MANAGING ACCOUNTS RECEIVABLE OF MANTRAC UGANDA LIMITED

ABSTRACT

The study was about managing accounts receivable of Mantrac Uganda Limited. The objectives of the study were; to evaluate the effectiveness of the accounts receivable management system of Mantrac Uganda Limited; to establish the factors influencing Mantrac Uganda Limited’s trade receivables balance; and to develop strategies to address the challenges of the accounts receivable management system in Mantrac Uganda Limited. The study was cross sectional in nature and analysis was done using both quantitative and qualitative techniques.

Overall findings indicated that the accounts receivable management system of Mantrac Uganda Ltd was effective as it operated with reference to a formal credit policy with commendable credit standards and analysis, credit terms and credit control practices. The research found that a major problem area negatively impacting the system’s effectiveness was the debt collection strategy. The company’s invoicing accuracy, the current stage of the business cycle/economic cycle at which Uganda’s economy is operating and the level of inflation in the national economy were found to be the factors influencing Mantrac Uganda Ltd’s trade receivables balance.

The study recommends training all members of the selling and service departments on the credit policy, conducting comprehensive credit analysis and improving access to customer account
status by configuring the electronic information system to allow instant direct access to customer account details to selected staff. There is need for improving inter-departmental coordination by generating and delivering accurate customer account statements on a weekly basis plus employing an extra person for the credit control function. There is also need for setting up monthly debt collection targets, promptly delivering manual invoices and establishing a policy and formal process to manage disputes.