	59
6.3. Discussion of Ledgers keeping practices	62
6.4. Discussion of Final Accounts Preparation Practices	65
6.5. Discussion of Bookkeeping Practices	67
6.6. Summary	68
<b>7. Chapter Seven: Conclusions and Recommendations</b>	
7.1. Introduction	69
7.2. Conclusions	69
7.3. Recommendations	70
7.4. Limitations of the study	71
7.5. Implications of the study	72
7.6. Summary	72
<b>8. References</b>	
<b>9. Appendix I: Questionnaire</b>	
<b>10. Appendix II: Output of the Analysis</b>	