

**ST. MARY'S UNIVERSITY  
FACULTY OF BUSINESS  
DEPARTMENT OF ACCOUNTING**

**WORKING CAPITAL MANAGEMENT  
PRACTICES IN ADDIS ABABA WATER WORK  
CONSTRUCTION (AAWWC)**

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JUNE 2014  
ADDIS ABABA

**WORKING CAPITAL MANAGEMENT IN ADDIS ABABA WATER  
WORK CONSTRUCTION (AAWWC)**

**A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF ACCOUNTING  
BUSINESS FACULTY ST. MARY'S UNIVERSITY**

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## **Acronym (Abbreviation)**

AAWWC – Addis Ababa Water Work Construction

WCM – Working Capital Management

## **Abstract**

The main purpose of this study is to analyze the working capital management practice in Addis Ababa water work construction located in Addis Ababa. Working capital is motive factor for a business form. There should serious control over it, but there is a problem like in efficient and improper management of working capital which rose from carelessness or do not give attention in their short – term assets and short term financing which leads the business firm much destruction. This study intended to analyze working capital management. Data for this study was collected from primary and secondary sources such as interviews, financial statement of the organization and related data, the data collected was analyze and interpreted using simple descriptive analysis to make understandable for user. Furthermore the overall working capital management practice in Addis Ababa water work construction shows satisfactory level. However the management of the company should give attention for credit policy to have advantage of long - term and short – term benefit through formulating credit system.



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# CHAPTER ONE

## 1. INTRODUCTION

### 1.1. Background of the study

Several years of challenging economic and financial market conditions have caused companies around the world to intensify efforts to extract efficiencies and eliminate risks in the management of their working capital. The most obvious evidence of this effort has been the accumulation of large cash position by multinational companies. As we know working capital means the firms holding current short term assets such as cash, receivable, inventories and marketable securities, though this is the fact much gross working capital, that is total current and circulating assets.

Developing and implementation of sound strategies for the management of current assets and the financing of these assets are important parts of the activities. Some of the reasons for this importance are significant resources, daily impacts, creditor and investor affects working capital needs in forms for many reasons these are volume of sales, seasonal and cyclic factors, technological development and philosophy of the firm. (Smith, 1979)

The nature of working capital is described by the operating cycle of the firm the process of cash or operation cycle starts when a firm use to purchase raw material pay for the manufacturing cost to produce goods when good are sold either cash is received or account receivable are created. This the cash cycle is complete are a new process of cash state over again. These processes are described as circulating nature of current asset. The speed of circulation of working capital is an in dictator of the degree of the efficient of the management.(Smith, 1979)

Working capital management practices in the post-crisis (2009 - 2012) green which association conduct interview with officials from 50 large international companies based in Europe, North America and Asia. The result of this study shows that most of the companies efficiency and effectiveness are depends on managing of working capital (Never, 1985)

Working capital is the life blood and nerve center of business just circulation of blood is essential in human body for maintain life. Working capital is very essential to maintain the smooth running of a business, no business can run successfully without an adequate amount of working capital.

According to Guttman and digu working capital is excess of current asset over current liabilities. Also, park and glodson defined working capital as the excess of current assets of a business (i.e cash, A/R, inventory) over current liabilities.

Working capital needs efficient and proper management involves the relationship between affirms short term assets and its short term liabilities. The goal of working capital management is to ensure that a firm is able to continue its operation and that it has sufficient ability to satisfy both maturing short term debt and upcoming operational expense the management of working capital involves managing inventories, account receivable, account payable and cash. (Pinches,1993)

## **1.2. Background of the organization**

Addis Ababa water work construction was form in 1947 in the name of Addis Ababa water resource commission but, in 1991 Addis Ababa water resource commission was absorbed in the ministry of natural resource and environmental protection. In 1994 when the government restructured all the public owned organization. The major construction department was restructured under the new name of Addis Ababa water work construction.

AAWWC are a mission for delivering quality effective and efficient service to its customer through the execution of water supply and sewerage Network, deep will drillings, hydro power plant, construction of roads and buildings, land declamation and manufacturing and sell different kind of piper necessary for its activities.

AAWWC are a value for customer satisfaction through quality, effective and efficient service, transport and cost effective management style and employees centered and consultative leadership system. And AAWWC are a vision to become a reputed and internationals competitive organization in development and construction water works.

### **1.3. Statement of the problem**

Any nation in general and an organization in particular wants to run their work smoothly through a proper utilization of working capital management. Without a good managing of working capital management, it is difficult to do every tasks. Working capital management is indispensable (very important) tool for any kind of firm. Despite its advantage, not few forms do not give it due attention or they fail to manage their working in the intended and production way. Inefficiency and improper (inadequate) management of working capital resulted in much distraction in firms. If a firm's level of working capital is very less or inadequate, then the firm has to face many problems like fixed assets can't be utilized properly, planning may not implemented and the goal are not achieved. Long and short term credit also affect as we know long term credit is a lot advantage for instance the firm buying heavy equipment or other expensive item needed by the company and also long term credit has affect the company by high burden of interest of the organization and also short term credit are a lot of advantage for instance it's used for foundational operating equipment of the firm and it's used to meet their temporary requirements of many and they do not create a heavy burden of interest in the organization short-term has also a disadvantage of quickly turn into longtime debt if there is no clear plan and no quick return on investment.

The distinct benefits of long and short term credit (this become the result of inability to pay their liability because of inadequate finance (WCM), the firm has not a capacities to handle long term and short term credit the form (AAWWC) has not properly use the above credit this becomes a gap between the due date of credit payment and working capital implementation within the organization those are the major problem.

This problem exists because of many reason, this studies is intended to analyze the working capital management's, causes of inadequacy in working capital management, because the proper utilization of working capital mandatory for smooth running of the organization but, the in balance between the actual practice and budget are becomes an obstacle for the job in this time the above problem are exists. And policy of working capital management in the organization (AAWWC) are also a lot of problem, like budget can be flow after a long time study, and fund flowing in the organization is not by comparing the current market value of the goods this

becomes the in balance between the works budget and actual practice. Those are the actual problem which is found in the organization (AAWWC).

#### **1.4. Research question**

The research questions used to address or to be answered at the end of the study, included-

- What are the major problems with regards to working capital management?
- What are the importances of managing working capital management for the organization?
- How to control working capital management in AAWWC?
- How to hold the inventory in AAWWC?

#### **1.5. Objective of the study**

##### **1.5.1. General objective**

The overall objective of this study is to examine and show the actual practice of working capital management in Addis Ababa water work construction.

##### **1.5.2. Specific objective**

The specific objectives of the study are:-

- To assess the problems which have a relation with working capital management and to give possible solution.
- To study the working capital management system in the company.
- To assess the cash holding and inventory managing
- To examine the feasibility of present system of managing working capital in the company.

#### **1.6. Significance of the study**

This study has attempt to contribute as a source of knowledge for future reference, similarly it benefits the top manager and policy makers in the selected company (AAWWC) regarding decision and optimum level of working capital managing it and over all policies on working capital management. The study also opens the door and serves as a reference for other researcher who likes to study the same issues in wider scale.

### **1.7. The scope (Delimitation) of the study**

The study was delaminated in title to working capital management practice in Addis Ababa water works construction located in Addis Ababa with in the year between 2001up to 2005.

### **1.8. Limitation of the study**

The researchers assumed unwillingness of the respondents, shortage of time, Lack of adequate financial resource and related research works, but not farther unexpected willingness expressed by the employees. The only limitation that the researchers faced was shortage of time to collect the questionnaires.

## **1.9. Research Design and Methodology**

### **1.9.1. Research design**

Our research was design for gathering necessary information related to our study, In order to get that information the researchers was design different method. i.e qualitative and quantitative data, those gather data was interpret by using descriptive and numerical way, then analysis, interpret and present all the data.

### **1.9.2. Population size and sampling technique**

So as to meet the stated objective the researchers take **36** employees as sample size from the total population of **48** by using purposive sampling method (technique). Our research are focused in finance department a finance department are takes 48 employee within those employee 10 of those are similar position but the remaining are in different position and also our research is to become reliable, that is why we are taken 36 employees from 48. Since, the researchers used purposive sampling technique from non probability sampling because the researchers focus on finance department.

### **1.9.3. Type of data to be collected**

The data we were collected from primary data (i.e interview, questionnaire) and secondary data (i.e from the company document). It was collected based on qualitative and quantitative method.

#### **1.9.4. Method of data collection(Data gathering technique)**

The methods (instrument) that we were use to collect the necessary data are through interview (from top management), questionnaire especially the close and open ended question.

#### **1.9.5. Data analysis method**

The researchers were used stastical method to analyze the data by using percentage, table with numerical description. In order to analyze the data it was used description method to describe the necessary information.

### **1.10 Organization of the paper:**

This study contained four chapters, the first chapter is an introduction part its give general highlight about the study, the second chapter is literature review its give basic information about the study with related to the authors idea, the third chapter is data presentation, Analysis and interpretation. Finally chapter four is summary, conclusions and recommendation.

# CHAPTER TWO

## 2. Review of related Literature

Working Capital management involves managing of individual current assets, the managing of individual current liabilities and the managing of all interaction that like current assets with current liabilities and with other balance sheet accounts. (Smith, 1979)

Never (1985) states that the management of corporation sources and uses of short-term funds working capital management. Working capital management as a specialized area of managerial finance is important due to repetitive decision making required to manage constantly changing current assets and current liability levels. These levels must be monitored in order to bring deserved levels, to avoid lost sales and liabilities are accomplished by executing strategies with risk-return characteristics that ideality item as being either conservative or aggressive. They designed risk return characteristics contains in a corporation over all working capital policy are obtained by company separate strategies.

Working capital involves the financing and management of current assets of the firm. Firm ability to properly manage current assets and the associated liability obligation may determine how well it is able to survive. In the short run, so the extent that part of the buildup in current asset is permanent financial arrangement should carry longer maturities. (block and hirt, 1987)

Working capital management is not a onetime decision. The best strategy may vary depending on the seasons of the years, the level or interest rates or the stages of the business cycle. Working capital management is a dynamic area; the firm must be responsive to ongoing heeds and goals, the state of the economy trends in marketing and production. As this factor change, working capital policies must also change (pinches, 1993)

Working capital also gives investors on idea of the company underlying operational efficiency money that is tie-up in inventory or money that customers still owe to the company can be used to pay off any of the company's obligation so, if accompany is not operating in the most efficient manner (show collection) it will show up as an increase in the working capital, this can be seen



by comparing the working capital from one period to another slow collection may signal underlying problem the company's operations.

Working capital refers to the cash a business requires for day to day operations, or more specifically for financing the conversion of raw materials into finished goods which the company sells for payment among the most important items of working capital over accompany managers it's working capital, the less the company needs to borrow, even companies with cash surpluses need to manage working capital to insure that those surpluses are invested in way that with generate suitable returns for investors. (Stan Cill, 1971)

## **2.1. Composition of Working Capital**

### **2.1.1. Current Asset**

A balance sheet t that represents the value of all assets that are reasonably expected to be converted into cash, account receivable, inventory, marketable securities, prepaid expense and other liquid assets that can be headily converted to cash. Current assets are all assets that person can headily convert to cash to pay outstanding debts and cover liability without having to sell fixed assets. These include cash, account receivable and inventory.

#### **2.1.1.1. Cash**

This term has already been defined as cash or hear cash item, so that cash may be invested for short period of time. Currency and coin on bank balances and negotiable money orders and check. The three reasons why many firms hold cash one for the purpose of speculation, for the purpose of precaution and for the purpose of making transactions. All three of these reasons stem from the need for companies to possess liquidity position, holding cash as creating the ability for a firm to take advantage of special opportunities that is acted up on quickly will favor the firm and example of this would be purchasing extra inventory at a discount that is greater than the carrying costs of holding the inventory precautions holding cash or precaution serve as an emergency found for a firm it expected cash inflows are not received as expected cash held on a precautionary basis could been bench marked for transaction. (Stancill, 1971)

#### **2.1.1.2. Account Receivable**

When a firm makes a sale on credit it collects money from the purchaser at some future date, the right to collect this money which is owed to accompany by a customer for products and services

provided on credit, this is often treated as current asset on a balance sheet. A specific sale is generally treated as an account receivable after the customer sends an invoice. (Stancill, 1971)

### **2.1.1.3. Credit Analysis**

Managing receivable is to decide which customers should be granted credit, the traditional approach to credit analysis is to investigate the potential customers with respect to four factors and then summarized the result in order to make a decision on whether or not to grant credit of decision is made as to how much credit the four factors are commonly referred to in the credit profession as the four C'S of credit character, capacity, capital and conditions.

Character has to do with honesty, integrity fairness and other human traits that cause a customer to want or intend to pay for a purchase by a designated due date, capacity has to do with ability to pay by a designated due date, capital also to do with the financial resources of the customer, the fourth factor of credit is conditions, which means the economic and political environment within which credit decision are made. (Smith, 1997)

### **2.1.1.4. Inventories**

These are the goods held by the firm, either for further processing for eventual resale. They may consist of raw material or work in process.

A company's merchandise, raw materials and finished and unfinished product which have not yet been sold these are considered liquid assets since they can be converted into cash quite easily there are various means of valuing these assets. But to be conservative the lowest value is usually used to financial statements. Inventories are carried on the balance sheet at their cash as determined by the purchase price or by cost accounting procedure inventories are less liquid than receivables. (Sishtla, 1982)

## **2.1.2. Current Liabilities**

Current liabilities are the debts of the firm that must be paid during the current accounting period, normally one year; they may consist of money that the firm has actually borrowed for a short period of time. (Sishtla, 1982)

## **2.2. Importance of Working Capital Management**

The importance of good working capital management from a company's point of view, excess working capital means operating the efficiency, moneys that is tied up in inventory or money that customer still owe to the company is not operation in the most efficient manner (slow collection) it will show up as an increasing the working capital from one period to another slow collection may signal an underling problem in the company's operation (Nevev, 1985)

The objective of working capital management to maintains the optimum balance of each of the working capital components this include making sure that funds are help as cash in bank deposits for as long as and in the largest amounts possible there by maximizing the tenses' earned. However, such cash may more appropriately be invested in other assets or in reducing other liabilities decisions relating to working capital and short term financing are referred to as working capital management, these involve managing the relationship between affirm short-term assets and its liability the goal of working capital management is to ensure that the firm is able to continue its operations and it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses. (Nevev, 1985)

The growing importance of working capital management has led to its establishment as specialized area of financial management, the following reasons account for this importance. The actual and designed level of current assets change constant overtime in response to changes it actual and forecast sales, this situation requires that decision to bring current assets to their desired level be made frequently, perhaps on a daily bases. (Never, 1985)

Previously make financial decision may have to be revised in response to changing current assets levels, if example substantial amounts of short term debt are used to finance current assets, then securing additional loan when needed and replacing or revising maturing debt will required additional management, time and skill. The extent to which a corporation is sources and uses of funds are committed to vouching capital must be determined.

Improper management of a corporation's working capital can result in lost sales and profit. It can even result in the corporation being unable to pay its liabilities as they come due. (Nevev, 1985)

### **2.3. The need for working Capital Management**

The need for working capital gross or current assets cannot be over emphasized as already observes. The objective of financial decision making is to maximize the shareholders wealth, to achieve this it's necessary to generate sufficient profit can be earned will naturally depends up on the magnitude of the sales among other thing but sales cannot convert into cash there is a need for in the form of current asset to deal with problem arising out of lack of immediate realization of cash against goods sold, therefore sufficient working capital is necessary to sustain sales activity, technically this is refers to operating or cash cycle. If the company has certain amount of cash it will be required for purchasing the raw material may be available on credit basis. Then the company has to spend some amount for labor and factory over head to convert the raw materials in work in progress and ultimately finished good (Hampton and Wagner, 1989).

These finished goods convert into sales on credit basis in the form of sundry debtors sundry debtors are converting into cash after expiry of credit period. This some amount of cash is blocked in raw materials. Working process, finished goods and sundry debtors and day to day cash requirement however some part of current asset may be finally by the current liabilities also the amount required to be invested in this current asset is always higher than the funds available from current liabilities, this is the precise reason why the needs for working capital arise. (Hampton and Wagner, 1989)

#### **Working capital is needed for the following purpose**

- ↪ For the purchase of raw material, components and spares
- ↪ To incur day to day expenses and over head costs such as fuel, power and office expenses.
- ↪ To meet selling costs as packing and advertisement.
- ↪ To provide credit facilities to the customers
- ↪ To maintain the inventories of raw material, work in progress stores and speller and finished goods ([www.treasury.gov](http://www.treasury.gov)'t com)

## **2.4. Determinants of Working Capital**

Working capital management requirements of concern depends on a number of factors each of which should be considered carefully for determining the proper amount of working capital in may be however be added that these factors, affect differently to the different units and these keeps varying from time to time.(Sishtla, 1982).

### **2.4.1. Nature of business**

Working capital requirement of affirm are basically influenced by nature of business, trading and financial firms require on large sum of money to be invested in working capital to carry large stocks of a variety of good to satisfy varied and continues demands of their customers manual altering and construction firm have to invest substantially in working capital, in contrast , public utilities may have to invest substantial in working capital because they may have only cash sales all supply services. (Black and Hirt 1987)

### **2.4.2. Small or large demand**

Nature of demand also absolutely affects the working capital need some product can be early sold by businessperson. In that business you need small amount of working capital because you earned money from sale can easy fulfill the shortage of working capital but it demand is very less it is required that you have to invest expenses must be paid by you for paying foxed capital you need working capital . (Black and Hirt 1987)

### **2.4.3. Production policy**

Production policy is also maintain determinate or working capital requirement different company may different production policy some companies stop or decrease the production level the off season in that time company may also reduce the number of employees or decrease the purchasing of new raw material so it will certainly decrease the amount or working capital but on the side some company may continue their production in off season, in that case they need defiantly large amount or working capital. (Schall and Haley, 1985)

#### **2.4.4. Credit policy**

Credit policy is relating to purchasing and selling of goods on credit basis if company purchase all goods on credit and sell on cash basis or advance basis then it is certainly company need very low amount of working capital but if company, goods are purchased on cash basis and sold on credit basis it means out earned money will receive after sometime and the higher large amount of working capital for continuing our business. (Schall and Haley, 1985)

#### **2.4.5. Dividend policy**

Dividend policy also effect working capital requirement company can distribute major part of net profit. But if there is no reserve we have to invest large amount of working capital because lacking of reserve will affect adversely on fulfill our liabilities in that case, we have to yield working capital by taking short term loan for paying uncertain liability. (Schall and Haley, 1985)

#### **2.4.6. Working capital Cycle**

Working capital shows all steps which starts from cash purchasing or raw material and then this converted into finished product after this it is converted into finished product after this it is converted into sale, if it is credit sale, debtors will also the part of working capital cycle and when we get money from our debtors, it is the final part of working capital cycle if we receive quickly from our debtors we need small amount working capital, otherwise for purchasing new raw material we need more amount of working capital. (Schall and Haley, 1985)

#### **2.4.7. Manufacturing cycle**

Manufacturing cycle means the process of converting raw materials into finished product, long manufacturing cycle will create the situation in which we require large amount of working capital suppose, we have construct the building, for construction cost of buildings it may consume the time more than 5 years so according to this we need working capital. (Schall and Haley, 1985)

#### **2.4.8. Business Cycle**

There are two main parts of business cycle, one is boom and other is recession, we need how amount of working capital.

#### **2.4.9. Price level changes**

If there is increasing trend of products prices, we need to store high amount of working capital, because next time it is precisely that we have to pay more for purchasing raw material or other services expense. Inflation and deflation are two major factors which decide the next level of working capital in business.

#### **2.5. Effects of external business, environmental factors**

There are many external business environmental factors which affect the need of working capital like fiscal policy, monetary policy and bank policies and facilities.

Most business experience seasonal fluctuations in the demand for their products or services such variation will affect the level of variable working capital similarly, the overall economy tends to experience cyclic fluctuation, with economic activity varying a great deal, when the economy enters a recession, most firms can expect a decrease in sales. In this situation the need for permanent working capital will be lessened. Philosophy of the firm, the firm policies will affect the level of permanent and variable working capital. If the firm has philosophy of aggressive collections, receivable will be lower than those for a similar firm that is late on collection. A cautious firm may maintain longer cash levels than a firm that is willing to operate with less liquidity. (Hampton and Wagner 1989).

# CHAPTER THREE

## 3. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter is concerned with presentation, analysis and interpretation of data on the basis of data gathered through questionnaires and interviews.

The information about the working capital management practice of the organization has been gathered through questionnaires and interview from the employees and the management. The total number of questionnaires distributed is 36 in number and distributed to finance department. Out of the questionnaires, which were distributed, all the respondents were properly completed and returned the questionnaires. The data presentation, analysis and interpretation are discussed one after the other.

**Table 3.1 Personal Profiles of Respondents**

<b>Item</b>	<b>Alternative</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>I</b> <b>(sex)</b>	Male	22	65%
	Female	14	35%
	<b>Total</b>	<b>36</b>	<b>100%</b>
<b>II</b> <b>(Age)</b>	25 – 26	18	50%
	27 – 45	15	35%
	>45	3	15%
	Total	36	100%
<b>III</b> <b>(Work experience)</b>	0 – 5	4	11.4%
	6 – 10	22	60%
	10 – 20	10	28.6%
	Other	-	-
	<b>Total</b>	<b>36</b>	<b>100%</b>
<b>IV</b> <b>(Education level)</b>	Certificate	2	5%
	Diploma	4	11%
	1 <sup>st</sup> degree	30	84%
	Masters (2 <sup>nd</sup> degree)	-	-
	Above 2 <sup>nd</sup> degree	-	-
	<b>Total</b>	<b>36</b>	<b>100%</b>



<b>V</b> <b>(Profession)</b>	In accounting	27	70%
	In management	5	15.7%
	In economics	1	4.3%
	Other	3	10%
	<b>Total</b>	<b>36</b>	<b>100%</b>
<b>VI</b> <b>Position</b> <b>(responsibility)</b>	Manager	1	1.5%
	Finance officer	20	59.6%
	Assistant manager	2	3%
	Credit analysis	9	25%
	Accounting clerk	-	-
	Other	4	10.9%
	<b>Total</b>	<b>36</b>	<b>100%</b>

**ITEM I.** Shows that from all of the respondents 65% (22) of them replied that they are male, whereas 35% (14) of them are females. Hence, the researchers can conclude that males outweigh females in case of Addis Ababa water work construction (AAWWC). From this data, it is possible to conclude the sex distribution is good.

**ITEM II.** Indicates that respondent asked their age. As a result 50% (18) of the respondents said their age lies between 25 up to 26, 35% (15) of them said their age lies between 27 up to 45, the remaining 15% (3) of them said their age lies above 45 years of age. Therefore, from the above table it can be said that most of the employees of the organization are young, which can help the organization doing their work properly, effectively and efficiently.

**ITEM III.** Indicated that 60% (22) of the respondent they worked in the organization for the year between 6 up to 10, 28.6% (10) of the respondent worked for 10 up to 20 year, the remaining 11.4% (4) of the respondent worked for the year between 0 up to 5. From this date it is possible to conclude most of Addis Ababa water work construction (AAWWC) employees are experienced. This helps the firm to do their tasks in short period of time with effectiveness.

**ITEM IV.** Indicate that the personal data of the respondent shows that 84% (30) of respondents were degree holder, 11% (4) of the respondents are diploma holder and the rest of 5% (2) are certificate level. From this data the majority of the employee in the organization were degree holder, this allow the organization to implement advanced technology and works to depend on skillful arrangement.

**ITEM V.** Indicate 70% (27) of the respondents are in accounting 15.7% (5) of respondents are in management, 4.3% (1) are in economics and the rest 10% (3) are in other profession. This indicates that the majority of the respondents are in the profession of accounting. These allow the organization to prepare financial reports with related to the current accounting principles.

**ITEM VI.** Indicate that 25% (9) of the respondent are credit analysis, 59.6% (20) of the respondent are finance officer, 1.5% (1) of the respondent are managers and 3% (2) of the respondent are assistant manager, the remaining 10.9% (4) of the respondent are in other position. From this data, most of the employees are in the position of credit analysis of the organization. This enables the organization to know updated information about the financial performance of the organization and it is good for forecast (determine) the coming (future) financial and credit analysis.

**Table 3.2. Control mechanism of cash flow**

<b>Alternatives</b>		
Does Addis Ababa Water work construction have a control Mechanism of cash flow?	<b>Frequency</b>	<b>Percentage %</b>
Yes	28	77.7%
No	8	22.3%
<b>Total</b>	<b>36</b>	<b>100%</b>

From table 3.2 77.7% (28) respondents say “yes”, 22.3% (8) of respondent says "No" from this data AAWWC has a cash control mechanism, it control by means of segregation of duty in approval and company check are signed by two person and bank statement reconciliation is done monthly flow up for cash payment and settlement of casher and purchase document. This implies that the majority of the respondents replayed that there is cash control mechanism in AAWWC for control current and fixed asset. This helps to the organization to reduce risk, shortage and excess of cash and others.

**Table 3.3. Management of excess cash**

<b>Alternatives</b>	<b>Frequency</b>	<b>Percentage %</b>
How does the firm manage holding excess cash?		
For long term investment	22	61.11%
Buying (bill bond)	10	27.77%
Put as reserve in bank	4	11.12%
Other	-	-
<b>Total</b>	<b>36</b>	<b>100%</b>

As it is depicted in table 3.3, 61.11% (22) of the respondents that AAWWC manage holding excess cash for long term investment and 27.77% (10) of respondents response that the company manage its excess cash by buying bill bond, 11.12% (4) of respondents replied that it manages its excess cash by putting as reserve in bank and they get interest income from that. Thus can explain from the result the majority of the respondent’s response AAWWC manages it excess cash by using for long term investment and by buying bill bond, the company avoids idle cash through investing on new financial to the create their financial strength and enhance profitability. As it is indicated in the above data, AAWWC manage excess cash for short term investment. So, it's good to invest in new sector in order dot achieve the firm's objective.

**Table 3.4. Cash holding policy**

<b>Alternative</b>	<b>Frequency</b>	<b>Percentage %</b>
Dose the firm have cash holding policy?		
Yes	30	83.33%
No	6	16.67%
<b>Total</b>	<b>36</b>	<b>100%</b>

**Table 3.4.** Revealed that 83.33% (30) of respondent's replied that AAWWC has cash holding policies that control and manage the cash, 16.67% (6) of respondent responses that the company does not have cash holding policy. The majority of the respondent had holding policy it used for the purpose of speculations, (forecasting) and making transaction. All three of these reasons stem for the need of company to posses liquidity. In addition, it is important for the firm to raise ability of liquidity means it is allow to cover the liability. So, this mechanism allow the model to produce a number of test table implications on the relation between cash holding expected working capital. The determinants of corporate cash holding and their time series properties have been widely explained in literature. So, from the above data the firm with high excess cash holding are more exposed to systematic risk and earn a positive and significant excess return over firms with low excess cash holding. So, AAWWC have a high cash hold it is a positive and significant for the company.

**Table 3.5. Purpose of available cash**

<b>Alternative</b>	<b>Frequency</b>	<b>Percentage %</b>
For what purpose does AAWWC use the available cash?		
To pay debts as they come due	5	13.88%
To need emergency expenses	2	5.58%
To take advantage of unforeseeable investment opportunity	5	13.88%
Other specifies	24	66.66%
<b>Total</b>	<b>36</b>	<b>100%</b>

As it is indicated on table 3.5 13.88% (5) of respondents responses the AAWWC use the available cash to pay debts as they come due, 5.58% (2) of respondents response that the company use the available cash to meet emergency expenses 13.88% (5) of respondent’s response that it uses the available cash to take advantage of unforeseeable investment opportunity and 66.66% (24) of the respondent’s response that the company uses its available cash to runs projects for specific periods of time at scarce resources. The majority of the respondent’s response that the company uses its available cash to run projects and for expiration purpose. This shows that the organization has low debt, emergency expense need is low. Its helps the organization to implement a sound strategy for the smooth running of the business by solving un utilization of available cash for the purpose (Goal).

**Table 3.6. Credit policy**

<b>Alternative</b>		
Dose the AAWWC have a credit policy?	<b>Frequency</b>	<b>Percentage %</b>
Yes	4	11.12%
No	32	88.88%
<b>Total</b>	<b>36</b>	<b>100%</b>

As presented in table 3.6 11.12% (4) of respondents response that AAWWC have a credit policy that manage and control the credit, 88.88% (32) of the respondents response that the company do not have a credit policy to manage the credit.

This result indicated that the company do not have fully credit sales but it's gives credit sales for the governmental organization as stated from the interview and it's a policy which is settle by the organization. But in order to expand the credit sales its better to give for the individual with in a quarterly. From this data it has not credit sales for the individual so , in order to minimize the in balance between working capital it's better to expand a finance source by using different method. (i.e by going a credit sale for individual customer).

**Table 3.7. Credit for individual and organization**

<b>Alternative</b>		
How does the AAWWC grant credit to individual and organization?	<b>Frequency</b>	<b>Percentage %</b>
By using collateral	3	8.35%
By written agreement	5	13.88%
Other specifies	28	77.77%
<b>Total</b>	<b>36</b>	<b>100%</b>

As it is easily observable from table 3.7 13.8% (5) of respondents responses that the company give credit services by using written agreement system which specify the credit in detail to offer its services on account and 8.35% (3) of respondents response that AAWWC use collateral system for the debtors 77.77% (28) of the respondents response that the company do not have credit policy that can grant credit for individual. This implies that the company do not use credit grant for individual. As a finance officer told us the company do not have a credit policy it use advance collection method to do projects. It helps the organization to prevent uncollectable account receivable and note payable. On the other hand the relationship between the firm and the customer are not become strong because of this reason. But in special case for governmental organization has an access of credit by using an oral and written agreement.

**Table 3.8. Finance of cash**

<b>Alternatives</b>		
How does AAWWC finance when it faces cash shortage?	<b>Frequency</b>	<b>Percentage %</b>
Long term borrowing	11	30.56%
Withdrawal from bank account	7	19.44%
Other specify	18	50%
<b>Total</b>	<b>36</b>	<b>100%</b>

As one can notice from table 3.8 30.56% (11) of respondents response that AAWWC use long term borrowing from financial institution to finance its cash shortage, 19.44% (7) of the

respondents response that it manage cash shortage by withdraw from bank account and 50% (18) of the respondent response that the company use both short term borrowing and withdrawing from bank account and sometimes the government gives funds for construction and it collect 20% advance from customer to finance cash shortage. This implies that the majority of the respondents replied that AAWWC use short term borrowing, withdrawing from bank account and advance collection to cover cash shortage. As a result, the form has advantage for reducing the debt amount and also withdrawal their own capital. It enable the firm to implement their working capital management planning without the disbursement of the goal (purpose) and also it's enable to create other financial source.

**Table 3.9. Collection period**

<b>Alternative</b>	<b>Frequency</b>	<b>Percentage %</b>
Is there a difference in the collection period between those customers who use for home service and for organization?		
Yes	9	25%
No	27	75%
<b>Total</b>	<b>36</b>	<b>100%</b>

Table 3.9 above shows that 25% (9) of respondents response that the AAWWC use different in time to collect on sales from customers and organization, 75% (27) of respondents responses no time limit to collect on account sales. From this result it is under stood that the majority of respondents said the company has no clearly specified time limit to collect on account sale from individual customer and organizational unit this implies that the firm has implement the same kind of plan for all customer and it's helps to get a finance within same time. Because in order to fill a finance gap it's better to identify a collection period within a month and also settle advance date for collecting with penalty. This helps the company to enhance the achievement of the goal and to minimize the cash shortage (working capital shortage).

**Table 3.10. Avoid tied up of funds**

<b>Alternative</b>		
What mechanism does the AAWWC credit policy follow to avoid tied up of funds on the hands of customer?	<b>Frequency</b>	<b>Percentage %</b>
Offering cash discount	0	-
Offering service on cash	6	16.67%
Collecting on an installment basis	0	-
Other specify	30	83.33%
<b>Total</b>	<b>36</b>	<b>100%</b>

As presented in table 3.10 83.33 (30) of respondent's response that there is n credit policy that follows to avoid tied up of funds on the hands of customers, 16.67% (6) of respondents response that the company make services on cash base. Therefore, AAWWC has not credit policy which can tells about the mechanism of collections on time to avoid tied up of funds, and this shows as it sale on cash bases. Collection of funds from the customer helps the organization to do their task in better way without shortage of working capital.

**Table 3.11. Type of inventory**

<b>Alternative</b>		
What type of inventory does the AAWWC hold	<b>Frequency</b>	<b>Percentage %</b>
Raw material	4	11.11%
Work in process	0	-
Finished goods	22	61.11%
Spare parts	10	27.78%
<b>Total</b>	<b>36</b>	<b>100%</b>



Table 3.11 Revealed that 61.11% (22) of respondent response that the company use finished good that use for construction purpose, 27.78% (10) respondents response that AAWWC hold spare parts and 11.11% (4) of respondents response that AAWWC hold raw material. This result shows that hold finished goods inventory like pipe, metals and other steel. Since it is Construction Company. By holding this finished goods, the firm has advantage of reduce cost (i.e charring cost), expense and time to take a process of inventory.

**Table 3.12. Inventory record system**

<b>Alternative</b>	<b>Frequency</b>	<b>Percentage %</b>
What type of inventory record system does the AAWWC use?		
Periodic	36	100%
Perpetual	-	-
<b>Total</b>	<b>36</b>	<b>100%</b>

As present in table 100% (36) of respondent's response that the AAWWC use periodic inventory system on the other hand there is no perpetual inventory system. Therefore, as per respondents the AAWWC use periodic system and show the ending balance after the adjustment. This indicates that the firm to know their inventory level within a specific period this allows the firm to control their inventory and make necessary decision regards to inventory.

**Table 3.13. Physical counts?**

<b>Alternative</b>	<b>Frequency</b>	<b>Percentage %</b>
Does AAWWC take physical counts?		
Yes	36	100%
No	-	-
<b>Total</b>	<b>36</b>	<b>100%</b>

As it is clearly observed from table 3.13 100% (36) of respondents responses that AAWWC take a physical count. This indicate that AAWWC take a physical count to reconcile actually on hand

with the records. It's used the firm to know exact amount of remaining inventors or shortage of inventory. This helps the firm to control the budget to plan the inventory.

**Table 3.14. Time of Physical count**

<b>Alternative</b>	<b>Frequency</b>	<b>Percentage %</b>
When does a physical count take place?		
Annually	36	100%
Semi-annually	-	
Quarterly	-	
Monthly	-	
<b>Total</b>	<b>36</b>	<b>100%</b>

As indicate in 3.14 100% (36) of respondents response that the AAWWC make a physical count on annually this can implies that the company takes a physical count annually since, it uses periodic inventory system. From this data we are saying the firms inventory are counting in annually this affects the firm for instance the management are not known the current position (situation) of the inventory and also it's invite the stock keeper for corruption.

**Table 3.15. Objectives of inventory management**

<b>Alternatives</b>	<b>Frequency</b>	<b>Percentage %</b>
What are the AAWWC inventory management team's objectives with regards to its inventory?		
Enhancing return	3	8.34%
Increasing wealth by controlling risk	24	66.66%
Provide advantage of cash discount offered by supplies	-	-
Other specify	9	25%
<b>Total</b>	<b>36</b>	<b>100%</b>

As it is presented in table 3.15 66.66% (24) of respondents responses that the AAWWC inventory management main objective is to increase wealth by controlling risk, 8.34% (3) of respondents responses the main objective is to enhance return, 25% (9) of respondents response weather actually inventory available or not as per respondents. From the above data their main intentions is increasing wealth by controlling risk through avoiding risks which cause damage to the inventory.

**Table 3.16. Source of finance**

<b>Alternative</b>	<b>Frequency</b>	<b>Percentage %</b>
What is the main source of finance to purchase inventory?		
Short-term borrowing	6	16.66%
Long-term borrowing from other source	2	5.57%
Other specifies	28	77.77%
<b>Total</b>	<b>36</b>	<b>100%</b>

As table 3.16 above 16.66% of respondents response that AAWWC main source of finances are short-term borrowing, 5.57% (2) respondents respond that it uses long-term borrowing and 77.77% (28) respondent respond that AAWWC use cash on hands and advance collection from customer, and this shows self financing system within the organization for each projects. This shows that most of the firm activity runs with their own capital rather than borrowing this allows the firm to reduce their debt to reduce unforeseen risk and prevent shortage of capital (budget).

### **Components of wise analysis of working capital**

<b>Component</b>	<b>2001E.C</b>	<b>2002E.C</b>	<b>2003E.C</b>	<b>2004E.C</b>	<b>2005E.C</b>
Stock	59,330,042	68,803,94	89,888,212	186,124,819	301,730,099
Cash on hand and at bank	77,118,606	75,005,44	71,262,737	99,941,729	108,913064
<b>Total</b>	<b>136,448.648</b>	<b>143,809.38</b>	<b>161,150.949</b>	<b>286,066.548</b>	<b>410,643.163</b>

Source, Audited financial statement of the organization

The total current asset only in 2001 is low relatively within the selected period. This is because of the debtors number significantly reduced on this year. However, in the rest year the company perform increased in well.

The company capital has been increasing for instance in 2005 debtors amount and stock have increased in much, in 2002 cash on hand and debtors amount decreased relatively but the stock amount increased very high and which enables the total amount to risk.

<b>Component</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Creditors	64,362.98	35,534.752	35,167.511	224,342.363	556,032.493
Tax payable	29,767.439	33,156.339	37,782.252	54,215.995	58,120.0363
Prevision for tax	25,801.509	29,750.442	40,529.276	50,801.961	15,522.850
<b>Total</b>	<b>119,931,928</b>	<b>128,191,975</b>	<b>113,479,039</b>	<b>329,360,319</b>	<b>629,675,379</b>

Source, Audited financial statement of the organization

The total current liability in 2001 was low, relatively to the other year of under study. This is because of the reduction of creditors claim over the company, but in the rest year the current liability have increases, the reason is the company were incurring high amount of credit for instance in 2003 it was 35,167.511 but in 2004 and 2005, which was very high, and it is 224,342.363 and 556,032.493 respectively. Although the current liabilities increase from year to year, current asset has increased more than the increment of current liability. This indicates that the firm ability to cover their liability is increased.

### **Working capital trend**

<b>Year</b>	<b>Net working capital</b>
2001	122,011,377
2002	108,610,439
2003	203,526,296
2004	245,058,826
2005	233,514,489

Source, Audited statement of the corporation

In the AAWWC working capital of the five year only in 2002 net working capital has decreased, the reason is high decrement in debtor's amount relative to creditor's amount. But the rest year's trend shows the company's current asset is more than other claims over the company. From this data we are observed that the utilization of the working capital was increase within a year. So, in order to goes with this face it's better to know the main obstacle of the net working capital.

### **Trend components of working capital**

<b>Year</b>	<b>Current asset</b>	<b>Increase in current asset</b>	<b>Current liability</b>	<b>Increase in current liability</b>
2001	142,952,623	-	399,302,46	
2002	122,607,491	(18,745,132)	135,997,052	(3,933,194)
2003	226,226,501	10,369,010	142,700,205	16,703,153
2004	484,156,460	275,929,959	359,097,634	316,397,420
2005	603,238,195	119,081,735	489,725,706	230,628,022

Source, Audited financial statement of the organization (2001 up to 2005)

Current asset and current liabilities of AAWWC has shown trend for the selected year under study. The current assets and current liabilities of the enterprise for year 2002 were decreased by birr 18,745,132 and 3,933,194 respectively. This show that current liability decrease due to the decrement of creditors amount except in 2001 the rest year of under study, current asset and current liabilities increase, even it both have increased. Current asset has been increased more than increase in current liability.

Working capital practice in AAWWC for the selected year of under study show good practice this means current asset cover its current liabilities. So, this become within that year the company are faces a balanced.

### **Factor affecting profitability of the company**

<b>Year</b>	<b>Gross operating profit</b>	<b>Net operating profit</b>
2001	114,489,304	11,336,078
2002	125,466,714	14,657,456
2003	137,663,278	111,027,002
2004	186,473,583	31,556,088
2005	165,089,992	111,640,934

Source, Audited financial statement of the organization.

Gross operating profit of AAWWC increase to birr 186,473,583 in 2002 from birr 114,489,304 in 2001 and in 2002 gross profit decrease relative to 2003. Net operating profit increase from birr 11,336,078 in 2001 to birr 31,556,088 in and decreased to in 111,640,934 the last year (2003). This shows that the firms profit are fluctuate within five years, therefore the organization are not manage their working capital management properly, efficiently and effectively.

## **Current ration analysis**

### **Liquidity ration**

**Liquidity ratio measure the company's ability to meet current obligation**

<b>Year</b>	<b>Liquidity ratio</b>
2001	3.55
2002	3.41
2003	5.3
2004	1.86
2005	1.54

From the balance sheet of AAWWC of the year 2001 the total current asset is birr 142,952,623 and the total current liability is birr 399,302.46 the ratio of current asset to current liability is 3.55 for the year 2002, the total current asset is birr 122,607,491 and total current liability is birr 135,977,052 the ratio of current asset to current liability is 3.41 in 2002 the total current asset 226,226,501 and current liability is birr 142,700,205, the ratio of current asset to current liability 5.3 in 2003 current asset is 484,156,460 and current liability is 489,725,706 and the ratio is 1.54.

For the year 2001 – 2003 the liquidity ratio of the company is greater than one means the company has more current asset than current claim against then and considered more satisfactory and does not have financial shortage to cover its current obligation but to last two years the liquidity ratio is become less and less to one this show the company ability to cover its current obligation is between less even if its current asset increasing.

## Quick ratio

<b>Year</b>	<b>Ration</b>
2001	2.52
2002	2.05
2003	3.9
2004	1.34
2005	0.82

Source audited financial statement of the company.

The above ratio shows that AAWWC was in a position to pay as current liability without affecting its inventories in the year of 2001 – 2003, which were health but in last two years their ability to pay current liability become low comparing to the rest three years understudy.

Note the soundness in financial liquidity doesn't measure the efficient utilization of share resource. As this data we are observed that in the recent year AAWWC managing working capital are becomes weak, this weakness are influence in the organization movement.

## **CHAPTER FOUR**

### **4. SUMMARY, CONCLUSION AND RECOMMEDATION**

In this chapter, a summary and conclusion is drawn on the basic of the finding of the study. In addition, a recommendation that is expected to do helpful by the researchers about recruitment and selection process in Addis Ababa Water Works Construction (AAWWC).

#### **4.1. Summary**

In our study, we are trying to asses' working capital management in AAWWC (Addis Ababa water work construction.

The personal profile (i.e. sex, Age, Service and Education level) of the respondents can be good representation of the employee of AAWWC. Among the employee, most of them have experienced, degree holds and balanced sex between male and female. In AAWWC, it has a cash flow control mechanism, it is hold excess cash by short-term investment, there is no credit policy, it faces cash shortage by short-term borrowing. In related to inventory a company are used periodic inventory record system, most of the inventory are finished goods, and also a company are taken a physical count in annually, the objective is regards to increasing wealth by controlling risk, the source of finance to purchase inventory is different mechanism. Finally the usage of working capital are depends on numerical data.



## 4.2. Conclusion

Working capital management is important for one organization success without a good proper management of working capital; no firm can function properly, effectively and efficiently.

This study indicates that there is proper management of cash and inventory in Addis Ababa water work construction (AAWWC).

Independent external auditors audit the expense, revenues and inventory record.

Addis Ababa water work construction manager properly its excess cash by investing in new investment area and on the need of the company.

There is no clearly specified credit policy in Addis Ababa water work construction and do not offer services on account and also ignored the advantage obtained from credit sells.

Addis Ababa water work construction (AAWWC) mostly offer services on cash and help them to avoid tied up of fund on the hand of customers.

Addis Ababa water work construction (AAWWC) ability to cover its current obligation becomes decreases and this shows its major source of finance is comes from borrowing.

AAWWC control cash by segregation of duty in approval by assign a different person.

AAWWC has a problem of inadequacy of working capital management but it's good the way used to solve this problem.

### **4.3. Recommendation**

Since Addis Ababa water work construction (AAWWC) is one of the governmental organizations and it is difficult to have over budget to fulfill its needs. At least it has managed all departments especially in the financial area are a pillar to the organization success.

Based on the analysis of the facts and findings, the following recommendation was made to improve the capital management system in Addis Ababa water work construction (AAWWC).

- ✓ It's better to control all departments in some times (within a month) for solving a problem immediately if it is happen.
- ✓ It's better to formulate a committee which is follow-up the budget.
- ✓ Auditors (external or internal) are use more computerized system to control the finance.
- ✓ It's better to put excess cash in bank to get interest instead of un proper utilization within a year.

Finally, the overall working capital management practice in Addis Ababa water work construction shows satisfactory level. However the management of the company should give a focus for credit policy, to have advantage of long term and short term benefit through formulating credit system and Addis Ababa water work construction (AAWWC) should take active measure like the method of credit policy and the way of implementing this policy to reduce claim against them through expanding their work scope and investment areas.

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**ST.MARY UNIVERSITY**  
**FACULTY OF BUSINESS**  
**DEPARTMENT OF ACCOUNTING**

Questionnaire for employees of AAWWC

This questionnaire is to be filled by employees of AAWWC. So you are kindly asked to give the right answer you think, since it contributes a lot for the reliability of the study.

Please put "✓" mark in the space provided for the one you choose as an answer.

**REMARK**

- We are using this study for only academic purpose.

**Issue related to personal profile**

1. Sex: Male  Female
2. Age: Below 25  26 – 25  36-45  above 45
3. How long you stayed in the organization (AAWWC)?  
0 – 5  6 – 10  10 – 20  other
4. Education level  
High school graduate or below  Diploma   
First-degree  Masters degree (2<sup>nd</sup> degree)   
Above 2<sup>nd</sup> degree
5. Your profession  
In accounting  in economics   
In management  other, please specify \_\_\_\_\_
6. What is your position in the accounting department of the enterprise?  
Manager  credit analysis

Finance officer \_\_\_\_\_ accounting clerk  
Assistant manager  other, please specify \_\_\_\_\_

Issue related to working capital management (cash flow, credit policy and inventory).

## I. Issue related to cash flow

7. Does the AAWWC have a control mechanism of cash flow

Yes  No

If your answer yes what are the mechanism \_\_\_\_\_

8. How does the AAWWC manage holding excess cash?

- For short term investment
- Buying certificate of deposit
- Put as reserve in bank
- Other, please specify \_\_\_\_\_

9. Does the AAWWC has cash holding policy

Yes  No

10. If your answer for question No of is yes, for what purpose does AAWWC use the available cash?

- To pay debt as they come due
- To meet emergency expense
- To take advantage of unforeseeable investment opportunity

## II. Issue related to credit policy

11. Does AAWWC have credit policy?

Yes  No

12. If your answer for question No 11 is yes how does the AAWWC grant credit to individual customer and organization unit?

By using collateral  by written agreement

Other, please specify -----

13. How does AAWWC finance cash shortage?

- Short term borrowing
- Withdrawing from bank account
- Other, please specify -----

14. What mechanism does AAWWC credit policy follows to avoid tied up of funds on the hands of customer?

- Offering cash discount
- Offering service only in cash
- Collecting on an installment bases
- Other, please specify -----

### III. Issue related to inventory

15. What type of inventory does AAWWC hold?

- |                             |                          |                |                          |
|-----------------------------|--------------------------|----------------|--------------------------|
| Raw material                | <input type="checkbox"/> | finished goods | <input type="checkbox"/> |
| Work in process             | <input type="checkbox"/> | spare part     | <input type="checkbox"/> |
| Other, please specify ----- |                          |                |                          |

16. What type of inventory recording system does AAWWC use?

- |          |                          |           |                          |
|----------|--------------------------|-----------|--------------------------|
| Periodic | <input type="checkbox"/> | perpetual | <input type="checkbox"/> |
|----------|--------------------------|-----------|--------------------------|

17. Does is take a physical count?

- |     |                          |    |                          |
|-----|--------------------------|----|--------------------------|
| Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
|-----|--------------------------|----|--------------------------|

18. If your answer for question No 17 is yes when does it take the physical count?

- |                             |                          |           |                          |
|-----------------------------|--------------------------|-----------|--------------------------|
| Annually                    | <input type="checkbox"/> | quarterly | <input type="checkbox"/> |
| Semi annually               | <input type="checkbox"/> | monthly   | <input type="checkbox"/> |
| Other, please specify ----- |                          |           |                          |

19. What is the AAWWC inventory management team objective regards to its inventory?

- Enhancing return
- Increasing wealth by controlling risk
- Providing advantage of cash discount offered by supplies
- Other, please specify -----

20. What is the main source of AAWWC to finance inventory purchase?

- Short - term borrowing
- Long - term borrowing from other sources
- Other, please specify -----

21. What are AAWWC inventory management team objective regards to its inventory? Specify shortly -----

-----  
-----

22. What are the main sources of the AAWWC to finance inventory purchase? Please specify -----

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## INTERVIEW QUESTIONS

1. What method does AAWWC follow to have proper cash flues?
2. Does AAWWC provide services on account?
3. How does the AAWWC grant credit to customer?
4. Which types of problem are exists related to credit, cash flow and holding the mechanism?
5. What solution you think to solve such problem?