

**EFFECTS OF SHORT-TERM FINANCING ON CORPORATE
PERFORMANCE OF FIRMS LISTED AT NAIROBI SECURITIES
EXCHANGE**

BY

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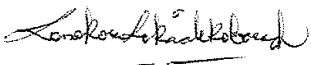
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DECLARATION

I hereby declare that this research project is my original work and it has not been presented to any other institution of higher learning for academic purposes.

Signed ...  Date. ...17/11/2021.....,

This research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

This project is dedicated to my family members for your support and encouragement.

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LIST OF ABBREVIATIONS & ACRONYMS

ANOVA	Analysis of Variance
CA	Current Assets
CL	Current Liabilities
ESE	Egyptian Stock Exchange
GDP	Gross Domestic Product
LTD	Long Term Debt
NSE	Nairobi Stock Exchange
PSE	Pakistan Stock Exchange
ROA	Return on Assets
ROE	Return on Equity
SCI	Statement of Comprehensive Income
SOF	Statement of Financial Position
STF	Short Term Financing
TD	Total Debt

ABSTRACT

Business uncertain environments and competitions push firms to renovate their operations by reviewing the existing financial policies and to adopt the ones that would favorably lead to business survival. This gives them an edge over the others that use a reactive approach in regards to their business operations. In order to finance any business operations, resources are required and these resources can either be acquired in form of debt or equity. To apply debt as a source of finance the borrower has to take into consideration its maturity such as short-term or long-term debt. In Kenya, NSE listed firms are using short-term financing to raise most of their fund to improve undeveloped capital market. Deliberates influence of short-term financing on firm's economic performance lead to determined outcomes and concerns whenever a firm is investing in current assets. The objective of the current study was to investigate the whether short-term financing influence corporate performance of NSE registered companies. The study used explanatory non-experimental research design. The target populations of this study were all NSE listed firms between the years 2015-2019. The study adopted census where all firms listed at NSE from 2015-2019 were involved in the study. Secondary data was used in this study and sourced from the NSE data. Data was coded in the SPSS (V.20). Descriptive statistics and frequency distribution tables was used to analyze quantitative data. Pearson Correlation and ANOVA test to be carried out to find out if there exist any relationship between short-term financing and corporate performance. Normality test indicated that the data was normally distributed. The study found that Multicollinearity was not present as all VIF values were below 5. From the findings, it's clear that p-values for the Chi-square statistic is less 0.05 and hence the residuals of the empirical model are not auto correlated. The study found that all the variables used in this study had a positive insignificant relationship with ROA. The study also found that a unit increase of the variables used in this study results to an increase on corporate governance. The study concluded that Cash & cash equivalents, Growth, size showed a strong and significant relationship with ROA. Short-term financing and liquidity showed a positive relationship with ROA, although the relationship was insignificant. The study recommends that corporate managers should pay more attention to cash management on the basis of these findings, because proper cash management improves corporate performance. The study also recommends that policy makers of NSE-listed companies should consider firm features when formulating short-term financing policies in order to boost corporate performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Business uncertain environments and competitions push firms to renovate their operations by reviewing the existing financial policies and to adopt the ones that would favorably lead to business survival, staying afloat and to achieving growth. Lukhenya (2010) had also elucidated that competitive advantages can be achieved by companies that continuously address variations in their business environments. This gives them an edge over the others that use a reactive approach in regards to their business operations. Abor (2005) in his study mentioned that decisions pertaining capital structure are key to every business if its core purposes are to survive the competitive environment and to maximize owners' returns. Bryan.G. (2004) in his studies on importance of short-term financing in small businesses stated that in order to finance any business operations, resources are required and these resources can either be acquired in form of debt or equity. To apply debt as a source of finance the borrower has to take into consideration its maturity i.e. (Short-term or Long-term debt) and source of debt.

Myers (1984) suggested that companies using short-terms maturity obligation are expected to have additional growth chances when it comes to investments opportunities. According to him obligations that fall due earlier before implementation of investment options may not result to suboptimal decisions on investments. This could also lead to the conflict among equity debt holders and may further lead to under-investment situations if long-term liabilities are used. That is managers acting on interest of shareholders will discard investment projects with positive Net Present Value because they fear that some debts are risky hence might affect shareholders value.

In reference to Risk Theory of finance, the choice to use short-term source of financing

as opposed to long-term sources would be informed by uncertainty of future interest rates of debt financing. Firms will continue to use short-term borrowings if the rates will remain the same and that interest rate on long-term borrowing will increase in future. Firms might prefer certain level of debts. Largely, firms use both short-terms and long-term. In reality many smaller and less liquid firms have difficulty in accessing debt market but however they do get external funds from banks, associated firms, trade credit, overdrafts etc. Application of short-term financing minimizes cost of operations and investment in current assets.

Short-term financing has its merits and demerits;

Economical due to its short-term purpose nature, this facility can be arranged in a short-notice and no floatation costs hence very economical to raise it unlike long-term debt. Flexibility of short-term finances whereby by it can be raised when needed and repaid when not needed. And can also be converted to long-term sources if required.

Non-interference with the management is what characterizes this kind of finance.

The demerits of STF are that they may require security, charge on assets, legal formalities and uncertainty to acquire if large amount of finances are required and difficulty in raising if the firm has had long history of losses or has lower credit worthiness standing. The signaling theory hypothesis views raising of capital by issuing short-term debt as an optimistic indicator on firms low credit risk. Diamond (1991) found out that firms commanding higher credit rankings would favor short-term debt for a reason that there are because of lesser refinancing risks involved in order to shun maturity disaster.

Researchers in their past studies tried to find out whether debt has influence on corporate performance: (Lucy, M. et al., 2014), (Baum, 2006), (Kebewar, 2012),

(Hassan.J.H et al., 2012). These studies gave mixed results of debt on profitability. According to Mwangi et al., 2014, there has been a connection between financing decisions and failure of corporations and that investors and managers have always been left in dilemma in regards to making both short term and long-term financing decision bearing in their mind whether there is existence of capital structure that is optimum. In her studies to find out whether firm's performance can be influenced by debt financing, the conclusion was that financial leverage negatively affects firms' performance and therefore firms must reduce dependence on long-term liability as sources of financing. This is what motivates the need for this study as to whether short-term liabilities matter or doesn't matter in regards to firms' performance.

This study will investigate effect that Short-term Financing (STF) on corporate performance of NSE registered firms. This study will be based on the following theories; Signaling Theory, Pecking Order Theory (Majluf & Meyers, 1984) & Short-term Debt Theory (Guin (2011), Trade-off Theory (MM, 1963) and Local Expectation Theory. With regards to Signaling model, companies produce signals to their external environment concerning their quality of credit or their flow of funds when a funding decision is made from available options. Pecking Order Theory specifies that when raising capital, companies have particular preferred order of capital and have a particular order implying it is more expensive to issue equity as imbalanced knowledge of information increases between inside and outside parties (Frank & Goyal, 2003). To shun trading underpriced securities the issue of debt has to be done by companies that are prone to huge unbalanced information. The short-term debt theory (Guin, 2011) indicates that Current Assets (CA) ought to be funded from Current Liabilities (CL)

and Long-Term Assets (LTA) ought to be funded from Long-Term Liabilities (LTL). In reference to the outcome of previous studies that firms should lessen their appetite for long-term financing sources in order to achieve a favorable level of performance that acts as motivating factor for the need to undertake this study. This study will focus on finding out if there exists any relationship between corporate financing under short-term and corporate performance of National Stock Exchange listed firms.

1.1.1 Short-Term Financing

According to Gong *et al.*, (2014) secured loans, promissory notes of specific nature, trade credit, commercial bank loans and commercial papers are short-term financing principal sources. Business uses this kind of financing as a working capital. Maturity period of one year or below one year is what characterize short-term financing. The repayment has to be within the third or fourth month. Short maturities loans will allow businesses to meet urgent capital requirement. The tax and their cost are much less. Lower interest charges are always associated with short term loans unless agreed repayment period is breached. A study carried by Lydon and Garcia (2015) which wanted to ascertain the connection between level of leverage and corporate performance at ESE concluded that short-term borrowing impacted on ROA negatively. According to Shah and Shah (2016) short-term financing are captured as obligations to be settled within twelve months in SFP and the firm's growth opportunity and short-term financing are definitely correlated. Evidence by anecdotal suggests that short-term financing and corporate performance have a positive connection. However, absence of earlier studies and empirical evidence targeting this topic precisely makes this prediction uncertain. In Kenya, NSE listed are using short-term financing to raise most of their fund to improve undeveloped capital market (Maina & Kandongo, 2013).

1.1.2 Corporate Performance

Corporate performance denotes to outcomes of business operations and involves an increase or decrease to financial and non-financial outcomes like profit, income, ROA, ROE and market shares (Mabrouk&Mamoghli, 2010).Performance is the capacity of a firm to manage and control its resources and this can be measured by subjecting financial statements into analysis by using ratios (IAI, 2007).Corporate performance is the organization achievement as linked to its aims and objectives (Cho and Danseraeu, 2010).

Corporate performance is a measure of economic outcome of a company displaying favorable conditions over a certain period of time whose purpose of taking a measure for the success is to determine valuable information relating to funds flow and use, efficiency and effectiveness and furthermore this information will lead to managers' motivation. (Almajali, 2012)

Corporate performance is about achieving financial objectives on a given time by quantifying the outcome of financial strategies and processes on economic basis. It entails measuring financial strength of a firm and acts as a comparison tool for the firms that fall in same industry or sectors in combination. It also confirms the financial status of a business and a sequence of activities in specific time as it is reflecting in SCI and the SFP (Zeitun and Tian, 2014).

Corporate performance analysis ascertains the firm's strong or weak financial ability through establishing connections between the SFP and SCI items by picking relevant information to make the judgment under contemplation available in them, arranging so

as to draw attention to any relationships, interpret, draw inferences and make conclusions (Kebewar, 2012).

The topic of corporate performance has triggered abundant interest, raised a lot of comments and views due to its multi-dimensional approach from researchers, the wider public, professionals with financial expertise and the corporates management (Zeitun & Tian, 2014). However, confidently pointing out the best successful firms seemed a challenging undertaking because a firm may be highly profitable but at same time may be experiencing bad liquidity. Corporate performance analysis can be determined through sales volume, profitability, dividend growth, capital employed and asset base. However, there exist numerous inter disciplines discussions concerning factors that affect and how to measure corporate performance of companies. A solitary element would be non-representative of every other company performance aspect hence the later will lead to improved assessment of the firm's financial status.

The study by Almajali *et al.*, (2012) revealed that there exist numerous ways for measuring corporate performance for example return on sales, assets and equity. Performance of a company can be appraised by degree of productivity or through efficient and effective manner in which it employs its input to have a greater output success, higher profitability and superiority in the market.

Chang and Ledford (1997) discovered that financial and non-corporate performances remain forms of measuring performance. Market analysts largely prefer the use of assets to measure business outcomes because incomes generated by assets reflect how

efficiently these assets were being used and that corporate performance can be measured with ROS, ROA and ROE. In regards to this study corporate performance will be measured by Return on Assets.

1.1.3 Short-term Financing and Corporate Performance

Baum (2006) did a study in Germany which was a different geographical set up, the firms under studies were manufacturing firms and also firms which had no privilege access to capital market were considered in the study. His finding was that firms in Germany used short-term sources of finance and therefore they were likely to be more profitable. There is no any study done on firms listed in Kenya which tried to find any association between short-term sources (More than one variable) of financing and corporate performance. This among other reasons is why the outcome of this study will fill the research gap in this country.

1.1.4 Nairobi Securities Exchange

After being established in 1954 with stock brokers as voluntary association registered under societies act in Kenya, NSE mandate is to develop and guarantee efficiency in trading through regulating operations at the NSE market (Kuria, 2014). The NSE is African Securities Exchanges Association, considering a ration of its capitalization to the Kenya's GDP besides trading in volumes, it occupies the fifth position and fourth positions in Africa respectively.

There are 65 firms listed in NSE under 14 industry categories; Agricultural (6), Automobiles and accessories (1), Banking (11), Commercial and Services (11), Constructions and Allied (4), Energy and Petroleum (4), Insurance (6), Investment (5), Investment Services (1), Manufacturing and Allied (7), Telecommunication and

Technology(1),Real Estate Investment Trust (1),Exchange Traded Fund(1). Most in the NSE listed firms practice use of current liabilities to provide funds for their business activities and to implement growth initiatives (Maina & Kandongo, 2013).

1.2 Research Problem

There isn't been any research done on firms in Kenya particularly to find out whether short-term sources of financing influence corporate performance. The focus of most studies on firms listed in NSE has been on capital structure not on short-term financing (Munene, 2014). Besides, currently little or no unified theory that deliberates influence of short-term financing on firm's economic performance or that lead to determined outcomes and concerns whenever a firm is investing in current assets. In general, the theoretical financial work does not offer a definite expectation as to how short-term finances affect corporate performance.

Baum et al., (2006) did a study on how profitability is influenced by short-term liabilities which established that the firms in Germany that depended a lot on short-term liabilities were probable of being further profitable. Kebewar (2012) did a study on effect of Debt on profitability of French listed firms. The study established that profitability had no influence on debt ratio and company size remains irrelevant. A study by Wan *et al.*, (2016) in Malaysia concluded that capitals structure and performance have insignificant relationship.

In Kenya, Munene (2014) conducted a study on whether lease finance can influence corporate performance on NSE registered companies and the result was that borrowing had a substantial adverse outcome on economic performance. The conclusions showed

that liquidity, size of the company and age had a positively influenced corporate performance. Sanghani (2014) discovered that performance of NSE listed firms is positively influenced by liquidity and also positively affected by increase in operating cash flow ratio of companies that were non-financial registered in the NSE. Nyamweno and Olweny (2014) also discovered that accounts receivables days and cash conversion cycle indirectly influence performance assessed using gross operating profit.

Therefore such absence of focus on past research work on short-term financing other than on capital structure is what motivates this study. There have been no studies in Kenya on short-term finances and corporate performance. This creates an avenue to fill the knowledge gap hence this study focused on the research question: What is the effect of short-term financing on corporate performance of the firms registered at NSE?

1.3 Objective of the study

To determine whether short-term financing influence corporate performance of NSE registered companies.

1.4 Value of the Study

Many stakeholders may find this study to be of much importance to them when it comes to making financing decisions. The key area or parties that will benefit from the outcome of this research study will be; First, the study will provide a contribution of knowledge on importance of short-term financing on corporate performance of companies registered under NSE by filling existing gap that other studies failed to provide. Secondly, finance and corporate executives will be informed on how there are charged with the responsibilities to make reasonable financing decisions that will result to positive economic outcomes by benchmarking the results with that of their

companies. Thirdly, investors will have confidence in the investing in firms whereby they are guaranteed of the returns because of their awareness about the impact the short term financing will potentially impact on the company performance. The investors will be attracted to those firms where their investments will be maximized. Fourthly, the lenders of capital will evaluate the performance of companies on how they efficiently make use of the funds borrowed to finance their working capital and the ability of the firms to shield them from credit risk by not defaulting to the agreed terms of borrowing.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section commences with theoretical literature review showing inter-connection amongst variables under study including discussion of theories related to short-term finances. It also provides the conceptual framework and the review of variables which seeks to establish whether the parameters stated and the dependent variable have a relationship.

2.2 Theoretical Foundation

This part outlines the theories relied on to give more details to the study on how short-term finances influence corporate performance. The following theories guided in the study; Signaling Theory together with Pecking Order theory and Short-term Debt Theory, Trade-Off Theory and Local Expectation Theory.

2.2.1 Signaling Theory

Myers and Majluf (1984) opposed that equity takes a lesser amount of preference when seeking capital because new issue of equity send a signal to investors that managers consider that the company is overrated, so they are taking advantage of this over-valuation. As a consequence, stakeholders will attribute the new issue of equity to be of a lower value. Frank and Goyal (2003) through their observation find out that declarations of additional issue of equity send stock prices to a decline. This is a key reason why large corporations issue equity infrequently. The signaling model suggested that firms produce indications to their external environment hinting on their quality of credit or their flow of funds by choosing particular financing option. The theory emphasizes on symmetrical information concept stating that in certain financial transactions, differences in information access affects the standard market where goods

and services are traded.

Debt likewise has a significant part by enabling stakeholders toward creating information beneficial in overseeing management role in applying competent operational judgments. Ross (1977) model recommends that firms value increased as the same time as leverage, because growing leverage surges the market's perception Of value. Ross (1977) contended that, debt and equity provide diverse indicators to rational investors as important insider information.

Debt is a prescribed responsibility to honor interest and principal. Defaulting these payments may be an indication of a firm likely to assume liquidation and managers may not retain their employment. The study concluded that investors' link huge levels of debt to higher quality signal meaning leverage and profitability are therefore absolutely connected. Nonetheless when debt exceeds optimum level of leverage, borrowing cost plus financial decline intimidates the firm's very survival.

2.2.2 Pecking Order theory

This theory was established by Myers and Majluf (1984). They suggested that companies attach precedence towards funds that are sourced from within than those from external sources. When a decision is made on need for funding debt will be given priority over equity and therefore, equity will be treated as the latter source of funding. As a result of information inequality firms will not be able to have a preset ratio of optimum level of debt to equity level. Under Pecking Order Theory firms devise a specific favorite order for capital used for business operations. Due to this evidence on information unevenness amongst a firm and possible investors, the firm would attach value to retained earnings in place of long term loan, short term loan above long-term loan and long term loan above owners' capital.

2.2.3 Short Term Debt Theory

This Theory was established by Guin (2011) as reference to the matching principle of finance that says that short-term borrowings ought to fund short-term assets and as well long-term assets need to be funded from long-term borrowings. Firm's current assets such as inventories, accounts receivables are referred to as short-term assets. Plant and equipment are form part of long-terms assets. In order for current assets to be referred to as long-term assets they need not to be liquidated within the year.

Current liabilities with maturity over a year are considered as long-term liabilities. However short-term borrowings not completely repaid within a year will be treated as long-term financing source. Therefore, the matching principle infers that firm's CA ought to have financing link to CL.

Additionally, short-term debt sources of funds can be utilized as a permanent sources if used continuously after it maturity. There are advantages of using short-term obligation as a stable funding i.e. using short obligation as a long-term source capital would decrease the company's interest payment. However, risks exist in refinancing short term debt such as defaulting risk. If the decision is made by the lenders not to refinance the company's obligation upon maturity time, the firm existence will be greatly threatened due to non-payment if it has no adequate resources to settle the liability. The additional threat is of rise in interest amount subjected to refinanced debt which will in the long run lead to increase in interest expenditure. Both the nonpayment risk and interest increase risks are faced by the firms that apply short- term borrowings as a permanent financing.

2.2.4 Trade-off Theory

Trade-off theory of capital structure in regards to studies on taxes (Modigliani and Miller, 1963) and Warner (1977) on insolvency and economic distress idea suggested that firms have unique optimum capital structure that comprises of debt and equity finance to adopt so as to weight the costs and benefits. The said capital structure is considered to create an equilibrium between the deadweight costs of insolvency and tax savings benefit that arise as a result of debt financing. Regularly Agency costs form part of the balance. Modigliani and Miller (1963) from their capital structure theory mentioned that firms that issue debt have higher value as compared to those that don't use debt. Practically the more debt the firm used the more the firm is subject to financial risks as well as financial distress.

2.2.5 Local Expectation Theory.

Expectation theory tries to forecast the position of short-term interest rates in reference to present long-term rates of interest. The Theory proposes that an investor is likely to receive equal rates of interest through spending on two successive one- year bond investments against investment on one two-year bond at present.

Expectation theory tends to predict what short-terms interest rates are likely to be in forthcoming period in reference to existing long-term rates. The theory is also known as “unbiased expectation theory”

In Theory long-terms rates can be used to indicate where the rates of short-terms bonds will be.

2.3 Determinants of firm performance

Studies have been done in the past to determine the measurement of corporate performance: These researches have been directed on financial indicators in the last 30

years. Due to complexity of corporate performance measurement, there has been increase in both use of financial and non-financial indicators in matters dealing with measurement of corporate performance (Corina, G. et al., 2011).

2.3.1 Strategy

This is an intervention taken by organizations in order to achieve their objectives. A study by Prescott (1986) that was carried out to determine any likely connection between strategy and corporate performance revealed that business strategy significantly influenced corporate performance. I.e. the objective of product differentiation strategies is directed towards having a competitive edge by producing different products by taking into consideration quality, customer support and after sales services. And also the cost strategies main objective is to have a competitive edge through reducing products prices below the competitor's (Jones & George, 2006).

2.3.2 Information Technology.

According to (Wu & Wang,2006) , the extent in which the firm adopts Enterprise Resource Planning System(ERP), which effectively and efficiently processes the organization's transactions and access to information positively influences on organizational performance.

2.3.3 Leadership

According to Lee et al.(2015),Overstreet et al.(2014),Pradhan and Pradhan,Asree et al.(2010) organization leadership that has vision, competence , integrity, social and emotional intelligence ,openness , integrity ,dedication and creativity contributes towards organization performance.

2.3.4 Innovation and Development

Deshpande et al. (1997) did a study where he considered companies from five countries; England, France, Germany, Japan and United States. The results of his study were the capacity of firms to innovate was very key for firm's performance. Another Study by Kotler (2003) on relationship between Innovations and corporate performance where he cited Sony as an example of leader in innovation in regards to its several new products. According to Kotler Innovation has an influence on corporate performance.

2.3.5 Employees

According to Chandrasekar (2011), dissatisfaction of workers due to poor working environment contribute towards workers not being productive and hence will lead to poor performance by a company. Zohir established in his study that there exists connection between employees' satisfaction and organization performance.

Employees are very important to success of any organization. Commonly some managements may mistreat their employees will eventually lead to a destructive effect on general organization performance (Vasconcelos, 2011)

2.3.6 Quality

This is the extent into which the corporation will be able to satisfy the need of its stakeholders in a way that has value to them (Saner & Eijkman, 2005).The variable has to meet certain set standards which at times measured by ISO. Therefore, the organization has to adhere to its standards and to find out how it influences corporate performance.

2.3.7 Corporate Governance

This entails the way the organization are established and run. The most referenced case was by the study by Gompers, Ishii & Metrick (2003) whereby in the 90's, the index

was created to measure corporate governance by sampling 1,500 firms in United States .From that study it was established that a positive association existed between corporate performance and excellence of corporate governance. Other studies by Brown and Caylor (2009), Gompers et al., Drobetz et al (2004) obtained same results from their studies. Other indicators for corporate performance in regards to previous studies were:

2.3.8 Clients / Customers

Previous studies in the past have emphasized on the importance customers are to companies. According to Brady et al (2002), Consumer orientation directly connects with quality of the organization, satisfaction of customers and organization performance.Pinar et al (2003) whose study was directed to Turkish firms concluded in his study that firms with low orientation to customers have lower performance unlike the ones that have high orientation to its clients/customers.

2.3.9 Suppliers

According to Buono (1997) many organizations have identified their high level of competitiveness to their cooperation and building of trust with their suppliers. Corporations have to identify the very suppliers that will lead to their organizations being increasingly competitive and increased performance.

2.3.10 Competitors/Business uncertainty

Business environment is usually characterized by a certain degree of uncertainty. Business that operate in uncertainty have their performance always impacted and that financial measurements of performance are favorable where there is lower level of uncertainty (Bronwell, 1982)

2.3 Short Term Financing

Successful businesses are always characterized by the steady stream of working capital. This sounds true considering that a business has the outflows that are part of its working capital cycle including payment of salaries and wages, raw materials requirements, maintenance of its operating equipment, advertising, marketing and other running costs. There is always cash requirements before debtors' accounts are collected or received (Wachira, 2017). No business will always run without the support of operating capital. One way to acquiring the working capital for a business is through a short-term finance for these kind of financing is requisite for normal daily business operations to purchase inventory and payment of employees' wages. (Zeitun&Tian, 2014). Overdrafts, Short-term loans, Trade credit and Lease finance are principal sources for short term obligations.

2.3.1 Overdrafts

These are cash shortfalls funded by banks originated due to excess of expenditure over revenue in the current account. This facility offers flexible amounts that can be borrowed, can be agreed quite swiftly and interest is at times paid when the payments exceed the amount existing in the account. There usually exist limits on overdrafts that are worth not exceeding (Wachira, 2017). The reason of an overdraft is commonly to protect a business from working capital shortages. Refund is formally on request and amount of overdraft facility will determine the security required. Getting into contract with the bank to have an overdraft will always be subject to ascertain limit as set by the bank with no supplementary negotiations. There might be security requirement by the bank in form of collateral and could also subject the borrower to varying interest on daily basis. Nevertheless, an encouraging assurance by business to make immediate

repayments will also stamp this as a source of financing to be acquired by the companies on short term basis.

2.3.2 Short-term loans

This involves accessing finance with agreement that repayment will be made with interest charged to solve abrupt monetary necessity. These type of loans are furnished by the borrowers within a few weeks, unlike long-term debt. Short term borrowers are able to resolve their short-term deficits and move on (Thanassoulis & Somekh, 2016). Timing matters in regards to repayment of these loans and handling expenses. Debtors are being salvaged by short-term loans for they enable them to stay financially on plan because they are instantly wired borrower's accounts.

2.3.3 Trade credit

Trade credit is a customer -vendor plan whereby a vendor consents to defer sum on the sold product, as an alternative to payment in cash. Sanghani, (2014) stated that it forms portion of a shared product and monetary contract where the company sells commodities or services in cash and in addition advances credit to the buyer. Trading on credit is significant to firm's financing policy. This will be treated as accounts payable and accounts receivable to the buyer and the lender respectively. The study had focused on sourcing of trade credit. Sanghani, (2014) proposes three wide categories of trade credit in respect to its properties besides its characteristics.

Open credit falls under first category where a creditor gives credit to its customers with no demand for a deposit nor interest and carrying charges (Frank &Goyal, 2003). This type of credit is common and settlement is within thirty days. Option-terms credit is another category where the Creditor extends credit with certain capping and payments are done without penalty due within thirty days of billing but charges can be subjected

to these amounts if accounts are not paid in time.

Third is charge credit. Under this category organization always issue credit with stipulated top limit when settlements are ongoing. This is typical in the world of business where companies and customers had been involved in lasting relationships (Frank & Goyal, 2003). Existence of trade credit to customers will likely contribute to healthy relationship between the supplier and the buyer. Therefore, permitting trade credit improves performance of a firm.

2.3.4 Lease finance

Lydon and Garcia (2015) defined a lease as a contract where one party entrusts another use equipment expecting to be paid constant amounts over the time that has been agreed. Commonly, most engagements under lease will be categorized as direct leasing, sale and lease back agreement and leverage leasing. Financing of this nature can be further categorized as being operating or capital. Leases are treated as source of financing of the firm though each of them have difference approaches in matters taxation accounting and law. Operating leases agreements are short term and are any time cancellable under the decision of the lessee through appropriate notification.

On the contrary finance leases are not cancellable and are treated as finance lease characterized by longevity and established obligation to make minimum lease rentals until when the lease agreement expires. The ending period of minimum lease contributions do in general match the useful life of the asset (Zeitun & Tian, 2014). There exist some benefits to lease financing that a firm accumulates such as it being less costly, constant instalments, shield against the equipment being impaired or being obsolescent, non-rigidity and off financing not appearing on the balance sheet. Under

short term lease, the lessee recognizes rent instalments outstanding in statement of comprehensive income besides the equipment to be captured as an asset in statement of financial position. The lessee also states the leased equipment as non-balance sheet item. The equipment under capital lease are recognize as assets and the cost is written off throughout its useful lifecycle. An equivalent obligation on expected lease instalments are recorder at their Net Present.

2.4 Concept of corporate performance

Almajali *et al.*, (2012) argues that corporate performance can be measured in different ways. For example, a measure by return on sales divulges the extent of the company earnings in respect to its sales, performance measure by return on assets expound capacity of a firm on how best it employs its assets and finally measure by return on equity demonstrates the amount of returns investors are willing to get for their investments. The study also stated that there are other dimensions of evaluating performance of a company and these can be done by evaluating productivity of a company by appraisal on how a company as well converts its inputs to output in an efficient manner. The second way of evaluating is by profitability dimension to find out the extent in which the company's expenditures fall below its earnings and evaluating company performance using market premium.

Chang and Ledford (1997) assessed bookkeeping revenues using ROA. They specified that ROA is extensively applied by stock exchange specialists to quantify economic performance of companies due to its ability to measure efficiency of assets to generate revenues. The commonly applied accounting measure for corporate performance is ROA; ROE; and ROS. This study will apply ROA as a measure of corporate

performance.

2.5 Empirical Review

Hasan *et al.*, (2011) did a study about how financing decision of corporates impact on performance of corporations without factoring on taxes. The study inspected effect of manufacturing segments and economic condition using longitudinal data of 80 Kuwait Listed firms the outcome stated that conflicting to the capital structure Trade-off Theory, debt level and corporate performance had a negative relationship. The cause to the inverse results were due to dismal growth of Kuwait debt market and high debt financing cost. Nwude *et al.*, (2016) researched on effect of debt capital structure on firm performance. The study covered 12-year panel data covering years 2001-2012 and 43 firms' cross section belonging to diverse sectors. The collated data originated from the annual reports and stock exchange fact books of target companies in Nigeria Stock Exchange. Three regression estimates were used due to unnoticed data homogeneity. The result of regression approximations obtained revealed that debt structure had undesirable but significant influence on the Nigerian Stock Exchange target firms investigated.

Hassan J.H., et al., (2016) carried a study Impact of Debt on profitability on firms listed under Pakistan Stock Exchange (PSE) in the year 2003-2012. Random effect regression effect was used to test any correlation between variables under study. The results of the study were significant negative relations between STD, LTD and ROA as measure of performance.

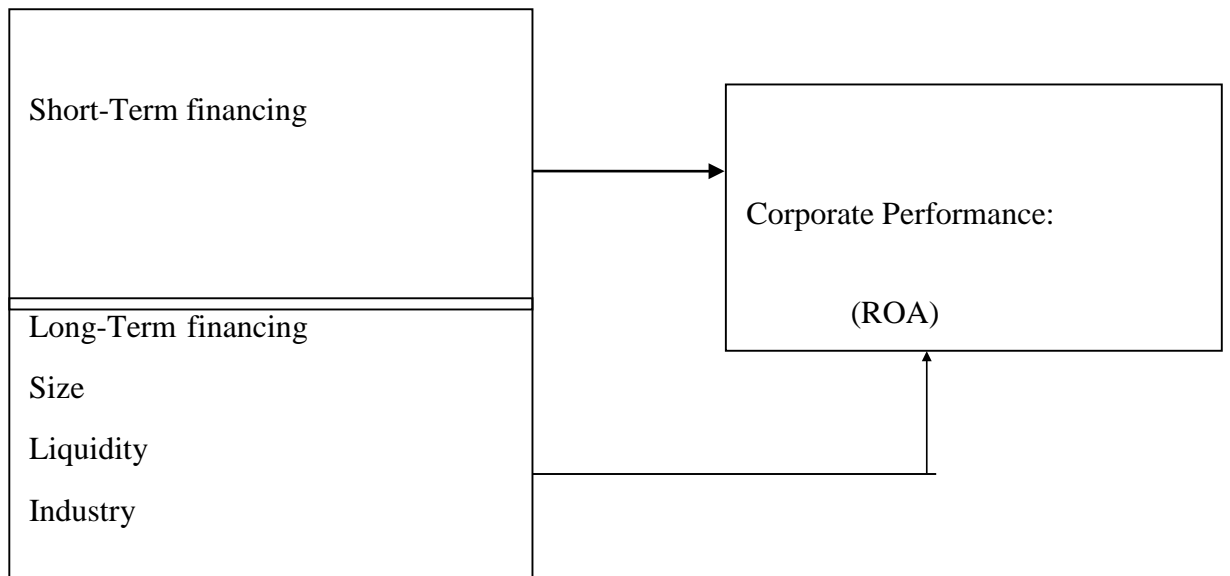
Munene (2014) performed a study as to whether lease financing has influence on corporate performance for companies listed at NSE in the year 2009-2013. Under this study 30 non-financial firms of 64 were subjected to study. The study employed

descriptive research design. The regression results and data analysis led to the conclusion that financial lease had negative and insignificant effect on ROA at 5% significant level.

Nthenge (2013) studied trade credit and firms value connection of firms registered at NSE. The study applied descriptive research design on 39 sampled companies that were non-financial registered at the NSE in order to find any correlation amongst the identified variables. Regression analysis was applied to test existence any relationship. But the study discovered reverse and immaterial connection amongst the investment in debtors and the value of firm. The study found that firm size and debt level highly had effect on the firm value and remarked about necessity of investors to encourage companies to set ceilings to trade credit approved in order to lessen the financial risk, opportunity cost and decrease in profitability and liquidity in addition to encourage managers to continue investing in debtors in order to maximizes operating, economic benefits.

Shah (2016) did a study on effect that short-term financing had on operational performance in connection to adjusted profitability. The size of the sample was 352 non-financial Pakistan firms registered on PSE in the years 2003-2014. Employed Dynamic panel data assessment procedure and find out that STF does not influence risk-adjusted profitability under GMM estimation method.

2.6 Conceptual Framework



2.7 Research Gap

An inadequate amount of researches around the world had been carried out on short-term finances and none in Kenya. The result from the literature review revealed that past researches done concentrated on effect capital structure had on corporate performance. It has emerged that much has not been done to determine the effect of short-term finances on corporate performance. The existing gap is what necessitates this study on investigating effect that short-term financing could have on corporate performance of the firms listed in NSE.

CHAPTER THREE: RESEARCH

METHODOLOGY

3.1 Introduction

This chapter touches on research methodology that acted as a guide in this work. This comprises of research design to be adopted, target population and data collection techniques. The section additional offers effective explanation of variables under study and procedures on analysis of data that was collected.

3.2 Research Design

This research used explanatory non-experimental research design because of absence of any experimental testing and ability of the design to explain causal relationship between variables. Research design was a guide on how information was going to be collected that was related to the study and lead towards addressing on research problem. It is an overall pattern for the gathering, measuring and examination of data vital to answering the research question. It comprises sketch of what the research focused on, beginning from hypothesis, its effective application till when data analysis will be done (Creswell, 2013).

3.3 Target Population

All NSE listed firms between the years 2015-2019 formed the population subject to study. The choice of the study population are corporations because they submit statutory reports which made it easier for data items under consideration to be extracted.

3.4 Sample Design

Quantitative research design was applied because this design is about collection of data relevant to the study in order to respond to question raised on present subject under study. Creswell (2003) stated that quantitative research creates substantial decisions

concerning a population statistically through carrying test that is represented by the sample. The study adopted split method into four categories (i) Companies financed by short-term liabilities (ii) Companies financed by long-term liabilities (iii) All companies financed by short-term and long-term sources and sub-split of companies based on (a) Liquidity and (b) Size and (c) Industry.

3.5 Data collection

Secondary data as source of information for study utilized longitudinal data made of cross sections and cross sections. The whole variable data under study sourced from financial statements including annual reports that have published of NSE listed companies for the financial years falling between 2015-2019. The variables under consideration was corporate performance and short-term sources of financing.

3.6 Data Analysis

Data was analyzed using Statistical Package for Social Scientists software version 21. Descriptive statistics and frequency distribution tables was used to analyze quantitative data. Pearson Correlation and ANOVA test to be carried out to find out if there exist any relationship between short-term financing and corporate performance. Additional analysis was done using numerous groups of regressions purposely to determine any connection between the variables. The equation to be adopted:

$$Y = \beta_0 + \beta_1 \text{ROA}_{i,t} + \beta_2 \text{CE}_{i,t} + \beta_3 (\text{Short-term financing})_{i,t} + \beta_4 (\text{Growth}) + \beta_5 (\text{Size}) + \beta_6 (\text{Liquidity}) + \alpha \quad (1)$$

Where:

Y= Corporate Performance (To be measured by Return on Asset)

CE=Cash & Cash equivalents β_0 =Constant

α =Error Term

The hypothesis established in equation (2) will be confirmed by verifying any significance of (β_1) .

3.7 Tests of Significance

Hypothesis:

$$H_0: \beta_1 = 0 \quad (2)$$

$$H_1: \beta_1 \neq 0$$

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The research and the study outcomes are discussed in this chapter. The overall objective of the study was to investigate the short-term financing impact of NSE- registered firms on corporate performance.

4.2 Descriptive Statistics

This presents the general description of the study variables characteristics including the mean and standard deviation.

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	53	-1.46	0.38	0.141	0.31
Cash & Cash equivalent	53	9715.23	4187110578.00	235733877.36	727292694.06
Short-term financing	53	647.68	279140705.00	15715591.83	48486179.60
Growth	53	0.26	0.64	0.48	0.07
Size	53	0.13	8.76	1.29	2.11
Liquidity	53	3.89	9.61	7.23	1.10
Long-term financing	53	1079.47	465234508.60	26192653.04	80810299.34

From the data received from the NSE registered companies in Kenya (Table 4.1), the findings indicate that the mean average ROA was 14.1% for the firms researched on, suggesting that NSE registered companies in Kenya have a relatively moderate average return on assets with a standard deviation of 0.12497, the indication is that corporate performance of NSE registered companies vary quite significantly. The mean of Cash & Cash equivalent was Ksh. 235733877.36 with a maximum of Ksh. 4187110578.00 and the minimum of Ksh. 9715.23. The mean of Short-term financing was Ksh.115715591.83 with a standard deviation of Ksh. 148486179.60, the mean of Growth was 48% with a standard deviation of 0.07, the mean of size was 1.29 with a standard deviation of 2.11, the mean of liquidity was 7.26 with a standard deviation of 01.1. The average long-term financing was Ksh. 26192653.04

4.3 Diagnostic Tests

The conducted diagnostic tests were to evaluate the model assumptions and investigate whether or not there are observations with a large, undue influence on the analysis. The study conducted stationarity test/ unit root test, cointegration test, normality test, multicollinearity and autocorrelation.

4.3.1 Tests of Normality

The level of significance in the study will be compared to the computed significant value using both skewness and kurtosis so as to make effective conclusions using the test. Residuals will be indicated to be normally distributed if the level of significance is lower than that of the computed significant value. The data will be said to depart from the normal distribution if its level of significance will be lower than the computed significant value (Kline (2011)).

Table 4.2: Shapiro-Wilk Test of Normality

Variables	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ROA	0.204	53	0.433	0.870	53	0.467
Cash & Cash equivalent	0.357	53	0.642	0.853	53	0.534
Short-term financing	0.089	53	0.200	0.966	53	0.097
Growth	0.086	53	0.198	0.950	53	0.051
Size	0.218	53	0.487	0.727	53	0.648
Liquidity	0.063	53	0.174	0.968	53	0.090
Long-term financing	0.093	53	0.206	0.965	53	0.061

This indicated that the secondary data utilized for this study was obtained from a normally distributed population. This rejects the null hypothesis that the data was not normally distributed. Additionally this indicated that the data can be utilized to carry out advanced parametric analysis like Pearson's correlation and regression.

4.3.2 Test for Multi-collinearity

Multicollinearity inflates the standard errors and produces spurious outcomes. To test Multicollinearity of the sample variables, this study utilized a variance management efficiency factor (VIF) process. The findings, as shown in Table 4.3, showed that Multicollinearity was not present as all VIF values were below 3.

Table 4.3: Test for Multi-collinearity

	Collinearity Statistics Tolerance	VIF
ROA	.500	2.000
Cash & Cash equivalent	.608	1.645
Short-term financing	.633	1.580
Growth	.493	2.028
Size	.342	2.924
Liquidity	.498	2.008
Long-term financing	.866	1.155

All the VIFs are very low in the above findings, since they are far below 5. These values. These values indicate that coefficients are well calculated and that their p-values can be trusted by the sample.

4.3.3 Autocorrelation test

The study conducted Breusch Godfrey LM test to confirm if there is autocorrelation. The findings are shown in Table 4.4.

Table 4.4: Serial Correlation

Test	Statistic
Durbin Watson	2.187

Source: Research Findings

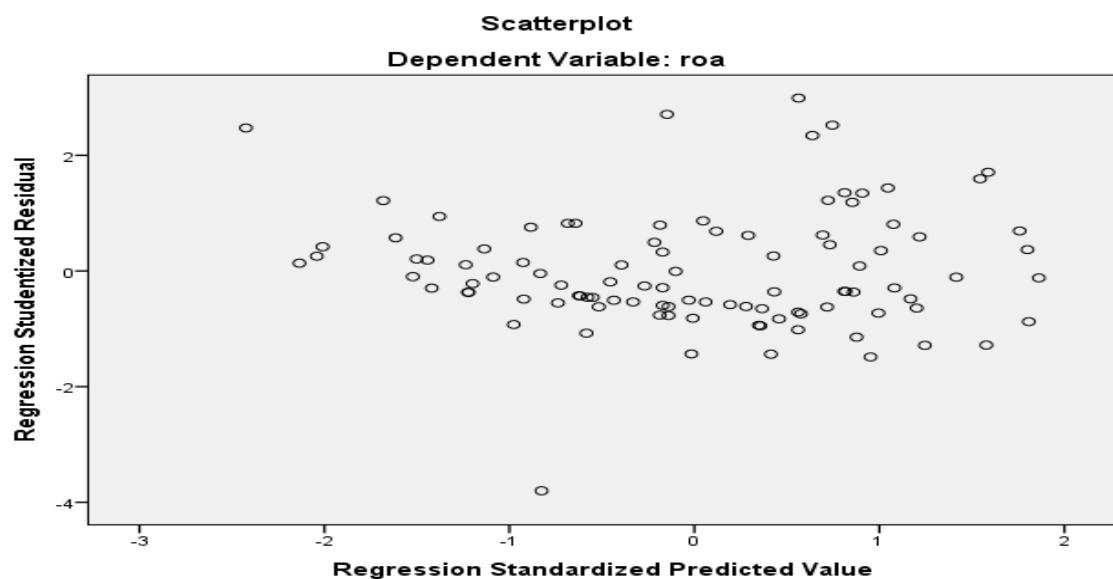
From the findings, it's clear that p-values for the Chi-square statistic is less 0.05 and hence the residuals of the empirical model are not auto correlated.

4.3.4 Heteroscedasticity

Heteroscedasticity was carried out with the aim of establishing unequal variability of a

variable under study namely; board gender diversity, leverage, and cash & cash equivalent, size of audit committee and company size. It was tested by scatter plots. From the findings of the study, based on the scatter plots below, it appears that the research spots are diffused with no specific pattern which is an evidence that the model applied does not cause heteroscedastic problem as shown in figure 4.2 below

Figure 4.1: Test for Heteroscedasticity



4.4 Inferential Statistics

4.4.1 Pearson’s Correlation Coefficient Analysis

The study assessed the magnitude of the relation between short-term financing variables and corporate efficiency, that is, whether corporate performance is strengthened by the governance proxies. A positive relationship between short-term funding measures and the corporate performance indicator was expected, as previously mentioned (ROA). For all the variables considered in this analysis, Table 4.5 presents the correlation coefficients.

Table 4.5: Correlations

	ROA	Cash & cash equivalents	& Short-term financing	Growth	Size	Liquidity	Long-term financing
ROA	1						
Cash & cash equivalents	0.74	1					
Short-term financing	0.21	0.13	1				
Growth	0.63	0.02	0.04	1			
Size	0.69	0.06	0.08	0.24	1		
Liquidity	0.16	0.21	0.34	-0.04	-0.12	1	
Long-term financing	0.56	0.21	3.21	0.01	0.07	0.04	1

The findings given by the matrix of correlation suggest that the dependent and all independent variables are significantly correlated. A good and important relationship with ROA (Pearson's $r=0.74$, 0.63 , 0.69 and 0.56) was demonstrated by cash & cash equivalents, growth, size and long-term financing. Short-term financing and Liquidity showed a positive relationship with ROA, although the relationship was insignificant (Pearson's $r=0.21$ and 0.16) respectively.

4.4.2 Regression Analysis

A multiple regression analysis was performed to test the association among predictor variables.

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.889 ^a	0.790	0.753	0.896

It is possible to relate Modified R squared to independent variable changes that induced the variation in the dependent variable. The modified R squared value was from the table above which is 0.753 representing 75.3% variation on corporate performance of

NSE registered companies due to changes in cash & cash equivalents, Short-term financing, Growth, size, liquidity and Long-term financing at 95% confidence interval. This indicates that the foregoing variables can be attributed to 75.3 per cent of the number of corporate performance changes among NSE registered companies in Kenya. The results of the analysis indicate a clear positive correlation at a R value of 0.889 among the study variables.

Table 4.7: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.125	6	3.161	7.287	0.0000001
	Residual	18.92	44	0.434		
	Total	41.045	52			

a. Predictors: Cash & cash equivalents, Short-term financing, Growth, size, liquidity, and Long-term financing

b. Dependent Variable: ROA

A significance level of 0.0000001 is shown in the ANOVA statistics in the table above which means that the model and its data can be relied on to draw definitive inferences. The critical value ($2.262 < 7.287$) was lower than the measured F, suggesting that the above independent variables had a substantial effect on the corporate output of NSE-registered companies.

Table 4.8: Coefficients

	Unstandardized		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.936	0.451		8.727	0.000
Cash & cash equivalents	0.741	0.213	0.646	3.478	0.001
Short-term financing	0.667	0.179	0.526	3.726	0.001
Growth	0.737	0.28	0.645	2.632	0.012
Size	0.549	0.222	0.442	2.472	0.018
Liquidity	0.519	0.214	0.432	2.425	0.016
Long-term financing	0.463	0.079	0.326	5.861	0.000

The overall regression model for this model was:

$$Y = 3.936 + 0.741X_1 + 0.667X_2 + 0.737X_3 + 0.549X_4 + 0.519X_5 + 0.602X_6 + 0.463X_7.$$

Cash & cash equivalents impact business output positively. It indicates that any unit increase in cash & cash equivalents would lead to an increase of 0.741 in corporate results. Short-term funding increases have been reported to result in an improvement in business results due to the beneficial impact of 0.667. Development has had a positive influence on corporate performance, which suggests an improvement in corporate performance by 0.737 as a result of an increase in units. In addition, size has shown a positive effect on corporate performance, which means that as a result of a unit increase, it improves corporate performance by 0.549. Liquidity greatly boosts the efficiency of the organization by 0.519.

4.5 Discussion of Findings

The study showed that cash & cash equivalents had a positive effect on NSE registered companies' corporate results. Liquidity was also found to affect organizational output positively. In a similar study, Shiu (2007) argues that the firms with more liquid assets have better corporate performance since they are able to cater for their financial commitments easily and have less susceptibility to liquidity risks. If the insurance firms do not have enough cash or liquid assets, there are higher chances of the firms selling their investment securities at huge loss to meet its claims.

The results of the study revealed that short-term funding is important to achieve the proper functioning of companies and if well executed, achieve their specified vision and purpose. Similar to the results of the report, Hasan et al. (2011) did a study on how corporate financing decisions affect corporate efficiency without tax factoring. The study inspected effect of manufacturing segments and economic condition using longitudinal data of 80 Kuwait Listed firms the outcome stated that conflicting to the capital structure Trade-off Theory, debt level and corporate performance had a negative relationship. The cause to the inverse results were due to dismal growth of Kuwait debt market and high debt financing cost. Nwude *et al.*, (2016) researched on effect of debt capital structure on firm performance. The study covered 12-year panel data covering years 2001-2012 and 43 firms' cross section belonging to diverse sectors. The collated data originated from the annual reports and stock exchange fact books of target companies in Nigeria Stock Exchange. Three regression estimates were used due to unnoticed data homogeneity. The result of regression approximations obtained revealed that debt structure had undesirable but significant influence on the Nigerian Stock Exchange target firms investigated.

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSIONS
AND RECOMMENDATIONS

5.1 Introduction

This chapter comprises of summary, conclusions and suggests the appropriate steps to strengthen the quantitative analysis identified in chapter four.

5.2 Summary of Findings

The study findings indicated a positive relationship between short-term financing and corporate performance. This is evident from the effects of the independent factors studied on corporate performance. Short-term financing focuses on the maximization of the wealth value of the owners of the enterprises and the stakeholders. Companies have resulted to short-term financing due to the global financial challenges.

The results of the study suggest that short-term funding typically contributes to the corporate success of NSE-listed companies. A combination of the frameworks, foundations and values of short-term financing leads to a positive relationship between short-term financing and the number of companies registered with the NSE.

To evaluate strength of the model used in the study, ANOVA was used. The study concluded from the analysis of the regression statistics that the six key factors, including cash & cash equivalents, short-term financing, growth, size, liquidity and long-term financing, had an impact on corporate efficiency. Up to 75.3 percent of the variables were able to clarify their effect on corporate success and the remainder were attributed to other factors not taken into account in this analysis, indicating that the model was important.

5.3 Conclusion

From the study, the correlation coefficient obtained, Cash & cash equivalents, Growth, size showed a strong and significant relationship with ROA, (Pearson's $r = 0.74$, 0.63 , 0.69 and 0.56) respectively. Short-term financing and Liquidity showed a positive relationship with ROA, although the relationship was insignificant (Pearson's $r = 0.21$ and 0.16) respectively.

5.4 Recommendations

The study revealed that short-term funding decisions impact the corporate performance of NSE-listed companies. This study recommends taking short-term financing in relation to each other and not in isolation, as their interaction impact on results is significant. In particular, decisions on inventory turnover should be taken in relation to accounts receivable turnover decisions, and decisions on inventory turnover and accounts payable turnover decisions. The standard theories of working capital management should really be reassessed using models that integrate interaction. The findings show that the increase in cash & cash equivalents has a positive impact on the corporate performance of companies listed in Kenya's NSE. The study recommends that corporate managers should pay more attention to cash management on the basis of these findings, because proper cash management improves corporate performance. By formulating an effective cash management plan, the managers of NSE-listed companies will boost corporate efficiency.

The study therefore recommends that corporate executives should extend the cycle of cash conversion by shortening the damage to the cash collection period rather than improving the corporate performance of NSE-listed companies. This suggestion is in line with the observation that the cash conversion period is prolonged by financial

resources tied up at different points of the supply chain. This may well increase profits due to improved sales, mainly where the cost of blocked capital is lower than the payback of holding added stock and giving customers additional trade credit.

The study determines that the relationship between short-term financing decisions and corporate performance of companies listed in the NSE moderates firm characteristics, namely the size of the business, growth opportunities and liquidity. Therefore, the study recommends that policy makers of NSE-listed companies should consider firm features when formulating short-term financing policies in order to boost corporate performance.

5.5 Limitations of the Study

The entire data collection process of reviewing and writing reports was expensive and additional funds were needed to achieve the targets, calling for complete sacrifice. The whole research process was successful, despite the limited financial resources. The investigator was also met with time constraints. The analysis used secondary data gathered from a variety of sources, including individual companies and the Nairobi Stock Exchange. For the entire data collection exercise and review, the time was not sufficient. It was however, well used for the limited time available.

This study was performed over a five-year period, which might not be as definitive as if twenty years for example, were used over a much longer period. If study duration is longer, then more data is used hence a more substantive findings is expected.

Having analyzed only the secondary data, qualitative factors which also influence corporate performance were not captured. Utilization of both primary and secondary data gives a more substantial conclusion.

5.6 Suggestions for Future Research

To carry out a study using primary data and determine if there can be variations in the outcomes, this can be compared with the results from the secondary data. A researcher is in a position to capture all aspects of study by integrating primary and secondary data. The study focused solely on the impact of short-term financing on NSE registered companies' corporate performance. There are other diverse variables such as managerial ownership, family ownership, remuneration committee, while the short-term funding covered was important; board meetings, capital structure and disclosure that could not be included should therefore be considered in future studies.

In order to promote the corporate performance of these insurance companies, more studies should be carried out with a view to understanding the history of ownership patterns of insurance companies in Kenya and the consequences of these ownership patterns for the design of short-term funding regulations.

The debate on short-term financing continues both in academia and in the mainstream press, as well as in Kenya and globally, shows that this area is very important and urgently needs to be addressed. A variety of issues related to short-term funding activities and organizational success are discussed in the existing literature, while the research contributes substantially to the literature body in different proportions, the results are not definitive.

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APPENDICES

APPENDIX I: Return on Assets

	2015	2016	2017	2018	2019
Eaagads Ltd	0.038	-0.119	-0.094	0.034	0.001
Kakuzi Ltd	0.106	0.044	0.042	0.116	0.084
Kapchorua Tea Ltd	0.040	0.061	-0.012	-0.011	0.101
Limuru Tea Ltd	0.318	0.083	-0.001	0.021	-0.139
Sasini Tea Ltd	-0.014	0.010	0.003	0.069	0.078
Williamson Tea Kenya	0.118	0.107	0.087	-0.027	0.080
Car and General Company Ltd	0.047	0.046	0.034	0.014	0.008
Marshalls (E.A) Ltd	-0.292	-0.214	-0.004	-0.037	0.107
Sameer Africa Ltd	0.055	0.109	-0.023	-0.038	0.077
Atlas Development Services	-	-0.016	-0.075	-4.135	-0.132
Deacons Kenya Ltd	-0.027	0.112	0.040	0.060	0.094
Express Kenya Ltd	0.039	0.001	-2.828	-4.007	0.441
Kenya Airways Ltd	0.031	-0.109	-0.040	-0.254	-0.309
Longhorn Publishers Ltd	-0.085	0.243	0.219	0.189	0.341
Nairobi Business Ventures Ltd	-	0.044	0.165	0.039	0.038
Nation Media Group Ltd	0.336	0.304	0.279	0.244	0.216
Standard Group Ltd	0.077	0.070	0.077	-0.113	-0.113
TPS Eastern Africa Ltd	0.044	0.033	0.013	-0.010	-0.026
Uchumi Supermarket Ltd	-	0.114	0.109	-3.049	-2.995
WPP Scangroup Ltd	0.148	0.098	0.136	0.145	0.139
Athi-River Mining Ltd	0.061	0.060	0.077	-0.091	-0.083
Bamburi Cement Ltd	0.136	0.099	0.114	0.171	0.160
Crown Berger Ltd	0.109	0.155	0.118	0.119	0.124
East African Cables Ltd	-	0.098	0.147	-0.274	-0.201
East Africa Portland Cement Company	-0.084	0.139	-0.032	0.362	0.388

KenGen Company	0.019	0.031	0.013	0.098	0.095
Kenol-Kobil Ltd	-0.856	0.076	0.187	0.283	0.805
Kenya Power And Lighting Company Ltd	-	0.030	0.041	0.032	0.053
Total Kenya Ltd.	-0.013	0.080	0.081	0.086	0.133
Umeme Ltd	0.126	0.164	0.137	0.078	0.084
Britam Holdings Ltd	0.202	0.157	0.117	-0.057	-0.099
CIC Insurance Group Ltd	0.206	0.171	0.151	0.145	0.118
Jubilee Holdings Ltd	-	0.188	0.188	0.153	0.247
Kenya Reinsurance Corporation Ltd	0.201	0.164	0.157	0.157	0.165
Liberty Kenya Holdings Ltd	0.188	0.202	0.187	0.115	0.171
Pan Africa Insurance Holdings Ltd (Sanlam)	0.253	0.375	0.231	0.007	0.211
The Nairobi Securities Exchange	-	-	0.206	0.171	0.108
Centum Investment Company(ICDCI) Ltd	0.063	0.035	0.042	0.110	0.127
Home Afrika	-	0.096	0.007	-0.533	-0.123
Kurwitu Ventures Ltd	-	-	-0.048	-0.110	-0.045
Olympia Capital Holdings Ltd	0.004	0.005	0.036	0.011	0.015
Trans-Century Ltd	-	0.035	-0.159	-0.303	-0.122
BOC Kenya Ltd	0.135	0.097	0.131	0.087	0.109
British American Tobacco Ltd	0.358	0.365	0.384	0.412	0.383
Carbacid Investments Ltd	0.209	0.225	0.206	0.145	0.194
East African Breweries Ltd	0.353	0.210	0.194	0.227	0.237
Eveready East Africa Ltd	0.141	0.126	-0.206	-0.090	-0.028
Flame Tree Group Holdings Ltd	-	0.491	0.286	0.245	0.292

Kenya Orchards Ltd	-	-	-0.749	0.464	-0.081
Mumias Sugar Company Ltd	0.093	-0.088	-0.209	-0.687	-0.268
Unga Group Ltd	-	0.072	0.062	0.088	0.063
Safaricom Ltd	0.150	0.190	0.239	0.304	0.231
Stanlib Fahari Income REIT	-	-	-	0.015	0.004

Appendix II: Cash and Cash Equivalents

	2015	2016	2017	2018	2019
Eaagads Ltd	572796.031	500034.53	445656.2484	615176.87 27	760326.2769
Kakuzi Ltd	3572728.382	3715352.3	3854783.577	4560369.1 6	4736963.082
Kapchorua Tea Ltd	1963360.277	2079696.7	1927524.913	1981527.0 26	2328091.258
Limuru Tea Ltd	319889.511	342767.79	338844.1561	341979.44 25	351965.4225
Sasini Tea Ltd	8933054837	9057326	14927944.1	16032453. 91	20725260.6
Williamson Tea Kenya	7244359.601	8016780.6	8550667.129	8550667.1 29	9289663.868
Car And General Company Ltd	5701642.723	6902398	8147042.84	8994975.8 15	10752266
Marshalls (E.A) Ltd	567544.6054	515228.64	603948.6294	550807.69 64	568198.3916
Sameer Africa Ltd	3396252.726	3664375.7	3854783.577	3749730.0 22	3994845.613
Atlas Development Services	2636.331386	10023.052	19319.68317	4477.1330 42	12119.92689
Deacons Kenya Ltd	1954339.456	1981527	1963360.277	2488857.3 18	2494594.727
Express Kenya Ltd	495450.1908	480839.35	477529.2737	441570.44 74	433510.8784
Kenya Airways Ltd	122743923.1	148593564	181970085.9	158489319 .2	192974533.6
Longhorn Publishers Ltd	662216.5037	685488.23	748169.5005	688652.29 63	731981.3232
Nairobi Business Ventures Ltd	15523.8701	45081.67	79432.82347	111686.32 48	252638.771
Nation Media Group Ltd	10665961.21	11455129	11939881.04	12705741. 05	13443117.67
Standard Group Ltd	3499451.67	4139996.7	4102041.03	4355118.7 37	4715198.713
TPS Eastern Africa Ltd	13365955.17	16143586	15922087.27	15812480. 39	17258378.92
Uchumi Supermarket Ltd	4943106.87	5571857.5	6886522.963	6295061.8 29	7430191.379
WPP Scangroup Ltd	8356030.182	12735031	13273944.58	12473835. 14	15721717.92
Athi-River Mining Ltd	26977394.32	29716660	36982817.98	51880003. 89	60743526.29

Bamburi Cement Ltd	43052661.05	43052661	41020410.3	42072662.84	41067663.99
Crown Paints Kenya	2259435.77	2944421.6	4295364.268	5140436.516	7087613.065
East African Cables Ltd	6251726.928	6839116.5	7888601.176	8375292.821	9408058.3
East Africa Portland Cement Company	13963683.61	16143586	15703628.04	23120647.9	24518844.54
KenGen Company	163305194.8	188799135	250034536.2	342767786.5	424130983.9
Kenol-Kobil Ltd	32658783.22	28119008	23933157.56	17378008.29	14876473.74
Kenya Power And Lighting Company Ltd	134276496.1	184077200	220292646.3	275422870.3	352776786.6
Total Kenya Ltd.	32960971.22	39994475	32508729.74	34197944.25	33962527.26
Umeme Ltd	755092.2277	889201.12	1210598.134	1774189.481	2246466.776
Britam Holdings Ltd	59156163.42	79067863	123594743.3	137720946.9	199067333.9
CIC Insurance Group Ltd	22646443.08	27415742	40179081.08	41783036.66	55654463.43
Jubilee Holdings Ltd	85901352.15	108893009	132434153.5	144211535.2	179060585.4
Kenya Reinsurance Corporation Ltd	23173946.5	27605779	32210687.91	35563131.86	41927599.67
Liberty Kenya Holdings Ltd	27352687.26	31477483	33189445.76	34514373.93	38018939.63
Pan Africa Insurance Holdings Ltd (Sanlam)	16481623.92	21134890	24603676.04	27101916.32	33113112.15
The Nairobi Securities Exchange	-	-	1686553.025	1918668.741	2387811.283
Centum Investment Company(ICDCI) Ltd	11561122.42	18967059	29580124.67	72276980.36	77983011.05
Home Afrika	-	306000009	3715352291	3863669771	6109420249
Kurwitu Ventures Ltd	-	-	120781383.5	140604752.4	264850013.9

Olympia Capital Holdings Ltd	1866379.691	1896705.9	1538154.64	1531087.462	1389952.631
Transcentury Ltd	21827299.12	23823195	19453600.82	21827299.12	20606299.13
BOC Kenya Ltd	1990673.339	2630268	2301441.817	2322736.796	2497468.389
British American Tobacco Ltd	15170503.67	16982437	18238957.02	18663796.91	20464446.37
Carbacid Investments Ltd	2013724.25	2202926.5	2535128.63	2971666.032	3334264.128
East African Breweries Ltd	54200089.04	57676646	62805835.88	66988460.94	61801640.01
Eveready East Africa Ltd	1150800.389	941889.6	931107.8755	1510080.154	1358313.447
Flame Tree Group Holdings Ltd	-	874983775	1054386896	1370881766	1721868575
Kenya Orchards Ltd	-	-	50234258.95	78704578.97	96827785.63
Mumias Sugar Company Ltd	27415741.72	27289778	23550492.84	20417379.45	18923436.19
Unga Group Ltd	6397348.355	8109610.6	7481695.005	8669618.758	9375620.069
Safaricom Ltd	121898959.9	128824955	134586035.4	157036280.4	159220872.7
Stanlib Fahari Income REIT	-	-	-	-	3689775986

Appendix III: Short-term Financing

	2015	2016	2017	2018	2019
Eaagads Ltd	38186.40	33335.64	29710.42	41011.79	50688.42
Kakuzi Ltd	238181.89	247690.15	256985.57	304024.61	315797.54
Kapchorua Tea Ltd	130890.69	138646.45	128501.66	132101.80	155206.08
Limuru Tea Ltd	21325.97	22851.19	22589.61	22798.63	23464.36
Sasini Tea Ltd	595536989.13	603821.73	995196.27	1068830.26	1381684.04
Williamson Tea Kenya	482957.31	534452.04	570044.48	570044.48	619310.92
Car And General Company Ltd	380109.51	460159.87	543136.19	599665.05	716817.73
Marshalls (E.A) Ltd	37836.31	34348.58	40263.24	36720.51	37879.89
Sameer Africa Ltd	226416.85	244291.71	256985.57	249982.00	266323.04
Atlas Development Services	175.76	668.20	1287.98	298.48	808.00
Deacons Kenya Ltd	130289.30	132101.80	130890.69	165923.82	166306.32
Express Kenya Ltd	33030.01	32055.96	31835.28	29438.03	28900.73
Kenya Airways Ltd	8182928.21	9906237.60	12131339.06	10565954.61	12864968.91
Longhorn Publishers Ltd	44147.77	45699.22	49877.97	45910.15	48798.75
Nairobi Business Ventures Ltd	1034.92	3005.44	5295.52	7445.75	16842.58
Nation Media Group Ltd	711064.08	763675.27	795992.07	847049.40	896207.84
Standard Group Ltd	233296.78	275999.78	273469.40	290341.25	314346.58
TPS Eastern Africa Ltd	891063.68	1076239.07	1061472.48	1054165.36	1150558.59
Uchumi Supermarket Ltd	329540.46	371457.17	459101.53	419670.79	495346.09
WPP Scangroup Ltd	557068.68	849002.07	884929.64	831589.01	1048114.53
Athi-River Mining Limited	1798492.95	1981110.67	2465521.20	3458666.93	4049568.42
Bamburi Cement Ltd	2870177.40	2870177.40	2734694.02	2804844.19	2737844.27
Crown Berger Ltd	150629.05	196294.77	286357.62	342695.77	472507.54
East African Cables Ltd	416781.80	455941.10	525906.75	558352.85	627203.89
East Africa Portland Cement Company	930912.24	1076239.07	1046908.54	1541376.53	1634589.64
KenGen Company	10887012.99	12586609.00	16668969.08	22851185.77	28275398.93

Kenol-Kobil Ltd	2177252.21	1874600.53	1595543.84	1158533.89	991764.92
Kenya Power And Lighting Company Ltd	8951766.41	12271813.33	14686176.42	18361524.69	23518452.44
Total Kenya Ltd.	2197398.08	2666298.33	2167248.65	2279862.95	2264168.48
Umeme Ltd	50339.48	59280.07	80706.54	118279.30	149764.45
Britam Holdings Ltd	3943744.23	5271190.87	8239649.55	9181396.46	13271155.59
CIC Insurance Group Ltd	1509762.87	1827716.13	2678605.41	2785535.78	3710297.56
Jubilee Holdings Ltd	5726756.81	7259533.93	8828943.57	9614102.35	11937372.36
Kenya Reinsurance Corporation Ltd	1544929.77	1840385.27	2147379.19	2370875.46	2795173.31
Liberty Kenya Holdings Ltd	1823512.48	2098498.87	2212629.72	2300958.26	2534595.98
Pan Africa Insurance Holdings Ltd (Sanlam)	1098774.93	1408992.67	1640245.07	1806794.42	2207540.81
The Nairobi Securities Exchange	-	-	112436.87	127911.25	159187.42
Centum Investment Company(ICDCI) Ltd	770741.49	1264470.60	1972008.31	4818465.36	5198867.40
Home Afrika	-	204000000.00	247690152.73	257577984.73	407294683.27
Kurwitu Ventures Ltd	-	-	8052092.23	9373650.16	17656667.59
Olympia Capital Holdings Ltd	124425.31	126447.06	102543.64	102072.50	92663.51
Transcentury Ltd	1455153.27	1588213.00	1296906.72	1455153.27	1373753.28
BOC Kenya Ltd	132711.56	175351.20	153429.45	154849.12	166497.89
British American Tobacco Ltd	1011366.91	1132162.47	1215930.47	1244253.13	1364296.42
Carbacid Investments Ltd	134248.28	146861.77	169008.58	198111.07	222284.28
East African Breweries Ltd	3613339.27	3845109.73	4187055.73	4465897.40	4120109.33
Eveready East Africa Ltd	76720.03	62792.64	62073.86	100672.01	90554.23
Flame Tree Group Holdings Ltd	-	58332251.67	70292459.73	91392117.73	114791238.33
Kenya Orchards Ltd	-	-	3348950.60	5246971.93	6455185.71

Mumias Sugar Company Ltd	1827716.11	1819318.53	1570032.86	1361158.6 3	1261562.4 1
Unga Group Ltd	426489.89	540640.71	498779.67	577974.58	625041.34
Safaricom Ltd	8126597.33	8588330.33	8972402.36	10469085. 36	10614724. 85
Stanlib Fahari Income REIT	-	-	-	-	245985065 .73

Appendix IV: Growth

	2015	2016	2017	2018	2019
Eaagads Ltd	0.38	0.38	0.38	0.39	0.39
Kakuzi Ltd	0.44	0.44	0.44	0.44	0.45
Kapchorua Tea Ltd	0.42	0.42	0.42	0.42	0.42
Limuru Tea Ltd	0.37	0.37	0.37	0.37	0.37
Sasini Tea Ltd	0.46	0.46	0.48	0.48	0.49
Williamson Tea Kenya	0.46	0.46	0.46	0.46	0.46
Car and General Company Ltd	0.45	0.46	0.46	0.46	0.47
Marshalls (E.A) Ltd	0.38	0.38	0.39	0.38	0.38
Sameer Africa Ltd	0.44	0.44	0.44	0.44	0.44
Atlas Development Services	0.23	0.27	0.29	0.24	0.27
Deacons Kenya Ltd	0.42	0.42	0.42	0.43	0.43
Express Kenya Ltd	0.38	0.38	0.38	0.38	0.38
Kenya Airways Ltd	0.54	0.54	0.55	0.55	0.55
Longhorn Publishers Ltd	0.39	0.39	0.39	0.39	0.39
Nairobi Business Ventures Ltd	0.28	0.31	0.33	0.34	0.36
Nation Media Group Ltd	0.47	0.47	0.47	0.47	0.48
Standard Group Ltd	0.44	0.44	0.44	0.44	0.44
TPS Eastern Africa Ltd	0.48	0.48	0.48	0.48	0.48
Uchumi Supermarket Ltd	0.45	0.45	0.46	0.45	0.46
WPP Scangroup Ltd	0.46	0.47	0.47	0.47	0.48
Athi River Mining Ltd	0.5	0.5	0.5	0.51	0.52
Bamburi Cement Ltd	0.51	0.51	0.51	0.51	0.51
Crown Berger Ltd	0.42	0.43	0.44	0.45	0.46
East African Cables Ltd	0.45	0.46	0.46	0.46	0.46
East Africa Portland Cement Company	0.48	0.48	0.48	0.49	0.49
KenGen Company	0.55	0.55	0.56	0.57	0.58
Kenol-Kobil Ltd	0.5	0.5	0.49	0.48	0.48
Kenya Power And Lighting Company Ltd	0.54	0.55	0.56	0.56	0.57
Total Kenya Ltd.	0.5	0.51	0.5	0.5	0.5
Umeme Ltd	0.39	0.4	0.41	0.42	0.42
Britam Holdings Ltd	0.52	0.53	0.54	0.54	0.55
CIC Insurance Group Ltd	0.49	0.5	0.51	0.51	0.52
Jubilee Holdings Ltd	0.53	0.54	0.54	0.54	0.55
Kenya Reinsurance Corporation Limited	0.49	0.5	0.5	0.5	0.51
Liberty Kenya Holdings Ltd	0.5	0.5	0.5	0.5	0.51
Pan Africa Insurance Holdings Ltd(Sanlam)	0.48	0.49	0.49	0.5	0.5
The Nairobi Securities Exchange	-	-	0.42	0.42	0.43

Centum Investment Company(ICDCI) Ltd	0.47	0.49	0.5	0.52	0.53
Home Afrika	-	0.63	0.64	0.64	0.65
Kurwitu Ventures Ltd	-	-	0.54	0.54	0.56
Olympia Capital Holdings Ltd	0.42	0.42	0.41	0.41	0.41
Transcentury Ltd	0.49	0.49	0.49	0.49	0.49
BOC Kenya Ltd	0.42	0.43	0.42	0.42	0.43
British American Tobacco Ltd	0.48	0.48	0.48	0.48	0.49
Carbacid Investments Ltd	0.42	0.42	0.43	0.43	0.43
East African Breweries Ltd	0.52	0.52	0.52	0.52	0.52
Eveready East Africa Ltd	0.4	0.4	0.4	0.41	0.41
Flame Tree Group Holdings Ltd	-	0.6	0.6	0.61	0.62
Kenya Orchards Ltd	-	-	0.51	0.53	0.53
Mumias Sugar Company Ltd	0.5	0.5	0.49	0.49	0.49
Unga Group Ltd	0.45	0.46	0.46	0.46	0.46
Safaricom Ltd	0.54	0.54	0.54	0.55	0.55
Stanlib Fahari Income REIT	-	-	-	-	0.64

APPENDIX V: Liquidity

	2015	2016	2017	2018	2019
Eaagads Ltd	0.191	0.242	0.237	0.152	0.125
Kakuzi Ltd	0.275	0.280	0.292	0.323	0.332
Kapchorua Tea Ltd	0.732	0.619	0.397	0.389	0.418
Limuru Tea Ltd	0.321	0.318	0.345	0.346	0.358
Sasini Tea Ltd	0.397	0.425	0.236	0.189	0.109
Williamson Tea Kenya	-	-	-	0.300	0.332
Car and General Company Ltd	1.704	1.809	1.939	1.373	1.491
Marshalls (E.A) Ltd	0.446	0.826	1.160	0.991	1.348
Sameer Africa Ltd	0.461	0.369	0.521	0.505	0.535
Atlas Development Services	-	0.056	0.020	0.253	0.263
Deacons Kenya Ltd	0.664	0.465	0.390	0.644	0.507
Express Kenya Ltd	0.622	0.435	0.365	0.603	0.475
Kenya Airways Ltd	0.582	0.407	0.342	0.564	0.444
Longhorn Publishers Ltd	0.544	0.381	0.320	0.528	0.416
Nairobi Business Ventures Ltd	-	0.357	0.299	0.494	0.389
Nation Media Group Ltd	0.477	0.334	0.280	0.463	0.364
Standard Group Ltd	0.447	0.313	0.262	0.433	0.341
TPS Eastern Africa Ltd	0.418	0.293	0.245	0.405	0.319
Uchumi Supermarket Ltd	0.391	0.274	0.230	0.379	0.299
WPP Scangroup Ltd	0.366	0.256	0.215	0.355	0.280
Athi-River Mining Ltd	0.343	0.240	0.201	0.332	0.262
Bamburi Cement Ltd	0.321	0.225	0.188	0.311	0.245
Crown Berger Ltd	0.300	0.210	0.176	0.291	0.229
East African Cables Ltd	0.281	0.197	0.165	0.273	0.215
East Africa Portland Cement Company	0.263	0.184	0.154	0.255	0.201
KenGen Company	0.246	0.172	0.145	0.239	0.188
Kenol-Kobil Ltd	0.230	0.161	0.135	0.224	0.176
Kenya Power And Lighting Company Ltd	0.216	0.151	0.127	0.209	0.165
Total Kenya Ltd.	0.202	0.141	0.119	0.196	0.154
Umeme Ltd	0.189	0.132	0.111	0.183	0.144
Britam Holdings Ltd	0.177	0.124	0.104	0.172	0.135
CIC Insurance Group Ltd	0.166	0.116	0.097	0.161	0.126
Jubilee Holdings Ltd	0.521	0.498	0.317	6.042	5.940
Kenya Reinsurance Corporation Ltd	0.566	0.538	0.322	1.269	0.231
Liberty Kenya Holdings Ltd	0.612	0.579	0.327	0.266	0.221
Pan Africa Insurance Holdings Limited (Sanlam)	0.658	0.619	0.332	0.056	0.210

The Nairobi Securities Exchange	-	-	0.337	0.062	0.200
Centum Investment Company Ltd	0.659	0.617	0.316	0.068	0.187
Home Afrika	-	0.578	0.295	0.076	0.175
Kurwitu Ventures Ltd	-	-	0.276	0.084	0.164
Olympia Capital Holdings Ltd	0.540	0.506	0.259	0.093	0.154
Transcentury Ltd	0.506	0.474	0.242	0.102	0.144
BOC Kenya Ltd	0.473	0.444	0.227	0.113	0.135
British American Tobacco Ltd	0.443	0.415	0.212	0.125	0.126
Carbacid Investments Ltd	0.415	0.389	0.199	0.139	0.118
East African Breweries Ltd	0.388	0.364	0.186	0.153	0.110
Eveready East Africa Ltd	0.363	0.340	0.174	0.169	0.103
Flame Tree Group Holdings Ltd	0.340	0.319	0.163	0.187	0.097
Kenya Orchards Ltd	0.318	0.298	0.152	0.207	0.090
Mumias Sugar Company Ltd	0.298	0.279	0.143	0.229	0.085
Unga Group Ltd	0.279	0.261	0.134	0.254	0.079
Safaricom Ltd	0.750	0.700	0.342	0.280	0.190
Stanlib Fahari Income REIT	-	-	-	0.310	0.180

APPENDIX VI: Natural logarithm of total assets (Size of the Firm)

	2015	2016	2017	2018	2019
Eaagads Ltd	5.758	5.699	5.649	5.789	5.881
Kakuzi Ltd	6.553	6.57	6.586	6.659	6.6755
Kapchorua Tea Ltd	6.293	6.318	6.285	6.297	6.367
Limuru Tea Ltd	5.505	5.535	5.53	5.534	5.5465
Sasini Tea Ltd	6.951	6.957	7.174	7.205	7.3165
Williamson Tea Kenya	6.86	6.904	6.932	6.932	6.968
Car and General Company Ltd	6.756	6.839	6.911	6.954	7.0315
Marshalls (E.A) Ltd	5.754	5.712	5.781	5.741	5.7545
Sameer Africa Ltd	6.531	6.564	6.586	6.574	6.6015
Atlas Development Services	3.421	4.001	4.286	3.651	4.0835
Deacons Kenya Ltd	6.291	6.297	6.293	6.396	6.397
Express Kenya Ltd	5.695	5.682	5.679	5.645	5.637
Kenya Airways Ltd	8.089	8.172	8.26	8.2	8.2855
Longhorn Publishers Ltd	5.821	5.836	5.874	5.838	5.8645
Nairobi Business Ventures Ltd	4.191	4.654	4.9	5.048	5.4025
Nation Media Group Ltd	7.028	7.059	7.077	7.104	7.1285
Standard Group Ltd	6.544	6.617	6.613	6.639	6.6735
TPS Eastern Africa Ltd	7.126	7.208	7.202	7.199	7.237
Uchumi Supermarket Ltd	6.694	6.746	6.838	6.799	6.871
WPP Scangroup Ltd	6.922	7.105	7.123	7.096	7.1965
Athi-River Mining Ltd	7.431	7.473	7.568	7.715	7.7835
Bamburi Cement Ltd	7.634	7.634	7.613	7.624	7.6135
Crown Berger Ltd	6.354	6.469	6.633	6.711	6.8505
East African Cables Ltd	6.796	6.835	6.897	6.923	6.9735
East Africa Portland Cement Company	7.145	7.208	7.196	7.364	7.3895
KenGen Company	8.213	8.276	8.398	8.535	8.6275
Kenol-Kobil Ltd	7.514	7.449	7.379	7.24	7.1725
Kenya Power And Lighting Company Ltd	8.128	8.265	8.343	8.44	8.5475
Total Kenya Ltd.	7.518	7.602	7.512	7.534	7.531
Umeme	5.878	5.949	6.083	6.249	6.3515
Britam Holdings Ltd	7.772	7.898	8.092	8.139	8.299
CIC Insurance Group Ltd	7.355	7.438	7.604	7.621	7.7455
Jubilee Holdings Ltd	7.934	8.037	8.122	8.159	8.253
Kenya Reinsurance Corporation Ltd	7.365	7.441	7.508	7.551	7.6225
Liberty Kenya Holdings Ltd	7.437	7.498	7.521	7.538	7.58

Pan Africa Insurance Holdings Ltd (Sanlam)	7.217	7.325	7.391	7.433	7.52
The Nairobi Securities Exchange	-	-	6.227	6.283	6.378
Centum Investment Company(ICDCI) Ltd	7.063	7.278	7.471	7.859	7.892
Home Afrika	-	9.486	9.57	9.587	9.786
Kurwitu Ventures Ltd	-	-	8.082	8.148	8.423
Olympia Capital Holdings Ltd	6.271	6.278	6.187	6.185	6.143
Transcentury Ltd	7.339	7.377	7.289	7.339	7.314
BOC Kenya Ltd	6.299	6.42	6.362	6.366	6.3975
British American Tobacco Ltd	7.181	7.23	7.261	7.271	7.311
Carbacid Investments Ltd	6.304	6.343	6.404	6.473	6.523
East African Breweries Ltd	7.734	7.761	7.798	7.826	7.791
Eveready East Africa Ltd	6.061	5.974	5.969	6.179	6.133
Flame Tree Group Holdings Ltd	-	8.942	9.023	9.137	9.236
Kenya Orchards Ltd	-	-	7.701	7.896	7.986
Mumias Sugar Company Ltd	7.438	7.436	7.372	7.31	7.277
Unga Group Ltd	6.806	6.909	6.874	6.938	6.972
Safaricom Ltd	8.086	8.11	8.129	8.196	8.202
Stanlib Fahari Income REIT	-	-	-	-	9.567

Appendix VII: Long-term financing

	2015	2016	2017	2018	2019
Eaagads Ltd	63644.00	55559.39	49517.36	68352.99	84480.70
Kakuzi Ltd	396969.82	412816.92	428309.2 9	506707.6 8	526329.2 3
Kapchorua Tea ltd	218151.14	231077.41	214169.4 3	220169.6 7	258676.8 1
Limuru Tea Ltd	35543.28	38085.31	37649.35	37997.72	39107.27
Sasini Tea Ltd	992561648.56	1006369.56	1658660. 46	1781383. 77	2302806. 73
Williamson Tea Kenya	804928.84	890753.40	950074.1 3	950074.1 3	1032184. 87
Car and general company Ltd	633515.86	766933.11	905226.9 8	999441.7 6	1194696. 22
Marshalls (E.A) Ltd	63060.51	57247.63	67105.40	61200.86	63133.15
Sameer Africa Ltd	377361.41	407152.86	428309.2 9	416636.6 7	443871.7 3
Atlas Development Services	292.93	1113.67	2146.63	497.46	1346.66
Deacons Kenya Ltd	217148.83	220169.67	218151.1 4	276539.7 0	277177.1 9
Express Kenya Ltd	55050.02	53426.59	53058.81	49063.38	48167.88
Kenya Airways Ltd	13638213.68	16510396.00	20218898 .43	1760992 4.36	2144161 4.84

Longhorn Publishers Ltd	73579.61	76165.36	83129.94	76516.92	81331.26
Nairobi Business Ventures Ltd	1724.87	5009.07	8825.87	12409.59	28070.97
Nation Media Group Ltd	1185106.80	1272792.11	1326653.45	1411749.01	1493679.74
Standard Group Ltd	388827.96	459999.63	455782.34	483902.08	523910.97
TPS Eastern Africa Ltd	1485106.13	1793731.78	1769120.81	1756942.27	1917597.66
Uchumi Supermarket Ltd	549234.10	619095.28	765169.22	699451.31	825576.82
WPP Scangroup Ltd	928447.80	1415003.44	1474882.73	1385981.68	1746857.55
Athi-River Mining Ltd	2997488.26	3301851.11	4109202.00	5764444.88	6749280.70
Bamburi Cement Ltd	4783629.01	4783629.00	4557823.37	4674740.32	4563073.78
Crown Berger Ltd	251048.42	327157.96	477262.70	571159.61	787512.56
East African Cables Ltd	694636.33	759901.83	876511.24	930588.09	1045339.81
East Africa Portland Cement Company	1551520.40	1793731.78	1744847.56	2568960.88	2724316.06
KenGen Company	18145021.64	20977681.67	27781615.13	38085309.61	47125664.88

Kenol-Kobil Ltd	3628753.69	3124334.22	2659239. 73	1930889. 81	1652941. 53
Kenya Power and Lighting Company Ltd	14919610.68	20453022.22	24476960 .70	3060254 1.14	3919742 0.73
Total Kenya Ltd	3662330.14	4443830.56	3612081. 08	3799771. 58	3773614. 14
Umeme Ltd	83899.14	98800.12	134510.9 0	197132.1 6	249607.4 2
Britam Holdings Ltd	6572907.05	8785318.11	13732749 .26	1530232 7.43	2211859 2.66
CIC Insurance Group Ltd	2516271.45	3046193.56	4464342. 34	4642559. 63	6183829. 27
Jubilee Holdings Ltd	9544594.68	12099223.22	14714905 .94	1602350 3.91	1989562 0.60
Kenya Reinsurance Corporation Ltd	2574882.94	3067308.78	3578965. 32	3951459. 10	4658622. 19
Liberty Kenya Holdings Ltd	3039187.47	3497498.11	3687716. 20	3834930. 44	4224326. 63
Pan Africa Insurance Holdings Ltd (Sanlam)	1831291.55	2348321.11	2733741. 78	3011324. 04	3679234. 68
The Nairobi Securities Exchange	-	-	187394.7 8	213185.4 2	265312.3 6
Centum Investment Company(ICDCI) Ltd	1284569.16	2107451.00	3286680. 52	8030775. 60	8664779. 01

Home Afrika	-	340000000.0 0	41281692 1.22	4292966 41.22	6788244 72.11
Kurwitu Ventures Ltd	-	-	13420153 .72	1562275 0.27	2942777 9.32
Olympia Capital Holdings Ltd	207375.52	210745.10	170906.0 7	170120.8 3	154439.1 8
Transcentury Ltd	2425255.46	2647021.67	2161511. 20	2425255. 46	2289588. 79
BOC Kenya Ltd	221185.93	292252.00	255715.7 6	258081.8 7	277496.4 9
British American Tobacco Ltd	1685611.52	1886937.44	2026550. 78	2073755. 21	2273827. 37
Carbacid investments Ltd	223747.14	244769.61	281680.9 6	330185.1 1	370473.7 9
East African Breweries Ltd	6022232.12	6408516.22	6978426. 21	7443162. 33	6866848. 89
Eveready East Africa Ltd	127866.71	104654.40	103456.4 3	167786.6 8	150923.7 2
Flame Tree Group Holdings Ltd	-	97220419.44	11715409 9.56	1523201 96.22	1913187 30.56
Kenya Orchards Ltd	-	-	5581584. 33	8744953. 22	1075864 2.85
Mumias Sugar Company Ltd	3046193.52	3032197.56	2616721. 43	2268597. 72	2102604. 02

Unga Group Ltd	710816.48	901067.84	831299.4 5	963290.9 7	1041735. 56
Safaricom Ltd	13544328.88	14313883.89	14954003 .93	1744847 5.60	1769120 8.08
Stanlib Fahari Income REIT	-	-	-	-	4099751 09.56

Appendix VIII: Average Data

	ROA	Cash & Cash Equivalents	Short-Term Financing	Growth	Liquidity	Size	Long-term Financing
Eaagads Ltd	-0.028	578797.992	38586.534	0.38	0.19	5.76	64310.89
Kakuzi Ltd	0.0784	4088039.3	272535.95	0.44	0.3	6.61	454226.59
Kapchorua Tea Ltd	0.0358	2056040.03	137069.34	0.42	0.51	6.31	228448.89
Limuru Tea Ltd	0.0564	339089.264	22605.952	0.37	0.34	5.53	37676.59
Sasini Tea Ltd	0.0292	1798759564	119917304	0.47	0.27	7.12	199862173.8
Williamson Tea Kenya	0.073	8330427.67	555361.85	0.46	0.32	6.92	925603.07
Car and General Company Ltd	0.0298	8099665.08	539977.67	0.46	1.66	6.90	899962.79
Marshalls (E.A) Ltd	-0.088	561145.593	37409.706	0.38	0.95	5.75	62349.51
Sameer Africa Ltd	0.036	3731997.53	248799.83	0.44	0.48	6.57	414666.39
Barclays Bank Of Kenya Ltd	0.0372	224955.602	14997.042	0.36	5.09	5.35	24995.07
Cfc Stanbic Holdings Ltd	0.0266	189588436	12639229	0.55	4.29	8.27	21065381.82
Diamond Trust Bank	0.027	224817505	14987834	0.56	5.93	8.33	24979722.81
Equity Bank	0.0456	360801555	24053437	0.57	4.64	8.54	40089061.7
HF Group Ltd	0.0176	61663199	4110879.9	0.52	6.9	7.77	6851466.55
I&M Holdings Ltd	0.0342	173287542	11552503	0.55	5.1	8.23	19254171.31
Kenya Commercial Bank	0.0314	490256706	32683780	0.58	5.62	8.68	54472967.34
National Bank of Kenya	0.0064	115516531	7701102.1	0.54	8.76	8.04	12835170.16
NIC Bank Ltd	0.0274	146764665	9784311	0.54	5.62	8.16	16307185.01
Standard Chartered	0.0374	224280155	14952010	0.56	4.76	8.35	24920017.27

Bank Kenya Ltd							
Co-Operative Bank	0.0338	293662609	19577507	0.56	5.72	8.45	32629178.83
Atlas Development Services	-1.0895	9715.2253	647.684	0.26	0.15	3.89	1079.47
Deacons Kenya Ltd	0.0558	2176535.76	145102.39	0.42	0.53	6.33	241837.31
Express Kenya Ltd	-1.2708	465780.028	31052.002	0.38	0.5	5.67	51753.34
Kenya Airways Ltd	-0.1362	160954285	10730286	0.55	0.47	8.20	17883809.46
Longhorn Publishers Ltd	0.1814	703301.571	46886.772	0.39	0.44	5.85	78144.62
Nairobi Business Ventures Ltd	0.0715	100872.692	6724.842	0.32	0.38	4.84	11208.07
Nation Media Group Ltd	0.2758	12041966	802797.73	0.47	0.38	7.08	1337996.22
Standard Group Ltd	-0.0004	4162361.37	277490.76	0.44	0.36	6.62	462484.6
TPS Eastern Africa Ltd	0.0108	15700497.6	1046699.8	0.48	0.34	7.19	1744499.73
Uchumi Supermarket Ltd	-1.4553	6225348.11	415023.21	0.45	0.31	6.79	691705.35
WPP Scangroup Ltd	0.1332	12512111.8	834140.79	0.47	0.29	7.09	1390234.64
Athi-River Mining Ltd	0.0048	41260080.5	2750672	0.51	0.28	7.59	4584453.39
Bamburi Cement Ltd	0.136	42053211.8	2803547.5	0.51	0.26	7.62	4672579.1
Crown Berger Ltd	0.125	4345454.24	289696.95	0.44	0.24	6.60	482828.25
East African Cables Ltd	-0.0575	7752559.15	516837.28	0.46	0.23	6.88	861395.46
EA Portland Cement Company	0.1546	18690078	1246005.2	0.48	0.21	7.26	2076675.34
KenGen Ltd	0.0512	273807527	18253835	0.56	0.2	8.41	30423058.59
Kenol-Kobil Ltd	0.099	23393086.2	1559539.1	0.49	0.19	7.35	2599231.8

Kenya Power And Lighting Company Ltd	0.039	233369200	15557947	0.56	0.17	8.34	25929911.09
Total Kenya Ltd.	0.0734	34724929.5	2314995.3	0.5	0.16	7.54	3858325.5
Umeme Ltd	0.1178	1375109.55	91673.968	0.41	0.15	6.10	152789.95
Britam Holdings Ltd	0.064	119721410	7981427.3	0.54	0.14	8.04	13302378.9
CIC Insurance Group Ltd	0.1582	37535753.3	2502383.6	0.51	0.13	7.55	4170639.25
Jubilee Holdings Ltd	0.194	130100127	8673341.8	0.54	2.66	8.10	14455569.67
Kenya Reinsurance Corporation Ltd	0.1688	32096229	2139748.6	0.5	0.59	7.50	3566247.67
Liberty Kenya Holdings Ltd	0.1726	32910585.9	2194039.1	0.5	0.4	7.51	3656731.77
Pan Africa Insurance Holdings Ltd (Sanlam)	0.2154	24487043.7	1632469.6	0.49	0.38	7.38	2720782.63
The Nairobi Securities Exchange	0.16167	1997677.68	133178.51	0.42	0.2	6.30	221964.19
Centum Investment Company Ltd	0.0754	42073659.5	2804910.6	0.5	0.37	7.51	4674851.06
Home Afrika	-0.1383	4187110578	279140705	0.64	0.28	9.61	465234508.6
Kurwitu Ventures Ltd	-0.0677	175412050	11694137	0.55	0.17	8.22	19490227.77
Olympia Capital Holdings Ltd	0.0142	1644456.06	109630.4	0.41	0.31	6.21	182717.34
Transcentury Ltd	-0.1373	21507538.6	1433835.9	0.49	0.29	7.33	2389726.52
BOC Kenya Ltd	0.1118	2348517.67	156567.84	0.42	0.28	6.37	260946.41
British American Tobacco Ltd	0.3804	17904028.2	1193601.9	0.48	0.26	7.25	1989336.46

Carbacid Investments Ltd	0.1958	2611541.91	174102.8	0.43	0.25	6.41	290171.32
East African Breweries Ltd	0.2442	60694534.4	4046302.3	0.52	0.24	7.78	6743837.15
Eveready East Africa Ltd	-0.0114	1178438.29	78562.554	0.4	0.23	6.06	130937.59
Flame Tree Group Holdings Ltd	0.3285	1255530253	83702017	0.61	0.22	9.08	139503361.5
Kenya Orchards Ltd	-0.122	75255541.2	5017036.1	0.52	0.21	7.86	8361726.8
Mumias Sugar Company Ltd	-0.2318	23519365.6	1567957.7	0.49	0.21	7.37	2613262.85
Unga Group Ltd	0.07125	8006778.56	533785.24	0.46	0.2	6.90	889642.06
Safaricom Ltd	0.2228	140313421	9354228.1	0.54	0.45	8.14	15590380.08
Stanlib Fahari Income REIT	0.0095	3689775986	245985066	0.64	0.25	9.57	409975109.6