Effect Of Debt Settlement And Receivables On The Financial Performance Of Brewery Firms Quoted On The Nigerian Stock Exchange

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Abstract: A well planned and implemented working capital management is expected to contribute positively to the creation of a firm’s value. The study examined the relationship between working capital management and the financial performance of brewery firms quoted on the Nigerian Stock Exchange. Average Period of Debt Settlement (APDS) and Average Collection Period of Receivable (ACPR) are the explanatory variables of the study while Return on Assets (ROA) is the dependent variable. To examine this, an Ex-post facto research involving trend analysis of eleven years (2002 to 2012) annual reports of three brewery firms quoted on the NSE, was carried out using the purposive sampling technique. Data obtained were analyzed with the use of regression analyses. The result indicated that each working capital component affected the company’s level of profitability at varying rates. The findings of the study reveals a significant negative impact of APDS and a statistically significant relationship between ACRP on the financial performance of these brewery firms quoted on NSE. These findings suggest that there is every need for managers to delay payment to suppliers and take advantage of the funds as short term credit which does not attract interest costs to reinvest in order to generate more income for shareholders.

Key Words: Working Capital Management, Average Collection Period of Receivable, Financial Performance, Average Period of Debt Settlement

1.0 INTRODUCTION

Numerous research works has been carried out on the effect of average period of inventory period of debt settlement and average collection period of receivable on a firm’s financial performance. Previous researches such as those carried out by Deloof (2003), Padachi (2006), Mathuva (2009), Danuletiu (2010), Sharma & Kumar (2011) and Gill et al, (2010. These studies evaluate working capital management by trying to determine the effect of a firm’s working capital on financial performance. The scholars argue that more profitable firms wait longer to pay their bills. These firms use these accounts payable as a short-term source of funds.

The working capital management structure of a company is such an essential factor that it enhances the efficiency and effectiveness of its business operations. According to Okafor & Udu (2002), Efficiency is the ability to work effectively without wasting time and resources. Efficient working capital management involves the mix of current assets and current liabilities of the business in order to meet up with the day to day need of the business in question. In any organization, cash forms the criterion, which determines to a large-extent, its existence, growth and survival among other competing firms. Understanding a company’s cash flow health is essential to making investment decision (Angahar & Agbo, 2013). Working capital mainly represents the current assets of a firm which is the portion of financial resources of business that changes from one type of resources to another during the day to day execution of business (Gitman, 2009).

Harris (2005) pointed out that working capital management is a straight forward concept of ensuring the ability of a firm to find the difference between the short term assets and short term liabilities. The main objective of working capital management is to maintain an optimal balance between each of the working capital components. Business success heavily depends on the ability of financial executives to effectively manage receivables, inventory and payables (Filbeck & Krueger, 2005).

Effective management of working capital decreases the need for lending funds to pay back the short term debts of the firm. Working capital management is very important because it affects the performance and liquidity of the firms (Taleb et al, 2010). The efficient management of working
capital is a fundamental part of all overall corporate strategy to create shareholders value (Nazir & Afaz, 2008). Therefore, firms try to keep an optimal level of working capital that maximizes their value (Deloof, 2003). The existence of efficient working capital management practices can make a substantial difference between the success and failure of a firm. Working capital management is considered to be a very essential element to analyze the firm’s performance while carrying out its day by day business operations.

Smith, (1973) in Egbide, (2009) discovered that large number of business failures in the past have been blamed on the inability of the financial manager to plan and control the working capital of their respective firms. These reported inadequacies among financial managers are still practiced today in many organizations in the form of bad debts, high inventory cost among others, which adversely affect their operating performance (Egbide, 2009). Managers do neglect the firms operating cycle, thereby having shorter creditors payment period and longer debtor’s collection period.

To this end, this study sought to ascertain whether working capital management has effect on the financial performance of quoted brewery firms on the Nigerian Stock Exchange. Specifically, the study seeks to:

i. To evaluate the effect of average period of debt settlement on the profitability of brewery firms quoted on the Nigerian Stock Exchange.
ii. To determine the implication of average collection period of receivable on the profitability of brewery firms quoted on the Nigerian Stock Exchange.

The study is limited to the effects of working capital management on the financial performance of the brewery firms quoted on the Nigerian exchange (NSE). Accounts payable are the opposite of accounts receivable, instead of giving a credit on a sale, a firm receives a credit. The rest of the paper is organized and presented around the following related themes:
- Conceptual Clarification
- Theoretical Framework
- Statement of Hypotheses
- Methodology
- Data Analysis and Discussion of Result
- Conclusion
- Recommendations
- References

### 2.0 Conceptual Clarification

#### Current Assets
- are those resources of an organization which are either held in the form of cash or are expected to be converted into cash in the ordinary course of business normally within one year. One important component of current assets is account receivable. Current assets include marketable securities, receivables, cash, inventory, prepayments, debtors and other current assets. It is rightly observed that current assets have a short life span (Bhattacharya, 2001).

#### Current Liabilities
- are claims or obligations against the resources of an organization which are normally expected to mature for payment within an accounting cycle. This liability is also known as accounts payable and shown in the balance sheet till the payment has been made to the creditors. Current assets are converted into cash to pay current liabilities. Current liabilities include: creditors, deferred tax, bank overdraft, and accruals expenses.

#### Approaches to Working Capital

There are basically three approaches of working capital, which includes the conservative approach, the aggressive approach and the moderate approach (Nwankwo, 2005). These theories are examined below with their implications.

i. **The Conservative Approach:** In this approach permanent capital is being used to finance all permanent assets requirements and also to meet some or all of the seasonal demands. In view of conservative approach to working capital management, a company will keep a large quantity of current assets in relation to the total assets of the company. The implication of this approach is that it yields a lower expected profitability resulting in a lower risk. This type of policy will also increase the company’s net working capital situation but the firm will be short of funds to be used in other productive sectors.

ii. **The Aggressive Approach:** In this approach, the company finances all of its fixed assets with long term capital but part of its permanent current assets with short-term credit. Under this policy, the company holds relatively small portion of its total assets in form of current assets. The implication of the aggressive approach is that it yields higher profitability resulting in a higher risk and lower working capital.

iii. **The Moderate Approach:** This strategy minimizes the risk that the company will be unable to pay off its matured obligations. At this limits, a company could attempt to
match exactly the maturity structure of its assets and liabilities.

Inventory expected to be sold in thirty days could be financed with thirty days bank overdraft. The implication of this approach is that it yields moderate expected profitability resulting in moderate risk, and the working capital position of the company will be in optimum balance.

As the name implies it is neither aggressive nor conservative but it falls in between the two polices. It is representing moderate situations. The optimal level of working capital is reached when the degree of returns expected maximizes the shareholders wealth and it must be pointed out that there is no best working capital theory or policy to suit every organization at a given time.

Management of the Components of Working Capital

The management of the components of working capital is very crucial to the financial health and survival of any business set up. No matter the amount of funds put in the purchases of building, equipment, machinery, plant, and so on, if the ingredients required for production are not efficiently managed, the entire funds committed to the business will become a waste. Companies need to handle the components of working capital effectively to survive the test of time. A realistic plan with clear priorities is the best approach, since an overly ambitious agenda can stretch internal capabilities and deliver sub-optimal results (Dihnar & Smith, 2005). Management of the components of working capital implies determining the optimal level at which controllable items required for production should be maintained at a particular time.

Accounts Receivable Management:
Trade credit arises when a firm sells its goods or services on credit and does not receive cash immediately for sales made. A firm grants trade credit to protect customers to its products at favorable terms. Nickels et al, (1999), asserted that the major problem with selling on credit is that as much as 25 percent or more of the business assets could be tied up in its account’s receivable. This implies that the firm needs to use some of its available funds to pay for the goods or services already given customers who bought on credit. This outflow of funds suggests that financial managers must develop efficient collection procedures, cash or quality discounts should be given to customers who pay their debts by a certain time.

Accounts Payable Management:
Accounts payable should be viewed as a source of finance for businesses. An organization therefore must not always take cash discounts. It is the duty of the financial manager to weigh the benefits of cash discount vis-à-vis the benefits of utilizing the accounts payable up to the due date for payment. For instance, a business involves certain term such as 5/10, net 30. This implies that the buyer can take a 5% discount for paying within 10 days. The total bill is due (net) in 30 days if the buyer does not take advantage of the discount. It is the duty of the financial manager therefore, to carefully check whether it is more beneficial (in terms of cash flow) to take the 5% cash discount, or to pay within the specified 30 days for payment. Van Horne (2009) upholds that for maximum use of cash, payment should be made on the due dates, not before and not after. Kurfi (2006) suggested three strategies for managing accounts payables. They are: Stretching payables, Zero-balance accounts and remote or controlled disbursing.

3.0 Theoretical Framework

Working capital management involves the process of converting investment in inventories and accounts receivables into cash for the firm to use in paying its operational bills. The choice of financing is a matter of working capital policy. The decision of which asset to finance with short term liabilities and/or long term liabilities will depend on the level of liquidity which the firm aims to attain and the level that will maximize stockholders’ wealth (Deloof, 2003).

Various models have been postulated to enable the financial manager combine effectively and efficiently, the mix of short-term financing to obtain optimum results.

Liberal Theory

Under this liberal theory, some current assets are financed by short-term while the more permanent current assets and fixed assets are financed by long-term credits (Oviedo, 2004).

Business Cycle Models

Recent business cycle models of emerging economies have relied on working capital as a propagation mechanism to transmit interest rate shocks to real outcomes (Neumeyer & Perri, 2005); Oviedo, (2004). The responses to interest rate shocks are magnified in these models because the need for working capital imposes additional borrowing requirements. In these models, the firm is assumed to always borrow the entire cost of production. Internally generated revenue is not considered as a source of finance.

This study adopts the business cycle model, accounting for the role of internal revenue is critical for understanding working capital, as the
delay in revenue is the very mechanism that creates the need for working capital. Allowing for internally generated finance is also important considering that, empirically, the largest source of financing is from internal finance. Previous researches such as those carried out by Deloof (2003), Padachi (2006), Mathuva (2009), Danuletiu (2010), Sharma & Kumar (2011) and Gill et al. (2010), reveals that there is a correlation between Average Period Debt Settlement (APDS) and Average Collection Period of Receivable (ACPR) and financial performance of firms. Managers can create value for shareholders by reducing collection period of accounts receivable. Account receivable is maintained when the firm makes sales on credit bases. Accounts payable is maintained when companies do some expenditure on credit bases and makes payment on different terms. It is in this light that the researcher adopted the APDS and ACPR as the explanatory variable for this study.

3.0 Statement of Hypotheses

In order to ascertain the effects of working capital management on the financial performance of brewery firms quoted on the Nigerian Stock Exchange, the following null hypotheses are stated and would be tested for the study findings.

\[ H_{01} \] There is no significant effect of average period of debt settlement on the profitability of brewery firms quoted on the Nigerian Stock Exchange.

\[ H_{02} \] There is no significant effect of average period of receivables on the profitability of brewery firms quoted on the Nigerian Stock Exchange.

Methodology

The research design adopted for this study is casual comparative. Casual comparative research design attempts to explore causes that affects relationship where causes already exist and looks backward to explain why (Akpa, 2011). The population of this study comprises all the brewery firms quoted on the NSE as at December 2012. These firms are: (i) Jos International Breweries Plc, (ii) International Breweries Plc, (iii) Champion Breweries Plc, (iv) Golden Guinea Breweries Plc, (v) Premier Breweries Plc, (vi) Nigerian Breweries Plc, (vii) Guinness Nigeria Plc. The sample of the study consisted of three (3) out of the seven (7) Brewery firms quoted on the NSE, which are the Nigerian Breweries Plc, International Breweries Plc and Guinness Nigerian Plc. This sample was drawn using the purposive sampling method. The secondary data were extracted from the audited annual reports and accounts of the sampled brewery firms quoted on the NSE for eleven years (2002 to 2012) financial year. Also, relevant literature on working capital management was extracted from journal articles and periodicals.

Variables Definition

**Dependent Variable:** The dependent variable used under investigation in this study was return on assets (ROA). This variable has been recognized as the dependent variable of the research.

**Return on Assets (ROA):** The return on assets measures the return on assets after interest and taxes. The ratio measures the percentage of the profit earned per naira of assets and thus is a measure of efficiency of the company in generating profits on its assets.

ROA can be measured in any of the two ways:

1) Earnings before interest and tax expense to total assets (EBIT/TA)  
2) Profit after tax (Net come) to total assets multiplied by 100 (PAT/TA*100/1)

The study adopted the second method hence it gives a better explanation of what is due to the shareholders of the firm.

**Independent variable:** Given the number of factors that affect working capital accumulation decisions by firms and the difficulty in determining the optimal level of working capital a firm should hold, the question arises about whether firms are able to efficiently manage their working capital.

In these research two proxies such as; average collection period of receivables (ACPR), and average period of debt settlement (APDS) have been investigated as the independent variables of working capital management.

**Control Variables:** In working capital literature, various studies have used the control variables along with the main variable of working capital in order to have an opposite analysis of working capital management on the profitability of firms (Lamberson, 1995; Deelof, 2003; Eljelly, 2004; Teruel and Solano, 2005 and Lazaridis and Tryfonidis, 2006). On the same line, along with working capital variable, the present study have taken into consideration a control variable relating to firm as the size of the firm. The size of the firm has been measured by the logarithm of its total assets, as the original large value of total assets may disturb the analysis.

**Table 1:** Measurement of Variables and Abbreviation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Measurement</th>
<th>Abbreviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average collection period of receivable</td>
<td>Accounts Receivable/Net Sales*365</td>
<td>ACPR</td>
</tr>
</tbody>
</table>
The study also used correlation analysis model to estimate the relationship between the dependent and explanatory variables, and to investigate the direction of such relationship.

In order to ensure that the results are robust, several diagnostic tests were performed. In attempt to detect multicollinearity, the VIF and TOL statistics was computed. The Variance Inflation Factor (VIF) measures the impact of Collinearity among the variables in a regression model. The Variance Inflation Factor (VIF) is 1/Tolerance, it is always greater than or equal to 1. There is no formal VIF value for determining presence of multicollinearity. Values of VIF that exceed 10 are often regarded as indicating presence of multicollinearity, but in weaker models values above 2.5 may be a cause for concern (A. Koutsoyiannis, 2001: Gujarati and Sangeetha, 2007). This study adopts the “Rule of thumb” of 10, this shows the appropriateness of fitting of the model of the study with the four independent variables.

4.0 Model Specification

Multiple regression analysis was used to analyze the linear relationship between the dependent variable and the independent variable. The main strength of using multiple regressions analysis is its ability to measure the joint effect of any number of independent variables upon one dependent variable. These variables are summarized and analyzed into various components using multiple regression equation.

The model is given as:

\[ \text{ROA}_i = \beta_0 + \beta_1 \text{APDS}_i + \beta_2 \text{ACPR}_i + \beta_3 \text{SIZE}_i + \epsilon_i \]

Where;
- \( \text{ROA} \) = Return on Assets (Profitability Measures),
- \( \beta_0 \) = Constant of the Model
- \( \beta_1, \beta_2, \beta_3 \) = Co-efficient of the model
- \( \text{APDS} \) = Average period of debt settlement
- \( \text{ACPR} \) = Average collection period of receivables
- \( \text{Size} \) = is the control variable (the firm’s size as measured by natural logarithm of sales),
- \( \epsilon \) = is the error term.

Data Analysis and Discussion of Results

The data were regressed using the SPSS 20.0 and inferences were drawn from it. The summary of the regression result from the SPSS output were presented in a tabular form, from which detailed analysis and discussion shall be given.

### Table 2: Descriptive Statistic

<table>
<thead>
<tr>
<th>Model</th>
<th>Mean ROA</th>
<th>Mean ACRP</th>
<th>Mean APDS</th>
<th>Mean ACPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>44.8</td>
<td>0.8</td>
<td>0.3</td>
<td>0.41</td>
</tr>
<tr>
<td>ACRP</td>
<td>23.3</td>
<td>1.9</td>
<td>7.25</td>
<td>7.25</td>
</tr>
<tr>
<td>APDS</td>
<td>68.1</td>
<td>2.2</td>
<td>7.66</td>
<td>7.66</td>
</tr>
<tr>
<td>ACPR</td>
<td>133.6</td>
<td>206.4</td>
<td>10.1342</td>
<td>10.1342</td>
</tr>
<tr>
<td>logTA</td>
<td>38.691</td>
<td>206.4</td>
<td>10.1342</td>
<td>10.1342</td>
</tr>
<tr>
<td>Valid N</td>
<td>136.166</td>
<td>0.1963</td>
<td>0.1206</td>
<td>0.13427</td>
</tr>
</tbody>
</table>

### Table 3: Coefficient Correlations

<table>
<thead>
<tr>
<th>Model</th>
<th>logTA</th>
<th>APDS</th>
<th>ACRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>-0.208</td>
<td>1.000</td>
<td>-0.649</td>
</tr>
<tr>
<td>ACRP</td>
<td>0.869</td>
<td>-0.276</td>
<td>1.000</td>
</tr>
</tbody>
</table>

### Table 4: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R-Squared</th>
<th>Adjusted R-Squared</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.965</td>
<td>0.972</td>
<td>0.465</td>
<td>0.871</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: SPSS Statistics version 20

From Table 2 the mean ROA, ACRP, APDS and the control variable logTA of the sampled firm is 38.69%, 133 days, 154 days and 7.4% respectively. This result indicates that, on the average, for every N1 the companies would earn N38.69k, for ROA. The ACRP implies that the company pays their creditors on the average for the ten years under study, after four months approximately. Also, the result for the APDS shows that on the average it takes the firm 6 months to collect its debt from customers.
Test of Hypotheses

HYPOTHESIS ONE

H_{01}: There is no significant effect of APDS on the profitability of brewery firms quoted on the Nigerian Stock Exchange.

From the regression result in table 5 indicates that APDS shows a t-ratio = -2.952 and P< 0.05, indicating a negative and significant relationship between APDS and ROA at 95% confidence interval. The conclusion is that, the third hypothesis stands rejected.

HYPOTHESIS TWO

H_{02}: There is no significant effect of ACPR on the profitability of brewery firms quoted on the Nigerian Stock Exchange.

From the regression result in table 5 indicates that ACPR shows a t-ratio = 2.758 and p< 0.05, indicating a positive and significant relationship between ACPR and ROA at 95% confidence interval. The conclusion is that, the fourth hypothesis stands rejected.

Analysis of Model Summary for Regression Model

The results obtained from the model was analyzed and interpreted on the basis of a priori expectation i.e. making statement based on logical reasoning. The a priori expectation in this project is that working capital management has effect on the financial performance of brewery firms quoted on the Nigerian Stock Exchange.

The regression result as shown in Table 5 revealed that in the model all variables are statistically significance at 5% level of significance. In the model the coefficient of the variable average period of debt settlement (APDS) has negative coefficients, while the coefficients of the variable average collection period of receivable (ACPR) has positive coefficients.

From the equation, the different coefficient of the variables representing working capital management shows the different contributions of the respective variables to firm’s financial performance which is being represented by the ROA (return on asset). In this line, using the co-efficient from the model ROA is 280.493. This simply means that when all variables are held constant, there will be a positive variation up to the tune of 280.493 units in ROA. Similarly, when all

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>Toler ance</td>
<td>VIF</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>280.493</td>
<td>636.828</td>
<td>-0.440</td>
<td>0.678</td>
<td></td>
</tr>
<tr>
<td>ACPR</td>
<td>28.299</td>
<td>37.322</td>
<td>0.408</td>
<td>2.758</td>
<td>0.002</td>
</tr>
<tr>
<td>APDS</td>
<td>-54.737</td>
<td>57.485</td>
<td>-0.485</td>
<td>-2.952</td>
<td>0.005</td>
</tr>
<tr>
<td>logTA</td>
<td>-16.384</td>
<td>83.100</td>
<td>-0.162</td>
<td>-1.197</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Dependent variable: ROA

DW (Durbin-Watson) = 2.696 for the model of the study shows that there is no element of positive autocorrelation meaning that there is a linear relationship between working capital and firm financial performance.

The measures for testing multicollinearity indicate that there is no multicollinearity problem in the model (Table 4). Therefore it is used for our analysis.

The result of the regression analysis is presented in Table 5. The estimation result shows that independent variables APDS and control variable SIZE all shows a significantly negative relationship with profitability (ROA) and ACPR indicates a significantly positive relationship with profitability (ROA).

The regression coefficients (β) for ACPR and APDS indicates ACPR = 0.408, APDS = -0.485 and SIZE = -0.162 respectively with the dependent variable, ROA.

The t-statistic used to test for statistical significance indicates that all the independent variables have values greater than 2 and associated p-values of less than 0.05 (5% level of significance). The t-statistics and their associated p-values for ACPR, APIR, APDS and CCC are t = 2.758 (p> 0.05) and t = -2.952 (p<0.05) respectively. The control variable equally indicated t-statistics with values greater than 2.
variables are held constant, a unit change in ACPR will lead to an increase ROA by 28.299 units less the autonomous component in the model. Also a unit change in APDS will decrease ROA in model by -54.737. The implication is that firm’s financial performance has been improved favorably to measures taken to implement working capital management policies.

The $R^2$ is otherwise known as the measure of the “goodness of fit” or the “coefficient of determination”. It shows the percentage of the total variation of our dependent variable (Y) that can be explained by the independent variables (X1,X2, and X3), and the lower of $R^2$ shows the percentages of the total variation of our independent variable that can be explained by our dependent variables. Therefore, the $R^2$ is expressed as a percentage, and that part of the variation of the dependent variable (i.e. .965-$R^2$) which is not explained by the regression line is attributed to the existence of the disturbance term ($U_i$). The $R^2$ for the model gives 96.5% meaning that the regression model is approximately 97% i.e. the variations in the dependent variable i.e. return on Asset (ROA) 97% attributable to the changes in the independent variable i.e. Average period of debt settlement (APDS) and Average Collection Period of receivables (ACPR). This result is also supported by the high value of the adjusted R-Square, in the model which is to the tune of 79.2%.

The analysis and test of the research hypothesis on the effects of working capital management on financial performance of quoted brewery firms on the NSE indicates that:

A. **Effect of APDS on Firm’s Profitability**

The third objective was to evaluate the effect of APDS on the profitability of brewery firms quoted on the NSE. The regression analysis indicates that APDS is negative and statistically significant to ROA. These result suggested that managers can create value for shareholders by reducing the average period of accounts payable. This is in agreement with Deloof (2003), Magpayo (2009) and Danuletiu (2010).

B. **Effect of ACPR on Firms Profitability**

The fourth objective was to determine the implication of ACPR on the profitability of brewery firms quoted on the NSE. The regression analysis indicated that ACPR is positive and statistically significant to ROA. This finding agrees with that of Teruel & Solano (2005), Gill et al (2010), Padachi (2006) and Okwo et al (2012), who also found a positive and significant impact of ACPR on financial performance of firms and that the average period for which a firm can collect on its creditors has significant effect on its liquidity position and influences its financial performance.

**Conclusion**

The major findings of this study are as follows:

i. Average Period of Debt Settlement has a negative and significant effect on the profitability of brewery firms quoted on the Nigerian Stock Exchange.

ii. Average period of receivables has a positive and significant effect on the profitability of brewery firms quoted on the Nigerian Stock Exchange.

Operational profitability dictates how managers or owners will act in terms of managing the working capital of the firm. We observed that lower profit is as a result of an increase in the number days of accounts payables. The above could lead to the conclusion that less profitable firms wait longer to pay their debts taking advantage of credit policies and periods granted by their suppliers. The positive relationship between accounts receivables and firms’ profitability suggests that increase profitable firms will strive for an increase of their accounts receivables in an attempt to enhance their cash gap in the cash conversion cycle.

From the findings, we can conclude that working capital management has favorably impacted on the financial performance among brewery firms quoted on the Nigerian Stock Exchange.

**Recommendations**

Based on the result of the study the following recommendations are made.

i. To reduce their collection period or account receivable days, brewery firms quoted on NSE should give trade debtors, cash and trade discounts to induce payment by trade debtors. More so they should keep a track or record of account receivable to know the ages of such debts to enable the management evaluate trade credit and collection policies.

ii. Introduce delay strategies for payment to suppliers and take advantage of the funds...
as short term credit which attract little or no interest costs to reinvest in order to generate more income for shareholders.

REFERENCES


