



“Frequency in Preparation of Trial Balance and Measuring Financial Performance In business practices adopted by various Businessmen in Silvassa, Daman and Vapi Cities”

Abstract:

Researcher want to study the Frequency in Preparation of Trial Balance And Measuring Financial Performance by various businessmen i.e. wholesalers and retailers in Silvassa City Union Territory of Dadra and Nagar Haveli, (Capital City of UT), Daman City from Union Territory of Daman and Diu, only Daman City (District) and Vapi city from South Gujarat state (Taluka: Vapi, District: Valsad, South Gujarat). This all three cities located in between South Gujarat and Maharashtra states in surrounding area of less than 30 km. for that questionnaire is prepared of 300 wholesalers and retailer respondent response is taken from selected cities regarding the subjects and full research methodology and data collection and analysis. Interpretation is given after various hypotheses testing at last in conclusion various suggestions and recommendations is included for the betterment of wholesale and retail business men. At last references is given.

Key words: Wholesale Business, Retail Business, Frequency in Preparation of Trial Balance and Frequency in Measuring Financial Performance.

1) Introduction:

At present, the business world is very competitive and the cost of businesses is going high. Because of high competition and rising cost of business transactions, the margin available to the owners of business becomes very thin. Therefore, the businessmen have to improve the financial performance of the business by monitoring and measuring the results of business regularly. This study will be useful to know the awareness of the wholesaler and retailer regarding the accounting practices. The wholesalers and retailers can get accounting information whenever required, by maintaining accounts. For this study purpose the selected / covered cities / region / market are competitor to each other and located in western part of India. The distance with each other cities are less than 40 Kilometers. The three selected cities are 1) from UT of Dadra and Nagar Haveli, Silvassa City (Capital City of UT), 2) from UT of Daman and Diu, only Daman City (District) and 3) from Gujarat state: South Gujarat' Vapi City (Taluka: Vapi, District: Valsad, South Gujarat) are selected for this study purpose. This study focuses on the wholesale and retail businessmen in selected region regarding how they manage the Frequency in Preparation of Trial Balance and Measuring Financial Performance

2) Objectives:

- To know about selected cities i.e. from UT of Dadra and Nagar Haveli, Silvassa City (Capital City of UT), 2) from UT of Daman and Diu, only Daman City (District) and 3) from South Gujarat' Vapi City (Taluka: Vapi, District: Valsad, South Gujarat)
- To study theoretical point view of regarding Wholesale and Retail Business

- To examine the wholesalers and retailers maintaining Frequency in Preparation of Trial Balance and Measuring Financial Performance for their business in three cities.

3) About Cities:

Silvassa city: Silvassa is capital city of Dadra & Nagar Haveli spread over 491.00 sq.kms land locked between Gujarat in North and Maharashtra in South was liberated from Portuguese Rulers by people themselves on 2nd August 1954. The people of the U.T. established free Administration of Dadra & Nagar Haveli, which was finally merged in to Union of India in the year 1961. The U.T. of Dadra & Nagar Haveli is located on the western side of the foot hills of western Ghat and has undulating terrain 40% of the total geographical area is covered with forests and thus offers it a look of woodland.

Daman city Daman district is one of the two districts of the union territory of Daman and Diu on the western coast of India, surrounded by Valsad District of Gujarat state on the north, east and south and the Arabian Sea to the west. The district has an area of 72 square kilometers (28 sq mi), and a population of 191,173 at the 2011 census, an increase of 69.256% from the preceding 2001 Census. Daman lies at the mouth of the Daman Ganga River. Major industries have units here. The closest railway station is Vapi (7 km).

Vapi City Vapi is a city municipality and Tehsil (Taluka) in Valsad District in the state of Gujarat (Located in South Gujarat near Maharashtra state and in between UT of Daman and UT of Dadara and Nagar Haveli). It is situated on the banks of the Damanganga River and is the largest city in the Valsad district and also the second largest city after Surat in South Gujarat. It can be called the most developed city in Gujarat followed Ahmedabad, Surat, Vadodara and Rajkot. Around 28 km south of the district headquarters in the city of Valsad, it is surrounded by the Union Territories of Daman to the west and Dadra and Nagar Haveli to the east. Economic and industrial growth in recent decades has blurred the physical boundaries, and a small stretch of roughly 21 km of Daman-Vapi-Silvassa has almost become a single urban area.

4) About Wholesale and retail Business

4.1 Wholesale Business: Normally goods and services pass through several hands before they come to the hands of the consumer for use. But in some cases producers sell goods and services directly to the consumers without involving any middlemen in between them, which can be called as direct channel. So there are two types of channels, one direct channel and the other, indirect channel. There are many indirect channels like: 1.Producer 2. Wholesaler 3.Retailer and 4.Consumer. Wholesalers and retailers are important middlemen who generally facilitate flow of goods from the producers to the consumers.

4.2. Retail Business

Retailers are the traders who buy goods from wholesalers or sometimes directly from producers and sell them to the consumers. They usually operate through a retail shop and sell goods in small quantities. They keep a variety of items of daily use.

5) Research Methodology

5.1) Universe of the Study and Sample Design:

Keeping in view the limitation of time, efforts and cost, it is not possible to study all wholesalers and Retailers of three cities. I have gone for sampling to complete the study within stipulated time with

minimum cost. From selected three cities from each city 50 Wholesalers and 50 Retailers have taken. Sample sizes are 300 (150 Wholesalers & 150 Retailers) and method of sampling is Simple random sampling. The sample is selected through considering the following factors. The wholesalers and retailers are selected whose products are more consumable like edible goods and their yearly income. The wholesalers and retailers whose shops situated at Market or Gunj or Danapith area is taken for study purpose.

5.2. Collection of Data:

Primary Data: The Primary data is collected through questionnaires from 300 businessmen select from selected region or cities. Further equal importance has been given both to the Wholesale and Retail Businessmen by selecting 150 businessmen of Wholesale business and 150 businessmen of Retail business. The questionnaire is prepared and present personally to 150 wholesale and 150 retail businessmen to collect the require information. As far as business structure is concerned Out of total (150) wholesaler 115 practicing as sole proprietor and 35 partnerships and Out of total (150) retailer 123 practicing as sole proprietor and 27 partnerships. As far as Opinion of Businessmen regarding Accounting Knowledge Out of total (150) wholesaler 95 has replied Yes opinion and 55 has No and Out of total (150) retailer 82 has replied Yes opinion and 68 No.

Secondary Data: The secondary data is collected from various sources like Books, Periodicals, Research Work completed by research scholars and use of various websites. For this study both primary and secondary data are collected

5.3. Hypotheses:

Hypothesis testing is predictive statement capable of being tested by scientific methods that revels and independent variable to some dependent. Hypotheses of study are mention as under

1	H ₀ =	There is no significant difference between the wholesale and retail Business on the base of Frequency in preparation of Trial Balance in selected region
	H ₁ =	There is significant difference between the wholesale and retail Business on the base of Frequency in preparation of Trial Balance in selected region
2	H ₀ =	There is no significant difference between the Wholesaler and Retailer regarding checking financial position of the organization in selected region
	H ₁ =	There is significant difference between the Wholesaler and Retailer regarding checking financial position of the organization in selected region

5.4. Population: total population of Wholesaler and retailer in selected region or cities

- In U.T. of Dadra Nagar Haveli total No. of Wholesaler Approx. 150 and retailer Approx. 500
- In U.T. of Daman total No. of Wholesaler Approx. 180 and retailer Approx.600
- In Vapi City total No. of Wholesaler Approx. 240 and retailer Approx.750

5.5. Selection of samples: for this study purpose 10% of total population is recommended. Here for the uniformity purpose researcher has taken 50 samples from wholesaler and 50 samples from retailer is collected from one selected city or region. So out 3 cities or regions through convenient sampling method data was collected. Total 300 samples collected for each question of questionnaire.

5.6. Data Collections

Researcher has adopted here close ended questionnaires to collect data Questionnaires are as follow to collect the data from the respondent (wholesaler & retailer). Questionnaire is prepared in three languages i.e. Gujarati, Hindi and English because in the selected cities wholesaler and retailers people belong to overall India.

- Data analysis is done by using manually calculated.
- Data are presented through using tables, charts, interpretations selected region and categories wise, hypothesis formulating, calculation test, testing of hypotheses and Interpretation of Result. Hypotheses tested at significant level of 5% And Applicable Require Degree of Freedom.

5.7. Data Analysis

Applicable Test for data analysis: As par suitability of collected data for this study the χ^2 test is applicable. Its calculation, formula and other details of specification is given here. A **chi-squared test**, also written as **χ^2 test**, is any statistical hypothesis test wherein the sampling distribution of the test statistic is a chi-squared distribution when the null hypothesis is true. Without other qualification, 'chi-squared test' often is used as short for Pearson's chi-squared test. Calculation of χ^2 test applicable to hypotheses testing for this study.

$$\text{Formula= } X^2 = \sum_i \sum_j \frac{(O_{ij} - E_{ij})^2}{E_{ij}} \quad \begin{matrix} (\text{Observed} - \text{Expected})^2 \\ \text{Expected} \end{matrix}$$

Where, O= Observed frequency, **E=** Expected frequency, **i =** Row, **j=** Colum

The sum of these quantities over all of the cells is the test statistic. Under the null hypothesis, it has approximately a chi-squared distribution whose number of degrees of freedom i.e. (No. of Row - 1) (No. columns-1)

6) Frequency in preparation of Trial Balance

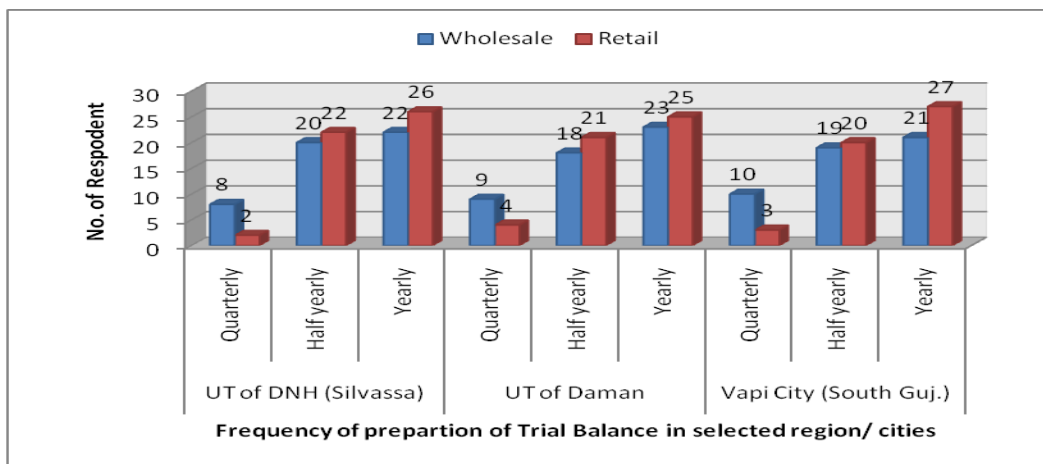
Preparations of trial balance at regular intervals is essential to verify the correctness in passing entries, ledger posting and in totaling. Trial balance is the basis for preparation of final accounts like trading, profit and loss account and balance sheet. Computerization of accounts enables the businessmen to prepare trial balance at any time, but in case of manual accounting it is a difficult and a time consuming process. Based on the frequencies in preparation of trial balance, the details are depicted below in Table.

Table No.1: Classification of Businessmen base on Frequency in preparation of Trial Balance in selected region

Region/ City	Frequency of Trial Balance	Wholesale	Retail	Total
UT of DNH	Quarterly	8(80)	2(20)	10(100)
	Half yearly	20(47.61)	22(52.38)	42(100)

(Silvassa)	Yearly	22(45.83)	26(54.16)	48(100)
	Total	50	50	100
UT of Daman	Quarterly	9(69.23)	04(30.76)	13(100)
	Half yearly	18(46.15)	21(53.84)	39(100)
	Yearly	23(47.91)	25(52.08)	48(100)
	Total	50	50	100
Vapi City (South Guj.)	Quarterly	10(76.92)	03(23.07)	13(100)
	Half yearly	19(48.71)	20(51.28)	39(100)
	Yearly	21(43.75)	27(56.25)	48(100)
	Total	50	50	100
Overall	Quarterly	27(75) (18)	09(25) (6)	36(100) (12)
	Half yearly	57(47.5) (38)	63(52.5) (42)	120(100) (40)
	Yearly	66(45.83) (44)	78(54.16) (52)	144(100) (48)
	Total	150(50) (100)	150(50) (100)	300(100) (100)
Note: Figures in parentheses on the right and below the figures indicates percentage to the respective row and column totals.				
Source: Field Survey				

Chart No. 1: Classification of Businessmen base on Frequency in preparation of Trial Balance in Selected region/ cities



It is disclosing from the above Table – that in the

UT of DNH (Silvassa) out of total respondents 10.00% prepares trial balance quarterly, 42.00% prepare trial balance half yearly and 48.00% prepare trial balance yearly. Further, wholesaler prepare their trial balance quarterly and half yearly more compare to retailer whereas retailer prepare their trial balance half yearly and yearly.

UT of Daman out of total respondents 13.00% prepares trial balance quarterly, 39.00% prepare trial balance half yearly and 48.00% prepare trial balance yearly. Further, wholesaler prepare their trial balance quarterly and half yearly more compare to retailer whereas retailer prepare their trial balance half yearly and yearly.

Vapi (South Guj.) out of total respondents 13.00% prepare trial balance quarterly, 39.00% prepare trial balance half yearly and 48.00% prepare trial balance yearly. Further, wholesaler prepare their trial balance quarterly and half yearly more compare to retailer whereas retailer prepare their trial balance half yearly and yearly.

Out of total wholesaler 18.00% prepare trial balance quarterly, 38.00 % prepare trial balance half yearly and 44.00 % prepare trial balance yearly.

Out of total retailer 6.00% prepare trial balance quarterly, 42.00% prepare trial balance half yearly and 52.00% prepare trial balance yearly.

Out of total respondents 12.00% prepare trial balance quarterly, 40.00 % prepare trial balance half yearly and 48.00 % prepare trial balance yearly. In wholesaler prepared trial balance quarterly more in compare to retailer. While retailer prepared trial balance half yearly and yearly more in compare to wholesaler.

Hypothesis no. 1:

H₀ = There is no significant difference between the wholesale and retail Business on the base of Frequency in preparation of Trial Balance in selected region

H₁ = There is significant difference between the wholesale and retail Business on the base of Frequency in preparation of Trial Balance in selected region

Calculation of χ^2 test

χ^2 calculation answer is $\chi^2 c = \chi^2 c = 10.3$

χ^2 table value is $\chi^2 t = 5.991$

Hypothesis Result:

Level of Significance = 5%

Degree of Freedom = (r - 1) (c - 1) it means (5-1) (2-1) = 4

Therefore, $\chi^2 c = 10.3 > \chi^2 t = 5.991$

Interpretation of Result: The table value of χ^2 for 2 degree of freedom at 5% level of significance is 5.991 (χ^2 table value) and the calculated value of χ^2 is 10.3 (χ^2 calculation) which is higher than the table value, hence the result of the experiment does not support the hypothesis. So null hypothesis is rejected and alternative hypothesis is accepted. It means there is significant difference between the wholesale and retail Business on the base of Frequency in preparation of Trial Balance in selected region.

7) Frequency of Measuring Financial Performance

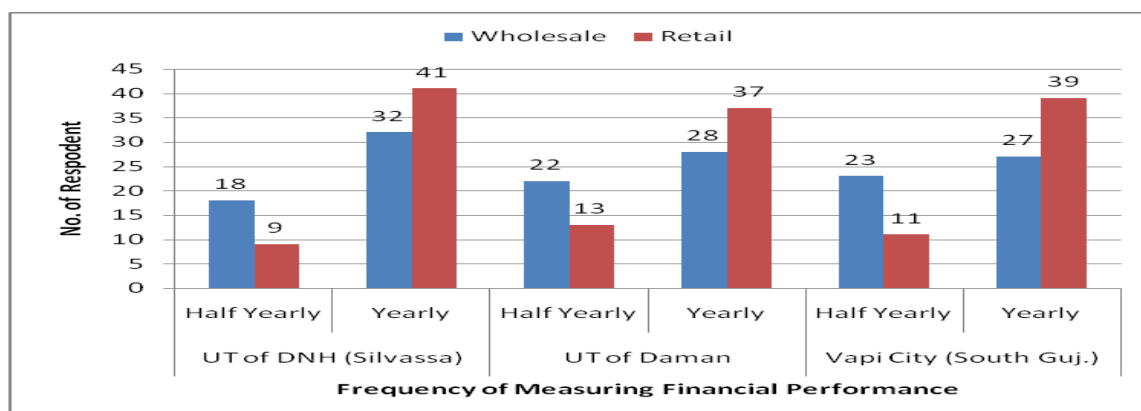
Business being an economic entity has to earn profit for survival and growth. Profitability of business not only depends upon the efficiency in buying and selling of goods but also depends upon how well accounts are maintained. It is a good practice of accounting to measure and evaluate the business results at

regular intervals to take immediate corrective actions to improve the financial performance of a business. The business results are measured by preparing trading, profit and loss account and balance sheet at regular intervals. The details based on the frequencies in measuring the business results depicted in below Table.

Table No.2: Classification of Businessmen base on Frequency of Measuring Financial Performance in selected cities

Region/ City	Frequency in Measuring Financial Performance	Wholesale	Retail	Total
UT of DNH (Silvassa)	Half Yearly	18(66.66)	09(33.33)	27(100)
	Yearly	32(43.83)	41(56.16)	73(100)
	Total	50	50	100
UT of Daman	Half Yearly	22(62.85)	13(37.14)	35(100)
	Yearly	28(43.07)	37(56.92)	65(100)
	Total	50	50	100
Vapi City (South Guj.)	Half Yearly	23(67.64)	11(32.35)	34(100)
	Yearly	27(40.90)	39(59.09)	66(100)
	Total	50	50	100
Overall	Half Yearly	63(65.62) (42)	33(34.37) (22)	96(100) (32.00)
	Yearly	87(42.64) (58)	117(57.35) (78)	204(100) (68.00)
	Total	150(50) (100)	150(50) (100)	300(100) (100)
Note: Figures in parentheses on the right and below the figures indicates percentage to the respective row and column totals.				
Source: Field Survey				

Chart No.2: Classification of Businessmen base on Frequency of Measuring Financial Performance in selected Region/ cities.



It is clear from the above Table that in the

UT of DNH (Silvassa) out of total respondents 27.00% prepare financial statement like trading, profit and loss accounts and balance sheets half yearly and 73.00% of them prepare financial statement yearly.

UT of Daman out of total respondents 35.00% prepare financial statement like trading, profit and loss accounts and balance sheets half yearly and 65.00% of them prepare financial statement yearly.

Vapi City (South Guj.) out of total respondents 34.00% prepare financial statement like trading, profit and loss accounts and balance sheets half yearly and 66.00% of them prepare financial statement yearly.

Out of total wholesaler 42.00 % prepare financial statement half yearly and 58.00% prepare financial statement yearly.

Out of total retailer 22.00 % prepare financial statement half yearly and 78.00 % prepare financial statement yearly.

Out of total respondents 32.00% prepare financial statement like trading, profit and loss accounts and balance sheets half yearly and 68.00% prepare financial statement yearly. This indicates that maximum numbers of respondents are less worried to know their business results at regular intervals. Out of total respondents who have prepared financial statements half yearly wholesaler is more so it is indicated that they are more interested to know financial position of the business compare to retailer.

HypothesisNo.2:

H₀ = There is no significant difference between the Wholesaler and Retailer regarding checking financial position of the organization in selected region

H₁ = There is significant difference between the Wholesaler and Retailer regarding checking financial position of the organization in selected region

Calculation of χ^2 tests

χ^2 calculation answer is $\chi^2 c = 13.76$

χ^2 table value is $\chi^2 t = 3.84$

Hypothesis Result:

Level of Significance = 5%

Degree of Freedom = (r - 1) (c - 1) it means (2-1) (2-1) = 1

Therefore, $\chi^2 c = 13.76 > \chi^2 t = 3.84$

Interpretation of Result: The table value of χ^2 for 1 degree of freedom at 5% level of significance is 3.84 (χ^2 table value) and the calculated value of χ^2 is 13.76 (χ^2 calculation) which is higher than the table value, hence the result of the experiment does not support the hypothesis. So null hypothesis is rejected and alternative hypothesis is accepted. It means there is significant difference between the Wholesaler and Retailer regarding checking financial position of the organization in selected region.

8) Conclusion: Retailer prepare their trial balance half yearly and yearly due to their less business transaction where as wholesaler prepare their trial balance monthly, quarterly and half yearly due to their more business transaction. Out of total respondents wholesaler are more who prepare financial statements

half yearly so it is indicate that they are more interested to know financial position of the business early compare to retailer. Regularity in finalization of accounts

- Accounting is needed to finalize at least once in six months, if not quarterly, to improve the financial position of the business and to take correct decisions.

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