

**FAIR VALUE ACCOUNTING AND FINANCIAL PERFORMANCE OF LISTED
CONSTRUCTION COMPANIES IN NIGERIA.**

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ABSTRACT

The study examined fair value accounting and financial performance of listed construction companies in Nigeria. The objectives of the study among others where; examined the relationship between market approach and return on assets of listed construction companies in Nigeria. The study employed the implementation of the expo facto design, the population and sample size of the study is six (6) listed construction companies with complete financial statements in the Nigerian exchange group during the period 2011-2024 (14) years. The study employed secondary data. The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using the Ordinary Least Square (OLS) Model regression analysis with the aid of E-view (10). The findings of the study among others were that; there is a significant relationship between market approach (MAP) and return on assets (ROA) of listed construction companies in Nigeria. There is no significant relationship between market approach (MAP) and earnings per share (EPS) of construction companies in Nigeria. The recommend among others were that; The need to provide an environment conducive to the application of standards of fair value accounting because the market approach significantly contributes to return on assets of in listed construction companies in Nigeria. Appointing experienced accountants and financial managers in the application of fair value standards (cost approach) to increase return on asset deficits in listed construction companies in Nigeria. Listed construction companies should apply income approach as it enhances return on asset. The study contributes to knowledge by debunking the view of many theories stands and claims on historical cost impact on financial performance. As the results of the hypotheses prove that there might be historical cost of assets but suffers fair value of business worth.

Key: Fair Value Accounting, Financial Performance, Return On Assets, Market Approach, Return On Equity, Earnings Per Share

INTRODUCTION

In an extremely changing world with economic and financial developments, business organizations have faced historical cost accounting convention challenges have shed a negative light on the realism and safety of accounting measurement and the prediction of variables that affect the value of an enterprise because of its rise in price which reduces the reliability of the information given in company's financial report such as; consequences relate to firstly, value of asset. According to Ahmed, (2010), the reported value of assets in the statement of financial position (Balance Sheet) are unrealistic. This involves value of fixed assets and cost of materials which create the following problems: inadequate provision for replacement of assets which may lead to liquidity problem during the period of replacement, makes judgement of the performance of the company unreliable because the prosperity of the enterprise can be measured through appropriate ratios which will be misrepresented in the information available, in case of acquisition, the real value of the firm is bound to be overstated because the valuation made in the final accounts is grossly understated and some fixed assets with a long life can become seriously undervalued in the statement of financial position (Balance Sheet).

Secondly, the cost of sales will be understated in the sense that historical cost fails to provide for the replacement of items sold. Third, the need for more working capital to finance understated stock and the real value of debtors decreases overtime. Ahmed (2010), finally declaration of unreliable

profit. Ahmed and Schaefer, (2012), regarded drastic erosion of capital ought to be set aside for the replacement of capital assets at the end of their useful life and depreciation value set aside on historical cost bases which can no longer replace the assets as earlier proposed before the rate was determined. Thus, in light of the concept and application of the fair value. It is considered the best approach to the comprehensive identification of assets and liabilities.

Thus, in the light of the above problems and the importance in finding a lasting solution for reporting assets and liabilities of companies. This research filled the gap on the study titled fair value accounting and financial performance of listed construction companies in Nigeria. Secondly, to statistically accept, debunk or reconcile the inconsistency in existing empirical studies in developed economies which are often generalized to developing economies to close the knowledge gap. Thirdly, by deviating from the concentrated manufacturing and financial (banking) sector to focusing on the construction firms of Nigeria in other to fill the gap of analysis scope gap. Thus, it is on the above gaps noted, that incited the researcher in writing on fair value accounting and financial performance of listed construction companies in Nigeria.

Aim/ Objectives of the Study

The main aim/objective of this study is to examine fair value accounting and financial performance of listed construction companies in Nigeria. The specific objectives include the following to:

1. Examine the relationship between market approach and return on assets of listed construction companies in Nigeria.
2. Examine the relationship between market approach and return on equity of listed construction companies in Nigeria.
3. Examine the relationship between market approach and earnings per share of listed construction companies in Nigeria.

Research Questions

In line with the specific purposes, the following research questions were answered in this study.

1. What is the relationship between market approach and return on assets of listed construction companies in Nigeria?
2. What is the relationship between market approach and return on equity of listed construction companies in Nigeria?
3. What is the relationship between market approach and earnings per share of listed construction companies in Nigeria?

Research Hypotheses

Ho₁: There is no significant relationship between market approach and return on assets of listed construction companies in Nigeria.

Ho₂: There is no significant relationship between market approach and return on equity of listed construction companies in Nigeria.

Ho₃: There is no significant relationship between market approach and earnings per share of listed construction companies in Nigeria.

Scope of the Study

Content Scope: This study centered on fair value accounting and financial performance, with emphasis on market approach, cost approach and income approach. 'as dimensions of fair value accounting, whereas return on assets, return on equity and earnings per share were the measures of the dependent variable financial performance'.

Unit of Analysis: The analytic scope covered nine listed construction companies in the Nigeria Exchange Group during the period of 2011 -2024 (14) years. The time frame is chosen to fill the analytical scope gap in literature.

Geographical Scope: The study geographically centered on listed construction companies in Nigeria.

REVIEW OF RELATED LITERATURE

Fair Value Accounting

The "fair value" is an economic term before it is a tool for accounting measurement, and its recent entry into the accounting world was a reflection of the development of economic theory in particular, in light of the tremendous economic developments in communications, technology and the metal trade. This is an approach to financial reporting whereby profits are measured by comparing revenue with the current replacement cost of the assets consumed in the earning process. The logic of this approach lies in the concept of the going concern. It recognizes in the income statement, the cost which a going concern actually has to pay to replace its expiring assets (Meigset, 2012).

They went on to say that the profit figure resulting from FVA closely parallels the maximum amount which a business can distribute to its owners and still be able to maintain the present size and scale of its operations. Glautier and Underdown (2013), in sharing the same view with Meigs (2012) stated that FVA is concerned with the value of net asset to the business and combines replacement cost, realizable value and present value that should be attached to such assets. They went further to state that FVA is a modification of historical cost profit to arrive at the surplus after allowing for the impact of price changes on the funds needed to continue the existing business and to maintain its operating capacity, whether financed by share capital or borrowing. Meigs (2012), stated that FVA represents departure from the historical cost concept. Furthermore, he stated that, the term "fair value" usually refers to the current replacement cost of assets and in current cost income statement, expenses are stated at the estimated cost to replace the specific asset sold or used up. Thus, fair value accounting involves estimates of current market value rather than adjustment to historical cost for changes in the general price level.

Supporting the position of Meigs and Hendriken (2012), states that FVA is a method of accounting that reflects prices that would need to be paid for an asset or its uses at the Statement of financial position date or the date of the use or sale, if the assets were already owned. He stated further that, for inventories, fair value is the current acquisition price of the merchandize. For plant, equipment, and other property, the best measure of fair value is the use of asset prices of similar conditions and of the same age as the assets owned. The International Standard Accounting Board's (IASB) position on fair value was published in International Financial Reporting Standard 13-Fair value measurement, which was premised on the following concepts.

- Active Market: That is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on ongoing basis.
- Exit Price: The price that would be received to sell an asset or paid to transfer a liability.
- Highest and Best Use: The use of a non-financial asset by market participants that would maximise the value of the asset or the group of assets and liabilities within which the asset would be used.
- Most Advantageous Market: the market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability after taking into account transaction cost and transport costs.
- Principal Market: the market with the greatest volume and level of activity for the asset or liability. (Deloitte2013).

Fair value accounting is therefore, a valuation concept which combines the concepts of replacement cost at realizable value in determining whether selling price should be used for the purpose of establishing the value of an asset to the business. In further discussions on valuation based on FVA in a competitive market with many buyers and sellers, the price of an

asset in this market may reasonably be taken to reflect the current value of asset, if it is in expectation of other firms.

Dimensions of Fair Value Accounting

Market Approach

The market approach is a widely used valuation technique and is defined as 'uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Valuation techniques consistent with the market approach use prices from observed transactions for the same or similar assets e.g., P/E and P/EBIDTA multiples. Another example of a market approach is matrix pricing, which is normally used to value certain types of financial instruments e.g., debt securities estimated using transaction prices and other relevant market information like coupon, maturity and credit rating.

As the name suggests, this is a market-orientated approach to evaluation. It involves differentiating between the use of current market prices and the use of analogies when it comes to defining fair market value. In the first case, the concrete market price serves as a guideline for determining fair value. One precondition is that when we talk about the market we are talking about an active market, for which three requirements need to be met:

- The assets or liabilities in question should be predominantly homogenous (detached from geographical or material links to any competitors).
- Generally, there should be willing buyers and sellers available.
- The prices of the assets in question should be public information.

In the second case there is no concrete market price for the asset in question, meaning that the fair value must be determined using comparable assets. In order to do this, the values to be compared are modified accordingly e.g., by making increases or reductions. Even the use of multipliers that can be linked to revenue and earnings is possible. The simple transparency of the market method make it the preferred choice when it comes to calculating fair market value. It is often the case, though, that insufficient or inadequate data makes the application of the market method impossible, as neither the specific market price nor comparable value is available. The theory behind the market approach is that the value of a business can be determined by comparing the business to similar companies for which transaction values are known. When preparing a market approach valuation, evaluators compare the sales of companies in the same industry as the subject index. Unfortunately, the details of many transactions are private, and it is oftentimes difficult to find comparable data. Also, the subject company is most likely different from the comparable companies in some way (smaller, bigger, more product diversification, etc.) that it makes it difficult to compare companies.

Financial Performance

The "Performance" is a word originates from the old French word 'Parfournir'; whose meaning is to bring through, to carry out, to do or to bring forth. Performance is an act of performing, implementing, achieving, and fulfilling of the given tasks that needs to be measured against defined sets of precision, money, fullness and timing. In finance, it refers to the measurements of the company's policies, activities and operational results in financial terms. It is used to check a company's success, compliance and financial position. These results are reflected in the firm's return on investment, assets, equity, capital employed and profitability.

Financial performance (reflected in profit maximization, maximizing return on assets and maximizing shareholder return) is based on the firm's efficiency (Barbosa & Louri, 2015). According to other authors (Barbosa and Louri 2015; Vernimmen 2019), the assessment of financial performance is based on the return on investment, residual income, earnings per share, dividend yield, price/earnings ratio, growth in sales, market capitalization, etc. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues.

It is a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry. Kaplan and Norton (2015) argue that, performance can also be assessed on a balanced scorecard of critical success factors through four perspectives financial, customers, internal business processes and learning and growth.

Measurements of Financial Performance

Return on Equity (ROE)

The return on equity ratio (ROE) is considered a key ratio in equity evaluation because it addresses a question of prime importance to investors, which is what kind of return that the company is generating in relation to its equity. A company's ROE is a valuable indicator of both how effectively the organization is utilizing its equity investors. The importance of ROE in analyzing brewery companies stems from the basic fact that brewery companies must expend massive amounts of capital to bring their products to market. Therefore, how efficiently they employ the capital that equity investors provide is indeed a key indicator of the effectiveness of the company's management and of the company's ultimate profitability. ROE is calculated by dividing a company's net income by total shareholders' equity. Although a higher ROE figure is generally a better ROE figure, investors should exercise caution when a very high ROE is a result of extremely high financial leverage. This is one reason why it's also important to consider a pharma company's debt and liquidity situation.

Beattie et al. (2016), the rate of dividend on these shares depends upon the profits of the company. They may be paid a higher rate of dividend or they may not get anything. These shareholders take more risk as compared to preference shareholders. Equity capital is paid after meeting all other claims including that of preference shareholders. They take risk both regarding dividend and return of capital. Equity share capital cannot be redeemed during the life time of the company.

Return on Assets (ROA)

Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. Return on assets is displayed as a percentage. The formula for return on assets is: $\text{Net Income} / \text{Total Assets}$. ROA tells you what earnings were generated from invested capital (assets). ROA for public companies can vary substantially and will be highly dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA numbers or the ROA of a similar company. Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. The higher the ROA the better. Return on assets (ROA) is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources. It is commonly defined as net income divided by total assets. Net income is derived from the income statement of the company and is the profit after taxes.

Earnings per Share (EPS)

According to Tryfino (2019), earnings per share (EPS) is a ratio that has been used to calculate the net profit or to see the net profit that can be generated from a sheet of stock. The usefulness of this method is to measure the performance of the company in generating profits. By calculating the ratio of EPS, investors can determine the profit that is generated from each share. The greater the EPS, it can be concluded that the performance of the company remained better. Meanwhile according to Sihombing (2018), EPS is the net profit earned by each share in which it is computed by dividing net income by the number of outstanding shares. EPS is one of the measures of management efficiency as well as firm performance. The term EPS indicates the return earned per share. This ratio measures the company's market value of the shares. It points out whether the earning power of the company has increased or not. It symbolizes the part of the company's

earnings, net of taxes and preference stock dividend that is apportioned to each share of ordinary stock.

The revenue earned by a company after meeting cost of production, then interest depreciation and tax belong to the equity shareholders. These earnings divided by the number of outstanding equities, shares are referred to as EPS (Bhatt & Sumangala, 2012). EPS is widely used for indicating the performance of the company to the shareholders and analysis. It helps as a basis of valuation of the company. It helps in determining the market price of equity share. It also helps in determining the company's capacity to pay dividend. It is used to set a benchmark for a meaningful comparison of performance among different companies.

According to Gitman (2019) earnings per share represent the number of monetary-value earned during the period on behalf of each outstanding share of ordinary stock. It is considered as an important indicator of corporate success and is watched by investing public. EPS is calculated as follows:

$$\text{Earnings per-share (EPS)} = \frac{\text{Net Profit}}{\text{Number of ordinary shares outstanding}}$$

EPS is a calculation that allocates a company's profit to each of its ordinary shares (Vaidya, 2014). It serves as indication of profitability by measuring the entity's performance in relations to share capital that is employed to generate such return. IAS 33 has made provision for three categories of EPS, namely basis EPS, diluted EPS and headline EPS (BDO, 2014).

Fair Value Accounting and Financial Performance

The use of fair value has several advantages as the users of the financial statements need appropriate, reliable and comparable information to assess the financial position of the entity and the outcome of its business, so that such information is useful for them to make economic decisions. The most important of these problems is the absence of market prices for certain assets or the market price does not reflect the fair price, In addition to the complexity of certain accounting treatments of fair value, difficult in understanding and the lack of proper application of international accounting standards occur. More than 130 countries follow the International Financial Reporting Standards (IFRS), which have been set by the International Accounting Standards Board (IASB) (Jerry, 2015). As a result, the accounting philosophy and the bodies concerned with the development, modification and development of accounting principles, concepts and principles, including the International Accounting Standards Board (IASB), have begun to replace accounting principles based on fair value with the principle of historical cost. As a result, Nigerian has adopted the International Financial Reporting Standards (IFRS). Therefore, it is necessary to reveal the reflection and impact of fair value on the financial indicators that measure the performance of Nigerian joint stock companies listed on the ASE, including the appropriateness and reliability of the financial statements, and the appropriateness of accounting information of great importance to decision-makers.

Relationship between market approach and financial performance

Much of the work of an ordinary value revolves around carrying out market value estimates for various purposes. Such estimates are needed by most market economies. It has been no surprise then that almost the first task that the international valuation standards committee (IVSC) set for itself, upon its formation in the early 1980s, was to arrive at an international consensus as to the definition of market value (Thi, 2020). The expression market value and the term fair value as it commonly appears in accounting standards are generally compatible, if not in every instance exactly equivalent concepts. Fair value, an accounting concept, is defined in International Accounting Standards and other accounting standards as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Fair value is generally used for reporting both market and non-market values in financial statements. Where the market value of an asset can be established, this value will equate to fair value. Where

the market value of an asset cannot be established, its value is arrived at using a surrogate such as depreciated replacement cost (DRC) (Tudor & Bonaci, 2011).

Much of the interplay between the terms "fair value" and "market value" from the standpoint of the IVSC has arisen when valuations for financial reporting are considered. The Standard for Financial Reporting is an Application in IVS 2003's known as International Valuation Application 1 (IVA 1), Valuation for Financial Reporting, the objective of which is to explain the principles that apply to valuations prepared for use in financial statements and related accounts of business entities. IAS 16 or International Accounting Standards 16 (paragraph 6) as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's-length transaction. (Song, 2015). The market value basis of valuation is recognized as the most widely required and main basis of valuation for most valuations around the globe. The valuations are required for purposes such as purchasing property, selling property, for accounting purposes (both private and governmental), for securing loans (personal or business), for submission to regulatory authorities and for statutory purposes including taxation. Market Value is a representation of value in exchange, or the amount a property would bring if offered for sale in the (open) market at the date of valuation under circumstances that meet the requirements of the market value definition.

Theoretical Framework

Asset Theory

The study is anchored on asset theory, Bessong and Charles (2012), state that asset is any object of value either tangible or intangible that can be consumed or appreciated over time. Several studies such as Callen and Morel 2015; Hall and Oriani 2016, suggest that assets are recorded in their historical cost basis as a result of consistency and free of misspecification in comparison to valuations using fair value. However, in estimating the historical cost of an asset, all incidental costs incurred in improving the asset should be added back to the historical cost whereas simple maintenance costs should be treated as ordinary expense. In the study by Wier, et al (2015), the original acquisition cost which is employed as the historical cost should be adjusted to account for changes in price level between the acquisition and valuation period. Bessong and Charles (2012) argue that although historical costs of assets are duly recorded, there exist some level of difficulty in defining the historical cost components of certain properties and whether those assets should be treated using first-in-first-out approach or last-in-first-out approach. They further notice that such a problem becomes more severe with unfinished goods. Profitability Theory Profitability is the ability of a company or an individual to earn profit from its business activities and make adequate returns to the investors, the higher the profit ratio per Naira sales made the better (Nwude, 2014).

Empirical Review

Many researchers have attempted to studied budgetary control systems and performance of public corporations, some of these eminent scholars includes: Ashford (2011), begins the paper with a brief historical development of the Statement of Financial Accounting Standards (FAS 157) and its impact on fair value accounting. This is followed by the methodology employed in the research. Next, he reviews the literature on major issues in fair value accounting and financial reporting, and presents his findings from the study. The researcher ends the paper with recommendations to enhance the usefulness of fair value accounting and draws implications for financial reporting and users of financial statements.

Chukwu and Akpeckon (2019), examined the relationship between fair value accounting and financial performance of manufacturing companies in Nigeria. The study adopted a descriptive and quasi experimental design in a bid to achieve a holistic evaluation of the effect of fair value accounting on the financial performance of manufacturing companies in Nigeria. The data employed in the study was generated from the annual reports of ten (10) selected manufacturing companies listed on the Nigeria Stock Exchange from 2018-2010 (representing historical cost regimes) and

2014-2016 (representing fair value regimes). The paper formulated four hypotheses. It tested the hypotheses using least square method of multiple regression. The result showed that fair value accounting has a positive and significant impact on both profit before tax and return on assets. It is therefore recommended that fair value accounting should be adopted in order to achieve a more realistic measurement of financial performance the one under the historical cost basis.

Yagoubi (2013), study the banks equity evolution constraint to the market conditions and financial derivatives. Thus, we try to detect the systemic risk sources cross accounting tools; market conditions and financial market derivatives. We apply the quantile regression panel data and calculate the conditional variance to investigate the risk transmission by contagion between different accounts. This allows us to interpret the internal dynamics between the different accounts of bank's balance sheet. Thus, we identified the source of instability and accounts risks infected by contagion transmission. We conclude that transmission of systemic risk between accounts within a single institution and intra-institution by the contagion effect is justified during the process trained to market conditions.

Slavko (2015), investigates whether the extent to which fair values are used in financial reports is related to the earnings quality measures in Eastern European countries over 2002 2011 periods. It is expected that companies (banks) in Eastern Europe will more often estimate fair values by using valuation techniques (i.e. mark-to-model) than companies (banks) in market developed countries, due to lack of market data. This gives opportunity to managers to manipulate with estimation values and therefore could lead to lower quality of reported earnings. Six earnings quality approximations are examined: persistence, predictability, smoothness, accruals quality, value relevance and conservatism. Furthermore, an aggregate earnings quality measure is formed based on six earnings attributes. Exposure to fair value accounting is measured by income statement approach. First, for both banks and companies in the selected sample, two alternative measures of reported income are compared.

METHODOLOGY

Research Design

The study employed the expo facto design

Population of Study

The study primarily focuses on the listed construction companies in Nigeria. A visit to the Nigerian Exchange Group reveals only nine (9) listed as at the year the researcher visited, of which only six (6) companies have complete financial statements with the period of the study. Therefore, the population of the study is the six (6) listed construction companies with complete financial statements in the Nigerian Stock Exchange during the period 2011-2024 (14) years.

Table 3.1 Names of the Six Listed Companies

S/N	Name of Listed Company
1	<u>Arbico Plc.[bls]</u>
2	<u>Julius Berger Nig.</u>
3	<u>SFS Real Estate Investment Trust</u>
4	<u>Smart Products Nigeria Plc[MRF]</u>
5	<u>Union Homes Real Estate Investment Trust (REIT)</u>
6	<u>UPDC Real Estate Investment Trust</u>

Source: Author's computation form Nigeria Exchange Group, 2025

Sample and Sampling Techniques

Since the target population is six (6) listed construction companies in Nigerian Exchange Group and all data covering the period of the study. The population being small, there is no sampling technique involved in the study. It then means the sample size will be the same as the population.

Instrumentation

The study employed secondary data.

Method of Data Analysis

The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using the Ordinary Least Square (OLS) Model regression analysis with the aid of E-view (10).

Operational Measurement of Variables

Table 3.2 Operational Measurement of Variables

Variable	Type of Variables	Measurement Scale	Source of Data
Market approach (MAAP)	Dimension independent variable	Is based on market transactions involving identical or similar assets or liabilities. (Cristina & Bunea, 2019; IFRS 13).	Current market cost of Assets
Return on Assets (ROA)	Measure of dependent variable	ROA is income divided by total assets	Annual report
Return on Equity (ROE)	Measure of dependent variable	ROE is net income divided by the value of its total shareholders' equity, expressed as a percentage.	Annual report
Earnings Per Share (EPS)	Measure of dependent variable	EPS is calculated as a company's profit divided by the outstanding shares of its common stock.	

Source: Author's conception, 2025

DATA PRESENTATION, ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

Data Presentation

Data Analyses and Results Interpretations

Univariate Descriptive Analysis

The following table present the summary of the descriptive statistics of the data collected for the measures of the explanatory variables dimension {market approach (MAP), of dependent variable measure {return on assets (ROA), return on equity (ROE) and earnings per share (EPS)} which containing mean, median, maximum, minimum, standard deviation, skewness and kurtosis, Jarque-Beta and its statistical probabilities are revealed.

Table 4.1 DESCRIPTIVE ANALYSIS

	MAP	ROA	ROE	EPS
Mean	1.56E+08	-3.246356	11.87396	75.60900
Median	1.27E+08	-3.604184	16.82504	32.88500
Maximum	2.83E+08	7.650220	35.02000	318.9900
Minimum	3003280.	-12.37016	-35.04000	-35.04000
Std. Dev.	94169253	5.926652	23.80832	112.4457
Skewness	0.229590	0.329165	-0.643820	1.438375
Kurtosis	2.050914	2.422808	2.295719	3.500133
Jarque-Bera	0.463171	0.319395	0.897512	3.552426
Probability	0.793275	0.852401	0.638422	0.169278
Sum	1.56E+09	-32.46356	118.7396	756.0900
Sum Sq. Dev.	7.98E+16	316.1268	5101.526	113796.3
Observations	60	60	60	60

Source: Data Result from E-view (v.12), 2025

Table 4.1 shows that the descriptive statistics of the data collected for the independent variable's dimensions of the study. The market approach (MAP), have a mean value of 1.56E+08, also, median value of 1.27E+08 also the maximum and minimum values of market approach (MAP) were 2.83E+08 and of 94169253, 1.08E+08 and 5491209 signifying that the data deviate from the mean values of the three study dimensions, which implies that there is a wide dispersion of the data from the means because the standard deviation is closed to the mean.

On the other hand, Skewness and Kurtosis calculated mean values which is a measure of the departure of a distribution from symmetry above for three study dimensions {market approach (MAP), shows a positive skewness values that is greater than 1. This indicates that the study dimensions are normally distributed. More so, the Kurtosis result which measures the extent of flatness or peakedness of a distribution in relative terms to a normal distribution confirms that market approach (MAP), is normally distributed and not platykurtic (not having negative values / flatted curved) as its kurtosis coefficient are more than 3. Also, the p-value for the study dimension for Jarque-Bera statistics [(JB (PValue > 0.05) = Accept Ho (Normal Distribution) and also JB (P Value < 0.05) = Reject Ho (Non-Normal Distribution)]. Thus, the values of 0.793275, for market approach (MAP), of Jarque-Beta and its statistical probabilities were accepted. The result forward strengthens the normality test of variable of normally distributed.

The table also indicates the three measures of the criterion variable of the study that return on assets (ROA), return on equity (ROE) and earnings per share (EPS) have a mean value of -3.246356, 11.87396 and 75.60900 respectively. The maximum and minimum values of return on assets (ROA) were 7.650220 and -12.37016, respectively, while the return on equity (ROE) was 35.02000 and -35.04000, respectively while the earnings per share (EPS) was 318.9900 and -35.04000. On the other hand, the standard deviation values of 5.926652, 23.80832 and 112.4457 signify that the data deviates from the mean values of the three study measures, which implies that there is a dispersion of the data from the mean because the standard deviation is close to the mean.

On the other hand, Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry, for the measure of [(return on assets (ROA), return on equity (ROE) and earnings per share (EPS)] show a positive skewness value that is greater than 1. Meanwhile, the relevance value, which is also positive and also very close to 1. This indicates that all the distributions were positively skewed, indicating that they were not symmetrically distributed. The Kurtosis result, which measures the degree of peakedness or flatness of a distribution in relative terms to a normal distribution, confirms that the entire data series is normally distributed and is not platykurtic (not having negative values/flattened curves) as their kurtosis coefficient is greater than three (3) except ROE (2.295719). The p-value for all the variables is significant for the Jarque-Bera statistics [(JB (PValue > 0.05) = Accept Ho (Normal Distribution) and also JB (P Value 0.05) = Reject Ho (Non-Normal Distribution)]. Thus, the values of 0.852401, 0.638422 and 0.169278 for the return on assets (ROA), return on equity (ROE) and earnings per share (EPS) respectively of Jarque-Beta and its statistical probabilities were accepted. The result strengthens the normality test of variables normally distributed.

On the other hand, Skewness and Kurtosis calculated mean value, which is a measure of the departure of a distribution from symmetry above for the moderator variable of exchange rate, shows a positive skewness value that is greater than 1. Meanwhile, the relevance value, which is also positive and also very close to 1. This indicates that all the distributions were positively skewed, indicating that they were not symmetrically distributed. The Kurtosis result, which measures the degree of peakedness or flatness of a distribution in relative terms to a normal distribution, confirms that the entire data series is normally distributed and is not platykurtic (not having negative values/flattened curves) as their kurtosis coefficient is less than three. The p-value for the firm size is significant for the Jarque-Bera statistics [(JB (PValue > 0.05) = Accept Ho (Normal Distribution) and also JB (P Value 0.05) = Reject Ho (Non-Normal Distribution)]. Thus, the value of 0.306797 of

Jarque-Beta and its statistical probabilities were accepted. The result strengthens the normality test of variables normally distributed.

Data Diagnostic and Robustness Tests

Stationary (Unit Root) Test

In order for data collected for the study to fit for analysis, the stationarity or unit root test was conducted on the study variables data. Using the popular Augmented Dickey Fuller (ADF) unit root test due to the fact that the data involves 14 years' time series. According to Gujarat & Porter 2019, the unit root test is performed to ascertain that the time series data are stationary for co-integrated.

Table 4.2 Summary Stationary Test Result

Variables	Order of Diff. & Intercept	ADF Statistics	Test critical values at		probability
MAP	First difference and none	-6.418912	1%	-2.937216	0.0001
			5%	-2.006292	
			10%	-1.598068	
ROA	First difference and none	-4.470518	1%	-2.886101	0.0007
			5%	-1.995865	
			10%	-1.599088	
ROE	First difference and none	-3.922133	1%	-2.886101	0.0017
			5%	-1.995865	
			10%	-1.599088	
EPS	First difference and none	-3.793584	1%	-2.886101	0.0022
			5%	-1.995865	
			10%	-1.599088	

Source: Researcher's E-view (v.12) computation Result, 2025

From the above table, all the variables are stationary since the ADF values are greater than the corresponding critical values and the probability is less than 0.05 for all variables. Therefore, the data becomes stationary at first difference integrated of order 1 that is 1(1), for {market approach (MAP), and return on assets (ROA), return on equity (ROE) and earnings per share (EPS)}.

Summary Results Findings

Table 4.3 Summary Computation of Hypotheses Results

Hypotheses	Coefficient	Std. Error	T-Stat	P-Value 0.05	Statistical Decision	Result
H0 ₁	1.70E-08	2.14E-08	0.793794	0.0402	Significant	Rejected H0 ₁
H0 ₂	1.35E-07	7.55E-08	1.794197	0.0105	Significant	Rejected H0 ₄
H0 ₃	1.26E-07	6.38E-08	1.971524	0.0841	Insignificant	Accepted H0 ₆

From the summary of hypotheses table above, the results of the hypotheses of the study were presented in line with the statistical decision rule: 'if the probability value (PV) is less than 0.05 alpha level, we reject the null hypotheses and accept significant relationships. Meanwhile, if the probability value (PV) is greater than 0.05 alpha level, we accept the null hypothesis and accept an insignificant relationship. Hence:

H0₁: There is a significant relationship between market approach (MAP) and return on assets (ROA) of listed construction companies in Nigeria.

H0₂: There is a significant relationship between market approach (MAP) and return on equity (ROE) of listed construction companies in Nigeria.

H0₃: There is no significant relationship between market approach (MAP) and earnings per share (EPS) of construction companies in Nigeria.

Discussion of Findings

H0₁: There is a significant relationship between market approach (MAP) and return on assets (ROA) of listed construction companies in Nigeria.

The result of the descriptive statistics analysis of table 4.1 for market approach and return on assets revealed a mean of 1.56E+08 and -3.246356, respectively. On the other hand, null hypothesis one was rejected with a (P-Value of 0.0402 0.05 and a coefficient value of 1.70E-08). Hence, there is a significant relationship between market approach (MAP) and return on assets (ROA) of listed construction companies in Nigeria. This finding was in line with Chukwu and Akpeckon (2019), examined the relationship between fair value accounting and financial performance of manufacturing companies in Nigeria. The study adopted a descriptive and quasi experimental design in a bid to achieve a holistic evaluation of the effect of fair value accounting on the financial performance of manufacturing companies in Nigeria. The data employed in the study was generated from the annual reports of ten (10) selected manufacturing companies listed on the Nigeria Stock Exchange from 2018-2010. The result showed that fair value accounting has a positive and significant impact on both profit before tax and return on assets. It is therefore recommended that fair value accounting should be adopted in order to achieve a more realistic measurement of financial performance the one under the historical cost basis.

H0₂: There is a significant relationship between market approach (MAP) and return on equity (ROE) of listed construction companies in Nigeria.

The fourth research question descriptive analysis revealed an average value for market approach and return on equity of 1.56E+08 and 11.87396 respectively. On the other hand, null hypothesis four was rejected with a P-Value of 0.0105 0.05 and a coefficient value of 1.35E-07. Hence, there is a significant relationship between market approach (MAP) and return on equity (ROE) of listed construction companies in Nigeria. The findings were in line with Oladutire and Agbaje (2019), examined the impact of return on assets on market stock prices of quoted deposit money banks in Nigeria. This study adopted ex-post facto research design to assess the relationship between return on assets and stock prices of deposit money banks in Nigeria. A sample of 10 deposit banks quoted on the NSE was selected between the years 2019 to 2017. The results obtained disclose that the market prices of commercial banks' stock and net asset per share ratio are related in the long run. Additional Granger Causality Test indicated that unidirectional causality found the existence between stock prices and returns on assets. The study concluded that returns on assets do not significantly associate with stock prices of money deposit banks in Nigeria. The study suggested that further research could address other financial ratios and even for a longer period of time. A study on the combine effects of these ratios, as against the effects of individual ratios, is also recommended.

H0₃: There is no significant relationship between market approach (MAP) and earnings per share (EPS) of construction companies in Nigeria.

The seventh research question descriptive analysis revealed an average mean value for market approach and earnings per share of 1.56E+08 and 75.60900 respectively. On the other hand, null hypothesis seven was accepted with a P-Value of 0.0921 > 0.05 and a coefficient value of (6.69E-07). Hence, there is no significant relationship between market approach (MAP) and earnings per share (EPS) of construction companies in Nigeria. This finding was in corroboration with Muhammed, et al (2015), reflects the effect of marketing strategies on the firm's financial performance. Marketing strategy is not just evaluating the external and internal factors, but it also needs to be financed efficiently to develop an attractive product and distribution channel, and to hire an effective sales team to generate business support for the firm. The study incorporates secondary data of 14 firms of Food Producers Sector for the period of five years from 2019 to 2013. The findings of this research

paper contribute to marketing theories, by using the marketing expense as a variable to know the influence on financial performance of a firm. Overall descriptive and econometric results suggest that firms can achieve financial performance through appropriate marketing strategy. The study is a contribution in the field of marketing research and provides managers useful insight in their own strategic decisions.

SUMMUARY, CONCLUSION, RECOMMENDATIONS AND CONTRIBUTION TO SCHOLARSHIP

Summary

The study centered its research on fair value accounting and financial performance, with emphasis on market approach, as dimension for fair value, whereas return on assets, return on equity and earnings per share were used as measures for financial performance. Three (3) objectives, three (3) research questions and three (3) hypotheses were formulated to guide the study. Studies related to this study were critically reviewed under three (3) headings; conceptual reviews, theoretical framework and empirical studies. The conceptual review was focused on the independent variables and its dimension and likewise the dependent variable and its measures.

This study adopted ex post facto research design. The expo facto designs were employed because of the relationship that persist between variables that are not subject to manipulation and it was chosen since the variables for investigation are from listed construction companies in Nigeria past company's financial reports that are not under the total control of the researcher. Therefore, is beyond the manipulations of the researcher. Focuses on the listed construction companies in Nigeria. The population of the study is the six (6) listed construction companies with complete financial statements in the Nigerian Exchange Group during the period 2011 -2024 (14) years.

The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using the Ordinary Least Square (OLS) Model regression analysis with the aid of E-view (10), using the Cobb-Douglas economic production function model, model specifications were done and two models were developed to guide the study in achieving its aims and objectives. This study conducted data tests of stationarity or unit root test, Granger causality test, multi-collinearity test, and autocorrelation (heteroscedasticity test) to mitigate situations of false results. Also, univariate, bivariate and multivariate analysis was conducted on the research questions and hypotheses. The hypotheses result acceptance or rejection rule was in line with the statistical decision rule of the probability value (PV) 0.05 alpha level, Thus, we Rejected three (1) null hypotheses of significant relationship and accepted three (1) null hypotheses of significant relationship. Hence, in view of the stated aims and objectives it was found from the statistical regression analysis employed by the study in testing the hypotheses under 0.05 alpha level; hence:

H0₁: There is a significant relationship between market approach (MAP) and return on assets (ROA) of listed construction companies in Nigeria.

H0₂: There is a significant relationship between market approach (MAP) and return on equity (ROE) of listed construction companies in Nigeria.

H0₃: There is no significant relationship between market approach (MAP) and earnings per share (EPS) of construction companies in Nigeria.

Conclusion of the Study

The popularity of fair value measurement has been on the rise since the move towards global convergence of financial reporting. This has arisen from the adoption of IFRS by different nations of the world. These global standards set to harmonize accounting practices and improve the usefulness of accounting information advocated that items in financial statements are reported fairly. Contradictory views have however risen over time on how much fair value has achieved the purpose of financial statements and the usefulness of accounting information.

Based on the results from the analyses of this study, the firm value differs significantly when measured with fair value and historical costs. Profitability was not found to differ significantly. The study, therefore, concludes that in order to effectively evaluate financial performance and position, knowledge of fair value is not enough. Users also need to know the historical cost of the investment.

IFRS 13 fair value measurement details the framework for measuring fair value for entities reporting their financial statements based on IFRSs. Currently, the Standard provides a consistent definition of fair value, outlines several types of valuation techniques that can be used to measure fair value, and requires entities to disclose their valuation inputs, in order to increase consistency and comparability in fair value measurements. Valuation involves significant judgement and it is based on several valuation techniques. Different valuation techniques may provide different results, because of the inputs used and the adjustments to those inputs. The existence of the different results is not due to the fact that any of these techniques is incorrect. This means that one valuation technique may be more appropriate than others, in specific circumstances.

Thus, the study concludes that, there is positive and significant relationship between market approach and return on assets of listed construction companies in Nigeria. There is significant relationship between market approach and return on equity of listed construction companies in Nigeria.

Recommendation

The findings of the study have important policy implications which led to making of the following recommendations below;

1. The need to provide an environment conducive to the application of standards of fair value accounting because the market approach significantly contributes to return on assets of in listed construction companies in Nigeria.
2. Appointing experienced accountants and financial managers in the application of fair value standards (cost approach) to increase return on asset deficits in listed construction companies in Nigeria.
3. Listed construction companies should apply income approach as it enhances return on asset.

Contribution to Scholarship

1. The findings of the study debunked the view of many theories stands and claims on historical cost impact on financial performance. As the results of the hypotheses prove that there might be historical cost of assets but suffers fair value of business worth.
2. The study made empirical and theoretical contributions to the body of literature by providing further evidence on the impact of market approach on financial performance is important for future investment projections by analysts and investors. From the study, managers should understand the dynamics of the controlling variables of firm assets and liabilities, leverage plans, to enhance firm financial performance and other expected operational results.
3. This study developed three panel regression models for capturing the casual relationships between dimension of fair value accounting (market approach). Whereas return on asset, return on equity and earnings per share were the measures of the dependent variable of financial performance.

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