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**THE EFFECT OF ACCOUNTS RECEIVABLES MANAGEMENT ON
PROFITABILITY OF ALFURQAN PHARMACEUTICAL TRADING COMPANY,
MOGADISHU-SOMLIA**

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ABSTRACT

The study analyzed the effect of accounts receivables management on profitability of Alfurqan Trading Company. The study used three objectives (i) to establish how Credit Standards affect Profitability of Alfurqan Pharmaceutical Trading Company, (ii) to assess the Extent of Credit Terms affect the Level of Profitability of Alfurqan Pharmaceutical Trading Company, and (iii) to investigate how Collection Policy affects Profitability of Alfurqan Pharmaceutical Trading Company. The study adopted a Correlation research design which was undertaken on population of 79 members from which a sample of 76 respondents was selected using Krejcie and Morgan table of Sample Size. The data collected was analyzed using Statistical Package for Social Sciences (SPSS). According to the results obtained there was positive and significant relationship between Credit Standards and Profitability of Alfurqan Pharmaceutical Trading Company [$r(76) = .509$, $p < 0.01$], Credit Terms and Profitability of Alfurqan Pharmaceutical Trading Company [$r(76) = .951$, $p < 0.01$], Collection Policy and Profitability of Alfurqan Pharmaceutical Trading Company [$r(76) = .959$, $p < 0.01$]. Using a multiple regression analysis Credit standards and Credit Terms are not predictors of profitability of Alfurqan Pharmaceutical Trading Company in the presence of Collection Policy. That means they are predictors in the absence of collection policy. Collection policy is the stand alone predictor of profitability of Alfurqan Pharmaceutical Trading Company. Therefore, the researcher suggests that if top management of Alfurqan wants to develop profitability of Alfurqan Pharmaceutical Trading Company they should concentrate on Collection Policy more than Credit standards and Credit Terms.