CASH MANAGEMENT IN SELECTED RETAIL SUPER-MARKETS IN JIGAWA STATE, NIGERIA

BY

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D E C L A R A T I O N

I hereby declare that this thesis is a record of my own work. It has not been presented partially or wholly anywhere in any previous application for a higher degree.

C E R T I F I C A T I O N

This thesis, entitled "Cash Management in Selected Retail Supermarkets in Jigawa State Nigeria. A case study of four supermarkets in four local governments in Jigawa State" by Rabiu Isah, Taura meets the regulations governing the award of the Master of Business Administration (M.B.A.) of Ahmadu Bello University is approved for its contribution to knowledge and literary presentation.

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D E D I C A T I O N

This study is dedicated to my father Alhaji Isah Bawan Allah, for his love, patience and understanding of situations.

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In the name of Allah, the beneficient, the merciful, All good praise be to Allah the Lord of the world.

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ABSTRACT

This study has been undertaken an order to id e n fc i fy t he prob le ms fa c ing t he ad van c eme n t o f retaiJ superiorkets in Jigawa state. The scope of the study involved four supermarkets i.e. Nasiha, Nakowa Store, Namallam Zangi Supermarket and Da*n* - Abu store in four local governments they are, Taura, G-umel, Hadejia and Ringim respectively.

The researcher found that "the owners of the supermarket pay loss attention to cash management i.e. Nasiha and Nakowa. And with regard to financial position of the supermarket they ail performed averagely good for example Nasiha supermarket have Netprofit of N135,647, Nakowa Store have 5150,372 as net profit, Namallain Zangi have N600,000 as net profit and Dan-Abu Htore have N1,009,925 as net profit.

The sources and applications of cash of the selected supermarket was interesting, since they use the money collected for its purpose e.g. Nasiha supermarket used 60% of its cash realised

into the business of super marketing, Nakowa • super-market used 70% to 75% *of* its cash realised into business of supermarke ting • Namailam Zangi supermarket used 65% to 70/ of its cash realised into the business of super marketing and Dan-Abu used 60/ to 65/ of its cash realised into the s up e rmar ke t bus ine ss •

And tie problem of the supermarkets laid on the cash management, record keeping, emerge enhancement, lack of government assistance and pr o per oare of the s tore .

It was recommended that, owners of the supermarkets should have a good balance of capital structure. The supermarkets owners have to provide the good parking space a$_n$d set aside capital for lupermarise ting aione. The supermarket owners have to take good care of its cash management.

They (the owners) suppose to make an associa Lion in order to achieved their aims.

It was also reoemmended that care must be taken by the owners when employing night watchmen

J stop collecting loan £r on government for Ticulturai purposes and use it in the business of

Supermarketing. And try to train their store Operators.

Furthermore, government should endevour to give loan to supermarket owners in order to boost their business.

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CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

People have said that any one with little common sense can run a store, unfortunately that is not what is obtainable today. To run a retail store successfully, one must have some basic knowledge of cash management. Some people gave so many reasons as to why retail business owners fail e.g poor location, hardluck, unqualified personnel, poor business year, lack of enough cash e.t.c. the most important reason is poor cash management. Without financial facts, retail store managers act on "hunches" when trying to devise ways of meeting competition.

To start retail store business today, one has to acquire sufficient cash that will enable lease the store or purchase it, acquire enough inventory of merchandise, in order to have sufficient profit, which will keep the business going successfully. The main goal of most business organisations today is to make as huge profit as possible i.e. to maximize profit, therefore without sufficient cash to invest in the business, the whole activities of the business will be blocked and the probability of higher return is very low.

The retail business is mainly concerned with buying goods and/or services either from manufacturers or wholesalers and selling to the final consumers for a profit. That is, the retailers buy in bulk and try to sell in small units to the consumers at affordable prices by taking the goods and/or services to areas of the final consumers. At the sametime, the retailers help the manufacturers and wholesalers in clearing their store congestion. To some extent, retailers give credit to true worthy customers and they too, collect goods from manufacturers and wholesaler on credit. MR. AKPAN (1989) NOTE on Retailing and wholesaling intermediaries. Defined retailing as "all activities involved in the sales of small quantities of goods and services, at a profits to ultimate consumers for personal use.[1] And also explained that a retail sale is one in which the buyer is the find consumer and the purchase is for a non business use.

The characteristics of good retailing can be illustrated below:-

The whole activities of the transaction is initiated by the customer, that people want to buy and use many retail goods immediately, the typical sale involves a small quantity of goods or services it is

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1. MR. AKPAN 1989 Note on retailing and wholesaling intermediaries. Unpublished paper, page 1.

usually to localized and the retail sector of the economy is influenced by shifting environmental and financial conditions.

Any institution that does sell direct to the final consumer for personal use whether a manufacturer, wholesaler, or retailer is doing retailing. It does not matter where the goods are sold (in the home, store, street or on the air or in train e.t.c.) and how the goods or services are sold (i.e whether by mail, telephone person, vending machine).

Cash management refers to managing cash inflow and outflow of the retail store, cashflow within the firm and cash balances help by the store at a point in time. Trade credit is the most prominent force of the modern business, therefore to achieve the goal of any business organisation cash management efficiency will have to be improved thrcugh a proper control of cash collection and disbursement. The twin objectives in managing the cash flows should be to accelerate cash collections as much as possible and to decelerate or delay any unnecessary cash disbursements as much as possible. Cashflows inflows and outflows are inseperable parts of the business operations of all firms. Cash planning is a technique to plan for and control the use of cash, cash planning may be done on

daily, weekly, or monthly basis.

Cash is the most important current asset for the operations of any business. It is the basic imput needed to keep the business moving on a continuous basis, it can be the ultimate result expected after the sales of goods and services. Business organisation should keep just sufficient cash, neither more, nor less. However, cash is unproductive, like fixed assets or inventories, if it does not produce goods for sales. Therefore, the aim of cash management should be to maintain adequate cash position to keep the business sufficiently liquid and to use excess cash in some profitable way. The main problem of cash management is determining the optimal level of investment in each segment of the asset.

One of the primary responsibilities of the financial manager is to maintain a sound liquidity position of the firm, so that dues may be settle on time and also cash management programm must be concerned with minimizing the store's risk of insolvency, in the context of cash management the term insolvency is used to describle the situation where the store is unable to meet its maturing liabilities on time.

The focal point of the risk - return trade off is that managers must strike a balance between holding too much or too little cash. Enough cash must be in hand to dispense effectively with the disbursal needs that arise in the course of conducting business and the store's investment in idle cash balances must be reduced to a minimum in retailing.

Retailing is an old business form in the world, it started since early 15th century at the trading post in America. A retailing can be defined as any activities that involve the sale of goods and services to the final consumers for a profit at an appropriate time for none business use or reselling it again to others.

This study therefore, was stated by enumerating the sources of cash to retail ventures, managing the cash obtained, finding reason for specific failures and success of the supermarkets by evaluating the store management policies concerning credit sales and the overall cash management of the supermarkets.

1.2 THE STATEMENT OF THE PROBLEM

The main problem of retail ventures are inliquid business, inefficient planning, controlling, coordinating, communication and lack of cash budgeting.

Nothing has so far been specifically written about cash management in selected supermarket in Jigawa State. Most of the available local material deal with financial management in small scale industries and management problems of wholesale business.[2] Thus, the problem of this study concerns the behaviour of cash management in Jigawa State. The study hopes to provide answers to the following questions: "What basic problems hampers the growth of the supermarket activities in Jigawa State? What steps will be taken to correct the difficulties? and what are the reasons for some specific failures and/or success of the supermarket?.

1.3 OBJECTIVE OF THE STUDY

Most supermarkets owners usually took defensive stand in explaining their failure. They level their problems on such factors as poor location, hardluck, unqualified personnel, poor business year, lack of enough cash, traditional belief, lack of good product assortment, difficulties with regard to receivables

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2. For detail, see Moh'd (1991) Examined Management problem in wholesale trade. Unpublished MBA Thesis.

and inventories. However, it is interesting to note that these problems, cash be attributed to one **single** factor that is owners poor, inefficient cash management or managerial incompetence.

It is against this background the study will base its objectives. The main objectives of this study are:-

1. To findout the basic problems hampering the growth of the supermarket stores in Jigawa State.
2. To make recommendation or solution to the problems identified.
3. Analyse steps to be taken for any successful retail supermarket business.
4. To identify the special or peculiar problems encountered by store owners in the operation of their business.

This study is therefore, aimed at making an indepth study into the management aspect of retail supermarket business in Jigawa State with a view to identifying the problems and evolving a sound solution, which will improve the operation or performance or management of this field of business. It is hoped that improvement in the managerial abilities, performance, duties will help to condense the problems and served way to the solution of the difficulties.

In a related development, the study aimed at findingout various sources of cash to supermarket stores and ways to manage the cash obtained.

The need for this study is to findout various problems confronting retail businesses in Jigawa State and try to find solutions to their problems. The reason for the study is that, it will give an insight to the individual or groups that want to go into retail business under the heading supermarket and also will provide an opportunity for any one in the state who want to examined the advancement of retail business in the state (JIGAWA)

The researcher have access to the operators of the supermarket to some extent and I sometime participate in the business especially in NASIHA supermarket. And some supermarkets owners invite people with Business Administration knowledge to come and advice them, so as among the advisers, I will be able to get some of the vital information needed with regard to the study "Cash Management in selected Retail Supermarket".

1.4 IMPORTANCE OF THE STUDY

After the final conclusion of the research study, the researcher and/or any other person interested on the

topic and is able to have a look at the thesis will be able to know what are the specific problems of supermarket business in Jigawa State which means any organisation whether government or private that are interested in helping the supermarkets business owners will be able to know more of their problems and prospects in their business.

1.5 SCOPE OF THE STUDY

This study is intended to cover cash management in retail supermarket in Jigawa state, as earlier indicated, is of descriptive nature. It does not subject its data to rigorous statistical analysis. It only attempts to identify similarities, if any between the findings and the existing cash management and retail supermarket theories.

However, for convinience, the following areas will be given more attention that is cash management, retailing, supermarkets receivables and factors affecting advancement of supermarket business in Jigawa state.

Due to the problem of time and financial resources facing the investigator, the investigator is only able to select only four local governments, out of twenty-one local governments in the state and

choose one supermarket from each local government i.e. only four supermarkets were chosen for the study, about 19.05% of the local governments in the state.

1.6 RESEARCH METHODOLOGY

This section outline the methodology and procedures of the study. The research design is explained as an

(i) of the research methodology.

(j) Research design - The research design will be discussed under two broad sub-headings:

(a) Sampling procedure and

(b) Data collection.

(a) Sampling procedure. There were two main factors that guide the selection of respondents for this study. These factors were:

(i) The need to obtain a reasonable sample size

(ii) The resources and time available for the study.[3]

The propriators of the supermarkets lack enough educational background to properly understand and respond to the questions asked, only on very rare occasion they confidently spoke the truth.

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3. Kotler is of the opinion that much insight about marketing process and attitudes can be gained from sample of fewer than one hundred persons. For detail see PHILIP KOTLER, Marketing Management Fifth Edition page 614.

This section refers to a research design or plan to conduct the research work, but in this research no questionnaire was used, information were collected directly from the various store's owners, their assistance, by personal interview, some observation of some records of the supermarkets and in some situation we used estimation of figures, because of lack of proper system of book keeping.

Open - ended questions are used in order to interview the managers of the selected supermarket and their assistants.

The open ended questions used are:-

(a) What can you say about the slow growth of super-market in Jigawa State.

(b) As one of the operators of supermarket business in Jigawa State what can you say about the most serious problem facing your activities?

(c) Retail business is an important activities to consumer but still need the attention of more people to come into the business of supermarket, what call can you make to the people to embark on supermarketing activities?

(d) Most of the supermarkets in Jigawa State do not sell goods on credit, as a store owner why do you embark on such policy?

(e.) What problem do you encounter in the sourcing your finance?

(f) Image emhancement is an important aspect in any business but I realise that you do not care much to improve on its element (image enhancement) these element are store location, personnel, decoration, design, product assortments.

(g) There is a need for you to keep daily record of selling and buying so that you can be able to know how much you realise within a given period of time, but I found out that you don't pay attention to such aspect of recording purchase and sales, why?

1.7 THE SELECTED SUPERMARKETS.

Supermarket can be defined as a large departmentalise retailing institution offering a wide variety of merchandise. According to McCammon, supermarket can be defined as;

> The supermarket concept involves self-service and self-selection displays; centralization of customers services, usually at the checkout counter; large scale physical facilities; a strong price emphasis; and a broad assortment and wide variety of merchandise tc facilitate multiple - item purchase.[4]

The selected supermarkets are NASHA supermarket

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4. Bert McCammon, High Performance Marketing Strategies, Unpublished paper, page 27 (1978)

at Taura local government, NAKOWA STORE at Gumel local government, NAMALAM ZANGE Supermarket at Hadejia and DAN - ABU STORE at Ringim Local Government.

The supermarkets have numerous customers nearly all over their local government and to some extent to nearby local governments and with regard to NAKOWA STORE at Gumel they even have customer from the Niger republic, since they are to some extent closer, because the distance is not up to twenty five kilometres.

1.8 LIMITATIONS AND DELIMITATIONS OF THE STUDY

The purpose of this section is to point out the major limitations and weakness of this study. The section will also advance possible reasons that are responsible for the shortcomings.

The importance of retailing institutions in developing economy cannot be over emphasized. Thus, a research on the supermarket activities should have a wider coverage since it is a phenomenon that affect the whole nation. However, such an extensive study is not feasible considering some major constraits of the researcher such as limited financial resources to tour the whole local governments in the state and the desire to carryout the study within the limited time allocated for the study of not more than three months.

This, however, does not means that the findings of the study are not applicable to the whole state and the nation in general, since supermarket anywhere in this country have peculiar problems.

The major weakness of the study is attributable to the disadvantages associated with the methods of collecting data, and by implication, it is clear that the investigator is unable to go round the whole state. Only four local government areas in the state were selected out of twenty one. i.e. about 19.05% The use of personal observation is highly susceptible to observer variability and biases. However, personal observation by a person that is aware of such potentialities may reduce the likelihood of such error to the bearest minimum.

1.9 PREVIEW

In this chapter very vital issues were discussed such as what is supermarket, what causes its failure, what is the objective of the study, what are main problems in supermarketing business, what areas the study will cover and through what method the research will be conducted.

Supermarket can be defined as a relatively large, low-cost, low margin, high volume, self service operation designed to serve the consumer's total needs for food, laundry and household maintenance product. Most of the failures of supermarketers are cause by poor location, hard luck, unqualified personnel, poor business year, lack of enough cash and poor cash management. With regard to the objective of the study is to find out what are the problems of supermarketing business and only four out of twenty-one local government are selected for the study about 19.05% of the state (Jigawa) personal interview with some physical observation were used to conduct the research.

About what will be discuss in chapter II, below are the analysis of program in the next chapter. The next section will deal with literature review i.e. the review of past writting on the topic or related one. A total of about four related studies will be look at, the studies were financial management by I.M. PANDEY, chapter 13 and 14 part V, supermarket by ABU - ABDISS-AMAD unpublished MBA Thesis (1983) tittle The Supermarket Consumer behaviour in Zaria, Chapter 18 of Phillip Kotler marketing management 1967 Fifth edition and Mr. A.B. AYPAN (1980) Note on retailing and wholesaling intermediaries unpublished paper".

CHAPTER 2

LITERATURE REVIEW

REVIEW OF IMPERICAL STUDIES

2.1 INTRODUCTION

In this chapter, the researcher reviews related studies conducted or carried out on a related topic i.e cash management in selected retail supermarkets. A total of four related studies were reviewed VIZ I.M. PANDEY (1987) titled "Financial Management Part V Chapter 13 and 14. ABU ABDISSAMAD unpublished MBA Thesis (1983) titled 'The Supermarket Customer behaviour in Zaria. ; PHILLIP KOTLER (1967) Fifth Edition, Marketing Management: Chapter 18. MR. A.B. AKPAN (1988) titled, Note on Retailing and wholesaling intermediaries "unpublished paper"

2.2 I.M. PANDEY (1987)[1] edition, titled 'Financial management; part v chapter 13 and 14 discuss more on management of cash and marketable securities and management of receivables.

The major task of any financial manager is to maintain a sound cash position that will allow his business operation to prosper, but showing neglegence

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1. I.M. PANDEY, (1987), 'Financial management Part V Chapter 13 and 14 [illegible]

with regards to business cash management will endanger the operation of the entire business. The management of cash assumes more importance than other current assets, because cash is the most important current assets and least productive asset that a firm holds. Therefore, the aim of cash management should be to maintain adequate cash position to keep the firm sufficiently liquid and to use excess cash in some profitable way.

Cash management is also important in any organisation, because cash constitutes the smallest portion of the total current asset, yet management's considerable time is devoted in managing it.

Cash management is concerned with the management of (i) cash flows into and out of the business (ii) cash flows within the firm and (iii) cash balances held at a point in time.

According to pandey, in order to solve the problem of uncertainty with regard to cash management a strategies were developed to ease the situation, the strategies are (i) cash planning i.e. planning cash inflow and outflow by the use of cash budget to help project about cash surplus and cash deficit.

(ii) Managing the cashflows i.e. proper management of cash flows.

(iii) Optimum cash level i.e. The firm will try to keep appropriate level of cash, in order to avoid the danger of the cost of excess cash and cash deficiency, so that the optimum level of cash balances should be ascertain.

In the process of discussing cash management, I.M. Pandey (1987) stated three reasons why firm hold cash. The reasons are (i) Transaction motive i.e. holding cash for goods and services (ii) precautionary motive i.e. holding cash for unforeseen contingencies and (iii) The speculative motive i.e. keeping cash with the anticipation of decreases in the prices of securities.

According to James C. Van Horn,[2] Financial Management of receivables, seventh edition state that trade credit is the most prominent force of the modern business. It is considered as an essential marketing tool, acting as a bridge for the movement of goods through production and distribution stages to customers finally. When a firm allows or sales its goods and services to its customer without receiving cash at the spot it

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2. James C. Van Horne, Financial Management of receivables, seventh edition (1986), Page 417.

is said to be granting trade credit. The most important of trade credit is to attract potential customers and protect its sales from competitions.

The receivable arising from credit has three characteristics (i) It involve an element of risk **which** have to be analyse (ii) It is based on economic value i.e. to the buyer is that goods and services passes immediately at the time of its sales, to the seller **be** expect an equivelent value to be received later on . (iii) It implies futurity.

The aim of management of receivables is to find ways to managed efficiently and investment in receivables may be kept at the optimum level.

The basic goal of credit management is to maximise the value of the firm by achieving a trade off between liquidity (risk) and profitability. The purpose of credit management is not to maximise sales nor to minimise the risk of bad debt. The firm should try to manage its credit position in such a way that sales are expanded to an extent to which risk remains within an acceptable limit.

The firm should manage its trade credit in order to achieve the maximise value through (i) obtaining optimum (not maximum volume of sales (ii) to control the

cost of credit and keep it at minimum and (iii) To maintain investment in debtors at optimum level.

Granting of credit and its management involves cost, therefore, to maximise the value of the firm, these cost most be controlled and they should remain within acceptable limit. These cost include the credit administration expenses, baddebt lossess and opportunity costs of the funds tied up in receivables. These cost would not be eliminated altogather but it is the work of credit manager or financial manager to regulate and control these costs.

Trade policy decision of any, business organisation have a greater impact on it. Though the firm has no control on factors like economic conditions, industry norms, competitions e.t.c. but it can certainly influence the level of trade credit through its credit policy.

2.3 PHILIIP KOTLER 1967.[3] 5th edition titled Marketing Management chapter 18, discuss much about retailing which supermarket is part of it. Retail stores constitute approximately 18 percent of all U.S. businesses, outnumbering manufacturing and wholesaling establishments by more than seven to one, and representing the third largest source of employment in the nation.

Kotler classified retailing into four broad terms, they are:- (i) self - service retailing, used in many retailing operation to obtain convinience goods and services, many customers are willing to carry out their own locate compare select process to save money (ii) self-selection retailing, involves customers looking for their own goods but can ask for assistance. Customers complete their transaction by finding a sales person to take the money for the item. (iii) Limited service retailing, the store under this retailing offer services, such as credit and merchandise return, not normally found in less service oriented stores and hence have higher operating cost and it also provide more sales assistance because the store carry more shooping goods and customers need more information. And (iv) Full-service retailing provides sales people who are ready to assist customer in all locate compare-select process.

According to Kotler supermarket is a relatively large, low - cost, low margin high volume, self-service operation "designed to serve the consumers total needs for food; laundry and household maintenance product". Supermarkets earn an operating profit of only about 1 percent to their sales and 10 percent on their net

worth. A supermarket can be owned independently although most supermarket are operated by supermarket chains.

Supermarket have move to different direction with regard to its operations. They have opened larger stores, with today's selling space occupying approximately 18,000 square feet as opposed to 11,700 square feet in the mid -1950s. Therefore, here Kotler emphasize more on the space that a supermarket suppose to have got before it is recognised as a pure supermarket. According to Kotler a typical supermarket usually handled 3,000 items in 1946 and now handles arround 8,000. Their was a significant increase in the number of non-food items carried-non-prescription drugs, beauty aids, housewares, magazines, books toys - which now account for 8 percent of total supermarket sales.

Supermarkets are also upgrading their facilities through more expensive locations, larger parking lots, and a wide variety of customer services, such as check cashing, restrooms and background music. They also increased promotional competition in form of heavy advertising trading stamps and games of chance.

Supermarket has recently spread to other types of business particularly in the drug; home improvement, toy and sporting goods fields. According to McCammon.[4]

> The supermarket concept involves self-service and self-selection displays; centralization of customers services, usually at the checkout counters la rge scale physical facilities; a strong price emphasis; and a broad assortment and wide variety of merchandise to facilitate multiple - item purchases:

2.4 ABU ABDISSAMAD (1983) MBA Thesis unpublished, title. The supermarket customer behaviour in Zaria. He stated that, although supermarkets very greatly, they have to have certain characteristics that distinguish them from other retail institutions. Some of the characteristics include (a) The supermarket must carry a complete line of foods such as dry groceries meats, fresh fruits and vegetables, dairy products and bakery products. (b) A supermarket must have self-service at least in the dry grocery department. (c) A supermarket must be a large store with some departmental organisation.

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4. Dent McCammon "High Performance Marketing Strategies unpublished paper, [illegible]

To him (ABU - ABDISSAMAD) supermarket can be defined as any shop that satisfies the basic element of supermarket, like selling complete product, operate on a checkout system and has atleast three checkouts.

The actual defination given by Butcher Imcanelly. American marketer emphasizes on turn-over not size, likewise in Germany, but with regard to Nigeria it may be unappropriate to defined supermarket based oneither size or turnover, because of the difficulties of getting what is the turnover or size of the supermarket due to the inability of the most store owners to help researchers in providing them with all necessary information, therefore, the definition in our content will only satisfy the necessary characteristics of sypermarket which includes (i) it must sell a complete range of foodstuffs including fresh meat. (ii) It must sell a basic range of household goods such as detergents. (iii) It must operate on self-service and checkout system.

Therefore, according to Malam ABU ABDISSAMAD there is no universal accepted definition of the term super-market that will be accepted world over, on his opinion supermarket must have some unique element i.e. must have something universally recognise like product assortment the system of checkout and to be operated at the customers convinience hours.

2.5 MR. A.B. AKPAN (1988).[5] titled 'Retailing and wholesaling intermediaries, unpublished paper. Briefly discussed what is retailing. According to Akpan retailing involve all activities in the sell small quantities of goods and services at a profit, to ultimate consumers for personal use, and a situation where buyer is the final consumer and the purchase is for a non business use.

He also classify retailers on the basis of (i) product line sold e.g. Specialty store that have a large assortment that concentrates on the sale of a limited number of goods, Department Store which offer atleast 3 important types of merchandise: Home furnishings and appliances; appeal formen, women and children and house wares; Supermarket that is a large departmentalise retailing institution offering a wide variety of merchandise. Convinience Store which provide customer with place convinience and time convinience and superstore which has an area of 17,000 square feet and handles roughdly 8,000 items, mostly. Food laundry and household products (ii) Relative price emphasis e.g. Discount stores, warehouse stores and catalog. Showroom and (iii) Nature of the business premises e.g. mail order.

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5. See source (1) MR. AKPAN (1988)

According to Akpan, there is still no firm agreement on what exactly a supermarket is. However, a supermarket is defined as a large sale departmentalised retailing institution, offering a wide variety of merchandise, operating largely on a self-service basis with a minimum of customer services and offering a price appeal and usually ample parking space.

CHAPTER 3

BUSINESS OF RETAILING

3.1 HISTORICAL DEVELOPMENT OF RETAILING.

From the very beginning of recorded[1] history and even back into those ages for which only the archaeologists' excavations give us a record, we find that men have traded with each other to obtain the necessities and luxuries of life. And through this activities there is the same objective the struggle of mankind better to satisfy his wants. In today's complex life we must not forget this simple truth - that the object of all business, retailing included, is the satisfaction of human wants, which has led us on through countless centuries of business history.

The shopkeep of ancient Rome, the peddlers of the middle ages, the early American general storekeepers, and the operators of today's glistening supermarkets - all are a part of the same family tree, for each in his own way has studied the desires of mankind and try to serve mankind in fulfilling his wants. These services of services involve risk, investment and tiring work to the retailer but they also have brought

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1. [illegible] - [illegible],
[illegible] 2 [illegible].

to him some rewards i.e. return of satisfaction and of money and sometime of a fortune. Today retailers find that works investment and risk still his lot, but also have the same reward awaiting him.

In colonial America.[2] the little retailing that existed was usually conducted through bartering or trade, at that time most settlers were farmers who built their own homes, grew their food and made their own clothing. However, not all the early colonists were self-sufficient farmers, some continued to specialise on the craft they learned in their homeland. These settlers established places of business in the sea ports of Boston, New York, Philadelphia and Baltimore and in other populated areas along the coast side.

An American retailing [3] as we know it today, with its sophisticated research methods and such decision-making devices as the computer, had its meager beginning in the early fifteenth century at the trading post. At that time currency was not

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2. Gillespie Hecht , Retail business Management page 1
3. Gerald and Diamond, Retailing! page 15

in used to make purchases; instead, goods from European markets were exchanged for the pelts of fur trappers and produce grown by farmers.

In the mid - eighteenth century this first retail institution began to expand its operation to better served the needs of the colonists. A greater variety of merchandise was needed by the settlers, and the trading post give way to the general store. This retail store operate on cash basis, a departure from the barter system of the ealier retailer. The merchandis assortment was extensive, with offerings of foodstuffs, yard goods feed for cattle, manufactured goods from the old world, shoes and such animal supplies as harnesses. In the early history, a haphazard nondepartmentalized arrangement was typical, even the merchandise was not carefully organised as it is in retail stores today.

In the middle of the nineteenth century there were a great variety of goods being produced in the united states, so much so that the general store was unable to carry the ultimate offerings of manufacturers, which necessitated the begining of specialization in retailing, as a result come out with what is known today as limited line store.

This store carried a wide variety of one classification of product, e.g. shoe store, Jewelry store and groceries store operated on limited line product. Today, the term used as specialty store or limited line store, still enjoy an important place in retailing.

The early operators of specialty store, operate on sole proprictorship but many of them have grown into large well-known retail empires and enjoy the distinction of having stated the chain organisation.

The chain organisation as the first venture in large scale retailing come into existance in the United States, which began in the latter part of the nineteenth century. It is generally defined as two or more store, carrying similar product and having common ownership, many of the operators of chain organisation who are successful opened second, third, and more unit in other areas. And among the early chain organisations were J.C. Penney Co.; A & P, the food giant and F.W. Woolworth Co.; the "5 & 10 cent store".

At the end of nineteenth century and the beginning of twentieth century the word department store state to circulate in America. Department store can be define

as the bringing togather of many limited line operations under one roof, with common ownership, it differs from general store, because under this store there is an orderly arrangement of many types of merchandise. Apart from hard goods such as furniture, appliances and so on, department store specialize on baked goods gourment foods, pets, travelling arrangements, entertainment information and sales.

The opportunity or luxury of one stop shopping is available to department store customers. Today in the retail business few new department store are being established, which means we are witnessings a greate expansion in the field.

According to Rom Jr.[4] stated that the early forms of retailing were largely a crude affairs but, generally speaking, were about as streamlined as the social, political and economic system could support. The earliest retail store in the United States were the trading posts that sprang up along the trading and travel route. According to him (ROM Jr) The term supermarket emerged in the early 1930s and was largely the result of customer's increase mobility brought

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4. ROM Jr. Retailing Management, A System approach

about by automobile ownership and his urgent desire to reap price advantages by performing certain of the marketing function. At least to date, it was one of the last great and significant retailing institutions to emerge. This institution with its emphasis on simplified selling and cash and carry merchandising has had an effect on the entire structure of retail distribution, leading to self-service merchandising strategies in many kinds of retailing institutions and to the widespread adoption of discount merchandising strategies.

As department store provides one-stop shopping for the consumer, similarly the supermarket affords the housewife the luxury of purchasing all her food needs at one location instead of making seperate trips to the grocer, butcher, baker and produce dealer.

Although supermarkets[5] very greatly, they have certain characteristics that distinguish them from other retail institutions. Some of these characteristics include:

(a) The supermarket must carry a complete line of food products such as dry groceries, meats, fresh fruits and vegetables, dairy products, and bakery products.

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5. ABU ABDISSAMAD (1983) M.B.A. Thesis unpublished The supermarket customer behaviour in Zaria.

(b) A supermarket must have self-service at least in the dry grocery department.

(c) A supermarket must be a large store with some departmental organisation.

There is still some confusion as to what is a super market, although the actual definition of super-market varies in different parts of the world, all have one thing in common, that is super market is a shop in which the housewife can buy all her weekly food and household requirements. The accepted definition in Great Britain is the one laid down by "self-service and supermarket". The definition insists that a store most fulfil the following requirements before it is termed "supermarket.[6]

Has a selling area of at least 2,000 square feet.

Sells a complete range of foodstuffs, including fresh meat, fresh fruit, and vegetables, grocery and provisions and a basic range of household preparations, such as soaps, detergents, andpolishes. The definition does not include fresh fish.

Operates on a checkout system, even though there may be some service departments.

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6. Ralph G. Towsey, Self service retailing: Its profitability application to all trades (London: Illffe Book Ltd., 1964 page 156 - 157.

Has at least three checkouts.

In America the emphasis is on turnover not size, likewise in Germany, but with regard to Nigeria it may be an appropriate to defined supermarket based on either size or turnover, because of the difficulties of getting what is the turnover or size of the supermarket due to the inability of the owners to help researchers[7] in providing them with all necessary information, therefore the definition in our content will only satisfy the necessary characteristic of the supermarket. That is:-

(1) It must sell a complete range of foodstuffs including fresh meat.

(2) It must sell a basic range of household goods such as detergents.

(3) It must operate on self-service and checkout system.

Before the advancement of supermarket food retailing was carried out on a very limited stores. Mostly operated by the store owners with the help of their family members.

The first true supermarket appeared in early 1930s when Micheal "King" Kullen opened his first

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7. See acknowledgement.

market in an abandoned long Island garage with empty ginger-ale cases for display tables.[8] Some authors are of the opinion that supermarket appeared in the United States of America earlier than 1930s. For example, Butcher and McAnelly assert that:[9]

> The first supermarkets in the United States appeared in southern california in about 1925. These supermarkets were primarily large, open - air, self service stores with drive in facilities. One of the most advanced of the early supermarkets was the chapman pank drive in market of los Angeles. Chapman's offered a wide assortment of foods, and its facilities included an enclosed parking lot with a capacity of containing five hundred cars.

3.2 WHAT IS RETAILING

According to Rom J. Markin Jr[10] retailing can be defined as the act of selling goods or services to ultimate consumers. Thus, the motive of the consumer becomes the fundamental criterion for distinguishing sales at retail from other forms. Retail selling may be performed by a host of individuals, firms or companies. That is, manufacturers

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8. Theodore N. Beckman, and William R. Davidson, Marketing, (New York; The Ronald Press Coy, 1962 7th edition page 229.
9. Benjamin C. Butcher, and James R. McAnelly, Fundamentals of Retailing (New York: The MacMilliam Coy. 1973 page 15.
10. Rom J. Markin Jr: Retailing Management: A System approach; (MacMillan Pub. Coy, Inc 1971) page 3

may make sales at retail; so, too, can wholesalers or private individuals whose primary vocation is not retailing.

According to Phillip Kotler[11] Retailing can be defined as all activities involved in selling goods or services directly to final consumers for their personal, non-business use. Any institution that does this selling whether a manufacturer, wholesaler, or retailer - is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone or vending machine). On the other hand, a retailer or retail store is any business enterprise whose sales value primarily comes from retailing.

According to Gillespie Hecht,[12] Retailing is the buying and selling of goods and services to satisfy the consumer.

3.3 THE ECONOMIC IMPORTANCE OF RETAILING

Distribution is the most important function of retailing, which also is an important economic function.

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11. See MR. A.K. AKPAN: LECTURE NOTE

12. Giuespie Hecht: Retailing Business Management (Gregg Division McGraw Hill Book Coy 2nd edition 1977) page 1.

The retailers sales goods in small quantities to consumer at the time and in the place most convinient to them. Most large retail businesses help in solving the unemployment problem, since they employ departmental heads, salesmen, drivers, cleaners, watchmen e.t.c.

The owners of retail store pay local taxes to their authorities.

Harris and Spencer[13] in spite of the fact that retailing links the producer with the consumer, the capital investment which the producer can afford cannot, as a rule, be extended to cover distribution as well. Therefore, he need an entirely different organisation in order to distribute what he produces and his capital investment could certainly have to be increase.

Retailers help alot in the problem of bulk breaking, transportating the goods from the place of production to the place of consumption at affordable prices and within a stipulated time, allow a choice of different varieties to consumers, and help to clear the storage congestion in the manufacturing organisation

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13. Harris and Spencer; Profit and responsibility in retailing (LONDON Business Publication Limited 1961)page 3.

which as a result they will have enough places to store the immediate goods produced.

3.4 VARIOUS DEFINITIONS OF CASH

When S contact a hawker selling cigerate and colanut in Hadejia town of what does he understand with the word cash "He simply define cash as naira and kobo in a position of a person at a particular point in time.

In Gumel when I met with a local trader and asked him what is cash, he simply replied to the researcher that cash is nothing more than anything that can be use for an exchange of goods and services.

A graduate with B.A in Hausa from Taura Local government was asked, what is cash? he defined cash as a legal temder use to purchase goods and services.

In a dictionary definition ' cash is term as money in form of coins or paper.

According PANDEY[14] cash is the money which the firm can disburse immediately without any restriction, and it is also the ultimate output expected to be realised by selling the services or product manufactered by the firm.

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14. I.M. PANDEY (1989 Vikas Publishing House PVT Ltd) Page 355 Financial Management

LIPSEY R. G.[15] An economics defined cash as high power money which involved cash in the hand of public, bank reserves and clearing balances help by the commerical banks. More foundamental,[16] cash is the medium of exchange which allows management to carry on various activities of business firm from day to day.

Cash is the lifeblood of a business firm. It is needed to acquire supplies, resources, equipment and services provided by the firm. It is also needed to pay workers salaries and wages, paid taxes, divident to stockholders and interest and principal to creditors.

BURTON A. KOLB[17] defined cash as currency and the checking account (demand deposits) balance(s) in the firm commercial banks.

ARTHUR J.K. DAVID F.S. Jr, JOHN D.M, and J. WILLIAMS PETIY [18] defined cash as the currency and coins that the firm has on hand and/or at bank, cash registers or in checking account at various commercial bank where its demand deposit is maintained.

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15. LIPSEY R.G. An introduction to positive economic (E.L.B.S. 1989 page 691.
16. K.V. SMITH, Reading in management of working capital (Section 11 page 21)
17. BURTON A. KOLB, Principle of Financial Management, (Business publications, Inc Plano, Texas 1983 page 176
18. ARTHUR J.C., DAVID F.S. JR, JOHN D.M. and J. WILLIAM PETTY, Basic Financial Management (Prentice Hall of india private limited new Delhe 1986 page 145.

3.5 CASH MANAGEMENT

Cash management concerns with the management of cash to avoid the level of unncessary risk. The cash position of a firm is the most important aspect to be given due recognition, all the time to avoid holding too much cash in hand and too litle cash in hand, therefore there is a need to balance cash position of any business concerned in order progress. Therefore, cash management simply concerned with minimizing the firms risk or insolvency.

The management firms cash position, thus, is one of those major problem areas where you are criticize if you don't and criticize if you do. The business should halted if you keep too little cash to pay for your goods and services if excess cash balance are carried, however, the value of the enterprise in the market place will be spressed because of the large cost cash forgone.

PANDEY[19] define cash management as concerned with the managing of (i) cash - flow into and out of the firm (ii) cash - flow within the firm and (iii) cash balances held by the firm at a point in time. Cash management assume more importance than other current assets because cash is the most significant and the least productive asset that a firm hold.

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19. See source 23 I.M. PANDEY page 355.

To solve the problem of uncertainty about cashflow prediction and lack sychronization between cash receive and cash paymen t, the business concerned have to develop some strategies for cash management.

The four basic strategies are listed below for clarification.

1. Cash planning. Cashinflow and cash outflow should be planned to avoid holding excess or deficit balance at each period of time.

2. Managing the cashflows. The flows-in-flow and outflow should be properly managed that is, the flows should accelerated, while the outflow should be decelerated.

3. Optimum cash level. The retailer suppose to take a good perceptive of keeping the appropriate level of balance in his position, in order to avoid the cost excess cash and danger of running of shortage of cash.

4. Investing idle. The idle cash suppose to be invested in another profitable business, so that more can be realised as profit, i.e the precautionary balance of the retailer should not be too much to cost a lost to him due to holding cash idle

PAUL J. BEEHLER[20] define cash management as an attempt to track and control the flow of funds through the cooperation or any business concern and build a sub-system of the entire family of business functions.

Cash management involves managing monies / of a store in order to maximizing cash availability and to minimize waste in form idle funds, so that the surplus funds will be invested for an interest. High interest charge by commercial bank have increases importance of cash management. On the other hand, many store owners believes that a reasonable amount of cash add to a store debt paying ability, therefore excess cash / for any extended period of time is largely waste of resources because it is not earning any return.

Cash in its self, is none earning asset, therefore, the main aim of cash management will be to maintain adequate cash position to keep the supermarket sufficienty liquid and used excess cash in some other profitable venture. Cash management is portion of total current asset, yet management considerable time is devoted in it. It is difficult to predict all the time cashflow accurately, during some period cash outflow

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20. PAUL J. BEEHLER, Contemporary CASH MANAGEMENT? (Principles, practices, perceptives) (John Willey & Sons 1953 2nd edition)page.8

of taxes, divident e.t.c. and likewise in some cases cash inflow will exceed cash outflow, because large sales and debtors pay promptly.

3.6 SOURCES OF CASH:

There are so many discussion on this topic (Sources of cash) by many managerial expert, but they all resolve in the same idea.

According Author J.D. David F.S Jr, John D.M. and J.Willian P.[21] illustrated that the firm can obtained funds (cash) from only one of the four principal sources:

1) From its operation commonly refered to us funds provided by operation)
2) By borrowing (by means of either a short term note payable or longterm debt in the form of bond issue)
3) By sell of asset.
4) By issuing common or preferred stock.

PAUL J. BEEHLER, [22] stated the firms source of cash (funds) can be attributed to forecasting consideration i.e. liquidation of fixed assets, redefinition of working capital and increased corporate stock issue.

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21. See Source 18 page 40.
22. See source 20 page 165.

On the other hand the basic sources of funds to firm are through owners shares, loan from banks and lending houses, buying goods on credit i.e. buy goods and pay later, debenture, ploughing back profit and sale of additional shares to the public.

But with the regard to retail supermarket owners, they differ in certain segments with that of the firm in manufacturing concern especially in the item of borrowing from friends and relatives. Therefore, the basic ways through which the retail supermarket owners can obtain cash[23] to finance his business are:

(i) Personal savings
(ii) Borrowing from friends and/or relatives
(iii) Retain earnings
(iv) Trade credit
(v) Loan and/or overdraft.

i) Personal savings: Theoritically and also in practices to start any business you have to use your own first accumulated through saving so that people will know how best or bad you can performs, then after evaluating your performance, then the result will make people to decide whether to help you or not.

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23. DR. HAJIYA BUMFE OLOFEGBA, Lecture note 1988 page 15 Lecturer Dept. of Bus and Admin A.B.U. Zaria.

ii) Borrowing from friends and or relatives: Sometimes small business operators use to go to their friends or relatives to borrow some money, in order to build up their capital for their business. It is also advantegeous to borrow from friends and relatives because most of the time no interest is paid upon the borrowed amount.

iii) Retained Earning: This is the easiest source of finance to any business organisation that was in operation for some years. Business owners use to plough back their profit to their business in order to increase their business in order to increase their level of business activities, therefore, retail supermarket owners can plough back some of their return to boost their business, so that the condition of their business may be improve.

iv) Trade Credit: As usual this is another method through which the retail supermarket owners can secured a finance to their business. This is a situation whereby creditors (wholesalers or manufacturers) allow the debtors (retailers) to carry on the goods on credit, which means payment will be made after selling the goods. In this situation the retailer is a very much similar to factor type of merchandise agent.

v) Loan and/or Overdraft: A wise supermarket owner who keep his money in the bank under current account form is able to get an overdraft or loan. An overdraft can be defined as a special type of advance given to current account holders, authorising the account holder to withdraw a certain sum of money above his balance in the bank account, on which interest is paid only on the actually withdrawn not on the amount agreed upon.

Therefore, any wise supermarket owner who keep his money in a current account and good financial record can be able to get additional cash through this process (overdraft).

3.7 REASONS FOR HOLDING CASH:

It is the most important aspect of any business operation when managed effectively.

John Maynard Keynes was a literary buff, intellectual and journalist as well as a classical economic has categories the motive holding cash in any situation into three distinct groups which are as follows:-

1. Transaction motive
2. Precautionary motive
3. Speculative motive

1. Transaction Motive: People who hold cash in order to buy some goods and services, therefore, holding cash for the above reason is what: is known as transaction motive - demand for holding money. It can also be for paying water bills, rent, electricity bills, salaries and wages of workers e.t.c. Any cash hold for day to day activities can be termed as holding money for transaction purpose.

2. Precautionary Motive: This is a situation whereby an individual hold money for unforeseen contingencies, that is holding money to safeguard against unplane situation. e.g. money for medical care (illness).

3. Speculative Motive: This is a situation whereeby people hold money, when they forecast that the prices of certain goods will falls, so that they can buy the goods or securities when the prices falls, with the assumption that the prices will increase in the future of that same goods or securities.

3.8 PREVIEW:

Retailing started in Ancient Rome, the Peddlers of the Middle ages, retailing existed through bartering most of the settlers were farmers. The

chain organisation as the first venture in large scale retailing come into existance in America which started in the nineteenth century, what is retailing can be defined as all activities involved in selling goods or services directly to final consumers for their personal, non-business use. The chapter discuss more on the importance of retailing, various definitions of cash, cash management, various sources of cash to supermarket and reasons why retailers hold cash in sufficient amount to run away from the unforeseen circustance.

In chapter iv issues to be discuss will cover, histories and operations of selected supermarkets with respect to formation, capitalization, description of goods sold, sales capacity and past and present operations.

CHAPTER 4

4.1 HISTORIES AND OPERATIONS OF SELECTED SUPERMARKETS

4.1.1. FORMATION

Nasiha Supermarket was established in 1978 as sole proprietorship business by Alhaji Mohammed Lawan, employing his son as an assistant to him, when he was out or doing some other things. He also employed two persons to serve as cleaner, and night watchman respectively. When the supermarket has improved he employed additional three people, one to help in checking those goingout from the supermarket, one to be vigilant inside the supermarket and the other one to be writing receipt and collecting cash at the same-time.

Nakowa Supermarket; was founded in the year 1975 by Mallam Abubakar Shehu Usman, with the help of his brother who takes care of the recording of purchase and sales of goods in the store, in 1975 only two people worked in the store, but in 1985 with the improvement in the business the owner employed about four more people to serve an various capacity in the store i.e. from checking, writing receipts and collecting cash to night watching and cleaning of the

store and its environment. In the year 1987 Mallam Abubakar wish to call one of his brother to come and join hand together in the business of supermarketing.

Na Mallam Zangi Super-Market: The business started in the year 1972 but not as a supermarket at that time but as a petty trader who sells variety of goods on a table in one outskitch area, but in 1976 the business improved to point of obtaining a shop and putting the articles inside for sales, suddenly in 1978 what seem to be called supermarket emerge, by the collaboration of two person Na Malam and Zangi. With regard to the people employed about six people were employed to see the affairs of the supermarket and in 1988 two more additional people were employed one as a driver of the supermarkets van and the other one to help the driver with regard to loading and offloading.

Dan Abu Store: Started business of trading around 1973 as a retail store selling different goods, in 1979 the store improved to the extent that the owner have to employ somebody to help him in running the affairs of the store. In 1985 the store come to the standard of a supermarket and in that same year

the owner Alh. Abdu called the attention of his brother to come and join him in the business as a partner, since according to Alh. Abdu two heads are better then one. They employed about seven people to help them take care of the business of supermarketing.

4.1.2 CAPITALIZATION

Nasiha Supermarket: Capital's includes the total sum of three thousand Naira (₦3,000)[1] had been the opening capital in 1978, after spending the sum of eight hundred naira (₦800) to build and decorate the store. In 1980 he is able to loan the sum of three hundred naira (₦300) from his friend for a period of two years, without paying any interest and in 1983 he obtained the sum of one thousand naira (₦1,000) from a member of his family for the period of one and half year. He also got the sum of one thousand four hundred and fifty naira (₦1,450) as a loan to rural farmers from local government authority in 1987, which he diverted it to his retail business, this loan is to be paid at the end of two years i.e. 1989, which it had been paid. As at december 1993, the capital structure of the supermarket were estimated

1. The owner himself 16 May 1994.

as total asset (current and fixed asset) to be about six hundred thousand naira (₦600,000).

Nakowa Store: Started business with the sum of about fivethousand naira (₦5,000) in 1975 after spending about one thosand naira (₦1,000) [2] for building and decordating the store. In 1982 he was able to secured loan from a friend based on agreement that he was to pay about 8% per year of the amount loaned to him for the period of three years. In 1989 he was able to secure loan from Nigerian Agricultural and Commerce Bank (NACB) of ten thousand naira (₦10,000) for agricultural purposes, but he diverted the money into his retail business. One Alh Abdullahi borrowed him (owner) the sum of fifty thousand naira (50,000) in 1991 to help the owner improve his supermarketing. In 1993 the owner Alh. Abubakar Shehu Usman was able to get loan from Jigawa State Government under Ministry of Commerce and Industrys for small scale industries of thirty seven thousand, five hundred and seventy-five naira (₦37,575)[3] which he diverted the money to his retail supermarketing. The present capital position of the supermarket as at December 1993 was estimated at five hundred thousand naira (500,000).

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2. The owner's record book 25 May 1994.
3. Report of the Min. of Com. and Industries Jigawa State. (1993)

Na Mallam Zangi Supermarket: Started the business of supermarketing around 1978, Na Mallam brought the sum of Fifteen thousand naira (N=15,000) and Malam Zangi contributed to the business the sum of twenty thousand seven hundred and fifty naira (₦20,750) totalling the capital to thirty five thousand seven hundred and fifty naira (₦35,750)[4] with to sharing of profit and losses, they both agreed to share it depending the amount you contributed to the business. In 1985 they jointly applied for loan from First Bank Hadejia branch, where they were able to secure a loan of twenty-five thousand naira (25,000) to be paid at the end of 1990. In 1987, a friend to both of them loaned them the sum of fourty thousand naira (₦40,000) to be paid in 1989. The Jigawa State Government gave loan to small scale industrialists in 1993 upon which Na Malam and Malam Zangi were able to secure the loan of Seventy-five thousand naira (₦75,000) which they diverted the money into their business of the supermarketing. The capital position of the supermarket

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4. The owners statement during the research.

as at December 1993 was estimated to the tune of Four hundred thousand, nine hundred and sixty Naira (₦400960)

Dan-Abu Store Started business with the capital of one thousand two hundred and twenty naira (₦1,220)[5] realised from the sales of twenty sacks of groundnut at the total cost of six hundred naira (₦600), fifteen sacks of millet at three hundred naira (₦300), eighteen sacks of guinecorn at two hundred naira and sixteen naira (₦216), two cows at fourty naira each (₦40x2=₦80), Five goats at thirty naira (₦30) and Four hundred and fifty-six naira (₦456) he has at his hand at that material time in 1973. In 1976 he was able to obtained loan from a friend called Alh. Isah Moh'd of six thousand naira (₦6,000) to be paid within two years. His sister Hajiya Binta gave him the sum of ten thousand naira (₦10,000) to keep for her in 1983 but authorised him to use the money in his business because she don't think she will need it urgently. And in 1985 the store owners brother Alh Usman Ahmed was invited to the business and he contributed the sum of Sixty five thousand naira (₦65,000)[6] and they

5. The Manager Dan-Abu Supermarket 30/5/94
6. Alh. Usman Ahmed 2nd June 1994.

both agreed to share profit and losses depending upon the amount of money each contributed to the business. They jointly appled for loan in Savannah Bank Ringim branch where they were able to secured the loan of Fifteen thousand naira (₦15,000)[7] under the banner of loan to local farmers, in 1988. In 1989 they also applied for loan in the local government for small scale farmers in this respect they are able to obtained the loan of ten thousand naira (₦10,000) where they diverted the money into their retail business. In 1993 they applied for loan from the Jigawa State government for small scale industrialist in which they were able to obtained the sum of Sixty thousand Two hundred and Thirty Naira (₦60,230)[8] in which they diverted the cash into their retailing sypermarketing activities. The present position of the supermarket was estimated as at December 1993 to be about six hundred thousand Seven hundred and eighty naira (₦600,780).

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7. Savannah Bank Ringim Branch Report (Loan)(1988)

8. Min, of Comm. & Industries Report (1988,.

4.1.3 DESCRIPTION OF GOODS SOLD:

At the beginning Nasiha Store sales mainly household utensits, that is, Atamfa, salt milk, suger, shoe, biscuits, cosmestics, etc. But now it extend to sales of variety of goods, which include meat, fish e.t.c.

Nakowa Store, Usually concentrate on household utensils, but set a side a place attached to the supermarket store where he sales furnitures and electronic.

Na Mallam Zangi is the most standard supermarket among them that sales a variety of goods and offer some service to the customers like rest room.

Dan - Abu Store is just like any other supermarket they sales household utensils and provides packaging lot to customers and offer the least price of articles when compared with the other supermarket in the state that means they sales at subsidize price.

4.1.4 SALES CAPACITY:

Nasiha Supermarket, due to illiteracy which lead to the poor book keeping system of most retailers, it was obviously clear that they could not say exactly, what was the sales capacity for a particular store at the end of a particular time. This notion is also applicable to NASIHA Supermarket. When interviewed the Manager of the

NASIHA Supermarket, he made it categorically clear that he can not say exactly how much his sales figures for the previous years are, but all what he could say was an estimate for the last three years i.e. from 1990 to 93, since it was during that period I have started to enlight the owner about the important of proper records keeping partening business operation.

The estimate sales capacity for the year ended 1991, 1992 and 1993 respectively are as follows:

1991	Sales	₦795,500.000
1992	Sales	₦1,059,000.00
1993	Sales	₦1,350,500.00

Source:- Sales Books year 1991/92/93 page.13,11,10.

These figures are estimate, since proper records was not kept to asscertained the correct figure, and due to preqvent purchase we could not say exactly this is the purchase figure, because in some cases the store manager have to make an order twice in a month. All what the owner knows is that he he makes profit but he could not say this is my yearly profit due to lack of proper record of purchase, sales and other expenses.

NAKOWA Store: The owner explain to the researcher that he could not say this is his sales but he could only knows his purchase because he kept proper record of all that he purchase, he said he started recording

purchase since 1981 but for our purpose here I only asked him of the purchase for three years i.e. from 1991 - 1993. Therefore, the purchase figure are as follows:

1991	purchases	₦1,250,000.00
1992	purchases	₦1,750,000.00
1993	Purchases	₦2,500,000.00

Source:- Purchase books year 1991/92/93 page 15,14,16.

These figure was derived from the purchase book the owner kept in his store.

Na Mallam Zangi Supermarket: was able to keep proper record of purchases and sales, since the manager of the store is a literate person since he has ordinary national diploma in Business Administration therefore, he knows the important of record keeping. This is the statement showing purchase and sales of goods for the year 1991, 1992 and 1993:

1991	Purchases	₦1,750,550	Sales	₦2,355,750
1992	Pruchases	₦ 2500,450	Sales	₦3,756,710
1993	Purchases	₦3,005,475	Sales	₦4,005,725

Expenses		Profit	
1991 total	₦302,600	1991 Netprofit	₦302,600
1992 total	₦508,130	1992 Netprofit	₦748,130
1993 total	₦400,250	1993 Netprofit	₦600,000

Source: Sales and Purchases books year 1991/92/93 Page 8,7 & 9

Dan Abu Store, the owner explained to the researcher that before the coming of his brother into the business he don't use to keep **record** of all what is happening in the store, but with his brothers entrance, we come to an agreement that we suppose to keep proper record to enable us ascertain what is our gain at the end of every financial year. Therefore, this is the record of purchase, sales and general expenses of the store for three years:-

1991	Purchases	₦1,235,000	Sales	₦1,885,540
1992	Purchase	₦1,757,550	Sales	₦2,765,570
1993	Purchase	₦2,500,050	Sales	₦3,855,560

Expenses		Profit	
1991 total	₦200450	1991 Netprofit	₦450,090
1992 total	₦300475	1992 Netprofit	₦707,545
1993 total	₦345585	1993 Netprofit	₦100,925

Source: Purchases, sales, and Expenses book year 1991/92/93 page 10,11,9

These are the figure I collected from the manager of the Store to enable research formalise his statements.

4.1.5 PAST AND PRESENT OPERATIONS

Nasiha Supermarket: Because of the inability of the management of the supermarket to keep records of its business operations, the management can not actually gave detailed operation of the past. The management can only predict what it think is appropriate gain, but can not accurately say this is the amount it gain for a specific period of time. All the management knows was that, it was certain that it makes profit each year, since the business was progressing yearly. According to the owner only at the end of this year 1994 he could be able to say this is exactly my yearly profit, since he has started recording all his business activities properly from January 1994.

Nakowa Store: The problem of illiteracy make it difficult to ascertain exactly how the supermarket runs, since there was no proper records of its business activities. But all what the owner knows was that each year he makes profit but can not say exactly in figure this was my profit this year. He informed the researcher that he will start recording his business activities hopely by June 1994, because of the adive I gave to him of the importance of record keeping of all his business activities.

Na Mallam Zangi. Because of the proper record of book keeping by the management of the supermarket , after looking at the records through I findout that there was an improvement in the activities of the Na Malam Zangi Supermarket in the past not more than one hundred brand of goods are sold but now the supermarket has over two hundred different articles for sales. Even the parking lot have been improved, There was also an improvement in the decoration and personnel of the store. The yearly turn-over of the supermarket had been improved with about 18% to 25%[9]

Dan - Abu Store: Basically past and present operation of the store was interesting, since the store adopt the principle of book keeping i.e. keeping records of past and present business activities, when looked at the various aspect of the store from product assortment personnel, store location, decoration, services, turnover, profit, bad debt, earning per share (E.P.S) it categorically clear that the store was progressive. Since record shows that about 14% to 23% improvement in all the activities of the supermarket.

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9. The Manager Namallam Zangi Supermarket 6th June 1994.

4.2 PREVIEW:

The formation of the selected supermarkets virtually started the business with their personal income realised from the sales of their personal belongings and some have the opportunity to borrow from friends and relatives and some even borrowed from banks and local government authorities. They sales so many household utensils and their sales capacity can not be accurately stated but estimates were used in the chapter, with regard to the past and present operations of the supermarkets, they operate favourably despite the fact that proper record keeping of the store operations were not accurate kept.

And chapter V will discuss issues related to selected supermarkets cash receivable management, financial position of the supermarkets, selected supermarket sources and applications of cash and problems of the supermarkets.

CHAPTER 5

PRESENTATION AND ANALYSIS OF DATA

5.1 SELECTED SUPERMARKETS CASH RECEIVABLES MANAGEMENT

5.1.1. NASIHA SUPERMARKET. At the beginning of the business due care was not taken regarding selling of goods on credit up to 1987, the management use to tied up cash in goods that pay less, because of low rate of turnover, but now the excess cash were used in good order, because the management now forecast future return of some goods and are in the habit of buying goods that will bring higher rate of turnover, which in must cases means higher return. The supermarket management have developed the habit of issuing receipts to each customer's purchase, in order to have records regarding sales and also open a credit book to record those customers who buy on credit. Cash management involves controlling of cash, where and when required and in right quantity. The management of the supermarket cash is improving since excess cash are invested in the higher earning goods i.e. goods that have higher rate of turn-over.

And the management was also running away from whatever kind of loan that higher interest rate have to be paid. For the month of June 1994 the management has not yet received any loan from bank.. In most cases the management of Nasiha supermarket gaves goods on credit to only addicted customers.

5.1.2 NAKOWA STORE: The owner gaves out goods on credit to wellknown customers or those that have a good record or reputation in the town. But when asked the owner about those who collect goods on credit and refuse to show up again, he informed the reseacher that the appropriate step the management usually took was to send a person to him for about two to four times before taken necessary action against him. He informed the researcher that last year (1993) around April he experienced the activities of 419 people in his store, as from that time he informed his manager that anybody who come to him and say he should give him something either money or goods don't give him. The owner have some agents who come to collect goods from villages around the local government and pay later, but most of them show a kind of truthworthness,

since they don't go beyond the agreement made between the store owner and them. In the same case, the owner gave out goods on credit to those who pay promptly when they received the goods on credit.

5.1.3 NAMALLAM ZANGI SUPERMARKET: Since the store was in form of partnership business, only on very rear occassion they give out goods on credit. The supermarket has some agents and a very regular customers around Hadejia emirate who buy from the store, instead of going to Kano. Only in the year 1991 the supermarket has a very bad position of bad debt of about ₦59,000[1] have been written off as bad debt, but since then the management took a great care and was able to see that bad debt figure was reduce to the minimal position. The manager informed the researcher that they don't give out goods on credit on just individual person, unless you are their agents.

5.1.4 DAN + ABU SUPERMARKET: Considered to be the store that sale at the cheapest price, he informed the researcher (the owner) that he don't give out goods on credit to customers, it went to the extent that some people call my store "KANTIN BA BASHI" No credit store. The management told the researcher

1. The Accountant NAMALLAM ZANGI STORE 16th May 1994

that we have some agent outside Ringim local government but we don't give goods on credit to the agents of more than 20% of the total amount of the goods purchased. i.e. if you purchase goods of say ₦2,000= you only have a credit ceiling of ₦400 = and if an agent was unable to pay this amount 20% of his purchase of up to three times, the management will take the agent to Court, for Court action. And will consider that particular customer as not a trustworthy customer. The management took the principle of cash and trade discount to their customers of four percent (4%) cash discount and 2/10 net 21 days trade discount. For the year 1993 the management have about ₦5,675 as bad debt while that of 1991 and 1992 were ₦8,672 and ₦7,750[2] respectively as a bad debt.

5.2 FINANCIAL POSITIONS OF THE SUPERMARKETS

At the end of the year 1993, the financial position of NASIHA SUPERMARKET was favourable, with an estimated sum of about One hundred and thirty five thousand Six hundred and Four Seven naira (₦135,647)[3]

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2. The Manager Dan-Abu Store 19th May, 1994

3. The Manager Nasiha Supermarket 3rd May, 1994.

as a profit, with regard to trade creditors the management try to coordinate and make an improvement which it has done and also only a very small amount of ten thousand naira remain for the owner to pay back bank loan he received. The owner informed the researcher that at the end of December 1993 the cash balances at hand and bank were estimated to about Fourty two thousand naira and seventy one thousand, two hundred and thirty seven naira twelve kobo respectively (₦42,000) (₦71,237.12).

5.2.2 NAKOWA STORE also performed beyond expextation, since the store experience rapid progress of its activities, despite the fact that there was no accurate record keeping, to give us accurate profit figure, it was estimated at the end of the year 1994 to have about one hundred and fifty thousand, three hundred and seventy two naira (₦150,372) as a profit and with regard to liabilities to the store, the amount was negligable when compare with the figure of 1992 and 1993 respectively. The owner informed the researcher that he has only fifty seven thousand naira (₦57,000) at bank and about one hundred and seventy thousand naira at hand (₦170,000).

5.2.3 NAMAIJAN ZANGI: Supermarket perform wonderfully in the 1992 with a net profit of ₦748,130 but in the year 1993 the profit drawback to about ₦600,000.[4] all is not bad, but care must be taken to rectify the situation of drawbackness. And with regard to trade creditors there was an improvement, but with regard to loan from bank the management try to see that most loans both from friends and banks were settle, therefore, the financial position of the supermarket as far as December, 1993 was concerned was favourable. The cash balance as at december 1993 at hand was estimated to two hundred and twenty five thousand naira (₦225,000) while that of bank balance stand at one hundred and six thousand three hundred and fourty five naira (₦106,345).

5.2.4 DAN - ABU STORE: Work ahead of all the supermarket, since it was able to clear all the debts accrued to the store and at the sametime make a net profit of about ₦1,009,025.[5] at the end of december, 1993, therefore, Dan-Abu Supermarket suppose to be recommended for proper prosperity of it business activities, which means the financial position of the supermarket was favourable.

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4. The management report NAMAIJAN ZANGI STORE 20th May 1994.

5. The Manager DAN-ABU STORE 19th may 1994.

The financial position of the supermarket as december 1993 was estimated to about Three hundred thousand naire (₦300,000) at hand and one hundred and thirty three thousand four hundred and thirty five naira fifty three kobo (₦133,435.53) at bank.

5.3 SELECTED SUPERMARKET SOURCES AND APPLICATION OF CASH

5.3.1 NASIHA SUPERMARKET Sources of cash are mainly identified as follows:

(i) Owner's personal income.

(ii) Trade credit.

(iii) Bank loan.

(iv) Borrowing from friends and relatives .

(v) Retained earning.

Owner's Personal Income:- The owner started with his personal income to set-up the supermarket and employ any income that the owner was able to realised from any other activities, he try to divide additional income into two, one to the business of supermarketing and the other one to other business activities.

Trade Credit: In some situation the store owner get goods on credit from his supplier in form of trade

credit i.e. he pay back the sum of money of goods when he sales the goods, this is an importance source of cash to the Nasiha supermarket.

Bank Loan:- The management use to kept her account in Savannah Bank Ringim branch, therefore, was opportune to get an overdraft when required. And was able to get a loan of ₦1450.[6] from local government authority 1992. More than 75% of all the money collected were used for the purpose it was generated for . The owner didn't collect any loan from any bank for the period of 1993 and May, 1994.

Borrowing from friends and relatives: At the beginning of the business, the owner was able to get cash from his friend in 1980 of ₦300 and ₦1,000 in from his relative in 1983 . And didn't collect any loan from either friend and/or relative for the period of 1993 and May, 1994.

Retained earning:- Due to the successful business of the supermarket the owner try to divide his profit into two, put back one into the supermarket capital and the other one used for other things.

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6. Accountant Nasiha Supermarket ,Financial Statement page 6 year 1992.

Applications of Cash: The funds collected by the owner, he try at all times to see that he use more than 60% of the cash realised in the business of his supermarket.

5.3.2 NAKOWA STORE: All the five basic ways of getting money identified against NASIHA Supermarket was also applicable here.

Owners Personal Income:- The owner started the business with his personal income of ₦5,000 naira in 1975 and any additional money the owner was able to realise were also plough into the business.

Trade Credit:- The owner was able, to collecte goods on credit to the turn of Seventy Five thousand naira (₦75,000) for the year 1992 alone.

Loan from friend: In 1982 the owner was able to collect the sum of ₦65,000[7] from a friend but to pay interest of 8% per year for three years

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7. The Manager NAKOW STORE, Financial Statement page 7 year 1982.

Bank Loan: He was able to secure loan of ten thousand naira (₦10,000).[8] from Nigerian Agricultural and Commerce Bank (NACB) for agricultural development but diverted the money into his personal activities of supermarketing.

Retained earning:- Mainly all the profit realised from the store was also plough back into the business, because in 1991 the owner plough back about 70% of his profit to the business of supermarketing.

Application of Cash:- The owner informed the researcher that all the loans he collected of any kind were put into the business about 70% to 75%. Little attention is given to other business activities, since he depend so much on the activities of supermarketing, only in 1993 he started to divert some of his capital to transporation business.

5.3.3. NAMALLAM ZANGI STORE: Usually in all type of business, the owner(s) have to put his or their capital at the beginning before any other person help him/them. Therefore, all the five condition

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8. The Manager NAKOWA STORE 9th May, 1994.

listed at the beginning of his section was also applicable here.

Owners Personal Income:- At the start the owners contributed the sum of Thirty five thousand, Seven hundred and Fifty naira (₦35,750)[9] for the take up of the business, therefore, owners capital was very important in any kind of business operation.

Trade Credit: Since they buy in bulk they were opportune to get trade credit, according to the manager they were able to collect goods on credit to the amount of one hundred and fifty thousand seven hundred and seventy six naira (₦150776)[10] from January to May 1994 alone.

Bank Loan:- The management were able to get about Twenty five thousand naira (₦25,000)[11] from first Bank Badejia branch May 1993. And also sometimes they were able to collect bank overdraft from the same bank. But all the amount collected

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9. The owners' statement 27th June, 1994.
10. The Manager financial statement, May, 1994.
11. The Accountant statement December 1, 1993, p.6

from the bank were put into the business of the store, since interest have to be paid on the amount collected, therefore, due care have to be taken to see that the money was properly used for the purpose collected for (1993 & 1994) . In May 1993 the store owners collected the sum of ₦25,000 as loan but in 1994 the management did not collect any amount so far.

Retained Earning:- The management makes it a law that they must put back some amount every year into the business from the profit they realised, that means , some percentage of profit every year have to be plough back into the business with regard to the percentage it change from year to year but most not be below 10% of the yearly profit every year have to be ploughback into the business.

Borrowing from friends and relatives:- As stated earlier in chapter four under the heading of capitalization, the owners were able to secure a loan from a friend to both of them of about the sum of Fourty thousand naira (₦400,000) in 1987.[12] The management did not borrow from any friends and/or relatives for the year 1993 and May 1994. Therefore borrowing was another source to finance any business.

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12. The Management statement page 4 year 1987

Applications of Cash: The owners informed the researcher that nothing disburb them more than the advancement of their store, therefore, they try to see that any amount they were able to realise is put into the business about 65% to 70%.

5.3.4 DAN-ABU STORE: Before thinking of what kind of business some one should embark upon, the most important thing he/she suppose to have think was how do I get the cash to start. Therefore, sources of finance to any business activity is a vital issue. The sources of finance to DAN-ABU store was not different with the other supermarkets. The sources of finance are:-

Owner's Personal Income:- Before he invite his brother Alhaji Usman Ahmed, he started the business with is personal income realised from the sales of his farm outputs, some cows, goats, and four hundred and fifty six naira (456).[13] in 1973. Therefore, owner personal income play a great role in setting up any business operation.

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13. Alh. Abdu Statement 10thh June 1994.

Loan:- The management were able to secure loan from Savannah bank Ringim branch of fifteen thousand naira (₦50,000) in 1988.[14] In 1989 they were able to obtained loan from local government for small scale farmers where they were able to get a sum of ten thousand naira (₦10,000) [15] where they diverted the money to their business of supermarketing. In 1993 they also secured a a loan from Jigawa State Government of about sixty thousand two hundred and thirty naira (₦60,230)[16] for small scale industrialist, but they diverted the money into the business of their store.

Borrowing from a friend and relative: In 1976 the original owner was able to obtained loan from his friend called Alh Moh'd of Six thousand naira (₦6,000)[17] and the sum of ten thousand naira(₦10,000)[18]

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14. The Management financial statement 1988 p.6
15. The Secretary Ringim local government Report 1989.
16. Ministry of trade and industries report 1993
17. The initial owner statement May 1994.
18. The owner Alh. Abdu Statement May, 1994.

from his sister Hajia Binta.

Retained Earning:- The decision reached by the owners was that in every year they should set aside from 20% to 25% of the profit as retained earning to be plough back into the business. Retained earning is a very important source of finance to any business organisation, since interest is not charge on the capital plough back.

Trade Credit:- When asked the manager about trade credit, he explained to the researcher that they were able to secured goods on credit successfully from their suppliers and that help them alot, he said from January t is year (1994) alone to date (May) they were able to buy goods on credit to the tune of about one hundred and thirty five thousand six hundred and seventy two naira (₦135,672)[19] Therefore, trade credit help alot to those whom were able to get it, since it allow the beneficiaries to have

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19. The purchasing officer statement May 1994.

goods that they don't pay immediately and do not pay interest on the amount of money to be paid for the goods.

The Application of the Cash:- Collected as far as Dan-Abu Store is concerned was the owner informed the researcher that in all circustance more than 60% - to 65% of any kind of money that he will be able to get were put into the busiress of supermarketing. And the remaining percentage goes to other type of business especially farming.

As stated above, none of the selected super-markets kept proper financial records before or during the studies. It is therefore impossible to show and/or analyse detailed sources and applications of funds statement, analysed above. However, the following is an example of sources and Applications Statement of NESTLE FOODS NIG. PLC. Other financial records (profit and loss account and balance sheet of the same company) are attached in the appendix.

NESTLE FOOD NIG. PLC

Group Statement of Source and Application of Funds
for the year ended 31st December 1993

		1993		1992
SOURCE OF FUNDs:	₦'000	₦'000	₦'000	₦'000
Profit before taxation		298,641		144,502
Minority interes		-		24
		298,641		144,526
Adjustment for items not involving the movement of funds:				
Depreciation		58,902		52,664
Profit on sale of fixed assets		(756)		(204)
Prior year depreciation adjustment		-		667
Capital expenses written back		-		15
FUNDS GENERATED FROM OPERATIONS		356,787		197,668
FUNDS FROM OTHER SOURCES:				
Proceeds of sale of fixed assets		943		588
Redemption of debenture		-		2
TOTAL FUNDS GENERATED		357,730		198,258
APPLICATION OF FUNDS:				
Share issue expenses	285		-	
Dividends paid	40,500		28,350	
Tax paid	62,716		35,926	
Purchase of fixed assets	127,974		43,351	
Purchase of shares	90,000		12,000	
		(321,475)		(119,627)
NET INFLOW OF FUNDS		36,256		78,631
Represented by:				
MOVEMENT IN WORKING CAPITAL:				
Stock and goods in transit		(14,788)		234,066
Debtors, prepayments and deposits		(7,712)		14,933
Amount due from associated companies		74,781		-
Foreign currencies purchased for imports		252,032		10,578
Creditors and accruals		(69,555)		(26,648)
Amount due to associated companies		(32,476)		(15,978)
		202,282		216,951
MOVEMENT IN NET LIQUID FUNDS:				
Cash & Bank balances		21,844		(10,736)
Bank overdraft		(187,871)		(119,254)
Short-term deposits		-		(8,330)
		(166,027)		(138,320)
		36,255		78,631

5.4 PROBLEMS OF THE SUPERMARKETS:

5.4.1 NASIHA SUPERMARKET:- Capital structure, the most important aspect of any business activities is capital and the most difficult problem that faces Nasiha Supermarket was, what shape the capital structure would compose of. Any organisation that is financed by an outsides was really in danger, because you have to pay more as interest to the owner of the capital you borrowed. But with regard to the Nasiha supermarket the capital structure is not well planned because the bank overdraft of Twenty five thousand naira is not advisable to the management to takes the overdrafts, since the money available at the store is enough to run the supermarket, on what advantage was that you borrow a money that you will pay interest and lend it to others who will not pay interest, when returning the principal to you. Sometimes the cash of the supermarket was diverted to other different business activities which sometimes makes it difficult to pay for the order at the required time.

The capital structure of the NASIHA supermarket as at 31st December, 1993.

1.	Owners capital	₦855,555
2.	Trade credit	₦105,450
3.	Relative	₦100,560
4.	Bank overdraft	₦25 ,000

Source: Manager Report Dec. 1993.

Due to the shortage of collaterals to be submitted to the bank, the owner of Nasiha sypermarket was unable to get a loan from a bank frequently, he normally gets loan from wholesalers, relatives and manufacturers in form of trade credit

5.4.2 NAKOWA STORE's Main problem was that of lack of good record keeping of the operation of the business activities. He lacks good store decoration to attract customers to the store, and even the way he talks to customers is very embarassing. At the sametime he follows the way as ordinary business people are doing i.e. he cannot keep a certain sum of money for the store business alone, therefore, he mixes available cash and sometime makes it difficult to pay for an order frequently. There was no available data to depend on for capital structure.

5.4.3 NAMALLAM ZANGI: With regard to the financing, the supermarket don't have much problem, but with regard to cash management it has, since not all activities of the supermarket are recorded accurately. Even in the case of decision of what to be done they waste a lot of time before they agreed upon an issue since it was not belong to a single person. There was a problem of checkmen i.e. those checking customers when going out from the store, they sometimes collaborate with theift to come to the store and go away with some goods unpaid for. proper personnel to run the store are not available, since those running the store now don't have manners.

5.4.4. DAN-ABU STORE:- As the best store among all the supermarket selected for this study with regard to prices, the owner complaint to the researcher that he use to give out goods on credit to well known customers but the problem was that they don't want to pay back on time and even some customer will not pay back and even the worse of all they will stop patroinsing the store, which

simply means they will stop purchasing from the store. From 1992 through 1993 to early 1994 he has experienced a lot of bulgary activities which lead to the death of two of his guards which up to this time make it difficult to replace them because people will think they too will be killed. He also complained to the researcher that, the government or any financial organisation do not recognise their important, since there was no program for their activities, since they cannot get loan purposely for supermarketing activities. Lack of good parking space sometime hinders the progress of the store, since customers do not have a good place to park their cars, motor cycle and bicycles. Because the store is owned by an oldman, he does not care about store decoration which may attract more customers to the store, but to him is a waste of money.

5.5 SUMMARY:

5.5.1 Nasiha Supermarket:- Up to 1987 the store goods on credits and care was taken to owner do not care about selling of/invest in higher earning goods. The management takes care about loan

since up to June 1994 he has not received any loan from bank. The supermarket financial position was favourable with an estimated profit of ₦135,647. The sources of cash to the supermarket are: owner's personal income, Trade credit, Bank loan, Borrowing from friends and relatives and Retained earning. And the main problem of the supermarket was taking loan that is not needed.

5.5.2 NAKOWA STORE: The management give out credit to well known customers and the financial position of the supermarket was favourable with an estimated profit of about ₦150,372 and the source of cash to the store is the same with that of Nasiha supermarket and lack of education with regard to recording of business activities hinder the development of the store.

5.5.3 NAMALLAM ZANGI: Supermarket only in 1991 the supermarket have a bad debt of about ₦59,000 and the supermarket don't give out goods on credit just on individual ground only to their agents and the sources of cash to the management is the same

with that of Nasiha supermarket and the main problem to the store was difficulty in agreeing upon an issue.

5.5.4 DAN-ABU STORE: The cheapest store that mean the store that sales her goods at reasonable price and the financial position of the store was favourable since it make a net profit of about ₦1,009,925. The source of cash to the store is the same with that of NAMALLAM ZANGI Supermarket and the problem to the store is that those who collect goods on credit do not pay on time and the worse of all they will stop patronising the store.

CHAPTER 6

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 SUMMARY:

Cash management is a very important aspect in any organisation, therefore, care must be taken to its proper management for further growth of an organisation. Retailing emerge in America at the beginning of fifteen century at a trading port. Retailing is mainly concerned with buying goods and/or services either from manufacturers or wholesalers and selling to the final consumers for a profit.

Cash management refers to managing cash inflow and outflow of the retail store. Cash is the most important current asset for the operations of any business. It is the basic input needed to keep the business moving on a continuous basis.

One of the primary responsibilities of the financial manager is to maintain a sound liquidity position of the firm. The problem of retail ventures are inliquid business, inefficient planning, controlling, coordinating, and lack of cash budgeting.

Supermarket can be define as a relatively large, low - cost, low margin, high volume, self service operation designed to serve the customer's total needs for food, laundry and household maintenance product.

Nasiha supermarket was located at Taura town Taura local government Jigawa State and sale a variety of goods and have a favourable financial position but the main problem the supermarket is facing is lack of qualified personnel to record sales and purchases of goods.

Nakowa Store perform wonderfully in its business operations, since they make profit yearly but have the problem of coordinating and managing the available resources at their disposal. The owners try to improve upon their business by puting hands together to see the success of the business. They even sometime seek advices from well known business people of how to tackle some problems.

Namallam Zangi Store started operation in Hadijia emirate as a partnership organisation in 1978 with a total capital of about N35,750 and able

to collect various loan from state and local government in order to boost their business. The supermarket perform favourable in 1993 but the main problem of the supermarket was with regard to cash management and difficulty in taking decision.

Dan - Abu Store started as a supermarket in Ringim at around 1973 with a capital realised from the sales of farm products, cows and goats and a little amount he has at his disposal at that time. The source of finance to the supermarket was mainly owners personal income, borrowing from friends and relatives, loan and retained earning but the main problem the supermarket faces was the inability of those who buy on credit to pay promptly.

6.2 CONCLUSION:

Nasiha supermarket have a good record of success in the field of supermarketing and have the intention of improving upon the lapses its discover during the last year report. As far as 1993 is concerned the management perform beyond expectation.

Nakowa Store, The store position as at December 1993 was favourable when compare with other previous years but it main objective is to develop much more than the position it is now. Therefore, if great care was taken the store can improve to the standard it wants it to be.

Namallam Zangi Store. A well established supermarket in the state provide one stop shopping but the main problem with regard to the supermarket was lack of proper cash management. The owners informed the researcher that they want to open a branch somewhere in the Emirate, but refuse to disclosed to the researcher specifically the local government concern.

Dan - Abu Store. The greatest of all the supermarket since prices of goods were cheap in the store when compare with the other supermarkets. The store really try to meet standard of super-market but great care have to be developed to make the supermarket more successful. Records shows that there was an improvement in the activities of the supermarket of about 14% to 23%. The main

problem of the store was the activities of bulgary since from 1992, 1993 and to day March, 1994.

5.3 RECOMMENDATIONS:

The supermarket owners should try to be modern with regard to their operation, because most of them do not care about image enhancement of their store in form good personnel, good decoration, variety of merchandise and location.

The owners suppose to keep proper records of their operations in order to have detail and accurate statement of their business, so that accurate net profit can be realised.

There is a need for training the store operators so that they can be skilled in their professions and perform to the standard needed.

Trade credit should not be given to everybody but to only trustworthy customers and customers with good reputation in the town.

The owners should stop collecting loans from government especially the agricultural loan and diverting it to supermarketing business, by so doing

they are tarnishing the emerge of the government for providing food to the people.

Care must be taken by the owners when employing night watchmen because sometime burglars connive with them and make operations. They were also expected to open at people convinience / hours.

The supermarket owners in Jigawa State suppose to make an association, so that government should listen to them when the need arise and they can also have the opportunity of solving internal problem of their business line.

The supermarket owners should try to have collateral securities for forwarding to the banks for loans to boost their business line and the banks too should endevour to loan them the appropriate amounts when they satisfy all the requirement.

The supermarkets owners should endeavour to propagate their activities to other traders so that more can go into the business of supermarketing.

The supermarket owners have to take good care of its cash management since it was one of its main problem therefore, proper cash management would help the owners in their business.

The supermarkets has to have a good balance of capital structure, since when organisation is finance by an outsider it is in danger.

The supermarkets suppose to provide good parking space for customer cars, bicycles, motor cycles.

The supermarket owners suppose to set aside certain sum of money for supermarketing business alone not to mix the capital with other business cash.

The researcher ended with calling the Jigawa State Ministry of Comerce and Industries to try and find ways of helping the retail supermarket owners because most of them complain to the researcher that the government does not recognise their profession, as such they have a problem of securing capital from the government. Government too, suppose to enlight people about the importance of one stop shopping through the Ministry of Information and Culture.

The government also may set-up her own supermarket in order to help the populace, since

the state is an infant state with little development with regard to supermarketing business, stores like cooperative shops are really needed to supplement the hardship people uncounter for one stop shopping.

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NESTLE FOODS NIGERIA PLC

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1993

	Notes	1993 ₦'000	1992 ₦'000
Turnover	13	1,773.600	1,025,375
Cost of sales		(1,109,574)	(712,723)
Gross profit		664,026	312,652
Distribution cost		(136,634)	(57,861)
Administrative expenses		(131,969)	(68,438)
Interest expenses and similar charges		(93,874)	(42,751)
Trading Profit	14	301,549	143,602
Income/(Loss) from subsidiary company		(2,908)	900
Profit before taxation		298,641	144,502
Taxation	9	(140,100)	(54,258)
APPROPRIATION:			
Interim/Proposed final dividend		(121,500)	(40,500)
Minority interest			(60)
Retained profit for the year transferred to general reserve			49,684

NESTLE FOODS NIGERIA PLC

BALANCE SHEET
AS AT 31ST DECEMBER 1993

		THE GROUP	
		1993	1992
ASSETS	Note	₦'000	₦'000
Fixed assets	1	364,611	295,726
Shares in subsidiary and associated companies	2	102,000	12,000
Investments	3	5	5
CURRENT ASSETS			
Stocks	4	434,916	449,704
Debtors		23,155	30,867
Amount owned by associated companies		74,781	-
Foreign currencies purchased for imports		318,118	66,086
Short-term deposit		117	117
Cash at bank and in hand		24,500	2,656
		1,342,203	857,161
LIABILITIES			
CAPITAL AND RESERVES			
Called-up share capital	5	50,625	40,500
Reserves	6	418,547	406,912
Amount set aside for bonus issue	7	25,313	10,125
Minority Interest	8	544	736
SHATEHOLDERS' FUNDS		495,029	458,273
CURRENT LIABILITIES			
Amount falling due within one year:			
Trade creditors		95,038	50,077
Bank overdraft		355,481	167,610
Taxation	9	132,369	54,514
Dividend	10	121,500	40,500
Amount owed to associated companies		69,862	37,366
Accruals		33,806	27,259
LONG-TERM LIABILITIES			
Provision for liabilities and charges	11	39,118	21,562
		1,342,203	857,161