

MAKERERE



UNIVERSITY

AN ASSESSMENT OF THE FINANCIAL PERFORMANCE OF UGANDA
TELECOM LIMITED

BY

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A RESEARCH PAPER SUBMITTED TO THE DIRECTORATE OF RESEARCH AND
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ABSTRACT

The purpose of this paper is to empirically implement a comprehensive analytical framework of financial performance in the case of Uganda telecom limited during the period 2011 to 2013 measured through extensive use of financial ratios that mainly indicate the adequacy of the risk based capital, credit growth, credit concentration, solvency, profitability, asset management quality, liquidity gap analysis, return on assets (ROA), return on equity (ROE), etc. The results showed that ratio analysis is a tool of financial analysis, which can be used as a predictive tool for measuring business performance. Besides, an overall analysis of all liquidity, efficiency, risk and solvency, measures reveal that UTL was less liquid, less efficient in asset utilization, low income generation, and poor at managing its expenses, the results also show the UTL is improving overtime considerably in these liquidity, efficiency and risk & solvency measures during the period under the study. The study finally recommends measures like assessing the relevance of some overhead costs, getting rid of unproductive assets of the company, considering leasing of assets monitoring accounts receivables effectively and making appropriate payment contracts for accounts payable to keep the company with enough liquidity to meet its current obligations