



A STUDY ON ACCOUNTING SYSTEMS USED BY WOMEN ENTREPRENEURS OF KOTA CITY

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Abstract

It is recognized that appropriate accounting information is important for a successful management of a business whether it is large or small. The study evaluates the accounting systems used by small scale enterprises operating in Kota city by women entrepreneurs. The study has been necessitated due to high rate of small scale enterprises running in Kota city, as it is famed as education city. 50 respondents have been selected through a simple random sampling technique from the women proprietors of small scale enterprises operating in Kota city. The structured questionnaire was employed for the study. Several accounting systems viz., Single entry, Double entry, Management accounting system, Tax accounting system, Audit system, are available for use to small scale enterprises. The women proprietor maintains the rough record in the daily register book about cash receipt and payment, and sundry debtors and creditors. It has been observed that 84% of women entrepreneurs of small scale enterprises in Kota used the single entry accounting system because of its simplicity and it did not require any technical knowledge and 16% used double entry accounting system, but they did not have the technical knowledge of this system. They have to hire services of accountants to keep track of their business performance. This study recommends among other things that the Government should provide training to the small business owners to avail themselves the opportunity to use the accounting systems that are relevant for the day to day reporting of their business transactions.

Key Words: Accounting Systems, Evaluation, Small Scale Enterprises, and Women Entrepreneurs.

INTRODUCTION

Accounting in business allows analyzing the financial performance, and looks at statistics such as net profit. Accounting can be defined as systematic recording, reporting and analysis of financial transactions of a business. Accounting system can be defined as, Organized set of manual and computerized accounting methods, procedures, and controls established to gather, record, classify, analyse, summarize, interpret, and present accurate and timely financial data for management decisions. It is often stated that business decisions need to be supported by good quality financial information which needs to be relevant, user-friendly and available in a timely manner. The accounting system entails repetitive transactions which generally fall into cash disbursement, cash receipts, purchases and sales.

A women entrepreneur is an adult who owns and runs an enterprise, specially a commercial one, often at personal financial risk. Women entrepreneurship not only empowers women economically but also strengthens their position in society.

Small scale enterprises have been defined in various ways according to the capital of the enterprise, size, and number of people employed by the enterprises, the ownership and management of the enterprises and sales volume. They are important for the nation as they provide raw materials for medium and large scale enterprises and also provide employment opportunities for large segments of the population. The small scale enterprises should use adequate accounting system for gathering and organizing information about the business transactions to efficiently play the mentioned roles.

Basically, the two types of accounting systems are commonly used, namely, single entry system and double entry system. These could be operated manually or computerized. The single entry accounting system is the simplest method and is more liked by the women in small scale enterprises. The system records the flow of income and expenses through the business on daily summary of cash receipts. Generally, there are rough records of cash received and paid, and of sundry debtors and creditors.

The double entry system of accounting is based upon the fact that every transaction has two aspects and therefore will affect two ledger accounts. Every transaction involves a debit entry that is left side of one account and a credit entry that is right side in another account. This means that every transaction must be recorded in two accounts; one account will be debited and the other account will be credited.



The Institute of Chartered Accountants reported that there is evidence to suggest that small firms are aware of the importance of accounting information. In spite of this awareness, most proprietors of small enterprises in Kota, are not too keen to use standard accounting systems to run the day to day activities of their enterprises.

The main aim of this study therefore is to identify the accounting systems used by the small scale enterprises in Kota , Rajasthan, with a view to find the problems that hinders the women entrepreneurs to use the proper accounting systems which are needed for the optimization of these small scale enterprises. This study is important because for optimum business growth, small scale enterprises must make use of a system of accounting which will enable them to determine the volume of sales, profits/losses, assets and liabilities at any given time.

PURPOSE OF THE STUDY

The purpose of this study is to evaluate the accounting systems of small scale enterprises operated by women entrepreneurs in Kota city. It will help:

1. To analyse the awareness about type of accounting systems available to small scale enterprises.
2. To ascertain the type of accounting systems used by small scale enterprises operating in Kota city by women entrepreneurs.
3. To understand the problems that hinders the use of accounting system by small scale enterprises operated by women in Kota city.
4. To suggest way to bring them in mainstream of accounting.

METHODOLOGY

The study has been carried out in Kota city, Rajasthan. There are three types of small scale enterprises run by women entrepreneurs' viz., Parlour, Mess, and Boutiques of Sarees, Dress and Jewellery in Kota city. A sample of 50 women entrepreneurs has been considered for the study comprising 10 from each enterprise. Simple random sampling technique was used to select these 50 respondents women entrepreneur of small scale enterprises. The study has been carried out by conducting a survey. The data have been collected through questionnaire and personal interviews.

RESULTS AND DISCUSSION

Maximum women running the small scale enterprise in Kota city are between the age group of 30-50 years old. 95% women proprietors are married and started small scale business to use their educational talent or as recreation and also to support their family income. 5% are divorced and started the business to earn the livelihood for their children and other family members. 89% of the women entrepreneurs earned on an average between Rs.10,000- 50,000 on monthly basis. Manpower employed are maximum 2-5 in number but some of the Mess has more than 5 employees also for food preparation, serving food and tiffin delivery.

Table- 1, Awareness of women entrepreneurs about accounting systems available to small scale enterprises in Kota.

S. No.	Types of accounting systems	No. of resp.	Aware
1	Single entry system	50	42
2	Double entry system	50	33
3	Management accounting system	50	5
4	Tax accounting system	50	26
5	Cost accounting system	50	0
6	Auditing system	50	13

Results in Table 1 reveals that there are six accounting systems available for use by small scale enterprises. But basically women proprietors are aware of only two types of accounting systems that is, single entry system and double entry system. 84% of women entrepreneurs are aware of the single entry systems. 66% of women entrepreneurs are aware of the double entry systems but they did not have the technical knowledge about this accounting system. 10% are aware of management accounting system. 52% are aware of Tax accounting system and 26% are aware of Auditing system, but none are aware of cost accounting system.



Table- 2, Use of accounting systems by small scale enterprises in Kota city by women entrepreneurs

S. No.	Types of accounting systems	No. of resp.	Use
1	Single entry system	50	42
2	Double entry system	50	8
3	Management accounting system	50	0
4	Tax accounting system	50	0
5	Cost accounting system	50	0
6	Auditing system	50	0

Table 2 represents that 84% of women entrepreneurs are using single entry system. The reason behind its use was that single entry system of accounting was simple and does not require any technical knowledge and is less time consuming for record keeping of day to day activities. 16% of women entrepreneurs are using double entry system. They did not possess correct knowledge about it. So finally they have to hire services of an accountant to maintain their records.

Table -3, Problems that hinder in utilization of accounting systems keeping proper records by women entrepreneurs of small scale enterprises.

S. No.	Types of problems	No. of resp.	Agree
1	Time consuming	50	10
2	Expensive	50	0
3	Requires technical knowledge	50	46
4	Difficult to maintain the system	50	43
5	Requires more staff	50	12
6	Exposes the actual financial position	50	48
7	Make enterprises to pay more tax	50	31

The data analyzed in Table 3 showed that most of the small scale enterprises in Kota city owned by women are aware that proper keeping of accounting records is required, though most of them do not keep it. The findings revealed that the problems which hinder the utilization of accounting systems by small scale enterprises in Kota city are due to their thinking that it is time consuming, requires technical knowledge, require more staff, difficult to maintain the system, exposes financial position and that it makes an enterprises to pay more tax. As these women entrepreneurs did not keep the proper record it made them difficult in calculating the tax.

CONCLUSION

Based on the findings of the study, the following conclusions were made:

1. As the single entry system is simple and not cumbersome, so the small scale enterprises owned by women proprietors adopt single entry accounting system.
2. Due to inadequate record keeping, the small scale women proprietors are not able to assess their performances effectively.
3. To enhance the profitability and growth of small scale enterprises continuously, there is need of adequate record keeping which will help the proprietors to keep track of the performance of these enterprises.

RECOMMENDATIONS

Based on the findings and conclusions drawn from the study, the following recommendations were made:

1. As there were many accounting systems available to small scale enterprises, the government and NGOs should provide proper training facilities to the small scale business owned by women to avail themselves the opportunity to use the accounting systems that are relevant for the day to day recording of their business transactions.



2. Although single entry system does not serve the purpose, still it is used due to its advantages of simplicity. The small scale enterprises should be encouraged to make use of other accounting systems available for their business for proper calculation of profit and tax payment.
3. Since keeping proper accounts enhance profitability and growth of small scale enterprises, there is need for the Institute of Chartered Accountants to organise seminars for small scale proprietors for better knowledge about the use of accounting systems in their business.

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