

## **Determinants that Influence the Funding of SMEs And Analyzing Its' Impact on SMEs' Performance: Evidence from SMEs in Anuradhapura District**

Wijerathna. K.G.D.M.<sup>1</sup> and Aruppala, W.D.N.<sup>2</sup>

<sup>1,2</sup>*Department of Accountancy, University of Kelaniya*

<sup>1</sup>*kgdmwijerathna@gmail.com, <sup>2</sup>dilini@kln.ac.lk*

### **Abstract**

This study attempted to identify the capital structure determinants and its impact for the financial performance of Small and Medium Enterprises in Sri Lanka. This research based on primary data from the small and medium enterprises in Anuradhapura District. Firm sizes, liquidity, growth of business, age of business are independent variables that are considered as determinants of the capital structure. Dependent variables of the study are Return on investment (ROI), Return on assets (ROA) to measure financial performance.

The researcher used survey method which was conducted by sharing a structured questionnaire to owners of the small & medium enterprise. In this research five hypotheses were developed and expected to identify the determinants of Capital Structure and its impact on Financial Performance of the SMEs.

**Key words:** *Capital Structure, Financial Performance, Small & Medium Enterprises*