EFFECTS OF ASSET MANAGEMENT ON THE FINANCIAL PERFORMANCE OF UNGA GROUP LIMITED

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A RESEARCH PROJECT REPORT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF COMMERCE IN ACCOUNTING AT GRETSA UNIVERSITY

MARCH 2024

DECLARATION

DECLARATION

STUDENT

The research project is my original work and has not been presented for award of any degree or for any similar purpose in any other institution.

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SUPERVISOR

The research project has been submitted with my approval as the university supervisor.

Supervisor signature...........................date....11/12/2024...

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I would also like to thank my family for their moral support and Almighty God for the gift of life and enabling me to work to this far I have reached,

ABBREVIATIONS

AR- accounts receivables

CM- cash management

WC- working capital

IM- inventory management

JIT- just in time

FCFT- free cash flow theory

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ABSTRACT

The study has majored on how assets management can affect the financial performance of a manufacturing company in this case; Unga group limited. The term manufacturing refers to the processing of raw materials or parts into finished goods through the use of tools, human labor, machinery, and chemical processing. A manufacturing business is any business that uses components, parts or raw materials to make a finished good. Manufacturing is key sector in Kenya's economic development, in both its contribution to national output and exports, and for job creation. key targets and specific goals have been set to steer industrial growth. Most experts will cite the Industrial Revolution in the 18th century as the starting point of the development of manufacturing. This major turning point in the history of manufacturing marked the shift from the reliance on hard physical labor to manufacture goods by hand to the adoption of sophisticated machines. Lebal (2013) found out that inadequate cash management procedures was among the major challenge facing organization leading to close up or collapse of the enterprise. Thogori and Gathenya (2014) examined that the role of inventory management on the customer satisfaction and establish the most firms in kenya have poor inventory management systems which negatively affects the firm's ability to satisfy their customers. Sitienei and memba (2005) also explored the effects of inventory management on the profitability of a cement manufacturing firms. This study established a negative relation between inventory turnover, conversion period of inventory and storage cost with firm's profitability. Tong (2009) examined the relationship between trade receivables and probability in the Netherland and found that there was no direct relationship between profitability and receivables in kenya. This has necessitated this study on how the assets management can affect the financial performance of a manufacturing company; in this case the Unga group Limited. General objective of the study was to assess the effect of assets management to the financial performance of the Unga group Limited. Hypothesis H0 – No significant effect of the assets management of Unga group Limited to its financial performance. This study used a descriptive survey design to assess the impact asset management has to the financial performance of the Unga group Limited. The researcher collected data and systematically analyzed the data, so as to bring out the relationship between the study variables, and came up with a meaningful conclusion out of the data.

CHAPTER ONE: INTRODUCTION

1.0 INTRODUCTION

The content in the introduction includes; background of the study, statement of research problem, purpose, conceptual frame work, research questions, objectives and significance.

1.1 BACKGROUND OF THE STUDY

The term manufacturing refers to a process whereby raw material are worked on so as to produce final products. A manufacturing business is now the entity or firm which carries out the conversion of raw material to finished goods. This manufacturing entails use of tools, human labor, machinery and chemical processing. Due to high population increase each and every day, the demand for the processed goods has increased hence making the manufacturing industry to grow faster so as to fulfil the needs of the customers. Some of the manufacturing firms that has emerged include; Capwel industry limited, Two cousins distillers limited, Unga group limited, among many others

One of the key thing that should be considered in a manufacturing firm is the management of assets. The asset management in the manufacturing firm impacts more than just a machinery and plant. This study majors on how the management of the current asssets like, cash , inventory and receivables affects the profitability or financial performance of the manufacturing industry. Abioro (2013) stated that cash management as the ability of the form to have the right amount of money at the right time in the right place so as to make sure the obligations of the firm are met in an effective way. Receivables which can also be called debtors, accordind to accounting coach (2009), they are the assets which the firm gets from the provisions of credit good or services to customer. Khadwo (2016) refered inventory management to maintaining the level of stock in a firm in a way that the firm will incur a least cost and then still achieve the objectives or hit the target.

1.2 STATEMENT OF THE RESEARCH PROBLEM

As per W.G Maina (2001), the first decades after the independence, manufacturing industry contribution in kenya has increased at a rate of 9-10% per annum on average with notable expansion in the textile and garments, food, beverages and tobacco production. Manufacturing

sector's share of GDP increased marginally. Such a share which was 10% on average in 1960's, increased by 3% point upto 1989. The kenya manufactrures have today unveiled a roadmap to increase the sector's contribution to GDP to 20% by 2030.

In 2015, a research carried out by Lebal showed out that among the challenges that are being faced by manufacturing companies, one is inadequate cash management procedures which at some time lead to close up of enterprise. Gathenya in 2016 carried out a study on inventory mansgement. In the study he concluded that most firms have poor inventory management systems which affected the ability of the firm to satisfy the customer needs to the fullest. Other guys like sitienei and memba (2015), assessed the effects of inventory management on the financial performance of the cement company. In their findings, they came up with a negative relationship between inventory, conversion period of the inventory and storage cost with the firm's profitability. On matters concerning receivables, Tong (2009) conducted a research on the relat6ion between the receivables and profitability whereby he came out with a finding that there was no direct relationship between the profitability and the receivables.

It is for these reasons that this study sought to determine the effects of assets management (cash, inventory and receivables) to the financial performance (profitability) of the manufacturing industry (Unga group limited).

1.3 PURPOSE OF THE STUDY

As a result of many existing manufacturing companies both large and small, this study had purposed to examine the effects of assets management on the financial performance of manufacturing industry (unga group limited).

1.4 CONCEPTUAL FRAMEWORK

Independent variables   **dependent variable**

```
┌─────────────────────┐
│  Cash management    │
│                     │
│   • Cash ratio      │
│                     │
└─────────────────────┘

┌─────────────────────┐                    ┌─────────────────────┐
│ Inventory management│                    │ Financial performance│
│                     │                    │                     │
│  • Inventory turnover│                   │  • Profitability ratio│
│       ratio         │                    │                     │
└─────────────────────┘                    └─────────────────────┘

┌─────────────────────┐
│ Receivable management│
│                     │
│  • Receivables turnover│
│       ratio         │
└─────────────────────┘
```
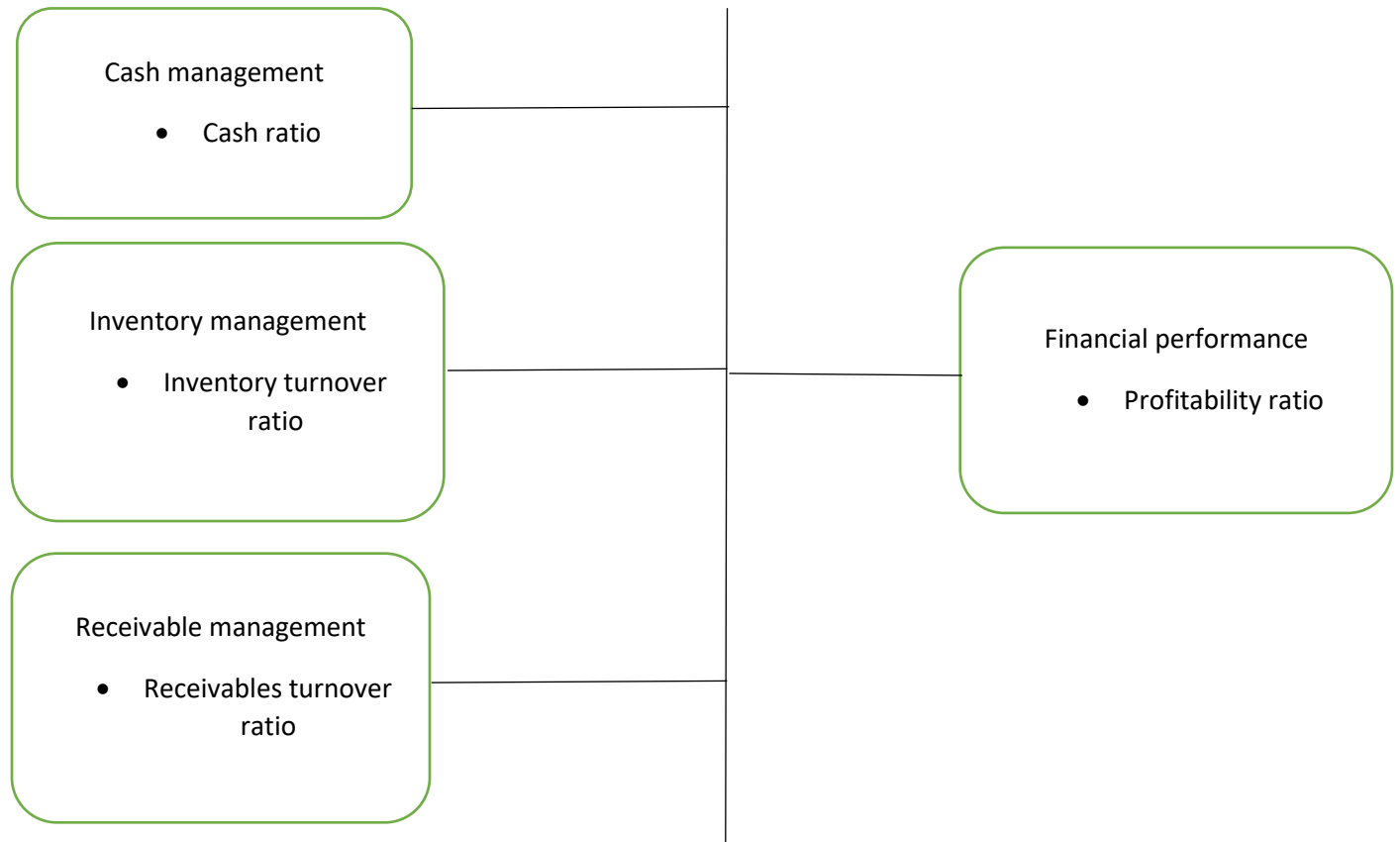
Figure 1: conceptual framework

1.5 RESEARCH QUESTIONS

1. Does cash management have any significant effect to the financial performance of the unga group limited?

2. Does inventory management have any contribution to the financial performance of the unga group group limited?

3. Does receivable management affect the financial performance of the unga group limited?

1.6 OBJECTIVES OF THE STUDY

1.6.2 GENERAL OBJECTIVE

General objective of the study is to assess the effects of the assets management on the financial performance of the unga group limited.

1.6.2 SPECIFIC OBJECTIVES

1. To assess the effects of the cash management on the financial performance of the unga group limited

2. To evaluate the effects of inventory management on the financial performance of the unga group limited

3. To assess the effects of receivables management on the financial performance of the unga group limited.

1.7 SIGNIFICANCE OF THE STUDY

The study intented to give an understanding of how asset management affects the financial performance of manufacturing companies in the kenya hence boosting their productivity. Asset management study will make it easy for manufacturing businesses of all sizes to keep track to their assets. By keeping track of the assets, manufacturing firms will have information about the possible return from the available assets. With the asset management you can hold employees accountable when they use an asset. Assets management will give a real-time and accurate view of what assets are truly existing. The manufacturing firms in kenya or outside kenya through implementation of this information can improve on their financial performance. Some of the beneficiaries of the study will include; general population of the manufacturing companies in kenya, students specializing in accounting and entrepreneurs who are about to open manufacturing companies.

CHAPTER TWO: LITERATURE REVIEW

2.0 INTRODUCTION

This section mainly gives an account about the various literature reviews concerning the main topics of the research study, which includes; financial performance. Cash management, Inventory management, Receivable management, theoretical framework and research gap.

2.1 FINANCIAL PERFORMANCE

Financial performance is the measurement of how a business utilizes its resources to generate revenues. This financial performance is measured through the profitability ratio. According to Farah and Ninah (2016), the profitability shows the ability of the firm to use the available assets in generating earnings within a certain period of time. This profitability involves capacity to make benefits from all business operations of an organizations, firm or company and portrays the efficiency of management of management in converting firm's resources to profits (Muya and Gathogo, 2016).

Many firms try their best to improve their profitability and even spent countless in meetings in trying to draft a way of reduce operational cos as well as improving productivity in terms of sales (schreibfeder, 2006). To measure the performance of a firm profitability is used. To determine the financial performance of an organization, financial statements are considered which are the collection of financial outcomes of the firm for a specific period of time. Financial performance will be measured using return on investment (ROI).

2.2 CASH MANAGEMENT

According to Abioro (2013), cash management is referred to as the ability of the firm to have the right amount of money at the right place and time to cater for a specific financial obligation in the most effective way. Muthama (2016) defined cash management as the process of ensuring good cash balance for the business to remain ongoing. In this cash management, there is holding of cash have control over it before making decision on investment. Wesonga on his research said that the main importance of cash management is to keep business liquid and allow reinvestment of the surplus cash in profitable projects. To measure cash, a cash ratio is used.

In cash management a cash budget is expected to be drafted which enables the firm in planning and controlling cash receipts and payments providing a timely information on the cash flow of the business. Also a cash forecast is needed for the manufacturing firm to run well. this cash forecast is the amount of cash that is expected to be received or to be used in the future and together with cash budget help to prepare for anything that might happen in future. Aren and sibindi (2014), concludes that importance of cash management helps in survival and success of the business as well as attracting investors who can fund its expansion.

2.3 INVENTORY MANAGEMENT

Stock or inventory constitutes a substantial proportion of the current asset group. These are the investment that are made so as to obtain a return from them (Duru, oleka and okpe, 2014). Inventory management according to Khadwo (2016), refers to making sure that the stock or inventory level is maintained to ensure a least cost to is incurred consistent with other management sets objectives or targets. Inventory management is all about ensuring that all needed input materials are available for production as well as ensuring that the operational cost is at minimal level without any effect to the operational efficiency (Enej, Nweze and Udeh, 2012).

Among many other importances, having a suitable strategy of inventory management will always ensure that the optimal level of assets needed is kept. For proper management of inventory which in return has an effect to the performance of the firm a well-functioning inventory system should be introduced (Akindpe, 2014). Inveontories are part of current assets that are convertible to other forms of working capital (cash and receivables) in less than one year period (malicevic, davidovic and stefanovic, 2010).

Inventory management involves planning, organizing, controlling and directing. All these coordinated efforts are meant to ensure achievements of efficiency in all operations of the firm. Some of these operations include procurement, stocking and transportation (Akindpe, 2014).

There is a significant problem which arise as a result of poor management of inventory (muhayimana, 2015). Having inadequate inventory in the firm, affects the smooth running of the business while excess of the same leads to extra cost which in return reduces the profit of the firm (panigraphi, 2013). Again excess of the inventory increases the possibility of spoilage, consumes a lot of space and also leads to financial burden or loss while insufficient or inadequate inventory bring a possibility of interrupting the operation of the business. A study conducted by

Koumanakos (2008) regarding effect of inventory management on the performance of some firms came out with findings that the rate of return is significantly affected by the level of inventory held. Inventory management will be measured through inventory turnover ratio.

2.4 RECEIVABLES MANAGEMENT

Receivables refer to the amount a company's customers owe for goods and services they received but not yet paid for. They can be termed as direct products of credit sales. Businesses must ensure receivables management to avoid finding their liquidity under consideration and strain and to remain profitable, Lynch (2005). Management of receivables has a significant effect on the financial performance of the firm.

According to Pandey (1997), 37% of the current assets represents the receivables in the firm while 16% of the total assets are the receivables mostly in manufacturing firms. A research conducted by Srivastava in India (2001) showed that in the sales of manufacturing firms, 75% are credit sales. The extension of credit to customers in most manufacturing firms is a cost of doing business. In return of incurring these costs the firm can be competitive, attract customers and retain them, improve and maintain sales hence profitability goals.

According to a study conducted in the United State of America showed that main objective of the receivables is to reach an optimum balance between level of credit sales and the amount of receivables (Gill, Gigger and Hurtnur, 2010). Its through involvement in establishment of the credit policy that financial manager take part in control of the accounts receivables.

A firm credit terms are specify the repayment terms required of all its credit customers. Increase in cash discount and cash discount period leads to increase in sales volume, increase in investment in receivables due to new comers and decrease in bad debts expenses. To measure firms receivables, the receivables turnover ratio will be used.

2.5 THEORETICAL FRAMEWORK

2.5.1 FREE CASH FLOW THEORY

The theory states that management has responsibility of holding cash to gain control over it in making decisions (Huseyin, 1997). For the decision to be made by manager, the firstly is that the cash should be available. During the investment, the managers must ensure that they decide to invest on the projects that have a maximum return to the business more than those with less returns. Holding sufficient cash is mostly encouraged to ensure that its invested on the profitable projects that improves the financial performance of the firm.

According to a study conducted by Eljelly (2004), a criticize was raised against the cash flow theory arguing that if managers hold too much cash, then they will be in a possibility of investing to non-profitable project hence lowering the financial performance of the firm. As a solution to the criticism, the managers are now advised and expected to only hold little funds to ensure they get control over it in coming up with the decisions of investing.

2.5.2 JUST-IN-TIME MODEL (JIT)

According to Shun, Ennis and Spurlin (2015), just in time is a strategy that is meant to improve the financial performance of the business by reduction of excess inventory together with its associated cost. According to Obiri-yeboah, Ackah and Makafui (2015), there are three principles from which a just in time model is based on; waste elimination, continuous improvement in productand services quality and involvement of staff/workers in planning and implementation of firms' strategies. Just in time model mostly encourages waste minimization together with productivity enhancement. It's a concept that waste invented to specifically help in firms waste avoidance/ reduction.

Kootanaee, Nagendra and Hamidreza (2013), quoted that "just in time model is able to identify the value chain challenges and helps in reduction of production waste in the system". This model its more of having the right items, right quality and even the right quantity at the right time and place. Implementation of this model has effects to the financial performance. As kootanaee, nagendra and hamidreza (2013), well implementation of just in time model enhances productivity, production quality, production efficiency and reduces waste and avoidable costs associated with production. Firms should therefore emphasize on having minimum required inventory for the operation which inturn will lower some cost like storage cost and wastage cost.

2.5.3 RISK AND RETURN THEORY

Risk heading is the main component considered in the financial decision. These includes how risk can be measured and how the required associates with the risk level is determined (Modigiliani and poguel, 1997). The risk and return must be determined before considering any investment in the finance.

The risk and return theory relates to the receivables management in terms of decision making requiring the trade-off between profitability and liquidity. If the firm considers one thing between the profitability and liquidity, it has to forgo the other. If a firm decides to go for liquidity the it has to forgo the profitability. This means that the firm has chosen to make sale on cash and not on credit of wich the liguidity will be favoured but the profitability will be lower because not all customers can afford to get products on cash.

On the other hand, if a company decides to go for profitability, then it has to forgo liquidity. This will result to increased profit but will reduce the cash flow associated with the cash sales since more sales are on credit bases. Excess receivables will lead to increased cost of collection which is associated with bad debts, high financing, low liquidity and low profit. The best decision concerning risk and return is balancing the two main things (liquidity and profitability) to ensure that the performance of the firm is not affected much. This balance will ensure that there is cash flow associated with the cash sales and again the profitability of the firm will be maintained upto a certain level.

2.6 RESEARCH GAP

In view of the above reviews, theories and many other published literatures, it is evident that much has been documented regarding manufacturing industry and their operations. However, there is limited information on the assets management in the manufacturing firms and the difference it makes on their financial performance. MM omondi and W Muturi (2013), in the 'research journal of finance and accounting 4(15), 99-104, they examined the factors that affect the financial performance of the firms. In their study finding, they listed factors such as company size, liquidity (company's ability to convert assets to cash or cash equivalent to pay for its obligation), leverage (its an investment strategy of using borrowed money to increase potential of returns of an investment), company age (years of operation). Audix (2018) on the factors affecting the financial performance of the company come out with same finding i.e company size, company age, liquidity, leverage. This has left asset management as a factor affecting financial performance un-tackled hence leaving a gap which will be filled by this research.

There is limited information on the assets management by growing manufacturing industries and difference it makes on their financial performance. Therefore, the researcher seeks to seek and fill the gap by determining the effects of assets on the financial performance of the unga group limited.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter shows the various research methods that the researcher will use in the process of collecting and carrying out various data analysis.

3.1 RESEARCH DESIGN

A research design refers to plan that guide a researcher on how to organize the research activities (Bryman and bell 2003). A research design presents a framework or arrangements of actions for a study. The study adopted a descriptive study design to asses the asset management and the difference it brings on the financial performance of unga group limited. According to Dr Aggarwal (2008), descriptive research is devoted to the gathering information about prevailing condition or situation for the purpose of description and interpretation. The research will purpose to use focus on convenient to him/her. This method involves proper analyses, interpretation, comparisons, identification of trends and relationship. The researcher will collect data and systematically analyze the data, so as to bring out the relationship between the study variables and come up with a meaningful conclusion out of the data.

3.2 STUDY AREA

The study was carried out at unga group limited. The parents or holding company was the main focus because it prepares final financial statements that accommodates information from all subsidiaries.

3.3 TARGET POPULATION

Mugenda and mugenda (2017) describes target population as the total composite number 0f characters in a research case that is to be investigated in order to account for information about a particular research phenomenal. This study targeted on the financial performance of the unga group limited for the past 10 years.

3.4 SAMPLING TECHINIQUE

Sampling is the most potential set of a few sizable and calculated number of respondents who in turn are used in the process of giving opinions evidence or statistical variances pertaining to a particular phenomenal, Kelvin and Hother (2019). The research study intends to employ a conveniences sampling whereby the researcher chooses the convenient population. The past 10 years of operation of unga group limited seemed convenient for the study.

3.5 MEASUREMENT VARIABLES

Variables	Measurement indicator	Measurement scale
Cash management	Cash ratio	Ratio
Inventory management	Inventory turnover	Ratio
Receivables management	Receivable turnover	Ratio
Financial performance	profitability	Ratio

Table 1: variables measurements

3.6 SAMPLES SIZE

This study mostly targeted on the samples size of 10 years. These are the past 10 years of operation of the company.

3.7 RESEARCH INSTRUMENT

The research study used secondary data. The study relied on financial statements of the unga group limited of the past 10 years 1.e the income statement and statement of financial position which would enable the researcher to come up with conclusions about the profitability of the firm.

3.8 VALIDITY MEASUREMENT

According to Okello (2016) validity is the notion under which a research is well purely grounded and supported to the fact that it meet its preferable standards. Validity was ensured by conducted and reserved engagement and through scrutiny with the university supervisor to ensure sound validity of the research instrument.

3.9 RELIABILTY MEASUREMENT

Reliability refers to the degree of the consistency whereby a phenomena are given the same cluster by different observers or by the same observer on different situations. Ameasure is reliable if the results obtained under consistent studies are similar, (Biasutti and Frate, 2017). The research made use of the financial statements of the firm from which data was being obtained.

3.10 DATA COLLECTION TECHNIQUE

The researcher collected secondary data on the Unga group limited annual statements from the company's website and compared to that of Nairobi Security Exchange. The company's secondary data are essential for the study because they provide summarized data making it easier for data analysis and interpretation.

3.11 DATA ANALYSIS

The collected data was analyzed quantitatively and evaluated for clarity, relevance and accuracy. SPSS version 26 was the key tool for data analysis for testing hypothesis in the research or an experiment. Regression analysis was done as illustrated below.

$Y = a + B_1X_1 + B_2X_2 + B_3X_3$

Where;

a= financial performance

$B_1B_2B_3$= correlation coefficient of independent variables on dependent variables

X_1= cash management

X_2= inventory management

X_3= receivable management

3.12 LOGICAL AND ETHICAL CONSIDERATION

The research followed all ethical consideration during data collection. The researcher obtained only the relevant information correctly to avoid giving out wrong information concerning the firm. In case of a private information the research will lock to safeguard privacy of the firm.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 INTRODUCTION

The current chapter covers the research's analysis, results and discussions. It contains data obtained from secondary sources, that is from financial statements of Unga group limited which are available on their website. The study employed financial data for Unga group limited's past ten years (2013 to 2022)

4.2 OVERVIEW OF THE FINDINGS

4.2.1 FINANCIAL PERFORMANCE

Financial performance was measured using ROI (return on investment) of profitability ratio. The firms return on investment (ROI) was 0.042 in 2013, 0.059 in 2014, 0.072 in 2015, 0.055 in 2016, 0.062 in 2017, 0.079 in 2018, 0.051 in 2019, 0.0055 in 2020, 0.029 in 2021 and 0.037 in 2022. As per the figure 2.0 below the trend has been varying.
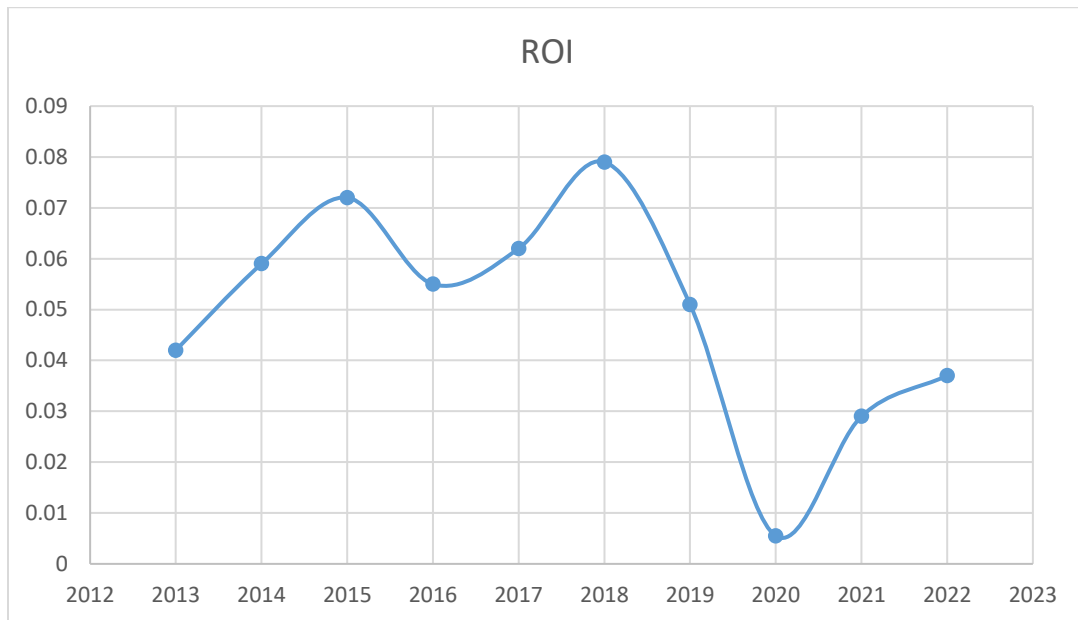
Figure 2.0 Return on investment

Source: author's computations

4.2.2 CASH MANAGEMENT

The study sought to determine the effects of cash management on the financial performance of the unga group limited. This cash management was measured using the cash ratio from which following results were obtained. The cash ratio was 0.126 in 2013, 0.24 in 2014, 0.518 in 2015, 0.435 in 2016, 0.37 in 2017, 0.44 in 2018, 0.246 in 2019, 0.131 in 2020, 0.50 in 2021 and 0.27 in 2022 as per the figure below
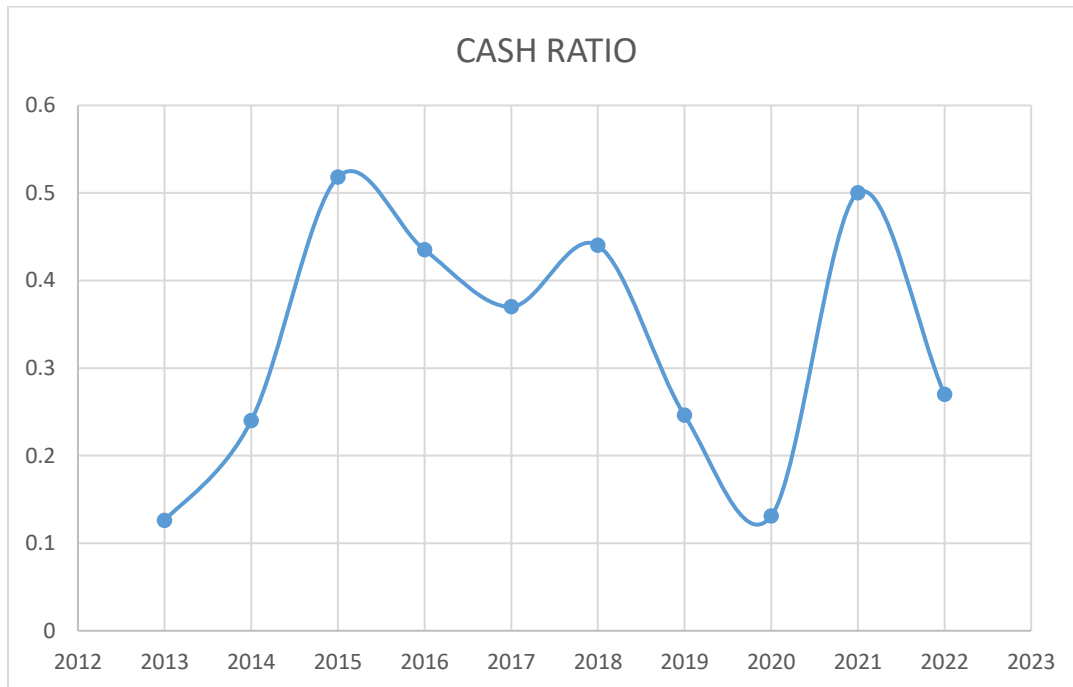
Figure 3.0 Cash ratio

Source: author's computations

4.2.3 INVENTORY MANAGEMENT

In the process of researching, the researcher considered the effect of inventory management on the financial performance of the unga group limited. The inventory management was measured using the inventory turnover ratio. The finding were as follows; the ratio was 5.44 in 2013, 6.37 in 2014, 7.30 in 2015, 7.35 in 2016, 6.42 in 2017, 7.42 in 2018, 5.65 in 2019, 4.47 in 2020, 4.5 in 2021 and 5.34 in 2022. This has been also recorded in the graph below.
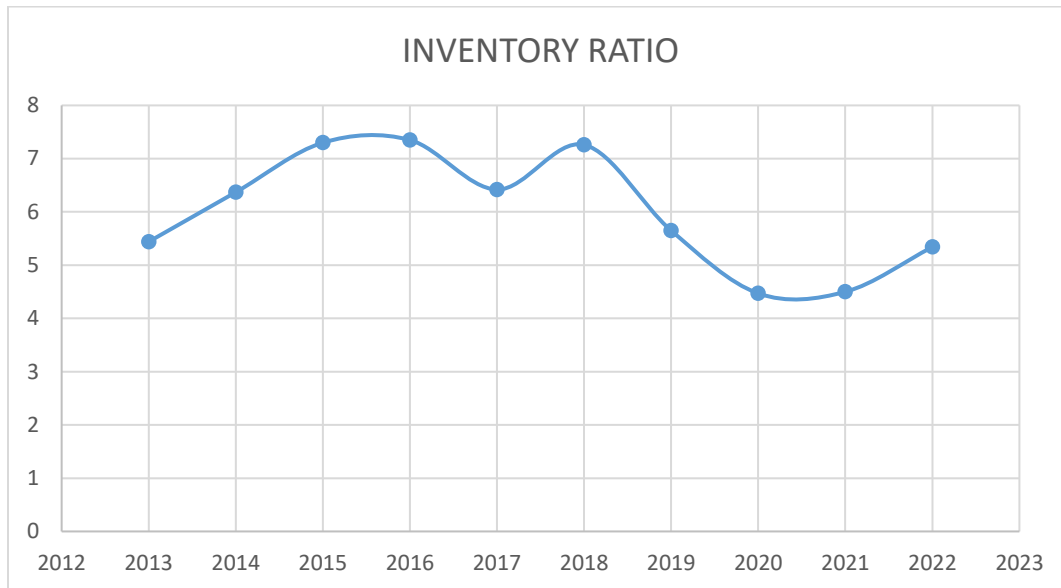
Figure 4.0 Inventory turnover

Source: author's computations

4.2.4 RECEIVABLE MANAGEMENT

The researcher sought the effect of receivable management on the financial performance of the unga group limited. This receivable management was measured using the receivable (debtor) turnover ratio. The findings were as follows: in 2013 the turnover was 8.197, 9.43 in 2014, 9.36 in 2015, 9.09 in 2016, 8.79 in 2017, 9.10 in 2018, 5.85 in 2019, 4.35 in 2020, 7.103 in 2021 and 6.81 in 2022. This has been summarized in the graph below.
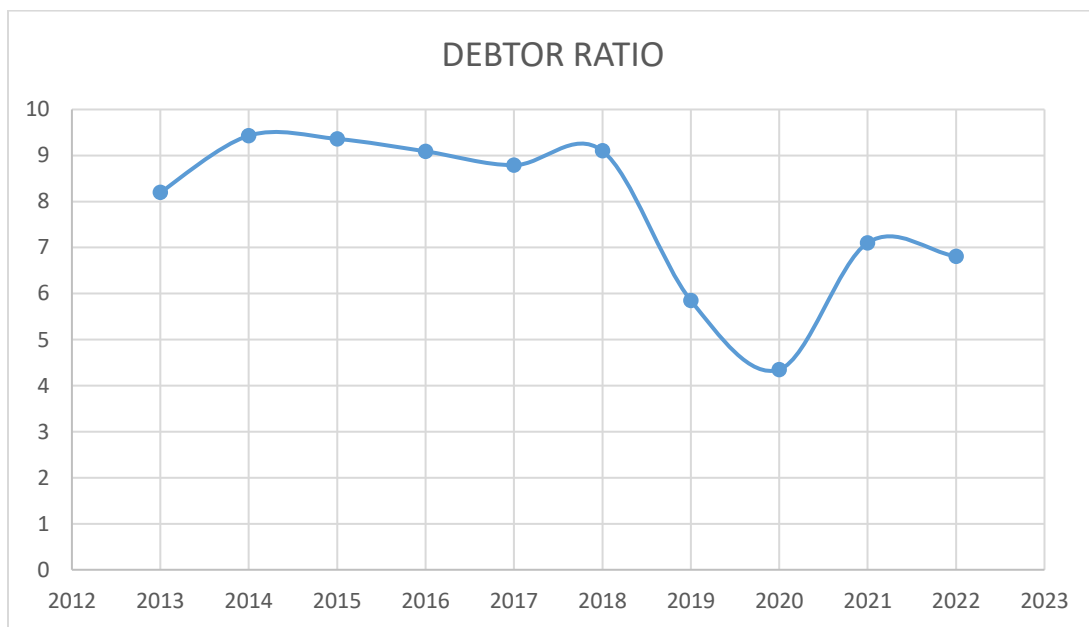
Figure 4.0 Debtor turnover

Source: author's computation

4.3 DESCRIPTIVE STATISTICS

The study presents the average, minimum, maximum and standard deviation variables in the table below. The analyzed data was gathered from the unga group limited from 2013 to 2022.

	N	MINIMUM	MAXIMUM	MEAN	STANDARD DEVIATION
FINANCIAL PERFORMANCE	10	0.055	0.079	0.049	0.065
CASH MANAGEMENT	10	0.126	0.518	0.3276	0.043
INVENTORY MANAGEMENT	10	4.47	7.42	6.026	1.063
RECEIVABLE MANAGEMENT	10	4.35	9.43	7.808	3.38

Table 2: descriptive statistics

SOURCE: AURTHORS COMPUTATIONS

4.4 CORRELATION ANALYSIS

The pearson correlation analysis was performed to determine the connection or the relationship between variables. The results were as follows:

correlation analysis

		FINANCIAL PERFORM	CASH MANAGEMENT	INVENTORY MANAGEMENT	RECEIVABLE MANAGEMENT
FINANCIAL PERFORMANCE	Pearson correlation	1	0.0095	0.737	0.00979
	sig (2-tailed)		0.084	0.64	0.033
CASH MANAGEMNT	Pearson correlation	0.0095	1	0.016	0.019
	sig (2-tailed)	0.084		0.045	0.061
INVENTORY MANAGEMENT	Pearson correlation	0.737	0.016	1	0.027
	sig (2-tailed)	0.64	0.045		0.05
RECEIVABLES MANAGEMENT	Pearson correlation	0.00979	0.019	0.027	1
	sig (2-tailed)	0.033	0.061	0.05	

Tables 3: correlation analysis

Source: Authors computations

Therefore, since asset management in this study comprised of cash management, inventory management and receivable management, it is clear that effective management of assets has a positive effect to financial performance of the Unga group limited. It is now evident as per the table above, that the cash management has got a weak positive correlation with the financial performance of the unga group limited of 0.0095. This means increase in cash will lead to increase in financial performance. On the inventory management, it has a strong positive correlation with the financial performance of the unga group limited. This means an increase in the inventory leads to increase in increase in financial performance of the firm (0.737). On the category of receivable management, the correlation is positive which means an increase in the receivable leads to decrease in financial performance (0.0979).

4.5 REGRESSION ANALYSIS

4.5.1 Regression Statistics

Regression Statistics	
Multiple R	0.837
R Square	0.701
Adjusted R Square	0.552
Standard Error	0.010
Observations	10

ANOVA

	df	SS	MS	F	Significance F
Regression	3	0.0014	0.00049	4.70	0.051
Residual	6	0.0006	0.00010		
Total	9	0.0021			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.0099	0.0188	0.52	0.616	0.015	0.036	-0.0559	0.036
Cash management inventory	0.0127	0.028	0.45	0.66	0.031	0.056	-0.0817	0.056
management	0.0165	0.0052	3.125	0.020	0.003	0.029	0.0035	0.029
Receivable management	0.00402	0.0034	1.166	0.287	0.0024	0.0044	-0.0124	0.0044

The regression model has 3 degrees of freedom and explains a sum of squares (SS) of 0.00147.

The mean square (MS) for the regression is 0. 00049.The residual, representing unexplained

variability in the dependent variable, has 6 degrees of freedom and a sum of squares (SS) of 0.00062. The mean square (MS) for the residual is 0. 00010.The total sum of squares is 0. 0021.The F-statistic for the regression model is 4.706, with a p-value of 0.051. This indicates that the regression model as a whole may not be statistically significant at the typical significance level of 0.05.

4.5.2 Regression Coefficients explanation

The intercept term is statistically significant, with a t-statistic of 0.527 and a p-value of 0.616. This suggests that when all independent variables are zero, the dependent variable is significantly different from zero. The coefficient for cash management is statistically significant, with a t-statistic of 0.454 and a p-value of 0.66. This indicates that cash management have a significant positive effect on the dependent variable. The coefficient for inventory management is statistically significant, with a t-statistic of 3.125 and a p-value of 0.020. This suggests that inventory management has a significant positive effect on the dependent variable. The coefficient for receivable management is statistically significant, with a t-statistic of 1.166 and a p-value of 0.287. This indicates that receivable management have a significant positive effect on the dependent variable.

4.5.3 PROBABILITY OUTPUT

Percentile	Financial performance
5	0.029
15	0.037
25	0.042
35	0.051
45	0.055
55	0.055
65	0.059
75	0.062
85	0.072
95	0.079

There's variability in financial performance across percentiles, indicating that the distribution of financial performance is not uniform. For example, the financial performance at the 5th percentile (0.029) is lower than at the 95th percentile (0.079), suggesting a wide range of performance outcomes. The spread of financial performance values increases as we move from lower to higher percentiles. This indicates that there's greater variability or dispersion in financial performance outcomes for higher-ranked entities (e.g., companies, investments) compared to lower-ranked ones.

RESIDUALOUTPUT

Observation	Predicted performance	Financial Residuals	Standard Residuals
1	0.045	-0.0035	-0.421
2	0.054	0.0046	0.554
3	0.066	0.0055	0.66
4	0.069	-0.014	-1.729
5	0.056	0.0058	0.705
6	0.070	0.0084	1.017
7	0.056	-0.0058	-0.69
8	0.044	0.01019	1.22
9	0.029	-0.00048	-0.057
10	0.0475	-0.0105	-1.25

From the table above, observations 4 and 10 have negative residuals, indicating that the actual financial performance was lower than predicted. Observations 2, 3, 5, 6, 8 have positive residuals, meaning that the actual financial performance was higher than predicted. Looking at the standard residuals, observations 4 and 10 stand out as they have values well below -1 standard deviation, indicating they are significant outliers in terms of underperformance compared to predictions. Similarly, observation 8 has a standard residual well above 1, indicating it's a significant outlier in terms of over performance compared to predictions.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter deals with summary of study findings, conclusions and recommendations.

5.2 SUMMARY OF THE FINDINGS

The study investigated the effects of assets management on the financial performance in manufacturing companies in kenya, a case study at Unga group limited. The study was guided by three objectives which were to assess the effects of cash management on the financial performance of the unga group limited, to evaluate the effects of inventory management on the financial performance of the unga group limited and to assess the effects of receivables management on the financial performance of the unga group limited.

It was found that the cash management had a positive correlation of 0.0095 with the financial performance of the firm which means increase in the cash management can slightly lead to increase in financial performance of the entity. On the side of the inventory management, it has a strong positive correlation of 0.757 with the financial performance of the firm. This means that increase in inventory management led to increase in the financial performance of the firm. Finally, it was found that the receivable management correlated positively with the financial performance of the firm. Which meant that the two variables have direct proportional relationship, therefore increase in one of them led to increase of the other.

The study sample size was the past ten year of operation. It was found that the financial performance of the firm varys each and every. During the era of covid-19 the performance seemed going down due to the effects which accompanied the covid -19 emmergence. Though after the period the financial wellbeing seemed rising, but it couldn't return to the original position. As per the graphics drafted from the findings, it was evident that more efforts had been set on inventory and receivable which seemed to have started rising unlike cash management which was yet to recover from the effects.

5.3 CONCLUSION

The study found that there was a relationship between asset management and the financial performance of the firm. The variables under considerations were cash management, inventory management and receivable management. The study found that there was a significant relationship between the variable under consideration and the financial performance of the manufacturing companies.

5.4 RECOMMENDATIONS

This study therefore, recommends that for the Unga group limited financial wellbeing to improve and the general growth of the firms, they need more than assets management. As much as firm should embrace asset management, for them to grow and expand their financial capacity, they need to do more. This is because as per this research, asset management has a high contribution to the firm's financial wellbeing.

5.5 FURTHER RESEARCH

From the findings, further research would be essential to consider studying other factors that contribute to financial wellbeing of the unga group limited other than those which have being done in this study. This would help not only the manufacturing companies in Kenya but also contributing in strengthening the Kenya economy altogether through maintaining constant improvements in the business sector and any other organizaions.

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APPENDICES

APPENDIX A: DATA COLLECTION ANALYSIS

YEAR	FINANCIAL PERFORMANCE	CASH MANAGEMENT	INVENTORY MANAGEMENT	RECEIVABLE MANAGEMENT
2013	0.042	0.126	5.44	8.197
2014	0.059	0.24	6.37	9.43
2015	0.072	0.518	7.3	9.36
2016	0.055	0.435	7.35	9.09
2017	0.062	0.37	6.41	8.79
2018	0.079	0.44	7.42	9.1
2019	0.051	0.246	5.65	5.85
2020	0.0055	0.131	4.47	4.35
2021	0.029	0.5	4.5	7.103
2022	0.037	0.27	5.34	6.81

APPENDIX B: SAMPLE OF STATEMENT OF FINANCIAL POSITION OF UNGA GROUP LIMITED

Unga Group Plc
Financial Statements
For the year ended 30 June 2020

Consolidated statement of financial position

At 30 June	Notes	2020 Shs'000	2019 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	23	3,963,751	3,767,385
Right-of-use assets	24	146,099	174,606
Intangible asset	25	24,115	22,723
Deferred income tax	18	3,962	4,716
		4,137,927	3,969,430
Current assets			
Inventories	19	4,615,753	2,752,081
Trade and other receivables	20	2,540,018	3,017,093
Current income tax		95,692	66,124
Cash and bank balances	28	661,486	841,338
		7,912,949	6,676,636
TOTAL ASSETS		12,050,876	10,646,066
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	378,535	378,535
Share premium	14	73,148	73,148
Other reserves	15	(41,298)	(46,131)
Retained earnings		3,630,270	3,633,977
		4,040,655	4,039,529
Non-controlling interests	16	2,050,498	2,015,881
Total equity		6,091,153	6,055,410
LIABILITIES			
Non-current liabilities			
Post-employment benefits obligation	27	3,543	31,660
Deferred income tax	18	269,099	249,095
Borrowings	17	592,803	802,352
Capital grants	22	64,674	59,830
Lease liabilities	24	11,221	34,111
		941,340	1,177,048
Current liabilities			
Trade and other payables	21	4,747,086	3,112,013
Current income tax		6,762	6,430
Lease liabilities	24	27,637	34,652
Borrowings	17	236,898	260,513
		5,018,383	3,413,608
Total liabilities		5,959,723	4,590,656
TOTAL EQUITY AND LIABILITIES		12,050,876	10,646,066

The financial statements on pages 22 to 73 were approved for issue by the Board of Directors on 24 September 2020 and signed on its behalf by:

I Ochola- Wilson (Mrs)   N Hutchinson
Director   Director

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Source: author

APPENDIX C: SAMPLE OF INCOME STATEMENT OF UNGA GROUP LIMITED

Unga Group Plc
Financial Statements
For the year ended 30 June 2020

Consolidated statement of profit or loss

For the year ended 30 June	Notes	2020 Shs '000	2019 Shs '000
Revenue from contracts with customers	5	18,260,544	17,895,670
Cost of sales		(16,474,989)	(15,363,481)
Gross profit		1,785,555	2,532,189
Other income	8	32,219	46,322
Selling and distribution costs		(854,949)	(993,193)
Administrative expenses		(662,162)	(866,358)
Operating profit		300,663	718,960
Finance income	10	19,248	62,990
Finance costs	10	(203,002)	(166,748)
Profit before income tax		116,909	615,202
Income tax expense	13	(50,748)	(70,388)
Profit for the year		66,161	544,814
Attributable to:			
Owners of the parent		34,146	342,147
Non-controlling interests		32,015	202,667
		66,161	544,814

Earnings per share attributable to owners of the Company (expressed in Kenya shilling).

		2020	2019
Basic and diluted earnings per share	6	0.45	4.52

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Source: author