

**IMPLICATION OF CAPITAL EXPENDITURES ON FINANCIAL  
PERFORMANCE OF AGRICULTURAL COMPANIES LISTED  
IN SECURITIES AND EXCHANGE COMMISSION**

**THESIS**

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**June 2019**

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Undergraduate Thesis  
Submitted to the Faculty of the  
College of Economics, Management and Development Studies  
Cavite State University  
Indang, Cavite

In partial fulfillment  
of the requirements for the degree  
Bachelor of Science in Business Management  
Major in Financial Management



*Implication of Capital expenditures on  
Financial Performance of Agricultural  
332 C76 2019  
T.8653*

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June 2019**

## ABSTRACT

**CONVENTO LOUELLA Y., DELOS REYES MARY JOYCE J. and MARINDUQUE RODEL JR., Implication of Capital Expenditures on Financial Performance of Agricultural Companies listed in Securities in Exchange Commission.** Undergraduate Thesis. Bachelor of Science in Business Management major in Financial Management, Cavite State University, Indang, Cavite. June 2019. Adviser: Ms. Sherrie Rhose M. Rupido.

The purpose of this study was to determine the implication of capital expenditures on financial performances of agricultural companies listed in Securities and Exchange Commission. Specifically, this study aimed to: (1) determine the business characteristics of SEC registered agricultural companies in terms of firm size and firm age, (2) determine the capital expenditures of agricultural companies listed in Securities and Exchange Commission, (3) determine the financial performance of SEC registered agricultural companies and the effect of business characteristics and capital expenditures on the financial performance of SEC registered agricultural companies.

Descriptive and causal explanatory method were employed in this study together with the secondary data gathered from the Securities and Exchange Commission. Panel data regression was used to determine the effect of capital expenditure as measured by property, plant and equipment to the financial performance as split up to profitability, liquidity and debt/leverage of the agricultural companies.

Results revealed that the best model for operating profit margin and current ratio was pooled OLS whereas for return on total assets, quick ratio, debt to equity ratio and debt ratio, the best was random effect model. However the models appeared to be not statistically significant, hence the result that the business characteristics and capital expenditures do not significantly affect the financial performance of agricultural companies may not be accurate.

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# **IMPLICATION OF CAPITAL EXPENDITURES ON FINANCIAL PERFORMANCE OF AGRICULTURAL COMPANIES LISTED IN SECURITIES AND EXCHANGE COMMISSION**

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An undergraduate thesis manuscript submitted to the faculty of the Department of Management, College of Economics, Management and Development Studies, Cavite State University, Indang, Cavite in partial fulfillment of the requirements for the degree of Bachelor of Science in Business Management with Contribution No. Cemds - BIN - 2019 - 125-T, Prepared under the supervision of Ms. Sherrie Rhose M. Rupido.

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## **INTRODUCTION**

Agriculture plays a vital role in the Philippine economy. Forty percent of the Filipino is workers in the field of agriculture and twenty percent of the average contributes to the Gross Domestic Product. This output of agribusiness turns accounts for about seventy percent of the total agricultural output (Canadian International Development Agency-Philippines-Canada Local Government Support Program [CIDA-LGSP], 2003).

Agribusiness is a dynamic and systemic endeavor that serves as consumers globally and locally through innovation and management of multiple value chains that deliver valued goods and services derived from the sustainable orchestration of food, fiber, and natural resources (Edwards & Schultz, 2005). According to Department of Trade and Industry and Board of Investment [DTI-BOI], (2014), agricultural farming has transformed into a profitable agribusiness-driven sector that requires acquiring farming technologies, training in more cultivated farming techniques, creating stable supply chain, establishing transport and agricultural infrastructure, investing and research and development, and securing a reliable property rights regime. These