

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Nepal's economy grew by an estimated 6.9% in fiscal year 2017 from a low growth of 0.01% in fiscal year 2016. The base year effect reflecting gradual recovery from the 2015 earthquakes and normalization of trade since February 2016, better management of electricity supply, and a favorable monsoon leading to better harvest improved economic performance in fiscal year 2017. The agriculture sector, which accounts for nearly one-third of nation's gross domestic product (GDP), grew by 5.3% in fiscal year 2017, up from 0.03% in fiscal year 2016. The above average monsoon and timely availability of farm inputs such as seeds and fertilizers along with the expansion of irrigation facilities helped increase agriculture output. The industry sector, which accounts for slightly more than one-tenth of GDP, grew by 10.9% in fiscal year 2017 after falling by 6.3% in fiscal year 2016. The sector revived on the back of trade normalization. Construction activities expanded considerably with the ease in the supply of goods and availability of raw materials. The electricity output increased with higher generation of hydro power along with power purchase from India. The increased availability of electricity created an enabling environment for manufacturing sub-sector to expand by 9.7% in fiscal year 2017 after contracting by 8.0% in the preceding year (Economic survey, 2017).

Small and medium sized enterprises (SMEs) make important contributions to economic and social development of any country. According to ILO (2008) about 80% of the labor force in Japan and 50% of workers in Germany are employed in the SME sector. With respect to developing countries, the SMEs made a significant contribution to the gross domestic product of Uganda (20%), Kenya (19.5%) and Nigeria (24.5%). As in most developing countries, small and medium scale enterprises form a significant part of the economic growth. Nevertheless, they face a number of problems, including access to finance from formal sources, which is often considered to be the most important problem (MFPED, 2008). Consequently, the growth of the SME sector

directly affects the performance of the nation. It is estimated that SMEs contribute 56% of private sector employment and 36% of the Gross Domestic product (GDP) worldwide (Arianoff, 2010). In many countries, SMEs have been a major engine of growth in employment and output over decades. In developing countries they are seen as a major self-help instrument for poverty eradication due to the ease of entry and exit. Small and Medium Enterprises (SMEs) contribute greatly to the economies of all countries, regardless of their level of development. The term SMEs covers a wide range of perceptions and measures, varying from country to country and between the sources reporting SME statistics. Some of the commonly used criteria are the number of employees, total net assets, sales and investment level. However, the most common definition used is based on employment, but, there is a variation in defining the upper and lower size limit of an SME (Ayyagari, et al 2006).

According to the Economic survey report, (2006) the sector contributed over 50 percent of new jobs created in the year 2005. Recent evidence shows that small and Medium Enterprises (SMEs) form the bulk of Kenya private sector. If Kenya is to become competitiveness (KNBS, 2007). Good financial management practices have been viewed as critical elements in the success of SMEs in developing countries. Though SMEs are making positive contributions to economic growth and development in Kenya, the rate of failure is high. According to KNBS (2007), the SME sector generated 4, 69,000 new jobs in 2006-2007 financial years, which was an increase of 5.7% from the previous year. The government created only 13,000 new jobs in the last one year, new data shows. This is a marginal rise to 897,000 jobs in 2017/2018 from 884,000 created in 2016/2017. Kenya does not have 897,000 employed people. As of the 2009 census, 14.3 million Kenyans were working, with 6.5 million in family farming, 2.7 million in non-farm self-employment, and 5.1 million in wage jobs. Among those with wage jobs, approximately 2 million were in jobs considered to be in the “modern sector”. That's from National census almost 10 years ago. Despite their significance, past statistics indicate that National Bureau of Statistics, (2007). Owing to their importance to the Kenyan Economy, there was needed to conduct a study to investigate financial management practices by the SME's and how these affect the business growth. Financial management is one of several functional areas of

management which is central to the success of any small business (Meredith, 2006). Financial management is the management of finances of a business in order to achieve the financial objectives of the business. McMahon et al. (2008) defined financial management based on mobilizing and using sources of funds: Financial management is concerned with raising the funds needed to finance the enterprise's assets and activities, the allocation of these scarce funds between competing uses and with ensuring that the funds are used effectively and efficiently in achieving the enterprise's goal. Financial management as used in this study is composed of five constructs and these include working capital management which is also subdivided into cash management, receivables management inventory management. Other constructs under financial management include: investment, financing, accounting information systems and financial reporting and analysis. Ross et al (2009) indicated three kinds of decisions the financial manager of a firm must make in business; these include the financing decision, and decisions involving short-term finance and concerned with the net working capital, investment and financial reporting. Meredith (2006) asserts that financial management is concerned with all areas of management, which involve finance not only the sources, and uses of finance in the enterprises but also the financial implications of investment, production, marketing or personnel decisions and the total performance of the enterprise.

An accounting practice is a methodical, well-organized scheme for as long as accurate financial information and controls. Thus accounting practices show the books, records, voucher, files and other related supporting data resulting from the application of accounting processes the contribution of SMEs in Bangladesh is noticeable than other country but used accounting practice in SMEs are rare. Accounting plays a critical role in the success or failure of contemporary business institutions. Accounting systems are responsible for Background of the Study recording, analyzing, monitoring and evaluating the financial condition of companies, preparation of documents necessary for tax purposes, providing information support to many others organizational functions. According to the Agriculture within the WTO: Challenges and Opportunities for Nepal, most of the Nepalese SMEs are involved in processing and manufacturing of food items, consumer and household

goods, and textiles and related products, both for exports as well as the domestic market, Rice, pulses, oil and flour mills, dairy, fruits juices and processed products, noodles, biscuits and light snack products, chocolates and candy, mineral water, dried vegetables, and some other household utilitarian and consumption goods have dominated SMEs activities in Nepal. SMEs 'involvement is also high in metal and plastic, household utensils, wooden plastic and metal furniture, printing press, polythene pipes, utensils, jute products, poultry products, livestock products, wire drawing, nail and iron rod, sheet metal, gig and black pipes, rubber tires and rubes, plywood and boards, color paint products and zine oxide. Agro-based industries like tea, vegetables and horticulture products, dairy and milk products, animal husbandry and floriculture are other areas where SMEs have started to invest. Due to the opening up of investment for infrastructure development to the private sector, investment in micro hydropower and tourism resorts and complexes have also been in some regions.

In general, SMEs in Nepal have traditional management practice, undeveloped entrepreneurial culture, low capital base outdated and less efficient production process and technology, and poor knowledge and information about business opportunities and marketing. Obviously, the challenges for the Nepalese SMEs are mounting. The challenges have become more profound due to the recent trends of globalization and economic liberalization. These challenges need to be addressed or it may result in a situation where the Nepalese SMEs may lose out to the regional and global players. Marketing constraints is observed to be one of the major disadvantages faced by the Nepalese SMEs. Given their size and limited access to resources, their production capacity is limited are unable to execute large orders. Fear of commercial disputes arising from delayed delivery, improper packaging, unforeseen costs, poor quality and failure to meet technical specifications also prevents them from approaching organized export markets. There is a significant negative impact of poor accounting practices on the growth and sustainability of SMEs. Quality accounting information is very crucial in order to take efficient business and strategic decision. According to Ntim,AL.(2014), revealed in the study that SMEs kept at least one books of accounts to record transactions, establish various accounting control for the simplicity of operations and thus overall accounting system of SMEs are influenced by some

crucial factors (i.e., the size of firm, age of business and engagement of accounting personnel).

Concept of Accounting

Accounting is basically defined as the process of recording economic information in a significant manner in order to measure the performance of a firm. Basic accounting is needed to “keep the score” so that the entrepreneur knows what is happening in the business, how much has been sold, what the costs are, what activities are profitable, whether selling prices leave a suitable margin against cost and so on. Accounting practices consist of the methods and records established by management to identify, assemble, analyze, classify, record and report a company’s transactions and to provide assurance that the objectives of internal control are being met. This is sometimes called the accounting system. It analyze, record and measures business transactions to ascertain the performance of an entity. A good accounting system is not only judged by how well records are kept but by how well is able to meet the information needs of both internal and external decision-makers (Maseko, and Manyani, 2011).

"Accounting is the language of business and mirror of financial transaction". Businessmen must keep a systematic record to know what happen from his day to day transactions. The art of keeping records in a regular and systematic manner is called "Book keeping". Book keeping is an elementary stage of accounting. Accounting means the process of analysis financial transactions and recording them in the books of account to show the result of financial operations. Accounting is also known as an administrative tool, a means to an end which produces the financial information needed for successful administrator. However account is a mirror which shows a clear picture of revenue and expenditure made for a specific period. The financial picture mostly has two parts one showing profit or loss through income statement and other showing assets and liabilities through balance sheet (Amko, 2013).

Accounting is the recording of financial transactions plus storing, sorting, retrieving, summarizing, and presenting the information in various reports and analyses. Accounting is also a profession consisting of individuals having the formal education to carry out these tasks. One part of accounting focuses on presenting the information in the form of general-purpose financial statements (balance sheet, income statement,

etc.) to people outside of the company. These external reports must be prepared in accordance with generally accepted accounting principles often referred to as GAAP or US GAAP. This part of accounting is referred to as financial accounting (Ntim AL, Evans O, Anthony F, 2014).

1.2 Statement of the problem

In the current Nepalese business environment, firms are faced with intensifying competition locally and globally, and fast changes in customers and technologies. In this environment it is vital that small and medium enterprises are equipped with appropriate and modern accounting practices in order for them to survive and remain profitable. One of the factors that determine the performance of a business organization is effective use of accounting reports. In this connection, this study has tried to examine the practice level of accounting among SMEs and it also further investigates the level of perceived usefulness of accounting reports. The result of this study provides information on the extent of accounting practices as well as perceived usefulness of accounting reports for decision making process. Based on these findings, further research can be carried out to investigate whether accounting practices and performance are related. This study has tried to address the following research questions.

1. What is the extent of accounting practices in Nepalese SMEs?
2. What are the problems the SMEs face in keeping accounting procedures?
3. What is the impact of Accounting practices on organization performance?

1.3 Purpose of the Study

The main purposes to investigate the difference in the adoption of accounting practice adopted by Nepalese SMEs based on legal firm, size and age of the business, level of education of the owner/ manager, location and leverage. More specifically this study focused the followings purposes:

- To analyze the extent to which accounting practices are employed in Nepalese SMEs.
- To examine the problems the SMEs to implementing formal accounting

procedures.

- To examine the impact of accounting practices on organization performance.

1.4 Conceptual Frameworks

The interest about this research is to make analysis about the performance of the organization. There are independent variables and which is accounting system. There are variables such as accounting system, level of accounting knowledge, records of document, prepare financial statement, accounting methods and basis and economic decision. The conceptual framework indicated that the accounting practices and organization performance of employee are related each other. The positive correlations with perceived performance are effective strategic accounting with each independent variable between the dependent variables.

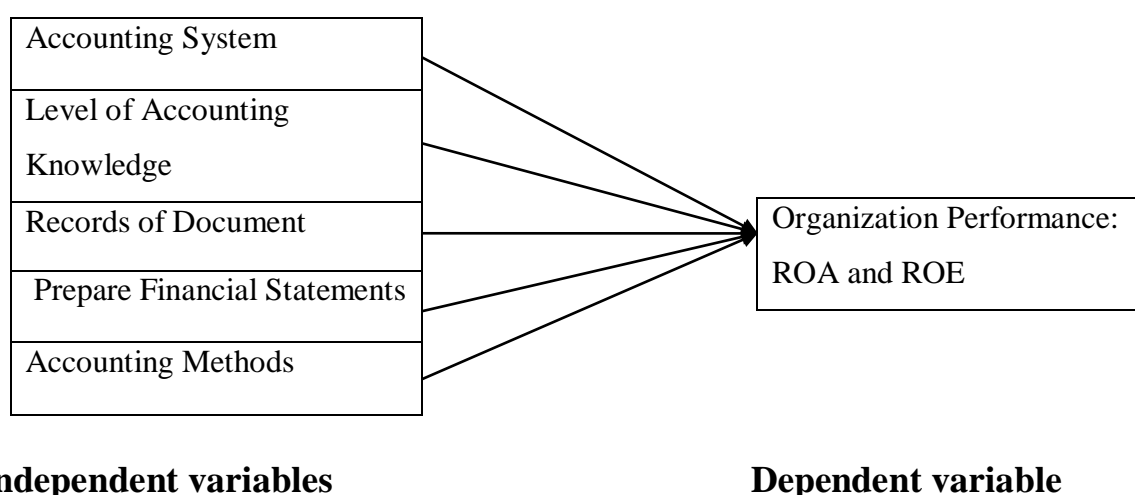


Fig: 1. Conceptual Framework

1.5 Hypothesis Study

Research hypothesis is an unproven statement, which helps the researcher to draw the suggestion on the hypothetical assumption whether it is true or false based on some specific statistical tests. For this study, the following hypotheses (at 95% confidence level) are developed, which are also to be tested. H1=SMEs of Nepal follow accounting practices. [H1=Alternative hypothesis].

H₁: There is positive relationship between accounting system and organization performance.

H₂: There is positive relationship between level of accounting knowledge and organization performance.

H₃: There is positive relationship between record documents and organization performance.

H₄: There is positive relationship between prepare of financial statement and organization performance.

H₅: There is positive relationship between methods of accounting and organization performance.

1.6 Significance of the Study

This Study has useful implications for theory and practice, regarding the potential implications for theory, this study has expanded the existing accounting literature in two main ways. First the study has provided new empirical evidence on the use of accounting practices. Second, the study has contributed an additional study in the new context of Nepalese SMEs regarding what contingent factors affect the extent of accounting practice use. Finally, the research is test for a relationship between the use of accounting practices and the performance in the context of Nepalese SMEs. The focus on Nepal is especially important because research on accounting practices and SMEs is very limited in this country and developing countries more generally. Benefits for practices are including the following:

1. The study will aware on the importance of accounting system to the manager, owner and accountant regarding the good accounting system.
2. The study provides evidences on the SMEs approach to accounting routines.
3. The study identifies the key variable that different firms with formal accounting systems from which maintain minimum records.
4. The study will aware on the crucial management accounting system to be used accounting tools and techniques in small and medium size enterprises.
5. The study proved that sound financial management accounting practices significantly contribute to improving and increasing profitability of SMEs.

1.7 Limitations of the study

The study has been conducted to the partial fulfillment of the requirement for the Degree of Master of Business Studies so time, money and experiences of the researcher which may affect the study. The limitations of the study are as:

1. It covers only one district i.e. Kathmandu district.
2. This study proceeds to analyze the accounting system of some registered small industries having the fixed capital not more than 10 million.
3. This study is concern about accounting aspect of the small and medium industries excluding service industries.
4. The study as a partial fulfillment of the requirement of MBS degree has limitation with the purpose time and economic constraints.
5. This study takes only 20 small and medium scale industries as sample and draw conclusion. So the drawn conclusions are suggestive rather than prescriptive.

1.8 Chapter Plan

Chapter 1: Introduction

This chapter provides a general introduction to the study. It contains background of the study, statement of the problems, objective of the study, and significance of the study and limitation of the study. This chapter establishes the importance of SMEs in today's modern economy and the importance of accounting in the management of all organizations. The problem statement for this research discusses the failure of the SMEs and the importance of accounting practices to reduce the failure rate.

Chapter 2: Literature Review

The second chapter presents the theoretical analysis, review of the related and pertinent literature available. It includes a discussion on the conceptual framework and review of related studies highlighting on its relevant findings and research gap. This chapter reviews and examines the current state of knowledge in the field under examination. First researches into accounting practices that cover accounting practices in both developed and developing countries and in SMEs have explored. Second the role of accounting in management has reviewed. Next the literature on contingency theory in accounting has considered both in terms of the organizational framework.

Lastly the research information on the relationship between accounting practices and organizational performance is considered with SMEs.

Chapter 3: Research Methodology

This chapter describes the methodology employed in preparing this study. It deals with research design, nature and source of data, population and sample, and method of data analysis, analysis plan and test of significance for the study. It briefly mentions the data collection and analysis technique and inherent limitation of such technique.

Chapter 4: Results

This chapter of study illustrates the collected data into a systematic format. The analysis of data includes an interpretation of analysis has also been done in this section. This chapter presents the results and findings obtained from field data both descriptive statistics and inferential statistics have been employed specifically using correlation test to establish the significance of the model and conclude the major findings of the study.

Chapter 5: Conclusions

Last chapter presents conclusion of the study. This section incorporates an outlet for future research with the scope of the future studies in the same field. References and appendix has also been incorporated at the end of the study. This chapter provides reflection on the main findings of the study and a discussion of the findings contribution to the extant literature. The implication of these findings for accounting research has considered taking into account any limitations that may be of relevance to future research. Reference and appendix have also been incorporated at the end of the study.

CHAPTER- II

LITERATURE REVIEW

2.1 Conceptual Review

This chapter reviews the research literature on accounting practices and its impact on SMEs with organizational performance. It also provides the basis for the design of the research conducted in terms of research methods used. The literature review is that part of research which attempts to fill the gap in the domain of research by describing the different variables that covers the homological network of the study with reference to accounting practices and perceived performance of the SME sector in Nepal. The homological network for this study contained variables such as accounting system, level of accounting knowledge, records of document, prepare financial statement, accounting methods and basis and economic decision and firm's performance. The first six variables mentioned above, in association with accounting practices are assumed as capable of improving the performance of SMEs in Nepal. Based on the economic developments, Nepalese accounting profession has been in progress since the establishment. As a result of increase business size, the need for accounting profession emerged. For this reasons, the business managers and accountants needed in private companies were mostly transferred from state economic organization. In the last decades, accounting practices has gained importance as private sector developed in almost all areas. Large organization set up accounting segments in accounting departments. Furthermore, curricula of faculties of economics and administrative sciences included management accounting along with financial accounting.

SMEs' financing difficulty has long been recognized in research around the world. SMEs have been found to employ less external finance and to be more constrained than large firms in their operations and growth by some researchers (Galindo & Schiantarelli, 2003; Beck & Demirgtic2006). Compared to large and state-owned enterprises, SMEs need "urgent, small and frequent" loans due to their rapid growth and a lack of liquidity (Garcia-Fontes, 2005). Gargand Walia (2012) in their study entitled " Micro, Small and Medium Enterprises(MSMEs) in post reform India: Status and performance" found that the significant growth of MSMEs have been taken place

over a period of time and this sector is the major donor to GDP, employment and exports in Indian economy.

National strategy for small and medium enterprises sector development in Sri Lanka- White paper (2002) in SMEs account for (80-90) percent of the total number of enterprises in Sri Lanka and contribute 30% in terms of value added and account for 32.7% of the employment from agriculture sector, 26.3% of the employment from industrial sector, 41% of the employment from services sector. Rahamon and Adejare (2014) investigated the effect of accounting records kept by the Small scale Enterprises. Found that there is a significant relationship between accounting records and small scale firm's performance of the Scale Enterprises. Moreover, it increases the chances of increase in the business operation and achievement of success and the provision of necessary information to enable the control of cash in the business.

Basically accounting system is worldwide live out that circulated some parallel part of the organizational system, Ismail and King, focused on correct position in relation to accounting system capacity to generate information in the context of Malaysian SME manufacturing firms where SIS alignment strongly related to the six influencing factors (IT sophistication, owner/manager knowledge, owner/manager commitment, external expertise, internal expertise and firm size). Zhou identified some problems in conducting a study(undeveloped SMEs Accounting Software, inadequate managerial attention and untrained managers and employees regarding accounting information systems) relating to implement accounting system that SMEs faced and gave some suggestions(Development of SMEs accounting software, strengthen the responsibility of administering authority, educational depth of accounting information of the authority as well as software developers and effective training to the managers and employees to the overall operations of SMEs) to resolve those problems for making SMEs better services. Maseko and Manyani(2011) carried out an investigative study to reveal the accounting practices(record keeping) for performance measurement of SMEs in Zimbabwe using Bindura as a case. This case study focused that most of the SMEs did not keep complete accounting records due to lack of accounting knowledge for this reason it was not possible for measuring financial performance through using accounting information. Okoli(2011) conducted a study in Enugu, south East of

Nigeria for evaluating the accounting systems of small scale enterprises due to the high failure rate. The result of the study revealed that a significant number of enterprises followed single entry accounting system as a record keeping tool for the flexibility of its usage and for ensuring profitability.

Olatunji(2013) revealed the main objective of the study to examine the interrelationship between accounting system and the corporate performance of small and medium scale enterprises and found that adoption of sound accounting system has a significant impact on the performance of small and medium scale enterprises.

Ntim AL.(2014) revealed in the study that SMEs kept at least one books of accounts to record transactions, establish various accounting control for the simplicity of operations and thus overall accounting system of SMEs are influenced by some crucial factors (i.e., the size of firm, age of business and engagement of accounting personnel). Aforementioned study is the basis of different nations and perceptive issues of the accounting practices that describe the accounting system uses from different angles. It is really a matter of issues the small and, medium enterprises now feat the spaces of ongoing accounting system of Bangladesh as for the tremendous trend of accounting system keeping pace with the streaming accounting system issue study is profoundly concerned with accounting system of small and medium enterprise of Rangpur beyond aforementioned studies gap of the literature.

They further argue that most owners and managers of SMEs engage public accountants to prepare required information and that owners and managers search for additional information, but only to a limited extent. Ismail and King (2007) conclude that the development of a sound accounting information system (AIS) in SMEs depends on the owners' level of accounting knowledge. Keasy and Short (1990) and Bohman and Boter (1984) report that small firms use professional accounting firms for preparation of annual reports and for other accounting needs. Marriot and Marriot (2000) argue that the professional accountants should develop their services to also include graphic presentations and comments and interpretation of the amounts in financial statements. Evaraert et al. (2006) and Jayabalan and Dorasamy (2009) however argue that the high cost of hiring professional accountants

leaves SME owner-managers with no option but to relegate accounting information management. Zhou (2010) proposes the use of accounting software by owner-managers in SMEs to improve accounting practices but laments that developers of accounting software are yet to produce the medium-sized software for SMEs. According to Olson et al. (2004), contemporary studies are discovering that the number of users of accounting information in SMEs is increasing to include venture capitalists and customers in supply-chains. Wichman (1983) concludes that accounting and marketing pose major challenges to management of SMEs and recommends that managers or owners in SMEs must learn about accounting or hire experts. Walhlstedt (1996) believes that conventional accounting reports play a significant role in SMEs but argues that the reports must be adjusted in order for them to be understood, proposing the use of the cash basis rather than the accruals basis. McMahon (1999) argues that financial reporting practices in SMEs seem to fall short of what is dictated by various external financial reporting imperatives that exist for them, further arguing that owner-managers appear particularly reluctant to produce financial reports which might become accessible to outside parties either directly or through the offices of regulatory authorities. According to a study by Tanwongsva and Pinvanichkul (2008), SMEs ranked 'assessing profitability' second on the continuum of reasons for preparing financial statements well after 'sole purpose of tax preparation' which was ranked first.

2.2 Research into Specific Areas of Accounting Practices

The studies discussed above only cover Accounting Practices at an overview level. This section reviews research into specific accounting practices and techniques. The majority of studies have concerned accounting system, level of accounting knowledge, records of document, prepare financial statement, accounting methods & basis and economic decision & firm's performance are commonly studied.

Accounting system

Accounting has been described it as the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by the users of the information. It is characterized as the language of business.

(Niswonger and Fess, 1969) Several concepts, theories and principle under grid the practice of accounting. Prominent among them are Going Concern, Consistency, Accrual, Business Entity, Money Measurement, Prudence and the Double Entry. (Rawat, 2004; Dyson, 2004) Accounting manifests in several ways such as financial, cost, management and tax accounting. An accounting system is an orderly, efficient scheme for providing accurate information and controls. Regulatory requirements and internal administration polices must be considered in designing an effective accounting system. Accounting system should show the books, records, vouchers, and files and related supporting data resulting from the application of the accounting process. Nowadays, with in depth help menus and also the vast information that can be sourced online free of charge, resources to assist users. The advancement in technology especially the Internet has generated new methods of communicating with customers both current and potential in the banking world. E-commerce has not only changed the way businesses specifically banks market their products or services, but also how these products or services are normally delivered, knack with computers is highly significant in this direction.

Level of Accounting Knowledge

(Ismail, 2005) concluded that the development of a sound accounting information in SME's depends on the owners' level of accounting knowledge. Research has shown that majority of the SME's owners do not have the adequate accounting knowledge and therefore a few capable owners use professional firms to account for their business (Keasy, 1990); (Bohman, 1984). However, argue that the high cost of hiring professional accountants leaves the SME's owner or managers with no option but to outsource accounting information management. (Wichman, 1983) finds that accounting and marketing pose major challenges to management of SMEs and recommends that managers or owners in SME's must learn about record keeping and accounting. Perhaps cash flow is one of the major records in any enterprise. (Germain, 2010) asserts that small businesses must consider maintaining a positive cash flow as one of the important elements. By taking into consideration reviewed literature it is important to what extent do the owners and managers of SME' in Sri Lanka accounting records of their businesses.

Record of documents

Accounting records are voucher, journal, ledger and trial balance etc. Book keeping alone without preparing reports is likely not to be fundamental in aiding decision making unless proper reports are prepared and analyzed to attach a meaning so as to help decision makers. The literature suggests that the financial reporting practices in small firms range from informal tacit methods of control to more formal delegated methods as prescribed in accounting texts. Therefore, respondents were asked to identify the relative importance of most widely used components of financial statements and the frequency of preparing and monitoring of such financial information for management decision making (Uddin et al MS, 2017).

Prepare financial statement

“International Financial Reporting Standard (IFRS) and SMEs in Nigeria: Perception of Academic” found that there is still need to enlighten people especially the SME operators on the usefulness of the IFRS for SMEs. The accountant will really have a lot of work to do to implement the IFRS for SMEs in Nigeria. The listed advantages of IFRS for SMEs includes; improving the comparability of information presented in financial statement, increasing confidence in global annual invoices, SMEs reduce cost associated with maintaining accounting standards, presence of a complete set of accounting principles simplified for each type of entity; increased satisfaction of the needs of users of financial statements (Ojeka and Mukoro, 2011).

Accounting Method and basis

Accounting methods and basis followed are classified in two categories but after completed survey in 3 enterprises researcher had put another option that is unknown (method & basis both) because most of the SMEs in Nepal did not used any accounting methods and basis. 40 percent enterprises used double entry system of accounting methods and while 30 and 30 percent used single entry and unknown or no methods respectively in the SMEs. Most of the entrepreneur of the sole proprietorship business did not know about accounting methods, hence the researcher needed to

assume it on the basis of their various papers (Uddin R, Biswas T, Ali J, Khatun MS, 2017).

Organizational performance

Organizational performance refers to a concept that measures a firm's position in the marketplace and the firm's ability in meeting its stakeholders' needs (Griffin, 2003;Lo, Mohamad, Ramayah, & Wang, 2015). It can also be known as the degree to which the operation fulfils the performance objectives (primary measures) and meets the needs of the customers (secondary measures) (Slack, Chambers, & Johnston, 2010). Previously, the concept of organizational performance normally referred to financial ratios such as profitability, return on assets (ROA) and return on equity (ROE).

2.3 Accounting Practices in SMEs

This section reviews the extent to which accounting practices have been undertaken in SMEs which are the intended population for this thesis. Spite of the economic and social importance of SMEs, there is a lack of research initiatives studying the provision for accounting information and use of accounting techniques by SMEs (Nandan, 2010), Kaplan (1994) suggests that this may be because research into accounting practices are predicated in the belief that the discipline of accounting is best served by studying (and so eventually facilitating the emulation of) the most innovative and successful practitioners. This position inevitably skews research towards larger entities. Holmes and Nicholls (1998) conclude that the volume of accounting practices in SMEs is dependent on a number of operating environmental factors that include size of the business, business age and industrial grouping. They further argue that most owners and managers of SMEs engage public accountants to prepare required information and that owners and managers search for additional information, but only to a limited extent. Ismail and King (2007) conclude that the development of a sound accounting information system (AIS) in SMEs depends on the owners' level of accounting knowledge. Zhou (2010) proposes the use of accounting software by owner- managers in SMEs to improve accounting practices

but laments that developers of accounting software are yet to produce the medium-sized software for SMEs. Wichman (1983) concludes that accounting and marketing pose major challenges to management of SMEs and recommends that managers or owners in SMEs must learn about accounting or hire experts. Walhlstedt (1996) believes that conventional accounting reports play a significant role in SMEs but argues that the reports must be adjusted in order for them to be understood, proposing the use of the cash basis rather than the accruals basis. McMahon (1999) argues that financial reporting practices in SMEs seem to fall short of what is dictated by various external financial reporting imperatives that exist for them, further arguing that owner-managers appear particularly reluctant to produce financial reports which might become accessible to outside parties either directly or through the offices of regulatory authorities.

Niswonger and Fess (1969) identified the several concepts, theories and principle under grid the practice of accounting. Prominent among them are Going Concern, Consistency, Accrual, Business Entity, Money Measurement, Prudence and the Double Entry. (Rawat, 2004; Dyson, 2004) Accounting manifests in several ways such as financial, cost, management and tax accounting. An accounting system is an orderly, efficient scheme for providing accurate information and controls. Regulatory requirements and internal administration policies must be considered in designing an effective accounting system. Accounting system should show the books, records, vouchers, and files and related supporting data resulting from the application of the accounting process. Kamyabi & Devi (2011), use the external accountants' advisory services is positively associated with the knowledge of owner or manager, technical competence, competitive intensity and complexity of market decision. And also when use the advisory services has a positive effect on SME performance. Although providing a precise global definition of an SMP is fraught with difficulties International of Federation Accountants (IFAC) has chosen to define SMPs as “accounting practices whose clients are mostly SMEs, external sources are used to supplement limited in-house technical resources, and contain a limited number of professional staff. What constitutes an SME differs depending on the country.” (IFAC 2010) referred from Robert and Robin (2010).

Kamilah(2017) revealed that Implementation of accounting practices and its relationship with performance in Small and Medium Enterprises for the purpose to explore the implementation of accounting practices in SMEs and the relationship between accounting practices and performance. The found that certain Accounting practices are found to have significant relationships with performance and these findings have reinforced the importance of accounting practices in today's organization. This study provides additional empirical evidences on accounting practices and their relationships with performance.

Zhou (2010) identified some problems in conducting a study (Undeveloped SMEs Accounting Software, inadequate managerial attention and untrained managers and employees regarding accounting information systems) relating to implement accounting systems that SMEs faced and gave some suggestions (Development of SMEs accounting software, strengthen the responsibility of administering authority, educational depth of accounting information of the authority as well as software developers effective training to the managers and employees to the overall operations of SMEs) to resolve those problems for making SMEs better services.

Rathnasiri, (2014) investigated “Financial Reporting Practices of Small and Medium Enterprises (SMEs). The study attempted to explore whether and to what extent Sri Lankan Small and medium enterprises (SMEs) adopt financial reporting practices and how such practices are incorporated with prevailing information systems. The researcher selected the target sample of 60 SMEs which were registered with the Ministry of Industry and Commerce (MIC) covering year 2008 to 2013, and operating their businesses in the manufacturing sector in western province of Sri Lanka and used the questionnaire to collect his data. The Data was not normally distributed and non-parametric statistical tests were conducted. He calculated the averages, frequency distribution; cross tabulations and percentage distribution as the tools for descriptive analysis. SMEs give more consideration to the preparation and monitoring of three financial statements components which are; the balance sheet, income statement and cash flow statement which are critical to their success and survival. Thus Sri Lankan SMEs prepare the reports which help the owner/mangers to control the financial position and performance of the business. Results further demonstrated that, of these

financial statements, priority is placed on the preparation and monitoring of the cash flows statement of the businesses, though most SMEs maintain the informal accounting systems that lack comprehensive set of financial reports. But in order cope with the uncertainty of the business environment, is of paramount importance that SMEs in Sri Lanka also need up to date financial information for their decision making. The study finally recommended that regulators and policy makers make policies that focused on the development of SMEs by addressing the core constraints inhibiting their growth and at the same time educating SME owners and managers about the importance of prudent financial management practices for their long term success and survival (IIARD –International Institute of Academic Research and Development).

Boame, Kudadze, &Sulemana (2014) studied the “Adoption of Accounting Practices and Its Effects on SMEs: Financial Perspective of Sachet Water Producers in Northern Region of Ghana”. The prime drive for this study was to know their adoption to accounting practices, the challenges they encounter, the factors that influence their adoption and to make recommendations in that regard. A qualitative research design was employed and for the study a non-probability sampling design in the form of a convenience sampling method was employed to gather the data. Data were drawn from both primary and secondary sources.

2.4 Summary of previous study.

Studies	Objective of research	Finding of research
Niswonger and Fess (1969)	Several concepts, theories and principle under grid the practice of accounting	Prominent among them are going concern, consistency, accrual, business entity, money measurement, prudence and the double entry.
Wichman (1983)	The accounting and marketing pose major challenges to management of SMEs.	Accounting and marketing pose major challenges to management of SMEs and recommends that managers or owners in SMEs must learn about accounting or hire experts.
Walhlstedt(1996)	Conventional accounting	The reports must be adjusted in

	reports play a significant role in SMEs.	order for them to be understood, proposing the use of the cash basis rather than the accrual basis.
McMahon (1999)	The financial reporting practices in SMEs seem to fall short of what is dictated by various external financial reporting imperatives.	The argues that financial reporting practices in SMEs seem to fall short of what is dictated by various external financial reporting imperatives that exist for them, further arguing that owner-managers appear particularly reluctant to produce financial reports which might become accessible to outside parties either directly or through the offices of regulatory authorities
Marriot and Marriot (2000)	Argue that the professional accounting should develop their services.	The argue that the professional accountants should develop their services to also include graphic presentations and comments and interpretation of the amounts in financial statements.
Rawat,(2004); Dyson, (2004)	Accounting manifests find in several ways.	Accounting manifests in several ways such as financial, cost, management and tax accounting.
Evaraert et al. (2006) and Jayabalan and Dorasamy (2009)	The high cost of hiring professional accountants leaves SME owner-managers.	However argue that the high cost of hiring professional accountants leaves SME owner-managers with no option but to relegate accounting information management.
Ismail and King (2007)	The development of a sound accounting information system.	Conclude that the development of a sound accounting information system (AIS) in SMEs depends on the owners' level of accounting knowledge.
Zhou (2010)	The use of accounting software and improve accounting practices.	Proposes the use of accounting software by owner- managers in SMEs to improve accounting practices but laments that developers of accounting software are yet to produce the

		medium-sized software for SMEs.
Kamyabi & Devi (2011)	The advisory service is positively associated with the knowledge.	Use the external accountants' advisory services is positively associated with the knowledge of owner or manager, technical competence, competitive intensity and complexity of market decision.
Rathnasiri, (2014)	To explore whether the Sri Lankan SMEs adopt financial reporting practices and incorporated with prevailing information systems.	Investigate “Financial Reporting Practices of Small and Medium Enterprises (SMEs). The study attempted to explore whether and to what extent Sri Lankan Small and medium enterprises (SMEs) adopt financial reporting practices and how such practices are incorporated with prevailing information systems.
Kamilah (2017)	The implementation of accounting practices and its relationship which performance in SMEs.	Revealed that Implementation of accounting practices and its relationship with performance in Small and Medium Enterprises for the purpose to explore the implementation of accounting practices in SMEs and the relationship between accounting practices and performance.

2.5 Research Gap

There are so many research conducted in this area. No research work has been done in SMEs accounting practices are how much application to know that research would be conduct and to know Accounting practices its impact the organizational performance. So, rather than those earlier researches, this research work is specially related to the application of accounting practices and its impact an organizational performance in SMEs sector.

In this research there are different in research variables from the previous research. Another different in data collection and analysis tools. The research questions and objectives also different from previous research. The literature review different also

different from another research. This research prepare to the adamancy propose so less time and effort related. So this study will be fruitful to those interested person, scholars, civil society, other stakeholders, businessman and government for academically as well as policy perspectives.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

This chapter focused the following population and sample aspects like research design, source of data, data collection and method of analysis. The descriptive research design and explanatory research was used in this study required data concerned with accounting practices in Nepalese small and medium sized enterprises. The research design facilitates to reach near to the valid or reliable information that make easy to obtain the answer of the research objectives.

3.2 Population and Sample

This study covers small and medium sized enterprises relating to Information Technology, Manufacturing, Service and Tourism. The numbers of these industries (SMEs) that have been registered in small and medium industry as the population is 200 in Kathmandu district which department of Nepal was further as out of population for this study (Ministry of industry, commerce & supplies, 2018). This population 20 SMEs were selected for each group on the basis of every accessible to registered data. Following table 3.1 shows the population and sample size base on the 10% small and medium enterprises are the each industry. In this research simple size selection from the conversation sample design.

Table 3.1: List of Sample

Nature of the industries	Population		Sample	
	Small	Medium	Small	Medium
Information Technology	12	6	1	1
Manufacturing	7	9	1	1
Service	47	20	4	2
Tourism	37	62	4	6
Total	103	97	10	10

(Sources: Ministry of Industry, commerce and supplies, 2018)

3.3 Sources of Data

The data were collected from the primary sources by asking questionnaire to the selected respondents. The question includes multiple questions. 100 questionnaires are distributed among the manager and accountant of the SMEs. The questionnaires were asked to the respondents of the firm on the basis of nature of industry that covers plastic and rubber industries, food products, cottage industries, textiles and woolen industry and leather industry. This study were being carried out in small and medium sized enterprises where the focuses in obtaining data on the level of frequency of the application of accounting practices tools and techniques used by listed small and medium sized enterprises.

3.4 Data collection & processing procedure

The survey or primary data collected from respondents are firstly inputted in excel by coding to each study variables. The excel data were transferred to SPSS and analyze the result of the raw data. The accounting practices construct was found to represent data with organizational perceived performance.

3.5 Data Analysis Tools and Techniques

The data were processed with percentage basis, mean, standard deviation and correlation coefficient of determination use to make presentation lucid. This study was concerned with the accounting practices and organizational performance. To sure that the collected responses follow randomness needed for statistical estimations. The data analysis tools are as follows:

1. Mean (\bar{X})

Among different measures of central location, the best known and the most widely used is the arithmetic mean, or simply the mean. It is the sum of the values divided by their number. It can be calculated for any set of numerical data, so it is always exists. The mean can be expressed symbolically as,

$$\text{Mean } \bar{X} = \frac{\sum X}{n}$$

\bar{X} = Arithmetic mean

$\sum X$ = Sum of all the values of the variable X

N= Number of observations

2. Standard Deviation (σ)

The standard deviation (σ) measures the absolute description. It is defined as positive square root of the mean of the square of the deviations taken from the arithmetic mean. If the standard deviation is greater, the magnitude of the deviations also is greater. A small standard deviation means a higher degree of true/ fact and vice-versa.

This can be symbolically as:

$$S.D(\sigma) = \sqrt{\frac{1}{n} \sum (X - \bar{X})^2}$$

Where,

σ = Standard deviations

n= number of observations

\bar{X} = Arithmetic mean

3. Coefficient of Variation (C.V.)

Coefficient of variation (C.V.) is a relative measure of dispersion, which can be obtained by expressing the standard deviation as a percentage of mean. The CV is applicable for the comparison of variability's of two or more distributions. It is relative measure and is independent of units. The greater the value of CV, the higher the variability and the smaller the value of CV, the lower be the variability. This is given by:

$$\text{Coefficient of Variation (C.V.)} = \frac{\sigma}{x} \times 100$$

Where,

CV= Coefficient of Variation

σ = Standard deviations

\bar{X} = Arithmetic mean

4. Percentage Basic

The term "percent" is derived from the Latin per centum, meaning "by the hundred". The sign for "percent" involve by gradual contraction of the Italian term percent to, meaning "for a hundred". "The Phoenix Suns' Shaquille O'Neal led the NBA with a .609 field goal percentage (FG%) during the 2008–09 season." (O'Neal made 60.9% of his shots, not 0.609 %.) Likewise, the winning percentage of a team, the fraction of matches that the club has won, is also usually expressed as a decimal proportion; a team that has a .500 winning percentage has won 50% of their matches. The practice is probably related to the similar way that batting averages are quoted.

As "percent" it is used to describe the steepness of the slope of a road or railway, formula for which is $100 \times \text{rise}$ which could also be expressed as the tangent of the angle of inclination times 100. This is the ratio of distances a vehicle would advance vertically and horizontally, respectively, when going up- or downhill, expressed in percent. Percentage is also used to express composition of a mixture by mass percent and mole percent.

5. Correlation Coefficient (r)

Correlation analysis is the statistical tools that can be used to describe the degree to which one variable is linearly related to another. The correlation coefficient measures the degree of relationship between two sets of figures. Correlation coefficient is most widely used in practice correlation can either be positive or it can be negative. It is denoted by r. Its value lies between -1 to +1. When $r = -1$, it means, there is perfect negative relationship between the variables and when $r = +1$, it means, there is perfect positive relationship between the variables. However, in practice such values of r is +1, -1 and 0 are rare. In practical life, the possibility of obtaining either perfect positive or perfect negative correlation is vary remote, Gupta, (2000).

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{n \sum X^2 - (\sum X)^2} \sqrt{n \sum Y^2 - (\sum Y)^2}}$$

6. Regression Analysis

Regression analysis is the development of the statistical model that can be used to predict the values of the dependent variable based upon the values of at least one independent variable. Regression analysis helps us to know the relative movement in the variables.

Simple regression analysis

The simple regression equation of Y on X, which is used to describe the variation in the value of Y of given change in the value of X.

$$Y = a + bx$$

Where,

Y = dependent variable

X = independent variable

a = Regression constant

b = Regression coefficient

Multiple Regression Analysis

Similarly the multiple regression models has been used to find out whether the dividend per share, dividend payout ratio and earning per share of finance companies are related to market price of finance companies or not. The equation for this regression model is as follows:

$$ROA = a_1 + b_1 AS + b_2 LOK + b_3 ROD + b_4 FS + b_5 AM + e \dots\dots\dots (i)$$

Where,

ROA=Return On Assets

AS= Accounting System

LOK= Level of Knowledge

ROD= Record of Documents

FS= Financial Statement

AM= Accounting Methods

E= Error term

a_1 = Constant,

b_1, b_2, b_3, b_4, b_5 = Regression Coefficient.

$$\text{ROE} = a_1 + b_1 \text{AS} + b_2 \text{LOK} + b_3 \text{ROD} + b_4 \text{FS} + b_5 \text{AM} + e \dots\dots\dots \text{(ii)}$$

Where,

ROE=Return On Equity

AS= Accounting System

LOK= Level of Knowledge

ROD= Record of Documents

FS= Financial Statement

AM= Accounting Methods

E= Error term

a_1 = Constant,

b_1, b_2, b_3, b_4, b_5 = Regression Coefficient.

3.6 Reliability test

The study used the statistical package for social science (SPSS) to determine the relationship between factors affecting the accounting practices applied by the small and medium enterprises in Kathmandu district. The test of significance is regression analysis expected to yield coefficient of determination (R^2), Analysis of variance along with relevant t-test and p values. Inferential statistical techniques were done at 5% level of significance. The summary of the R^2 is 0.38 and remaining dependent and independent variables are 0.62.

CHAPTER- IV

RESULTS

This chapter includes the respondents profiles based on of the selected small and medium size enterprises. The respondents are asked the questions on the basis of year of operation of firm, manufacturing activities of the selected firms, number of employees engaging of the firm and sales turnovers of the selected firms. In second parts descriptive analysis and correlation analysis was included in which the view of respondents presented in the table for study variables. The findings wire revealed on the basis of the survey and SPSS results to fulfill the research objectives.

In this study data has been collected from small and medium industry regarding their practices of accounting in their day to day activities. Total sample size for this study is 20.

The researcher found that only:

4.1 profile of respondents

Profile information relating to the respondents was collected in section I of the questionnaire. Five questions were asked and covered the number of years that the business had been in operations, the type of manufacturing activities the number of employees and annual sales turnover. This information is helpful for understanding the background of respondents and also for providing data for further statistical analysis. Table 4.1 presents the information for the 20 responding industry on the basis of operation years.

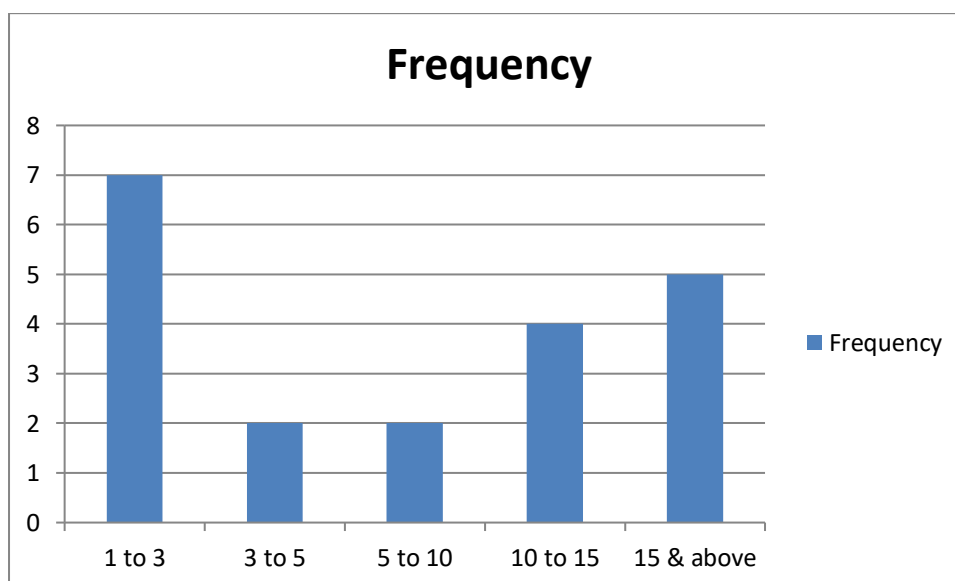
The results show that operating year majority of the firms (35%) has been in business for 1-3 years. This is followed by respondents who have been in the business between 3-5 years (10%) and 5-10 years (10%). The firms of respondent (20%) have been in business for 10-15 years and only 25% firms seem that have been operating more than 15 years.

Table: 4.1 Profile of firms based on Operation years

Operation Years	Frequency	Percent
1-3	7	35%
3-5	2	10%
5-10	2	10%
10-15	4	20%
15 and above	5	25%

Source: Research field on response of survey questionnaire, 2018

Thus the vast majority of the responding firms are established businesses that might reasonably be expected to use accounting techniques and have developed accounting systems that are suitable for their business needs.

Fig.4.1 Profile of firms based on operation years

In this research the above chart shows that profile of firms based on operation years 1-3 is highly operation, 3-5 year and 5-10 years are same operating years of SMEs. The operation years of SMEs are 10-15 years less than 15 & above years.

Table: 4.2 Profile of nature of the industries

Nature of the industries	Frequency		Percent	
	Small	Medium	Small	Medium
Information Technology	1	1	10	10
Manufacturing	1	1	10	10
Service	4	2	40	20
Tourism	4	6	40	60
Total	10	10	100	100

Source: Research field on response of survey questionnaire, 2018

Table 4.3 shows the industries of responding firms are concentrated in information technology (10%) small and medium (10%). Similarly, manufacturing small and medium industry are 10% and 10%, service and tourism are 40% and 20% and small and medium 40% and 60% of that is answers by the respondents.

Table: 4.3 Profile of industry based on Sales Turnovers

Sales turnover	Frequency	Percent
Less than 10 lakh	0	0
10 to 15 lakh	0	0
15 to 20 lakh	1	5
20 to 30 lakh	5	25
30 lakh and above	14	70
Total	20	100

Source: Field survey- 2018

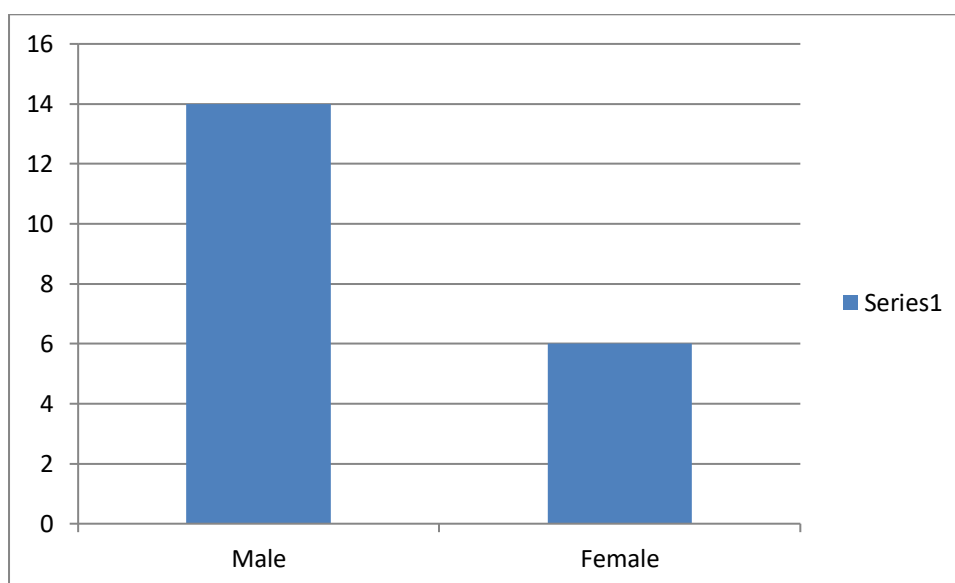
This concentration of respondents in larger industry is also indicated by the information gathered on the annual sales turnover of the respondents almost 70% of the responding industry reported annual sales from Rs.30 lakh and above. This is followed by annual sales Rs.20 to Rs.30 lakh(25%) and Rs.15 to Rs.20 lakh respondents are indicated by 5% with annual sales turnover.

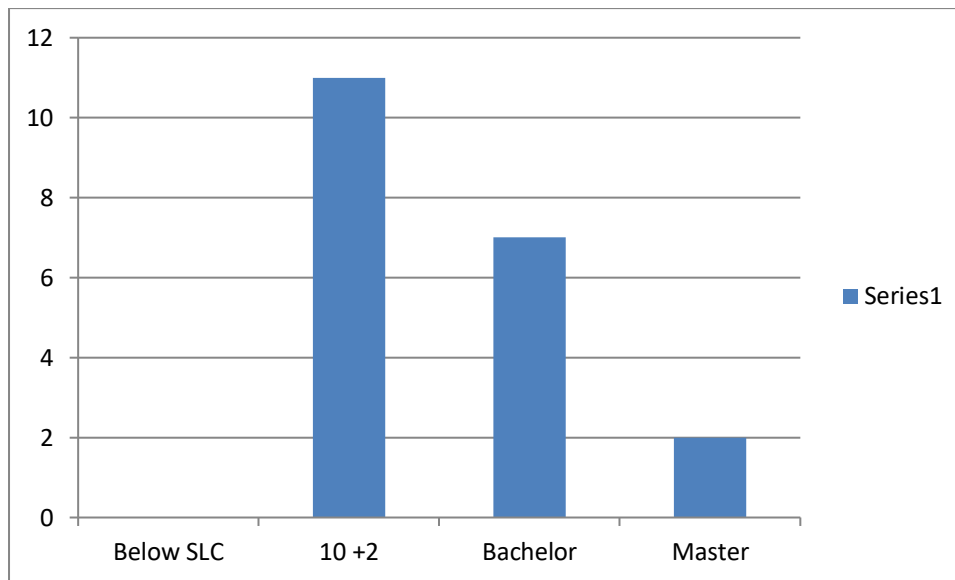
Table: 4.4 Profile of Sex and Qualification

Sex		Total	Qualification				Total
Male	Female		Below SLC	10+2	Bachelor	Master & Above	
14	6	20	0	11	7	2	20

(Source: Field Study -2018)

In this research, the above table Male 14 and Female 6 are working in the small and medium industry. The Male and Female are the qualification more 11 employees are (10+2), bachelors are 7 and 2 employees are master regarding working in the SMEs.

Fig.4.2 Profile of Sex and Qualification



In this research, the above chart Male 14 and Female 6 are working in the small and medium industry. The Male and Female are the qualification more 11 employees are (10+2), bachelors are 7 and 2 employees are master regarding working in the SMEs.

4.2 Use of proper accounting system.

Table: 4.5 Use of proper accounting system

Accounting system	Percent
Small industry	20%
Medium industry	80%

(Source: Field Survey, 2018)

In this research the above table shows that 20% of small industry and 80% of medium industry maintains proper accounting system with proper provision of dedicated accountant for maintaining accounting of the firm.

4.3 Manpower in accounting

Table: 4.6 Manpower in accounting

Manpower in accounting	Small	Medium
Low skilled	62%	25%
Semi-skilled	38%	65%
High skilled	0	10%

(Source: Field Survey, 2018)

The small and medium industries are represent data which are fully use the high skilled manpower in medium industry than small industry. The small industry has higher used low skilled manpower in accounting also. But the medium industry has used both manpower which semi-skilled and high skilled manpower in the firm for accounting.

4.4 Accounting Methods

It is about how accounting system will be carried out and how they are maintained regarding the methods following observations were made which are:

Table: 4.7 Accounting Methods

Accounting Methods	Small	Medium
Manual	70%	55%
Computerized	15%	30%
Hybrid	15%	15%

(Sources: Field Survey, 2018)

In this above table research accounting methods are compared the two small and medium industries. However, from research find out the manual 70%, computerized 15% and hybrid 15% in has used accounting methods in small industry. The medium industry has used accounting methods 15% manual, 55% computerize and 30% hybrid. In this research has found the slightly higher uses computerized accounting methods in medium industry than small industry.

4.5 Purpose of accounting

It is about the perception regarding accounting practices in the firm. This will help to identify whether firms are regarding the importance of the accounting system in the organization.

Table: 4.8 Purpose of accounting

Purpose of accounting	Small	Medium
I. To determine income and expenditure	80%	100%
II. To fulfillment regulation	100%	100%
III. To calculate cost of approach	20%	70%
IV. Others	30%	50%

(Sources: Field Survey, 2018)

In this research the above table shows purpose of accounting has calculated to determine income and expenditure 80% in small and 100% in medium industry. It knows that the fully has used to determine income and expenditure of accounting in medium industry. Mostly, small industry and medium industry have used of accounting to fulfillment regulation. The medium industry has higher used to calculate cost of approach than small industry relatively dominant for purpose of accounting.

4.6 Types of accounting records kept by Small and Medium industry.

Table: 4.9 Accounting records kept by Small and Medium Industry

Accounting records	Small	Medium
Voucher record	70%	70%
Journal	30%	20%
Voucher, Journal and trial balance	-	10%

(Sources: Field Survey, 2018)

In this above table is shown the small industry to be used the voucher records and journal but the medium industry has used voucher records, journal and trial balance.

So that medium industry has higher used extra trial balance than small industry for accounting records.

4.7 Audited financial statement

The Small and Medium industry has audited from the accountant or CA or auditor has found the financial statement. In this research has received the information which has used financial statement from auditor. The small industry than medium industry have low audit report preparing in the industry. The fully has done compulsory audit in Medium industry then small industry.

4.8 Descriptive Analysis

The Extent of the Use of Accounting Practices

The extent of the use of accounting was examined by requiring the respondents, who responded yes to using broadly classified accounting practices to indicate the frequency of use of a range of detailed accounting techniques using a six point scale(where 1 indicates 'strongly disagree', 2 indicates 'disagree', 3 indicate 'neutral', 4 indicate 'agree' and 5 indicate 'strongly agree').

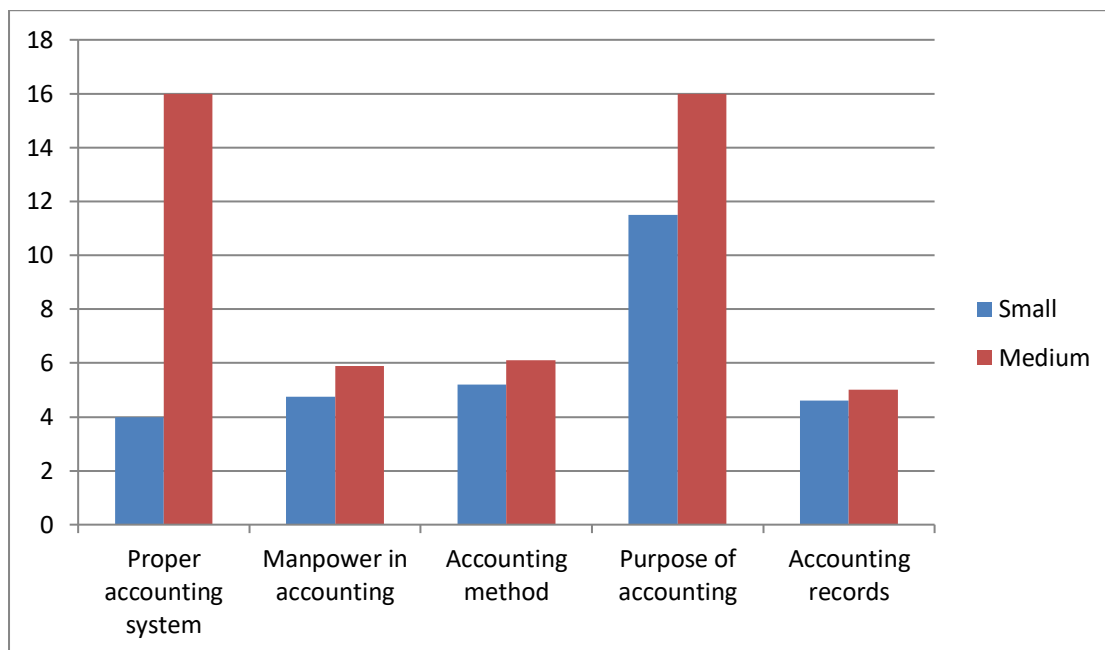
Table: 4.10 Total Marks Calculation of Accounting Practices

S.N	Criteria	Small	Medium
1	Proper accounting system	4	16
2	Manpower in accounting	4.76	5.9
3	Accounting method	5.2	6.1
4	Purpose of accounting	11.5	16
5	Accounting records	4.6	5
	Total	30.06	49

(Source: Field survey- 2018)

In this research the above table shows that which small industry is used total accounting practices 30.06 and medium industry has also used 49. It concluded that the medium industry more used the accounting practice than small industry.

Fig.4.3 Total Marks Calculation of Accounting Practices



It can observe that small and medium organization has clearly used accounting practices. From the above table and chart have shown the perfectly utilization of accounting tools and technique in medium organization. But the small organization has used slightly low than medium organization. We can see the medium organization has used 49 marks achieve and small organization has achieved the 30.06 marks.

4.9 Performance evaluation of small and medium organization

4.9.1 Return on Assets (ROA)

Return on assets (ROA) is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources. It is commonly defined as net income divided by total assets. Net income is derived from the income statement of the company and is the profit after taxes. It is express the formula below.

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

4.9.2 Return on equity (ROE)

Return on equity is a measure of the profitability of a business in relation to the equity; also known as net assets or assets minus liability. ROE is a measure of how well a company uses investments to generate earnings growth. ROE is measure of financial performance calculated by dividing net income by shareholders equity. ROE is expressed as a percentage and can be calculated for any company if net income and equity are both positive numbers. It is expressed the formula below.

$$\text{Return on equity} = \frac{\text{Net Income}}{\text{Shareholder equity}}$$

Table: 4.11 Small Organizations

S.N	Name	ROA	ROE
1	CREATIVE AFS PVT.LTD	2.3	3.05
2	KAUSHAL KASTHA UDHYOG PVT. LTD.	2.9	3.12
3	MANAGEMENT AND TRANSDICLINARI TRAINING PVT. LTD.	1.8	2.56
4	BEST EXPRESS CARGO PVT. LTD.	2.1	2.25
5	VIVO MOBILE COMMUNICA-TION PVT. LTD.	1.9	1.89
6	GAUTAM LANGUAGE CENTER PVT. LTD.	1.92	2.01
7	HOTEL NEW DHASINKALI PVT. LTD.	2.25	2.97
8	HOTEL SAHARA PVT.LTD.	2.8	3.55
9	HOTEL IMAGE PVT. LTD.	2.1	3.25
10	LALIGURASH GUEST HOUSE PVT. LTD.	1.7	1.98
Total		21.77	26.63
Average		2.18	2.66

(Source: Field Survey- 2018)

Table: 4.12 Medium Organizations

S.N	Name	ROA	ROE
1	SASTO DEAL PVT. LTD.	1.8	2.25
2	ULTRA HOME PVT. LTD.	1.92	2.86
3	KIRTIPUR MULTIPURPOSE CO-OPERATIVE LTD.	2.12	2.46
4	VALLEY INSTITUTE KIRTIPUR	1.7	2.26
5	ORCHID HOSPITALITY PVT.LTD	2.14	1.89
6	HOTEL TITANIC PVT. LTD.	1.65	1.78
7	HOTEL HIMALAYAN HUB PVT. LTD.	1.89	1.96
8	UFANG HOTEL PVT. LTD.	2.75	2.13
9	KWALITY CAFÉ PVT. LTD.	1.64	2.08
10	HOTEL NEW HIMALAYAN PVT. LTD.	1.87	1.76
Total		19.48	21.43
Average		1.95	2.14

(Source: Field Survey- 2018)

In this research the above both table of small and medium organization have obtained average ROA and ROE of small organizations are 2.18 and 2.66 and medium organization average ROA and ROE are 1.95 and 2.14 respectively. It found that research the higher ROA and ROE of the small organization than medium organization. In this research the medium industries are used accounting practices properly but the small industries are used few accounting practices. Small industry has found that the traditional accounting practices.

Table 4.13 correlation analysis

	Accounting System	Level of accounting knowledge	Records of document	Prepare financial statement	Accounting Methods	Organization performance
Accounting System	1					
Level of accounting knowledge	0.89**	1				
Records of document	0.67**	0.86**	1			
Prepare financial statement	0.78**	0.56**	0.38	1		
Accounting Methods	0.81**	0.73**	0.51	0.62**	1	
Organization performance	0.93**	0.94**	0.79**	0.84**	0.57**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Sample size (n) = 20

The table 4.13 showed that the relationship between organization performance as a dependent variable and accounting system as independent variable is a positive, strong, and linear relationship with a significant statistical correlation($r = .93$, $p <$

0.01), while the relationship between organization performance and level of accounting knowledge is positive strongly, with a significant statistical correlation ($r = 0.94, p < 0.01$). As for the relationship between organization performance and record of document is positive & linear also statistically it is not significant ($r = .79, p > 0.01$). While the relationship between organization performance and financial statement is positive, strong and linear relationship with significant statistical correlation ($r = 0.84, p < 0.01$) & the relationship between organization performance & accounting method is positive, strong and linear relationship with significant statistical correlation ($r=0.57$) From the finding dependent and independent variables has direct positive relationship, it means that organization performance depend under the independent variables. From the table 4.19 there is positive relationship between the all study variables.

Table 4.14 Impact of accounting practice of SMEs explained (model summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.624 ^a	0.389	0.380	0.19762

a. Predictors: (Constant), accounting system, level of accounting knowledge, record document, financial statement & accounting method.

Table 4.14 shows regression model summary includes the R, R-squared and adjusted R-square for the model, and the standard error of the estimate. R is the multiple correlation coefficients, its present all the variable together ($R = .624$). R-squared is a measure of how much of the variation in the dependent variable is accounted for by the model, as can be clearly seen from Table 4.20 that R^2 in the model 3 equals .389 ($R^2 = .389$) explains approximately 38% of variance in organization performance, which predicted by the combination of the three independent variables. Adjusted R square attempts to adjust this for the complexity of the model. More complex models will explain more variance than simpler models. The adjusted R square is 0.38. The adjusted R square shows that 38% of the variance in organization performance has been significantly explained by 1% change in the three independent variables. The almost same value between R square and the adjusted R square indicates high model

fit. The chance of error of the estimate is 0.19762. The table 4.8 below shows the Analysis of Variance (ANOVA).

Table 4.15 Goodness of Fit of Regression (ANOVA^a)

Model		Sum of Squares	D. f.	Mean Square	F	Sig.
1	Regression	4.975	3	1.658	42.462	.000 ^b
	Residual	7.811	200	0.039		
	Total	12.786	203			

a. Dependent Variable: organization performance

b. Predictors: (Constant), accounting system, level of accounting knowledge, record document, financial statement & accounting method.

Source: Research finding (2018)

From the ANOVA statics in table 4.15 above, the processed data which is the population parameters, had a significance level of 0.00^b% which shows that the data is ideal for making a conclusion on the population's parameters as the value of significance (p- value) is less than standard (5%). The calculated value was greater than the critical value ($42.462 > 1.984$) an indication that independent variables of small & medium enterprises. In other word, accounting system, level of accounting knowledge, record document, and financial statement & accounting method. The F value is about 42.462 and a P- value or F (sig) that is equal to 0.00^b this invariably suggests clearly that simultaneously the explanatory variables are significantly associated with the dependent variables.

Table 4.16 Regression Result for Independent Effect of accounting system, Level of accounting knowledge, record of document, prepare financial statement, and accounting method (Coefficients)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.878	.258	-	7.269	.000
Accounting system	.527	.056	.522	9.401	.004
Level of accounting knowledge	.276	.045	.519	6.178	.000
Record of document	-.203	.057	-.303	-3.595	.001
Prepare of financial statement	.382	.061	.732	7.253	.005
Accounting method	.609	.034	.461	6.341	.000

a. Dependent Variable: Organization performance

Source: Research finding (2018)

From the table 4.16 regression model, accounting system, level of accounting knowledge, record document, and financial statement and accounting method to a constant zero organization performance of small & medium firms would be 1.878, in organization performance by factor of 0.527 accounting system, 0.276 level of accounting knowledge and record of document by a factor of -0.203 of SMEs. From the above finding there is positive relationship between organization performance and first two independent variables (accounting system and level of accounting knowledge), and there is negative relationship between record documents. The study further revealed that the P- value was less than 5% are accounting system, level of

accounting knowledge, record document, financial statement & accounting method which shows that there are three independent variables has a statistically significant for this study at 95% confidence level. Thus this means that accounting system, level of accounting knowledge, record document, financial statement & accounting method has significantly influence on organization performance.

4.10 Major Findings of the Study

1. The method is accounting system used by small industry is 20% and medium industry 80%.
2. From the research finding the total ROA of small industry 21.77 and ROE are 26.63. The average ROA of small industry is 2.18 and ROE is 2.66.
3. From the research finding the total ROA of the medium industry is 19.48 and ROE is 21.43. The average ROA medium industry is 1.95 and ROE is 2.14.
4. From the correlation analysis the relationship between accounting system and organizational performance are strongly positive (ie 0.93).
5. The relationship between level of accounting knowledge and organization performance is strongly positive (ie 0.94).
6. The correlation between record of document and organization performance is 0.79.
7. There is strongly relationship between prepare of financial statement and organizational performance is 0.84.
8. There is moderate relationship between accounting method and organization performance is 0.57.
9. There is significant statistical correlation between independent variables and dependent variable.
10. From the model summary the value of R^2 is 38%. It explained the dependent and dependent variables are 38%. Rest 62% is explained by another variable which is not includes this thesis.
11. From the ANOVA statics, the dependent variable strongly relationship with independent variables because level of significant is 0 % which is less than standard value 5%.

12. From the regression analysis, there is positive relationship between accounting system and level of accounting knowledge with organization performance.
13. There is negative relationship between record of document and organization performance.
14. The p value less than 5% of all independent variables have a statistically significant for this study at 95% confidence level.

CHAPTER V

CONCLUSIONS

5.1 Summary

This chapter summarizes the conclusions reached with respect to the research questions developed in this study. The chapter starts by repeating the research problem and the research questions before stating the conclusions reached on each research questions. Lastly, the limitations of the research and some areas for further research are identified. The importance of small and medium-sized enterprises for the Nepalese economy is unquestionable. As discussed SMEs in Nepal play a crucial role by providing employment opportunities and boosting the growth of the economy. The SME sector has also proved valuable in helping Nepal to achieve sustainable economic challenges that impact on the Nepal economy. Among the different sectors in which SMEs operate, the manufacturing sector is most significant in terms of the contribution to GDP and exports from Nepal, whereas the service and agriculture sectors contribute most in terms of employment. On balance it is reasonable to claim that the manufacturing sector is the most important to the success of SMEs has been support from the Nepalese government to this sector. A major contributor to the success of SMEs has been support from the Nepalese government to this sector. Financial assistance as well as training in technical aspects of business, marketing and management skills is among the support from the government for this sector. These policies and support have successfully stimulated the growth of this sector.

Research has shown that accounting practices have a role in ensuring that the management of a firm is efficient and effective and may also improve performance. Accounting practices also permit firms to compete in the market place and reduce the likelihood of business failure. Given these advantages from accounting practice uses, it is important to promote knowledge and awareness of accounting practices among small business in Nepal.

The study concludes that although both Nepalese small and medium sized firms make extensive use of traditional accounting practices they only selectively use modern

accounting practices. Such adoption of accounting practices by Nepalese SMEs may be largely attributed to the broad employment of qualified accounting staff with more than 80% of small and medium sized enterprises indicating that they have hired qualified or part-qualified accounting staff in their firms. In addition a significant uptake of traditional accounting practices by Nepalese SMEs may be attributed to the fact that information on these measures is more readily available as opposed to modern accounting techniques which may be perceived as more uncertain, less practical and costly.

5.2. Conclusion

This research has shown that accounting practices have a role in ensuring that the management of a firm is efficient and effective and may also improve performance. Accounting practices also permit firms to compete in the market place and reduce the likelihood of business failure. Given these advantages from accounting practice uses, it is important to promote knowledge and awareness of accounting practices among small business in Nepal. Furthermore, in Nepal context, this lack of research into accounting practices enhancing the organizational perceived performance may result failure because, for example, knowledge of accounting practices is not included in management skills training for professional ability development. This research may ensure that industry top managements are better informed.

Finally, it is concluded that the result of the study shows an average level of accounting practices was found on the progress in Nepalese small and medium enterprises. This research ensures that policy makers are better informed. The obvious concern is that responses from small sized firms are biased towards respondents who use accounting practices. The results also indicated that use of traditional accounting practices (costing systems ,budgeting systems and performance evaluation systems) was higher than for more sophisticated accounting practices (decision support system). Apart from that, since newly developed accounting practices were created initially for large firms especially in developed countries, firms in less a developed country may take more time to learn new ideas and techniques, especially smaller sized firms. Perhaps, also some of the practices are not yet practical for firms in a developing country due to differences in culture, state of technology or level of

market competitiveness. Again the results confirm that the use of traditional accounting practices techniques were relatively higher than the use of more recently developed accounting techniques. Financial based accounting techniques such as full financial budgeting; costing system, accounting system and financial statement were widely used by both small and medium sized industries. The result is consistent with most of the previous literature relating to accounting practices in developing countries. In terms of category of industries, the research showed that medium sized industries and small industries in all four areas of the use of accounting practices. The most significant differences can be seen in the use of techniques under budgeting systems and both sophisticated accounting practices.

After conducting this research, we came to know that "accounting practices" and "financial performances" are not directly related to each other due to the fact that accounting practices of medium organization is better however small organizations are more efficiency regarding financial performance. Here we can understand from this conclusion that accounting practices are widely used to understand current and past performance and taking appropriate measures to improve those in efficiency over the time. We can further conclude that organization in Nepal is not fully aware of advantage of good accounting practices.

5.3 Implications

This research concerns the use of accounting practices by SMEs. Although there is a body of literature examining the use of accounting practices, the focus has been on larger firms and no previous research has exclusively addressed the use of accounting practices in SMEs particularly in a developing country. This research therefore makes its own specific contribution by providing knowledge of accounting practices in SMEs in a developing country. The research is distinct not only because it documents the uptake of accounting practices among SMEs; but also because it addresses the roles of accounting practices in the management of SMEs; investigates factors affecting the use of accounting practices, and examines the impact of accounting practices on the performance of firms in SME sector. By filling this research gap, this study has sought to advance understanding of recent developments of accounting

practices in SMEs particularly in a developing country context by adding new empirical evidence to the body of knowledge on the use of accounting practices as well as responding to calls for research into accounting practices in small. So, the following recommendations are based on findings of this research study.

1. Management should use accounting tools and technique for accounting system, knowledge of accounting, records documents, financial statement and accounting method. For financial statement, records documents and accounting system are recommended. For accounting method tool like cost accounting, financial accounting, management accounting, accrual base accounting and hybrid accounting are recommended.
2. To implement these courses of action, Management should established separate accounting department. Who cannot establish a separate department can manage it under their existing accounting, finance or planning department.
3. While making profit and loss account, balance sheet and trial balance tools of financial statement is widely practice is Nepalese SMEs.
4. From the survey it is found that most of the industries are becoming barriers for the application of accounting tools and techniques due to the traditional approaches, lack of information about the tools, nature and size of the business, high cost and long procedure. So they should be updated with new tools and techniques that are practiced around the globe in the best performing companies. Unnecessary formalities should be corrected to enhance the effectiveness while decision making.
5. SMEs maintained a proper co-ordination and co-operation between the different departments and personnel's within organization. Effective motivation programs and carrier growth opportunities also provided to the employees.

Recommendations for Future Research

1. First, the sample of small firms should be extended to achieve a valid set of responses. This would enable differences based upon size to be clearly identified and highlight the effect of contingent factors in different contexts.

2. Second, in the context of contingency theory it might be advantageous to focus on a sample from one particular industry such as electric and electronics or food and beverages in the manufacturing sector. This would mean that the sample would be more homogeneous and might be expected to use certain types of certain techniques.
3. Third, the next few years are likely to see increased global competitiveness in the Nepalese industrial markets; therefore it would be interesting to expand the survey to provide a longitudinal study of accounting practices change by documenting changes over time in the adoption of specific accounting techniques in a more detailed way.
4. Lastly, research in this area can be developed by conducting a comparative study of the Nepalese situation on adoption of accounting practices against that in other developing countries in order to explore differences in terms of cultural and other contingent factors.

REFERENCES

- Adjei, D. (2012). Micro, Small and Medium Scale Enterprises in Ghana: Challenges and Prospects. A case study of Sekondi- Takoradi Metropolis.
- AL Smirat BY (2013) the use of accounting information by small and medium enterprises in south District of Jordan, (An empirical study). *Research Journal of Finance and Accounting* 4: 169-175.
- Amako GK (2013) Accounting practices of SMEs: A case study of Kumasi metropolis in Ghana. *International Journal of Business and Management* 8: 73-83.
- Bohman, H., & Boter, H. (1984). *Planning in small and medium sized firms - The challenges and premises of the strategic planning*: Department of Business Administration and Economics, Umea University Sweden.
- Department of Cooperatives, *Ministry of Agricultural, Land Management and Cooperatives (2017). Cooperative Statistics 2017.*
- Dhungana, Binod, Prasad (2009). *Accounting practices adopted by small industries in Kathmandu District*, An unpublished Master Degree Thesis: Nepal Commerce Campus, Minbhavan, T.U. Kathmandu.
- Fatoki O (2012) An Investigation into the financial management practices of new Micro-Enterprises in South Africa. *Journal of Social Science* 33: 179-188.
- Government of Nepal, Ministry of Finance,(2017). *Economic survey 2016/17*, Singh Durbar, Kathmandu.
- Ismail NA, King M (2007) Factor influencing the alignment of accounting information systems in small and medium sized Malaysian manufacturing firms. *Journal of Information Systems and Small Business* 1: 1-20.

- Keasy, K., & Short, H. (1990). The Accounting Burdens facing small firms: an empirical research note. *Journal of Accounting Business Research*, 20(80), 307-313.
- Marriott, N & P. Marriott (2000). Professional accountants and the development of a management accounting service for the small firm: *Barriers and possibilities. Management Accounting Research. Vol.11.No.4. 475-492.*
- Maseko N, Manyani O (2011) Accounting practices of SMEs in Zimbabwe: An investigative study of record keeping for performance measurement (A case study of Bindura). *Journal of Accounting and Taxation 3: 171-181.*
- Mbroh, J. and Attom, B. (2011), Accounting and control systems practiced by small and micro enterprise owners within the Cape Coast metropolitan area of Ghana, *Asian journal of business and management sciences, vol.1 no.9(28-47)*
- McMahon, R. G. P. (1999). Putting SME financial reporting into Theoretical and Practical perspective. In R. p. s. 98-10 (Ed.). *Flinder University South Australia, Adelaide.*
- Ministry of Industry, commerce and supplies,(2018). *Industrial Statistics (2017/2018)* Kathmandu Nepal: Department of Statistics (2018).
- Nayak A, and Greenfield S, (1994). The use of management accounting information for managing micro businesses. *In: Hughes A, Storey D (Eds.), Finance and the Small Firm. London: Routledge, pp. 182–231.*
- Ntim AL, Evans O, Anthony F (2014) Accounting Practices and Control Systems of Small and Medium Size Entities: A case Study of Techiman Municipality. *Journal of Finance and Accounting 2: 30-40.*
- Okoli BE (2011) Evaluation of accounting systems used by small scale enterprises in Nigeria: The case of Enugu- South East Nigeria. *Asian Journal of Business and Management 3: 235-240.*

- Olatunji TE (2013) The Impact of Accounting System on The Performance of Small and Medium Scale Enterprises in Nigeria-A Survey of SME's in Oyo State-Nigeria. *International Journal of Business and Management Invention* 2:13-17.
- Sharma, G. (2012). Management accounting practices and manufacturing strategy: The role and use of management accounting system. *The Nepalese Management Review*, 15 (1), 147-154.
- Sharma, Gyaneswar, (2015). Practices of financial and management accounting: Evidence from small and medium-Sized Enterprises of Nepal, vol.10 No.1.
- Velankar N, Gupta RC, Garud U (2013) E-accounting practices among SMEs: A study of M.P. REGION. *Journal of Management Value and Ethics* 3: 94-106.
- Wichman H (1983). Accounting and marketing key small business problems *Journal of Small Businesses. Volume 7 (4): 19-26.38.*
- Zhou L (2010) The Research on issue and countermeasures of accounting information of SMEs. *International Journal of Business and Management* 5: 223-225.

APPENDIX I

Questionnaires

Dear Respondents,

The questionnaire is designed to collect the information regarding a research work entitled "Accounting practices applied by the small and medium enterprises in Kathmandu valley." Your information will be used for academic purpose to meet the partial fulfillment of the requirement for the Master's Degree in Business Studies (MBS) from Central Department of Management, Tribhuvan University. All alternatives are equality important.

Dhan Bahadur Bishowkarma

Thank You.

Please fill in the Questionnaire by ticking (✓) anyone box.

Name :

Name of the enterprises:.....

Address:.....

Sex: (Male) (Female)

Qualification: below SLC (10+2) Bachelors) (Masters &
Above)

Age: (Below 20) (Below 25) (Below 30) (Below 40)
(Above 40)

Please provide tick mark for the alternative or alternatives you have chosen:

Questionnaire Section 1: Profile of the firm

1. Year of operations

a) 1-3 b)3-5 c)5-10 d) 10-15 e)15 and above

2. Annual sales turnover

- a) Less than 10 lakh b) 10-15 lakh c) 15-20 Lakh
d) 20 lakh and above e) 30 lakh and above

3. Annual income

- a) Less than 1 lakh b) 1-5 lakh c) 5-10 Lakh
d) 10-15 lakh e) 20 lakh and above

Section2: Use of Accounting practices extent

Please tick mark in the appropriate box as per following schemes. 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5=Strongly Agree

Variable	Subject	1	2	3	4	5
Accounting System	1. Computerized accounting system.					
	2. Identifying, measuring and communicating economic to permit informed judgments and decision by users of the information.					
	3. Present accurate and timely financial data for management decision.					
	4. Consistency, Accrual, Business entity, money measurement, prudence and double entry.					
	5. Orderly, efficient scheme for providing accurate information and controls.					

Variable	Subject	1	2	3	4	5
Level of accounting knowledge	1. However, argue that the high cost of hiring professional accountants leaves the SME's owner or managers with no option.					
	2. Concluded that the development of a sound accounting information in SME's depends on the owners.					
	3. Few capable owners use professional firms to account for their business.					
	4. Accounting and marketing pose major challenges to management of SMEs and recommends that managers or owners in SME's must learn about record keeping and accounting.					
	5. Perhaps cash flow is one of the major records in any enterprise.					

Variable	Subject	1	2	3	4	5
Record document	1. Formal delegated methods as prescribed in accounting texts.					
	2. Respondents were asked to identify the relative importance of most widely used components of financial statements.					
	3. Frequency of preparing and monitoring of such financial information for management decision making.					
	4. Booking keeping alone without preparing reports is likely not to be fundamental in aiding decision making.					

	5. Unless proper reports are prepared and analyzed to attach a meaning so as to help decision makers.					
--	---	--	--	--	--	--

Variable	Subject	1	2	3	4	5
Accounting method and basis	1. Cost accounting have been used					
	2. Financial accounting have been used					
	3. Management accounting have been used					
	4. Accrual cost bases accounting have been used					
	5. Hybrid accounting have been used					

Variable	Subject	1	2	3	4	5
Prepare financial statement	1. Increased satisfaction of the needs of users of financial statements.					
	2. Presence of a complete set of accounting principle					
	3. SMEs reduce cost associated with maintaining accounting standards.					
	4. Improving the comparability of information presented in financial statement.					
	5. Increasing confidence in global annual invoices.					

Variable	Subject	1	2	3	4	
Organization performance	1. Cost reduction and control					
	2. Increased the productivity					
	3. The management efficiency					
	4. Transparencences and good governances					
	5. Evaluate the ROA and ROE results					

Section: 3 Yes/ No Questionnaire

1. Do you use the sufficient accounting system in organization?

- a. Yes b. No

2. Which financial statement has properly used in organization?

- a. Income and expenditure b. balance sheet c. cash flow statement

3. Usefulness of accounting training for SMEs.

- a. Very b. Useful c. Less d. Not

4. Which accounting method have properly used in organization?

- a. cost accounting b. financial accounting c. management
accounting d. accrual bases e. Hybrid accounting

5. The accounting practices have been used the transparenence and good governance in organization?

- a. Yes b. No

Your suggestions for development of firm performance:

.....

.....

.....

.....

.....

.....

Thank You.

APPENDIX II

Table: 4.17 List of Sample

SMALL INDUSTRY	MEDIUM INDUSTRY
<p>INFORMATION TECHNOLOGY</p> <p>1. CREATIVE AFS PVT.LTD</p>	<p>1. SASTO DEAL PVT. LTD.</p>
<p>MANUFACTURING</p> <p>1. KAUSHAL KASTHA UDHYOG PVT. LTD.</p>	<p>1. ULTRA HOME PVT. LTD.</p>
<p>SERVICE</p> <p>1. MANAGEMENT AND TRANSDICLINARI TRAINING PVT. LTD.</p> <p>2. BEST EXPRESS CARGO PVT. LTD.</p> <p>3. VIVO MOBILE COMMUNICA-TION PVT. LTD.</p> <p>4. GAUTAM LANGUAGE CENTER PVT. LTD.</p>	<p>1. KIRTIPUR MULTIPURPOSE CO-OPERATIVE LTD.</p> <p>2. VALLEY INSTITUTE KIRTIPUR</p>
<p>TOURISM</p> <p>1. HOTEL NEW DHASINKALI PVT. LTD.</p> <p>2. HOTEL SAHARA PVT.LTD.</p> <p>3. HOTEL IMAGE PVT. LTD.</p> <p>4. LALIGURASH GUEST HOUSE PVT. LTD.</p>	<p>1. ORCHID HOSPITALITY PVT.LTD</p> <p>2. HOTEL TITANIC PVT. LTD.</p> <p>3. HOTEL HIMALAYAN HUB PVT. LTD.</p> <p>4. UFANG HOTEL PVT. LTD.</p> <p>5. KWALITY CAFÉ PVT. LTD.</p> <p>6. HOTEL NEW HIMALAYAN PVT. LTD.</p>