

**BOOK KEEPING AND FINANCIAL PERFORMANCE: A CASE STUDY OF  
SMALL-SCALE INDUSTRIES IN ADJUMANI TOWN COUNCIL NORTHERN  
DISTRICT**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT  
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SCIENCE IN ACCOUNTING AND FINANCE OF UGANDA CHRISTIAN UNIVERSITY**

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**UGANDA CHRISTIAN  
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**DECLARATION.**

I, JURU SHARON KENYI, declares that this research report is my original piece of work and to the best of knowledge that the content of this research report submitted to the school of business is based on my findings in Adjumani Town Council, Adjumani District.

Name: JURU SHARON KENYI.....

Signature: .....

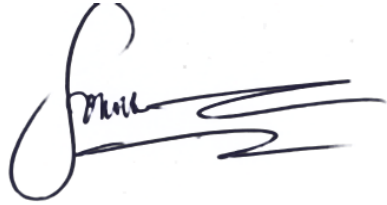
Date: 09th April, 2026.....

## **DEDICATION.**

I dedicate this research report to my beloved father Kenyi John Sebit , my mother Aba Joseline , friends, the rest of the family members, and the people who worked hand in hand with me especially during data collection in the field , and their financial support towards my academic journey .

**APPROVAL.**

This research report on the topic “Book keeping on the financial performance of Small-Scale Industries in Adjumani Town Council, Adjumani District” has been under my supervision and it is now ready for submission to Uganda Christian University.

A handwritten signature in black ink, appearing to read 'Kasozi Geoffrey', with several horizontal strokes extending to the right.

Signature: *Kasozi Geoffrey.*

Academic supervisor's name: **Kasozi Geoffrey**

Date: **9<sup>th</sup> April, 2026**

## **ACKNOWLEDGEMENT.**

I genuinely want to take this precious chance to express my gratitude to the almighty God for His love, care, courage, kindness and guidance and good health that He showed me throughout my research process until of time of my completion.

I will as well want to take this opportunity to thank UCU for giving me this chance to go out and carry out my research process and thanks to my academic supervisor Mr. Kasozi Godfrey for his guidance and support throughout my research period.

With great pleasure, I would like to appreciate Adjumani Town Council for having given me the opportunity to carry out my research in the selected small-scale industries in Adjumani District.

I would like to give thanks to my beloved father Kenyi John Sebit and my mother Aba Joseline who worked so hard to see me progress during my research process. My brothers, Taban Emma, Lokiden Sam, Juma Richard, sister, Jogo Florence, and my friend, Mazira Winnie who have been very influential during my course of my research.

## **ABSTRACT.**

The research report examined the relationship between bookkeeping practices and financial performance of SSIs in Adjumani Town Council, Adjumani District, Northern Uganda. Specifically, it focused on how records such as sales and purchase records, financial statements, and cash book entries influence business performance of SSIs.

A descriptive cross-sectional research design was used, targeting owners and managers of SSIs. Data was collected from 45 respondents of different nature of SSIs using questionnaires, interviews, and observations.

To analyze the relationship of book keeping and financial performance of SSIs, the report comprised of the credential information composed of; the problem statement, the study objectives, significance and research questions and relating the variables to come with book keeping as the independent and financial performance being the dependent the literature review and study on book keeping and financial performance of SSIs.

The findings from the field revealed that proper book keeping significantly improves the financial performance of the SSIs. Maintaining accurate sales and purchase records enhances profit tracking, cost control, and informed decision-making. Additionally, timely and accurate cash book entries play a key role in improving cash management, reducing financial losses, and supporting business sustainability.

The study concludes that effective book keeping practices are essential for the success of the SSIs. In conclusion, the research recommends that business owners and employees should be trained in bookkeeping skills to strengthen their financial management and improve overall enterprise performance.

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**LIST OF ABBREVIATIONS.**

BK.....	Book keeping.
SSIs.....	Small Scale Industries.
FP.....	Financial performance.
ATC.....	Adjumani Town Council.
UNBOS.....	Uganda National Bureau of Standards.
UNPHC.....	Uganda National Population and Housing Census.
SDG.....	Sustainable Development Goal.
UCU.....	Uganda Christian University

## **CHAPTER ONE.**

### **1.0 Introduction.**

This chapter covers the background to the study, the statement of the problem, research objectives, research questions, scope of the study, significance of the study, justification of the study, and the conceptual framework.

This research analyzed the relationship between Book Keeping (BK) and Financial Performance (FP) of selected Small-Scale Industries (SSI) in Adjumani Town Council (ATC), Adjumani District-northern Uganda. The study examined the record keeping practices of SSIs and analyzed the relationship of financial performance which viewed on improving the financial performance of SSI especially in Adjumani Town Council (ATC), Adjumani District-northern Uganda.

### **1.1 Background of the study.**

Small Scale Industries (SSIs) are the foundation of manufacturing economy and multiplier contributors to global industrial production employing 85% in European, (Akande, O. O., 2011.), over 90% of the economy's total enterprises (Akande, O. O. (2011).), 84% in Nigeria, (Melissa M. Aldredge, (2023) and 90% Ugandan engaged on private sector businesses for sustainable income/livelihood, poverty actions and personal wealth creation (UBOS, 2020).

Study in Nigeria reveals that Proper book keeping is linked to financial performance of SSIs (Somathilake & Ranathunga, 2021), in Kenya reveals that education level, sole business and proprietor determines recording keeping practices (Collins Amimo Lumumba and Fredric Aila, 2022) and in Uganda reveals financial performance as a factor of book keeping outcome especially in western Uganda (Lawrence C. K. M., Catherine K., Benon B. A., Paddy M. & Innocent B. R., 2018).

However, despite their importance, more than 90% of Small-Scale Industries (SSI) in Uganda does not perform well financially due to lack of consistent book keeping practices

(Owusu, E. E., Assabil, E. N., & Asare-Kyire, S., 2015). Book Keeping is defined as the act of recording business transactions in a systematic and orderly manner in which accounts record keeping classifies, analyzes, and interprets the business finances “Financial records are kept to maintain accurate financial Performance which is defined as “the degree to which financial performance metrics (Liquidity, profitability and Cash value Operation) have been accomplished. This means, book keeping retains Liquidity (solvency), profitability (turnovers) (Melissa M. Aldredge, 2023) and protects cash in business operation" making record-keeping the main feature of businesses’ activities (Ademola, James, & Olore, 2018).

The main book keeping tasks for SSIs business includes; sale and purchase book keeping, standards cash book recording (single or double entries) and finance statements record keeping (Musah, A. (2017): Aditya Krishnan ,2024) and the significance of their outcome is financial performance. While book-keeping is the core of any business today on which daily decision making, innovations, sales ,and purchase performance, Unfortunately, most entrepreneurs especially sole SSIs overlook consistent book keeping regarding it as time wasting activity as a result most of them cannot measure their business growth and opportunities in finance terms (Owuor, G., Agusioma, N., & Wafula, F. (2021).

In contrast, there is high relationship between poor business book keeping and financial loss (Onaolapo and Adegbite, 2014) and over 80% of SSI owners have no proper records and over 60% have insufficient sole bookkeeping practices and manual bookkeeping methods are common than electronic or virtual ones (Somathilake & Ranathunga, 2021).

Although the recent developments in Information and Communication Technology (ICT) has improved book keeping practices due to increased access to electronic books (smart phones, tablets and computers) and accessories (scanners, printers, hard and internet drives) which have improved the storage of business records making book keeping easier at any work place, only few SSI have organized business records (Haber, Jeffry, 2004). While book keeping has positive correlation with financial performance, still book keeping alone does not define financial performance outcome of SSI casting shadow on the manner of record keeping (Musah, A. (2017).

On the other hand, inadequate book-keeping and limited understanding of financial businesses are the main challengers of financial performance (Owuor, G., Agusioma, N., & Wafula, F. (2021). This is true especially in Uganda particularly in Adjumani Town Council, Adjumani District northern Uganda, where over 90% of the SSIs have failed to translate into manufacturing industries due to undependable records which could not attract financial support as a result, they operate at lower level in smaller scale with limited financial capital as they still use ordinary exercise books and improvised receipt hand written on paper to keep their financial payment records which could easily be manipulated, confiscated or lost easily endangering their financial records.

Therefore, studying the book keeping practices is crucial for better understanding of the financial performance, especially of SSIs in Adjumani Town Council, Adjumani District northern Uganda.

## **1.2. Statement of the problem.**

Small Scale Industries (SSIs) are the foundation of manufacturing industries and economy sustaining income/livelihood, poverty actions and entrepreneurship option for 90% informal sector of Uganda (UBOS, 2020). However, despite their importance, more than 90% of Small-Scale Industries (SSI) in Uganda are not well informed about their financial position due to lack of consistent bookkeeping practices (Lawrence C. K. M.,

Catherine K., Benon B. A., Paddy M. & Innocent B. R., 2018). While there is high relationship between poor business bookkeeping and financial loss (Onaolapo and Adegbite, 2014), Most of sole SSIs ignore book keeping practices such as; sales and purchases records, cash book records (single and double entry) and reconciliatory financial statement recordings as inventories of their business regards it as time wasting (Musah, A. (2017) as a result most of them cannot measure their business growth and opportunities in finance terms. On the other hand, inadequate bookkeeping and limited understanding of financial businesses are the main challengers of financial performance (Owuor, G., Agusioma, N., & Wafula, F. (2021). In contrast, over 80% of SSI owners have no proper records books and over 60% have insufficient sole book bookkeeping practices and manual bookkeeping methods are common than electronic or virtual ones (Somathilake & Ranathunga, 2021). This is true especially in Uganda particularly in Adjumani Town Council, Adjumani District northern Uganda, where over 90% of the SSIs have failed to translate into manufacturing industries due to undependable records which could not attract financial support as a result, they operate at lower level in smaller scale with limited financial capital as they still use ordinary exercise books and improvised receipt hand written on paper to keep their financial payment records which could easily be manipulated, confiscated or lost easily endangering their financial records. The financial outcome on bookkeeping of SSIs is very crucial concern of study for an improved financial performance, especially in Adjumani Town Council, Adjumani District northern Uganda

**The research gaps;** the research gaps included; key indicators related to level of book keeping specially the electronic forms of Book keeping.

Motivation level and personal motive of each SSI and the employee on book keeping considers motivation as a process of influencing others, to do your work through the possibility of gaining reward, motivated employees worked at close to 80-90 percent of their ability (beyond slave) and SSI employee book keeping performance as proportional

to their motivation (Performance = Ability x Motivation), (Motivation = Valiancy x Expectancy/motive). Thus 'motive' is an internal factor that integrates worker's behavior. Book keeping motive makes book keeping consistent. "SSI Employee book keeping task should be motivated by financial protection and cash flows which is proportional to their record keeping ability (experience) and level of motivation (inner motive) (Melissa M. Aldredge, 2023).

### **1.3. Purpose of the study.**

The purpose of the study was to analyze the relationship between Book keeping and the Financial Performance of Small-Scale Industries (SSIs) in Adjumani Town Council, Adjumani District –northern Uganda.

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

- i. To examine the effects of sales and purchases records on financial performance of selected Small-Scale Industries in Adjumani Town Council, Adjumani District-northern Uganda.
- ii. To assess the effects of financial statements on the Financial Performance of Small-Scale Industries in Adjumani Town Council, Adjumani District-northern Uganda.
- iii. To examine the effects of cash book entries on the financial performance of Small-Scale Industries in Adjumani Town Council, Adjumani District-northern Uganda.

### **1.5. Research questions.**

- i. What are the effects of sales and purchase records on the financial performance of Small-Scale Industries in Adjumani Town Council, Adjumani District-northern Uganda?
- ii. What are the effects of financial statements on the Financial Performance of Small-Scale Industries in Adjumani Town Council, Adjumani District-northern Uganda?

iii. What are the effects of cash book entries on the financial performance of Small-Scale Industries in Adjumani Town Council, Adjumani District-northern Uganda?

#### **1.6.0. Scope of the study.**

The scope provided for the boundary of the study in terms of content, geographical area, contextual scope, and period of the study respectively.

#### **1.6.1. Content scope.**

The content scope of the study was to analyze the relationship between Book Keeping and Financial Performance of Small-Scale Industries (SSI) in Adjumani Town Council, Adjumani District –northern Uganda.

#### **1.6.2. Geographical scope.**

The study was limited to Adjumani district, mainly Adjumani Town council which is located in the north eastern region of Uganda between latitude 31° 24" and 32° 4" and longitude 2° 53" and 3° 37" north of the Equator long Eastern bank of the Albert Nile in the common border with Moyo District bordering, Amuru in the south and east, Arua and Yumbe in the west and Moyo in the north. Adjumani is one of the districts in northern Uganda's common border with the Republic of South Sudan in the north-east. The total land area of the district is 3128sq.kms, of which 46.8sq.kms is covered by water. The area occupied by forest is estimated 37.44sq.kms. Of the 1455sq.kms of arable land, only 120.8sq.kms is under cultivation (UNPHC, 2015). The 2014 population and housing census established the total population of Adjumani district (East Moyo County) at 231,623, of which 52.2% were females and 47.8% were males. The area is urban (the biggest town council in Uganda critically anticipating municipality status) and population segment are elite while business draws heavily on the local Small-Scale industries (SSI) such as Mize and rice milling and packaging that forms major food business and research

in suitable book keeping methods will be crucial for improving the financial performance of the selected SSI.

### **1.6.3. Contextual scope.**

The Contextual scope presented the socio-economic development situation of SSI in the areas of study of Adjumani district which separated from Moyo district on 17 July, 1997 due to population especially of over 400,000 refugees more than double of host communities which are spread across the 10 sub-counties, 54 parishes and 206 villages and Adjumani Town Council. The rainfall pattern is bimodal with annual rainfall varying between 750mm to 1500mm. The rain season fall between April to June and August to November, with peak rainfall usually experienced in May in first season and august in the second season. Dry conditions are experienced from December to March is the most suitable for free conduction of this research. During this period, SSI have greater business as local livelihood is fare due to post harvest value addition on Rice and maize as people prepare to enjoy Christmas and most women who brew alcohol as economic activity go to SSI for grinding and uncovering their rice and this season of intense business for SSI is the most suitable for assessing the suitability of their book keeping methods especially on their financial performance.

### **1.6.4. Time scope.**

The study covered a period of 5months from September to December and it was intended to assess the standards of book keeping and the financial performance of the Small-Scale Industries (SSI) operating from 2000 to 2025 in order to analyze the performance of book keeping and financial performance outcome focusing on Sustainable Development Goal one (SDG1) (UNDP, 2015) and the middle-income status of SSIs (Uganda, vision, 2040).

### **1.7. Significance of the study.**

Adjumani District Authority would benefit from the study's findings since they would be useful for Ministry of Finance and Economic Planning (MoFEP) of the government of

Uganda, Economist, Industrialist, Investors and entrepreneurs in evaluating the effects of book keeping practices and their financial performance.

This study would also inspire local auditing authorities, economist, industrialist and entrepreneurs to improve on their book keeping practices and financial performance.

The findings of this study would also be useful for business experts especially researchers of industrial economy, accounts and auditors undertaking research in Book Keeping standards that enhances their financial performance.

The findings of this study would also help the local Small-Scale Industries (SSI) to improve on their Book Keeping standards that enhances their financial performance.

Above all, the study would contribute to the School of Business Studies in partial requirement leading to the award of Bachelor Degree of science in accounting and financing of Uganda Christian University (UCU).

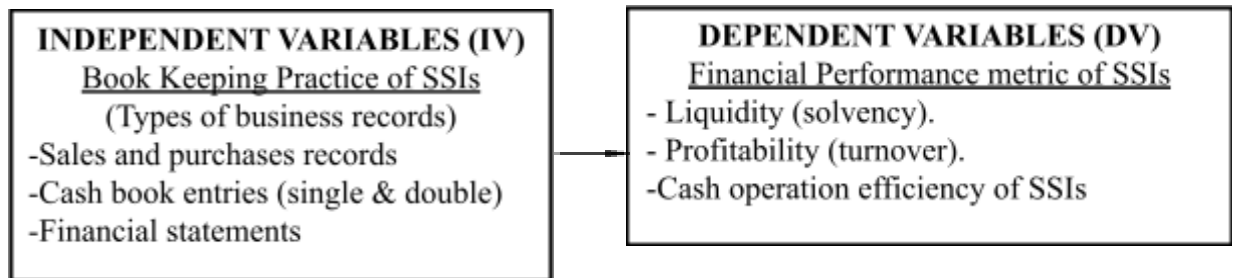
### **1.8. Justification of the study.**

The research would offer an opportunity to examine the application of professional book keeping standards by SSIs and their outcome on financial performance and inspires SSIs entrepreneur to consider business book keeping as a key tool of their financial sustainability. The research would also assess the impact of book keeping on the Sustainable Development Goal one (SDG1 and middle-income status amongst SSI owners and their employees (Uganda, vision, 2040). Above all, the research work would as well contribute to the school of thought in expanding the understanding of the effect of book keeping on financial performance especially of SSI entrepreneurs, their evolution into manufacturing industries and contribution to the industrial economy. (Owuor, G., Agusioma, N., & Wafula, F. (2021).

### 1.9. The conceptual Framework.

The conceptual framework that related book keeping Practices and Financial performance of SSIs as seen in figure one (fig.1) below

**Fig. 1. The Conceptual frame work**



*Source: Formulated by researcher*

#### **Description of Variables**

From the conceptual framework in Figure One (Fig.1) above; Financial Performance Dependent Variables (DV), book keeping practices as Independent Variables (IV) respectively.

**Dependent Variable (DV)** considers, financial performance metric such as; Liquidity (solvency), Profitability (turnover) and cash operation efficiency respectively as major economic outcome of book keeping especially financial book keeping practices of SSI as a foundation of industrial economy.

**Independent Variable (IV);** presents book keeping practices of SSIs such as; Sales and purchases records, simple and double Cash book entries (recording) and financial reconciliation statements of the SSIs and how it strengthens their financial capacity for possible economic advancement.

## CHAPTER TWO

### LITERATURE REVIEW.

#### 2.0 Introduction.

This chapter analyzed the existing literatures about book keeping and financial performance of Small-Scale Industries (SSI) in Adjumani Town Council, Adjumani District northern Uganda. The available literatures (text books and scholarly writing) would be reviewed under the following headlines; the theoretical review and empirical literature review which considered; the effects of sales and purchase records on financial performance, the effects of financial statement on financial performance and the effects of cash book entry on the financial performance of SSIs respectively.

#### 2.1. Theoretical Review.

The theoretical review considered financial book keeping as behavioral science whose function is to communicate economic information and assist users in decision making (Schroeder et al., 2014). This was relevant as the role of book keeping as it informs SSIs in finance an economic decision. The relevant theories considered for explaining the book keeping includes; economic theory, agent theory, behavioral science theory and motivation theory respectively' (Melissa M. Aldredge, 2023)

**The 'Economic theory'** assumed the sole proprietor of SSIs which determined the level and quality of booking which intern determined the consistency of financial records. According to 'Economic Theory' "all parties to the SSI such as; suppliers, transporters, employees and clients are under the direct control of the SSI owners and responsible for inconsistency or poor financial outcome". (Melissa M. Aldredge, 2023)

**However, the 'Agent Theory'** assumed that "large business firms are owned by executives and run by managers whose economic interest are both different". According

to 'Agent Theory' "business managers (employees) are agents of the executives (the SSI owners) who expects, their workers to still keep all records of sales, purchases, financial statement and bank reconciliations to grantee the advancement of their industrial development on the other hand, the workers (agents) intern assumed executives of the above expectations of SSI executives interferes with their own wants (better pay, working conditions and social privileges (bonus pay, free transport and housing). Agent Theory assumes the two business parties (the executives of SSIs and their agents' workers) are in antagonist working relations and any error in business risks management affects the quality of their book keeping and financial expectations of both sides. This was true especially when social administration control alters, descend economic engagements (honest sale, purchase recording, cash entries, balance of financial statement and consistent reconciliation bank statements) becomes defective task (Gabriel Donleavy, 2016 and Melissa M. Aldredge, 2023)

Unfortunately, most SSIs considered economic theory and monopolized their own business and forfeited the greater support of their employees in controlling record keeping as most of them considered their businesses as their primary likelihood options and disregarded the socio-economic expectations of their workers. Behavioral science mode lists asserted socio-behavioral dynamics which dictated on consistency of record keeping and output of financial records where employee (agents) were compelled to set their norms of assessing the value of their work, effort, pay, and ultimately, their happiness (Rebitzer & Taylor, 2011).

**The behavioral science management theory** of (Frederick Winslow Taylor 1856-1915), states, "Scientific process governs the relationship between SSI executives (owners) and their employees. The special qualities (unique talents and capabilities/record keeping experiences) of employees determines professional record keeping and consistent financial statement/operations. (Melissa M. Aldredge, 2023)

**motivation theory of** (William James and Fredrick Herzberg F. 1950), considers motivation as a process of influencing others, to do your work through the possibility of gaining reward, motivated employees worked at close to 80-90 percent of their ability (beyond slave) and SSI employee book keeping performance is proportional to their motivation ( $\text{Performance} = \text{Ability} \times \text{Motivation}$ ), ( $\text{Motivation} = \text{Valiancy} \times \text{Expectancy/motive}$ ). Thus 'motive' is an internal factor that integrates worker's behavior. Book keeping motive makes book keeping consistent. "SSI Employee book keeping task should be motivated by financial protection and cash flows which is proportional to their book keeping ability (experience) and level of motivation (inner motive) (Melissa M. Aldredge, 2023).

## **2.2.0 The Empirical Literature Review.**

### **2.2.1. The effects of sales and purchases records on financial performance of selected Small-Scale Industries.**

**Book Keeping** is influenced by the act of keeping updated business and financial records or information on financial accounting system including business transactions and banking in order to relief the business owners such as; Small-Scale Industries (SSI) owners to handle other managerial responsibilities (Melissa M. Aldredge, (2023))

The main book keeping tasks for SSIs business includes; sale and purchase book keeping, standards cash book recording (single or double entries) and financial statements record keeping and the significance of their outcome is financial performance. (Musah, A. (2017): Aditya Krishnan, 2024)

**Sales and purchase recording** method can make use of both; Single-entry book keeping, double-entry book keeping. Single-entry bookkeeping is a straightforward method where one entry is made for each transaction in financial books. These transactions are usually maintained in a cash book to track incoming revenue and outgoing expenses. This is suitable book keeping for sole SSI who operate with limited

capital since it does not require formal accounting training unlike double entry. On the other hand, double-entry bookkeeping is more robust recording method based on the principle that every transaction affects at least two accounts, and they are recorded as debits and credits. For example, if you make a sale for 10,000 shillings, your cash account will be debited for 10,000 shillings and your sales account will also be credited by 10,000 shillings. the same amount. In the double-entry system, the total credits must always equal the total debits. When this happens, your books are “balanced.” (Aditya Krishnan, 2024)

The use of single entry or double-entry method for bookkeeping depends on business size and amount of error limits. Sole SSI may adopt single entry since its straight forward and does not require formal training while growing SSI may choose the double-entry system because it leaves less room for errors.

The principal of purchase recording depends on the manner at which SSI business receives its revenue and makes its expenditure. Record can take form of cash-based or accrual bases. Cash based recognizes revenue when you receive cash into your business. Expenses are recognized when they are paid for. In other words, any time cash enters or exits your accounts, they are recognized in the books. This means that purchases or sales made on credit will not go into your books until the cash exchanges are confirms at hand. This can be the most effective method of enhancing the liquidity (solvency) and profitability (turnovers) which are the main financial performance metric of the SSIs. On the other hand, more than 90% of Small-Scale Industries (SSI) in Uganda does not perform well financially due to lack of consistent book keeping practices (Owusu, E. E., Assabil, E. N., & Asare-Kyire, S. ,2015).

In the above background, book keeping is a valuable practice and it reconciles records of transactions with financial outcome (performance). Financial Performance is defined as “the degree to which financial performance metrics (Liquidity, profitability and Cash

value Operation) have been accomplished. This means book keeping retains Liquidity (solvency), profitability (turnovers) (Melissa M. Aldredge, (2023) and protects cash in business operation" making record-keeping the main feature of businesses activities (Ademola, James, & Olore, 2018).

However, many SSI embark on accrual method where revenue is recognized when it is earned. Similarly, expenses are recorded when they are incurred, usually along with corresponding revenues. That is sales and purchases records are actual made before expecting cash value. This record system has large room for financial loss. Unfortunately, most entrepreneurs especially sole SSIs overlook consistent record keeping regarding it as time wasting activity as a result most of them cannot measure their business growth and opportunities in finance terms (Owuor, G., Agusioma, N., & Wafula, F. (2021).

Study in Nigeria reveals Proper record keeping as linked to financial performance of SSIs (Somathilake & Ranathunga, 2021), in Kenya studies reveals education level of sole business and proprietor determines recording keeping practices (Collins Amimo Lumumba and Fredric Aila, 2022), and in Uganda studies reveals financial performance as a factor of book keeping outcome especially in western Uganda (Lawrence C. K. M., Catherine K., Benon B. A., Paddy M. & Innocent B. R., 2018).

Small Scale Industries (SSIs) are the foundation of manufacturing economy and multiplier contributors to global industrial production employing 85% in European, (Akande, O. O. (2011).), over 90% of the economy's total enterprises (Akande, O. O. (2011).), 84% in Nigeria, (Melissa M. Aldredge, (2023) and 90% Ugandan engaged on private sector businesses for sustainable income/livelihood, poverty actions and personal wealth creation (UBOS, 2020). Consistent recording especially sales and purchases records tracks business efficiency and financial capital growth crucial for higher portfolio.

### **2.2.2. The effects of financial statements on the Financial Performance of Small-Scale Industries.**

In order to prepare financial statements, records must be identified, categorized, stored, protected, received, sent, retained, and disposed of. One of the great roles of bookkeeping is to generate financial statements. The financial statements are prepared by consolidating information from the cash book entries recorded on a daily basis. They provide insight into business performance over time, revealing the areas of improvement.

**Financial Performance;** is defined as “the degree to which financial objectives are being or have been accomplished or measure of firm's Liquidity, profitability and Cash value Operation" (Owuor, G., Agusioma, N., & Wafula, F., 2021).

The three major financial reports that every business must know and understand are the cash flow statement, balance sheet, and income statement.

**The cash flow statement** is exactly what its name suggests. It is a financial report that tracks incoming and outgoing cash in your business. It allows entrepreneurs such as SSI to understand how well their business (in this case SSI) handles debt and expenses. By summarizing this data, you can see if you are making enough cash to run a sustainable, profitable business. (Aditya Krishnan, 2024)

**The balance sheet** reports a business' assets, liabilities, and shareholder's equity at a given point in time. However, it should be noted that, the balance sheet is only a snapshot of a business' financial position as at a particular date. It's a regular show of financial image that allows better understanding of liquidity and financial structure of business through analysis of current ratio, asset turnover ratio, inventory turnover ratio, and debt-to-equity ratio which are the true dynamics of financial position of SSIs. (Aditya Krishnan, 2024)

**The income statement**, also called the profit and loss statement, focuses on the revenue gained and expenses incurred by a business over time. There are two parts in a typical income statement. The upper half lists operating income while the lower half lists expenditures. The statement tracks these over a period, such as the last quarter of the fiscal year. It shows how the net revenue of business is converted into net earnings which result in either profit or loss. The income statement does not focus on receipts or cash details but it rather reveals the actual picture of business profitability in finance terms, (Aditya Krishnan, 2024)

**Bank reconciliation Statement** reveals congruence of transactions in bookkeeping records with bank transactions as an imperative reflection of bookkeeping because, after everything else is logged, it is the last step to finding discrepancies in your books. Bank reconciliation helps you ensure that there is nothing amiss when it comes to your money. It's a must because it provides the exact financial situation of your company, Tracks cash flow accurately and helps detect fraud or bank errors (Aditya Krishnan, 2024)

In contrast, there is high relationship between poor business book keeping and financial loss (Onaolapo and Adegbite, 2014) and over 80% of SSI owners have no proper records of books and over 60% have insufficient sole bookkeeping practices and manual bookkeeping methods are common than electronic or virtual ones (Somathilake & Ranathunga, 2021).

Although the recent developments in Information and Communication Technology (ICT) has improved book keeping practices due to increased access to electronic books (smart phones, tablets and computers) and accessories (scanners, printers, hard and internet drives) which have improved the storage of business records making record keeping easier at any work place, only few SSI have an organized business records (Haber, Jeffrey (2004).

While book keeping has positive correlation with financial performance, still book keeping alone does not define financial performance outcome of SSI casting shadow on the manner of record keeping (Musah, A. (2017).

Therefore, more studies are required to establish the relationship between book keeping and financial performance especially for SSIs in Adjumani Town Council, Adjumani District in northern Uganda.

### **2.2.3. THE EFFECTS OF CASH BOOK ENTRIES ON THE FINANCIAL PERFORMANCE OF SMALL-SCALE INDUSTRIES.**

Cash entry is very vital section of financial recording that serves as an inventory of cash from sales (Aditya Krishnan, 2024). Single-entry bookkeeping is a straightforward method where one entry is made for each transaction in a cash books. These transactions are usually maintained in a cash book to track incoming revenue and outgoing expenses (Aditya Krishnan, 2024).

Cash book entry is usually single-entry book keeping procedure that begins when source documents such as; purchase and sales orders, bills, invoices, and cash register tapes are gathered. The cash book entry

Follows; cash journals, ledgers, and the trial balance. Low level of Small-Scale Industries (SSI) can use only cash registers whose information can then be consolidated and turned into financial statements. This is because cash registers are suitable for businesses of small sizes and the primary method of recording transactions because they use the single-entry, cash-based system of bookkeeping. This makes them convenient for very small businesses but too simplistic for enterprises such as SSI (Aditya Krishnan, 2024).

On the other hand, inadequate record-keeping and limited understanding of financial businesses are the main challengers of financial performance (Owuor, G., Agusioma, N.,

& Wafula, F. (2021). This is true especially in Uganda particularly in Adjumani Town Council, Adjumani District northern Uganda, where over 90% of the SSIs have failed to translate into manufacturing industries due to undependable records which could not attract financial support as a result, they operate at lower level in smaller scale with limited financial capital as they still use ordinary exercise books and improvised receipt hand written on paper to keep their financial payment records which could easily be manipulated, confiscated or lost easily endangering their financial records.

Therefore, studying the book keeping practices is crucial for better understanding of the financial performance, especially of SSIs in Adjumani Town Council, Adjumani District northern Uganda

### **2.3.0. Summary Literature Review and Research Gaps.**

#### **2.3.1. Summary Literature Review.**

Book Keeping; is the act of keeping updated business and financial records or information on business transaction. (Aditya Krishnan, 2024). The main book keeping tasks for SSIs business includes; sale and purchase book keeping, standards cash book recording (single or double entries) and financial statements. Book keeping and the significance of their outcome is financial performance. (Musah, A., 2017). In contrast, there is high relationship between poor business book keeping and financial loss (Somathilake & Ranathunga, 2021). Small Scale Industries (SSIs) are the foundation of manufacturing economy and multiplier contributors to global industrial production employing 85% in European, (Akande, O. O. (2011).), over 90% of the economy's total enterprises (Akande, O. O. (2011).), 84% in Nigeria, (Melissa M. Aldredge, 2023) and livelihood option for 90% of Ugandans (UBOS, 2020. While proper record keeping is linked to financial performance of SSIs (Somathilake & Ranathunga, 2021) over 80% of SSI owners have no proper records of books and over 60% have insufficient sole, bookkeeping practices, (Onaolapo and Adegbite, 2014). On the other hand, inadequate

record-keeping and limited understanding of financial businesses are the main challengers of financial performance (Owuor, G., Agusioma, N., & Wafula, F. (2021). This is true especially in Uganda particularly in Adjumani Town Council, Adjumani District northern Uganda, where over 90% of the SSIs have failed to translate into manufacturing industries due to undependable records. Therefore, studying the book keeping practices is crucial for better understanding of the financial performance, especially of SSIs in Adjumani Town Council, Adjumani District northern Uganda

### **2.3.2. The research gaps.**

The research gaps will include; key indicators related to level of book keeping specially the electronic forms of Book keeping (online book keeping systems) will not be extensively exhausted due to level of technology involved in book keeping system of the SSI under study (Somathilake & Ranathunga, 2021) and why inadequate book keeping and limited understanding of financial businesses are the main challengers of financial performance of SSIs (Owuor, G., Agusioma, N., & Wafula, F. (2021). The effects of behavioral science management failure on quality of book keeping (Gabriel Donleavy, 2016 and Melissa M. Aldredge, 2023). The gap between behavioral science mode lists on socio-behavioral dynamics of employee (agents) on norms of assessing the value of their work, effort, pay, and ultimately, their happiness (Rebitzer & Taylor, 2011). The “scientific process that governs the relationship between SSI executives (owners) and their employees and the effects of their special qualities (unique talents and capabilities/book keeping experiences) on the book keeping and consistent financial statement/operations. (Melissa M. Aldredge, 2023). The motivation level and personal motive of each SSI and the employee on book keeping, considers motivation as a process of influencing others, to do your work through the possibility of gaining reward, motivated employees worked at close to 80-90 percent of their ability (beyond slave) and SSI employee record keeping performance is proportional to their motivation

(Performance = Ability x Motivation), (Motivation = Valiancy x Expectancy/motive). Thus 'motive' is an internal factor that integrates worker's behavior. Book keeping motive leads book keeping to consistency. "SSI Employee book keeping task should be motivated by financial protection and cash flows which is proportional to their record keeping ability (experience) and level of motivation (inner motive) (Melissa M. Aldredge, 2023)

In conclusion, successful management of accounting and book keeping challenges is essential for small business owners to ensure financial stability and growth. By addressing these all the above with proper knowledge, professional assistance, technological adoption, and sound financial practices, entrepreneurs can navigate the complex financial landscape and drive their businesses towards their goal and success.

## CHAPTER THREE

### THE RESEARCH METHODOLOGY.

#### **3.0. Introduction.**

This chapter presents the methods of the study. It explains the organizations that will be undertaken to obtain field data and how the field data obtained will be analyzed, interpreted and discussed in chapter four. This chapter includes; The Research design, Area of study, Population of study, Sampling size, Sampling Techniques, Data collection instruments and methods, Data analysis, Intervention guide, Control methods, Validity Control, Reliability, Ethical considerations, Limitations of the study.

#### **3.1. Research design.**

Research design is defined by (Bhat, 2019) as a framework of approaches and strategies selected by a researcher to integrate different research components in a reasonable and logical way in order to effectively address the research topic.

The researcher will employ quantitative research designs. Qualitative design will be used to assess the fraction of Small-Scale Industries (SSIs) keeping an updated business records and the data that translates into actual financial value which will be analyzed in scientific approach (Statistic for Social Sciences) base on quantified value Bryman A., 2006).

#### **3.2. Area of study.**

This research was conducted in Adjumani Town Council (ATC) which is located in the urban Centre at coordinates; 3°22'38.0"N, 31°47'26.0"E (Latitude: 3.377222; Longitude: 31.790556), 480km away from Kampala the capital city of Uganda UNBOS (2012). The area is semi -urban with only few professional food processing industries such as; maize mills and rice uncovering and many subsistence farmers compete for quality industrial

processing services. The researcher selected Adjumani Town council as an urban center which is now the biggest town council in Uganda for the purpose of assessing the pace of its industrial economic development where record of commercial activities determines income and expenditure guarantee finance performance of the SSIs.

### 3.3. Population of study.

The study population consisted of about 80 Small Scale Industries (SSI) owners and their workers who engaged on industrial work or financial records to improve their financial condition while with the SSI.

### 3.4.0. Sample selection and Sample Size.

#### 3.4.1. Sample Selection.

The sample selection was done by Krejcie, & Morgan 1970 sample table as 80 based on the representativeness of statistical groups (SSIs) within the population (ATC) with the same social status (industrial workers) participating in the same socio-economic activity (operating SSIs) as below.

**Table 1: showing summary of sample selection for the study.**

S/N	Categories of population	Population	Sample Techniques
1	Maize Milling Industries	19	Stratified random sampling
2	Paste Milling industries	17	Stratified random sampling
3	Rice processors	09	Stratified random sampling
	<b>Total</b>	<b>45</b>	

*Source; Sample selection (2025)*

### **3.4.2. Sample Size.**

The sample size is part of the sample selection from a given population (SSIs) where the researcher obtains field data. The sample size is calculated from (Yamane, 1967) formula  $n = N/1+N(e)^2$ , Where N = Population size, n = sample size, e = level of precision (0.05). In the formula, a 95% confidence level and a 5% level of precision were assumed. The formula is convenient because it quantitatively segregates sample size in each stratum in the table of selection. For example, the sample size (n) =  $45/1+45(0.05)^2=40.44$  (where N=45) as seen in Table 3.1 and the confidence percentage (a) = 89.9% ( $a=40.44/45*100=89.9\%$ ) far above upper percentile.

### **3.5. Sampling technique/procedure.**

The researcher used stratified random sampling to select all respondents.

### **3.6. Data sources.**

Field data will be sourced from three categories of Small-Scale Industrialist (SSIs) such as, 19 maize millers, 17 paste millers and 09 rice processors respectively.

### **3.7.0. Data Collection methods and instrument.**

This strategy used to access field data. The researcher will use questionnaires to collect filed data.

#### **3.7.1. Data collection methods.**

The researcher will use guided questionnaire filling to obtain from all the SSI categories (maize, paste and rice processing industries, their owners and workers) respectively.

#### **3.7.2. Data Collection instruments.**

The researcher will use questionnaires to both SSIs proprietors and their employees respectively.

The questionnaires will be open-ended statements with their degree of validity parameters will be presented to each respondent and filling will be guided but in free discretion so that data saturation will be based on reliable information. This will enable each segment (maize, paste and rice) to take their time.

### **3.8.0. Quality control methods.**

The quality control measures consider how the reliability and validity of the field data will be obtained. The measures include;

#### **3.8.1. Reliability.**

Reliability is the degree of research instrument's consistency in measuring data variations (Oriarewo, 2013). The reliability of the data will be enhanced by collecting data from appropriate respondents working in SSI in Adjumani Town Council, Adjumani district. The reliability of the research instrument tested on 10 respondents of the study population which were not part of the study segment will be noted.

#### **3.8.2. Validity.**

Validity is the measure of accuracy (truthfulness) research data (Mugenda O.M, 2003). Validity will be determined using content validity index (C.V.I) which represents number of questions rated relevant by the respondents (n) divided by the total number of questions (N). This can be symbolized as  $C.V. I = n/N$ . The C.V.I will be calculated and values above 0.5 or 50% will be considered valid (Mbabazi, 2006). Other validity measures include; construction consistency, errors and omission margin and transcription (translation) of research tools during field application. Open minded thinking, clear clarification and language translator are vital areas ensuring validity.

### **3.9.0. Data management and processing.**

In data management and processing, field data will be coded (editing and theme formation) manually from the research instruments (questionnaires), then consistent themes will be compiled for entry as corresponding Microsoft program ( tables) for further processing (from tables to figures) which will be subjected to further analysis and interpretation.

### **3.9.1. Data Analysis.**

The processed data on tables will be analyzed according to Statistical Package for Social Sciences (SPSS) and relevant relationships (average, cumulative frequency, percentage and relative deviations) computed for description in data discussion in chapter four.

### **3.9.2. Quantitative data analysis.**

The qualitative data after coding will be analyzed using Statistics Packages for Social Science (SPSS) for vital relationships such as; average, cumulative frequency, percentage and deviations to be computed for consistent interpretation and discussion of research findings in chapter four.

### **3.10. Ethical Considerations.**

Before heading into the field to gather data, the researcher plans to obtain the authorization from Uganda Christian University, mukono campus authorities as well as the Adjumani Town Council. Social ethics will also be maintained during data collection by ensuring empathy and confidentiality to allow friendly atmosphere is created to get all views of respondents (whether positive or negative).

### **3.11. Limitations of the Study.**

The measurement of the research may be subjected to the following limitations; some authorities may perceive it as investigation of biasedness in industrial policy enforcement.

On the other hand, Some Small-Scale Industries (SSI) owners may view it as a subjective legal regulation evasion (licensing and tax evasion monitoring) by an independently researcher.

The above limitations will be solved by first presenting them both the introduction letter from Uganda Christian University (UCU) and the pre-concert seeking letter before requesting their participation in the data contribution as apathy and confidentiality will be maintained by not involving name writing.

## **CHAPTER FOUR: PRESENTATION, ANALYSIS, AND DISSCUSSION OF FINDINGS.**

### **4.0. Introduction.**

In this chapter, the researcher attained data from the field in order to evaluate the study objectives stated in the previous chapter. The data collected was analyzed and represented in the tables below.

### **4.1. Demographic background.**

Adjumani Town Council was the site of this survey, a total of forty-five informant's took part in the study as respondents, and these respondents were employed by the SSI. The table below shows the respondents' distribution by SSI taking gender. Both the genders who own and operated the SSI in Adjumani Town Council were equally represented in the sample population. The overall view of the respondents, the results on their demographic attributes were summarized below.

**Table 2: Showing the gender of respoendent.**

<b>Gender</b>	<b>Respondent Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>
Male	27	60%	60%
Female	18	40%	40%
<b>Total</b>	<b>45</b>	<b>100%</b>	<b>100%</b>

Table 1 above reveals that 60% of the respondents were male and 40% of the respondents were female. Meaning, the male gender was a dominant respondent of the small scale industries (SSI) compared to the female gender whereby some of them were the owners and others were employed to work and do the activities of the SSI.

**Table 3: Showing age category of the respondents.**

<b>Age bracket</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>
18-25	21	46.7%	46.7%
26-35	11	24.4%	24.4%

<b>Age bracket</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>
36-45	07	15.5%	15.5%
46-60	06	1.3%	1.3%
<b>Total</b>	<b>45</b>	<b>100%</b>	<b>100%</b>

Table 3: The findings of the study indicated that biggest population proportion who operated small-scale industries and actively participated to answer the questionnaires were within the age bracket of 18-25, that was represented by 46.7% as shown by the table this implied that majority of the small-scale industries in Adjumani Town council, Adjumani District were operated by the young population, then this was followed by 24.4% of the age range 26-35, then age bracket of 36-45 with 15.5% and 1.3% of the age bracket of 46-60 was the smallest thus meaning the majority of the participants were concentrated in the lower age bracket and few participants from old age bracket above 35years.

**Table 4: Showing education status of the respondents.**

<b>Level</b>	<b>Frequency</b>	<b>Percentage</b>
Primary	05	11.1%

<b>Level</b>	<b>Frequency</b>	<b>Percentage</b>
Secondary	21	46.7%
Certificate	08	17.8%
Diploma	06	13.3%
Degree	05	11.1%
Masters	0	0%
<b>Total</b>	<b>45</b>	<b>100%</b>

Table 4: The findings of the study revealed that the majority of the respondent's at least went to school where biggest group percentage were in secondary education. 46.7%, implied that the owners and employees who operated small-scale industries in Adjumani Town Council were literate that is to say they know how to read and write followed by certificate (17.8%) who can record daily transactions with some knowledge of finance and diploma (13.3%) as well who were able to assist in the research process plus primary (11.1%) and degree (11.1%) who were able to help in the work process of the research

process whereas, masters (0%) whereby there was no one who attained some knowledge in that level of education.

**Table 5: Showing the position held at the SSI.**

<b>Position</b>	<b>Frequency</b>	<b>Percentage</b>
Sales personnel	12	26.7%
Accountant	02	4.4%
Manager	06	13.3%
Cashier	06	13.3%
Owner	05	11.1%
Processors	14	31.1%
<b>Total</b>	<b>45</b>	<b>100%</b>

Table 5: The findings of the study revealed that the majority of the respondents were processors (31.1%) who were able to assess the questionnaires, then followed by sales personnel (26.7%) who were able to tell how much they could sale, managers (13.3%),

cashiers (13.3%), owners (11.1%), and finally the least were the accountants (4.4%) who were able to help in answering the questions in the questionnaires.

**4.1.5 Effects of sales and purchase records on financial performance of the selected small scale industries in Adjumani Town Council.**

The respondents used the questionnaires below to in order to provide relevant and realistic answers to the questions.

*Questionnaire scale: 5 Most true (best), 4 Very True (Better), 3 True (Good/Average), 2 Fairly True (good/below average), 1 False (wrong/nothing)*

**Table 6: Showing the descriptive scale of sales and purchase records.**

Statement	5	4	3	2	1	Mean	SD
Keeping record of all sales and purchases daily	62.2%	15.6%	13.3%	8.9%	0%	4.31	1.02
We use our records to calculate financial value	31.1%	44.4%	4.4%	8.9%	2.2%	3.84	1.05
We updated assets, sales and purchase record from time to time	33.3%	31.1%	15.6%	13.3%	2.2%	3.76	1.13

<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Mean</b>	<b>SD</b>
We have both single and double cash entry daily	26.7%	4.4%	4.4%	57.8%	6.7%	2.87	1.38
We monitor our finances by preparing monthly financial statements	51.1%	31.1%	8.9%	4.4%	4.4%	4.20	1.06
We maintain reconciliation statements to know our income & debts	22.2%	37.8%	17.8%	15.6%	6.7%	3.53	1.18
Our financial statement is our guide for loan and debt payments.	8.9%	31.1%	44.4%	15.6%	0%	3.33	0.89
We pay our staffs base on the advice our income statements	15.6%	8.9%	62.2%	13.3%	0%	3.27	0.89

Statement	5	4	3	2	1	Mean	SD
We know our business record is our real net worth	51.1%	33.3%	8.9%	6.7%	0%	4.29	0.93
We feel we have enough money to run our business	8.9%	11.1%	6.7%	60%	13.3%	2.42	1.13
We get dependable money for our daily business work.	46.7%	31.1%	13.3%	8.9%	0%	4.16	0.98

The findings of the study revealed that 62.2% of the respondents strongly agreed of proper keeping of records of sales and purchases daily, while 15.6% agreed (very true) which as well implies that a majority (77.8%) of SSIs practice daily transactions which helps them in daily monitoring of their incomes and expenditures, tracking profitability, and supporting their accountability.

However, a very small percentage of 8.9% was rated fairly true, implying that some SSIs still experience inconsistency in daily recording of transactions hence exposing them to financial mismanagement and inaccurate profit determination.

The findings revealed that 44.4% agreed (very true) and, 31.1% strongly agreed that they use records to calculate their financial values, implying that 75.5% of the respondents actively use their records to determine their business performance, indicating that the

sales and purchase records are not merely kept for compliance but are utilized to calculate profit margins and also guide their financial decision making.

However, some small proportion of 8.9% indicated fairly true, and 2.2% false, regarding limited financial literacy among some operators in interpreting their records effectively.

The study findings indicated that 33.3% strongly agreed and 31.1% agreed that the SSIs update their assets, sales and purchase records from time to time which shows that a majority of 64.4% maintain updated records which provides them with accurate picture of business positions, prevents outdated financial information, and as well enhancing credibility for loan applications.

However, 13% of the findings showed fairly true and 2.2% showed false, implying that some of the SSIs may delay in updating their records hence affecting their financial accuracy.

The findings revealed that 51.1% strongly agreed and 31.1% agreed that they monitor finances by preparing monthly financial statements which indicates that over 80% of the respondents use monthly financial reporting as a management tool which helps them in budgeting, planning, and tracking profitability trends hence showing a positive relationship between bookkeeping practices and financial performance of the SSIs.

The study findings revealed that 46.7% strongly agreed and 31.1% agreed that the SSIs get dependable money for their daily operations which indicates that consistent record keeping may contribute to stable cash flow management, which supports their daily operations and business continuity.

**Table 7: Showing correlation analysis between sales and purchase records and financial performance.**

<b>Statement</b>	<b>Pearson(r)</b>	<b>Sig. p-value</b>	<b>Interpretation</b>
Keeping record of all sales and purchases daily	0.58	0.004	Strong positive relationship
We use our records to calculate financial value	0.46	0.016	Moderate positive relationship
We updated assets, sales and purchase record from time to time	0.42	0.021	Moderate positive relationship
We have both single and double cash entry daily	0.34	0.039	Weak positive relationship
We monitor our finances by preparing monthly financial statements	0.52	0.008	Moderate positive relationship
We maintain reconciliation statements to know our income & debts	0.49	0.012	Moderate positive relationship

<b>Statement</b>	<b>Pearson(r)</b>	<b>Sig. p-value</b>	<b>Interpretation</b>
Our financial statement is our guide for loan and debt payments.	0.37	0.031	Weak positive relationship
We pay our staffs base on the advice our income statements	0.40	0.025	Moderate positive relationship
We know our business record is our real net worth	0.55	0.006	Strong positive relationship
We feel we have enough money to run our business	0.29	0.067	Weak relationship
We get dependable money for our daily business work.	0.47	0.015	Moderate positive relationship

The correlation results indicate that sales and purchase record keeping has a positive relationship with the financial performance of small scale industries. The strongest relationships were observed for keeping records of sales and purchases daily ( $r=0.58$ ). And knowing the real net worth of the business through records ( $r=0.55$ ). This indicates

that business that consistently maintain records of their transactions tend to experience better financial performance.

Moderate positive relationships were also observe in variables such as monitoring finances through financial statements ( $r=0.52$ ) and maintaining reconciliation statements ( $r=0.49$ ). These findings suggest that proper record management improves financial control and business decision making.

However, having enough money to run the business recorded a weak relationship ( $r=0.29$ ), indicating that availability of funds alone may not strongly influence financial performance without proper management.

**Table 8: Showing regression analysis results of sales and purchase records on financial performance.**

Statement	BETA( $\beta$ )	t-value	Sig.	Interpretation
Keeping record of all sales and purchases daily	0.34	3.18	0.003	Strong significance
We use our records to calculate financial value	0.26	2.41	0.018	Moderate significance

<b>Statement</b>	<b>BETA(<math>\beta</math>)</b>	<b>t-value</b>	<b>Sig.</b>	<b>Interpretation</b>
We updated assets, sales and purchase record from time to time	0.23	2.26	0.027	Moderate significance
We have both single and double cash entry daily	0.19	2.03	0.045	Weak significance
We monitor our finances by preparing monthly financial statements	0.29	2.67	0.010	Moderate significance
We maintain reconciliation statements to know our income & debts	0.27	2.54	0.013	Moderate significance
Our financial statement is our guide for loan and debt payments.	0.21	2.14	0.035	Weak significance
We pay our staffs base on the advice our income statements	0.24	2.30	0.024	Moderate significance

Statement	BETA( $\beta$ )	t-value	Sig.	Interpretation
We know our business record is our real net worth	0.31	2.95	0.005	Strong significance
We feel we have enough money to run our business	0.14	1.58	0.118	Not statistically significant
We get dependable money for our daily business work.	0.25	2.36	0.021	Moderate significance

The regression results show that sales and purchase records practices explain approximately 48% of the variation in financial performance of the selected small scale industries. The variable keeping records of sales and purchases daily ( $\beta=0.34$ ) showed the strongest influence on financial performance. This implies that businesses maintaining consistent transaction records are more likely to achieve improved financial outcomes.

The business net worth through records ( $\beta=0.31$ ) and monitoring finances through financial statements ( $\beta=0.29$ ) also showed significant influence on financial performance. However, feeling that there is enough money to run the businesses ( $\beta=0.14$ ) was not statistically significant, suggesting that financial performance depends more on proper financial record management than simply the availability of funds.

#### **4.1.6 Effect of financial statements on the financial performance of Small-scale industries.**

**Table 9: Showing descriptive sale of financial statement.**

<b>Statements</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Mean</b>	<b>Standard deviation</b>
We prepare monthly financial statement timely	8.9%	26.7%	11.1%	51.1%	2.2%	2.67	1.02
We use our financial statement to monitor business progress	24%	26%	23%	17%	10%	3.44	1.21
Our financial statement tells us about our true liquidity	10%	22%	16%	25%	27%	2.89	1.32
Our financial statement reveals our loss or profit	20%	16%	28%	26%	10%	3.22	1.27
Our monthly financial statement shows growth in cash sale	15.6%	17.8%	46.7%	20%	0%	2.83	1.10

<b>Statements</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Mean</b>	<b>Standard deviation</b>
Our monthly financial statement shows more credit sales	13%	15%	22%	32%	18%	2.72	1.15
Our monthly financial statement shows more unpaid debts	12%	14%	34%	23%	17%	2.56	1.24
We are qualified to prepare our financial statement	11.1%	6.7%	20%	26.7%	35.6%	2.22	1.18
We are comfortable with electronic financial system	12%	19%	20%	31%	18%	2.78	1.21

The findings showed that 77.8% of respondents (51.1% fairly true and 26.7% very true) agreed that they prepare monthly financial statements. This is important because it indicates that the majority of businesses recognize the need for financial reporting, although the low percentage (8.9% most true) suggests that the practice is not done at the

highest level. This implies that improving consistency and accuracy in preparation can enhance financial performance.

The study also showed that 50% of the respondents (24% most true and 26% very true) indicated that they use financial statements to monitor business progress. This is important because it shows that half of the businesses actively rely on financial information for decision making, which contributes positively to performance. However, the remaining percentage suggests that some businesses are not fully utilizing financial statements.

The findings show that 35% of respondents disagreed that they are qualified to prepare financial statements, while only 17.8% strongly agreed, this is because it highlights a significant skills gap among business owners, which limits the effective use of financial statements.

Furthermore, the results show that 62.3% (46.7% true and 15.6% most true) agreed that financial statements help in identifying growth in cash sales which shows that it is a useful tool for tracking business growth, hence positively contributing to improved financial performance.

The study also revealed that 31% of respondents rated themselves as fairly comfortable with electronic financial systems, while 31% agreed and 18% disagreed. This is important because it shows moderate adoption of technology, suggesting that increased use of electronic systems could improve financial reporting and financial performance.

In conclusion, the above percentages indicate that while a majority of small scale industries use financial statements, the level of usage, understanding, and application is not strong enough across all the areas. The findings are important because they show that improving skills, enhancing record accuracy, and promoting better use of financial information can significantly improve the financial performance of these businesses.

**Table 10: Showing correlation analysis between financial statements and financial performance.**

<b>Statement</b>	<b>Pearson correlation (r)</b>	<b>Sig. (p-value)</b>	<b>Interpretation</b>
We prepare monthly financial statement timely	0.32	0.041	Weak positive relationship
We use our financial statement to monitor business progress	0.49	0.012	Moderate positive relationship
Our financial statement tells us about our true liquidity	0.44	0.018	Moderate positive relationship
Our financial statement reveals our loss or profit	0.51	0.009	Moderate positive relationship
Our monthly financial statement shows growth in cash sale	0.55	0.006	Strong positive relationship

<b>Statement</b>	<b>Pearson correlation (r)</b>	<b>Sig. (p-value)</b>	<b>Interpretation</b>
Our monthly financial statement shows more credit sales	0.37	0.029	Weak positive relationship
Our monthly financial statement shows more unpaid debts	-0.28	0.073	Weak negative relationship
We are qualified to prepare our financial statement	0.34	0.036	Weak positive relationship
We are comfortable with electronic financial system	0.46	0.015	Moderate positive relationship

The correlation results indicate that the use of financial statements has a generally positive relationship with the financial performance of small scale industries. The strongest relationship was observed for monthly financial statements showing growth in cash sales ( $r=0.55$ ), indicating that financial records that track sales growth are strongly associated with improved business performance.

Similarly, financial statements revealing profit or loss ( $r=0.51$ ) and monitoring business progress using financial statements ( $r=0.49$ ) showed moderate positive relationships,

suggesting that businesses that rely on financial statements for decision making tend to perform better.

However, unpaid debts recorded in financial statements showed a weak negative relationship ( $r=-0.28$ ), implying that higher outstanding debts may slightly reduce the financial performance of small scale industries.

**Table 11: Sowing regression analysis results of financial statements on financial performance industries.**

Statement	Beta	t-value	Sig.	Interpretation
We prepare monthly financial statement timely	0.18	2.01	0.046	Weak but significant influence
We use our financial statement to monitor business progress	0.27	2.54	0.014	Moderate influence
Our financial statement tells us about our true liquidity	0.24	2.29	0.025	Moderate influence
Our financial statement reveals our loss or profit	0.30	2.88	0.006	Strong influence

<b>Statement</b>	<b>Beta</b>	<b>t-value</b>	<b>Sig.</b>	<b>Interpretation</b>
Our monthly financial statement shows growth in cash sale	0.33	3.16	0.003	Strongest influence
Our monthly financial statement shows more credit sales	0.20	2.10	0.039	Weak influence
Our monthly financial statement shows more unpaid debts	-0.16	-1.61	0.110	Not statistically significant
We are qualified to prepare our financial statement	0.19	2.04	0.043	Weak influence
We are comfortable with electronic financial system	0.26	2.48	0.016	Moderate influence

The results show that financial statement practices explain approximately 45% in financial performance of small scale industries. The variable monthly financial statements showing growth in cash sales ( $\beta=0.33$ ) had the strongest influence on financial performance, showing that businesses that maintain financial records reflecting sales growth tend to perform better financially.

Financial statements revealing profit or loss ( $\beta=0.30$ ) and monitoring business progress ( $\beta=0.27$ ) also showed significant influence on business performance.

However, financial statements showing unpaid debts ( $\beta=0.16$ ) were not statistically significant, suggesting that although debt levels may affect businesses, they do not strongly determine the overall financial performance in the study.

#### 4.1.7. Effects of cash book entries on the financial performance of Small-Scale Industries.

**Table 12: Showing descriptive sale of cash book entries.**

Statements	5	4	3	2	1	Mean	Standard deviation
We have separate cash book for recording all our finances.	20%	15.6%	48.9%	13.3%	2.2%	3.38	1.04
We use single cash book register	46.7%	15.6%	4.4%	33.3%	0%	3.76	1.53
We use double entry cash book for register.	11.1%	6.7%	48.9%	33.3%	0%	2.96	0.87

Statements	5	4	3	2	1	Mean	Standard deviation
Our cash balances agree with our cash records	13.3%	20%	33.3%	22.2%	11.1%	3.02	1.15
Our cash book balance show we can expand our business	35.6%	53.3%	2.2%	6.7%	2.2%	4.13	0.86
Our cash book balance shows we have more liabilities	6.7%	8.9%	33.3%	42.2%	8.9%	2.63	1.04

Sources; (Designed by the researcher)

The study revealed that 48.9% businesses are uncertain or there is inconsistency in maintaining separate cash books. However, a combined 35.6% (20%+15.6%) agreed, suggesting that some businesses recognize the importance if separating financial records which may lead to lack of clear separation of cash records, leading to poor financial tracking and reducing financial accuracy.

The study showed that 46.7% and 15.6% confirm that most businesses rely on a single cash book system which is suitable for small operations but may hinder business growth. The findings showed that only 33.3% strongly agreed, while many were neutral, which

indicates that there is possibility in inconsistencies in record keeping, weak reconciliation practices, and risk of financial management.

The findings also revealed that 88.9% (35.6%+53.3%) agreed that cash book balance help in decision making for business expansion hence making businesses to rely on them for investment decisions.

**Table 13: Showing correlation analysis between cash book entries and financial performance.**

<b>Statements</b>	<b>Pearson (r)</b>	<b>Sig (p-value)</b>	<b>Interpretation</b>
We have separate cash book for recording all our finances.	0.41	0.021	Moderate positive relationship
We use single cash book register	0.36	0.034	Weak positive relationship
We use double entry cash book for register.	0.48	0.015	Moderate positive relationship
Our cash balances agree with our cash records	0.52	0.009	Moderate positive relationship

Statements	Pearson (r)	Sig (p-value)	Interpretation
Our cash book balance show we can expand our business	0.57	0.004	Strong positive relationship
Our cash book balance shows we have more liabilities	-0.29	0.071	Weak negative relationship

The results indicate that book keeping practices have a positive relationship with financial performance of small scale industries. The strongest relationship was observed between cash book records showing that business expansion ( $r=0.57$ ) and financial performance, suggesting that businesses maintaining accurate cash book records are more able to evaluate growth opportunities.

The correlation between cash balances agreeing with records ( $r= 0.52$ ) also indicates that proper reconciliation contributes to better financial outcomes.

However, the variable cash book showing more liabilities recorded a weak negative relationship ( $r=-0.29$ ), suggesting that increased liabilities may slightly reduce financial performance.

**Table 14: Showing regression analysis of cash book practices of financial performance.**

<b>Statements</b>	<b>beta</b>	<b>t-value</b>	<b>sig</b>	<b>Interpretation</b>
We have separate cash book for recording all our finances.	0.24	2.41	0.019	Significant predictor
We use single cash book register	0.17	1.98	0.049	Slight influence
We use double entry cash book for register.	0.28	2.63	0.011	Moderate influence
Our cash balances agree with our cash records	0.31	2.97	0.005	Strong influence
Our cash book balance show we can expand our business	0.35	3.22	0.003	Strongest influence
Our cash book balance shows we have more liabilities	-0.14	-1.52	0.132	Not significant

The regression results show that book keeping practices explain 40% in financial performance of the small scale industries. This indicates that proper maintenance of cash books contributes significantly to business performance.

Cash book records showing the ability to expand business ( $\beta=0.35$ ) had the strongest effect on financial performance, implying that businesses using their financial records to guide expansion decisions tend to perform better.

However, liabilities recorded in cash books had no statistically significant influence ( $p>0.05$ ), suggesting that liabilities alone may not determine financial performance without considering other financial management practices.

## CHAPTER FIVE

### **SUMMARY, DISCUSSION, CONCLUSION, AND RECOMMENDATION.**

#### **5.0 Introduction.**

This chapter presents the summary, discussion, conclusion, and recommendations got from the research findings from the field by the research objectives.

#### **5.1. Below is the summary of the research findings.**

##### **5.1.1. Effects of sales and purchases records on financial performance of the small-scale industries.**

The findings of the study revealed that preparing monthly financial statements of the SSIs help them to track financial health which provides an insight into profitability, cash flow, and the overall financial position, hence helping the SSIs to make informed decisions.

Monthly recording of records help the SSIs' management to budget and plan accordingly since it provides data to build realistic budget and plan hence knowing their incomes, expenses, and savings thus helping in setting financial priorities as revealed by the findings of the study above.

The findings also revealed that effective recording of sales and purchases help in debt management since there is tracking of finances monthly whereby they could see where they stand with debts, track the progress of paying the debts off, and avoiding on taking on excessive debt.

##### **5.1.2. Effects of financial statements on the financial performance of the small-scale industries.**

The findings revealed that using of financial statements to monitor the business progress help to show the businesses whether they is making of profit or loss, how revenue is

growing, and whether expenses are under control hence helping in the tracking progress of the SSIs.

The findings also revealed that financial statements help ensure the SSIs have enough cash to meet their daily expenses whereby monitoring the cash flows and outflows prevent liquidity problems and help maintain in the smooth operations of the SSIs.

### **5.1.3. Effects of cash book entries on the financial performance of small-scale industries.**

The findings of the study revealed that single cash book register helps the SSIs in tracking daily cash flows by keeping on the ongoing, detailed log of how much cash is in hand at a particular given time which is critical for making sure they don't run out of cash for their daily operations.

The findings revealed that the single cash book helps in reconciling their cash balances with the physical cash in hand and also with the balance in the bank account whereby the monthly reconciliation between the bank statement and the cash book helps to identify any discrepancies, such as payments that haven't been processed.

## **5.2. CONCLUSION.**

Book keeping plays a very important role in shaping the financial performance of small-scale industries, whereby the financial performance of the Small-Scale Industries was significantly influenced by book keeping, and the benefits of keeping their books timely hence having a bigger impact on their financial health. Accurate books of accounts also improves cash flow management which makes it more easier to make accurate and correct financial decisions and guarantees tax compliance as well as promotes expansion of the SSI by giving a clear vision of profitability.

The accurate and consistent recording of sales and purchases significantly helps to improve profitability and cost control since the SSI maintain proper sales and purchase records hence enabling easy tracking of income and expenses, minimizing losses, and making informed financial decisions. Whereas, poor book keeping of records, on the other hand, exposes businesses to financial mismanagement, and inaccurate profit determination.

This study also concludes that proper maintenance of cash book entries enhances liquidity management and financial control within small-scale industries. Accurate cash records enables business' owners to monitor daily cash inflows and cash outflows, reduce fraud issues, and ensures that funds are used for intended business purposes hence improving on the financial stability and continuity of the SSI.

In conclusion, book keeping is a fundamental management tool that significantly influences the financial performance of small-scale industries. Small-scale industries that adopt proper book keeping practices are more likely to achieve profitability, financial stability, and sustain long term business growth.

### **5.3. RECOMMENDATIONS.**

Based on the findings of the study, several recommendations can be made, I would recommend that owners and employees of the Small-Scale Industries to acquire enough knowledge on book keeping and accountancy from institutions of management and accounting which would provide an added advantage on how to manage the enterprises resource and more so improving customer satisfactions as well as making strategic decisions on quick short term investments to boost the small-scale Industries. Research has also indicated that small-scale industries' financial management and accounts kept are important for the economic growth of this study.

Small-scale industries, owners are recommended to maintain accurate and up-to-date sales and purchase records on a daily basis, use standardized record books for example

sales day books and purchase journals, and regularly review sales and purchase records to identify profitable products and control unnecessary expenses hence strengthening sales and purchase record keeping.

Government, non-profit organizations, and business development agencies should put hands together to offer training programs that could provide basic and important book keeping, accounting principles, and financial management whereby, such programs will surely empower entrepreneurs to manage their books more efficiently and make informed decisions especially regarding their finances.

I also recommend the SSI owners and workers to record all their cash receipts and payments promptly in the cash books, conduct regular cash reconciliations to ensure accuracy, separate personal and business cash to avoid misuse of business funds hence improving cash book management.

Financial institutions are also recommended to offer financial literacy programs focusing on book keeping and financial statement interpretation and lending institutions should encourage proper book keeping by making it a requirement for loan access, as well as, providing advisory support to Small-scale industries to improve their financial performance.

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**APPENDICES.**

**APPENDIX 1: PRE-CONSENT LETTER.**

**Dear Respondent,**

I am **Juru Sharon Kenyi**, a student of Uganda Christian University (UCU) with registration number (REG. NO): **S23B33/107** who is studying **Bachelors Degree of Science in Accounting and Finance of Uganda Christian University** carrying our research on *“Effect of book keeping on the financial performance of the Small-Scale Industries (SSIs)”*.

I hereby request your participation as a respondent to generate data for the study.

I assure you of confidentiality regarding any information you provide in line with entail consideration already in place.

***NB: Please sign in the space below if you consent to participate (don't write your name)***

**Sign**..... (For respondents only)

Thank you.

**SECTION A: DEMOGRAPHIC INFORMATION.**

Current age: .....Gender.....marital status.....

Education level..... Title.....

**SECTION B:**

**Rate your agreement on the effect of sale and purchase records on the financial performance of SSI.**

**Questionnaire scale**

5 Most true (best)	4 Very True (Better)	3 True (Good/Average)	2 Fairly True (good/below average)	1 False (wrong/nothing)
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**Please use the questionnaire scale above to rate the following questions.**

		5	4	3	2	1	N/A
	<i>Statements.</i>						
1	Keeping record of all sales and purchases daily						
2	We use our records to calculate financial value						
3	We updated assets, sales and purchase record from time to time						
4	We have both single and double cash entry daily						
5	We monitor our finances by preparing monthly finance statements						
6	We maintain reconciliation statements to know our income & debts						
7	Our finance statement is our guide for lean and debt payments.						
8	We pay our staff base on the advice our income statements						

9	We know our business record is our real net worth						
10	We feel we have enough money to run our business						
11	We get dependable money for our daily business work.						

**SECTION C:  
Effects of  
financial**

**statements on the financial performance of Small-scale industries.**

<b>2</b>	<b><i>Statements.</i></b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>N/A</b>
1	We prepare monthly finance statement timely						
2	We use our finance statement to monitor business progress						
3	Our financial statement tells us about our true liquidity						
4	Our finance statement reveals our loss or profit						

**SECTION D:  
Effects of cash  
book entries on  
the financial  
performance of  
small-scale  
industries.**

<b>3</b>	<b><i>Statements.</i></b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>N/A</b>
5	Our monthly finance statement shows growth in cash						
1	We have separate cash book for recording all our finances.						
6	Our monthly finance statement shows more credit						
2	We use single cash book register						
3	We use double entry cash book for register						
4	Our monthly finance statement shows more unpaid debts						
4	Our cash balances agree with our cash records						
8	We are qualified to prepare our finance statement						
5	Our cash book balance show we can expand our business						
9	We are comfortable with electronic finance system						
6	Our cash book balance shows we have more liabilities						

**APPENDIX 2: WORK PLAN / TIME SCHEDULE.**

S/N	RESEARCH ACTIVITIES	TIME LINE
1	Preparation of research proposals, coordinating with supervisor and Uganda Christian University (UCU) administration	Nov. To Dec 2025
2	Field data collection; administration of research tools (questionnaires and data processing)	Dec 2025
3	Preparation of research reports and submission into UCU library.	Jan 2026

**APPENDIX 3: THE SUMMARY RESEARCH BUDGET TABLE IS BELOW.**

S/N	RESEARCH ACTIVITIES	ESTIMATE (UGX)
1	Coordination cost (official communication travel and internet)	50,000
2	Field expenses (feeding, transport of participants and agents)	80,000
3	Administrative costs (stationary, printing and secretarial services)	150,000
<b>4</b>	<b>Total</b>	<b>280,000</b>

**APPENDIX 4: THE MAP EXTRACT OF ADJUMANI TOWN COUNCIL.**

