Capital Structure Composition and Financial Performance of Firms in the Brewery Industry: Evidence from Nigeria

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Abstract
This work studies Capital Structure Compostion and Fincial Performance of Firms in the Brrewery Industry, evidance from Nigeria, The Study made use of Two Brrewery listed in the Nigeria Stock Exchange during the period of 2004-2013. We used four financial performance measures;Retain Earing(RE); Net asset value per Share(NAVPS); Market price per Share(MPS) and Tobin's Q; as dependent varribles and Four Capital Compostion: Current Libity to Total Asset, Total Liblity to Total Assets, Debt to Equity and Debt to Asset as Independent varible. Using regression method we found out that the Capital Structure Compostion are negatively related to Fincial Performace. We concluede that capital structur compostion have no impact on Finaial Performace , which is consisted with the Peacking Order Theory.
Keywords: Capital Structure Compostion, Financial Performance, Brewery Indusrty, Nigeria.

INTRODUCTION
On a daily basis we hear corporate officers, professional investors, and analysts discuss a firm's capital structure. Many may not know what a capital structure is or why they should even concern themselves into this term, but the concept of capital structure is extremely important (Martis.2013). One of the importance's of capital structure is that it is tightly related to the ability of firms to fulfil the needs of various stakeholders. The term capital structure is defined by Weston and Brigham (1979) as the permanent financing of the firm represented by long-term debt, preferred stock and net worth. According to Van Hone and Wackomic(1995) Capital structure is the mix of a firm's permanent long-term financing represented by debt, preferred stock and common stock equity. Saad (2010) argue that the term capital structure means the way a firm finance their assets through the mix of equity, debt or hybrid securities. There are various alternative of debt-equity ratio, these includes; 100% equity: 0% debt, 0% equity: 100% debt and x% equity: Y% debt (Dara & Sola 2010). From these three alternative options one is that of unlevered firm. That is the firm that shows the advantage of leverage (of any). Option two is that of a firm that has no equity capital. This opinion may not actually be realistic or possible in the real life economic situation because no provider of funds will invest his money in a firm interest equity capital. This partially explains the term "trading on equity that is it is the equity element that is present in the firm's capital structure that encourages the debt providers to give their scarce resources to the business. Option three is the most realistic one in that, it combines both a certain percentage of debt are equity in the capital structure and thus, the advantages of leverage.

The current financial crisis has put great pressure in domestic and International firms especially underperforming firms. The supply of credit has dropped dramatically, while increase risk and increased cost of capital pressure firms in finding the right balance between debt and equity. (Olokoyo 2012). According to Akeem, Edwin, Kiyanjui &Kayode (2014) the corporate sector in the country is characterized by a large number of firms operating in a largely deregulated and increasingly competitive environment. Since 1987, financial liberalization resulting from the structural adjustment program changed the operating environment of firms, the economic environment has not been conducive for business while both monetary and fiscal policies of government have not been stable lending rate has being as the increase from 75 percent in 1980 to a peak of 29.8 percent in 1992, 13% in 2014, 11%in 2015 but it derived to 16.9 percent in 2006. The high interest rate implies that cost of borrowing went up in organized financial market, thus increased the cost of operations.
The main objective of the study is to critically examine the capital structure composition and financial performance of firms in the Brewery Industry.

Objective of the study
The main objective of the study is to evaluate capital structure composition and financial performance of firms in the Brewery Industry: Specifically the study will,
1.   Ascertain the influence of capital structure composition and financial performance of firms in the Brewery Industry.
2.   Determine the relationship between capital structure composition and financial performance of firms in the Brewery Industry.

3.   Evaluate the Capital structure composition and firm's performance in Brewery Industry.

Research questions
1.   What impact has Current liability to Total Asset on Retain Earrings of Brewery Industry in Nigeria?
2.   Is there any consideration between Total liabilities to Total Asset Net Asset Values per Share of Brewery Industry in Nigeria?
3.   In what ways does Debt to Equity affects Market Price per Share of Brewery Industry Nigeria?
4.   Does Debt to Assets have any effect using Tobin q of Brewery Industry in Nigeria?

Statement of Hypothesis
HO_1 There is no significant relationship between Current liabilities to Total Assets and Retain Earrings.
HO_2 There is no significant correlation between Total liabilities to Total Assets, and Net asset Value per share.
HO_3 There is no significant different between Debt to Equity and Market Price per Share.
HO_4 There is no significant correlation between debt to asset and Tobin q.

2. Literature Review
2.1 Conceptual Review
The term capital structure according to Kennon (2010) refer to the percentage of Capital (money) at work in a business by type; two forms of capital: equity capital and debt capital Alfred (2007) says that firms capital structure implies the proportion of debt and equity in the total capital structure of the firm Pandey (1999) differentiated between capital structure and financial structure of a firm by affirming that the various means used to raise funds represent the proportionate relationship between long term debt and equity. Inanga and Ajayi (1999) does not include short-term credit, but means the composite structure is described as the capital mix of both equity and debt capital in financing its assets.

Capital structure, preferred stock and common equity are mostly used by firms to raise needed funds. Capital structure policy seeks a trade of between risk and expected return Kayode, Akeem Terer, and Kiyanjui (2014). The firm must consider its business risk, tax positions, financial flexibility and managerial conservation or aggressiveness, while these factors are crucial in determining the target capital structure, operating condition may cause the actual capital structure to differ from the main capital structure.

According to Kayode et al (2014) it is a critical decision for any business organization for an appropriate capital structure, the decision is not only because of the need to maximize returns to various organizational constituencies, but on an organization's ability to deal with its competitive environment.

Capital structure is the combination of both equity and debt and equity structure of a company, it can also be referred to as the way a corporation finances its assets through some combination of equity, debt or hybrid securities; that is the combination of both equity and debt. A firm's capital structure is then the combination of both equity and debt.

Firms Performance
Performance concept is a contentions matter due to its multidimensional meanings Murphy, Trailer, & Hill, (1996) argue that research in firm performance originates from strategic management and organization theory performance can be explored from two points of view. Financial and organizational a company's performance can be measured based on variables that involve productivity, returns, growth or even customers satisfaction.

Financial performance (reflected in profit maximization, maximizing return on asset and maximizing shareholders return based on the firms efficiency, Chakravarthy (1989) according to Barbosa (2005) the assessment of financial performance is based in the return on investment, residual income earnings per share, dividend yield, price/earnings ratio growth in sales and market capitalization.

2.2 THEORETICAL REVIEW
Irrelevant and Relevant Theory
Modigliani and Miller (MM), 1958 illustrates that under certain key assumptions, firms value is unaffected by its capital structure. Capital market is assumes to be perfect is Modigliani and Miller's, world, where insides and outsides have free access to information, no transaction lost, bankruptcy cost and taxation exist; equity and debt choice become irrelevant and internal and external funds can be perfected substituted. The M-M theory (1958) argues that the value of a firm should not depend on its capital structure. The theory argued further that a firm should have same market value, of which capital structure levels of a company should depend on the return and risks of its operational and not on the way it finances those operations.

This theory is criticized by many researchers objective that there are no perfect capital markets in reality, although later they revised their earlier theory by incorporating tax benefit and argued that under market

imperfection where interest payments are tax deductible, firm value will increase with the level of financial leverage (Modigliani & Miller 1963)

Pecking Order Theory

The pecking order theory of capital structure as introduced by Donaldzon (1961) is among the most influential theories of corporate leverage. It goes contrary to the idea of firms having a Unique combination of debt and equity finance, which minimize their lost of capital. The theory says that when a firm is holing for ways of finance its long term investments, it has a very-defined order of preference with respect to the sources of finance it uses. It state that a firm's first preference should be that utilization of internal funds (i.e retain earnings), followed by debt and then external equity.

He argues that the more profitable the firms become, the lesser they borrow because they would have sufficient internal project.

He further argues that it is when the internal finance is inadequate that a firm should source for external finance and most preferably bank borrowings or corporate bond.

Pecking under theory tries to capture the costs of asymmetric information which states that companies promotes their services of financing (from internal financing to equity) according to the principle of least effort, or of least resistance, preferring to raise equity as a financing means of last result. Hence internal funds is used first and when that is exhausted debt is issued and when it is not sensible to issue any more problem arising from information asymmetry firms usually fulfil their financing needs by preferring retained earnings as their main source of financing, followed by debt and finally external & equity financing as the last resort.

Market timing theory

Banker and Wurgler (2003) recommend this new theory of capital structure, which suggests that managers can increase current shareholder's wealth by timing the issue of securities. Therefore firms time their equity issues by selling new stocks when the stock price is perceived to be overvalued and buying back own shores when they are undervalued.

Empirical Review

Tian Zeitun (2007) investigated the effect of capital structure on corporate performance of companies' in Jordan using a panel data sample representing 68 companies during the period 1989 to 2003. The study used panel data models to estimate different measures of corporate performance such as the return in asset (ROA) return on equity (ROE) earnings before interest and tax plus deprecation to total asset (PROF) as account performance's measurement and Tobin's Q. market value of equity to book value of equity (MBVR), price earnings (PIE) ratio and market value of equity plus book value of liabilities divided by book value of equity (MBVE) as market performance's measurements. The study also analyzed the variable using descriptive statistics and correlation matrix. The result shows that a firm's capital structure has a significant negative impact on the firm's performance using both the accounting and market measurement.

The study funds that short term debt to total assets (STDTA) as leverage measure has a significantly positive effect on the market performance measure (Tobin's Q) contrary to other measure of leverage such as total debt and long term debt to total assets.

Salawu (2007) carried out an empirical analysis of capital structure of 50 selected non-financial quoted companies of Nigeria between the period 1990 and 2004. The study investigates the main determinants of capital structure of the selected quoted firms in Nigeria. The study employs two different analytical techniques namely the descriptive statistics and the inferential statistics (panel data econometrics techniques) in analyzing secondary data obtained from annual reports of the selected companies and reports of the Nigeria stock exchange. The result show that debt financing for listed companies in Nigeria for the period studied corresponds mainly to a short term debt native. Leverage is found to be negatively correlated with profitability. The size of the firm is however found to be positively correlated with total debts which according to the author, suggest that large firms can better support higher debt ratios than small firms.

Olokoyo (2012) carried out a study in capital structure and corporate performance of Nigeria quoted firms. A panel data approach using a total of 101 quoted firms from 2003 to 2007. It was found out that a firm's leverage has a significant negative impact in firms accounting performance measure (ROA). An interesting finding is that any leverage measures have a positive and highly significant relationship with the market performance measure (Tobin's Q). It was established that the maturity structure of debt affect the performance of firms significantly and size of the firm has a significant positive effect on the performance of firms in Nigeria.

San & Heng (2011) study the relationship between capital structure and performance of Malaysian construction industry in the financial crises of 2007-2008 that study badly affected the economies of Malaysia. They demonstrate a weak relationship exists between leverage and performance measured by return on assets and return in equity of Malaysian construction industry.

Khan (2012) studied the relationship of capital firms in Pakistani market listed in Karachi stock exchange during 2003-2009. He finds a negative and significant relationship between financial leverage measured by short-term debt to total assets (STDTA) and total debt to total assets (TDTA) and firm performance measured by return in assets (ROA), gross profit margin (GPM) and Tobin Q.

Taani (2013) examines the impact of capital structure on performance of 12 commercial banks listed on Amman stock exchange during 2007-2011. He finds that bank performance measured by not profit, return on capital employed and net interest margin related significantly and positively with total debt, whereas total debt is found insignificant with return on equity in the banking industry of Jordan.

Nimalthasan & Brabeta (2010) evaluate the relationship between capital structure and profitability for listed manufacturing companies in Sri Lanka. They reveal that capital structure measured by debt to equity related positively and significantly with firms profitability measured by gross profit, operating profit and not profit margin.

Chandrasekharan (2012) conducted a study using 87 firm listed on the Nigeria Stock Exchange for the period of five years (2007-2011) from static trade off. He employed the panel multiple regression analysis and the study reveals that for the firms; firm size, growth and age are significant with the debt ratio of the firm, whereas profitability and tangibility are not.

Akinyomi (2013), using three manufacturing companies randomly ,from food and beverage categories and a period of five years (2007-2011). He adopted the use of correlation analysis method and revealed that each of debt to common equity, short term debt to total debt and the age of the firms is significantly and positively related to return on asset and return on equity but long term debt to capital is significantly and relatively related to return on asset and return on equity. The study reveals that there is significant relationship between return on asset and return on equity.

Bassey, Aniekan Ikpe and Udo (2013), Sampled 60 unquoted agro-based firms in Nigeria within a period of six years (2005-2010) they employed the ordinary least square regression and descriptive statistics and revealed that only growth and educational long and short term debt ratios, assets structure age of the firms, gender of owners and export status impacted significantly in long term debt ratios, while business risk, size and profitability of firms were major determinants of short term debt ratio for the firms under investigation.

Simon – Oke and Afolabi (2011), did a study of 5 quoted firms within a period of five years (1999-2007) from the static trade- off and agency cost theory point of view. They employed the panel data regression model and revealed in their study a positive relationship between firm's performance and equity financing as well as between firm's performance and debt-equity ratio. There is also a negative relationship that exists between firm's performance and debt financing due to high cost of borrowing in the country.

Semiu and Collins (2011), using a sample size of 150 respondents and 90 firms were selected for both primary data and secondary data respectively for a period of five years (2005-2009). They employed the descriptive statistics and chi square analysis and suggested that a positively significant relationship exists between a firms choice of capital structure.

Abor (2005) also investigated the link between capital structure and profitability of firms listed in Ghana Stock Exchange for the period 1998-2002 using regression analysis he witnessed a significantly positive relation among ROE and the short term debt and total debt ratio while a negative relation with long term debt.

Ibrahim (2009) also examined the influence of capital structure choice on firm performance in Egypt. His study based on a sample of non-financial firms for the period 1997-2005 and used multiple regression analysis results suggested that firm performance has weak to no relationship with capital structure choice, likewise Khalaf (2013) also fund negative and insufficient relationship between short term and long term debt ratio and ROA and profit margin.

Nor and Fatihah (2012) tried to explore the impact of debt and equity financing on the performance of the firms listed in Bursa Malaysia. Using a sample of 130 firms for the period 2001-2010 combined with multiple regression analysis, they cited a statistical significant negative relation between capital structure and firm's performance.

Gleason, Lynette and Ike (2000) concluded that high levels of debt in the capital structure would reduce the firm's performance. They observed that firm's capital structure has a statistically significant negative effect on firm's performance matrixes i.e. return on assets (ROA) growth in sales (G sales) and pre-tax income (P tax).

Muhammad, Shan & Islam (2014), did a work as the impact of capital structure in firm performance of Pakistanis, their result reveal a strong and firm performance variable using cement companies listed on Karachi Stock Exchange during the period of 2009-2013, they also fund out a positive relationship between debt to equity and firm performance variable (GPM and NPM).

Hasan, Ahsan, Rahaman & Alam (2014) carried out a study of influence of capital structure on firm performance. Evidence from Bangladesh, they used a total of 36 firms from Bangladesh during the period of 2007-2012, using polling panel data regression method, they found out EPS –significantly related to short term debt while significantly negatively related to long term debt, on the other hand there is no statistically significant

relation exits between capital structure and firm performance as measured by ROE and Tobin's Q. they conclude that capital structure has negative impact on firms performance.

Umar, Tanreer, Aslam & Sayid (2012) Weighted the impact of Capital structure on firms financial performance from Pakistan using 100 consecutive companies in Karachi Stock Exchange for a period of four years 2006 to 2009, using least square regression to test the relationship between capital structure and firm performance.

The result show that all the variables of capital structure, CL to total asset, Long Term liabilities to total asset Earnings per share and net profit margin whereas price earnings ratio shows negative relationship with current liabilities to Total assets and positive relationship is found with long term liabilities to total Asset. These result in general lead to the conclusion that capital structure choice is an important determinant of financial performance of firms.

Soumadi and Hayajnch (2013) studied capital structure and corporate performance Empirical study in the public Jordanian shareholding firms listed in Amman Stock market using 76 firms (53 industrial firms and 23 service corporation) for a period of 2001-2006. The result of the study concluded that capital structure associated negatively and statistically with firm performance as the study sample generate.

Akeem, Adwin, Kiyanjui and Kayoda (2014) examined the effect of capital structure on firm's performance a study of manufacturing companies in Nigeria from 2003-2012, Descriptive and regression research were employed, and from the result it was observed that Capital structure and performance of Non-Financial companies listed in the Nairobi Securities Exchange .Kenya using 42 non-financial companies from 2006-2012 using applied panel data models of which the study revealed that financial leverage had a statistically significant negative association with performance.

Ali and Iman (2011) observed that firm's performance calculated by EPS and Tobin's Q is positively related with the capital structure, while they got a negative relation between capital structure and ROA. However they witnessed no significant relationship between ROE and Capital structure.

Some researchers observed weak to no relation. Phillips and Sipahioglu (2004) documented no significant link between capital structure and firm's performance for publicly traded U.K lodging firms lodging firms seen to prefer external sources as capital return is at a low level.

GAP IN LITERATURE

Considering the empirical reviews, it can be seen that no works have been done on the capital structure composition and financial performance in the brewery industry: Evidence from Nigeria. This is the gap that this work comes to fill.

3.0 Methodology

This section describes the procedures for data collection and methods of data analysis that was used for the research. This section therefore explains the most suitable research methodology required for the collection, presentation and analysis of data for the study with a view of attaining the objectives.

3.2. Source of Data.

The sample for this study is taken from two prominent firms in the brewery industry listed in Nigeria stock Exchange (NSE) during the period of this study. The sample period is Nine years ranging between 2004-2013 and it is to ensure that firm has data for at least five years during this period under study. The firms used in our study are Nigeria Brewery plc and Guinness Nigeria plc.

3.3 Description of Research Variables

The research variables were structured into dependent and independent variable for the purpose of the analysis; the main concern is to evaluate the nature and strength of the interaction between the variables. The independent variables of the study are Net asset value per share, Retained earnings, Market share price, Tobin Q. While current liability to Total Asset, Debt-Equity ratio, Debt to assets and Total liability to Total Asset are the dependent variables.

3.3.1**Retained Earnings. (RE).** Retained earnings refer to the potion of net income of a firm that is retained by the firm rather than distributed to shareholders as dividends. In the event of los the accumulated retained earnings of the firm are reduced by the amount of the loss. However, if the balance of the retained earnings account is negative it may be called retained losses.

3.3.2**. Net Asset Value per Share (NAVPS).** Is the value of firms total assets (fixed and current assets) less the value of its liabilities (long and short term liabilities) divided by the numbers of outstanding equity share. It is an accepted yardstick for estimating the performance of companies with respect to property and investment.

3.3.3 **Market Share Price (MPS).** Market share price is the value of a firm's equity share. Equity share is the unite of ownership of a company. The shares are sold to generate fund for expansion and investment. Price of

equity is determined untimely through the interaction of the forces of demand and supply.

.3.3.**4 Tobin- (Tq)** it express the firm value which is measured by dividing the market value of owner's equity plus the book value of total asset.

3.3.5. **Current Liabilities to Total Asset.** This is important determinate of the firm financial risk they represent obligation and exert pressure on the firm and restrict its activities.

3.3.**6. Debt to Equity.** The ratio is obtained by dividing total debt by total Equity.

Statement of Hypothesis:

HO_1 There is no significant relationship between Current liabilities to Total Assets and Retain Earnings.

HO_2 There is no significant correlation between Total liabilities to Total Assets, and Net asset Value per share.

HO_3 There is no significant correlation between Debt to Equity and Market Price per Share.

HO_4 There is no significant correlation between debt to asset and Tobin q.

Model for the work

CL/TA   ROE= f (CL/TA)

$RE=\beta_0 +\beta_1$ CL/TA---------------------------Eq1

TL/TA   NAPS =f(TL/TA)

NAVPS= $\beta_0+\beta_1$ TL/TA-----------------------Eq2

Debt/Equity MPPS=f (D/E)

MPPS =$\beta_0+\beta_1$ D/E----------------------------Eq3

Debt T/Asset= Tobin q =f(D/A)

Tobin Q= $\beta_0+\beta_1$(D/A)------------------------Eq4

Where β- Estimated parameter

CL- Current Liability.

TA- Total Assets.

RE- Retain Earnings

TL- Total Liability.

NAPS- Net Asset Value per Share

MPPS- Market Price per Share

DE- Debt to Equity.

DA- Debt to Assets.

HYPOTHESIS ONE

Ho_1:   There is no significant relationship between Current liabilities to Total Assets and Retain Earnings.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.135[a]	.018	-.036	60981766.460326

a. Predictors: (Constant), CL..TA

Coefficients'

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	112467042.150	116896339.945		.962	.349
	CL..TA	-184778457.358	319390099.100	-.135	-.579	.570

a. Dependent Variable: RET..EN

From the model summary it can be seen that there is a positive correlation between Current Liabilities to Total Assets and Retained Earnings of about 13.5%. Furthermore, the coefficient of determination (R^2) showed a value of .018 which indicates that only about1.8% of the variations in Retained earnings can be attributed to variations in current liabilities to Total Assets.

The coefficients above show the regression coefficients results for the study. It shows that the coefficient of regression (b) for Current Liabilities to Total Assets and Retained Earnings has a value of -184778457.358.   This indicate that (holding other variables constant) for every unit increase in Current Liabilities to Total Assets, Retained Earnings is predicted to decrease by -184778457.358 units and vice versa (i.e. an inverse relationship).

The computed t-statistics for Current Liabilities to Total Assets and Retained Earnings showed a value of -.579. This value indicates that for hypothesis one, the critical t-statistic is of 2.086 @ 0.05 level of significance is greater than the computed t-statistic of -.579. Thus, we accept the null hypothesis and conclude that there is no significant correlation between Current Liabilities to Total Assets and Retained Earnings.

HYPOTHESIS TWO

Ho$_2$:   There is no significant correlation between Total Liabilities to Total Assets, and Net Asset Value per Share.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.353[a]	.124	.076	8.946645

a. Predictors: (Constant), TL..TA

Coefficients'

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-24.809	25.388		-.977	.341
	TL..TA	70.968	44.401	.353	1.598	.127

a. Dependent Variable: NAVPS

From the model summary it can be seen that there is a positive correlation between Total Liabilities to Total Assets, and Net Asset Value per Share of about 35.3%. Furthermore, the coefficient of determination (R^2) showed a value of .124 which indicates that only about 12.4% of the variations in Net Asset Value Per Share can be attributed to variations in Total Liabilities to Total Assets.

The coefficients above show the regression coefficients results for the study. It shows that the coefficient of regression (b) for Total Liabilities to Total Assets, and Net Asset Value Per Share is 70.968. This indicate that (holding other variables constant) for every unit increase in Total Liabilities to Total Assets, Net Asset Value Per Share is predicted to increase by 70.968 units and vice versa.

The computed t-statistics for Total Liabilities to Total Assets, and Net Asset Value Per Share showed a value of 1.598. This value indicates that for hypothesis two, the critical t-statistic is of 2.086 @ 0.05 level of significance is greater than the computed t-statistic of1.598. Thus, we accept the null hypothesis and conclude that there is no significant correlation between Total Liabilities to Total Assets, and Net Asset Value per Share

HYPOTHESIS THREE

Ho$_3$:   There is no significant correlation between Debt to Equity and Market Price per Share.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.127[a]	.016	-.039	75.014406

a. Predictors: (Constant), DT..EQT

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	79.404	79.738		.996	.333
	DT..EQT	31.270	57.573	.127	.543	.594

a. Dependent Variable: MPS

From the model summary it can be seen that there is a positive correlation between Debt to Equity and Market Price per Share of about 12.7%. Furthermore, the coefficient of determination (R^2) showed a value of .016 which indicates that only about 1.6% of the variations in Market Price per Share can be attributed to variations in Debt to Equity.

The coefficient of regression (b) for Debt to Equity and Market Price per Share is 31.270. This indicates that (holding other variables constant) for every unit increase in Debt to Equity, Market Price per Share is predicted to increase by 31.270 units and vice versa.

The computed t-statistics for Debt to Equity and Market Price per Share showed a value of .543. This value indicates that for hypothesis three, the critical t-statistic is of 2.086 @ 0.05 level of significance is greater than the computed t-statistic of .543. Thus, we accept the null hypothesis and conclude that there is no significant correlation between Equity and Market Price per Share.

HYPOTHESIS FOUR

Ho$_4$:   There is no significant correlation between debt to asset and Tobin Q

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.408[a]	.167	.120	.139198

a. Predictors: (Constant), DT..ASST

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.523	.395		-1.324	.202
	DT..ASST	1.310	.691	.408	1.897	.074

a. Dependent Variable: TBsQ

From the model summary it can be seen that there is a positive correlation between Debt to Asset and Tobin's Q is 40.8%. Furthermore, the coefficient of determination (R^2) showed a value of.167 which indicates that only about 16.7% of the variations in Tobin's Q can be explained by changes in Debt to Assets

The coefficient of regression (b) for Debt to Asset and Tobin's Q is 1.310. This indicates that (holding other variables constant) for every unit increase in Debt to Asset, Tobin's Q is predicted to increase by 1.310 units and vice versa.

The computed t-statistics for Debt to Asset and Tobin's Q showed a value of 1.897. This value indicates that for hypothesis four, the critical t-statistic is of 2.086 @ 0.05 level of significance is greater than the computed t-statistic of 1.897. Thus, we accept the null hypothesis and conclude that there is no significant correlationship between Debt to Asset and Tobin's Q.

5. CONCLUSIONS

This Study aims to examine the Capital Structure Composition and Financial Performance of Firms in the Brewery Industry in Nigeria, from the period of 2004-2013. The result of this study reveals that there is no statistical significant relationship between Current Liability, Total Liability to Total Asset, and Debt Equity to Financial Performance.

Lastly our finding indicates that there is no statistical significant relation between Tobin's Q and Capital Structure.

We can conclude that Capital Structure composition has negative impact on Financial Performance, that is to say the debt incorporate in the capital structure the Financial Performance and vice versa. This is in line with the proposition of Pecking Order Theory as developed by Myers and Majlut(1984). Studies like Harris andRariv(1991), Rajan and Zingales(1995), Fama and French(2002), Gleason, Lynette and Ike (2000), Booth Aivazian, Demirgue-Kunt, and Maksimovic(2001), Manawaduge at el(2011), Anup and Suman (2010), Muhammad Hussain at el(2014) and Hasan Bokkhiar et al(2014 also supported this negative relationships.

This Negative relationship can be cause by the higher cost of debt due to underdeveloped market in Nigeria.

With the result of the analysis, it shows that the Mangers of this industry do not make use of their Capital Composition in Financing their business which is a welcome development on their part instead of having much attachments on Debt the make use of other source of fund s in Financing their business.

6. LIMITATIONS

The main limitation of this study include

First, it is only focus on one sector of the economy i.e. the Brewery Sector; however there are many other sectors in Nigeria.

Secondly the study used only two firms form the Brewery industry this can also be increase to five or six.

Thirdly the period of study used include only nine years data. In order to get more accurate and defined result, the long time series data can be collected.

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