

An Assessment of Debtors Management Practices amongst Large and Medium Sized  
Firms: A Case of Machakos Town in Kenya

by

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In accordance with Daystar University policies, this thesis is submitted in partial fulfillment of the requirements for the Master of Business Administration degree

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## DECLARATION

AN ASSESSMENT OF DEBTORS MANAGEMENT PRACTICES AMONGST LARGE AND  
MEDIUM SIZED FIRMS: A CASE OF MACHAKOS TOWN IN KENYA

I declare that this thesis is my original work and has not been submitted to any other college or university for academic credit

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### DEDICATION

I dedicate this thesis to my parents Mr. and Mrs. Mailu Mulandi, my siblings notably, Esther Mailu, Moses Wambua, Timothy Keli, Elizabeth Mailu, not forgetting Wycliffe N Michoki.

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## LIST OF ABBREVIATIONS AND ACRONYMS

ABCP	- Asset-Backed Commercial Paper
CBP	- Creative Business Planning
CDS	- Credit Default Swaps
CIMA	- Chartered Institute of Management Accountants
CRAs	- Credit Rating Agencies
FPB	- Forum of Private Businesses
IBF	- Irish Banking Federation
IFCC and ATEL	-Institute de la Chambre de Commerce and Association Tresoriers d'Enterprise a Luxembourg
IOSCO	- International Organization of Securities Commissions
LLC	- Limited Liability Corporation
MABS	-Money Advice and Budgeting Services

PWC	- PricewaterhouseCoopers
SPC	- Special Purpose Company
WSP	- Water and Sanitation Program
WASREB	- Water Services Regulatory Board

#### ABSTRACT

The study did an assessment of debtors management practices amongst large and medium firms, a case of Machakos town in Kenya. The study sought to find out the debtor management practices used by the firms; to identify challenges facing debtor management practices by the firms; and to identify policies employed to counter challenges facing debtor management in Machakos Town. Stratified sampling was used to select a sample for the study where analysis was done using descriptive statistics and percentages and data presented in tables and graphs. One key finding was that these firms did not have established procedures for overdue account. However, the study found out that these firms used the 5cs of credit when evaluating the creditworthiness of a buyer. It was thus concluded that debtors management practices amongst these firms were limited, though a significant number of firms often grant credit to their

customers which can be attributed to lack of financial management skills. It was hence recommended that these firms should employ more qualified staff to enable them keep track of debtors' accounts in a more informed manner and only warrant credit on a case by case basis to avoid a higher risk of non-repayment.

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