

Impact of Accounting Practices on Performance of the Small & Medium Enterprises: Evidence from Colombo District

Preethimali, E.B.M.P.¹ and Munasinghe, M.A.T.K.²

^{1,2}*Department of Accountancy, University of Kelaniya*

¹*preethimalipunya@gmail.com, ²amila@kln.ac.lk*

Abstract

Small and Medium Enterprises are an important segment in many countries including Sri Lanka, due to its contribution towards the economic growth. Accounting can play a major role in SMEs successes as it does for corporates. However, little is known in this regard. Accordingly, the key purpose of this study is to identify the impact of accounting practices on the financial performance of small and medium-sized enterprises. A sample of 40 SMEs were selected from the Colombo District depending on the accessibility and time constraints. Data collected through questionnaires were analyzed using descriptive statistics. As findings reveals that financial reporting practices affect to the financial performance of SMEs in Sri Lanka. This study findings will be useful for Small and Medium Enterprises in Sri Lanka to improve the performance of the firm.

Key words: *Small and Medium Enterprises, Accounting Practices, Financial Performance, Sri Lanka*