

**IMPACT OF INSTITUTIONAL FINANCING ON THE
PERFORMANCE OF SMALL-SCALE MANUFACTURING
INDUSTRIES IN KADUNA STATE**

BY

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DECLARATION

I do hereby declare that this thesis is the result of the research undertaken by me, ZUBAIRU ABDULSALAM, under the close supervision and guidance of DR Ahmed Bello of the Department of Accounting, Ahmadu Bello University, Zaria.

The contents are original and do not represent a duplication of the works of others. All materials used are duly acknowledged.

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CERTIFICATION

This thesis entitled “Impact of Institutional Financing on the Performance of Small-Scale Manufacturing Industries in Kaduna State” by Zubairu Abdulsalam meets the regulation governing the award of the degree of Masters of Science (M.Sc) in Accounting and Finance of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

Chairman Supervisory Committee **Date**

Member Supervisory Committee **Date**

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Head of Department **Date**

Dean, Postgraduate School **Date**

DEDICATION

I dedicated this work to my late mother, Malama Amina Alh. Zubairu Ladan and to my entire family.

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Praise be to Allah, the exalted, the owner of praise. May He shower peace and benediction upon the Rasool, Salla Ilahu ‘alayhi wassalam, His household, companions, and all Muslims who followed His guidance.

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LIST OF ABBREVIATIONS

DFI	– Development Financial Institutions
NIDB	– Nigeria Industrial Development Bank
NBCI	– Nigeria Bank for Commerce and Industry.
NERFUND	– National Economic Reconstruction Fund
BOI	– Bank of Industry
SME	– Small and Medium Enterprise
CBN	– Central Bank of Nigeria
NASSI	– National Association of Small-Scale Industries.
UNIDO	– United Nations Industries Development Organisation.
CED	– Committee for Economic Development.
SSIs	– Small-Scale Industries.
SSICS	– Small-Scale Industries Corporation
IDC	– Industrial Development Centre
EPZ	– Export Processing Zone
DSSI	– Directorate of Small-Scale Industries
EIB	– European Investment Bank.
ADB	– Africa Development Bank
NACB	– Nigerian Agricultural and Cooperative Bank
NACRDB	– Nigeria Agricultural Cooperative and Rural Development Bank
WFYP	– Working for Yourself Programme
SMIEIS	– Small-Scale Industries Equity Investment Scheme

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ABSTRACT

Various development finance institutions were established to alleviate the major problem of finance that small-scale industries face. In spite of the intervention of such finance institutions, the performance of most small-scale industries, especially manufacturing, is not encouraging. This may be as a result of funds not adequate to gear-up their performance or their inability to utilise the funds towards the said goal. This research evaluates whether or not the funds from such development finance institutions increases the performance of small-scale manufacturing industries in Kaduna State, using profitability and working capital as indicators. To this end, financial statement of five small-scale manufacturing industries selected at random across the three senatorial zones in the state were made used of for the period of ten (10) years i.e. five years before financing and five years after financing. Two-sample t-test were used to test the hypothesis. It was found that the funds obtained from development finance institutions increases the profitability and working capital of the small-scale manufacturing industries in the state. It is recommended that small-scale manufacturing industries should embrace such funds from development finance institution to improve their performance for growth and development, and the government should provide interest-free loans to small-scale manufacturing industries to strength their performances.

CHAPTER ONE INTRODUCTION

1.7 BACKGROUND OF THE STUDY

Financial institutions called development financial institutions DFI(S) were established by the federal government with the specific and clear mandate of providing industrialists and entrepreneur with the required medium and long term finance in order to accelerate industrial development in Nigeria. These financial institutions are the Nigeria Industrial Development Bank (NIDB), Nigerian Bank for Commerce and Industry (NBCI), and the National Economic Reconstruction Fund, NERFUND, all of which have been merged to form the new Bank of Industry, BOI.

Industrial development, otherwise known as real sector growth which small-scale industries is the sub-sector of the real sector, remains the most important parameter for measuring a country's level of economic development. Thus, industrial development is the bedrock of economic development of a nation.

Nigeria falls within the bracket of world's underdeveloped countries. Over the years and since independence in 1960, successive governments have had to make conscious efforts aimed at pulling the country out of economic backwardness and stemming up economic development Philips (1987;3). Recognising the importance and significance of industrial growth in the scheme of overall economic development, government (both past and present) have had to embark on one form of economic blueprint or the other

expected to serve as a launching pad for the country's industrial growth development.

The reasons of this are not far fetched, the more well laid-out and well executed a country's industrial growth policy is, the faster and smoother its pace of industrial development. In the same vein, the higher the rate of growth, in the real sectors of a country's economy, the higher its industrialisation capacity and level of economic development.

Owing to the need to make domestic industries productive and give them an export orientation: make capital goods (machineries, plants, equipments etc) and raw materials available through domestic production; create jobs and ample employment opportunities and improve the country's balance of payments position through increased exports; reduce and eradicate poverty; raise per capita income and improve the standard of living of the country's citizenry, all of which are benefits and components of industrialisation and real sector growth, development finance institutions were established solely to provide finance – the most basic ingredient – for industrial development related activities Amao (1987:5). In the areas of citing of new industries, expansion of existing industries, merger and acquisitions, acquisition of industries plants, machineries equipment and raw materials etc.

Interestingly after more than three eventful decades, the problems of the poor growth of the industrial sector still remain nearly as portent, as it was when government established these financial institutions (Baikie, 1983:4).

In gearing towards industrial development, Nigerian governments direct their efforts in promoting and developing small-scale industrial sector in the country considering its importance and the role it plays in economic development. According to Anyanwu (2001:6), small-scale industrial sector provides substantial employment opportunities to unemployed persons, meets substantial part of the demand for consumers, goods and producer goods, helps to raise levels of earning and standard of living of large number of artisans craftsmen and entrepreneur, enhances regional economic balance through industrial dispersal, mobilising local resources, which may otherwise remained utilised, mitigates or rural-urban migration and develops entrepreneurs in such vital areas of technical, management.

Bala (1984:5-6) stated that development of small-scale industries in Northern Nigeria started as far back as 1965 when Ford foundation gave a grant of ₦380,000 to the then government of Northern region to establish small-scale industries credit scheme in the region. Beside this, the Ford foundation also made available the services of four project specialists to draft rules and regulations of the scheme as well as to supervise the proper utilising of the grant and to train the local officers who would provide information; guidance and counselling to the local entrepreneurs in starting small-scale industries projects. As the grant from the Ford foundation was for a period of four years and mainly for advisory services, the then Northern

Nigeria government provided the sum of ₦400,000 to augment the grant, so that the scheme could be run successfully.

In pursuance of the above, in March 1966, the then Northern Nigeria government made provision for the establishment of small-scale industries credit scheme fund. The establishment of this fund was necessary and essential in that it provided an avenue whereby financial and technical assistance could be given to indigenous industrial enterprises in the region. The projects considered for the assistance were those of processing and other related industries such as bread-bakers, corn and rice milling, carpentry, metal work, printing, automobile repairing workshops etc. However, with the creation of six states out of the former Northern region in 1967 the working of small-scale industries credit scheme was temporarily transferred to the Interim Common Service Agency, Kaduna. Later in May, 1968 a decision was taken to establish the scheme in each state of the federation. This is in view of the important role, which the scheme can play in the promotion, and development of small-scale industries. The new states inherited people that collect in its area of jurisdiction. Therefore, with the creation of Kaduna state in 1976, the state automatically inherited such people from the defunct North-Central state and since then the scheme has been functioning in Kaduna state.

In addition to financing of small-scale industries by the small-scale industries credit scheme in the state, other financial institutions like

development and commercial banks also grant certain percentages of their loans and advances to small-scale industrialists in the state.

This study is a modest attempt aimed at finding out how Kaduna State small-scale credit scheme established for the purpose of financing industrial activities have impacted on the profitability and the working capital of small-scale manufacturing industries in Kaduna State.

1.8 STATEMENT OF THE PROBLEM

In its desire to bring about aggregate sustained increase in the country's stocks of productive industries, thereby engendering the needed impetus for industrial development and placing Nigeria among the ranks of industrialised nations, the government set up a number of policies and banks known as development finance institutions (DFIs) and charged them with the specific responsibility of sourcing and providing the much needed finance for industrial growth.

The expectation on the parts of government and Nigerians was that, within a couple of years, the activities of various schemes and banks would have brought about a dramatic transformation in the industrial sector of the Nigerian economy, most especially the small-scale industries.

Yet every keen observer of the economy does not need to look deeply before discerning, albeit with disgusting consternation that, in spite the billions of naira worth of funds, which government and other commercial

banks have sunk into financing the activities of small-scale industries, they appear not to have made any head way. The performance of many small-scale industries decreases in the state, this may be as a result of inability of small-scale firms to satisfy the conditions set for such funds or mismanagement of the loan collected, or lack of proper guidance on how small-scale industries would obtain and utilise such funds etc.

Given this worrisome and pathetic scenario, one continues to wonder what has actually gone wrong and is quick to admit that various factors were responsible for inhibiting financial institutions from realising their statutory roles and removing the financial constraints on industrial growth.

It is in realisation of the problem faced by the small-scale industries that both federal and state governments have established some financing scheme apart from other financial institutions to help them secure loan easily.

Therefore this study seeks to address to what extent such financing scheme impacts on the performance of small-scale manufacturing industries in Kaduna state.

1.9 OBJECTIVES OF THE STUDY

The main objectives of the study are:

- i. To determine the impact of institutional financing on the profitability of small-scale manufacturing firms in Kaduna State.

- ii. To identify the effect of institutional financing on the working capital of small-scale manufacturing firms in Kaduna State.

1.10 STATEMENT OF HYPOTHESIS

In line with the objectives of this study the following hypotheses are made:

- Ho₁ There is no significant difference between the net profit before and after institutional financing of small-scale manufacturing firms in Kaduna state.
- Ho₂ There is no significant difference between the working capital before and after institutional financing of small-scale manufacturing firms in Kaduna state.

1.11 SCOPE OF THE STUDY

The study is purposely designed to examine the impact of institutional financing on the performance of small-scale industries in Kaduna state. The study measured performance in terms of profitability and solvency. Special attention is given to small-scale manufacturing industries located across the state. The study chooses small-scale manufacturing industries because of the sector's problems and prospects. Problems in the sense that there exist management and financial difficulties among others. Also prospect in the

sense that there is abundant supply of natural resources for small-scale manufacturing industries.

The study covers small-scale manufacturing firms that have a capital investment of more than ₦100,000 but not exceeding ₦5million, including working capital but excluding cost of land, and /or labour size of not less than ten (10) workers, but not exceeding fifty employees.

The study covers small-scale manufacturing firms that registered with Kaduna state ministry of commerce, industries and tourism, which is the guarantor of the small-scale industries in the state and also registered with National Association of small-scale industries (NASSI) Kaduna state chapter. For the purpose of data collection five (5) selected registered cottage small-scale manufacturing firms were used. Financial records were also used in obtaining data. The study covered the period of ten (10) years, five (5) years before institutional financing (2000 – 2004) and five (5) years after institutional financing (2005 – 2009).

1.12 SIGNIFICANCE OF THE STUDY

The role of small-scale enterprises to the economic development of Nigeria cannot be overemphasised. The high level of unemployment in our society and low level of development has been traced to our inability to fully develop the potentials of small-scale industries.

It is on record that small-scale industries have proved to be powerful economically in most parts of the world except Nigeria. This is because in the 1990's, small and medium enterprises (SME) sectors contributed significantly to economic growth in several countries, as such as 40% of the GDP in countries like Indonesia, Thailand and Singapore, but in Nigeria, small-scale industry's contribution remained poor. According to CBN (2002) Annual Report, SMEs constitute 97.5% of the size of the industrial sector and account for 70% of industrial employment but contribute only 10 to 15% industrial output.

Consequently, several initiatives, incentives and policies have been put in place in a bid to enhance the development of small-scale enterprises in the country.

This study will therefore be important to the small-scale business owners to:

- Appreciate the various sources of financial assistance available to them and how they can tap from them.
- To intimate government on how to better package the incentives to the small-scale enterprises so that the target will receive the desired assistance to enable them propel economic development.
- To intimate government and other non-governmental organisations on how they can embark on financial literacy and

enlightenment programmes in order to improve their performance.

The study will serve as a guide and influence government on policy implementation with regard to small-scale industries.

Institutional financing is also very important at this time when we consider that, the Nigerian government encourages university graduates and school leavers to create jobs for themselves since not all of them could be employed by both the public and private sectors. Even though the graduates may have the necessary potential and qualification, but they lack necessary capital to start with. Therefore, institutional financing may be a way out for them.

This study can also be justified on the grounds that it will be useful to the small-scale industrialist both present and prospective ones who may desire more finance for their business, to policy makers who are interested in making the institutional financing more effective.

When completed, it is anticipated that this research work would be a useful tool of reference to students, academicians, researchers and the general public alike.

CHAPTER TWO LITERATURE REVIEW

2.13 INTRODUCTION

This chapter is designed to provide critical as well as analytical review of the existing theories of development institutional financing and small-scale industries, financial and non-financial problems of small-scale industries like management, marketing and infrastructures would be reviewed. Literatures on the other aspects of small-scale industries such as their role in economic development of Nigeria and government policies and incentives for their development will also be reviewed.

2.14 CONCEPT OF INSTITUTIONAL FINANCING AND SMALL-SCALE INDUSTRIES

Various definitions of institutional financing and small-scale industries are given here under with emphasis on the operational definitions used in the study.

2.2.1 INSTITUTIONAL FINANCING

To facilitate the definition of the term institutional financing one needs to examine the word “institution”. Davenport (1967:112) described institutions as “organisations and policies, both private and public relating to one common purpose. On the other hand, Davenport (1967:113) also described financing to be seen as the process of providing capital either

through borrowing or from internally generated funds. Merging the two definitions given by Davenport (1967:112) institutional financing can then be defined as a financial accommodation obtainable from organisation purposely set up to provide loan to those who need and have the capacity to utilise them. The organisation might be either private or public.

2.2.2 SMALL-SCALE INDUSTRIES

Konto (1983:52-56) noted that various definitions of small-scale industries have been given by different countries and in different studies depending on the stages of industrialisation as well as socio-political differences of these countries in which the studies were undertaken. The definitions are also used relative to the objectives as well as industries, these analysts had in mind, rather than provide a general purpose definition, the analyst mostly defined small-scale industries in terms of financial control and / or the number of employees in the business, the nature of the business operation etc.

In respect of employment, Stanley (1962:63) refers to all manufacturing establishments employing ten or more person as “medium-scale and large-scale” limiting the term “small-scale” to establishments with less than ten persons. He also pointed out that a group of economic commission for Asia and East defined small-scale industry as one operated

mainly with hired labour, usually not exceeding 50 workers no motive power is used.

Aluko (1972:12-15) noted that in Indonesia, small-scale industries are defined to mean all enterprises whether house-hold or cottage, employing less than 10 full time workers and not using motive power or machinery; medium industry as employing more than 53 workers and using motive power.

Between 1957 and 1960, India defined small-scale industries as industrial establishments having fewer than 50 employees, if motive power is used on fewer than 100, if no motive power is used and having less than about 500,000 rupees of fixed capital investment. In 1960, the limitation in the number of employees was removed and small-scale industries were defined as those having less than one million rupees fixed capital investment, provided such industries were working as auxiliaries to large-scale units and producing parts and components of goods like bicycles, industrial, agricultural and electrical machines, radios, machines tools etc. in 1966, the 1960's definition was found to be too restrictive and a more generic definition was adopted which regarded small-scale industries as comprising manufacturing enterprises with a capital investment in plant and machinery not exceeding 750,000 rupees (Aluko 1972:86-87).

In Japan, a small-scale industry is defined as a manufacturing plant employing 300 employees or less and investing less than 10 million yen. In USA the small-scale business administration defined a small-scale business

as one that is independently owned and operated, is not dominant in its field of operation and has fewer than 500 employees.

Davenport (1967:27) defined small-scale industry as “all manufacturing carried on in relatively small establishments”. In his definition, the author is concerned with the physical size those requiring total capitalisation of a maximum of ₦100,000. Where the capital requirements fall in excess therefore such industries are to be considered as being medium or large-scale.

In Nigerian, the definitions have been varied according to different institutions. The industrial research unit of University of Ife defined small-scale industries as those industries whose total assets such as equipment, plants and working capital are less than ₦250,000 and employing fewer than 50 full-time workers. It includes a factory or a non-factory establishment. It does not tally with other citations Aluko et al (1972:5-6). However, the federal ministry of industrial defined small-scale industries in 1979 as enterprises having investment capital (land, building, machinery, equipment and working capital) up to ₦60,000 and employing not more than 50 workers Ahmed (1987:5-6).

The federal ministry of commerce again revised the above definitions which were again revised by the federal ministry of commerce and industry to mean any manufacturing, processing or service industry with a capital investment not exceeding ₦150,000. The Central Bank in 1997 on the other

hand, defined small-scale industries as enterprises whose annual turnover does not exceed ₦500,000. In the light of these views, Nigerian Bank for Commerce and Industry has arrived at its own official definition of small-scale for the years (1970-2000) as enterprises with capital cost not exceeding ₦750,000 excluding the cost of land.

The small-scale industries can also be distinguished by the nature of their business operations. The first five years plan (1951-1956) of India divided small-scale and village industries into three broad categories:-

- i. Those, which formed an integral part of the village economy, known as village industries.
- ii. Those, which represented traditional skills and crafts otherwise known as handicrafts.
- iii. Those, which were more developed and had intimate connection with the connection with the corresponding large-scale industries.

Stanley and Morse (1985:12) in their definition of small-scale industry classified it into three categories depending upon the purpose, nature and need of the economy these are: statistical definition, functional definition and administrative definition.

Small-scale industries have been defined by Schadler (1968:23) as: a superimposed concept of a variety of terms and notions: cottage industries, household industry, rural industry, village industry, dwarf industry.

This definition, however, does not give us an insight of what their size

is by way of either employees' income, capital or turnover. However, he defines it in terms of its employment capacity, limiting it to those with less than one hundred (100) employees.

In order to classify and categorise industries for developmental purposes, the International Labour Organisation ILO, (1967) defined small and medium scale enterprises (SMES) as: those units with labour force of not more than 100 persons and operating with a capital investment of less than \$5m.

This paved the way for many to define it along those lines. The Bolton Committee (1971:45) adopted a figure of less than fifty thousand pounds (£50,000) with not more than 200 employees, but, however, stressed that this definition should not be viewed rigidly. These approaches are aimed at defining the yardstick for classifying the size of firms.

This was the same view expressed by the British Rural Industries Breaux (1968:85) when they considered it as one with less than twenty skilled workers.

In the same vein the United Nations Industrial Development Organisation UNIDO (1972:63) sees small-scale industries as "those with less than 150 employees on its payroll". While Itoh and Urata (1994:56) put the figure to less than 300 employees for medium and less than 20 employees for small-scale and Kim and Nugent (1994:58) put the figure at less than 50 workers. On the other hand, Boswell (1972:44) put the figure at less than 500

employees.

Cole and Tegeller, (1980:76), however, have a different view from those earlier on expressed. They defined it along the lines of ownership. In their word they stated that: a small business is one that is independently owned, has a single decision-making centre and is operated by an owner/manager who is the primary person to deal with government requirements.

This was the same view expressed by the Committee for Economic Development in the United States CED, (1982) when they asserted that a Small Business is: one whose management is independent, whose capital is supplied and ownership is held by an individual or small group, whose areas of operation is mainly local and whose size within the industry is relatively small.

However, Bannok (1976:67) and Oshagbemi (1984:22) define them in line with their market share occupation. According to Bannok, it is: one that has a small share of its market is managed by its owners in a personalised way and is independent of outside control.

While Oshagbemi agreed by saying that: a small business is one whose scale of operation is less than the average in the industry.

Statistical definition of small-scale industry was given by a working part on cottage and small industries of United Nation Economic Commission for Asia and Far East (ECCAFE). It defined small-scale industries as one

operated mainly with hired labour, usually not exceeding 50 workers in any establishment or unit not using motive power in operation or 20 workers in an establishment or unit using such power.

The definition of small-scale industry on the basis of its strategic decision-making process concentrates on the managerial functions in the organisational structure of the industry.

Stanley (1965:13-14) holds the view that physical size does not affect the basic principles of managing a business that is it does not affect the management of the work and the workers. But size vitally affects the structure of the management. Different size demands different behaviour and attitudes from the organs of the management.

Functional definition according to Drucker, (1972:280) states that management structure is the only reliable criteria of size. A company is as large as the management structure it requires, size alone does not result in complexity so long as an organisation employs simple technologies and faced simple environment variables, it can be large and still employ relatively simple structure.

Administrative definition Aluko et al (1973:16) holds the view that it aims at determining the eligibility of the industry for government aid and other privileges, which are not available to all industries. Free technical advice, space in industrial estate, or government purchase order set aside for

the small-scale industries. These are industrial incentives, which are meant to encourage growth and development of enterprises in the country concerned.

Administrative definition of small-scale industries varies from one country to another, depending on the level of economic development and needs of the country for example, in USA, small-scale industry has been defined as manufacturing establishment employing fewer than 500 workers if it is not dominant in its field of operation. For eligibility to benefit from small business loans and technical and other assistance, it is classified as small if it has less than 2250 employees, large if it is more than, 1,000 and within the 250 to 1000 range as either small or large, depending on size, standard set by the small business administration for particular industry.

Nigerian definition of small-scale industry follows the administrative definition as applied in India and United States; with similar purpose of determining the eligibility of the small-scale industry for government's financial assistance, technical and management services. Aluko (1973:17-18) defined small-scale industries as "one whose capital is less than ₦50,000 and employing fewer than 50 full-time workers.

None of these definitions has been universally accepted. They have been formulated to meet statistical, administrative and managerial purposes. Each country tries to define the boundary of small-scale industry to suit its own needs, keeping in view, its own environment and purpose.

In addition to these definitions, a summary of definition from some

countries has been considered in the form of a table as shown below:

Table 2.1: Definition of SSIs by Investment and Employment Ceiling

Country	Investment Ceiling	Employment Ceiling
India	3.5 million Rupees (\$230,000 US Dollars)	No restriction
Indonesia	150 million Rupiah (\$85,000 US Dollars)	No restriction
Japan	100 million Yen (\$800,000 US Dollars)	300
South Korea	500 million Won (\$100,000 US Dollars)	300
Malaysia	250,000 Us (\$100,000 US Dollars)	No restriction
Philippines	1 million Peso (\$45,000 US Dollars)	99
UK	No restriction	199
USA	No restriction	99

Source: Ram K.Vepa. Modern Small Industry in India. PP 145 - 146

Even with this, China defines it in term of output from industry to industry as shown in table 2 below:

Table 2.2: Definition Of SSIs in Terms of Output from Industry to Industry

Industry	Output
Iron and steel	Less than 10000 tonnes per year
Textile	Less than 25,000 spindles watches less than 400,000 tonnes per year
Cement capacity	Less than 200,000 tonnes per year
Ammonia capacity	Less than 440,000 tonnes per year

Source: Ram K. Vepa Modern Small Industry in India PP 47

From these it can be summed up that the appeal is more to capital and employees than other factors. It is against this background that the small industries division of the Federal Ministry of Industries defines a small scale industry as one with a capital investment not exceeding ₦150,000 in machinery and equipment alone with modification over time from ₦500,000 to ₦5 million excluding land. The Fourth National Council on Industries and the Central Bank of Nigeria (CBN) (1995) defines small-scale Enterprises as those:

Enterprises whose total cost, excluding cost of land but including working capital, does not exceed ₦10million.

From these definitions, it can be seen that there is no clear cut definition as to what a small-scale industry is, but depends solely on the perspective point that one is considering it.

It is therefore against this viewpoint that we shall be defining small-scale industry to mean those enterprises which have a capital investment of more than ₦100,000 but not exceeding ₦5 million and at the same time employs a minimum of ten employees but not exceeding fifty employees in its service, not noting particularly that the capital investment excludes the cost of land but includes networking capital.

2.2.3 CHARACTERISTICS OF SMALL-SCALE INDUSTRIES

According to Sule (1986:24) small-scale industries have the following characteristics:

- a. Their ownership and management are usually held by an individual or some few individuals.
- b. They have a relatively small equity base of capital.
- c. Decision-making is solely the responsibility of the owner and is most of the times subjective and not based on quantitative analysis.
- d. They have great difficulty in attracting external sources of funds for expansion.
- e. They have a peculiar problem of diversifying since they are always attached to the product that they launch.
- f. They are product intensive hence they tie their objectives closely to the product line wholly rather than to other matters such as the use of capital.
- g. They have a lower employee turnover and a higher labour investment ratio.
- h. Employer-employee relationship tends to be more difficult, especially when it comes to recognising and correcting inefficiencies.
- i. They have shorter cycles of product development or research and development cycle.
- j. It is very difficult, if not impossible to establish and enforce

performance standards under the kind of informality that prevail under small business.

- k. They have limited resources for expansion and, therefore, have a perpetual problem of growing into corporately sized organisations.
- l. Their limited financial resources make them financially vulnerable and as such increase their risks rather than reduce it.
- m. Most entrepreneurs of small scale industries do not clearly separate their private funds from the organisation's fund which is a serious impediment to the efficient performance of most small business.
- n. The dwindling economic environment and the staggering rise of inflation make the replacement of worn out machines or those that have exhausted their useful life span almost impossible, (Ibitayo 1991).

2.2.4 SIGNIFICANCE OF SMALL-SCALE INDUSTRIES

Due to the unique position small-scale industries occupy in any nation, they are strategically important in the industrialisation of developing nations.

First and foremost, they prevent the waste of capital which results from the high level of unskilled labour which is the major characteristics of all developing nations. As Arthur (1966) puts it:

The waste of capital results from failure to recognise the importance of small and medium industrial enterprises in economic growth.

Accordingly, the slack of resources which exist as a result of

industrialisation and the use of high level of skilled labour in production is completely eliminated by making use of the small-scale industries in enhancing production.

Similarly, they are devoid of the suspicion which governments of developing nations have on giant corporations or multinational corporations due to their pervasive and subversive activities in their host countries. These pervasive and subversive activities of the giant and multinational corporations have sprouted a long standing debate on how best giant and multinational corporations are to be controlled and made accountable both nationally and internationally.

In addition, small-scale industries enhance industrial growth and income distribution since they create employment at low cost of capital per job.

They serve as a faster means of achieving economic growth and industrialisation because of their ability to avoid waste of resources usage and their potentials of grow into giant corporations.

They also help to mobilise domestic savings for productive investment and at the same time providing intermediate inputs for large industries while serving as a source for the development of small-scale entrepreneurs.

Since changes in services, products, market and the productive processes are prevalent in a developing nation, small-scale industries respond more quickly and less costly than giant corporations due to their ease of

operation and decision-making.

2.2.5 SOURCES OF FINANCE FOR SMALL-SCALE INDUSTRIES IN A DEVELOPING NATION

Consequently, there are two sources of finance available to small-scale industries (SSI) and these are formal and informal sources. Though Inang and Ukpong (1993) has made four classification and these are:

- a. Formal financial institutions.
- b. Informal financial institutions
- c. Personal savings and
- d. Other schemes.

2.2.6 FORMAL SOURCES

The formal sources of fund for financing small-scale industries (SSI) are funds from formal institutions like banks (including development banks), Insurance Companies, the National Economic Reconstruction Fund (NERFUND), Small-scale industries credit scheme (SSICS), National Directorate of Employment (NDE), etc.

2.2.7 INFORMAL SOURCES

Informal sources are mainly sources that the Nigerian laws do not prohibit in funding equity and as a result of this; they are mainly used at the

start of the business. These sources include: Personal savings, funds from friends, past employees, potential customers and suppliers, wealthy family businessmen and women etc.

2.2.8 INCENTIVES PROVIDED FOR THE ESTABLISHMENT AND OPERATIONS OF SMALL-SCALE INDUSTRIES IN NIGERIA

Since small-scale industries foster economic growth and social transformation as well as create employment at low capital cost per job, and mobilise domestic savings for productive investment and at the same time serve as a launch pad for the industrial development of the nation, successive governments have been seeking ways of creating good conditions and incentives to assist and encourage the development of small-scale industries.

These incentives include:

- i. The establishment of an umbrella organisation in 1971 known as the Small-Scale Industries Corporation (SSIC), the establishment of industrial development centre (IDC), the establishment of Small-Scale Industries Credit Scheme (SSICS) in 1971, (Adewumi, 1992) and (Isemin, 1988).
- ii. The establishment of Nigerian Bank for Commerce and Industries in 1978, an apex credit institution for small-scale industries and the directives that all financial institutions should give at least 20 percent of all their loans and advances to small-scale industries

from January 1990 (CBN Monetary and Exchange Guidelines, 1995).

- iii. The establishment of the Nigerian Export Import Bank (NEXIM) in 1988, the establishment of the National Economic Reconstruction Fund (NERFUND) in 1989, the establishment of Export Processing Zones (EPZ), the establishment of Directorate of Small-Scale Industries (DSSI) and many other incentive aimed at enhancing the development of small scale industries in the country.

2.2.9 THE ROLE OF SMALL-SCALE INDUSTRIES IN A DEVELOPING NATION

Small-scale industries as engine of industrial development and economic growth play a very important role in the achievement of a nation's economic growth and the attainment of industrialisation as well as the sustenance of a sound industrial economy.

Notably, the role of small-scale industries in a developing nation like Nigeria is that of:

- Enterprises promotion and development
- Skills development
- Industrial development
- Training and motivation of entrepreneurs
- Promoting export production

- Encouraging research and development
- Developing indigenous technology and
- Encouraging the use of local raw materials (Inang and Ukpong, 1993)

2.2.10 SOME PROBLEMS ENCOUNTERED BY SMALL-SCALE INDUSTRIES IN NIGERIA

Though numerous are the problems faced by small-scale industries', the most frequent and common to all small-scale industries are:

- i. Finance:** One of the major problems of small-scale industries is that of finance since they have little capital layout due to its membership structure and are at the same time constrained in borrowing substantial amount from financial institutions due to its collateral inadequacy and non-corporate guarantee.
- ii. Management:** another problem faced by small-scale industries is that of management. They have small and inexperienced management staff since the management in most cases is constituted by the owners who in turn are also inexperienced in the rhetoric's of management.
- iii. Policies and procedures:** similarly, another problem which is greatly encountered by small-scale industries is

that there are no proper policies and procedures laid for the administration, management and execution of the organisation's activities in its productive efforts.

- iv. **Education:** education constitutes another major problem to small-scale industries since they hardly employ well qualified staff. In most cases, once an employee can carryout a given task, he is allowed to continue whether he possess the pre-requisite qualification or not. An employee who possesses practical skills but does not have the educational qualification will not be able to put in new initiative and ideas that can enhance efficiency and productivity.
- v. **Technical problems:** small-scale industries mostly employ middle and low level manpower and these cadre of employees have limited technical knowledge and therefore lack the technical skills to properly and effectively maintain the machine to optimise their productivity.

2.3 THE CONCEPT OF PERFORMANCE

In a world market that is increasingly becoming competitive, measuring industrial performance is a major policy concern for national

governments. Policy makers in any country keep close track of the country's industrial performance. The industrial performance is compared at varying levels of details, micro, meso and macro levels. Comparative industrial performance is useful for policymaking and reflects industrial competition on the world market.

Bains (1958:42) describes the performance of the firms as the factor that determines the performance of the country's economy. Uduebo (1985:16) posits that the performance of a firm refers to the degree of its success in achieving the firm's objectives. Therefore, the successful performance of a firm is the result of the firm's efficient conduct.

Performance can be measured at different levels, namely at the micro level (i.e. firm), Meso level (i.e. industry) and at the macro level (i.e. economy). Performance indication is the yardstick by which to measure whether or not a firm/industry/economy is successful in attaining its stated objectives. A firm's performance can be measured inter-temporally, i.e. over a period of time, or cross-sectionally, i.e. at a point in time compared to other firms. Several industrial performance indicators are used in the literature and these are grouped in the categories of profitability indicators, productivity indicators, liquidity indicators market shares and competitiveness indicators, efficiency indicators, technology indicators and international trade indicators.

Therefore, the performance indicators used in this study are profitability and liquidity.

2.3.1 PROFITABILITY MEASURES OF PERFORMANCE

Profit is considered the most single important indicators of a firm's success and its ability to use its resources effectively, profit is defined as revenue minus cost, the profit rates is given by the following formula. Profit rate = profit/capital

The profit in the numerator is that before interest payments and the capital in the denominator is total capital employed by the business, i.e. assets, which can be, valued either at its historical or replacement cost. In this case, the profit rate depends on the valuation method of the firm's assets (i.e. whether assets are valued at their acquisition or replacement cost). To overcome this shortcoming of the profit rate another definition of profit is developed, namely the rate of return on equity Jacobson et al (1996:14).

Rate of return on equity = (accounting profit/stockholder's equity).

The accounting profit in the numerator is defined as a firm's revenue minus cost and depreciation. The stockholders equity, i.e. a firm net worth, in the denominator is defined as a firm's total assets minus total liabilities, both short and long terms. Jacobson further that the rate of return on equity depends on a country's tax regulations and accounting conventions and also depends on the firm's debt equity ratio.

Therefore firms with identical real performance can have different rates of return on equity simply because of how their debt is financed and how their accounts are prepared.

Bain (1941:8) developed a measure of profitability that gives profit in excess of normal return on invested capital. The excess profit rate is derived in following three steps.

First, the accounting profit denoted by $\lambda_a = P.Q - (C.Q + D)$.

Where P is the price per unit of output, Q is total output, C is the cost per unit of output, and D is depreciation on fixed assets.

Second, the economic profit, denoted by λ_e , is calculated as follows.

$$\lambda_e = \lambda_a - r.I$$

Where r is the rate of return on capital on its best alternative use and I is the value of the investment of the firm.

Finally, Bain's excess profit rate is calculated as follows.

$$\lambda_b = \lambda_e / I$$

Therefore, for the purpose of this study accounting profit were made used of i.e. income minus cost and depreciation i.e. Gross minus expenses.

2.3.2 WORKING CAPITAL

The need for working capital in any business organisations cannot be overemphasised. Recent business failure demonstrates the fact that cash is an essential, if not more important factor in the success of any organisation.

Pandy, (1990:3) sees working capital as the money used to make goods and attract sales. According to him, working capital management is

concerned with the commercial and financial aspects of inventory, credit, purchasing, marketing, royalty and investment policy.

In another development, Watts (1978:4) looked at it from a different perspective where he says that working capital is the difference between current assets and current liabilities. He went further to argue that working capital represents the amount of money a company must find to argument creditors funds in order to finance its day-to-day trade. From management perspective, Lewis et al (1980:5) considered working capital as the effective life blood of any business.

In the cause of this study, however, the researcher has the same view with Watts, where he described working capital as the difference between current assets and current liabilities, it is also used as a means of measuring performance of the organisation under study.

2.4 REVIEW OF THE RELATED LITERATURE

Bates (1971:18-20) agrees that small-scale industries have problems of finance. He is of the opinion that all firms have problems of finance. He said that the financial problem of small firms is that of finding funds for expansion at the right time, of the right type and in the right quantities at various stages of development. In essence, Bates, is saying that not only finding the funds that is important but other factors such as types quantities an timing are also equally important and therefore have to be reckoned with.

Also an analysis of Greek industry in 1963 reported by Davenport (1967:15-16) revealed that one of the major difficulties standing in the way of higher productivity and growth of small-scale industries was lack of access to financing. The financial difficulties of the small-scale industries were found to stem from the fact that no specialised credit facilities for small business are available and this limits the growth of such firms. This finding has further confirmed the view that lack of finance is a major problem facing small-scale industries.

Similarly a field study also reported by Davenport (1967:21-26) involving one hundred and twenty factories in Columbia revealed that about seventy enterprises were considered to possess real capacity for significant growth. Out of this number the highest priority requirement for significant expansion was found to be additional financing. About 60% of the growth potential of the firms were deemed able to expand significantly with financial assistance alone. The findings of this study also points to finance as the major problem.

According to Hoselitz (1968:122-124) an investigation into the special problem of small-scale unit was carried out by the Radcliffe committee on the workings of the British monetary financial needs. The other problems are that such firms cannot offer security, often do not want outsiders in the firms and have no organised financial market from which to obtain finance, hence they rely mostly on their accumulated reserve as the principal sources of

expansionary capital. The committees was of the view that aid that aid to such firms is justified because their chances of survival are explicitly linked to the general rate of growth of the economy.

Stanley (1962:42-46) noted that a key problem which must be faced in any small-scale industry programme oriented towards development that is where the aim is to help existing small units to grow and the new ones to start is that of more adequate access to capital and credit. He said that the usual sources of funds for small privately own industrial ventures in new industrialising countries are personal savings of the proprietor and his family and borrowing from relatives and friends.

Institutional financing of small-scale industry is beset with difficulties in every country because the cost of making many small loans is generally much greater than the cost of making one large loan and also because of risk on loans to small enterprises is substantial. The risk is heightened by the deficiencies of managerial skill, problem of supervision and proper guidance and technical knowledge on the part of small-scale industrialists.

Choudhury (1916-19) also made a contribution to this viewpoint. In examining the mobilising of initial capital by small-scale industrialists, he stated that pattern of ownership of small-scale industries with its unlimited liability is a hindrance to obtain credit. Thus the industrialists cannot go for finance in the capital market. Also banks and other institutional financiers have little faith in them as they are people of low income.

Surveys carried in Nigeria by Federal Ministry of Commerce and Industry (2000) confirmed that small-scale businesses are short of adequate funds for long-term financing. The cause of this has been attributed to several factors such as strictness of financial institutions, on their loan repayment policy as well as the businessmen's failure to plan their own budget and keep records and lack of cost and marginal control as guides to their business operations.

The study conducted by Ojo (1976:14-18) on Nigerian financial system in which he considered finance for small-scale industries, reveal that lending institutions have not been prepared to cater for the special problems in small-scale business finance because of the risks of default the cost of handling small loans and lack of adequate collateral security and when funds are provided, these factors often made small firms pay a high rate of interest than larger firms.

Diaku (1972:6-9) in his study capital surplus illusion – the Nigerian case revisited" pointed out that low level of managerial ability, financial management skills coupled with shortage of working capital, absence of economic of scale, ever rising cost of raw materials and of imported component and the realities of competition are the factors which account for failures in most Nigerian business and these are in themselves broader problems of capital shortages and not of an innate incapacity of Nigerian businessmen to acquire these advantages.

2.5 THEORETICAL FRAMEWORK OF THE STUDY

The theoretical frameworks adopted for this study are:

Walker's Theory of Profits:

The theory was propounded by F.A Walker in 1957 according to him, profit is the rent of exceptional abilities that an entrepreneur may possess over others. Walker assumed a state of perfect competition in which all firms are presumed to possess equal managerial ability.

The theory stressed that each firm would receive only wages of management which form no part of pure profit. He regarded wages of management as ordinary wages. Thus, under perfectly competitive conditions. There would be no pure profit all firm's would earn only managerial wages, which is popularly known as "normal profit". Since efficiency of management is regarded as one of the factors of measuring profit of a firm, therefore, the need for more funds by small-scale industries became imperative to improve on managerial efficiencies, so that the funds can be utilised towards achieving the desired objectives.

Schumpeter's Innovation Theory of Profit:

The innovation theory was developed by Joseph A.C (1934). He was of the opinion that factors like emergence of interest and profits, recurrence of trade cycles and such other changes are only incidental to a distinct process of economic development and the principles which could explain the process of

economic development would also explain these economic variables. His theory of profit is thus embedded in his theory of economic development. The theory starts from the state of stationary equilibrium, which is characterised by equilibrium in all the spheres. Under the conditions of stationary equilibrium, the total receipts from the business are exactly equal to the receipts from the business are exactly equal to the total outlay and there is no profit. Profit in excess of management wages can be made only introducing innovations in manufacturing techniques and method of supplying the goods.

The theory's innovation capitalised on financing of industries, which may result in producing a new product or increase the quality of old products, creating new method of production and market for such products.

Marris's theory of Growth Rate Maximisation:

Marris's theory of firm assumes that the goal that managers of a corporate firm set for themselves is to maximise the firms balanced growth rate subject to managerial and financial constraints.

Marris's theory emphasised that managers keep debt ratio within a manageable limit by avoiding high debt liabilities including interest and debt repayment. The reason for this strategy is that high debt ratio might lead to bankruptcy or insolvency and a low debt means relying heavily on own resources which imposes a limit on capital growth. He further stressed that

high and low liquidity ratio are avoided. The reason is, a high liquidity ratio invites the risk of takeover by the financiers. Also low liquidity ratio is avoided because it implies low financial leverage and low ability to meet payment obligations which often leads to loss of prestige and sometimes even to insolvency.

From this theory one can deduct that firms like small-scale industries require financing from financial institutional and those funds need to be judiciously used for the growth and development of the industries in order to avoid been taken over or control by outsiders fund, being insolvent.

2.6 SOME INSTITUTIONAL FINANCIERS OF SMALL-SCALE INDUSTRIES (SSI)

One of the common problems faced by small and medium enterprises is a lack of finance. Inadequate capital and credit facilities for the establishment and sustenance of the growth and development of small and medium enterprises were grave. Credit is known to be a critical input for all industries in general besides its peculiarly to small industrial establishment. Majority of the small-scale industries are either proprietary or at best partnership concerns. As such, they could not obtain finance from the capital market nor obtain loan from banks or financial institutions in view of the strict conditional for the loans.

2.6.1 SMALL-SCALE INDUSTRIES CREDIT SCHEME (SSICS)

It was introduced in 1974 (Jegade, 1990:31). This was to give effective financial aid to indigenous small-scale entrepreneurs. It was a joint programme between the federal and state governments to provide needed finance to small industries involved in manufacturing, processing and services activities.

Each state government in accordance with federal government policy and directives was to set up the scheme. The scheme involves the granting of loans to small/medium entrepreneurs on liberal terms for capital investment. The objective of the scheme was to assist the state governments to ultimately undertake the entire tasks of developing the small-scale enterprises in their areas.

The general procedural policy handed down to the states by the federal government was that a loan management committee should operate the scheme in each state. The committee was expected to satisfy itself as to the technical and managerial abilities of the applicant before processing the loan application. There should be also be a project feasibility study prepared possibly with the assistance of IDC.

The approval for granting the loan should be based on the techno-economic feasibility of the project. Also, the conditions and terms of the loan include the use of the loan strictly for the purpose for which it was approved the interest rate was low, (5-6%) while the condition for repayment,

supervision and monitoring was to be strictly adhered to. Besides, which state management committee could impose and specify conditions for efficient operation of the scheme.

2.6.2 NIGERIAN BANK FOR COMMERCE AND INDUSTRY (NBCI)

Due to the negative trend in the promotion and development of small-scale industries due to inadequate funding and even mismanagement of the state small-scale industries credit scheme, the federal government established the Nigerian Bank for Commerce and Industries Credit Scheme, (NBCI) in 1973. The banks were charged with the responsibility of administering loans to small and medium scale enterprises.

It was expected that the bank would inculcate finance discipline into borrowers. It was also to assist better with project appraisals and offer advisory services to the small and medium scale entrepreneurs.

2.6.3 NIGERIAN INDUSTRIAL DEVELOPMENT BANK (NIDB)

The Nigerian Industrial Development Bank (NIDB) was established in 1964 (Handbook) with the sole aim of mobilising funds within and outside the country for the promotion of small, medium and large-scale industrial enterprises. NIDB was operating more as industrial promoter than as a bank. The federal government through the Central Bank of Nigeria and Ministry of Finance incorporated were the major shareholders. Other sources of finance

were the World Bank, European investment bank (EIB) and the African Development Bank (ADB). The funds from these foreign financial institutions were loans guaranteed by the federal government through the Central Bank of Nigeria.

The bank, financed projects located in any part of the country and expected to encourage dispersal of industries away from the heavily industrialised centre. The scope of investment was however, limited to manufacturing (non-petroleum), mining and tourism and hotel services of international standard.

2.6.4 NIGERIAN AGRICULTURAL, COOPERATIVE AND RURAL DEVELOPMENT BANK LIMITED (NACRDB)

One of the policy thrust changes regarding the status of the multifarious development finance institutions in Nigeria was the merger of the former People's Bank of Nigeria (PBN) with the defunct Nigerian Agricultural and Cooperative Bank (NACB) along with the risk assts of Family Economic Advancement Programme (FEAP), IN 1999. This policy decision gave birth to the Nigerian Agricultural Cooperative and Rural Development Bank Limited (NACRDB).

Before the birth of NACRDB, its progenitors were actively involved in micro-credit activities as a major poverty reduction strategy and capacity building initiative. Since the establishment of NACRDB, the management of

the bank has streamlined the activities of the defunct institutions while refocusing on the vital issues of micro-credit disbursement and its community based rural development activities. Believing that resources – poor Nigerian's have to be encouraged and motivated to produce more food and fibre products for the country. The bank has redesigned and initiated different products targeting the informal sector of the national economy. The loans of the bank have also been sectorialised at a ratio of 7:30 in favour of micro credit.

Therefore, this research work focused on the above-mentioned institutions as a means of financing and small-scale manufacturing industries under study.

2.7 PROBLEMS OF FINANCING SMALL-SCALE INDUSTRIES

a. Financial Problem

Financing of small-scale industry is an important and sensitive issue, which has hitherto generated so much discussion from various quarters, hence a number of people have expressed their views on the issue. Many of such people express the view that lack of finance is the main problem facing the small-scale industries.

Davenport (1972:63-65) in his book "Financing the small manufacturers in developing countries observed that world wide one finds that inadequate access of finance is a major impediment to the establishment to

the establishment and growth of small industrialising counties, the need for improved means difficult to satisfy.

McGregor (1956:16) in a study of small metal working firms in the North of Indian town (Chopur), concluded that the root cause of small entrepreneurs lack of success, was their persistent shortage of capital. The sum entrepreneurs has no satisfactory external source of capital either at all or where he has such limited access is always on terms he can hardly accept.

Similarly, Dhar (1958:116-117) is of the view that small-scale industries have problems of finance. He said that lack of capital or credit has been a ready-to-hand explanation for a host of difficulties. Introduction of even minor technical innovation is said to be often rendered difficult by scarcity of capital. This view shows that Dhar also seems to agree that the issue of finance is very important of small-scale industries and that without progress of the industries can be seriously retarded.

Baikie (1993:2-5) in his address on the opening of seminar on factor affecting the growth and development of small-scale industries in Nigeria mentioned that small-scale industries can only continue to contribute to national growth and development if obstacles to their “germination” and progress are removed. He said the concept that explains the presence of these obstacles and seems to have some credence is the vicious circle of poverty. This shows that small-scale industries would not develop, as long as the industrialists remain poor and not being supported with finance.

Because of the shortage of finance faced by the small-scale industries, some studies have recommended that there is need to device means by which their financial standings should be improved. For example a survey in Japan concludes that an importance phase of overall measure to assist small enterprises and to raise them to a competitive level against big enterprises must necessarily involved the means by which their credit standing is improved and their sources of finance is secured.

Oguntoye (1997:16-17) identified the problem of small-scale industries as the management problem which arises from the one sided ability of the owner/manager of the enterprises, the problems of finding the right successors to him after his retirement or death and the shortage or absence of staff officers capable of advising him on management policies.

Ahmed (1987:20-21) observed that incompetent management rather than adequate capital technology or manpower is sometimes the major problem of small-scale industries in Nigeria. The owner/manager of such industries in most cases is neither a technical expert nor an able administrator. He runs his business with average efficiency, leaving out a better and full utilisation of resources at his disposal. Another aspect of this problem is that the small-scale industrialists go into business without adequate planning.

Philips (1987:8-10) also observed that small-scale industries do not train their staff which in turn constrains their productivity. They do not also

keep accurate records of transaction costs, sales and net income on a regular basis. This inhibits their progress in terms of phasing out non-profitable product line or taking timely decision before it is too late. Improper records keepings also jeopardise their ability to acquire credit from financial institutions.

b. Marketing problem

Other problem with which small-scale industries has to battle with, is the problem of marketing their products, especially when competing with imported substitutes with are readily available. According to Oguntary (1997:20-21) sometimes this problem emanates from the fact that many of the industries are high cost producers which rendered the prices of their commodities higher than that of imported substitutes that are sometimes of higher quality. This often results in the lack of patronage by consumers of these products.

Bango (1994:11-13) indicates that the marketing problems of the small-scale industries was due to the fact that they have little of no access to vital information regarding market. Other difficulties they experience also include meeting delivery schemes, quality control, payment terms and price setting. These limit the possibilities of market expansion.

c. Infrastructure Problem

The inadequacy of infrastructural facilities is another problem of almost all small-scale industries in Nigeria. This view was expressed by Oguntoye (1997:14-15), Ahmed (1987:16) and Philips (1987:9-10) in their separate write-ups, on the problems of small-scale industries in Nigeria. The infrastructural bottlenecks that inhibit the growth and development of small-scale industries are: erratic disruption of power supply, the non-existing or infrequent supply of pipe borne water, the non-provision of industrial areas and estates. Others are medical and educational services, banking and telecommunication facilities and the impassible network of roads particularly in the rural areas.

In conclusion, most of the study and observations on the subject of financing the small-scale industries show that those industries face the problem of shortage of finance, though with some dissenting opinions existing as have been mentioned above. This issue of finance has been shown by most of the studies as serious and should therefore be solved through special financing programme, and one of such programme is institutional financing.

2.8 ROLES OF SMALL-SCALE INDUSTRIES IN NIGERIA

As in other countries of the world, small-scale industries in Nigeria can play very significant role in the economic growth of the country. Oguntoye (1997;20); the role they can play, among others include the following:-

- i. Employment generation
- ii. Use of local resources
- iii. Conservation of foreign exchange
- iv. Development of entrepreneurs
- v. Equitable distribution of income and wealth
- vi. Preservation of cultural heritage
- vii. Encouragement of traditional craftsmanship

i. Employment Generation

Small-scale industries assist governments in the provision of employment opportunities to as many people in the country as possible, thus reducing unemployment in the society. It was estimated by Adejugole (1987:16) that in 1992 over 70% of the industries labour in Nigeria were in the small-scale establishments. Since most of these industries operate in semi-urban and the rural areas, they are able to provide means of livelihood to the inhabitants of such areas by ways of employment. This role contributes immensely in checking Rural-urban migration.

ii. Use of Local Resources

Structurally, the small-scale industrial sectors are heavily weighted towards the production of simple consumer goods that use local raw materials as compared to large modern manufacturing establishments. For example, small-scale industries like food beverages and tobacco, textiles and wearing apparels, furniture, transports etc. depend largely on local resources as can be seen below:

Table 2.3: Extent of dependence of small-scale industry group on imported raw materials (i.e. extend of utilisation of local resources).

Industry	Proportion of imported raw materials in percentage
Non-durable consumer goods	0.00
Food, beverages and tobacco	0.3
Textiles and wearing apparel	0.6
Foot and leather product	0.4
Paper and paper products	0.9
Product of rubber and plastics	0.7
Pottery, china and glassware	0.8
Petroleum products	-
Others	0.2
Durable consumer goods	-

Furniture	0.0
Non-electrical household apparatus	-
Radio	0.5
General household apparatus	0.9
Others	0.6
Capital goods	-
Basic metal products	-
Fabricated metal products	0.9
Machinery and equipments	0.3
Transport	0.4
Others	0.4

Sources: NISER Survey (1997)

It is vivid from the above that 100% of the raw materials required by furniture industries in Nigeria are obtained locally (nothing is imported from other countries) and only 30% for the food, beverages and tobacco industries is imported. This reliance on local materials will be further enhanced when Nigeria can find solutions to the agricultural development problems.

Other industries that heavily depended on local raw materials include footwear and transport industries, 60% each, machinery and equipment 70%. High imported input industries includes basic and fabricated metal industries, paper and paper products, and general household apparatus with 90% each, pottery, china and glassware 80%, plastic products and rubber 70%.

However, the situation with metal product industries will considerably be altered when the Nigeria steel industry is well developed.

iii. Conservation of Foreign Exchange

The major contribution of small-scale industries has been the conservation of foreign exchange through import substitution. Mostly the total production of the small-scale industrial sector has been inadequate to meet the needs of the local consumers and so, the question of export hardly arise. However, the products from the sector serve as substitute for those, which might otherwise have been imported, with considerable amount of foreign exchange.

With the rapid development of small-scale industries since the indigenisation decree of 1972 imports of certain essential items, which has to be imported into the country, diminished while the local production of such items was boosted. This paves way for other essential goods especially producer's goods to be imported with available meagre foreign exchange.

iv. Development of Entrepreneurship

The development of small-scale industries has brought along a new entrepreneurial class drawn from middle and lower levels of society with limited capital resources. It has been possible to mobilise and use resources of capital as well as skill to a great extent.

In Nigeria, the federal government established Industrial Development Centres (IDC) in order to provide adequate technical and managerial to small-scale enters. The principal aims of these centres is the development of viable and modern small-scale industries and also to improve the existing ones through adaptation of more efficient techniques of production and better organisation and management methods. The centres also provide consultative and extension services for proprietors and managers of small-scale enterprises.

v. Equities Distribution of Income and Wealth

The development of small-scale industries are not concentrated one particular area of the country or state alone, rather they exist in every part of the country and each part also has several types of such industries. This makes it possible for them to share almost equally all facilities and incentives made available to them by the government. An example here is the establishment of small-scale industries credit scheme (SSICS). This scheme has been established in every state of the federation and large number of small-scale industries have benefited from it in each state. Industrial development centres have also been established throughout the country and many small-scale industries have benefited from their services.

Thus, the development and growth of small-scale industries, through the establishment of small-scale industries credit scheme and industrial

development centre are bound to ensure equitable distribution of income and wealth as many people are involved in their operation. This cannot be said of large-scale industries because only few people own and run them. Above all, industries are often concentrated in urban areas.

vi. Preservation of cultural heritage

Small-scale industrialists study the needs and wants of the particular society within which they operate. Their production is, therefore, geared towards the satisfaction of these needs and wants of the consumers. For example, even though a shoe-making business established solely for the purpose of making shoes, the type and colour of shoes made from one community to another may require a particular type and colour of shoes for its people while another environment may demand a completely or substantially different type.

By gearing productions to the needs of the society, the small-entrepreneurs ensure preservation of the cultural heritage of that society. In most cases, they produce products according to cultural background of the community that are situated. This is especially true in cases of cottage industries.

vii. Encouragement of traditional craftsmanship

There are large numbers of traditional small-scale industries in Nigeria. The sector consists mainly of household units carrying a diverse type of industrial activities in the traditional manner. This situation offers substantial opportunity for intensive development and improvement of traditional craftsmanship as an effective means of production.

Many small-scale entrepreneurs use their traditional skills, particularly those in the areas like dyeing, blacksmithing and leatherwork, weaving, carving, tailoring, knitting, boat-making, shoe-making, carpentry etc in their manufacturing processes. The development of this sector conserves foreign exchange through import substitution or complement other industries in the production of their products by serving as input suppliers.

2.9 GOVERNMENT POLICIES AND INCENTIVES FOR PROMOTING SMALL-SCALE INDUSTRIES

In most countries of the world particularly in the less developed countries, the respective governments enunciate policies and programmes to accelerate industrial development particularly through the promotion of small and medium scale business, this is because of their perceived role in fostering the attainment of the following benefits.

- i. Stimulation of indigenous entrepreneurship
- ii. Greater employment creation per unit of capital invested.

- iii. Development of local technology
- iv. Enhancement of regional economic balance through industrial dispersal.
- v. Mitigation of rural-urban migration
- vi. Facilitation of managerial training
- vii. Production of intermediate products for use in large scale enterprises
- viii. More skilled than large enterprises at making specialised or artistic articles such as ivory work, embroidery, gold and silver working.
- ix. Mobilisation and utilisation of domestic savings.

2.9.1 INDUSTRIAL DEVELOPMENT CENTRES (IDCS)

Federal government active participation in promoting SMB is traceable to the setting up of the first IDC in Owerri IN 1962 by the then Eastern Nigeria ministry of trade and industry and to the taking over of the Owerri IDC in 1970 by the federal military government. The second national development plan (1970-1974) allocated ₦800,000 to set up IDCs throughout Nigeria. In second national development plan Asugha, (1988:40-42) noted that a total of ₦5.5million was voted for small-scale industries by the federal and state governments. The vote was increased to ₦48.587 million in the third national development plan (1975-1980) out of which the federal government was to provide ₦20million. Akinyemi (1987:16-20) also noted that in the fourth national development (1980-1985), the allocation to small-

scale industries have been increased to ₦295 million of which the federal government was to provide ₦200million and the balance of ₦95million was to be raised from the world bank as loan.

Asugha (1987:22-24) states that the main objectives of the IDCs were to render on-the-spot assistance and guidance to small-scale industries on process techniques, selection of machinery and equipment, training and management. Whereas their main functions as outlined in the second national development plan were as follows.

- i. Technical appraisal of loan applications and preparation of feasibility studies.
- ii. Provision of industrial extension services
- iii. Training of entrepreneurs and staff including management training
- iv. Applied research into industrial products, involving design of products for small-scale industries.
- v. To provide facilities for managerial training as well as consultative and extension services to proprietors and managers of small-scale enterprises.
- vi. To help small-scale enterprises in bulk purchasing of raw materials.
- vii. Assistance in plant installation and servicing
- viii. Assistance to the state government in the supervision of the small-scale industries credit scheme.

In order to discharge the above functions properly and free of charges, the IDCs have been organised to rendered the following types of technical and managerial services for the rapid development of small-scale industries.

- i. Selection of promising small-scale industries for prospective entrepreneurs
- ii. Selection of proper manufacturing process along with machinery and equipment for the product-lines.
- iii. Installation and start-up operation of the machinery and equipment.
- iv. Repairing and maintenance of the machinery and equipment of small industrialists including repairs of broken components.
- v. Manufacturing of parts and components to restart machinery and equipment rendered idle for non-availability of spare parts.
- vi. Training of small-scale industry technicians and artisans in the handling of improved machines and their maintenance and repairs.
- vii. Improvement of product design and manufacture of proto-types.
- viii. Adaptation of technology and process improvement for small-scale industries
- ix. Production planning and control
- x. Bookkeeping, accounting and cost analysis
- xi. Marketing, counselling and sales arrangement's promotions.
- xii. Financial counselling and credit arrangements.
- xiii. Appraisal of loan application of small arrangement's promotion.

- xiv. Acting as a liaison between large and small-scale industries for the manufacture of parts and components required by the former on a sub-contracting base by the latter.
- xv. Undertaking of in-plant studies for cost reduction and improvement of productivity.

2.9.2 NATIONAL DIRECTORATE OF EMPLOYMENT (NDE)

The National Directorate of Employment was established in 1986 and is another channel through which government has promoted the development of small and medium establishments. The ND has two schemes namely open apprenticeship and the waste to wealth programme. Under the open apprenticeship scheme, as at the end of 1987, about 70,000 apprentices were trained in a variety of skills all over the country. The waste of wealth scheme helps small-scale entrepreneurs in converting discarded items such as plastics, jewellery, shoes etc to valuable items. By the end of 1987, a total of 1,500 people were trained under the scheme. Also by the end of 2000 more than 5,000 people were trained under the scheme, which is funded by the federal government. The NDE also provides facilities for graduates to be trained as small-scale industrialists. The scheme is operated through commercial banks at concessional rate of interest and is guaranteed by ND.

2.9.3 WORKING FOR YOURSELF PROGRAMME (WFYP)

This scheme was recently introduced by the federal ministry of industry in 1995 assisted by the international labour organisation (ILO) and by the British council. The working-for-yourself programme aims at the development of available skills of entrepreneurs through training so as to be able to start their own business. It thus creates awareness for small-scale enterprise among the unemployed, rather than seeking for paid? Employed people would be encouraged through the use of their ideas, skills abilities, resources, motivation, planning and organisation to of into providing business. The essence of this programme is to move the unemployed person from his/her present status to that of one who will start business immediately or be nearing the stage of a start up. One of such programmes took-off at Akure, Ondo state on 23rd February, 1997. It is also run in other states of federation including Abuja. NBCI is the financial intermediary for the scheme.

2.9.4 NATIONAL ECONOMIC RECONSTRUCTION FUND

In January 1989, the federal government set up a National Economic Reconstruction Fund (NERFUND). Specially, the national reconstruction fund is aimed at providing medium to long-term funds for wholly Nigerian owned small and medium scale business. Small and medium-scale business through National Economic Reconstruction Fund have access to local and

foreign loans over a period of five to ten years. National Economic Reconstruction Fund is a funding mechanism and not a bank. Any small and medium entrepreneurship wishing to have access to loans from National Economic Reconstruction Fund is expected to do so through his bank, which will be the primary obligator to National Economic Reconstruction Fund.

The provision for eligible enterprises according to section 2 of the National Economic Reconstruction Fund Decree are that:

- i. Small and medium scale business by 100 percent owed by Nigerians.
- ii. Small and medium scale business are regarded as those with fixed plus cost of new investment (land excluded) not exceeding ₦10million.
- iii. In the case of manufacturing project not less than 40 percent of the raw materials are locally sourced.
- iv. A participating bank has accepted on behalf of the small and medium scale business to assume credit risk.

Once National Economic Reconstruction Fund is satisfied that the eligibility criteria are met and that an acceptable loan agreement between small and medium scale business and the participating bank has been drawn up and deposited with National Economic Reconstruction Fund, it is expected to release funds at the agreed intervals and consequent on a written request by the participating bank for disbursement.

Priority is to be accorded to projects in the rural areas. Accordingly, the dissemination of information on National Economic Reconstruction

Fund's resources and activities is expected to be carried out at the local government level although the state commissioners of finance are expected to co-ordinate activities pertaining to the utilisation of the National Economic Reconstruction Fund's resources beneficiaries of the funding mechanism are not expected to be considered on a quota basis.

As at the end of January 1989 National Economic Reconstruction Fund has financial resource comprising of ₦300 million and \$550 million, out of which \$50million is to be utilised in procuring machinery and equipment from Czechoslovakia. The impact of National Economic Reconstruction in promoting small and medium business will depend to a great extend on its effective operation in terms of efficient draw down and repayment and also on the relative efficiency of the participating banks identifying viable projects, Philip (1987:12).

2.9.5 SMALL-SCALE INDUSTRIES EQUITY INVESTMENT SCHEME (SMIEIS)

Small-Scale Industries Equity Investment Scheme (SMIEIS) was established in 2001, with the sole aim of assisting small and medium scale industries (SMIS) in the country in growing their businesses.

As at February 28, 2003 showed that a total sum of ₦2.87 billion has been invested under the scheme. The scheme expects banks to provide

finance, identify, and develop package viable industries for equity participation.

Central Bank of Nigeria (CBN) clarified that 28 banks made these equity investment in 49 projects. Statistics showed only 21.9 percent of the total funds pooled has been invested by 29 percent of the total number of banks, which had earmarked the funds. CBN also observed that there is still a noticeable gap problem was placed on the entrepreneurs, the banks and government. For government, for instances entrepreneurs still have a wrong conception of the entire programme, some of them view it as a credit scheme, rather than equity investment package. Another reason for the gap is poor organisation; fear of control of the enterprise which SMI operations nurse against banks, and lack of capital for their additional equity contribution.

As for the bank the CBN observed that most officers of banks in the branches still foreign ignorance about the modalities for the operation of the scheme. Also apparent lack of expertise for equity investment and preference for investment in the services-related sector, all contribute to the poor performance of the scheme. While on the part of government, it does not provide investor-friendly environment.

2.10 FINANCE INSTITUTION FOR SMALL-SCALE INDUSTRIES IN KADUNA STATE

The financial institutions that help in the financing of small-scale industries in Kaduna state are numerous, ranging from government owned institution and the private sector. Specially, the following institutions and scheme were examined:

1. Kaduna State Small-Scale Industries Credit Scheme
2. Nigeria Agricultural Cooperative and Rural Development Bank (NACRDB)
3. Commercial banks
4. National Directorate for Employment (NDE)

In realising the financial difficulties faced by the small-scale industries in Nigeria, the federal government incorporate small-scale industries credit scheme in its second national development plan (1970-1974) so as to give financial assistance to indigenou small-scale industry state of the federation to give loans to small-scale industries on liberal terms. Initially, the scheme was financed by both state and federal government grants. Later in 1979, the federal government stopped giving grant to the state for this purpose however, state gives the grants to the Nigeria bank of commerce and industries to disburse to small-scale industrialist directly from that year.

2.11 KADUNA STATE SMALL-SCALE INDUSTRIES CREDIT SCHEME

In Kaduna state, the scheme came to being in 1976, when the state was created, the scheme is under the state ministry of commerce and industry. it is charge with the responsibility of providing financial managerial and technical assistance to the small-scale entrepreneurs for establishing and /or expanding their to small-scale industries whole prospect offer promise or economically viable and seem to be capable of contributing the economic development of the state. The maximum amount of loan to be granted to an applicant is ₦80,000 while the beneficiaries are expected to contribute 25 percent of the total capital investment of the project.

Administratively the scheme is headed by the chief commercial officer who acts as a secretary of small – management committee. The secretary report directly to the permanent secretary in the ministry. There are also a number of commercial and technical staff of various grades working under the scheme. The staffs are responsible for the execution of day activity of the scheme.

Eligibility For Loan

To be eligible for small-scale loan, the following conditions have to be satisfied. The applicant must:

- i. Be at least 25 years of age.

- ii. Not be an employee of the federal / state government or any local government authority, this includes members of the police, armed forces etc.
- iii. Be skilful and capable of managing his business successfully.
- iv. Demonstrates an ability or willingness to keep financial accounts commensurate with the operation of his business.
- v. Be living near the proposed industry so that he can be responsible for its day-to-day management.
- vi. Produces enough collateral security for the loan. Such security must be in form of asset such as land and building, machinery and equipment, and other fixed assets. All movable assets are not accepted as security.

Loan Management Committee

The loan management is made up of member with secretary, small-scale industry credit scheme as its secretary. It has the following function.

- i. Consideration of loan application
- ii. Approval or rejection of loan applications.
- iii. Recall of loan approved (issued or not)
- iv. Ensuring that adequate collateral security are provided for loan, and
- v. Prosecution of loan defaulters (if need be) through the ministry of justice.

The members of committee are:

1. The permanent secretary ministry of commerce and industry Chairman
Kaduna state
2. The permanent secretary ministry of finance Kaduna state Member
3. The permanent secretary ministry of natural resource Kaduna state Member
4. The permanent secretary ministry of work, land and survey Member
Kaduna state
5. Solicitor – general and permanent secretary ministry of justice, Member
Kaduna state
6. The director industrial development centre, Kaduna Member
7. The chief commercial officer (the secretary, small-scale industry Secretary
credit) ministry of commerce and industry Kaduna state

Procedures for the Approval of Loan

The following procedures are followed by the loan management committee in approving loan application.

- i. Formal application to be addressed either to the secretary; Small-Scale Industries Credit Scheme or the permanent secretary, ministry of commerce and industry.
- ii. The application so receive is endorsed to the area commercial officer in charge of the area in which the applicant what to establish / expand the project. The report of the area commercial officer which usually takes

a period of one month to reach the ministry headquarters depending on the availability of the applicant, will show whether the applicant certifies the laid down conditions as contained above.

- iii. If the applicant is for agro-based project like poultry, rice, mill cassava, piggery etc. after receiving the area commercial officer preliminary report, the ministry of agriculture will be contacted to give the breakdown of the estimated cost of establishing such an industry.
- iv. If favourable report under 2 and 3 above was received, a local reputation form will be forwarded to the sole administrator of the local government area in which the applicant resides. This local reputation report is usually made after the executive chairman must have consulted his councillor on the reputation of the applicant.
- v. When a favourable report is received from the local government chairman, 3 copies of the loan application form will be forwarded to the area commercial officer who will invite or visit the applicant for filling the forms.
- vi. When the application forms so filled are sent together with the applicants certificate of occupancy of either his land or building the applicant file will be passed to the loan processing officer who will prepare an investment proposal. As this needs careful study, it usually takes sometimes. During this time, the applicant is invited to the headquarter for further interview.

- vii. After an investment proposal, its now depends on the availability of fund and when the management committee would convene a meeting to either approve or reject the loan application.

Approval of Loan

As soon as the management committee approves the loan, the secretary, small-scale industries credit scheme sends letter of approval to the successful applicant. Attached to the letter of approval are acceptance form to be filled by the beneficiaries and countersigned by the area commercial officer and the sole administrator concerned.

Valuation certificate of the loanees houses or any other fixed assets which he pledged to offer as security will be sought. The valuable is usually done by the divisional engineer.

After satisfying every requirement, the loanee is made to go through the loan agreement form and sign it. This then binds him to the regulation of the loan.

Disbursement of Loan Funds

After signing the loan agreement, the loanee then puts forward his request for the release of funds through local purchase order for the purchase of machineries and equipment. Raw cash is only given to serve as cost of transportation and preliminary.

Loan Repayment

Loan beneficiaries of the scheme enjoy the privileged that are not obtainable in commercial banks in the sense that they obtain long-term loans at a minimum rate of interest.

The scheme charge 5 percent interest on reducing balance and the principal repayment start 9 months after the first instalment of the loan is release. While the services charge start after 3 months, payments are made on quarterly basis. However, there is proposal to increase the interest rate from 5 percent to 10 percent, as the former is the pre-sap rate.

Liquidation of the loan depends on the amount of the loan and this is as follows:

Amount	Period of repayment
₦10,000 – ₦100,000	2 years
₦100,000 – ₦200,000	3 years
₦200,000 – ₦500,000	5 years
₦500,000 – ₦1,000,000	7 years

Source: Small-Scale Industries Credit Scheme Kaduna

2.11.1 OPERATION OF SMALL-SCALE INDUSTRIES CREDIT SCHEME IN KADUNA STATE

As at 2009, 2,400 loan applications were received by the loan management committee since its inception in 1976. The committee had approved and disbursed loans to 331 applications that were found to satisfy the required condition for grant of loan to small-scale industrialists. This shows that only about 14 percent of the total applications have been approved. Out of these only 18 small-scale manufacturing industries satisfied the required condition and registered with NASSI between 1975-2005. The small-scale industrialist whose applications were approved and assisted was involved in the following types of small-scale industrial activities.

1. Cement block making
2. Bread bakery
3. Wood furniture
4. Steel furniture
5. Mechanical workshop
6. Tinkering
7. Rice mill
8. Shoe making
9. Poultry
10. Aluminium pot
11. Black smiting
12. Metal fabrication
13. Carpentry
14. Tailoring shop

15. Soap making
16. Piggery
17. Food processing
18. Polythene bag making.

Out of the remaining 2,069 applications, 828 or 40 percent were rejected for not fulfilling the condition for giving loan, while 1,241 or 60 percent were kept pending due to lack of sufficient funds.

2.12 SUMMARY

This chapter was an attempt at reviewing the related literature on definitions and problems of small-scale industries such as finances, management and infrastructures. The chapter also examined the roles of small-scale industries in employment generation, use of local resources, conservation of foreign exchange, development of entrepreneurship and distribution of income.

Government policies like Industrial Development Centre, National Directorate of Employment, National Economic and Reconstruction Funds and Small and Medium Industries Equity Investment Scheme (SMIEIS) directed towards the development of the small-scale industries in Nigeria have also been examined. Also some institutional financiers, such as small-scale industries credit scheme (SSIC), Nigerian Bank for Commerce and Industry (NBCI) now Bank of Industry (BOI), and Nigeria Agricultural Cooperative and Rural Development Bank Limited were also examined.

CHAPTER THREE RESEARCH METHODOLOGY

3.8 INTRODUCTION

In order to facilitate dependable analysis of the impact of institutional financing on the performance of small-scale industries, a great deal of quantitative data and to some extent of qualitative data need to be used. As a result, this study calls for a well-formulated research methodology so as to justify the conclusions of the study. The main goal of this study is to determine empirically those variables that affect the performance of small-scale industries. The variables to be considered are profitability and working capital. This chapter therefore deals with the various ways, which the researcher has designed to collect data for the study, and the method used for data analysis.

3.9 RESEARCH DESIGN

Research design designates the logical manner in which individuals or other units are compared and analysed, it is the basis for making interpretation. The research design adopted for the study is pre and post design.

The form of data collected for this study is from past financial statements, or records of the manufacturing small-scale industries in the sample drawn.

3.10 SOURCES AND METHODS OF DATA COLLECTION

The data used in this study is from secondary source. Secondary source of data must be used with caution, since the data may not give the exact kind of information needed, and the data may not be in most suitable form. As a result of that, great attention has been paid to the precise coverage of all information in the form of secondary data. The research instrument adopted in this study is documentation. The study used financial summaries of sample chosen, journal bulletins etc.

3.11 POPULATION AND SAMPLE OF THE STUDY

This is made up of all conceivable element, subjects or observations relating to a particular phenomenon of interest. For this study, the population is made up of eighteen small-scale manufacturing industries that registered with the National Association of Small-Scale Industries (NASSI) Kaduna chapter.

A sample is a part of elements drawn from the population or a representative of the population. Stratified sampling technique was used to ensure that each category of business was fairly represented. Five small-scale manufacturing firms were chosen at random from the state, to cut across the three senatorial zones, as a sample size for this study; they are Bullet Bakery and Confectionaries Ltd, Birhamz Enterprise, Obieze Enterprise, Aishat (Yoghurt) Enterprise and Kamal (Soap) Enterprise.

3.12 TECHNIQUE OF DATA ANALYSIS

In this study, information collected from the financial statements of the firms used is tabulated and analysed using two-sample T-test of independence.

The study used the accounting profit propounded by Bain (1941:8):

It is denoted by $\lambda a = P.Q - (C. Q + D)$.

Where P is the price per unit of output,

Q is total output,

C is the cost per unit of output, and

D is depreciation on fixed assets.

3.13 JUSTIFICATION OF METHODS AND TECHNIQUE

The choice of historical method of research for this study is well justified for the fact that the method of research design adopted is pre and post which coherently enhanced the validity of conclusion and recommendations; and the choice of two-sample t-test of independence became imperative, because of the nature of the two variables involved institutional financing and performance of small-scale industries for the fact that the variables are measured on normal level.

3.14 SUMMARY

The chapter covered the methodology adopted, research design, sources and method of data collection, population and sampling technique of the data analysis and the justification of the method and technique used.

CHAPTER FOUR DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

The data gathered from the financial statement / summaries are analysed and interpreted in this chapter. The five cases studied are also presented below.

4.2 DATA PRESENTATION

TABLE 4.1: INDUSTRIES SELECTED FOR ANALYSIS

	Bullet Bakery and Confectionaries		Birhamz Ent.		Obieze Ent.		Aisha Yoghurt		Kamal Soap	
	Net Profit	Working Capital	Net Profit	Working Capital	Net Profit	Working Capital	Net Profit	Working Capital	Net Profit	Working Capital
2000	16,000	4,000	39,000	4,100	27,500	(101,000)	21,000	(140,800)	23,000	8,200
2001	5,000	36,345	49,000	2,850	20,000	(60,000)	20,000	(88,000)	12,000	25,900
2002	(1,500)	(69,500)	39,000	(44,650)	7,000	(54,000)	12,000	(62,000)	8,000	248,600
2003	5,000	38,750	41,000	(64,350)	NIL	(20,000)	11,000	(46,400)	NIL	75,000
2004	5,500	62,170	8,000	(26,800)	8,000	5,000	500	(27,200)	10,000	315,000
2005	494,000	73,000	142,000	275,300	101,000	54,000	65,000	(27,200)	266,000	219,000
2006	693,500	352,950	179,000	311,320	107,500	78,000	89,000	65,500	281,000	257,500
2007	702,000	411,400	166,500	367,220	110,000	107,000	95,000	111,300	296,000	303,000
2008	618,500	342,450	257,000	379,150	120,000	114,000	102,000	92,500	300,000	324,500
2009	771,000	463,700	262,000	395,300	124,000	90,300	110,000	81,000	312,840	355,000

Source: Financial Statement (Various)

The table above shows pre and post net profit and working capital of the five small-scale manufacturing industries in Kaduna State used for the study. It is from the table data were extracted and analysed.

4.3 DATA ANALYSIS

The table below shows the analysis of data obtained from table 4.2 using two sample t-test of impendence to determine the end result.

TABLE 4.2: NET PROFIT AND WORKING CAPITAL ANALYSIS

SSI	Period of financing	No of Years	Mean	Mean diff.	Std. Deviation	Std. Error Mean	t-value	Df	P
Bullet Bakery and Confectionaries	Before	5	6600.0000	649100	5493.17759	2456.6237	-13.752	8	0.000
	After	5	655700.00		105397.81781	47135.337			
Birhamz Enterprise	Before	5	35200.000	166100	15754.36447	7045.5660	-6.514	8	0.000
	After	5	201300.00		54799.17883	24506.938			
Obieze Enterprise	Before	5	15625.000	96875	9877.37313	4938.6866	-15.048	7	0.000
	After	5	112500.00		9380.83152	4195.2354			
Aishat Yoghurt	Before	5	12900.000	79300	8279.49274	3702.7017	-9.329	8	0.000
	After	5	92200.000		17108.47743	7651.1437			
Kamal (Soap)	Before	5	13250.000	277918	6701.98975	3350.9949	-28.859	7	0.000
	After	5	291168.00		18082.06625	8086.5459			
Bullet Bakery and Confectionaries	Before	5	34891.269	293808.74	32116.66024	14363.007	-4.255	8	0.003
	After	5	328700.00		151016.47675	67536.622			
Birhamz Enterprise	Before	5	28550.000	317108.00	26467.92871	11836.818	-12.446	8	0.000
	After	5	345658.00		50448.75737	22561.370			
Obieze Enterprise	Before	5	48000.000	40660.00	37489.99867	16766.037	-2.043	8	0.075
	After	5	88660.000		23958.88144	10714.738			
Aishat Yoghurt	Before	5	72880.000	2620.00	44011.27128	19682.439	-0.108	8	0.917
	After	5	75500.000		31756.02305	14201.725			
Kamal (Soap)	Before	5	94420.000	742780.00	95546.28198	42729.596	-1.350	8	0.214
	After	5	837200.00		1226985.4624	548724.58			

Source: Data Analysis using two sample t-test

4.4 INTERPRETATION OF RESULTS

The critical region of the hypothesis is to reject null hypothesis if the p-value is less than the level of significance at 0.005 otherwise accept.

Bullet Bakery and Confectionaries;

The analysis of Bullet Bakery and Confectionaries indicates that there is significant difference between the pre and post net profit of the enterprise, since the P-value 0.000 is less than the level of significance at 0.005, therefore we reject H_0 and accept H_1 .

The analysis also indicates there is significance difference between pre and post working capital of Bullet Bakery, since P-value which is 0.003 is less than the level of significant at 0.005 therefore we reject H_0 and accept H_1 .

Birhamz Enterprise Limited

The analysis of net profit of Birhamz Enterprise indicates that there is significance difference between pre and post net profit of the enterprise, since the P-value 0.000 is less than 0.005 the level of significance, therefore we reject H_0 and accept H_1 .

The analysis also revealed that there is significance difference between the pre and post working capital of the enterprise, since P-value 0.000 is less than the level of significance at 0.005 therefore, we reject H_0 and accept H_1 .

Obieze Enterprise Limited

From the table 4.3 the result indicates that there is significance difference between pre and post Net profit of Obieze Enterprise, since P-value 0.000 is less than the level of significance at 0.005, therefore we reject H_0 and accept H_1 .

The result also shows that there is no significance difference between pre and post working capital since P-value 0.075 is greater than the level of significance at 0.005, therefore we reject H_1 and accept H_0 .

Aishat (Yoghurt) Enterprise

The analysis shows that P-value 0.000 is less than the level of significance at 0.005 this indicates there is significance difference between the pre and post net profit of the enterprise. Therefore we reject H_0 and accept H_1 .

As for the working capital of the enterprise the analysis shows that P-value 0.917 is greater than the level of significance at 0.005, therefore we reject H_1 and H_0 . This shows there is no significance difference between pre and post working capital of the enterprise.

Kamal (Soap) Enterprise

The Net Profit analysis shows P-value 0.000 is less than level of significance at 0.005 therefore we reject H_0 and accept H_1 . This indicates there is significance difference between the pre and post net profit of the enterprise.

The working capital analysis of the enterprise shows P-value 0.214 is greater than level of significance at 0.005. Therefore, we reject H_1 and accept H_0 indicating there is no significance difference between the pre and post working capital of the enterprise.

The analysis of net profit of the five (5) enterprises used for the study indicated a positive result that shows there is significance difference between pre and post net profit of the enterprises. This is as a result of the interventions of finance institution in providing funds to the small-scale manufacturing industries in Kaduna State. The funds were used effectively to improve on performance.

The working capital of two (2) enterprises; Bullet Bakery and Birhamz enterprise shows a positive result, that there is significance difference between pre and post working capital. This shows that their performance in terms of working capital increased as a result of finance institution's intervention.

But, the working capital of the three (3) enterprises, Obieze, Aishat and Kamal (Soap) shows that there is no significance difference between pre and post working capital of such enterprises but with the intervention of finance institutions the differences tend to be significance in near future.

4.5 FINDINGS OF THE STUDY

The findings in the course of this research are:

1. Loans from finance institutions if properly utilised increases the profitability of the small-scale manufacturing industries in Kaduna State.
2. An effective use of funds from finance institution improves the current assets and reduces the current liabilities of small-scale manufacturing industries in Kaduna State.

4.6 SUMMARY

The chapter covered the data collected, analysis of data used, the finding of study.

CHAPTER FIVE

SUMMARY, CONCLUSION, RECOMMENDATION

5.5 SUMMARY

The study started with the theoretical issues of the importance and relevance of small-scale manufacturing industries in any economy especially that of a developing nation like Nigeria and portrayed them as engines of economic growth and development and as seed bed for new giant and large companies thus making them catalyst for industrialisation through economic development. But coincidentally, they lack the desired and adequate funding as well as good supervision in carrying out these commendable responsibilities (roles) efficiently and effectively, thereby making their performance very poor.

From this premise, the study proceeded to examine the relevance of funds from finance institutions put in place by the Kaduna State Government to make small-scale manufacturing industries thrive successfully in the state and why the performances of most of them remained poor, which made us draw up tentative statements (hypotheses) to evaluate whether such funds if properly utilised enhance the performance of small-scale manufacturing industries in the state.

In doing so, the existing literature in chapter two as they relate directly to the performance of small-scale industries as well as financial institutions that directly finance small-scale industries were reviewed in considering their characteristics, relevance and funding. This indicated that small-scale industries are principal agents

of industries and principal agents of accelerating economic growth and industrialisation, but lack of funds to operate efficiently and effectively to achieve this profitable goals.

Due to this, the existing sources of finance from the finance institutions such as Kaduna State Small-Scale Industries Credit Scheme were used to evaluate the performance of small-scale manufacturing industries in the state in terms of profitability and working capital.

As we progress, we stated the mode of our data collection and the statistical tools used to analyse the data in chapter three and followed by the presentation of the gathered data in chapter four as well as its analysis discussion, interpretation and the principal findings.

Finally, this study has shown that funds from finance institutions if properly utilised enhance performance of small-scale manufacturing industries in Kaduna State especially in terms of profitability and working capital.

5.6 CONCLUSION

From the perspective of this research, it has been shown that SSEs have an important role to play in the economic development of Nigeria in general and Kaduna state in particular. The little finance accorded to the small-scale industries in the state by the finance institution indicated a positive result by increasing the performance of SSEs in both profitability and working capital indicator. Evidence exist however, to

show that government has done enough to nurture the growth and development of the sector as most of the policies and programme put in place are achieving the desired result.

5.7 LIMITATION OF THE STUDY

In the course of this study these problems were encountered.

- Difficulty of finding manufacturing small-scale firms that has been in operation for at least ten years and also able to enjoy the institutional finance for at least five years.
- Inability of most of the manufacturing small-scale firms to keep finance records, thereby unable to prepare financial statement that this research work used as a means of data collection.

5.8 RECOMMENDATIONS

Undoubtedly, a dynamic manufacturing SSI sub sector is vital and imperative for the overall economic development of the country. The observed weak performance occasioned by lingering constraints, key among which is finance should, however, serve as a lesson for policy makers to fashion out an enduring strategy that would be sufficiently dynamic and responsive to the needs of indigenous manufacturing SSI, three different organisations should be involved in providing enduring solution to the problems of SSI, generally, these are:

1. Government
2. Small-scale industries

5.8.1 GOVERNMENT

As has been shown in literature reviews government at the various levels has done a lot to promote the development of SSI. Nevertheless, there is need to tackle those problems enumerated above in particular, the issues of duplicating and lack of coordination and cooperation among promotion agencies ought to be addressed very differently. There is need to provide an integral assistance to ensure that all the required inputs are provided. This may be the strongest justification for a national agency for SSI, development such as the national agency for SME development of Nigeria (SMIDAN).

However, given the problem of existing parastatal agencies managed by government and government's policy on commercialisation and privatisation, an agency which is completely owned by government may be ill advised as it may suffer the same fate as similar government organisations. Given recent experience, probably the preferred option would be an agency jointly financed private sector in its operation and having access to financial resources being provided by the government, international agencies and lending institutions.

In addition to the above, government should mandate the banks to remit the unutilised SMEs fund after some period (say two years) to the Central Bank of

Nigeria. The CBN should then either remit 50% of such funds to the proposed SMIDAN and the other 50% used to finance the proposed interest draw back scheme. The government should provide an interest free loan and also tax free environment for manufacturing small-scale industries, so as to encourage people to that sub sector of the economy.

There is need therefore for the government to monitor closely the implementation of the policies put in place to aid the SSEs and also the relaxation of some of the stringent requirements, such as collateral securities, limited amount of capital, etc.

5.8.2 SMALL-SCALE INDUSTRIES (SSI)

SSIs are the direct beneficiaries of the promotion measures which government adopted. In order of them to maximise the benefits from the measure they should.

- i. Strengthen their association to be able to become.
 - a. Effective channel for government assistance, and
 - b. Catalysts to the development of cooperative beneficial activities, industry outlook, survey, etc.
- ii. Individual and collectively strive to adopt modern practice.
- iii. Cooperate fully with all assistance agencies (e.g. in the repayment of loan).
- iv. Engage consultants to improve performance.

- v. Exercise greater discipline and restrain in the handling of business from personal, so as to weigh performance over time.

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APPENDIX I_A
 BULLET BAKERY AND CONFECTIONARIES LTD
 FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
 DECEMBER 2004

	2004		2003		2002	
	₦	₦	₦	₦	₦	₦
Turn over		455,000		460,000		399,500
Cost of sales:						
Finished goods at start	20,000		31,000		25,000	
Cost of production	<u>200,000</u>		<u>215,000</u>		<u>200,000</u>	
	220,000		246,000		25,000	
Finished goods at close	<u>(25,000)</u>		(20,000)		31,000)	
		(195,000)		(226,000)		(194,000)
Gross profit		260,000		234,000		205,500
Other income		<u>30,000</u>		<u>66,000</u>		<u>55,500</u>
		290,000		300,000	12,500	261,000
Administrative expenses	13,500		15,000		50,000	
Wages and salaries	85,000		65,000		15,000	
Postage and storing	10,000		13,000		11,000	
Insurance charge	12,000		9,500		18,000	
Discount allowed	19,000		21,000		16,000	
Rent and rates	15,000		19,500		13,500	
Selling expenses	14,500		19,000		21,500	
Audit charges	12,500		21,400		18,000	
General expenses	17,000		2,500			
Depreciation						
Plant and machinery	21,000		21,000		21,000	
Motor van	18,000		18,000		18,000	
Equipment and tools	25,000		25,000		25,000	
Fixtures and fittings	<u>22,000</u>	(284,500)	<u>22,000</u>	(295,000)	<u>22,000</u>	(262,500)
Profit before tax carpet tax		5,500		5,000		(1,500)
Corporation tax		<u>(2,930)</u>		<u>(1,750)</u>		-
Profit after tax		<u>3,570</u>		<u>3,250</u>		<u>(1,500)</u>

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX I_B
 BULLET BAKERY AND CONFECTIONARIES LTD
 FIVE YEAR BALANCE SHEET AS AT YEAR ENDED 31ST DECEMBER 2004

	2004		2003		2002		₦
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV:							
Building		300,000		300,000		300,000	
Investment		286,000		307,000		32,000	
Plant and machinery		318,000		336,000		354,000	
Equipment and tools		366,000		391,000		416,000	
Fixtures and fittings		<u>406,000</u>		<u>428,000</u>		<u>450,000</u>	
		1,676,000		1,762,000		1,552,000	
Current assets:							
Stocks: Raw materials	21,000		11,000		26,000		29,000
Work in progress	30,000		18,500		20,000		24,500
Finished goods	25,200		20,000		310,000		60,250
Debtors	81,600		80,500		60,500		98,950
Banks	20,700		20,500		19,500		31,750
Cash	<u>54,600</u>	233,100	<u>10,500</u>	161,000	<u>3,000</u>	160,000	<u>26,000</u>
Current Liabilities:							
Trades creditors	169,000		180,000		199,500		206,255
Taxation	1,930		1,750		-		<u>1,750</u>
Accrual expenses	-	<u>(170,930)</u>	1,750	<u>(199,750)</u>	<u>30,000</u>	<u>(229,500)</u>	
		<u>1,738,170</u>	<u>18,000</u>	<u>1,723,250</u>		<u>1,778,500</u>	
Financed by:							
Capital		1,700,000		1,700,000		1,700,000	
Reserves		34,600		20,000		80,000	
Profits and loss A/C		<u>3,570</u>		<u>3,250</u>		<u>(1,500)</u>	
		<u>1,738,170</u>		<u>1,723,250</u>		<u>1,778,500</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX I_C
 BULLET BAKERY AND CONFECTIONARIES LTD
 FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
 DECEMBER 2009

	2009		2008		2007		2006
	₦	₦	₦	₦	₦	₦	
Turn over		2,390,000		2,400,000		2,390,000	
Cost of sales							
Finished goods at start	320,000		250,000		246,000		495,000
Cost of production	<u>1,600,000</u>		<u>1,910,000</u>		<u>1,805,000</u>		<u>1,050,000</u>
	1,920,000		2,160,000		2,051,000		1,545,000
Finished goods at close	(350,000)		(320,000)		(250,000)		(246,000)
		<u>(570,000)</u>		<u>(1,840,000)</u>		<u>(1,801,000)</u>	
Gross profit		82,5000		560,000		589,000	
Other income		<u>320,000</u>		<u>390,000</u>		4,260,000	
		1,150,000		950,000		1,015,000	
Wages and salaries	82,000		65,200		75,000		102,000
Carriage outward	46,000		32,000		45,000		55,000
Office salary	30,000		20,500		25,000		50,000
Director's fees	40,000		33,500		32,000		86,000
Sundry office expenses	38,000		50,800		20,500		74,000
Auditors fees	15,000		18,000		12,000		29,000
Insurance	28,000		20,000		6,000		25,000
Rents and rates	20,500		12,000		18,000		35,000
Interest on loan	27,000		27,000		27,000		27,000
Depreciation							
Office building	20,000		20,000		20,000		20,000
Office furniture	10,500		10,500		10,500		10,500
Plant and machinery	10,000		10,000		10,000		10,000
Tools and equipment	12,000	<u>(379,000)</u>	12,000	<u>(331,500)</u>	12,000	<u>(313,000)</u>	12,000
Profit before tax		771,000		618,500		702,000	
Corporate tax		<u>(231,300)</u>		<u>(185,550)</u>		<u>(210,600)</u>	
Profit after taxation		<u>539,700</u>		<u>432,950</u>		<u>47,1400</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX I_D
 BULLET BAKERY AND CONFECTIONARIES LTD
 FIVE YEAR TRADING BALANCE SHEET AS AT 31ST DECEMBER 2009

	2009		2008		2007		₦
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV:							
Office buildings		1,480,000		1,500,000		1,460,000	
Office furniture		1,058,000		1,068,500		1,079,000	
Plant and machinery		888,000		898,000		905,000	
Tools and equipment		<u>990,000</u>		<u>968,000</u>		<u>976,000</u>	
		4,416,000		4,434,500		4,420,000	
Current assets:							
Stocks: Raw materials	50,000		-		18,000		32,000
Work in progress	49,000		2,100		20,500		26,000
Finished goods	350,000		32,000		250,000		246,000
Debtors	799,500		80,700		826,500		712,000
Banks	128,000		16,400		129,000		142,500
Cash	<u>118,200</u>	1,494,700	<u>2,600</u>	1,338,000	<u>38,000</u>	1,342,000	<u>22,500</u>
Current Liabilities:							
Trades creditors	799,700		78,500		720,000		600,000
Taxation	231,300		18,555		210,600		208,000
Accrual expenses	-	<u>(1,031,000)</u>	<u>2,500</u>	<u>(995,550)</u>		<u>(930,600)</u>	<u>20,000</u>
		<u>4,879,700</u>		<u>4,772,950</u>		<u>4,831,400</u>	
Financed by:							
Capital		3,800,000		3,800,000		3,800,000	
Reserves		230,000		200,000		-	
Profits and loss A/C		309,700		232,950		491,400	
Long term liabilities							
Loan		540,000		540,000		540,000	
		<u>4,879,700</u>		<u>4,772,950</u>		<u>4,831,400</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX II_A
 BIRHAMZ ENTERPRISES
 FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
 DECEMBER 2004

	2004		2003		2002	
	₦	₦	₦	₦	₦	₦
Turn over		705,000		690,000		710,000
Cost of sales						
Opening stock of finished good	30,000		21,000		25,000	
Production cost	<u>200,000</u>		<u>192,000</u>		<u>205,000</u>	
	230,000		213,000		230,000	
Finished goods at close	<u>(29,000)</u>	<u>(201,000)</u>	<u>(30,000)</u>	<u>(183,000)</u>	<u>(20,000)</u>	<u>(210,000)</u>
Gross profit		504,000		507,000		50,000
Other income		<u>16,000</u>		<u>23,000</u>		<u>30,000</u>
		520,000		530,000		50,000
Wages and salaries	200,000		182,000		206,000	
Wages and distribution	50,000		35,000		50,000	
General expenses	49,500		19,500		20,500	
Insurance	35,000		28,000		39,500	
Lighting and heating	29,500		31,000		21,000	
Printing and stationeries	21,000		34,500		40,000	
Administrative expenses	33,000		59,000		62,000	
Auditors fees	29,000		20,000		31,000	
Directors remuneration	6,000		20,000		21,000	
Depreciation						
Plant and machinery	18,000		18,000		18,000	
Motor van	15,000		15,000		15,000	
Equipment and tools	16,000		16,000		16,000	
Fixtures and fittings	<u>10,000</u>	<u>(512,000)</u>	<u>10,000</u>	<u>(489,000)</u>	<u>10,000</u>	<u>(491,000)</u>
Profit before tax		8,000		41,000		39,000
Corporate tax		<u>2,800</u>		<u>(14,350)</u>		<u>(13,650)</u>
Profit after taxation		<u>5,200</u>		<u>26,650</u>		<u>25,350</u>

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX II_B
 BIRHAMZ ENTERPRISES
 FIVE YEAR BALANCE SHEET AS AT 31ST DECEMBER 2004

	2004		2003		2002		₦
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV							
Land and building		200,000		204,000		200,000	
Plant and machinery		346,000		364,000		382,000	
Motor van		240,000		255,000		270,000	
Equipment and tools		256,000		272,000		208,000	
Fixtures and fittings		<u>155,000</u>		<u>160,000</u>		<u>170,000</u>	
		1,197,000		1,255,100		1,230,000	
Current assets:							
Stocks: Raw materials	41,000				10,000		12,000
Work in progress	6,000				6,000		8,000
Finished goods	29,000				30,000		25,000
Debtors	26,000				12,000		32,000
Banks	2,000				8,000		15,000
Cash	1,200				-		8,000
Prepayment	<u>3,000</u>	78,200		75,750	<u>8,000</u>	74,000	<u>6,000</u>
Current Liabilities:							
Trades creditors	95,000				90,000		96,000
Taxation	7,200				13,650		7,150
Accrual expenses							
	<u>2,800</u>	<u>(105,000)</u>		<u>(140,100)</u>	<u>15,000</u>	<u>(118,650)</u>	<u>-</u>
		<u>1,165,200</u>		<u>1,186,650</u>		<u>1,185,360</u>	
Financed by:							
Capital		1,160,000		1,160,000		1,160,000	
Reserves		-		16,000		-	
Profits and loss A/C		<u>5,200</u>		<u>10,650</u>		<u>52,350</u>	
		<u>1,165,200</u>		<u>1,186,650</u>		<u>1,185,360</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX II_c
 BIRHAMZ ENTERPRISES
 FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
 DECEMBER 2009

	2009		2008		2007	
	₦	₦	₦	₦	₦	₦
Turn over		1,996,500		1,980,000		190,0000
Cost of sales						
Opening stock of finished good	27,0000		265,000		250,000	22
Production cost	<u>1,000,000</u>		<u>986,000</u>		<u>950,000</u>	<u>93</u>
	1,270,000		1,251,000		1,200,000	1,15
Finished goods at close	(282,000)	<u>(9,880,00)</u>	(270,000)	<u>(981,000)</u>	(265,000)	<u>(935,000)</u>
Gross profit		1,008,500		999,000		965,000
Other income		<u>80,500</u>		<u>111,000</u>		<u>85,000</u>
		1,089,000		1,110,000		1,050,000
Wages and salaries	382,000		396,000		40,0000	380
Lighting and cooking	53,000		53,000		60,000	48
Advertising and publishing	58,000		6,250		58,000	62
Selling expenses	37,000		38500		48,000	55
Administrative expenses	82,500		70,500		92,000	83
Audit fees	65,000		70,000		72,500	50
Insurance	46,500		59,500		50,000	30
Interest on loan	50,000		50,000		50,000	50
<u>Depreciation</u>						
Plant and machinery	15,000		15,000		15,000	1
Motor van	20,000		20,000		20,000	2
Equipment	<u>18,000</u>	<u>(827,000)</u>	<u>18,000</u>	<u>(853,000)</u>	<u>18,000</u>	<u>(993,500)</u>
Profit before tax		262,000		257,000		166,500
Corporate tax		<u>(91,700)</u>		<u>(89,950)</u>		<u>(58,280)</u>
Profit after taxation		<u>170,300</u>		<u>167,050</u>		<u>108,220</u>

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX II_D
BIRHAMZ ENTERPRISES
FIVE YEAR BALANCE SHEET AS AT 31ST DECEMBER 2001

	2009		2008		2007		₦
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV							
Land and building		280,000		28,000		180,000	
Plant and machinery		265,000		24,000		255,000	
Motor van		300,000		32,000		340,000	
Equipment and tools		<u>270,000</u>		<u>28,800</u>		<u>306,000</u>	
Fixture and fittings		1,115,000		112,800		1,081,000	
Current assets:							
Stocks: Raw materials	48,000		32,100		39,000		32,500
Work in progress	20,000		266,600		35,100		36,000
Finished goods	282,000		270,000		265,000		250,000
Debtors	286,900		219,000		206,900		212,500
Banks	63,100		60,300		30,000		22,700
Cash	<u>13,300</u>	713,300	<u>70,000</u>	678,000	<u>6,020</u>	642,020	<u>32,600</u>
Current Liabilities:							
Trades creditors	206,000		190,000		206,520		212,300
Taxation	91,700		89,950		58,280		62,600
Accrual expenses	<u>20,300</u>	<u>(318,000)</u>	<u>19,000</u>	<u>(298,850)</u>	<u>10,000</u>	<u>(274,800)</u>	
		<u>1,520,300</u>		<u>1,507,050</u>		<u>1,448,220</u>	
Financed by:							
Capital		840,000		840,000		840,000	
Reserves		90,000		60,000		50,000	
Profits and loss A/C		90,300		107,050		58,220	
<u>Long term liabilities</u>							
Loan		<u>500,000</u>		<u>500,000</u>		<u>590,000</u>	
		<u>1,520,300</u>		<u>1,507,050</u>		<u>1,448,220</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX III_A
OBIEZE ENTERPRISES LIMITED
FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
DECEMBER 2004

	2004		2003		2002		
	₦	₦	₦	₦	₦	₦	
Turn over		514,000		492,000		48,400	
Cost of sales:							
Finished goods at start	16,500		15,000		14,000		18,000
Cost of production	<u>246,000</u>		<u>285,000</u>		<u>276,000</u>		<u>268,000</u>
	262,500		30,000		290,000		286,000
Finished goods at close	<u>(20,500)</u>	<u>242,000</u>	(16,500)	<u>(283,500)</u>	(15,000)	<u>(27,500)</u>	(14,000)
		272,000		208,500		20,900	
Gross profit		<u>28,000</u>		<u>19,500</u>		<u>2,900</u>	
Other income		300,000		228,000		23,800	
Administrative expenses	38,000		29,500		320,000		20,000
Electricity bills	26,000		18,000		14,000		16,000
Stationeries	14,000		18,000		10,500		8,500
Rent and rates	26,600		20,500		17,000		15,000
Wages and salaries	85,000		68,200		68,000		58,000
Insurance	26,400		20,000		15,700		18,000
Transportation	15,000		10,000		19,300		10,000
Discount allowed	20,600		10,400		16,000		9,500
Selling and distribution	10,400		3,400		9,000		16,000
Depreciation							
Fixtures and fittings	10,000		10,000		10,000		10,000
Equipments	11,000		11,000		11,000		11,000
Motor vehicles	<u>9,000</u>	<u>(292,000)</u>	<u>9,000</u>	<u>(228,000)</u>	<u>9,000</u>	<u>(231,000)</u>	<u>9,000</u>
Profit before tax		8,000		-		7,000	
Corporate tax		(2,400)		-		(2,100)	
Profit after tax		<u>5,600</u>		<u>-</u>		<u>4,900</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX III_B
 OBIEZE ENTERPRISES LIMITED
 FIVE YEAR BALANCE SHEET AS AT 31ST DECEMBER 2004

	2004		2003		2002		₦
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV:							
Freehold premises		130,000		130,000		130,000	
Fixtures and fittings		160,000		170,000		180,000	
Equipments		176,000		187,000		198,000	
Motor vehicles		<u>144,000</u>		<u>153,000</u>		<u>162,000</u>	
		480,000		510,000		540,000	
Current assets:							
Stocks: Raw materials	13,600		12,000		10,000		8,500
Work in progress	12,000		11,000		8,000		10,000
Finished goods	20,500		16,500		15,000		14,000
Debtors	40,000		46,000		3,000		29,500
Banks	20,600		16,500		20,000		16,000
Cash	9,500		9,200		140,000		19,300
Prepayment	<u>6,500</u>	128,000	<u>12,000</u>	124,000	-	97,200	<u>1,700</u>
Current Liabilities:							
Trades creditors	11,0600		132,000		140,000		143,000
Taxation	2,400		-		2,100		6,000
Accrual expenses	<u>10,000</u>	<u>(123,000)</u>	<u>12,000</u>	<u>(144,000)</u>	<u>9,100</u>	<u>(151,200)</u>	<u>10,000</u>
		<u>485,000</u>		<u>490,000</u>		<u>486,000</u>	
Financed by:							
Capital		470,000		470,000		470,000	
Reserves		9,500		20,000		11,100	
Profits and loss A/C		<u>5,600</u>		<u>-</u>		<u>4,900</u>	
		<u>485,000</u>		<u>490,000</u>		<u>486,000</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX III_C
 OBIEZE ENTERPRISES LIMITED
 FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
 DECEMBER 2009

	2009		2008		2007		N
	N	N	N	N	N	N	
Turn over		550,000		528,000		520,000	
Cost of sales							
Finished goods at start	16,500		15,000		14,000		18,000
Cost of production	<u>210,000</u>		<u>244,000</u>		<u>240,000</u>		<u>232,000</u>
	22,650		264,000		254,000		250,000
Finished goods at close	<u>(20,500)</u>		<u>(16,500)</u>		<u>(15,000)</u>		<u>14,000</u>
		<u>(206,000)</u>		<u>(247,500)</u>		<u>(239,000)</u>	
Gross profit		344,000		280,500		281,000	
Other income		<u>52,000</u>		<u>67,500</u>		<u>60,000</u>	
		396,000		348,000		341,000	
Administrative expenses	22,000		19,500		16,000		20,000
Electricity bills	16,000		12,000		8,000		10,000
Stationeries	4,000		8,000		10,000		8,500
Rent and rates	21,600		20,500		17,000		15,000
Wages and salaries	80,000		60,200		60,000		58,000
Insurance	20,400		20,000		13,700		18,000
Transportation	11,000		8,000		19,300		10,000
Discount allowed	20,600		10,400		16,000		9,500
Selling and distribution	10,400		3,400		5,000		15,500
	36,000		36,000		36,000		36,000
Depreciation							
Fixtures and fittings	10,000		10,000		10,000		10,000
Equipments	11,000		11,000		11,000		11,000
Motor vehicles	<u>9,000</u>	<u>(272,000)</u>	<u>9,000</u>	<u>(228,000)</u>	<u>9,000</u>	<u>(231,000)</u>	<u>9,000</u>
Profit before tax		124,000		120,000		110,000	
Corporate tax		<u>37,200</u>		<u>36,000</u>		<u>33,000</u>	
Profit after tax		<u>86,600</u>		<u>84,000</u>		<u>77,000</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX III_D
 OBIEZE ENTERPRISES LIMITED
 FIVE YEAR BALANCE SHEET AS AT 31ST DECEMBER 2004

	2009		2008		2007		
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV:							
Freehold premises		200,000		200,000		200,000	
Fixtures and fittings		190,000		200,000		180,000	
Equipments		176,000		187,000		198,000	
Motor vehicles		<u>200,000</u>		<u>153,000</u>		<u>162,000</u>	
		766,000		740,000		740,000	
Current assets:							
Stocks: Raw materials	20,000		25,000		10,000		16
Work in progress	20,000		18,000		12,000		11
Finished goods	16,500		20,500		15,000		14
Debtors	172,500		153,000		139,000		131
Banks	8,000		20,500		52,000		35
Cash	<u>3,300</u>		16,500		32,000		10
		240,300	<u>10,500</u>	264,000	-	260,000	<u>15</u>
Current Liabilities:							
Trades creditors	101500		102,000				112
Taxation	37000		30,000				32
Accrual expenses	<u>11500</u>	<u>(150,000)</u>	<u>18,000</u>	<u>(150,000)</u>		<u>(153,000)</u>	<u>10</u>
		<u>856,800</u>		<u>854,000</u>		<u>847,000</u>	
Financed by:							
Capital		470,000		470,000		470,000	
Reserves		26,000		30,000		15,000	
Profits and loss A/C		60,800		54,000		62,000	
<u>Long term liabilities</u>							
Loan		<u>300,000</u>		<u>300,000</u>		<u>300,000</u>	
		<u>856,800</u>		<u>854,000</u>		<u>847,000</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX IV_A
AISHAT YOGHURT ENTERPRISES
FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
DECEMBER 2004

	2004		2003		2002		2001
	₦	₦	₦	₦	₦	₦	₦
Turn over		696,000		692,000		698,000	
Cost of goods sold:							
Finished stock at start	26,000		26,000		21,000		30,000
Cost of production	505,000		505,000		528,000		522,000
	531,000		531,000		549,000		552,000
Finished goods at close	<u>(28,000)</u>		<u>(28,000)</u>		<u>(26,000)</u>		<u>(21,000)</u>
		<u>(503,000)</u>		<u>(494,000)</u>		<u>(523,000)</u>	
Gross profit		193,000		198,000		175,000	
Other income		<u>2,500</u>		<u>6,000</u>		<u>-</u>	
		195,500		204,000		175,000	
Wages and salaries	46,000		49,000		34,000		30,000
Rent and rates	23,000		16,000		18,000		10,000
Power and lighting	29,000		17,000		9,000		9,200
Insurance	11,000		11,000		10,500		10,800
Audit fees	10,500		9,000		10,000		11,000
Sundry expenses	15,000		11,200		9,000		9,500
Administrative expenses	14,300		26,800		12,000		14,000
General expenses	12,000		12,000		21,500		12,000
Discount allowed	5,200		12,000		10,000		9,500
Depreciation							
Plant and machinery	11,000		11,000		11,000		11,000
Delivery van	10,000		10,000		10,000		10,000
Furniture and fittings	<u>8,000</u>	<u>195,000</u>	<u>8,000</u>	<u>193,000</u>	<u>8,000</u>	<u>163,000</u>	<u>8,000</u>
Profit before tax		500		11,000		12,000	
Corporate tax		<u>(180)</u>		<u>3,850</u>		<u>4,200</u>	
Profit after tax		<u>320</u>		<u>7,150</u>		<u>7,800</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX IV_B
AISHAT YOGHURT ENTERPRISES
FIVE YEAR BALANCE SHEET AS AT 31ST DECEMBER 2004

	2004		2003		2002		2001
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV:							
Freehold premises		300,000		300,000		300,000	
Fixtures and fittings		176,000		187,000		19,800	
Equipments		160,000		170,000		180,000	
Motor vehicles		<u>128,000</u>		<u>136,000</u>		<u>144,000</u>	
		764,000		793,000		822,000	
Current assets:							
Stocks: Raw materials	10,000		10,500		10,000		12,000
WIP	9,500		10,000		11,000		9,000
Finished goods	28,000		26,000		26,000		21,000
Debtors	28,900		49,000		52,500		35,000
Banks	20,000		19,100		20,000		20,500
Cash	19,700		18,400		10,500		10,000
Prepayment	<u>17,300</u>	143,400	<u>5,600</u>	138,600	<u>12,000</u>	142,000	<u>6,500</u>
Current Liabilities:							
Trades creditors	168,000		169,000		180,000		190,000
Taxation	180		12,150		4,200		7,000
Accrual expenses	<u>2,420</u>	<u>(170,600)</u>	<u>3,850</u>	<u>(185,000)</u>	<u>19,800</u>	<u>(204,000)</u>	<u>5,000</u>
		<u>736,800</u>		<u>746,600</u>		<u>760,000</u>	
Financed by:							
Capital		700,000		700,000		700,000	
Reserves		36,480		39,450		52,200	
Profits and loss A/C		<u>320</u>		<u>7,150</u>		<u>7,800</u>	
		<u>736,800</u>		<u>746,600</u>		<u>760,000</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX IV_c
AISHAT YOGHURT ENTERPRISES
FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
DECEMBER 2009

	2009		2008		2007		N
	N	N	N	N	N	N	
Turn over		720,000		716,000		710,000	
Cost of goods sold							
Finished stock at start	26,000		26,000		21,000		30,000
Cost of production	<u>493,000</u>		<u>482,000</u>		<u>516,000</u>		<u>510,000</u>
	<u>519,000</u>		<u>508,000</u>		<u>537,000</u>		<u>540,000</u>
Finished goods at close	(28,000)		(26,000)		(26,000)		(21,000)
		(491,000)		(482,000)		(511,000)	
Gross profit		229,000		234,000		199,000	
Other income		<u>66,000</u>		<u>50,000</u>		<u>59,000</u>	
		295,000		284,000		258,000	
Wages and salaries	46,000		39,500		34,000		30,000
Rent and rates	23,000		16,000		18,000		10,000
Power and lighting	19,000		16,500		9,000		9,000
Insurance	11,000		10,000		10,500		10,000
Audit fees	10,500		9,000		10,000		11,000
Sundry expenses	15,000		11,200		9,000		9,000
Administrative expenses	14,300		26,800		21,500		12,000
General expenses	5,200		12,000		10,000		8,000
Discount allowed	12,000		1,200		12,000		12,000
Depreciation							
Plant and machinery	11,000		11,000		11,000		11,000
Delivery van	11,000		11,000		11,000		11,000
Furniture and fittings	<u>8,000</u>	<u>(185,000)</u>	<u>8,000</u>	<u>(182,000)</u>	<u>8,000</u>	<u>(163,000)</u>	<u>8,000</u>
Profit before tax		110,000		102,000		95,000	
Corporate tax		<u>(33,000)</u>		<u>(30,600)</u>		<u>(28,500)</u>	
Profit after tax		<u>77,000</u>		<u>71,400</u>		<u>77,000</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX IV_D
 AISHAT YOGHURT ENTERPRISES
 FIVE YEAR BALANCE SHEET AS AT 31ST DECEMBER 2009

	2009		2008		2007	
	₦	N	₦	₦	₦	₦
Fixed assets at NBV						
Office buildings		400,000		400,000		300,000
Office furniture		228,000		239,000		250,000
Plant and machinery		160,000		170,000		180,000
Tools and equipment		<u>128,000</u>		<u>36,000</u>		<u>144,000</u>
		916,000		845,000		874,000
Current assets:						
Stocks: Raw materials	22,000		18,000		20,000	
Work in progress	18,000		16,000		18,000	
Finished goods	28,000		26,000		26,000	
Debtors	171,000		169,000		158,500	
Banks	45,000		30,000		32,500	
Cash	25,000		19,500		10,000	
Prepayment	-	301,000	<u>8,500</u>	287,000	<u>25,000</u>	280,000
Current Liabilities:						
Trades creditors	170,000		168,000		144,000	
Taxation	19,000		12,000		25,500	
Accrual expenses	33,000	<u>(220,000)</u>	<u>30,600</u>	<u>(21,060)</u>	<u>18,000</u>	<u>(187,500)</u>
		<u>997,000</u>		<u>1,021,400</u>		<u>966,500</u>
Financed by:						
Capital		700,000		700,000		700,000
Reserves		27,000		50,000		-
Profits and loss A/C		70,000		71,400		66,500
Long term liabilities						
Loan		<u>200,000</u>		<u>200,000</u>		<u>200,000</u>
		<u>997,000</u>		<u>1,021,400</u>		<u>966,500</u>

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX V_A
KAMAL (SOAP) LIMITED
FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
DECEMBER 2004

	2004		2003		2002	
	₦	₦	₦	₦	₦	₦
Turn over		790,000		782,000		804,000
Cost of sales						
Finished stock at start	20,000		22,500		21,000	
Cost of production	<u>419,000</u>		<u>430,000</u>		<u>404,000</u>	
	439,000		452,500		425,000	
Finished goods at close	(159,000)		(20,000)		(225,000)	
		<u>(423,100)</u>		<u>(342,500)</u>		<u>(402,500)</u>
Gross profit		366,900		349,500		401,500
Other income		<u>26,100</u>		<u>10,500</u>		<u>17,500</u>
		393,000		360,000		419,000
Audit fees	20,000		25,000		22,000	
Consultancy & legal charges	18,500		23,000		25,000	
Medical expenses	30,500		21,500		31,400	
Wages and salaries	120,000		121,500		119,500	
Printing and stationery	29,500		31,000		16,900	
Commission paid	21,400		13,500		19,100	
Director's remuneration	48,000		34,500		45,000	
Rents and rates	10,600		10,500		20,500	
Transport and travelling	21,500		21,000		16,000	
Selling and distribution	1,100		6,000		30,000	
Administrative expenses	13,500		8,000		12,000	
Insurance	17,000		13,000		12,000	
<u>Depreciation</u>						
Plant and machinery	10,500		10,500		10,500	
Delivery van	10,000		10,000		10,000	
Furniture and fittings	11,000	(383,000)	11,000	(360,000)	11,000	(411,000)
Profit before tax		10,000		-		8,000
Corporate tax		<u>(3,000)</u>		-		<u>(2,400)</u>
Profit after tax		<u>7,000</u>		-		<u>5,600</u>

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX V_B
KAMAL (SOAP) LIMITED
FIVE YEAR TRADING BALANCE SHEET AS AT 31ST DECEMBER 2004

	2004		2003		2002	
	₦	₦	₦	₦	₦	₦
Fixed assets at NBV						
Freehold premises		138,000		138,500		149,000
Plant and machinery		130,000		130,000		140,000
Delivery van		126,000		157,000		168,000
Fixtures and fittings		<u>110,000</u>		<u>110,000</u>		<u>110,000</u>

		504,000		535,500		567,000	
Current assets:							
Stocks: Raw materials	12,000		9,000		15,000		11,000
Work in progress	11,500		10,000		11,000		8,000
Finished goods	15,900		20,000		22,500		21,000
Debtors	102,550		89,500		169,000		46,000
Banks	220,000		220,500		62,500		215,200
Cash	212,100		18,000		34,100		10,500
Prepaid	<u>15,000</u>	589,050	-	367,000	20,200	362,600	7,500
Current Liabilities:							
Trades creditors	158,000		179,500		139,000		75,900
Taxation	93,000		90,000		88,800		3,600
Accruals	23,050	<u>(274,050)</u>	22,500	<u>(292,000)</u>	3,500	<u>(114,000)</u>	13,800
		<u>819,000</u>		<u>610,500</u>		<u>415,600</u>	
Financed by:							
Capital	400,000		400,000		400,000		400,000
Reserves	412,000		210,500		10,000		10,000
Profits and loss A/C	<u>7,000</u>		<u>-</u>		<u>5,600</u>		<u>5,600</u>
	<u>819,000</u>		<u>610,500</u>		<u>415,600</u>		<u>415,600</u>

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX V_C
KAMAL SOAP LIMITED
FIVE YEAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
DECEMBER 2009

	2009		2008		2007		N
	N	N	N	N	N	N	
Turn over		890,000		892,000		879,000	
Cost of sales:							
Finished stock at start	20,000		22,500		21,000		16,000
Cost of production	<u>319,000</u>		<u>330,000</u>		<u>516,000</u>		<u>333,000</u>
	339,000		352,000		537,000		352,000
Finished goods at close	(15,900)		-20,000		<u>(26,000)</u>		<u>(21,000)</u>
		<u>(323,100)</u>		<u>(332,500)</u>		<u>(327,500)</u>	
Gross profit		566,900		549,500		557,500	
Other income		<u>66,100</u>		<u>70,500</u>		<u>60,000</u>	
		633,000		620,000		611,500	
Audit fees	17,500		16,500		16,500		16,500
Consultancy & legal charges	22,500		24,000		21,000		20,000
Medical expenses	23,000		20,000		22,500		26,000
Wages and salaries	114,000		106,000		102,000		101,000
Printing and stationery	16,900		20,000		14,500		15,000
Commission paid	11,100		12,000		9,000		10,000
Director's remuneration	32,000		31,000		30,000		25,000
Rents and rates	9,540		19,600		21,000		19,000
Transport and traveling	10,000		6,000		13,500		10,000
Selling and distribution	6,100		8,400		9,000		10,000
Interest on loan	2,500		25,000		25,000		25,000
<u>Depreciation</u>							
Plant and machinery	10,500		10,500		10,500		10,000
Delivery van	10,000		10,000		10,000		10,000
Furniture and fittings	11,000	<u>(32,000)</u>	11,000	<u>(320,000)</u>	11,000	<u>(315,500)</u>	11,000
Profit before tax		312,840		300,000		296,000	
Corporate tax		<u>(93,860)</u>		<u>(90,000)</u>		<u>(88,800)</u>	
Profit after tax		<u>219,000</u>		<u>210,000</u>		<u>207,200</u>	

Source: NASSI Headquarters, Kaduna (2009).

APPENDIX V_D
KAMAL SOAP LIMITED
FIVE YEAR BALANCE SHEET AS AT 31ST DECEMBER 2009

	2009		2008		2007		₦
	₦	₦	₦	₦	₦	₦	
Fixed assets at NBV:							
Office buildings		200,000		200,000		200,000	
Office furniture		168,000		178,500		189,000	
Plant and machinery		160,000		170,000		180,000	
Tools and equipment		<u>176,000</u>		<u>187,000</u>		<u>198,000</u>	
		704,000		735,500		767,000	
Current assets:							
Stocks: Raw materials	14,500		10,000		15,000		12
Work in progress	12,600		20,000		11,000		10
Finished goods	15,900		20,000		22,500		21
Debtors	179,500		172,000		169,000		150
Banks	112,000		191,500		62,500		120
Cash	139,910		46,000		134,100		56
	<u>19,000</u>	493,410	-	459,500	<u>20,200</u>	434,300	<u>12</u>
Current Liabilities:							
Trades creditors	34,550		234,550		139,000		930
Taxation	93,860		93,860		88,800		80
Accrual expenses	-	<u>(138,410)</u>	-	<u>(135,000)</u>	<u>3,500</u>	<u>(131,300)</u>	<u>14</u>
		<u>869,000</u>		<u>860,000</u>		<u>860,000</u>	
Financed by:							
Capital		400,000		400,000		400,000	
Reserves		28,000		-		12,800	
Profits and loss A/C		191,000		210,000		207,200	
Long term liabilities:							
Loan		<u>250,000</u>		<u>250,000</u>		<u>250,000</u>	
		<u>869,000</u>		<u>860,000</u>		<u>870,000</u>	

Source: NASSI Headquarters, Kaduna (2009).