CASH MANAGEMENT AND PROFITABILITY OF PRIVATE ORGANISATIONS

THE CASE OF NEW VISION GROUP

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DEDICATION

I want to dedicate this book to my beloved mother, siblings like Josephine, Justine, Duncan, Daniel, Jackie, Claire, Violet, Immaculate, Moses. Beside my family, I have special friends to thank like Irene Nabisenke, Poly Tumuhimbise, Nakyoni Janet, Nakirijja Joanita, Nansove Shamim, Nankya Vanessa Kardashian and Zalwango Esther.

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May the Good Lord richly bless them

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATION

CCC- Cash Conversion Cycle

CVI- Content Validity Index

DIO- Day's Inventory Outstanding

DPO- Day's Payable Outstanding

DSO- Day's Sales Outstanding

NV- New Vision

SPSS- Statistical Package for Social Scientists

ABSTRACT

The study was set out to establish the effect of cash management and profitability of private organizations taking a case of New Vision.

The study looked at specific objectives that is cash planning (determination of optimal cash balance, cash budgeting), cash collection procedures (cash float management, cash cycle planning) internal cash control (cash control procedure, cash monitoring.

The study took both quantitative and qualitative approaches and co relational, cross sectional survey designs. A sample size of 129 respondents participated in this study but only 118 returned the questionnaires. The study also employed Pearson correlation and Regressive Analysis to determine the direction, strength, significance and influence of independent variable on dependent variable.

The research findings indicated that cash planning, cash collection procedures and internal cash control are all important and affect financial performance of New Vision. If all of them are emphasized, cash management can be enhanced.

From the findings and corresponding discussion, the study concludes that cash management has significant influence on profitability in New Vision. All the dimensions of cash management (cash planning, cash collection procedure and internal cash control) had significant influence on profitability in New Vision which indicated that cash management can significantly predict variations in financial performance in New Vision.

The study in view of the major findings made some recommendations including proper cash budgeting must be in place so as to be able to determine the anticipated cash receipts, strong cash collection procedures means and strong cash control system in place. Management must also learn to use the cash budget to direct the firm to a profitable position

CHAPTER ONE

1.0 Introduction

This study evaluates cash management and profitability, and the dimensions are; cash planning, cash collection procedure, internal cash control, excess of income over expenses and profitability ratios respectively.

The study is based extensively on review of literature related to variables and therefore special attention has been given to cash management and profitability.

This study though has been studied in the past; it's different in the researcher's perspective by choosing to use quantitative approach rather than qualitative approach or both to establish the relationship between cash management and profitability.

1.1 Background to the study

To run a successful business requires effective management of a variety of resources that include all or some of the following: people, equipment, property, cash, a brand, products, services and inventory.

Of all these resources cash is probably the most important. With sufficient cash a business has the ability to buy almost any of the other resources in which it may be deficient. Whether the purchase of that resource is worthwhile at the price required is another matter, but the purchase can still be made. All the resources other than cash have a value to a business that is dependent on their availability, utilization, market demand and the prevailing economic climate. It is cash and only cash that maintains a constant value and can easily be turned into other assets or resources. Irrespective of boundaries of definitions, private businesses play a vital role in the economy and are seen increasing in number every time now and then for future growth. They contribute to gross domestic product (GDP) which generates employment and provide consumer goods, inter- mediate goods and food stuffs (Arinaitwe 2006).

Cash as an important asset contributes about 70% of the current assets and its management affects liquidity and profitability as well as the overall growth and development of the business (Kakuru 2001).

Cash management is a strategy by which an entity administers and invests its cash. It's also seen as control of cash collection. Cash management is an essential tool which aims at establishing the financial position of the business. It is a set of guidelines established by management to ensure that the business has optimal cash balance to meet the business goals (Huang; Ramachandran 2009).

Basically cash management is concerned with managing cash flows that is cash inflows and cash out flows. Major sources of cash inflow include; cash from operating activities, sell of business assets among others. Sources of cash out flows include; settling of creditors, purchase of inventory among others. Cash needs to be efficiently managed and allocated to meet routine business objectives. The gap between cash expenses and cash collection enhances liquidity position, profitability leading to overall business growth over a period of time (Brinchk, soeren & Gemuenden 2011).

1.2 Statement of the problem

High decline in profitability among private organizations in Uganda has continuously persisted. Case in point is when the formal manufacturing activities declined by 4.4 percent in 2011/12 compared to a growth of 9.1 percent registered in 2010/11 (UBOS). This is because many owners of private organizations do not plan for their cash requirements. Worse still they even have slow cash inflow generation procedures with high rate of cash outflow, limited skills of handling cash balances and do not strategically invest surplus cash (Joseph and Hannington 2011). As a result many of the private business owners do not understand the significance of proper management of business resources and tend to believe that the business will get better on its own. This performance therefore can be attributed to a host of factors, including cash management activities that have been reported overtime and the effect of cash management on this performance which is still not clear. Moreover, there is no clear Ugandan study linking cash management and its effects on a business' operations and performance leaving this area plausible for research (Orobia et al 2013).

Therefore, based on the high decline in profitability, the purpose of this study is to find out the relationship between cash management and profitability.

1.3 General Objective

To examine the relationship between cash management and profitability of private organizations

1.4 Specific objectives

To determine the influence of cash planning on the profitability of private organizations

To establish the effect of cash collection procedures on the profitability of private organizations

To establish the effect of internal cash control on the profitability of private organizations

1.5 Research questions

- What is the influence of cash planning on profitability of private organizations?
- What is the effect of cash management collection procedures on profitability of private organizations?
- What is the effect of internal cash control on profitability of private organizations?

1.6 Scope of the study

1.6.1 Subject scope

The study covers cash management and profitability, and the dimensions include; cash planning, cash collection procedure, internal cash control, excess of income over expenses and profitability ratios respectively.

1.6.2 Geographical scope

The study was carried out in Kampala City, located on 6th street industrial area; oppose Lugogo Vocational Institute.

1.6.3 Time scope

The study was conducted in 2012 to 2014. This is because the formal manufacturing activities declined by 4.4 percent in 2011/12 compared to a growth of 9.1 percent registered in 2010/11 (UBOS).

1.7 Significance of the study

The researcher anticipated that the study will avail the following benefits to the various stakeholders;

1.7.1 Shareholders

The investors will know how senior management takes into consideration the effective management of their investments in terms of the cash they pay.

1.7.2 Policy makers

The study will help management learn how to critically evaluate factors that can enhance their company’s profitability.

1.7.3 General public

The general public will be informed of the various approaches to use in order to manage cash activities aimed at improving their business performance.

1.8 Justification

The study will add knowledge to the existing body of research literature relating to cash management and business Profitability in Uganda and other similar developing economies in Africa. It's also anticipated that a number of stakeholders will use results from this study to further their knowledge and understanding of cash management and how it affects the business profitability of a socially responsible entity.

1.9 Definition of key terms

Profitability is a measure of changes in the financial statement of an organization

Cash is the ready money which a firm can disburse immediately without any restriction but for accounting purposes, the researcher's focus will be on near cash assets that can readily be converted in to cash such as marketable securities and bank term deposits.

Cash management is concerned with the managing of cash flows into and out of the firm or within the firm and the cash balances held by the firm at a point during deficit financing or surplus investing of cash.

1.9 Conceptual framework

Cash management

Cash planning

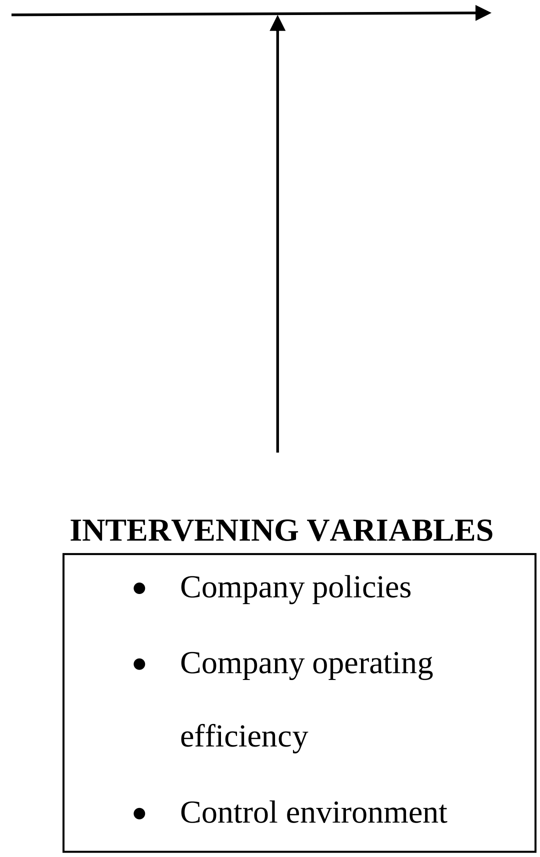
- Determination of optimal cash balance
- Cash budgeting

Cash collection procedure

- Cash float management

Profitability

- Excess of income over expenses
- Profitability ratios
- Business operations



Source: Adapted from Pandey IM. (2010)

The conceptual framework relates profitability to three elements of cash management. The independent variable being cash management depicts three elements namely; cash planning, cash collection procedure and internal cash control which once conceptualized have an effect on the financial performance.

As Horne (2001) suggested managing cash, a firm must produce savings through reduction of cash tied up in the system or making available the earlier cash received in order to enhance the financial performance. Furthermore Eakins (2000) noted that much as cash management is a potential for profitability in an organization, profit growth does not necessarily mean more cash at hand. Therefore it should be noted that a company's profits are of little value if they are not accompanied by positive net cash flows. Hence one cannot spend profit but can only spend cash (Eakin 2001).The dependent variable in the study is profitability which was measured in terms of profitability ratio and excess of income over expenses. The moderating variables assumed to intervene given the two variables include; control environment, company policies and company operating efficiency.

CHAPTER TWO

LITERATURE REVIEW

This chapter provided an overview of cash management and profitability and related literature of relevance to the study. In the context of the study, only three elements of cash management (namely; cash collection procedure, internal cash control) are considered; and compared against profitability.

2.1 Cash management

Cash management is abroad term that covers a number of functions that help individuals and business process receipts, payments and the balance held by the firm at a particular time in an organized and efficient manner (Ross 2003, Horne 2000, Brockington 2001).

The main objective of cash management is to keep investment in cash as low as possible while still operating the firm’s activities efficiently and effectively (Ross, 2003). Good cash management means knowing when, where and how business cash needs will occur, knowing what the best sources are for meeting additional cash needs, and being prepared to meet these needs when they occur, by keeping good relationship with bankers and other creditors (Pandey, 2001; Roger, 2002 Calvin, 2000).

Benefits of good cash management may include, control of financial risk, opportunities for profit (investment insecurities), strengthens the balance sheet, generates confidence with customers, suppliers, the loan group, prospective employees and share holders and unexpected financing requests can be accommodated (Ross, 2003, Horne,1980; Brockington2001).

According to block (2000) cash management involves the management of inventory, accounts receivables, accounts payables, marketable securities and management of bank loan using cash management techniques such as, forecasting (cash budget) and daily cash reports so that excess cash may be collected and invested in appropriate investments such as securities.

But the context of the study, only three elements of cash management were considered (cash planning, managing cash flows and management of cash surplus / deficit). Cash planning involves cash cycle planning and float management whereas cash surplus /deficit management involves investing surplus cash in marketable securities and the best way of financing a cash deficit.

2.1.2 Profitability

As earlier noted, profitability is a subjective measure of how well a firm can use assets from its primary mode of business to generate revenues. This term is also used as a general measure of the firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Arnold, 2001; block, 2000). It also shows the organizations financial progress.

Getting on top of financial measures of a company's profitability is an important part of running a business and there are several different ways to analyze a financial statement to determine company profitability. The analysis that is chosen depends on the reason for analysis and the type of statement that one is looking at (Ross, 2003; Arnold, 2001; block, 2000; Myers, 2004). The different measures of profitability include but not limited to line – by-line analysis, vertical analysis, trend analysis and ratio analysis. Financial ratios may involve profitability ratios, liquidity ratios, financial leverage / gearing ratios and efficiency ratios. However, according to Gawlicky (2001), profitability ratios are commonly one of the most used methods to evaluate whether or not a business is performing well. They measure profit margin (relationship between income and sales), return on assets, return on investment, and return on sales.

In accounting, profitability is a state of an organizations financial performance where income exceeds its total costs. Thus, from profitability theory, profit is a function of income and expenses and, therefore anything that affects income, and or expenses will eventually affect the resulting profit.

Profit can be increased by either increasing income while holding expenses constant, or by holding income constant and reducing expenses, or both. It comes, therefore, that determinants of income and expenses are equally the determinants of profit. This follows the capital maintenance concept of profit.

2.2.1 Cash planning and profitability

Cash planning involves determining the appropriate (target) cash balance (level) and developing a cash budget so as to ensure that the target balance is attained in a specific period of time (Eakins, 2001).

As Ross (2003) emphasize, all businesses no matter what type or size, need to properly develop a plan for their expected cash intake and spending. The optimum cash level of the company held at a particular period of time should be large enough to cater for all the expected outflows and it should be small enough to avoid holding idle and unproductive cash in the company. Proper cash planning has a significant contribution on the profitability of the company.

2.2.2 Cash budgeting and profitability

Once a firm has determined the optimal cash balance it wishes to carry, it needs to take action to ensure that this balance will be obtained. This can be achieved by use of a cash budget (forecast) and as earlier noted, all business no matter what type or size need to properly develop a plan for their expected cash intake and spending (Atrill and McLaney, 2001).

A cash budget is a summary statement reflecting the firm's expected inflows, out flows and borrowing requirements over a projected time frame. It is a detailed statement that summarizes the cash position of the firm and it represents a detailed plan of future cash flows. A cash budget is composed of our elements: cash disbursements, net change in cash for the period and new financing needed. (Calvin, 2002; Ross, 2003; Eakins, 2001).

A cash budgets is constructed form the pro-forma income statement and other supportive schedules. The main method of preparing a cash flow forecast or cash budget is by estimating cash receipts and payments for a projected period. This period of projection is usually for twelve months but can also be on a monthly basis, weekly or even daily basis for some companies (Jesnsen, 2004).

Cash budget can either be fixed or flexible budgets (Calvin, 2002). With a fixed cash budget, cash flow estimates are made for single set of monthly sales estimates. Thus, the estimates of expenses and new financing needed are meaningful only for the level of sales for which they were computed. To avoid the limitation of fixed budgets, several budgets fulfills two basic needs: first, it gives information regarding the range of the firm's possible financing needs, and second it provides a standard against which to measure the profitability of subordinates who are responsible for the various cost and revenue items contained in the budget.

Once a cash budget has been finalized, it is good management practice to monitor the budget figures against the monthly actual at the end of each month. Obviously, any large discrepancy should be immediately investigated (Jensen, 2004).

Thus a sensible budget (forecast) helps stabilize the cash flow pattern and enable the company to meet seasonal commitments and plan on how to invest excess cash. The cash budget will also forecast when additional funds may be required; both short and long term (Calvin, 2002). The current study considered the effect of cash budgeting on firm profitability of a company.

2.3 Cash collection procedure and profitability

According Arkansas state accounting procedures manual, (2002) entitled "cash receipts internal control: see forth the guidelines to be used in developing cash collection procedures. Written procedures should include, at a minimum, the persons authorized to collect cash, method of documenting cash receipts, security procedures, reconciliation procedures and depository procedures. Suggested guidelines in each of;

Persons authorized to collect cash

The duties of collecting cash, maintaining documentation, preparing deposits, and reconciling records should be separated among different employees.

When this is not feasible, strict individual accountability and management supervision and review is required. The policy should name the individual employees (or position title) that is authorized to perform cash handling duties. This promotes transparency in the organization hence high profits.

Method of documenting cash receipts

Departments that collect cash must have acceptable documentation for all amounts collected. Computer generated receipts, cash register receipts, or pre- numbered receipt books or tickets are examples of acceptable forms of documentation. For purposes, all documentation should be retained in a separate location from the place where cash is stored. All voided transactions (receipts) should be clearly marked as such and have proper authorization.

Security procedures

Procedures should be established to maintain a safe and secure working environment to ensure the safety of the funds and of the employee. Cash must be kept in a safe or locked container when not in use. The number of employees who have access to cash should be kept at a minimum. Cash should never be left unattended. Passwords and user identifications should be put in place to avoid fraud.

Reconciliation procedures

Cash receipts must be reconciled to the source documentation on a regular basis. Ideally, reconciliation should be daily, but at a minimum, each time a deposit is made. The reconciliation process and frequency should be specific in the written procedures.

Any excesses and shortages discovered in the reconciliation process should be reported to public safety. If there appears to be a pattern of overages or shortages, this information should be disclosed immediately to the office of financial services.

2.3.1 Float management and profitability

Float management can summarily be summed up to imply collecting and disbursing cash efficiently and effectively; and float is the difference between bank cash balance and book cash balance (Eakins, 2001; Myers, 2004).

Float management involves minimizing collection float and maximizing disbarment float (Eakins, 2001) hence profitability increment whereby Eakins explains the two variables as stated below;

(i) **Positive (disbursement) float**: this occurs when there is delay between when the firm issues a cheque and when the funds are removed from the checking account balance at the bank. This increases the balance on the account relative to book balance (bank balance is greater than book balance).

(ii) **Negative (collection) float**: it occurs when there is delay between when the company receives a cheque payment and when the bank gives credit to the account at the bank. Most banks usually take some days to clear checks. This decreases the available cash balance (bank balance is less than book balance).

Collection float is composed to: mail floats (time check in the postal system). Processing float (time taken for receiver of cheque to deposit it) and clearing float (time taken for banking system to clear).

The financial manager must keep track of float to know much cash is at hand. This may be done monthly, weekly, but daily is the most ideal.

The main objective of float management according to Eakins (2001) is to speed up collections while slowing down disbursements results into the greatest available balance for a given commitment of funds. The firm must establish procedures so that collection and disbursement of cash are done as efficient as possible.

Johnson and Aggarwal (2001) developed a cash management model focusing on cash flows and argued that cash collection and cash payment process should be handled independently.

Speeding up collections while slowing down disbursement results into the greatest available balance for a given commitment of funds and hence leading to greater profitability (Eakins, 2001; Ross 2003). Thus management policy on cash collections and payments has a significant influence on financial performance of the business (Myers, 2004).

It is essential to control the handling and recording of cash because it is highly susceptible to misappropriation. Wahab (2003) states that an adequate system of internal cash would include the following;

(i) Cash is handled separately from recording of cash transactions.

(ii) All cash receipts should be deposited intact into the bank daily. No cash should e paid out of cash receipts.

(iii) Printed and serially numbered receipts should be used against cash and cheques received and the receipts must be accounted. Bank receipt book must be kept under custody.

(iv) The person who actually deposits cash in the bank should not prepare bank pay in slips.

(v) All large payments are made by cheques and small payments are made by imprest of petty cash voucher.

(vi) Cash collection reports a must in an organization. The report can be daily, weekly or even monthly.

A proper system should be put I place to record, authorize cash receipts, payments and safe custody of cash. Meighs (2005) says that the counting department of an organization s responsible for the accounting functions, the designs and the implementation of internal cash controls. It is also responsible for the recording of transactions there by establishing accountability over assets as well as providing information for financial reports.

2.3.2 Cash cycle planning and financial performance

Cash cycle is defined by Ross (2003) as the time between cash disbursement and cash collection. Sometimes referred to as a cash conversion cycle (CCC), the cash cycle has to do with the amount of time that passes between the purchase of raw materials for the creation of goods and services and the receipt of payment for those products (Myers, 2004; Calvin, 2002). Calculated as:

CCC = DIO + DSO – DPO

Where;

DIO represents days inventory outstanding

DSO represents day’s sales outstanding

DPO represents day’s payable outstanding

A key factor in the idea behind calculating the cash is to understand the period of time when working capital is not available for use in other purchase. Influences on cash operating cycle industry influence, growth and inflation.

The cash cycle is extremely important for businesses. It is one of several measures of management effectiveness. This measure illustrates how quickly a company can convert its products into cash through sales. This allows an investor to gauge the overall health of the company. A short cash cycle is the ideal situation, as it allow the company to take advantage of the working capital sooner rather than later. The shorter the cycle, the fewer the resources the firm needs to tie up (Arnold, 2001).

There are often ways it shorten a longer cash cycle and thus achieve a more efficient process. The cycle can be reduced in tine by; improving production efficiency. (WP stock holding period), improving finished goods and raw material stock turn over and improving debtor/ creditor payment periods. Policies followed for the individual components of the operating cycle will ultimately determine the level of cash available at any time Eakins (2001) notes.

In a study be Deloof ((2003), findings reveal that increases in inventory, accounts receivable and accounts payable periods affect profitability negatively. This may be the result of declining sales leading to lower profits and more inventory as stated in Deloof (2003)'s study.

But however according to a study by Nobanee, Haithanm, (2009); findings suggest that an optimal cash conversion cycle is a more accurate and comprehensive measure of working capital management which results into optimal profitability. The study concludes that identifying optimal levels of inventory, receivables and payables where total holding and opportunities cost are minimized; and recalculating the cash conversion cycle according to these optimal points provides more complete and accurate insights into the efficiency of working capital management. This study contradicts with the traditional view of the link between the cash conversion cycle and the firm's profitability which advocates that shortening the cash conversion cycle increases firm's profitability. Thus according to this study, shortening the cash conversion cycle could harm the firm's operations and reduces profitability.

2.4 Internal cash control and financial performance

Bank reconciliation according to Ross (2003) is statement is a report which compares the bank balance as per company's accounting records with the balance stated in the bank statement.

It is normal for a company's bank balance as per accounting records to differ from the balance as per bank statement due to timing differences. Certain transactions are recorded by the entity that is updated in the bank's system after a certain time lag. Likewise, some transactions are accounted for in the banks finical system before the company incorporates them into its own accounting system. Such timing differences appear as recording items in the ban reconciliation statement.

The purpose of preparing a bank reconciliation statement is to select is to detect any discrepancies between the accounting records of the entity and the bank besides those due to normal timing differences. Such discrepancies might exist due to an error on the part of the company or the bank.

Importance of bank reconciliation

Preparation of bank reconciliation helps in the identification of errors in the accounting records of the company or the bank.

Cash is the most vulnerable asset of an entity. Bank reconciliations provide the necessary control mechanism to help protect the vulnerable resource through u8ncovering irregularities such as unauthorized bank withdrawals. However, in order for the control process to work effectively, it is necessary to segregate the duties of persons responsible for accounting and authorizing of bank transactions and those responsible for preparing and monitoring bank reconciliation statements.

If the bank balance appearing in the accounting records can be confirmed to be correct by comparing it with the bank statement balance, it provides added comfort that the bank transactions have been recorded correctly in the company records.

Monthly preparations of bank reconciliation assist in the regular monitoring of cash flows of business.

In the empirical literature, Schiantarelli and Sembeneli (2009) empirically investigated the effects of firms' debt maturity structure on profitability for Italy and the United Kingdom. They find a positive relationship between initial debt maturity and medium term performance. Schiantarelli and Jaramillo (2009) argue that shorter- term loans are not conducive to greater productivity while long-term loans may lead to improvements in productivity (Schianterelli and Srivastava , 2009). In a study by Baum, Schafer and Talavera (2007) on the effects of short term liabilities on profitability: a comparison of German and US firms, it was established that liability maturity structure has an impact on financial performance. According to this report short term sources of finance are more profitable than long term ones.

2.5 Conclusion

Financial performance as defined by Arnold (2001) is a subjective measure of how well a firm can use assets from its primary mode of business to generate revenues. There are different measures of financial performance which may include line – by- line analysis, vertical analysis, trend analysis and ration analysis.

However, profitability ratios are commonly one of the most used methods to evaluate whether a business is performing well or not. They measure profit margin (relationship between income and sales), return on assets, return on investment, and return on sales.

Cash management is the company' ability to define, manage, plan and forecast properly its cash flows. The components of cash management considered in the study are cash planning, cash collection procedure and cash reconciliation. In the context of the study, cash planning involved determining the optimum cash level and cash budgeting, cash collection procedure involved cash cycle and float management while cash reconciliation involved cash control and cash monitoring.

The concept of cash planning involves determining the optimum cash balance and developing a cash budget so as to ensure that the target balance is attained in a specific period of time. Cash collection procedure enables the company to spend up cash collection; cash reconciliation helps the company create a realistic financial control that can enable it walk through without becoming insolvent with help of cash planning and float management tools.

CHAPTER THREE

METHODOLOGY

This chapter was composed of the description of how the research was conducted. It included the research design, study population, sampling design and size, data collection methods, data analysis, ethical considerations and limitations experienced in the study.

3.1. Research Design

A quantitative, correlation, cross- sectional survey design was employed. It was quantitative in that was based on variables measured with numbers and analyzed with statistical procedures. The correlation design was chosen because the problem in this study was identifying factors (that is elements of cash management) that influence an outcome (profitability) (Creswell, 2003). A cross-sectional design was used on account of rapid turnaround in data collection (Creswell, 2003). A survey method enabled the researcher gather data from a large number of respondents. The study was also based on a case study of New Vision to understand the variables in the study in depth. In the researcher's opinion, the design served satisfactorily in all aspects.

3.2 Study Area and Population

All employees of New Vision both management and staff formed the study parent population. However, due to time, cost and convenience, the study covered only printing and publishing company. To note also, the study targeted management and senior staff in accounts/ finance, marketing, distribution and procurement, as these were considered to be having the most reliable data. Junior workers were left out on account of their low knowledge of variables under study. Therefore, though New Vision employs more than 500 employees, due to the above mentioned factors the study focused on a target population of 178, composed of management and senior staff only.

3.3. Sampling design, sampling procedure and sample size

3.3.1 Sampling design and sampling procedure

Stratified sampling design was used to categories the population so as to ensure a representative sample. Further simpler random sampling design was used to get the required sample from each category to ensure that each member in the categories had equal chance of being selected. Heads of departments were selected purposively on account of their knowledge concerning the variables in the study.

3.3.2 Sample Size

A total of 122 respondents were selected basing on Krejcie and Morgan (2001) sampling guidelines using the probability random sampling method. The able 3.1 below shows the study sample.

Table 3.1: Showing study sample

Category	**Population**	**Sample**	**Percentage**
Management	20	19	15.0
Accounts department	44	33	25.5
Procurement	27	18	14.0
Distribution	32	20	15.5
Marketing department	55	32	25.0
Total	**178**	**122**	**100.0**

Source: primary data

3.4 Data collection sources, methods and instruments

The researcher collected data from both primary and secondary

Primary data source

The data were collected through interviews and by use of self administered questionnaires designed for the purpose because it was considered more appropriate to the respondents given their busy schedules (Kothari, 2005, Sekran 2013).

Secondary data source

Secondary data source included the company's financial reports, published materials, text books and the internet.

3.4.2 Data collection methods

The researcher used the following data collection methods; self administered questionnaires, observation ad interviews. This was mainly due to the flexibility, efficiency, time and cost effectiveness of the above methods to the researcher.

3.4.3 Data collection instrument

The main data collection instruments that were employed in the study are interview guides and questionnaires. The above instruments were engaged due to the degree of accuracy required and the time span of the study.

3.5 Data Quality Control

Validity and reliability of the research instruments were established below;

3.5.1 Validity of the instrument

To ensure content validity of the instruments, the researcher requested her supervisor and three other experts to validate them (instruments). The supervisor and the experts looked at the relevance of questions, conceptual framework and literature (which was duly provided to them). They also evaluated clarity of instructions, wording of questions which the researcher seriously took into consideration.

3.5.2 Reliability of the instrument

Reliability of the data collected in the study was tested sing Cronbach's Alpha method as provided by SPSS. The results of the research instruments were quite reliable as Cronbach Alpha values were financial performance 0.714; cash planning 0.692, cash control procedure 0.692 and internal cash control 0.642.

Reliability and validity

Variable	**Anchor**	**Cronbach Alpha Value**	**CVI**
Financial performance	5 point	0.714	0.615
Cash planning	5 point	0.692	0.857
Cash control procedure	5 point	0.622	0.878
Internal cash control	5point	0.642	0.899

The result showed that the questionnaire was both reliable and valid because the Cronbach alpha and the CVI values were above 0.5 in both cases.

3.6 Data processing and analysis

In order to ascertain the company, consistency, uniformity, proper arrangement and completeness of the data, the researcher used the computer for data entry, data editing (cleaning), data coding (categorization), data presentation mainly took the form of frequency, tables and graphs.

3.6.2 Data Analysis

The analysis of the data was mainly quantitative (statistical) and computerized (using SPSS). While at different levels, the researcher used simple statistics (percentages, mean and standard deviation) and also the analysis of variance (ANOVA). Pearson' linear correlation and multiple linear regressions. Pearson's correlations used to test the relationships and the regression model was used to determine the extent to which the independent variables have an impact of the dependent variable. The analysis was quite adequate for the purpose of the study.

3.7 Ethical Considerations

The researcher was given an introductory later from the relevant university authorities as well as the permission of the respondents that were involved in the study. And for this matter, approval from management of New Vision was first obtained and respondents were subjected to prior consultation. No personal biases were given any chance and the research findings were strictly anonymous for academic purposes.

3.8 Limitations experienced in the study

Insufficient interactions between the university research departments on one side and business establishments, government departments and research institutions on the other side. A great deal of primary data of non confidential nature remains untouched by the researcher proper contacts. However developing some mechanisms of a university – company interactions programs so that academics can get ideas from practitioners on what need to be researched and practitioners can apply what has been researched by academics.

There is also a challenge that many of our libraries are not able to get copies of old and new rules, reports and other government publications in time. Thus, efforts should be made for regular and speed supply of all governmental publications to reach our library.

The researcher faced a challenge of lack of knowledge in the analysis and interpretation of data. However, the researcher sought assistance from a statistician.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND DISCUSSION OF STUDY FINDINGS

This chapter presents the study findings from the questionnaires and interviews on cash management and profitability in Uganda a case of New Vision. The first section presents general information about the respondents to show the characteristics of the respondents used in the study. This is followed by a presentation and discussion of the study findings consistent with the objectives and questions stated in chapter one and methodology in chapter three of this report.

4.1 Response Rate

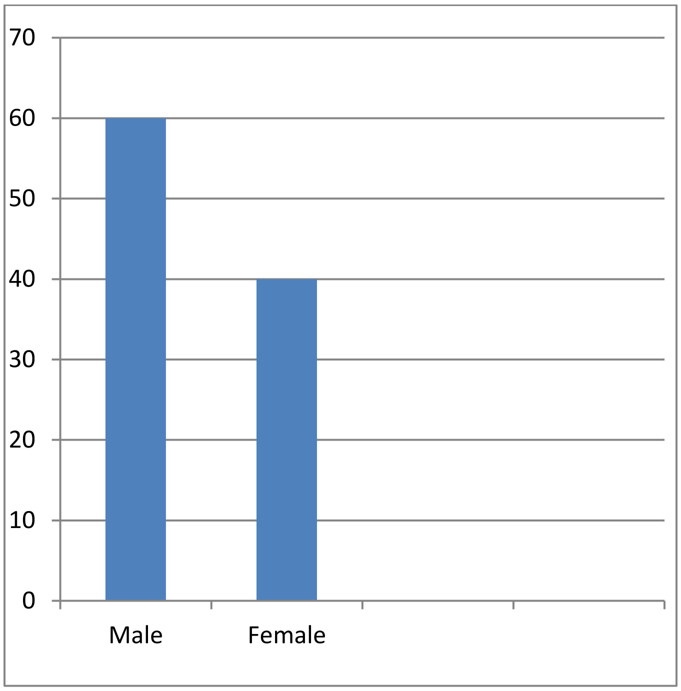
A total of 129 questionnaires were issued but only 118 were found valid for use in this study while a total of 11 questionnaires were never returned. This set a response rate of 91.4%. The study as such relied on the 118 valid questionnaires to make judgment which is more than 100 as supported by Cronbach (2002) that a minimum of 1000 questionnaires are adequate for advanced statistical analysis such as correlation, regression and factor analysis.

4.2 Backgrounds of Respondents

This study intended to gain a detailed understanding of the key characteristics of the respondents in the study area which to some extent influenced results of the study. This general information about the respondents in the study had an implication on the study variables of cash management and profitability. The different characteristics of the respondents are discussed in the proceeding subsections below.

4.2.1 Genders of Respondents

The researcher collected data concerning the gender of the respondents to identify any significant difference in the level of participation between male and female employees of New Vision and the findings are presented in graph 4.1 below.



Source: ***Primary data***

GENDER

Figure 4.1: Distribution of Respondents by Gender

Graph 4.1 above shows that 63.3% of the respondents were males while 36.7% were females. This indicated that in New Vision more males participated than the female employees.

4.2.2 Age of Respondents

Respondents were asked to indicate their age which would help the researcher to identify the age group that dominated the study and the findings are presented in table 4.1 below.

Table 4.1: Distribution of respondents by age brackets

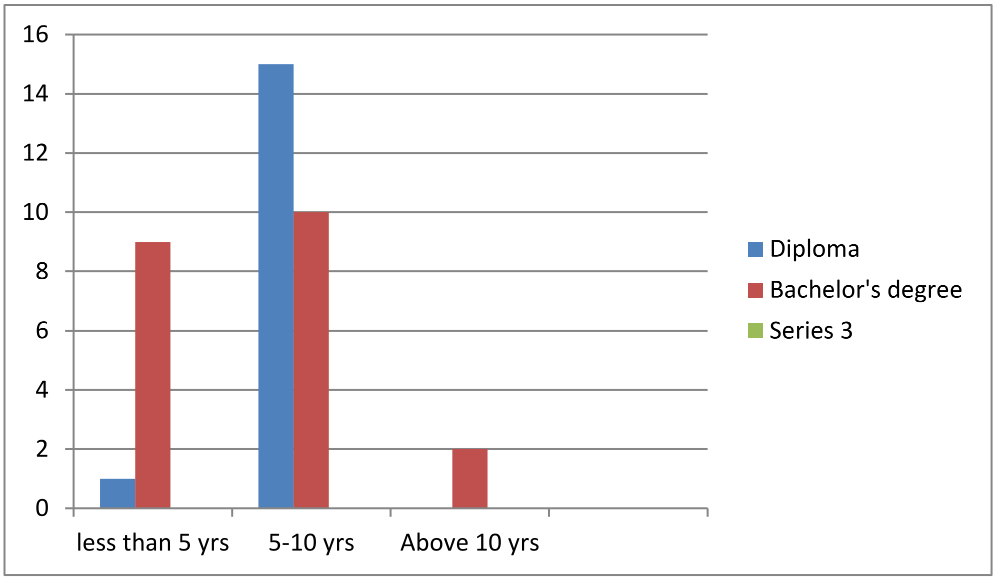
Age	Frequency	Percentage
20-30	10	8.4
31-40	30	25.4
41-50	45	38
51-6	33	28
Total	118	100.0

Source: Primary data

Table 4.1 above indicates that most respondents in New Vision 45(38%) were aged between 41-50 years followed by 33 (28) respondents aged between 51-60 years. A total of 30(25.4%) were aged between 31-40 years while 10 (8.4%) respondents were aged between 20-30 years. The respondents were mature to understand and interpret the variables.

4.2.3 Educational level of respondents

The researcher also sought to know the education level of the respondents and period worked as this would help to identify the extent to which the respondents were competent enough to understand the variables under study and provide appropriate answers to the questionnaire. The findings of the study are presented in figure 4.2 below.



Source: Primary data

Period worked with New Vision

Figure 4.2: Period worked of respondents

From figure 4.2 above characteristics of respondents show those employees of New Vision who have worked less than 5 years and with a degree represented 90% and with a diploma represented 10%. For the period between 5 and 10 years with a degree represented 60% and with masters represented 40%. And for the period above 10 years represented 100% with post graduate qualification.

In conclusion, the results show that 66.7% have a bachelor's degree, 30.6% have got post graduate qualification and 2.8% have diploma qualification.

4.3 Descriptions of the independent variables

According to conceptual frame work (fig1.1), the independent variable was cash management, which was further conceptualized as cash planning, cash collection procedure, internal cash control.

Section A to B of the instrument was devoted to this independent variable. In each case the respondents were asked to rate or give their opinions on this variable using a scale ranging from a minimum of the one for strongly disagree to maximum of five for strongly agree. The responses on determination of optimum cash balance as shown in the table 4.2 below;

4.3.1 Determination of optimum cash balance in New Vision

Table 4.2 descriptive statics on determination of appropriate target cash balance

Determination of appropriate target cash balance		**N**	**Min**	**Max**	**Mean**	**SD**
1	This company usually determines periodic "optimum cash balance"	118	1	5	2.28	1.29
2	The company sets high and low limits of cash balances for a specific period and as long as the cash balance is within the limits, no transaction is taken to allow for the usual variations in cash to occur without the firm incurring transaction costs.	118	1	5	2.23	1.35
3	The optimum cash balance is often large enough to cater for all the expected outflows at all times.	118	1	5	2.12	1.31
	Overall mean and SD				**2.21**	**1.32**

Source: *primary data*

Table 4.2 above on determination of optimum cash balance, shows that in new vision determination of periodic " optimum cash balance" (mean = 2.28, standard deviation = 1.29) and this implies that the New Vision sets no high and low limits of cash balances to be held in the business at a certain point as well (mean = 2.23, standard deviation = 1.35). To note also according to table 4.2, the optimum cash balance is rarely large enough to cater for all the expected outflows at all times (mean=2.12, standard deviation = 1.31).

From an over view with officers in New Vision, the researcher was able to establish that determination of appropriate target cash balance is not legitimately known to officers.

The researcher was also able to ascertain in an interview, that in case the New Vision received a lot of cash, some, managers have a tendency of withdrawing a larger portion of withdrawing a larger portion of it from the operational accounts to other sources. This, the researcher believes may be an indirect mode of determining the appropriate target cash balance in New Vision. The scenario which in most cases results into a situation where the cash balance left on the business account is at times not large enough to cater for all the expected outflows at all times as one manager explained.

4.3.2 Cash budgeting in New Vision

Section A of the instrument was devoted to this independent variable. In each case the respondents were asked to rate or give their opinions on this variable using a scale ranging from a minimum of one for strongly disagree to a maximum of five for strongly agree. The responses on cash budgeting are shown in the table 4.3 below;

Table 4.3: Responses and descriptive statistics in cash budgeting in new vision

Cash Budgeting		N	Min	Max	Mean	SD
1	The company prepares periodic cash budgets	118	1	5	3.12	1.40
2	The cash budget of the company indicates the main sources of revenues and main areas where cash is spent.	118	1	5	3.08	1.29
3	The cash budget gives information regarding the range of the firm's possible financing needs.	118	1	5	2.13	1.31
4	The cash budget helps management to monitor the budgeted figures against the monthly actual cash flow patterns.	118	1	5	2.68	1.65
5	Management is often able to predict cash flow patterns more accurately	118	1	5	2.51	1.38
6	Large discrepancies between budgeted and actual figures are immediately investigated and if required, adjustments are made for the subsequent months.	118	1	5	2.38	1.47
7	The cash budget provides a standard against which to measure the performance of the subordinates who are responsible for the various cost and revenue items	118	1	5	3.2	1.45

	contained in the budget.					
8	The cash budget enables the company invests excess cash for a return and at the sometime have sufficient liquidity for future operations.	118	1	5	2.90	1.04
9	The cash budget enables the firm to always avoid holding idle and unproductive cash on its cash / bank accounts	118	1	5	3.73	1.66
10	The cash budget is used as a tool by management to direct the business to a profitable position.	118	1	5	2.84	1.55

***Source**: Primary data*

According to table 4.3 above, on the issue of cash budgeting, the respondents that the new vision have no periodic cash budgets (mean = 2.12, standard deviation = 1.20) and from an interview with management, the researcher was assured that there is structured cash budgeting system in place in but not functionary enough "that cash related matters are handled as they transpire" it is apparent that in New Vision do enjoy the other benefits that come along with having a well prepared cash budget such as ability o indicate the main sources of revenue and main areas where cash is spent (mean = 3.08, standard deviation =1.29); giving information regarding the range of the New Visions' possible financing needs (mean =2.13, standard deviation =1.31); helping management to monitor the budgeted figures against the monthly actual cash flow patterns (mean=2.68, standard deviation = 1.65); ability by management to predict cash flow patterns more accurately (mean = 3.51, standard deviation= 1.48) and also discrepancies between budgeted and actual figures can be noticed since there is proper cash budgeting system (mean=3.38, standard deviation = 1.67); further noted that in New Vision, cash budgets can be used as a standard against which to measure the performance of the subordinates who are responsible for the various cost and revenue items contained in the budget (mean = 3.2, standard deviation = 1.45);

With presence of the cash budget, management in New Vision are unable to identify and invest excess cash for a return and at the same time have sufficient liquidity for future operations (Mean=1.90, standard deviation=1.04) as well as enabling the New Vision to avoid holding idle and unproductive cash though the scores (mean=3.73, standard Deviation=1.66) indicate that most respondents were not sure. Finally, the cash budget is used by management of New Vision as a tool to direct the business to a profitable position (mean=2.84, standard deviation = 1.53) there is structured cash budgeting system in New Vision.

4.3.3 Cash collection on the financial performance in new vision as seen in chapter one of this reports was the second objective of this study. In section B of the instrument, respondents were asked to give their opinion on aspects of cash collection procedure and the results of the study are given below.

Section B of the instrument was devoted to this independent variable. In each case the respondents were asked to rate or give their opinion on cash collection procedure aspects using a scale ranging from a minimum of one for strongly disagree to a maximum of five for strongly agree.

The responses on float management are shown in the table 4.4 below.

4.3.4 Responses and descriptive statistics on float management

The respondents on float management in New Vision are shown in the table 4.4 below;

Table 4.4: responses and descriptive statistics on float management in New Vision

Float Management		**N**	**Min**	**Max**	**Mean**	**SD**
1	The company has a daily cash report so as to evaluate performance on a daily basis.	118	1	5	3.92	1.44
2	The company properly does the cash analysis and continuously develops strategies that enable it maintain adequate cash.	118	1	5	3.79	1.65
3	The cash received is banked on a daily basis to ensure its safety and security.	118	1	5	4.03	1.48
4	The company operates a number of bank accounts	118	1	5	4.06	1.18
5	The transaction and interest bearing bank accounts are operated concurrently.	118	1	5	2.04	1.26
6	The company has a concentrated banking system (i.e. funds are received and processed by many banks and then transferred into a certain account).	118	1	5	1.84	0.94
7	The company had an electronic collection and payment system (TTs, EFTs)	118	1	5	3.76	1.41
8	The company management encourages up-front cash	118	1	5	3.59	1.62

	collections form clients					
9	The company has a debt collector for quick recovery of debts	118	1	5	4.11	1.28
10	The company has a lock box in which clients mail their payments to a post office box collected by the bank	118	1	5	3.26	1.66
11	Cash discount are given to customers to encourage up-front payments and speed up collection of accounts receivable	118	1	5	2.31	1.52
12	The company always delays its cash payments but up to the extent that its image is not damaged	118	1	5	4.00	1.38
13	The firm always establishes procedures so that cash collections and disbursements are done as efficient as possible	118	1	5	1.99	1.22
14	The financial controller always keeps track of float to know the true cash on hand.	118	1	5	3.03	1.56
	Average Mean				**3.26**	**9.80**

***Source**: primary data*

On float management according to table 4.4 above, the respondents indicated that the company has a daily cash reporting system (mean=3.92, standard deviation = 1.44). The researcher was able to find out in an interview that daily cash reporting is a must in New Vision and the company employs night auditors to carry out the responsibility of processing daily cash reports among their other duties. Also in New Vision, cash analysis is properly carried out as well continuously developing strategies that enable the company maintain adequate cash (mean = 3.79, standard deviation = 1.65).

Cash received in New Vision is banked on a daily basis (mean=4.03, standard deviation=1.48) and the firm has an electronic collection and payment system (mean=3.76, standard deviation = 1.41). The results of the interview reveal that in New Vision the main mode of cash collection and payment is by use of cheques. Though the electronic system is present, only a few transactions pass via electronic means. Though the findings also reveal that management of New Vision always encourages up- front cash collections from clients (mean = 3.59, standard deviation =1.62), the results of an interview shows that credit sales consume a greater proportion of daily sales. The company has a debt collector for quick recovery of debts (mean=4.11, standard deviation = 1.28) as indicated in table 4.4 above. Also management sometimes delays cash payments but not to the extent that the company's image is not damaged (mean=4.00, standard deviation = 1.38) and bank reconciliations are made on a monthly basis as well (mean=4.05, standard deviation=1.24).

According to table 4.4 above also, New Vision operates more than one bank accounts (mean =4.06, standard deviation = 1.18) nut however, the transaction and interest bearing bank accounts are not operated concurrently (mean=2.04, standard deviation =1.26) and the firm has no concentrated banking system (mean = 1.84, standard deviation =0.94). though a number of respondents were not sure whether the company uses lockbox system (mean =3.26, standard deviation = 1.66), the firm has no lock box in which clients mail their payments to a post office box controlled by the bank as the researcher was able to note during an interview. Literally there are no cash discounts given to customers of New Vision to encourage up-front payments and speed up collection of accounts receivable (mean =2.31, standard deviation =1.52) and the firm has no established procedures to ensure that cash collections and disbursements are done as efficient as possible (mean = 1.99, standard deviation- 1.22). Though a number of respondents were not sure whether the financial controllers of the company often keep tract of float know the true cash on hand (mean=3.03, standard deviation = 1.56), from an interview with the financial controllers of New Vision, the researcher found out that they actually do so.

Also in New Vision all large payments are not made by cheques and small payments by imprest of petty cash voucher (mean = 2.30, standard deviation =1.45) which implies that it is according to the discretion of management whether a certain item should be paid by cash or cheque whether big or small.

4.3.5 Respondents and descriptive statistics on cash cycle planning

Section B of the instrument was devoted to this independent variable. In each case respondents were asked to rate or give their opinions on this variable using a scale ranging from a minimum of one for strongly disagree to a maximum of five for strongly agree. The responses on cash cycle planning are shown in the table 4.5 below;

Table 4.5: responses and descriptive statistics on cash cycle planning procedure in New Vision

Cash Cycle Planning		N	Min	Max	Mean	SD
1	The company has a shorter cash cycle to allow it take advantage of the working capital sooner than later	118	1	5	3.1.3	1.55
2	The company reduces on its cash cycle by improving efficiency over debtor/ creditor payment periods	118	1	5	3.80	1.57
3	The company reduces on its cash cycle by improving production efficiency	118	1	5	2.34	1.47
4	The company reduces on its cash cycle by improving on stock turnover (stock holding) period.	118	1	5	2.35	1.48
	Average mean				**2.9**	**1.5**

Source*: primary data*

On cash cycle planning according to table 4.5 above, respondents indicated that New Vision does have a short cash cycle to allow it take advantage of the working capital sooner than later (mean = 3.13, standard deviation = 1.55). also to note is that New Vision has established procedures to reduce on its cash cycle such as: improving efficiency over debtor/creditor payment periods though a number of respondents were not sure (mean=3.80, standard deviation=1.57), improving production (service) efficiency (mean = 2,34 standard deviation = 1.47), as well as improving on sock turnover (stock holding) period (mean = 2.35, standard deviation = 1.48). On average (mean = 2.06), cash cycle planning management is fairly managed.

4.3.6 Internal cash control in New Vision

To examine the effect of internal cash control on the financial performance in New Vision as seen in chapter one of this report was the second objective of this study. In section C of the instrument, respondents were asked to give their opinion on aspects of internal cash control and the results of the study are given below.

Section B of the instrument was devoted to this independent variable. In each case the respondents were asked to rate or give their opinion on internal cash control; aspects using a scale ranging from a minimum of one for strongly disagree to a maximum of five or strongly agree. The responses on cash control procedure and cash monitoring are shown in the table 4.7 below;

Table 4.6: Responses and Descriptive Statistics on Internal Cash Control in New Vision

1.0 Cash control procedure		**N**	**Min**	**Max**	**Mean**	**SD**
1	Cash is handled separately from recording of cash transactions	118	1	5	3.92	1.44
2	All cash receipts are deposited intact into the bank daily	118	1	5	3.79	1.65
3	Printed and serially numbered receipts are used against cash and Cheque received and receipts are counted	118	1	5	4.03	1.48
4	The work and responsibility of cash handling and recording are divided in such a way that the errors are readily disclosed and possibility of irregular are minimized.	118	1	5	4.06	1.18
5	The person who actually deposits in the bank is not allowed to prepare bank pay in slips	118	1	5	4.04	1.26
6	All larger payments are made by cheque and small payments are made by imp rest system of petty cash	118	1	5	3.92	1.44
	Average mean				**3.96**	**1.39**

Source: *Primary data*

From table 4.6, respondents noted cash is handled separately from recording of cash transactions (mean 3.92, standard deviation 1.44), also noted that all cash receipts are deposited intact bank daily (mean 3.79, standard deviation 1.65), printed and serially numbered receipts are against cash and cheque received and receipts are counted (mean 4.03 standard deviation 1.48), Responsibility of cash handling and recording are divided in such a way that the errors are readily disclosed and possibility of irregularities are minimized (mean, 4.06, standard deviation 1.18). the person who actually deposit in the bank is not allowed to prepare bank pay in mean 4.04 standard deviation 1.2), and all large payments are made by cheque and small amounts are made by imp rest system of petty cash (mean 3.92, standard deviation 1.44) overall 3.96 standard deviation 1.39 implying that New Vision has cash control procedure in place.

Table 4.7 Responses and descriptive statistics on cash monitoring in New Vision

1.0 Cash control procedure		**N**	**Min**	**Max**	**Mean**	**SD**
1	Bank reconciliations are done weekly	118	1	5	3.76	1.41
2	Is the individual collecting money prevented from having billing, depositing, or reconciliation responsibilities	118	1	5	3.59	1.62
3	Does each person paying in person receive a receipt?	118	1	5	4.11	1.28
4	Are multiple cashiers forbidden to work out of the same cash drawers or use the same cash receipts book	118	1	5	3.226	1.66
5	Are checks immediately endorsed upon	118	1	5	3.31	1.52

	receipt?					
	Average mean				**3.6**	**1.49**

***Source**: primary data*

From the above 4.7 respondents noted that New Vision carries out bank reconciliations weekly (means 3.76, standard deviation 1.41), individual collecting money is prevented from having billing, depositing, or reconciliation responsibilities (mean 3.59, standard deviation 1.62), each person paying in person receives a receipt mean (mean 4.11 standard deviation 1.28), multiple cashiers forbidden to work out of the same cash drawers or use the same cash receipt book (mean 3.26 standard deviation 1.66) and checks are immediately endorsed upon receipt mean (mean 3.31 standard deviation 1.52). Overall mean is 3.6, standard deviation 1.49.

4.4 Description of Dependent Variable: Financial Performance in New Vision

According to conceptual framework (fig 1.1) the dependent variable in this study was financial performance conceptualized as profitability. Section D of the instrument was devoted to this dependent variable. In each cash the respondent was asked to rate or give his/her opinion on profitability aspects using a scale ranging from a minimum of one for strongly disagree to a maximum of five for strongly agree. The findings of the study are given in table 4.5 below.

Table 4.8: Responses and Descriptive Statistics on Financial Performance in New Vision

1.0 Cash control procedure		**N**	**Min**	**Max**	**Mean**	**SD**
1	Company keeps proper financial records	118	1	5	4.18	1.39
2	Financial statements (reports) are prepared annually	118	1	5	2.24	1.42

3	The amount of revenue the company generates always exceeds the expenses in the same period	118	1	5	4.53	1.04
4	Sales (revenue) for the company increases every year	118	1	5	2.89	0.99
5	Measures to increase internal revenue are in place	118	1	5	2.02	1.20
6	Profitability ratios calculated every year compares well with industry ratios	118	1	5	2.96	1.07
7	The management often sets profitability targets	118	1	5	2.77	1.22
8	The company takes action when there is a big discrepancy between targeted and actual profits	118	1	5	3.99	1.45
9	Action is taken to prevent reoccurrence of gaps in profitability performance	118	1	5	2.09	1.28
10	Efficiency is emphasized in the operations of the company	118	1	5	4.17	1.28
11	The company reduces on cost centers as necessary	118	1	5	4.60	0.98
12	Plans are in place to increase the profit centers of the company	118	1	5	2.69	1.35
13	Profit margin of the company increases per year	118	1	5	1.94	1.08

	Average Mean				**3.16**	**15.75**

***Source**: Primary data*

According to table 4.8 above, though the amount or revenue New Vision generate often exceed the expenses (costs) in the same period (mean = 4.53, standard deviation=0.99) and the profit margin of the company hardly increases per year (mean =2.94, standard deviation= 1.08). This implies that the company reduces on cost centers as necessary (mean = 4.60, standard deviation =0.98) since efficiency is emphasized in the operations of the company (mean=4.17, standard deviation = 1.28).

Though according to tale 4.8 above New Vision keeps proper financial records (mean =4.18, standard deviation = 1.39), financial statements (reports) are not prepared annually (mean =2.24, standard deviation =1.42). From an interview with management, the researcher was able to learn that financial statements are prepared monthly; just for management purposes (MIS) and few are special cases when financial reports are prepared annually. Consequently no way would profitably ratios calculated every year compare well with industry ratios (mean =2.96, standard deviation = 1.07). Who knows! May be financial ratios are not prepared at all by the New Vision since the company heavily relies on monthly reports (MIS).

Setting profitability target is not a norm in New Vision (mean = 2.07), standard deviation=1.22 and there established plans are in place to increase the profit centers of the company as well (mean=2.69, standard deviation=1.35). But according to table 4.8 above the company often takes action when there is a big discrepancy between targeted and actual profits (mean=3.99, standard deviation=1.45). By this, the researcher wonders how the discrepancies would be identified when no policy is in place in New Vision for setting profitability of the company for a certain period turns out to be alarmingly low. Then, if such a case action is to be taken, then it may often be too late when a problem (poor financial performance) has already occurred. And if the above is the case, management may delay or even fail not only to take action in time when there is a big inconsistency in financial performance but also management may be disabled to take a further step of preventing reoccurrence of these gaps in financial performance as well (mean = 2.09, standard deviation = 1.28).

The overall average (mean= 2.91) indicates that financial performance in New Vision is not strongly rated suggesting that the financial performance of New Vision was not at its best

4.5 Relationship between cash management and Profitability

Cash management consisted of the following constructs: determination of cash planning, cash collection procedure, internal cash control. These constructs were postulated to be related to profitability. The presentation was guided by the hypothesis of the study.

4.5.1 Cash planning significance influences Profitability in new Vision

To examine the relationship between cash planning and profitability, the degree of strength and the direction of the relationship were determined using person's correlation coefficient as shown in the table 4.9 below.

Table 4.9: Correlation matrix between cash planning and profitability in New Vision

		Cash planning	Profitability
Cash correction	Pearson Correlation	1.000	
procedure	Sig. (2-Tailed)	.	.803**
	N	118	.000
			118
Finance Performance	Pearson Correlation	.803**	
Profitability	Sig. (2-Tailed)	.000	1.000
	N	118	.
			118

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

Source: *Primary data*

Table 4.9 above shows the Pearson's correction coefficient r = 0.803** between cash planning and financial performance suggesting that the variables were positively related. The person's correlation coefficient r = 0.803** and P or Sig. value (p = 0.000) show that there was a high significant positive relationship between cash planning and financial performance in New Vision.

A simple regression analysis was conducted to determine the extent to which cash planning influenced profitability using the adjusted R^2 values, standardized beta values, t values and the significance measured at 0.05 levels. The results are presented in table 4.10 below.

Table 4.10: Regression model between cash planning and profitability in New Vision

Predictor	**Adjusted R Square**	**Df**	**Mean Square**	**F**	**Sig.**
	0.642	1	81.407	174.738	0.000^{a}
		Standardized coefficients			
	Adjusted R square	**Std error**	**BETA (*B*)**	t	Sig.
(constant)		0.187		-1.120	0.266
Cash planning	0.642	0.074	0.0803	13.219	0.000

a. Predictors: (constant), cash planning,

b. Dependent variable: profitability

Source: *Primary data*

The regression model in table 4.10 above shows the adjusted $R^{2\ \mathrm{of}}$ 0.642 between cash planning and profitability suggesting that cash planning predicted 64.2% of the variance in profitability. The R^2 = 0.642, t = 13.219 and P= 0.000 suggested that cash planning was a significant predictor of profitability in New Vision. Regression results led to accepting of the first research question to the effect that cash planning significantly affect profitability in new vision. The policy implication is that financial, performance in New Vision is to be enhanced, cash planning should be given due consideration. Companies must learn to determine the optimum cash balance or be held at specific period of time and engage in cash budgeting to ensure that the target cash balance to held at a specific period of time and engage in cash budgeting to ensure that the target cash balance is attained at all times.

4.5.2 Cash collection procedure significantly influences profitability in New Vision

From the questionnaires, cash collection procedure and profitability in New Vision were computed as continuous variables thus supporting the use of Pearson product moment correlation to verify the research questions.

Table 4. 11: Correlation matrix between cash collection procedure and profitability in New Vision

		Cash collection procedure	profitability
Cash Planning	Pearson Correlation	1.000	.732**
	Sig. (2-Tailed)	.	.000
	N	118	118
Finance Performance Profitability	Pearson Correlation	.732*	1.000
	Sig. (2-Tailed)	.000	.
	N	118	118

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

Source: *primary data*

Table 4.11 above shows the Pearson's collection coefficient r = 0.732** between cash collection procedure and profitability suggesting that the two variables were positively related. The Pearson's correlation coefficient r = 0.732** and P or Sig. value (P=0.000) shows that there was a significant positive relationship between cash collection procedure and profitability in New Vision.

A simple regression analysis was conducted to determine the extent to which cash collection procedure influenced financial performance using the adjusted R^2 values, standardized beta values, t values and the significance measured at 0.05 levels. The results are presented in table 4.12 below.

Table 4.12: Regression Model between Cash Collection Procedure and profitability of New Vision

Predictor	**Sum of Square**	**Df**	**Mean Square**	**F**	**Sig.**
	3.439	13	.265	.270	$.995^{a}$
		Standardized Coefficients		**t**	**Sig**
	Adjusted R Square	**Std Error**	**Beta (B)**		
(constant)		0.708	4.385	6.195	0.000

Cash collection procedure	0.032	0.082	0.602	0.351	0.000

a. Predictors: (constant), cash collection procedure

b. Dependent variable: financial performance

Source: *Primary data*

The regression analysis between independent variable (cash collection procedures) and dependent variable (financial performance) indicated that cash collection procedure (beta = 0.602, t =0.351, and sig = 0.000) significantly influences or predicts Profitability at New Vision. Improvements in cash collection procedure led to corresponding improvement in profitability. This led to accepting of the research questions to the effect that cash collection procedures do significantly predict profitability in New Vision.

4.5.3 Internal cash control significantly influences profitability in New Vision

From the questionnaires, internal cash control and profitability in New Vision were computed as continuous variables thus supporting the use of person product moment correlation to verify the research question.

Table 4.13: correlation matrix between internal cash control and profitability in New Vision

		Internal cash control	Financial performance profitability
Internal cash control	Pearson Correlation	1.000	.778**
	Sig. (2-Tailed)	.	.000
	N	118	118

Finance Performance Pearson Profitability Sig. (2-Tailed) N		

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

Source: *Primary data*

Table 4.13 above shows the Pearson's correlation coefficient r = 0.778** between internal cash control and profitability suggesting that the two variables were positively related. The Pearson's correlation coefficient r = 0.788** and P or Sig. value (P=0.000) shows that there was a significant positive relationship between internal cash control and profitability in New Vision.

A simple regression analysis was conducted to determine the extent to which internal cash control influenced profitability using the adjusted R^2 values, standardized beta values, t values and the significance measured at 0.05 level. The results are presented in table 4.14 below.

Table 4.14: regression model between internal cash control and profitability in New Vision

Predictor	**Adjusted R Square**	**Df**	**Mean Square**	**F**	**Sig**
	0.867	1	113.701	878.043	0.000^{a}
		Standardized coefficients		**t**	**Sig**
	Adjusted R Square	**Std Error**	**Beta *(B)***		
(Constant)		0.069		4.103	0.000

Internal cash control	0.867	0.025	0.939	5.862	0.000

a. Predictors: (constant), internal cash control,

b. Dependent variable: financial performance

Source: Primary data

The regression model in table 4.14 above shows the adjusted $R^{2\,of}$ 0.867 between internal cahs control and profitability suggesting that internal cash control predicted 86.7% of the variance in financial performance. The R^2 = 0.867, t =5.862 and P=0.000 suggested that internal cash control was a significant predictor of profitability in New Vision. Results led to accepting of the third research questions to the effect that internal cash control significantly affects financial performance in New Vision.

To examine the relationship between cash management (that is, all sub components in combination) and profitability, the study was guided by the following non directional sub of research question: cash management has a significant effect on profitability in New Vision. The degree of strength and the direction of the relationship were determined using Pearson's correlation coefficient as shown in table 4.15 below.

Cash management and profitability

To examine the relationship between cash management that is, all sub components in combination and profitability, as well as the influence of the combined independent variables on the dependent variable. The following tests were carried out.

Table 4.15: correlation matrix between cash management and profitability in New Vision

		Cash Management	Financial Performance - Profitability
Cash management	Pearson correlation	1.000	.968**
	Sig. (2-tailed)	.	.000
	N	118	118
Financial performance profitability	-Pearson correlation	.968*	1.000
	Sig. (2-tailed)	.000	.
	N	118	118

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

Source: *Primary data*

Table 4.15 above shows the Pearson's correlation coefficient r = 0.968** between cash management and profitability suggesting that two variables were positively related. The Pearson's correlation coefficient r= 0.968** and P or sig. vale (P=0.000) shows that there was a high significant positive relationship between cash management variables and profitability in New Vision.

A multiple regression analysis was conducted to determine the extent to which cash management influenced profitability using the adjusted R^2 values and the results are presented in table 4.16 below.

Table 4.16: Regression Model between Cash Planning and profitability in New Vision

Model	R	R. square	Adjusted R. square	Std, error of the estimate
1	.944a	.891	.888	.3819

a. Predictions (constant), cash planning, cash control procedure and internal cash control

***Source**: Primary data*

According to the adjusted R-square value ($R^2 = 0.888$) cash planning, cash procedure and internal cash control all combined predicted88.8% of the variance in the independent variable profitability (P or Sig. Value = 0.000). This means that a 10% improvement in these variables would lead to 8.88% improvement in profitability in New Vision. Thus other variables other than those in the study predicted only 0.112 of the variance in profitability New Vision.

4.6 Discussion of study findings

This section presents the discussion of the study findings in relation to specific objectives research questions, hypotheses and literature reviewed. The first sub – section presents the influence of cash planning on profitability. This is followed by the influence of cash collection procedures on profitability and finally the influence of internal cash control on profitability.

4.6.1 Cash planning significance influences financial performance in New Vision

The researcher set out to examine the influence of cash planning on profitability in New Vision. Indeed the correlation results showed that there was a considerable positive relationship between cash planning and profitability in New Vision with a coefficient of r = 0.803*.

This had policy implications in that to improve the profitability of New Vision, there is need to make managers of New Vision aware of the benefits that come along with planning as to ensure that the business has sufficient operational cash at all times.

According to the regression analysis results, cash planning had significant impact on profitability in New Vision. The study therefore accepted the directional hypothesis that cash planning has a significant influence on New Vision. the study findings are consistent with the available literature that determining the optimal cash planning which enables management know when the cash balance amount is on the most ideal proportion so that company has the ability to invest the excess cash for a return (profit) and at the same time have sufficient liquidity for future needs all of which enhances profitability (Eakins,2001; Ross, 2003).

4.6.2 Cash collection procedure significantly influences profitability in New Vision

In objective two, the researcher sought to examine the influence of cash collection procedure on profitability in New Vision. The study found out that aspects of cash control procedure were properly managed in the New Visio and the company has controls on cash, and if not managed well, have an impact on profitability in New Vision. Indeed the correlation results showed that there was a considerable positive relationship between cash collection procedure and profitability in New Vision with a correlation coefficient of r = 0.732**. This signifies a positive relationship between cash procedure and profitability in New Vision.

This policy suggest the implications to improve profitability in New Vision, there is a need to enhance stronger cash collection procedures and New Vision management should strive as much as possible to maintain strong cash collection procedures.

Regression model results further suggest that cash collection procedures had significant influence on financial performance in New Vision. The study therefore accepted the second – research question that cash collection procedure has a significant influence on profitability in New Vision. Cash collection procedures have a strong influence on profitability, advocating for a better cash control practices which would lead to improvements in profitability of New Vision.

The study findings are congruent to the findings that relatively long cash conversion periods tend to decrease profitability. Results of s study by Samiloglu and Demirgunes (2008) suggest that firm profitability can be increased by shortening accounts receivables and inventory periods. In a study Deloof (2003), findings reveal that increases in inventory, accounts receivable and accounts payable period's affects profitability negatively. This may be the result of declining sales leading to lower profits and more inventory as stated in Deloof (2003)'s study. Thus a short cash cycle is the ideal situation, as it allows the company to take advantage of the working capital sooner rather than later. The shorter the cycle, the fewer the resources the firm needs to tie up (Arnold, 2001; Deloof, 2003).

More to the above according to Eakins (1999), speeding up cash collections while slowing down cash disbursement results into the greatest available balance for a given commitment of funds with a primary attention being liquidity and the secondary one being profitability. Thus management policy in cash collection and payments has a significant influence on profitability of the business (Myers, 2004).

4.6.3 Internal cash control significantly influences financial performance in New Vision

In objective three, the researcher sought to examine the influence of internal cash control on profitability in New Vision. The study found out that aspects of internals cash control procedure were properly managed in the New Vision and the company monitors its cash, and if cash is not monitored well, have an impact on profitability in New Vision. Indeed the correlation results showed that there was a considerable positive relationship between cash monitoring and performance in New Vision with a correlation coefficient of r = 0.778** this signifies a positive relationship.

Policy implications is that to improve on profitability in New Vision, there is a need to have stronger internal cash control measures and New Vision management should strive as much as possible to maintain strong cash control monitoring measures.

But the regression model results suggest that internal cash control had significant influence on profitability in New Vision. The study therefore accepted the third –hypothesis that internal cash control has a significant influence on profitability in New Vision. Internal cash control has a control a strong influence on profitability, advocating for a better cash monitoring measures which would lead to improvements in profitability of New Vision.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary of major research finding derived for the study. The researcher also makes some conclusions and recommendations in relation to the nature of the problem, research objectives and the significant findings of the study.

5.1 Summary of Major Findings

The general purpose of the study was to find out the influence of cash management on profitability in New Vision as a case study. The study pursued the specific objectives of examining the influence of cash planning, cash collection procedure, internal cash control on the profitability in the New Vision.

5.1.1 Cash planning significance influences profitability in New Vision

Objective one of the studies was to find out the influence of cash collection procedure on profitability in New Vision and the non- directional research question tested was that cash collection procedure has a significant influence on the profitability of New Vision.

Though the study found out a statistically high significant positive relationship between cash collection procedure and performance in New Vision with a correlation coefficient r = 0.732** the regression analysis results reveal that cash collection procedure had significant effect on profitability in New Vision.

5.1.2 Cash collection procedure significantly influences profitability in New Vision

The second objective one of the studies was to find out the influence of cash collection procedure on profitability in New Vision and the non directional research question tested was that cash collection procedure has a significant influence on New Vision. Though the study found out a statistically high significantly positive relationship between cash collection procedure and profitability in New Vision a correlation coefficient r= o.732** the regression analysis reveal that cash collection procedure had significant effect on profitability in New Vision.

5.1.3 Internal cash control significantly influences profitability in New Vision

The third of objective three of study was to find out the influence of internal cash control on financial performance in New Vision and the non directional hypothesis tested was that internal cash control has a significant influence on the profitability on New Vision. Though the study found out a statistically significant positive relationship between internal cash control and profitability in New Vision with a correlation coefficient r = 0.778** the regression analysis results reveal that cash monitoring had significant effect on profitability in New Vision.

5.2 Conclusion

From the findings and the corresponding discussion, the study concludes that cash management has significant influence profitability in New Vision.

5.2.1 Cash planning

From the findings and the corresponding discussions, the study concludes that cash planning has a significant influence on in New Vision.

5.2.2 Cash Collection Procedure

From the findings and the corresponding discussions, the study concludes that cash collection procedure can significant variations in profitability in new vision.

5.2.2 Internal Cash Control

For the findings and the corresponding discussions, the study concludes that internal cash control has a significant influence on profitability in New Vision.

5.3 Recommendations

Having given research findings, discussion and conclusions derived there from, this section of the chapter makes recommendations arising from significant findings of the study research question, if profitability of New Vision is to be enhanced. The study contributes to testing of several questions and how they influence financial performance in parastatals organizations. Contextually the study identified cash management variables that influence new vision group.

5.5 Areas for Further Research

The current study could not exhaust all the elements of cash management as well as all measures of profitability of which a prospective researcher may wish to adopt. Additionally, another study may need to find out other factors that influence profitability in parastatals organizations in Uganda other than cash management. Similar studies may also be carried out on cash management and profitability in financial institutions or other sectors in Uganda.

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APPENDIX 1: QUESTIONNAIRE

SELF – ADMINISTERED QUESTIONNAIRE FOR STAFF OF

NEW VISION GROUP OF COMPANIES.

Dear Respondent;

Re: <u>A survey of cash management and financial performance of parastatals in Uganda</u>

Thos questionnaire is designed to evaluate cash management and financial performance of parastatals in Uganda with specific reference to new vision. The researcher is a student of Uganda Martyrs University and any information provided by you will be treated with confidentiality and is exclusively for academic purposes. As a member of staff of this company, you are involved in its day to day operations and it is against this background that you have been identified to participate in the research by completing thus questionnaire. Answer the questions below and correctly as possible following instructions given at the beginning of each section.

SECTION A: INDEPENDENT VARIABLE 1: CASH PLANNING

To what extent do you agree with the following aspects of cash planning? Your respective answers will range from a minimum of 1 (for strongly disagree) to a maximum of 5 (for strongly agree).

Strongly Disagree	**Disagree**	**Not Sure**	**Agree**	**Strongly Agree**
1	2	3	4	5

Place a check mark in the appropriate box

1.0	**CASH PLANNING**	**1**	**2**	**3**	**4**	**5**
Determination of appropriate target cash balance						
1.1	This company usually determine periodic “optimum cash balance”	1	2	3	4	5
1.2	The company sets high and low limits of cash balances for a specific period and as long as the cash balance is within the limits; no transaction is taken to allow for the usual variations in cash to occur without the firm incurring transaction costs.	1	2	3	4	5
1.3	The optimum cash balance is often large enough to cater for all the expected outflows at all times	1	2	3	4	5
Cash Budgeting						
1.4	The company prepares periodic cash budgets	1	2	3	4	5
1.5	The cash budget of the company indicates the main sources of revenue and main areas where cash is spent.	1	2	3	4	5
1.6	The cash budget gives information regarding the range of the firm’s	1	2	3	4	5
1.7	The cash budget helps management to monitor the budgeted figures against the monthly actual cash flow patterns.	1	2	3	4	5
1.8	Management is often able to predict cash flow patterns more accurately	1	2	3	4	5
1.9	Large discrepancies between budgeted and actual figures are immediately investigated and if required adjustments are made for the subsequent months.	1	2	3	4	5
1.10	The cash budget provides a standard against which to measure the performance of the subordinates who are responsible for the various cost and revenue items	1	2	3	4	5

	contained in the budget.					
1.11	The cash budget enables the company to invest excess cash for a return and at the same time have sufficient liquidity for future operations.	1	2	3	4	5
1.12	The cash budget enables the firm to always avoid holding idle and unproductive cash on its cash / bank accounts.	1	2	3	4	5
1.31	The cash budget is used as a tool by management to direct the company to a profitable position.	1	2	3	4	5

SECTION B: INDEPENDENT VARIABLE 11: CASH COLLECTION PROCEDURE

To what extent do you agree with the following aspects of cash collection procedure? Your respective answers will range form a minimum of 1 (for strongly disagree) to a maximum of 5 (for strongly agree) –

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree

1	2	3	4	5

Place a check mark in the appropriate box

2.0	**CASH COLLECTION PROCEDURE**	1	2	3	4	5
Float management						
2.1	The company has a daily cash report so as to evaluate performance on a daily basis	1	2	3	4	5
2.2	The company properly does the cash analysis and continuously develops strategies that enable it maintain adequate cash.	1	2	3	4	5
2.3	The cash received is banked on a daily basis to ensure its safety and security	1	2	3	4	5
2.4	The company operates a number of bank accounts	1	2	3	4	5
2.5	The transaction and interest bearing bank accounts are operated concurrently	1	2	3	4	5
2.6	The company has a concentration banking system (i.e funds are received and processed by many banks and then transferred into a central account)	1	2	3	4	5
2.7	The company has an electronic collection and payment system (TTs, EFTs)	1	2	3	4	5
2.8	The company management encourages up-front cash collections from clients	1	2	3	4	5
2.9	The company has a debt collector for quick recovery of debts	1	2	3	4	5
2.10	The company has a lock box in which clients mail their payments to a post office box controlled by the bank.	1	2	3	4	5
1.11	Cash discounts are give to customers to encourage up-front payments and speed up collection of accounts receivable	1	2	3	4	5
1.12	The company always delays its cash payments but up to the extent that its image is	1	2	3	4	5

	not damaged.					
1.13	The company always establishes procedures so that cash collections and disbursement are done as efficient as possible.	1	2	3	4	5
1.14	The financial controller always keeps track of float to know the true cash on hand	1	2	3	4	5
Cash cycle planning						
2.19	The company has a shorter cash cycle to allow it take advantage of the working capital sooner than later.	1	2	3	4	5
2.20	The company reduces on its cash cycle by improving efficiency over debtor/ creditor payments periods.	1	2	3	4	5
2.21	The company reduces on its cash cycle by improving production (service) efficiency.	1	2	3	4	5
2.22	The company reduces on its cash cycle by improving on stock turnover (stock holding) period.	1	2	3	4	5

<u>SECTION C</u>: INDEPENDENT VARIABLE 11: INTERNAL CASH CONTROL

To what extent do you agree with the following aspects of internal cash control? Your respective answers will range from a minimum of 1 (for strongly disagree) to a maximum of 5 (for strongly agree)

Strongly Disagree	**Disagree**	**Not Sure**	**Agree**	**Strongly Agree**
1	2	3	4	5

Please tick in the appropriate box

1.1 Cash Control Procedure						
3.1	Cash is handled separately from recording of cash transactions	1	2	3	4	5
3.2	All cash receipts are deposited intact into the bank daily.	1	2	3	4	5
3.3	Printed and serially numbered receipts are used against cash and cheque received and receipts are counted.	1	2	3	4	5
3.4	The work and responsibility of cash handling and recording are divided such a way that the errors are readily disclosed and possibility of irregularities are minimized	1	2	3	4	5
3.5	The person who actually deposit in the bank is not allowed to prepare bank pay in slips.	1	2	3	4	5
3.6	All large payments are made by cheque and small payments are made by imp rest system of petty cash.	1	2	3	4	5

		1	2	3	4	5
3.7	Bank reconciliations are done weekly	1	2	3	4	5
3.8	Is the individual collecting money prevented form having billing, depositing, or reconciliation responsibilities?	1	2	3	4	5
3.9	Does each person paying in person receive a receipt?	1	2	3	4	5
3.10	Are multiple cashiers forbidden to work out of the same cash drawers or use the same cash receipt book.	1	2	3	4	5
3.11	Are checks immediately endorsed upon receipt?	1	2	3	4	5

SECTION D: DEPENDENT VARIABLE: FINANCIAL PERFORMANCE (MEASURED IN TERMS OF PROFITABILITY)

To what extent do you agree with the following aspects of financial performance? Your respective answers will range from a minimum of 1 (for strongly disagree) to a maximum of 5 (for strongly agree) –

Strongly Disagree	**Disagree**	**Not Sure**	**Agree**	**Strongly Agree**
1	2	3	4	5

Place a check mark in the appropriate box

4.0	**PROFITABILITY**	1	2	3	4	5
4.1	The company keeps proper financial records	1	2	3	4	5

4.2	Financial statements (reports) are prepared annually	1	2	3	4	5
4.3	The amount revenue the company generates always exceeds the expenses (costs) in the same period	1	2	3	4	5
4.4	Sales (revenue) for the company increases every year	1	2	3	4	5
4.5	Measures to increase internal revenue are in place	1	2	3	4	5
4.6	Profitability ratios calculated every year compares well with industry ratios	1	2	3	4	5
4.7	The management often sets profitability targets	1	2	3	4	5
4.8	The company makes action when there is a big discrepancy between targeted and actual profits	1	2	3	4	5
4.9	Action is taken to prevent reoccurrence of gaps in profitability performance.	1	2	3	4	5
4.10	Efficiency is emphasized in the operations of the company	1	2	3	4	5
4.11	The company reduces on cost centers as necessary	1	2	3	4	5
4.12	Plans are in place to increase the profit centers of the company	1	2	3	4	5
4.13	Profit margin of the company increases per year.	1	2	3	4	5

SECTION E: ADDITIONAL OPINION N QUESTIONS

For questions in this section, kindly respond either by ticking appropriate answers or by writing down your personal opinion and if a question does not apply to this company you may mark that question as (Not applicable) and if you can’t answer a question until conducting further research, mark that question as N/R (needs research).

1. Does your company have a cash management policy in place?

   Yes ☐ No ☐ Not Sure ☐

2. How would you rate your company's cash management policy of your company has a significant impact on the profitability status of new vision?

   Yes ☐ No ☐ Not Sure ☐

3. In your own view, do you thinking that the cash management policy of you company has a significance impact on the profitability status of new vision?

   Yes ☐ No ☐ Not Sure ☐

4. Which advice would you give to your company's management as regards improvement of cash management policy in place?

   ……………………………………………………………………………………………

Section f: general information

1. Name: (optional)…………………………………………………………………………...
2. Contact……………………………………………………………………………..
3. Gender: Male ☐ Female ☐
4. Age bracket:

   20-30 years ☐ 30-40years ☐ 40-50 years ☐ 50-60 years ☐ above 60 ☐

5. Highest education level.

   Master ☐ Degree ☐ Diploma ☐ Certificate ☐

   Others (specify)………………………………………………………………………….

Department (job title)……………………………………………………………………

6. Period worked for the company.

Less than 1 year ☐ 1 year to 2yrs ☐ 2 years to 3 years ☐

3 to 4yrs ☐ above 4 years ☐

I sincerely appreciate your time and cooperation.

APPENDIX II: INTERVIEW GUIDE

1. Does your company determine the “optimum cash balance” (lower and upper cash limits) periodically?
2. Is the optimum cash balance often large enough to cater for all expected outflows at all times?
3. Does your company prepare periodic cash budgets?
4. Is management often able to predict the cash flow patterns of the company quite accurately for a given period of time?
5. What are the cases of discrepancies in case of inaccurate cash flow predictions in cash flow projections?
6. Which action doe the organization take to prevent reoccurrence of discrepancies in cash flow projections?
7. Does the company have a provision for daily cash reporting?
8. Does this company encourage up front (over the counter) cash collections?
9. How often do you carry out bank reconciliation?
10. Does the company have an electronic collection and payment system (Its, EFTs)?
11. How long does it take for the company to collect its debts?
12. What are the cases that the company may delay its cash payments?
13. What is the company’s cash cycle?
14. Does your company use a lock box in handling receivables?
15. Does the company use concentration banking (that is funds are received and process b many banks but then transferred into a central account?

16. Is there an arrangement where bank moves only funds into a transaction account to cover cheques presented that day so that the rest of the cash is left on an interest bearing account until when needed?
17. Could you briefly describe or explain your company's cash management system?
18. In your view, would you think that your company's cash management system has an effect on your profitability position?
19. Do sales for the company increase every year?
20. Are there profitability targets for this company?
21. Which remedial action does management take there is a big discrepancy between targeted and actual annual profits?
22. Are there plans in place to increase the profit centers of this company?
23. Does the profit margin of the company increase per year?

Thank you

APPENDIX III: KREJCIE&MORGAN'S (1970) TABLE FOR DETERMINING SAMPLES SIZES(S) FOR FINITE POPULATION (N)

N	S		N	S		N	S		N	S		N	S
10	10		100	80		280	162		800	260		2800	338
15	14		110	86		290	165		850	265		3000	341
20	19		120	92		300	169		900	269		3500	346
25	24		130	97		320	175		950	274		4000	351
30	28		140	103		340	181		1000	278		4500	354
35	32		150	108		360	186		1100	285		5000	357
40	36		160	113		380	191		1200	291		6000	361
45	40		170	118		400	196		1300	297		7000	364
50	44		180	123		420	201		1400	302		8000	367
55	48		190	127		440	205		1500	306		9000	368
60	52		200	132		460	210		1600	310		10000	370
65	56		210	136		480	214		1700	313		15000	375
70	59		220	140		500	217		1800	317		20000	377
75	63		230	144		550	226		1900	320		30000	379
80	66		240	148		600	234		2000	322		40000	380
85	70		250	152		650	242		2200	327		50000	381
90	73		260	155		700	248		2400	331		75000	382
95	76		270	157		750	254		2600	335		10000	384