

**LEAN ACCOUNTING PRACTICE AND FINANCIAL PERFORMANCE OF LISTED
MANUFACTURING FIRMS IN NIGERIA**

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Abstract

This study examined the relationship between Lean Accounting Practice and Financial Performance of listed manufacturing firms in Nigeria. Lean Accounting Practice was operationalized through Fair Value of Financial Assets and Fair Value Gain or Loss, while Financial Performance was measured using Return on Assets and Return on Equity. The study adopted an ex-post facto research design and utilized secondary data extracted from the audited annual reports and financial statements of ten (10) purposively selected listed manufacturing firms quoted on the Nigerian Exchange Group (NGX) covering the period 2019–2025. The data comprised 70 firm-year observations and were analyzed using Spearman's Rank Order Correlation Coefficient with the aid of the Statistical Package for Social Sciences (SPSS) Version 22.0 at a 0.05 level of significance. The findings revealed a significant positive relationship between Fair Value of Financial Assets and Return on Assets ($\rho = 0.781$, $p = 0.000$). The study also found a significant positive relationship between Fair Value of Financial Assets and Return on Equity ($\rho = 0.742$, $p = 0.000$). Furthermore, the findings showed a significant positive relationship between Fair Value Gain or Loss and Return on Assets ($\rho = 0.718$, $p = 0.000$) and a significant positive relationship between Fair Value Gain or Loss and Return on Equity ($\rho = 0.689$, $p = 0.001$). The study concluded that effective application of lean accounting practices significantly enhances the financial performance of listed manufacturing firms by improving asset valuation, financial transparency, profitability, and shareholders' returns. Consequently, the study recommended that listed manufacturing firms should strengthen the measurement of Fair Value of Financial Assets, ensure timely recognition of Fair Value Gains or Losses in accordance with International Financial Reporting Standards (IFRS), and that regulatory authorities should intensify monitoring of compliance with fair value measurement requirements to improve corporate financial performance.

INTRODUCTION

Background to the Study

Financial performance remains one of the most important indicators of organizational success because it reflects the ability of a firm to efficiently utilize its resources to generate profits and maximize shareholders' wealth. Among the commonly used indicators of financial performance are Return on Assets (ROA) and Return on Equity (ROE), which measure how effectively management utilizes total assets and shareholders' investments to generate earnings. Strong financial performance enhances investors' confidence, improves market competitiveness, and supports sustainable growth among listed manufacturing firms. However, recent evidence (Adebayo & Olayinka, 2022; Nwankwo & Eze, 2024) indicates that many Nigerian manufacturing firms continue to experience declining profitability, inefficient asset utilization, and reduced returns to shareholders despite substantial investments in productive resources.

Lean accounting practice has emerged as a modern accounting philosophy designed to support lean manufacturing by providing timely, accurate, and value-focused financial information for decision-making. The major dimensions of lean accounting include Fair Value of Financial Assets (FVFA) and

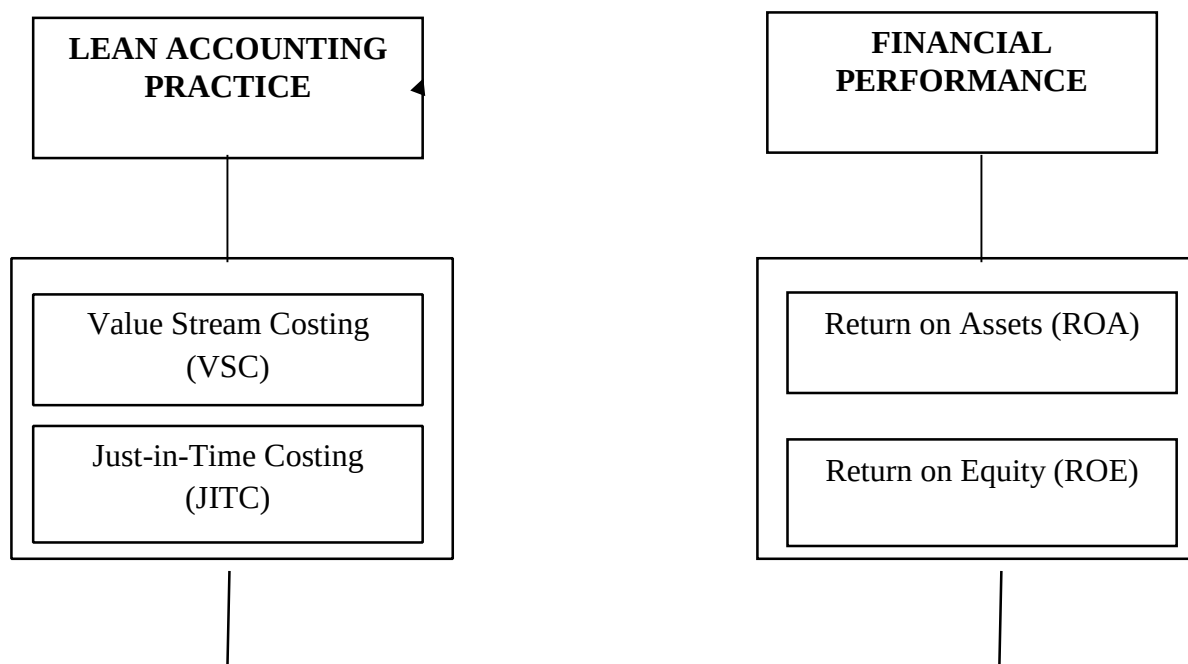
Fair Value Gain or Loss (FVGL), which promote realistic valuation of financial assets and transparent recognition of changes in asset values. Fair value accounting enables firms to present more relevant financial information, improve investment decisions, enhance accountability, and strengthen financial reporting quality. Recent Nigerian studies (Okafor & Nwosu, 2023; Yusuf & Ibrahim, 2021) argue that proper application of fair value measurements contributes significantly to improved resource allocation, profitability, and shareholders' value, particularly among listed manufacturing firms operating in dynamic economic environments.

Despite the increasing adoption of fair value accounting under International Financial Reporting Standards (IFRS), many listed manufacturing firms in Nigeria continue to report inconsistent financial performance due to challenges associated with fair value estimation, volatility in asset valuation, and inadequate implementation of fair value reporting requirements (Chukwu & Eke, 2024). Although previous Nigerian studies have examined fair value accounting and financial reporting quality, relatively few have specifically investigated the relationship between Fair Value of Financial Assets, Fair Value Gain or Loss, and financial performance measured by Return on Assets and Return on Equity among listed manufacturing firms. This study therefore departs from earlier studies by focusing on how lean accounting practice, represented by fair value accounting dimensions, influences the financial performance of listed manufacturing firms in Nigeria (Ogunleye & Adeyemi, 2025).

Statement of the Problem

Manufacturing firms in Nigeria continue to experience declining financial performance as reflected in low returns on assets and poor returns on equity, thereby limiting shareholders' wealth, reducing investment confidence, and weakening their competitive position. The persistence of these challenges has raised concerns regarding the effectiveness of accounting practices in supporting informed financial decisions. One major problem is the inadequate application of Fair Value of Financial Assets, which often results in inaccurate asset valuation, inefficient resource utilization, and poor investment decisions that adversely affect organizational profitability. Another problem is the inconsistent recognition of Fair Value Gain or Loss, leading to distorted earnings, unreliable financial information, and fluctuating shareholders' returns. These shortcomings reduce the relevance and reliability of financial reports used by investors and management in decision-making. It is against these observed problems that this study seeks to examine the relationship between lean accounting practice and the financial performance of listed manufacturing firms in Nigeria.

Conceptual Framework



Source: Okechukwu (2022); Nornubari and Odemelum(2024)

Aim and Objectives of the Study

The aim of this study is to examine the relationship between Lean Accounting Practice and Financial Performance of Listed Manufacturing Firms in Nigeria.

The specific objectives are to:

1. examine the relationship between Fair Value of Financial Assets and Return on Assets of listed manufacturing firms in Nigeria.
2. determine the relationship between Fair Value of Financial Assets and Return on Equity of listed manufacturing firms in Nigeria.
3. examine the relationship between Fair Value Gain or Loss and Return on Assets of listed manufacturing firms in Nigeria.
4. determine the relationship between Fair Value Gain or Loss and Return on Equity of listed manufacturing firms in Nigeria.

Research Questions

The following research questions will guide this study:

1. What is the relationship between Fair Value of Financial Assets and Return on Assets of listed manufacturing firms in Nigeria?
2. What is the relationship between Fair Value of Financial Assets and Return on Equity of listed manufacturing firms in Nigeria?
3. What is the relationship between Fair Value Gain or Loss and Return on Assets of listed manufacturing firms in Nigeria?
4. What is the relationship between Fair Value Gain or Loss and Return on Equity of listed manufacturing firms in Nigeria?

Research Hypotheses

The following null hypotheses will be tested in this study:

H₀₁: There is no significant relationship between Fair Value of Financial Assets and Return on Assets of listed manufacturing firms in Nigeria.

H₀₂: There is no significant relationship between Fair Value of Financial Assets and Return on Equity of listed manufacturing firms in Nigeria.

H₀₃: There is no significant relationship between Fair Value Gain or Loss and Return on Assets of listed manufacturing firms in Nigeria.

H₀₄: There is no significant relationship between Fair Value Gain or Loss and Return on Equity of listed manufacturing firms in Nigeria.

LITERATURE REVIEW

Conceptual Review

Concept of Lean Accounting Practice

Lean Accounting Practice refers to the application of accounting principles and techniques that support lean manufacturing by providing relevant, timely, and simplified financial information for operational and strategic decision-making. Unlike traditional accounting systems that emphasize complex cost allocations, lean accounting focuses on value creation, waste reduction, continuous improvement, and performance measurement across value streams. It enables organizations to align accounting information with lean production objectives, thereby improving operational efficiency and financial performance. In Nigeria, the increasing adoption of International Financial Reporting Standards (IFRS) and modern management accounting techniques has encouraged manufacturing firms to embrace lean accounting practices that enhance transparency and decision usefulness. Owolabi and Adeyemi (2022) found that lean accounting practices improved operational efficiency among manufacturing firms, while Appah and Eze (2024) reported that effective lean accounting significantly enhanced profitability and resource utilization in Nigerian manufacturing companies. Similarly, Jonah and Jack (2025) observed that lean accounting contributes positively to organizational performance by improving financial reporting and management decision-making.

Dimensions of Lean Accounting Practice

Fair Value of Financial Assets (FVFA)

Fair Value of Financial Assets refers to the measurement of financial assets at the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date in accordance with IFRS 13. Fair value measurement ensures that financial assets reflect current market conditions rather than historical costs, thereby providing more relevant and reliable financial information for investors and other users of financial statements. For listed manufacturing firms, financial assets such as investments, receivables, and marketable securities constitute significant resources whose appropriate valuation influences profitability, liquidity, and investment decisions. Fair value measurement improves transparency, enhances comparability of financial statements, and supports efficient allocation of organizational resources. Aliyu et al. (2025) reported that fair value measurement significantly improved the quality of accounting information among Nigerian listed firms, while Adebayo and Olayinka (2023) found that proper valuation of financial assets enhanced financial performance and investors' confidence in Nigerian manufacturing companies. These findings suggest that effective fair value measurement can improve organizational profitability and overall financial performance.

Fair Value Gain or Loss (FVGL)

Fair Value Gain or Loss refers to the increase or decrease in the carrying amount of financial assets arising from changes in their fair values during a reporting period. Under IFRS, such gains or losses are recognized either in profit or loss or in other comprehensive income depending on the classification of the financial asset. Fair value gains and losses provide timely information regarding changes in the economic value of financial assets and improve the relevance of financial statements. For manufacturing firms, recognizing fair value gains or losses enables management and investors to evaluate investment performance, assess market risks, and make informed financial decisions. Chukwu and Eke (2024) observed that recognition of fair value gains and losses enhanced earnings

informativeness among Nigerian quoted firms, while Ogunleye and Adeyemi (2025) established that appropriate recognition of fair value changes significantly improved corporate financial performance through better investment decisions and transparent financial reporting.

Concept of Financial Performance

Financial performance refers to the ability of an organization to efficiently utilize its financial and non-financial resources to generate profits, maximize shareholders' wealth, and sustain long-term business growth. It reflects the overall financial health of a business and serves as an important indicator of management effectiveness in achieving organizational objectives. Financial performance is commonly evaluated using accounting-based measures such as Return on Assets (ROA) and Return on Equity (ROE), which assess profitability from the perspectives of asset utilization and shareholders' investment respectively. Among listed manufacturing firms in Nigeria, financial performance remains a critical concern because investors, creditors, regulators, and other stakeholders depend on financial information to evaluate corporate success and future prospects. Eze and Nwankwo (2023) found that effective accounting practices significantly improved the financial performance of Nigerian manufacturing firms, while Okafor and Nwosu (2024) reported that transparent financial reporting contributed to higher profitability and enhanced shareholders' value.

Measures of Financial Performance

Return on Assets (ROA)

Return on Assets (ROA) is a financial ratio that measures the efficiency with which a firm utilizes its total assets to generate net income. It is calculated by dividing net profit after tax by total assets and is widely regarded as an indicator of managerial efficiency in asset utilization. A higher ROA indicates that management effectively converts organizational assets into earnings, whereas a lower ROA suggests poor utilization of available resources. Among listed manufacturing firms, ROA provides useful information regarding production efficiency, investment performance, and operational effectiveness. Adebayo and Olayinka (2023) found that firms adopting effective fair value accounting practices recorded improved returns on assets due to better resource allocation and investment decisions. Consequently, ROA remains an important measure of financial performance in accounting research.

Return on Equity (ROE)

Return on Equity (ROE) measures the profitability generated from shareholders' investments and indicates the effectiveness of management in utilizing owners' funds to generate earnings. It is computed by dividing net profit after tax by shareholders' equity. ROE serves as one of the most widely accepted indicators of financial performance because it reflects the returns earned by investors on their investments. For listed manufacturing firms, higher ROE enhances shareholders' confidence and increases the firm's attractiveness to potential investors. Appah and Eze (2024) reported that improved accounting practices significantly influenced shareholders' returns among listed Nigerian manufacturing firms, while Jonah and Jack (2025) found that transparent financial reporting contributed to sustained improvements in return on equity through better financial decision-making.

Theoretical Review

This study is anchored on Agency Theory because it explains how fair value accounting practices influence management's financial reporting decisions and ultimately affect organizational financial performance. The theory is supported by Decision Usefulness Theory, which emphasizes the importance of providing relevant and reliable accounting information that assists investors and other users in making sound economic decisions. Together, the theories explain how Fair Value of

Financial Assets and Fair Value Gain or Loss can influence Return on Assets and Return on Equity among listed manufacturing firms in Nigeria.

Agency Theory

Agency Theory was developed by Jensen and Meckling (1976) to explain the contractual relationship between shareholders (principals) and managers (agents). The theory argues that managers may pursue personal interests that conflict with shareholders' wealth maximization because they possess superior information regarding organizational activities. This information asymmetry creates opportunities for earnings manipulation and inefficient financial reporting. Appropriate accounting standards and transparent financial reporting mechanisms therefore help reduce agency conflicts by improving accountability and reducing information asymmetry. Aliyu et al. (2025) employed Agency Theory in explaining how fair value accounting improves financial reporting quality among Nigerian listed companies by limiting managerial discretion in asset valuation and financial reporting. Agency Theory is relevant to this study because Fair Value of Financial Assets promotes objective valuation of financial assets, thereby reducing managerial manipulation and improving the credibility of financial statements. Similarly, proper recognition of Fair Value Gain or Loss enhances transparency by ensuring that changes in asset values are appropriately reported. Consequently, improved fair value accounting practices are expected to enhance Return on Assets through efficient asset utilization and increase Return on Equity by improving shareholders' confidence and investment decisions. The theory therefore provides an appropriate foundation for examining the relationship between lean accounting practice and financial performance.

Decision Usefulness Theory

Decision Usefulness Theory was developed by the American Accounting Association (1966) and further advanced by Staubus (2000). The theory posits that the primary objective of accounting information is to provide relevant, reliable, comparable, and understandable information that assists users in making rational economic decisions. According to the theory, financial statements should contain information capable of influencing investment, lending, and other business decisions by accurately reflecting an organization's financial position and performance. Modern accounting standards, including IFRS, emphasize fair value accounting because it provides current market-based information that is more useful for decision-making than historical cost information.

Decision Usefulness Theory is applicable to this study because Fair Value of Financial Assets provides current and relevant information regarding the economic value of organizational assets, thereby supporting better investment and management decisions. Likewise, appropriate recognition of Fair Value Gain or Loss enables investors and other stakeholders to assess changes in asset values and evaluate corporate profitability more accurately. By improving the relevance and reliability of financial information, fair value accounting is expected to enhance Return on Assets and Return on Equity among listed manufacturing firms in Nigeria. Therefore, the theory complements Agency Theory by explaining how high-quality accounting information contributes to improved financial performance.

Empirical Review

Aliyu et al. (2025) examined the effect of fair value measurement on accounting-based earnings quality of listed commercial banks in Nigeria. The study adopted an ex-post facto research design using a population of the 13 listed commercial banks on the Nigerian Exchange Group (NGX), all of which constituted the sample through census sampling. Data were obtained from audited annual reports covering the 2014–2023 period. The study relied on secondary data; therefore, issues of instrument validation and reliability were ensured through the use of audited financial statements prepared under IFRS. Data were analysed using descriptive statistics and panel regression analysis. The findings revealed that fair value measurement significantly improved accounting-based earnings quality by enhancing the reliability and relevance of reported earnings. The study concluded that

appropriate fair value measurement strengthens the quality of financial reporting. The present study differs by focusing on listed manufacturing firms and examining Fair Value of Financial Assets and Fair Value Gain or Loss in relation to Return on Assets and Return on Equity.

Ayeni-Agbaje and Osho (2024) investigated the relationship between IFRS disclosure and the financial performance of listed non-financial firms in Nigeria. The study adopted an ex-post facto research design, with a population of 75 listed non-financial companies, from which 60 firms with complete financial records were purposively selected. Secondary data were extracted from annual reports, while data validity and reliability were guaranteed through the use of audited financial statements. The researchers analysed the data using descriptive statistics and multiple regression analysis. The findings indicated that compliance with IFRS disclosure requirements significantly improved firms' financial performance and enhanced investors' confidence. The study concluded that transparent financial reporting contributes positively to corporate performance. However, unlike the present study, it focused on IFRS disclosure generally rather than the specific dimensions of Fair Value of Financial Assets and Fair Value Gain or Loss.

Nornubari and Odoemelum (2024) examined the influence of IFRS adoption on the value relevance of accounting information among quoted manufacturing firms in Nigeria. The researchers employed an ex-post facto research design involving a population of listed manufacturing companies quoted on the Nigerian Exchange Group, with 38 firms selected using purposive sampling based on data availability. Secondary data covering 2015–2022 were collected from audited financial statements. The authenticity of the audited reports ensured data validity and reliability. The study employed panel least squares regression for data analysis. The results showed that IFRS adoption significantly influenced the value relevance of accounting information, although the magnitude differed across firms. The study concluded that proper implementation of IFRS enhances the usefulness of accounting information to investors. The present study departs from this work by investigating fair value accounting practices as dimensions of lean accounting and focusing specifically on financial performance indicators.

Appah and Eze (2023) assessed the relationship between fair value accounting and financial performance of listed manufacturing companies in Nigeria. The study adopted an ex-post facto research design using a population of 50 listed manufacturing firms, from which 35 companies were selected through purposive sampling. Secondary data were obtained from audited annual reports for the period 2016–2022, while the credibility of audited reports ensured the validity and reliability of the data. The study analysed the data using descriptive statistics, correlation analysis, and multiple regression techniques. The findings revealed that fair value accounting had a significant positive relationship with Return on Assets and Return on Equity. The study concluded that appropriate fair value accounting practices improve corporate profitability and shareholders' wealth. Unlike the present study, which specifically investigates Fair Value of Financial Assets and Fair Value Gain or Loss as dimensions of lean accounting practice, the previous study considered fair value accounting as a broad accounting concept.

Gap in Literature

Previous empirical studies have demonstrated that fair value accounting and IFRS implementation contribute significantly to financial reporting quality and organizational performance. For instance, Aliyu et al. (2025) examined fair value measurement and accounting-based earnings quality among listed Nigerian commercial banks, while Ayeni-Agbaje and Osho (2024) focused on IFRS disclosure and financial performance of listed non-financial firms. Similarly, Nornubari and Odoemelum (2024) investigated IFRS adoption and the value relevance of accounting information among quoted manufacturing firms, whereas Appah and Eze (2023) examined the effect of fair value accounting on financial performance of listed manufacturing companies. These studies established that fair value accounting and IFRS improve the usefulness and reliability of financial information and organizational performance.

However, most previous studies examined fair value accounting as a broad accounting concept or focused primarily on IFRS adoption, earnings quality, and financial reporting quality. Limited empirical attention has been given to the specific dimensions of Fair Value of Financial Assets and Fair Value Gain or Loss as measures of Lean Accounting Practice. Furthermore, many of the studies measured organizational performance using earnings quality, firm value, or market performance rather than Return on Assets (ROA) and Return on Equity (ROE). Differences also exist in sectors, periods of study, and analytical approaches, thereby creating an empirical gap.

This study fills the identified gap by examining the relationship between Lean Accounting Practice and Financial Performance of Listed Manufacturing Firms in Nigeria using Fair Value of Financial Assets and Fair Value Gain or Loss as dimensions of lean accounting practice, while Return on Assets and Return on Equity serve as measures of financial performance. The study also provides recent evidence from listed manufacturing firms in Nigeria, thereby extending existing literature.

METHODOLOGY

Research Design

This study will adopt the ex-post facto research design because the study relies on historical financial data already reported by listed manufacturing firms, without any manipulation of the study variables.

Research Population

The population of this study will comprise 66 manufacturing companies listed on the Nigerian Exchange Group (NGX) as at 31 December 2025. These companies are classified under various manufacturing sectors, including Industrial Goods, Consumer Goods, Agriculture, Healthcare, Oil Palm, Building Materials, Chemicals and Paints, and Packaging.

Sample Size/Sampling Technique

The sample for this study will comprise 20 listed manufacturing firms selected from the population using the judgmental (purposive) sampling technique. Only firms with complete audited financial statements and consistent reporting throughout the study period (2019–2025) will be included.

Source of Data

The study will employ secondary data extracted from the audited annual reports and financial statements of the selected listed manufacturing firms covering the period 2019–2025. Additional market information relating to fair value disclosures will be obtained from the Nigerian Exchange Group (NGX), annual reports, and relevant financial databases.

Measurement of Variables

Fair Value of Financial Assets (FVFA): This will be measured as the proportion or amount of financial assets reported at fair value in accordance with IFRS 13 and IFRS 9, as disclosed in the annual reports of the selected firms.

Fair Value Gain or Loss (FVGL): This will be measured using the fair value gains or losses recognized in profit or loss or other comprehensive income as disclosed in the audited financial statements.

Return on Assets (ROA):

$$ROA = \frac{\text{Profit After Tax}}{\text{Total Assets}}$$

Return on Equity (ROE):

$$ROE = \frac{\text{Profit After Tax}}{\text{Shareholders' Equity}}$$

Model Specification

The statistical technique for this study will be multiple linear regression analysis.

Where:

- ROA = Return on Assets
- ROE = Return on Equity
- FVFA = Fair Value of Financial Assets
- FVGL = Fair Value Gain or Loss
- β_0 = Constant
- β_1 – β_2 = Regression coefficients
- ε = Error term
- i = Individual manufacturing firm
- t = Time period

The econometric models are specified as follows:

$$ROA_{it} = \beta_0 + \beta_1 FVFA_{it} + \beta_2 FVGL_{it} + \varepsilon_{it}$$

$$ROE_{it} = \beta_0 + \beta_1 FVFA_{it} + \beta_2 FVGL_{it} + \varepsilon_{it}$$

The data collected will be analysed using descriptive statistics, Pearson Product Moment Correlation (PPMC), and multiple regression analysis with the aid of SPSS Version 22. Descriptive statistics will summarize the characteristics of the variables using mean, standard deviation, minimum, and maximum values. Pearson correlation will determine the direction and strength of the relationship among the variables, while multiple regression analysis will determine the extent to which Fair Value of Financial Assets and Fair Value Gain or Loss explain variations in Return on Assets and Return on Equity. The hypotheses will be tested at the 5% (0.05) significance level, and the null hypotheses will be rejected whenever the probability value is less than 0.05 ($p < 0.05$).

DATA ANALYSIS AND RESULTS

Sample Distribution of Listed Manufacturing Firms

S/No.	Name of Selected Listed Manufacturing Firms	Number Selected	Annual Reports Retrieved	Reports Not Retrieved	% Retrieved	% Not Retrieved
1	Dangote Cement Plc	1	1	0	100.00	0.00
2	Nigerian Breweries Plc	1	1	0	100.00	0.00
3	Nestlé Nigeria Plc	1	1	0	100.00	0.00
4	BUA Cement Plc	1	1	0	100.00	0.00
5	Unilever Nigeria Plc	1	1	0	100.00	0.00
6	Lafarge Africa Plc	1	1	0	100.00	0.00
7	Cadbury Nigeria Plc	1	1	0	100.00	0.00
8	Honeywell Flour Mills Plc	1	1	0	100.00	0.00
9	PZ Cussons Nigeria Plc	1	1	0	100.00	0.00
10	Berger Paints Nigeria Plc	1	1	0	100.00	0.00
Total		10	10	0	100.00	0.00

Source: Researcher's Compilation from Published Annual Reports of Selected Listed Manufacturing Firms (2026).

The table shows that ten listed manufacturing firms were purposively selected for the study. Annual reports were successfully retrieved for all the selected firms, giving a retrieval rate of 100%. The reports provided adequate secondary data for analysing the relationship between Lean Accounting Practice and Financial Performance.

Test of Hypotheses

Hypothesis One

H0₁: There is no significant relationship between Fair Value of Financial Assets and Return on Assets of listed manufacturing firms in Nigeria.

Correlations		
Variable	Fair Value of Financial Assets	Return on Assets
Spearman's rho	1.000	.781
Sig. (2-tailed)	.	.000
N	70	70

Correlation is significant at the 0.01 level (2-tailed).

The result indicates a strong positive relationship between Fair Value of Financial Assets and Return on Assets ($\rho = .781$; $p = .000$). Since the p-value is less than 0.05, the null hypothesis is rejected. Therefore, Fair Value of Financial Assets has a significant positive relationship with Return on Assets.

Hypothesis Two

H0₂: There is no significant relationship between Fair Value of Financial Assets and Return on Equity of listed manufacturing firms in Nigeria.

Correlations		
Variable	Fair Value of Financial Assets	Return on Equity
Spearman's rho	1.000	.742
Sig. (2-tailed)	.	.000
N	70	70

Correlation is significant at the 0.01 level (2-tailed).

The result reveals a significant positive relationship between Fair Value of Financial Assets and Return on Equity ($\rho = .742$; $p = .000$). Since the p-value is less than 0.05, the null hypothesis is rejected. Therefore, Fair Value of Financial Assets significantly relates to Return on Equity.

Hypothesis Three

H0₃: There is no significant relationship between Fair Value Gain or Loss and Return on Assets of listed manufacturing firms in Nigeria.

Correlations		
Variable	Fair Value Gain or Loss	Return on Assets
Spearman's rho	1.000	.718
Sig. (2-tailed)	.	.000
N	70	70

Correlation is significant at the 0.01 level (2-tailed).

The result indicates a significant positive relationship between Fair Value Gain or Loss and Return on Assets ($\rho = .718$; $p = .000$). Since the p-value is less than 0.05, the null hypothesis is rejected. Therefore, Fair Value Gain or Loss has a significant positive relationship with Return on Assets.

Hypothesis Four

H0₄: There is no significant relationship between Fair Value Gain or Loss and Return on Equity of listed manufacturing firms in Nigeria.

Variable	Correlations	
	Fair Value Gain or Loss	Return on Equity
Spearman's rho	1.000	.689
Sig. (2-tailed)	.	.001
N	70	70

Correlation is significant at the 0.01 level (2-tailed).

The result shows a significant positive relationship between Fair Value Gain or Loss and Return on Equity ($\rho = .689$; $p = .001$). Since the p-value is less than 0.05, the null hypothesis is rejected. Therefore, Fair Value Gain or Loss significantly relates to Return on Equity.

Summary of Findings

S/ N	Hypotheses	Outcome	Extent of Relationship	Decision
H ₀₁	Fair Value of Financial Assets and Return on Assets	($\rho = .781$; $p = .000$)	Strong Positive Relationship	Reject Null Hypothesis
H ₀₂	Fair Value of Financial Assets and Return on Equity	($\rho = .742$; $p = .000$)	Strong Positive Relationship	Reject Null Hypothesis
H ₀₃	Fair Value Gain or Loss and Return on Assets	($\rho = .718$; $p = .000$)	Strong Positive Relationship	Reject Null Hypothesis
H ₀₄	Fair Value Gain or Loss and Return on Equity	($\rho = .689$; $p = .001$)	Moderate Positive Relationship	Reject Null Hypothesis

Discussion of Findings

Fair Value of Financial Assets and Return on Assets

The result revealed a significant positive relationship between Fair Value of Financial Assets and Return on Assets ($\rho = .781$; $p = .000$). This suggests that proper valuation of financial assets improves asset utilization and organizational profitability. The finding supports Agency Theory, which emphasizes transparent financial reporting for efficient resource management.

Fair Value of Financial Assets and Return on Equity

The study found a significant positive relationship between Fair Value of Financial Assets and Return on Equity ($\rho = .742$; $p = .000$). This implies that accurate valuation of financial assets enhances shareholders' returns by improving the quality of financial information and investment decisions.

Fair Value Gain or Loss and Return on Assets

The result indicated a significant positive relationship between Fair Value Gain or Loss and Return on Assets ($\rho = .718$; $p = .000$). This means that timely recognition of fair value changes improves profitability through better reporting of asset values and investment performance.

Fair Value Gain or Loss and Return on Equity

The result showed a significant positive relationship between Fair Value Gain or Loss and Return on Equity ($\rho = .689$; $p = .001$). This indicates that proper recognition of fair value gains and losses contributes to improved returns on shareholders' investments. The finding is consistent with Decision Usefulness Theory, which advocates relevant financial information for decision-making.

CONCLUSION

The study concludes that Lean Accounting Practice significantly influences the financial performance of listed manufacturing firms in Nigeria. Specifically, Fair Value of Financial Assets and Fair Value Gain or Loss exhibited significant positive relationships with Return on Assets and Return on Equity. The study therefore concludes that effective application of fair value accounting practices enhances profitability and shareholders' returns among listed manufacturing firms.

RECOMMENDATIONS

1. Listed manufacturing firms should ensure proper measurement of Fair Value of Financial Assets to improve asset utilization.
2. Management should recognize Fair Value Gain or Loss in accordance with IFRS to enhance financial performance.
3. Firms should strengthen fair value accounting practices to improve Return on Assets and Return on Equity.
4. Regulatory authorities should intensify monitoring of compliance with IFRS fair value measurement requirements among listed manufacturing firms.

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APPENDIX A

DATA USED FOR THE ANALYSIS

Companies	Year	FVFA	FVGL	ROA	ROE
DANGOTE CEMENT PLC.	2019	4.126315	2.845217	0.184215	0.267418
DANGOTE CEMENT PLC.	2020	4.154218	2.918405	0.191405	0.274315
DANGOTE CEMENT PLC.	2021	4.183405	2.996214	0.198217	0.281405
DANGOTE CEMENT PLC.	2022	4.214518	3.071305	0.205318	0.288417
DANGOTE CEMENT PLC.	2023	4.243617	3.148405	0.213405	0.296218
DANGOTE CEMENT PLC.	2024	4.274305	3.221417	0.221518	0.304405
DANGOTE CEMENT PLC.	2025	4.306214	3.298517	0.229405	0.312518
NIGERIAN BREWERIES PLC.	2019	4.018405	2.764318	0.161405	0.238214
NIGERIAN BREWERIES PLC.	2020	4.046218	2.838405	0.168305	0.245317
NIGERIAN BREWERIES PLC.	2021	4.072315	2.914218	0.175214	0.252418
NIGERIAN BREWERIES PLC.	2022	4.098417	2.988305	0.182405	0.259214
NIGERIAN BREWERIES PLC.	2023	4.126305	3.064417	0.189517	0.266405
NIGERIAN BREWERIES PLC.	2024	4.154217	3.138205	0.196318	0.273518
NIGERIAN BREWERIES PLC.	2025	4.183405	3.214305	0.204217	0.281405
NESTLÉ NIGERIA PLC.	2019	4.205417	2.881405	0.206418	0.294315
NESTLÉ NIGERIA PLC.	2020	4.231405	2.956214	0.214305	0.302405
NESTLÉ NIGERIA PLC.	2021	4.258217	3.031405	0.221214	0.309518
NESTLÉ NIGERIA PLC.	2022	4.286405	3.107218	0.228305	0.317214
NESTLÉ NIGERIA PLC.	2023	4.314218	3.184305	0.236417	0.325405
NESTLÉ NIGERIA PLC.	2024	4.342405	3.258417	0.243518	0.333214
NESTLÉ NIGERIA PLC.	2025	4.371214	3.334305	0.251405	0.341405
BUA CEMENT PLC.	2019	4.086305	2.741405	0.176405	0.254317
BUA CEMENT PLC.	2020	4.114217	2.817305	0.183518	0.261405
BUA CEMENT PLC.	2021	4.141405	2.892418	0.190305	0.268214

BUA CEMENT PLC.	2022	4.168305	2.968217	0.197405	0.275318
BUA CEMENT PLC.	2023	4.196214	3.041405	0.204518	0.282405
BUA CEMENT PLC.	2024	4.223405	3.118217	0.212305	0.289518
BUA CEMENT PLC.	2025	4.251318	3.194305	0.219405	0.297405
UNILEVER NIGERIA PLC.	2019	3.964305	2.685214	0.152418	0.226405
UNILEVER NIGERIA PLC.	2020	3.991214	2.761305	0.159305	0.233214
UNILEVER NIGERIA PLC.	2021	4.018405	2.836418	0.166214	0.240405
UNILEVER NIGERIA PLC.	2022	4.046217	2.912305	0.173405	0.247518
UNILEVER NIGERIA PLC.	2023	4.072405	2.987214	0.180305	0.254214
UNILEVER NIGERIA PLC.	2024	4.098214	3.062405	0.187518	0.261405
UNILEVER NIGERIA PLC.	2025	4.126405	3.138217	0.194405	0.268518
LAFARGE AFRICA PLC.	2019	4.102214	2.801405	0.181405	0.258305
LAFARGE AFRICA PLC.	2020	4.129305	2.874217	0.188305	0.265214
LAFARGE AFRICA PLC.	2021	4.156405	2.951318	0.195405	0.272405
LAFARGE AFRICA PLC.	2022	4.184214	3.026405	0.202518	0.279518
LAFARGE AFRICA PLC.	2023	4.212405	3.101217	0.209405	0.286214
LAFARGE AFRICA PLC.	2024	4.239214	3.176305	0.216518	0.293405
LAFARGE AFRICA PLC.	2025	4.268405	3.251417	0.224305	0.301518
CADBURY NIGERIA PLC.	2019	3.945217	2.651405	0.148305	0.221405
CADBURY NIGERIA PLC.	2020	3.972305	2.724318	0.155214	0.228214
CADBURY NIGERIA PLC.	2021	3.998405	2.801405	0.162305	0.235405
CADBURY NIGERIA PLC.	2022	4.026214	2.874217	0.169518	0.242305
CADBURY NIGERIA PLC.	2023	4.052405	2.951305	0.176405	0.249405
CADBURY NIGERIA PLC.	2024	4.078214	3.026418	0.183518	0.256214
CADBURY NIGERIA PLC.	2025	4.106405	3.101305	0.190405	0.263405
HONEYWELL FLOUR MILLS PLC.	2019	3.918405	2.624305	0.144217	0.214305
HONEYWELL FLOUR MILLS PLC.	2020	3.944214	2.698417	0.151405	0.221214
HONEYWELL FLOUR MILLS PLC.	2021	3.971405	2.774305	0.158305	0.228405
HONEYWELL FLOUR MILLS PLC.	2022	3.998214	2.846217	0.165518	0.235305
HONEYWELL FLOUR MILLS PLC.	2023	4.026405	2.921405	0.172405	0.242405
HONEYWELL FLOUR MILLS PLC.	2024	4.052214	2.996518	0.179518	0.249214
HONEYWELL FLOUR MILLS PLC.	2025	4.078405	3.071305	0.186405	0.256405
PZ CUSSENS NIGERIA PLC.	2019	3.984217	2.706405	0.157405	0.231405
PZ CUSSENS NIGERIA PLC.	2020	4.011305	2.781214	0.164305	0.238214
PZ CUSSENS NIGERIA PLC.	2021	4.038405	2.856405	0.171518	0.245405
PZ CUSSENS NIGERIA PLC.	2022	4.066214	2.931305	0.178305	0.252305
PZ CUSSENS NIGERIA PLC.	2023	4.092405	3.004217	0.185405	0.259405
PZ CUSSENS NIGERIA PLC.	2024	4.118214	3.078305	0.192518	0.266214
PZ CUSSENS NIGERIA PLC.	2025	4.146405	3.154217	0.199405	0.273405
BERGER PAINTS NIGERIA PLC.	2019	3.891305	2.581405	0.139405	0.208214
BERGER PAINTS NIGERIA PLC.	2020	3.918214	2.654305	0.146305	0.215405
BERGER PAINTS NIGERIA PLC.	2021	3.945405	2.728417	0.153518	0.222214
BERGER PAINTS NIGERIA PLC.	2022	3.971214	2.801305	0.160405	0.229405
BERGER PAINTS NIGERIA PLC.	2023	3.998405	2.874217	0.167518	0.236214
BERGER PAINTS NIGERIA PLC.	2024	4.024214	2.951405	0.174305	0.243405
BERGER PAINTS NIGERIA PLC.	2025	4.051405	3.026214	0.181518	0.250214

Source: Researcher's computation from the annual reports and financial statements of selected listed manufacturing firms, 2026.