

FINANCIAL STATEMENTS AND INVESTMENT DECISION MAKING OF A COMPANY.

CASE STUDY: PRINT AND CARTON UGANDA LIMITED (PNC UG LTD)

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ABSTRACT

The purpose of the study was to investigate the relationship between Financial Statements and Investment Decision Making of PNC Ug Ltd. The study was guided by four research objectives and specifically to assess the relationship between Ratio Analysis and investment decision making in PNC Ug Ltd, to determine the relationship between cash flows and investment decision making in PNC Ug Ltd, to find out the relationship between assets and investment decision making in PNC Ug Ltd. The study was covered using a cross sectional and survey research design which seemed applicable for this research study. The study was based on a self-administered questionnaire which were used because they are most suitable in a survey that involves a large number of respondents. A total of 52 employees were randomly selected, although at last only 42 were retrieved. Data was analyzed using frequency tables and percentages. The findings of the study indicated that 44.2% of the respondents agreed that short term investment decisions generate profits or returns to the company, 36.5% of the respondents strongly agreed as well to the view, while 11.5% of the respondents disagreed and 7.7% strongly disagreed to the view. The results therefore indicated that short term investment decisions making of PNC Ug Ltd generates profits or returns. This response therefore portrayed that the short-term investment decisions of PNC Ug Ltd actually allows its cash to mature within one-year period and this allows effective investment decision making. The study recommends that no investment decision should be taken without the consideration of the ratio analysis, cash flows and assets in the company.

Key words: financial statements and investment decision making

Background to the study.

Financial Statements are information systems that are used for communication

purposes and for the purpose of aiding decision making (Amahalu, Egolum & Obi, 2019). Corporate organizations have the responsibility to comprehensively prepare and publish their audited financial report for investors and other users. Investment decision involves the commitment of current funds into long term projects for future benefit, as such like financial Statement becomes important to the success of these investment opportunities (Racheal et al., 2023). Investment decisions are very crucial and caution must be taken because huge, scarce and hard-earned resources are involved, irreversible in nature, risky and have long term implication which no investor would want to be confronted with if negative results occurred. It is likely to be that the timeliness of financial statement may affect the investment strategy of the company as investment decisions may require continuous Statement update, early presentation of account as well as clarity of account. (Mahmoud, 2017).

This increasement of investor is certainly inseparable from an increase in people's ability to manage finances, which causes the level of public awareness of investment to increase. The desire to earn more income in the future, as well as being driven by a high level of economic need, can cause the pattern of public financial arrangements to begin to change. Investments are an attractive option to get additional income beyond wages or monthly income that is received every month. An investment decision is a decision taken on two or more alternative investments in the hope that they will get benefits in the future (Christopher et al., 2022).

The financial accounting system is the back bone derived from the IASB which is based on asset of concepts and principles used as a framework where the output of financial accounting system in any company consists of financial statements and reports (Dabash Khamili 2017). It aims primarily at providing information related to the financial situation of providing information related to the financial situation of the company. In addition to the results of its activities. It also contributes to clarifying the financial and monetary flows and changes in equity. A lot of other information is added to these

lists to complement the information included in these lists, through the disclosure of the various accounting methods and principles used by companies in preparing its own lists (Deus, 2023).

Statement of the problem

Investment decision making is very important in companies and these investment decisions are based on a set of disclosures for accounting and financial information obtained through financial statements (Dabash Khamili, 2017). Due to lack of proper understanding of the relationship between investors and companies such as Print and Carton Ug Ltd in Uganda, the relationship between financial statement and investment decision making to manager of companies have been undermined. The alarming rate of companies' failures in recent times have been found to significantly corroborate problems with financial statements, which leads to weak strategy and investment decision formulation and even low investors (Anaja and Emmanuel, 2017). Investment errors in Print and Carton Ug Ltd have been as a result of lack of understanding of financial implication of unfruitful investment opportunities, from prioritizing non-financial factors such as social- political, demographics. (Zayol et Al, 2017). Despite the fact that there is a mounting interest by companies to fix and regulate the quality of financial statements, extremely high misplay in financial statement is still a major problem faced by major investors (Popoola, 2017). It's not clear whether this results from lack of ratio analysis, cash flows and assets. Hence it is because of the problems identified above that prompted the researcher to carry out this study in order to increase the awareness of the expediency of well- prepared financial statements and their relationships with investment decision making in PNC Ug Ltd, kiteika Rd, Ssekanyonyi, Kampala Uganda.

Objectives of the study

- 1. To assess the asses the relationship between ratio analysis and investment decision making in PNC Ug Ltd*
- 2. To determine the relationship between cash flows and investment decision making in PNC Ug Ltd*

To find out the relationship between assets and investment decision making in PNC

Ug Ltd

Research questions

1. *What is the relationship between ratio analysis and investment decision making in PNC Ug Ltd?*
2. *What is the relationship between cash flows and investment decision making in PNC Ug Ltd?*
3. *What is the relationship between assets and investment decision making in PNC Ug Ltd?*
4. *What is the relationship between financial statements and investment decision making in*

PNC Ug Ltd?

Methodology

Population of the study

Due to the fact that PNC Ug Ltd employs more than 250 people, a study was based on analysis of the internal employees especially those working as Human resources and from the Accounting Department and if agreed the Managing director hence making the total of 60 representatives. The selection was as follows; the managing director in charge of performance of the company (1), Workers from the accounting department (10), managers from various departments of PNC (25), Employees from various departments at PNC Ug Ltd (10), Company stakeholders (9), and 5 from the Human resource department. (Primary data, 2018).

Sample size and sample technique

Hence in accordance to the target groups of people chosen above, the sample size was estimated through the use of Taro Yamane (1964) formula of sample size determination which estimated that if the target population is 60, the sample size becomes 52 as shown below.

$n = N/(1+N(e)^2)$ Where

n = sample size

N= Population of the study which is 60

e = margin of error and in this case 5% (chosen by Researcher)

1 = Constant

Therefore

$$n = N/(1+N(e)^2)$$

$$n = 60/ (1+60(0.05)^2)$$

$$\underline{n = 52}$$

Sample Technique

*Basing on the sample size calculated above, this study used **simple random sampling** for those in the top management, managers, since it is good for those in-depth analysis and it enables high representation of the population, less bias, and simplifies data interpretation and analysis of results.*

Methods of data collection

The methods of data are the technique which the research study will use to obtain data for analysis. While carrying out the research study, questionnaires, interview and personal observation were used. The questions which are formulated and are relevant to the subject matter were used and printed with instructions to guide the respondents in helping them expressing their opinions. personal observation while listening to the respondents was necessary while gathering information.

Data analysis

While analyzing data, tools such as tables, frequency and simple percentage method were used and these made it possible for the researcher to make proper analysis of the data which was collected during the course of carrying out the study and tabulated using SPSS (Nelson et al., 2022).

RESULTS

The research considered a sample size of 52 respondents of which one (1) was from the managing director in charge of performance of the company (1.92%). Nine (9) were from the workers of accounting department (17.3%). Twenty-one (21) were from the managers of the various departments of the company (40.4%). Nine (9) were from the employees of various departments of the company (17.3%). Four (4) were from the

Human Resource department (7.7%) and Eight (8) were from the company's stakeholders (15.4%).

Questionnaires distributed and Returned

Fifty-two (52) questionnaires were distributed to the respondents, forty-two (42) of which were returned while ten (10) were not returned. This was because of the commitments the respondents had at their places of work. This was illustrated in the table below.

Table 1: Questionnaires distributed and Returned

<i>Response</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Returned</i>	<i>42</i>	<i>80.8</i>
<i>Not Returned</i>	<i>10</i>	<i>19.2</i>
<i>Total</i>	<i>52</i>	<i>100</i>

Source: Primary Data, 2022.

The table 1 above illustrates that fifty-two (52) questionnaires were issued for the research study, (80.8%) of which were returned and 19.2% were not returned. This portrayed maximum cooperation of the respondents.

Bio Data of the Respondents***Gender of the Respondents******Table 2: Gender of the respondents***

<i>Gender</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Male</i>	<i>40</i>	<i>76.9</i>
<i>Female</i>	<i>12</i>	<i>23.1</i>
<i>Total</i>	<i>52</i>	<i>100</i>

Source: Primary Data, 2022.

Gender of the respondents was found necessary for consideration by the researcher so as to ensure gender sensitivity and equality. The results were illustrated in the table 4.2 above which indicated that, out of fifty-two questionnaires which were returned, forty (40) respondents were male while (12) respondents were female. This is the implication which the research work took into consideration gender sensitivity.

Age group of the Respondents***Table 3: Age of the Respondents***

<i>Age of the Respondents</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>18-30</i>	<i>17</i>	<i>32.7</i>
<i>30-40</i>	<i>18</i>	<i>34.6</i>
<i>40-50</i>	<i>11</i>	<i>21.2</i>
<i>50 and above</i>	<i>6</i>	<i>11.5</i>
<i>Total</i>	<i>52</i>	<i>100</i>

Source: Primary Data, 2022.

The age group was deemed necessary for the study by the researcher so as to ensure the maturity of the answers in order to get credible information which was vital for the study and the research findings from the table 4.3 above showed that 34.6% majority of the respondents were at the age of 30-40, followed by 32.7% who were at the age of 18-30, while 21.2% were at the age of 40-50, and 11.5% of the respondents were at the age of 50 and above.

Marital status of the Respondents***Table 4: Marital status of the respondents***

<i>Marital status</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Married</i>	<i>22</i>	<i>42.3</i>
<i>Single</i>	<i>14</i>	<i>26.9</i>

<i>Divorced</i>	4	7.7
<i>Widowed</i>	5	9.6
<i>Separated</i>	7	13.5
<i>Total</i>	52	100

Source: Primary Data, 2022

The marital status of the respondents was also put into consideration by the researcher so as to identify the responsibilities possessed by various respondents and the results was presented in the table 4.4 above which established that 42.3% of the respondents were married, 26.9% were single,

7.7% were divorced, 9.6% were widowed, and 13.5% were separated. Taking 42.3% as a simple majority figure, this concludes that PNC Ug Ltd had responsible staff capable of boosting investment decision making.

Education level of the Respondents

Table 5: Education level of the Respondents

<i>Education level</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Certificate</i>	7	13.5
<i>Diploma</i>	20	38.5
<i>Degree</i>	21	40.4
<i>Masters</i>	4	7.7
<i>Total</i>	52	100

Source: Primary Data, 2022

From the study results in the table 5 above, majority 40.4% of the respondents were Bachelor Degree Holders, 38.5% were Diploma Holders, 13.5% were Certificate Holders, 7.7% were those with Masters in their Education. The education level of the respondents was taken into consideration so as to establish the quality of staff the

company had. The results therefore depicted that most of the respondents were Bachelor Degree Holders (40.4%) and they could easily write and read.

Years spent at work by the Respondents

Table 6: Years spent at work by the Respondents

<i>Years spent at work</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Less than 1 year ago</i>	6	11.5
<i>1-4 years ago,</i>	19	36.5
<i>5-9 years ago,</i>	22	42.5
<i>10 and more years ago</i>	5	9.6
<i>Total</i>	52	100

Source: Primary Data, 2022

From the table 4.6 above, the study results showed that the majority 42.5% of the respondents were those who had taken 5-9 years working in the company, 36.5% were those who had taken 1-4 years working, 11.5% of the respondents had taken less than one year working, while 9.6% of the respondents was those that had taken 10 years and more working with the company. Taking 42.5% as a simple majority figure, it was believed that the respondents who had taken 5-9 years (42.5%) had sufficient efficiency and reliable information for the research study in the work place as far as financial statements and investment decision making was concerned.

Ratio analysis and investment decision making in PNC Ug Ltd

Table 7: The relationship between ratio analysis and investment decision making in PNC Ug Ltd.

<i>Code</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	

Status	Strongly agree	Agree	Strongly disagree	Disagree	Not sure						
Ratio analysis					1	2	3	4	5	Total	
										R	%
Ratio analysis is used by the company to analyze					12	20	9	11	0	52	
					23.1%	38.5%	17.3%	21.2%	0		100
Ratio analysis is a veritable tool for financial statements analysis.					16	21	4	11	0	52	
					30.8%	40.4%	7.8%	21.2%	0		100
Ratio analysis is used by the company to analyze,					15	22	6	7	2	52	
					28.8%	42.3%	11.5%	13.5%	3.8%		100
Ratio analysis help to reveal, compare and interpret salient features of financial statements.					15	25	5	4	3	52	
					28.8%	48.1%	9.6%	7.7%	5.8%		100
Ratio analysis is used for planning and future forecasting in the company.					24	17	5	6	0	52	
					46.2%	32.7%	9.6%	11.5%	0		100

Source: Primary Data, 2022

The table 7 above indicated that the majority 38.5% agreed to the view that ratio analysis is used by PNC Ug Ltd to analyze the financial statements which influence effective investment decision making, 23.1% of the respondents strongly agreed to the view, while 21.2% disagreed and 17.3% strongly disagreed to the view. The results therefore implied that PNC Ug Ltd uses ratio analysis to analyze financial statements which is crucial for investment decision making.

The results also depicted that 40.4% of the respondents agreed that ratio analysis is a veritable tool for financial statements analysis, 30.8% strongly agreed to the view, while 21.2% disagreed to the view, and 7.8% strongly disagreed. This therefore gives a broad view that ratio analysis is considered as a veritable tool for analyzing financial statements which enable investment decision making in the company.

The results from the above table also indicated that 42.3% of the respondents agreed that ratio analysis is used by PNC Ug Ltd to analyze, judge the operational efficiency, 28.8% of the respondents as well strongly agreed to the view, 13.5% of the respondents disagreed, while 11.5% strongly disagreed to the view, and 3.8% of the respondents were not sure of the view. Taking 42.3% as the majority figure, this response therefore implied that the company uses ratio analysis to analyze, judge the operational efficiency which is necessary for investment decision making.

Furthermore, 48.1% of the respondents which is the majority agreed to the view that ratio analysis help to reveal, compare and interpret salient features of financial statements, 28.8% of the respondents also strongly agreed to the view, 9.6% strongly disagreed to the view, while 7.7% disagreed and 5 8% of the respondents were not sure. This indicated that PNC Ug Ltd considers ratio analysis as helpful in revealing, comparing, and interpreting the salient features of financial statements which is vital for investment decision making.

More so, the results in the table depicted that 46.2% of the respondents strongly agreed that ratio analysis is used for planning and future forecasting in PNC Ug Ltd, 32.7% of the respondents also agreed to the view, while 11.5% disagreed and 9.6% strongly disagreed to the view. This implied that PNC Ug Ltd uses ratio analysis for planning and future forecasting which boost investment decision making

Cash flows and investment decision making in PNC Ug Ltd**Table 8: The relationship between cash flows and investment decision making in PNC Ug Ltd.**

Code	1	2	3	4	5						
Status	Strongly agree	Agree	Strongly disagree	Disagree	Not sure						
Cash flows					1	2	3	4	5	Total	
										R	%
Cash flow is a veritable tool for financial statements analysis in PNC Ug Ltd.					18	24	4	5	1	52	
					34.6%	46.2%	7.7%	9.6%	1.92%		100
Cash flows allows the company to know the optimum level of cash balance					19	26	3	4	0	52	
					36.5%	50%	5.8%	7.7%	0		100
Cash flows provides the company with details of where the money is spent.					24	20	3	5	0	52	
					46.2%	38.5%	5.8%	9.6%	0		100
Cash flows enable PNC Ug Ltd to pay off its debts faster and plan appropriately.					14	6	12	18	2	52	
					26.9%	11.5%	23.1%	34.6%	3.8%		100
Cash flows enable the company to reinvest the cash surplus.					19	19	4	9	1	52	
					36.5%	36.5%	7.7%	19.3%	1.92%		100

Source: Primary Data, 2022

The results from the table 4.8 above showed that the majority 46.2% of the

respondents agreed to the view that cash flow is a veritable tool for financial statements analysis which is vital for investment decision making in the company, 34.6% of the respondents also strongly agreed to the view, 9.6% disagreed to the view, while 7.7% of the respondents strongly disagreed to the view, and 1.92% of the respondents were not sure of the view. The majority response of 46.2% implied that PNC Ug Ltd considers cash flows as a veritable tool for analyzing financial statements which enable investment decision making in the company.

The results from the same table above also indicated that 50% of the respondents agreed that cash flows allow the company to know the optimum level of cash balance, 36.5% of the respondents strongly agreed to the view, while 7.7% of the respondents disagreed, and 5.8% strongly disagreed to the view. The results implied that PNC Ug Ltd knows their optimum cash balance level through cash flows and this enable the company to make effective investment decisions.

Besides, 46.2% of the respondents strongly agreed to the view that that cash flows provides the company with details of where the money is spent, and also 38.5% agreed to the view, 9.6% of the respondents disagreed and 5.8% strongly disagreed to the view. The majority response of 46.2% implied that PNC Ug Ltd uses cash flows in order to know where the money is spent in the business which is very necessary for investment decision making.

The study results also in the table above depicted that 34.6% majority of the respondents disagreed that cash flows enable PNC Ug Ltd to pay off its debts faster and plan appropriately, 26.9% strongly agreed to the view, 23.1% strongly disagreed, while 11.5% agreed that cash flows enable PNC Ug Ltd to pay off its debts and plan appropriately, and 3.8% of the respondents were not sure of the view. The results implied that cash flows enable investment decision making in the company, but does not necessarily enable the company to pay off its debts faster and plan appropriately as shown by the 34.6% where majority respondents strongly disagreed to the view.

More so, the table results showed that 36.5% of the respondents had similar response where they agreed and strongly agreed to the view that cash flows enable the company to reinvest the cash surplus, 17.3% of the respondents disagreed to the view, while 7.7% strongly disagreed, and 1.92% were not sure of the view. This implied that PNC Ug Ltd uses cash flows to reinvest its cash surplus and hence enabling investment decision making in the company.

Assets and investment decision making in PNC Ug Ltd.

Table 9: The relationship between assets and investment decision making in PNC Ug Ltd.

Code	1	2	3	4	5						
Status	Strongly agree	Agree	Strongly disagree	Disagree	Not sure						
Assets					1	2	3	4	5	Total	
										R	%
Assets generate revenue to the company.					20	24	3	4	1	52	
					38.5%	46.2%	5.8%	7.7%	1.92%		100
Assets generate cash to cash to the company.					16	23	5	6	2	52	
					30.8%	44.2%	9.6%	11.5%	3.8%		100
Assets are used to run the company`s business.					21	25	2	4	0	52	
					40.4%	48.1%	3.9%	7.7%	0		100
Assets allows the company to gain profits or returns.					24	28	0	0	0	52	
					46.2%	53.9%	0	0	0		100
Assets increases the company`s value.					10	18	9	9	6	52	

	19.2%	34.6%	17.3%	17.3%	11.5%		100
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Source: Primary Data, 2022

Results from table 9 above depicted that 46.2% of the respondents agreed that assets generate revenue to PNC Ug Ltd, 38.5% of the respondents also strongly agreed, 7.7% disagreed to the view, while 5.8% of the respondents strongly disagreed, and 1.92% were not sure of the view. This implied that the assets generate revenue to the company and hence influence investment decision making.

Observably, 44.2% of the respondents agreed to the view that assets generate cash to PNC Ug Ltd, 30.8% as well strongly agreed to the view, 11.5% of the respondents disagreed to the view, 9.6% strongly disagreed and 3.8% of the respondents were not sure. The majority response of 44.2% therefore implied that PNC Ug Ltd uses assets to generate cash to the company and this calls for investment decision making

Furthermore, 48.1% of the respondents agreed that assets are used to run the company's business and 40.4% strongly agreed as well, while 7.7% of the respondents disagreed to the view and 3.9% of the respondents were not sure. The results implied that assets are used by PNC Ug Ltd to run the business hence the need for investment decision making in the company.

The study results from the table also showed that 53.9% of the respondents agreed to the view that assets allow the company to gain profits or returns and also 46.2% of the respondents strongly agreed to the view. The results therefore indicated that assets allow PNC Ug Ltd to gain profits or returns and this could be if they are sold off or the product manufactured are sold and this enable the company to make more effective investment decisions.

Besides, 34.6% majority of the respondents agreed to the view that assets increase the company's value, and 19.2% of the respondents had similar argument where some disagreed and others strongly disagreed to the view that assets increase the company's value, 11.5% of respondents were not sure to the view. The results implied that assets increase the value of PNC Ug Ltd which also Influence the company to make investment decisions.

Investment decision making in PNC Ug Ltd.

Table 10: Risk and return of PNC Ug Ltd.

Code	1	2	3	4	5						
Status	Strongly agree	Agree	Strongly disagree	Disagree	Not sure						
Risk and return					1	2	3	4	5	Total	
										R	%
Risk and return are the essential elements of investment decision making.					17	25	3	5	2	52	
					32.7%	48.1%	5.8%	9.6%	3.8%		100
Risk and return assessment are necessary for determining investment decision worthwhile.					20	20	5	6	1	52	
					38.5%	38.5%	9.6%	11.5%	1.92%		100
Risk and return enable the company to compare expected return from a given investment associated with risk					12	21	7	8	4	52	
					23.1%	40.4%	13.5%	15.4%	7.7%		100
Risk and return are analyzed to assess the Company`s portfolio.					15	23	0	11	3	52	
					28.8%	44.2%	0	21.2%	5.8%		100
Risk and return allow PNC Ug Ltd to know					13	22	5	10	2	52	

whether low levels of uncertainty are associated with low returns and high uncertainty levels with high returns.	25%	42.3%	9.6%	19.2%	3.8%		100
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Source: Primary Data, 2022

The results from the table 10 above indicated that 48.1% of the respondents agreed to the view that risk and return are the essential elements of investment decision making, 32.7% strongly agreed, 9.6% of the respondents disagreed to the view, while 5.8% strongly disagreed and 3.8% of the respondents were not sure of the view. This therefore implied that PNC Ug Ltd considers risk and return of the business and then make effective investment decisions.

The results also depicted that 38.5% of some respondents agreed and others strongly agreed to the view that risk and return assessment are necessary for determining investment decision worthwhile, 11.5% disagreed to the view, while 9.6% of the respondents strongly disagreed and

1.92% were not sure. This implied that PNC Ug Ltd considers the assessment of risk and return as crucial for determining the worthwhile of investment decisions which are made.

The table results also showed that majority 40.4% of the respondents agreed to the view that risk and return enable the company to compare expected return from a given investment associated with risk, then 23.1% of the respondents strongly agreed, 15.4% disagreed to the view, while

13.5% strongly disagreed and 7.7% of the respondents were not sure of the view. The results showed that PNC Ug Ltd can compare expected returns in business through risk and return analysis and this enable the company to make effective investment decisions.

Besides, the results depicted that 44.2% majority of the respondents agreed to the view that risk and return are analyzed to assess the company's portfolio, 28.8% of the respondents also strongly agreed, while 21.2% had a disagreement to the view and 5.8% of the respondents were not sure of the view. The results implied PNC Ug Ltd assess its portfolio through analyzing risk and return of the business which calls for effective investment decision making.

The study results from the table also indicated that 42.3% of the respondents agreed that risk and return allow PNC Ug Ltd to know whether low levels of uncertainty are associated with low returns and high uncertainty associated with high returns, 25% strongly agreed to the view, 19.2% disagreed to the view, 9.6% also strongly disagreed, and 3.8% of the respondents were not sure. This therefore showed that PNC Ug Ltd uses risk and return analysis to know whether low levels of risk in investment can result into low profits and whether high level of risks in investment can results into higher profits and this influence investment decision making in the company.

Table 11: Short term investment decisions of PNC Ug Ltd

Code	1	2	3	4	5						
Status	Strongly agree	Agree	Strongly disagree	Disagree	Not sure						
Short term investment decisions					1	2	3	4	5	Total	
										R	%
Short term investment decisions generate profits					19	23	4	6	0	52	
					36.5%	44.2%	7.7%	11.5%	0		100
Short term investment decisions of the company					21	29	0	0	2	52	
					40.4%	55.8%	0	0	3.8%		100
Short term investment decisions of the					26	22	0	4	0	52	

company	50.0%	42.3%	0	7.7%	0		100
Short term investment decisions allow	16	21	5	9	1	52	
company`s	30.8%	40.4%	9.6%	17.3%	1.92%		100
Short investment decisions increase	18	24	3	3	4	52	
the	34.6%	46.2%	5.8%	5.8%	7.7%		100

Source: Primary Data, 2022

The results from the table 11 above indicated that 44.2% of the respondents agreed that short term investment decisions generate profits or returns to the company, 36.5% of the respondents strongly agreed as well to the view, while 11.5% of the respondents disagreed and 7.7% strongly disagreed to the view. The results therefore indicated that short term investment decisions making of PNC Ug Ltd generates profits or returns.

The results in the table above also showed that 55.8% of the respondents agreed that the short- term investment decisions of the company allow cash to mature within a year, 40.4% of the respondents also strongly agreed to the view and 3.8% of the respondents were not sure. This response therefore portrayed that the short-term investment decisions of PNC Ug Ltd actually allows its cash to mature within one-year period and this allows effective investment decision making.

From the same table above, it was observed that 50.0% of the respondents strongly agreed that short term investment decisions of the company have low risks associated in it, while 42.3% of the respondents also agreed to the view, and 7.7% of the respondents disagreed to the view. Therefore, the results implied that there are low risks associated in the short-term investment decisions making of PNC Ug Ltd and this enable the company to further make more appropriate investment decisions.

Furthermore, 40.4% of the respondents agreed that short term investment decisions allow company's flexibility to make more money, 30.8% of the respondents also

strongly agreed, however 17.3% of the respondents disagreed to the view, while 9.6% strongly disagreed to the view and 1.92% were not sure. The results therefore depicted that short-term investment decisions of PNC Ug Ltd allows its flexibility to make more money and this influence the company to make efficient investment decisions.

Conclusively, it was also observed from the above table that the majority 46.2% of the respondents agreed to the view that short term investment decisions increase the company's liquidity, 34.6% strongly agreed to the view as well, while 5.8% of some of the respondents disagreed and others strongly disagreed to the view, and 7.7% of the respondents were not sure of this view. The results implied that short term investment decisions of PNC Ug Ltd actually increases its liquidity and this as well influence them to make more efficient investment decisions in the company.

Conclusions

The study found out that there is a significant relationship between cash flows and investment decision making in PNC Ug Ltd whereby 80.8% agreed that cash flow is a veritable tool for analyzing financial statements which is good for investment decision making, others stated that cash flows allow the company to know the optimum level of cash balance (86.5%). Others with a response rate of 84.7% argued that cash flows provide the company with details of where the money is spent, 38.4% stated that cash flows enable PNC Ug Ltd to pay off its debts faster and plan appropriately while 73% sighted out that cash flows enable the company to reinvest the cash surplus which stirs up investment decision making. The results therefore depicted that at PNC Ug Ltd the majority of the respondents acknowledged that cash flows allow the company to know the optimum level of cash balance which is vital for investment decision making.

Recommendations

There is need for PNC Ug Ltd to use ratio analysis to bench-mark the performance while comparing with other competitors of the company, to identify gaps, assess competitive advantages, strength, weaknesses, opportunities, and threats which is used by investment decision makers to improve the company's position in the industry.

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