

ABSTRACT

Acquisitions as currently evidenced by their increased activity seem to be popular to the corporate players involved, different studies have established contradicting results of financial performance before and after acquisitions. This study aims at assessing the implication of acquisition on financial performance focusing on Hughes motors (T) Limited as a case study. The study specifically anticipated to examine the impact of acquisition on company revenue and profitability on the past seven years, to investigate the influence of acquisition on attainment of financial performance relative to company goals after Acquisitions and to evaluate the effects caused by acquisition towards company policies and business capability. Data were obtained from 16 staffs and customers of Hughes motors (T) Limited using both primary and secondary sources of data collection. Questionnaire was the main tool used to gather primary data where documentary review was used as a secondary source of data collection. Pre and post-acquisition financial statements of Hughes motors (T) Limited were examined. Data were analyzed descriptively and key financial ratios were computed in order to determine the company's pre and post-acquisition financial performance. From the findings, it was apparently that acquisition has no significant effect on the financial performance of this firm. The study further found that the firm has good and current technology which is superb and can work efficiently. Moreover it was found that the firm has good capacity in terms of workers and other facilities and also policies of the firm are also working nicely after acquisition of the firm. The study concluded that not every acquisition will bring in positive changes in respect of financial performance since in this study acquisition have negative influence on financial performance of Hughes motors (T) Limited in terms of profitability and liquidity of the firm in the period under review. Since the acquisition of the firm has not brought any positive impact on the financial performance of the firm the study recommended that Hughes motors (T) Limited should ensure effective monitoring and control of firm's plans and operations as well as looking for sufficient credit facility. Moreover it was further recommended that the company should improve their sales and marketing strategies.

