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# **Non-current Assets and Financial Performance: Evidence from Listed Consumer Goods Manufacturing Companies in Nigeria**

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## **ABSTRACT**

The aim of this study was to investigate the effect of non-current assets management on financial performance of consumer goods manufacturing companies in Nigeria. The study specifically assessed the effect of plant and machinery; and motor vehicles on net profit and return on assets of consumer goods manufacturing firms in Nigeria. The study adopted the ex-post facto research design and data were sourced from the companies' annual audited financial reports for the periods 2009 to 2022. Multiple regression technique was applied in estimating the study's parameters. Findings showed that investment in plant and machinery has a positive and significant effect on net profit and return on assets; investment in motor vehicles has a positive but insignificant effect on net profit while at the same time it has negative but significant effect on return on assets of consumer goods firms in Nigeria. The study thus concluded that non-current assets affects financial performance of consumer goods manufacturing companies in Nigeria however with varying degrees. Based on the findings, it was therefore recommended that consumer goods manufacturing firms in Nigeria should encourage investment in modern plants and machinery to enhance speedy production and packaging that could bring about a reduction in production cost and an enhancement in profitability and on the return on assets of the firms. Firms in the Nigerian consumer goods industry should invest cautiously in motor vehicle as a means to ease the problem inherent in distribution of consumer goods products to the length and breadth of Nigeria. This is important as much investment in these assets could affect the financial performance on the negative side.

**Keywords:** Financial Performance, Nigeria, Non-current Assets, Oil and Gas sector

## **1. INTRODUCTION**

During the Pandemic and afterwards, where businesses have been forced to stop reduce operations while some have ceased operations as result have incurred losses, adequate management of non-current asset becomes critical to business survival. Without the right mix of investment in non-current assets, financial performance of companies especially the manufacturing companies have suffered. This is due to the huge amount of investment usually required towards provision of non-current assets so as to remain in business profitably. Financial performance is the company's financial condition over a certain period that concerns about collection and use of funds measured by various indicators of capital adequacy ratio, liquidity, leverage, solvency and profitability. The company's ability to manage and control its resources is term financial performance (Osazuwa et al., 2016). Financial performance measures how well a firm uses its resource to make a profit and it is a vital tool to several stakeholder in a firm. Financial performance therefore is crucial to any business

organization's survival and continuous patronage by investors, potential investors, creditors and other stakeholders in the business world. These stakeholders include creditors, bond holders, investors, employees and management. The various groups has its own interest in tracking the financial performance of a firm through the financial statement. Financial statements are financial records covering cash flows, statement of financial position profit -loss and capital charges that become information for corporate managers in taking the company's financial statements are the financial condition of a company comprising the statement of financial position and other financial information which include; cash flows and retained earnings

Non-current assets constitute an essential part of the overall resources that are available for organizational use. Non-current asset investment plays a vital role in carrying out corporate activities and also enhances the capacity of an organization in providing goods and services. These may include investment in items such as machinery, Information and communication technology, buildings, motor vehicles, furniture and fittings, office equipment etc. In accounting books or works, non-current assets also imply real tangible or physical capital Assets. Consumer goods firms are one of the core industries that utilize Non-current assets. Proper investment in Non-current assets is therefore essential for consumer goods companies to enable them provide the services needed by their customers. Dennis (2014), opined that acquiring Non-current assets may be one of the company's goals for the fiscal year, but the question is, how one acquires Non-current assets.

Strategies for the acquisition and investing in Non-current assets differ depending on the nature of the item. Alexander et al. (2014) stated that investment in Non-current asset can be done through direct (cash) purchase, through hire purchase (HP), through purchase on credit and through leasing. Outright (cash) purchase involves full payment of a Non-current asset while credit sale agreement postpones payment of a capital item at a later date specified in the agreement; the investor assumes ownership in both cases (Eniola & Florence, 2016). Acquisition of non-current assets through hire purchase permits instalment payments; of which ownership is obtained on the last instalment payment. Leasing on the other hand permits a user of Non-current asset to obtain the services of Non-current assets; the user may or may not assume ownership of the Non-current asset at the end of the lease term.

In a report of National Bureau of Statistics (NBS) reported in *Businessday* newspapers have it that many manufacturers have released their financial statements in the past, with declining results, and thus have indicated why their top- and bottom-lines headed south (*Businessday*, 2020). According that report, the Nigerian manufacturing sector, which is supposed to be an engine of growth to create jobs and solve the country's poverty problem, headed southwards in the second quarter of 2019 (NBS, 2019). It stressed that since the 2016 recession that crippled business activities and brought the economy to its knees, the manufacturing sector has continually recorded an inconsistent movement, reporting modest growth and later on contracting. For example, the sector recovered from by 1.36 percent in the first quarter of 2017—as the country began to heal from the shock of a 2014 oil price collapse that made the central bank devalue the naira—after a four-quarter of negative growth.

After picking up in the first two quarters of 2017, the sector plunged back into a negative trajectory, recording -2.85 percent growths. However, for the first time since the fourth quarter of 2017, the sector contracted by -0.13percent year on year, lower than the corresponding quarter of 2018 and first quarter(Q1) of 2019, showing that it is not the best of times for manufacturing companies as the sector faces a number of challenges. As if that is not enough, a look at the quarter to quarter growth rate shows similar declining performances. The growth rate of the sector, on a quarter-on-quarter basis, stood at -4.41percent. The contribution to real GDP in Q2 2019 was 9.10percent, which is lower than 9.29 percent recorded in the previous year and 9.79 percent recorded in first quarter 2019.

To buttress the statement, a look at the financial performance of five (5) key players in the manufacturing companies (with majority from the consumer goods subsector), showed that they had a collective decline in profit of 20% from year 2018-2019. For example, Dangote Sugar has its group turnover fell by 26% from 2017 to 2018, as well as falling profit before tax and profit after tax; Guinness Nigeria recorded 8% fall in turnover from 2018 to 2018; Nigerian Breweries reduction turnover of 5.9 percent from 2018-2019; Okomo Oil turnover fell by 34%. In all, as asserts by NBS report many manufacturers struggle to raise their margins in Nigeria, with purchasing power heading

increasingly south. The economy sluggishly grew at 1.94 percent in the second quarter of 2019, from 2.10 in the first quarter (NBS, 2019).

The chemical and pharmaceutical products under manufacturing sector contracted -1.27percent in Q2 2019, from 1.66 percent in Q1 2019 and 1.52percent in Q4 2018. However, the cement subsector under grew by 1.58percent in Q2 2019 from 2.81percent in Q1 2019 and 0.98 percent in Q4 2018. Food, beverage and tobacco sub-sector grew by 1.22percent in Q2 2019 from 1.76 percent in Q1 2019 and 2.22percent in Q4 2018 (Businessday, 2020). On the other hand, the manufacturing industry in Nigeria accounted for as low as 3.91% of GDP in 2006, 4.02% in 2007, 3.6% in 2008 and 4.2% in 2009. While sectors like Agriculture contribute 39.5%, telecom 5.6%, crude oil and natural gas 13.6%, the manufacturing sector contributes a mere 4.5% to GDP (Asaleye et al., 2018). The sectors contribution to GDP has not changed substantially over the course of the decade. The contribution of the manufacturing sector remains below its potential, well below other African peers such as South Africa (13%) and Mauritius (16%). According to African Business Magazine, the plunge in oil prices in 2014 induced fiscal pressures and foreign currency shortages which spilled over to non-oil sectors, tipping the economy into recession in 2016. Within the periods between 2000 and 2010, more than 850 manufacturing companies have either been shut down or forced to cease production activities due to financial sustainability issues (Atoyebi et al., 2014).

Consumer goods firms' operation is characterized by intense usage of Non-current assets such as information technology (ICT) equipment, communication equipment; note counting machines, furniture and fixtures, motor vehicles and even buildings. Such intense usage leads to high maintenance costs evidenced by high repairs and maintenance costs. The high repair and maintenance cost is often emanates due to charges for maintenance agreements, purchase of consumables, sudden machine breakdowns, minor (uncapitalized) replacements, staff inefficiency in the use of equipment and so on (Gospel & Celestine, 2017). Machine choice becomes a critical issue when contribution to operating performance is considered. Manufacturing companies had been experiencing dwindling returns (profit) due to high cost associated with production because of high exchange rate and COVID 19 outbreak (Omesi & Ordu 2021a; Ntadom et al., 2021; Ofor & Farajimakim, 2020).

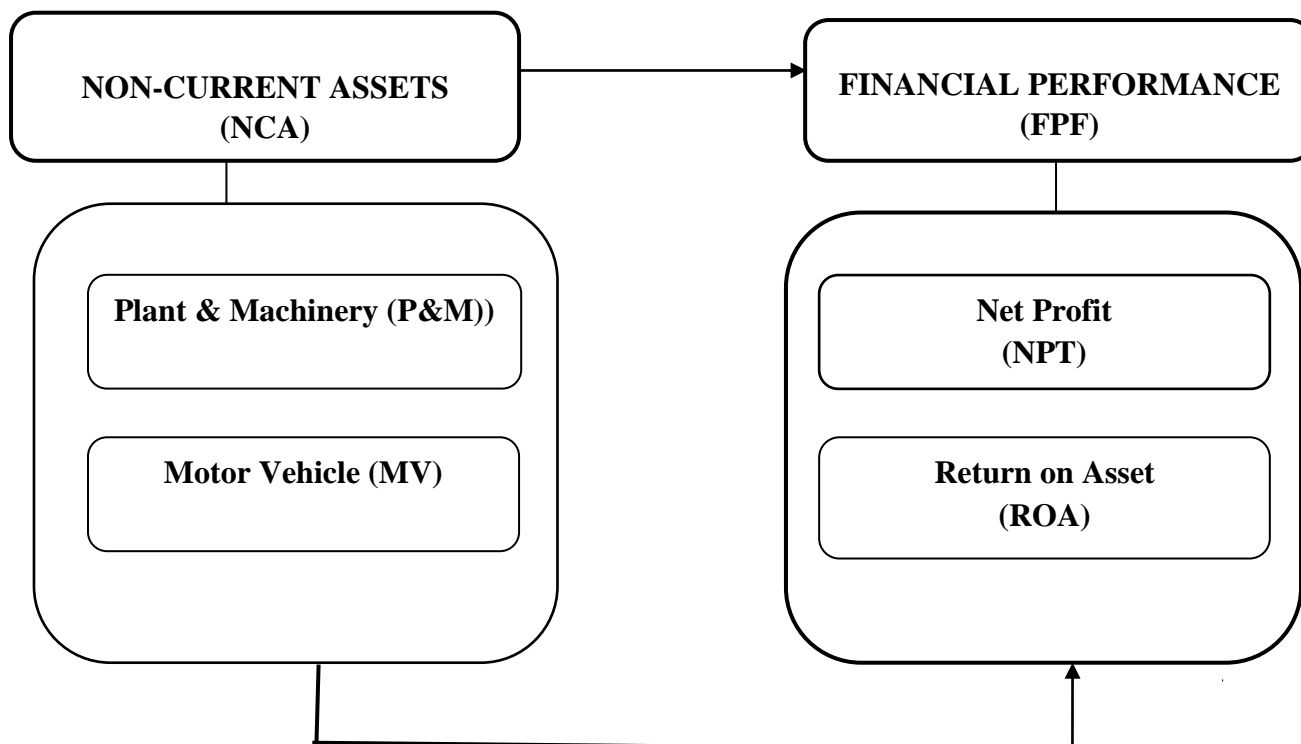
Every organisation has profit maximization as their main focus and one of the crucial ways of attaining this is to ensure effective cost reduction techniques. A dwindling profit can be improved when the appropriate quality of inventory is used in production thus reducing waste, enhance productivity as well as profitability. Another key challenge that consumer goods manufacturing firms face is the introduction of the 2005 International Financial Reporting Standard (IFS) amendments, namely, IFS 116 for property, plant equipment changes, the way accountants treat the assets assessment. The amendments require accountants to choose between historical cost approach and market value approach in assessing the present value of the client's assets. To arrive at the current present value of assets, accountant chooses market value to be implemented in the reporting sheet. This market value approach leads to the requirement of an independent value to assess the market value of the assets.

Past studies in recent times such as (Ofor & Farajimakim, 2020; Nangih et al., 2020; Jan-Horas & Denny, 2019; Lydia & Patrick, 2018; Marian & Ikpore, 2017), cuts across several sectors aside the consumer goods manufacturing sector as well as used various other variables to measure non-current assets and financial performance, thereby creating a gap in sector and variable of which this study could fill. That of Mirain and Ikpan (2017) as well as Lydia and Patrick (2018) focused on the banking sector, Nangih et al. (2020) (focused on oil companies listed in the stock exchange) while Ofor and Farajimakim (2020) focused on big cap net worth companies in Nigeria stock exchange, consequently leaving out the consumer goods manufacturing companies. In addition, Jan-Horas and Denny (2019) among others were done outside of Nigerian context, hence the need for a localised study.

### **1.3 Conceptual Framework for the study**

The conceptual framework for this study comprises of two variables; Non-current assets (independent variable) and Financial performance (dependent variable).It aims at explaining the concepts of Non-current assets and financial performance and the relationship between them .The dimensions used are Plant & Machinery (P&M), and Motor Vehicle (MV) for non-current assets, whilst the proxies for

financial performance are Net Profit and Return on Asset. The conceptual frame work highlight and shows the interrelationship between the dimension of the independent variable and the measures of the dependent variables of the study. The researcher in this study aims to ascertain the extent and degree to which the dimension of the independent variables enhances the measure of the dependent variables.



**Figure 1.1** Conceptual framework for Non-Current Assets and Financial Performance of Consumer Goods Companies in Nigeria

**Source** (Lydia & Patrick, 2018; Marian & Ikpor, 2017; Researchers, 2024)

### 1.2 Aim and Objectives of the study

The main aim of this study was to determine the effect of non-current assets management on financial performance of listed consumer goods manufacturing companies in Nigeria. The specific objectives of this study are to:

- i. Ascertain the effect of investment in plant & machinery on Net profit of consumer goods manufacturing companies in Nigeria.
- ii. Assess the effect of investment in plant & machinery on return on assets of consumer goods manufacturing companies in Nigeria.
- iii. Evaluate the effect of investment in motor vehicle on return on assets of consumer goods manufacturing companies in Nigeria.
- iv. Evaluate the effect of investment in motor vehicle on net profit of consumer goods manufacturing companies in Nigeria.

### 1.3 Research questions

The following questions were raised for the study;

- i. What is the effect of investment in plant and machinery on net profit of consumer goods manufacturing companies in Nigeria?
- ii. What is the effect of investment in plant and machinery on return on assets of consumer goods manufacturing companies in Nigeria?
- iii. What is the effect of investment in motor vehicle on net profit of consumer goods companies in Nigeria?

- iv. What is the effect of investment in motor vehicle on net return on assets of consumer goods companies in Nigeria?

#### 1.4 Hypotheses

The following were the null research hypotheses formulated for the purpose of achieving the stated objectives of this study:

- H<sub>01</sub>: Investment in property and machinery has no significant effect on Net profit of consumer goods manufacturing companies in Nigeria.  
H<sub>02</sub>: Investment in plant and machinery has no significant effect on Return on assets of consumer goods manufacturing companies in Nigeria  
H<sub>03</sub>: Investment in motor vehicle has no significant effect on net profit of consumer goods manufacturing companies in Nigeria.  
H<sub>04</sub>: Investment in motor vehicle as no significant effect on return on assets of consumer goods manufacturing companies in Nigeria.

## 2 REVIEW OF RELATED LITERATURE

### 2.1 Conceptual Review

#### Concept of Non-Current Assets

Non-current assets are known as tangible assets or property, plant and equipment (PP&E), is a term used in accounting for assets and property that cannot easily be converted into cash. Property, plant and equipment (PP&E) are long-term assets vital to business operations and not easily converted into cash. Property, plant and equipment are tangible assets, meaning they are physical in nature or can be touched. The total value of PP&E can range from very low to extremely high compared to total assets. Non-current assets can be compared with current assets such as cash or bank accounts, described as liquid assets. In most cases, only tangible assets are referred to as noncurrent (Elmualim et al., 2010). Non-current assets are more revenue generators than the current assets but the risk involvement is more than in the current assets as it is difficult to convert them into cash and also the involves huge initial capital outlay. Non-current assets are essentially Long term assets of a firm and usually include buildings and other real estate acquisitions, furniture, equipment, vehicles and ICT infrastructure which may include hardware and software (Olatunji & Adegbite, 2014) observe the direct Linkage between investment in non-current assets and performance only that non-current asset investment enhances the ability of firms to generate profit, but equally stress the importance of fixed assets on the daily operations of banking firms. Non-current assets investments are very important in maintaining an effective operation of a company. Productivity and profitability of a company depend on how it maintains its fixed assets operations (Elmualim et al., 2010).

#### Plant and Machinery

Globally, plant and machinery is important to every company annual financial reporting. It stated under non-current assets, and is reported by accounts based on two method, either historical cost or revaluation basis. Independents values are employed to provide the current, up to data valuation on the non-current assets valuation such as property, plant, equipment and intangible asset. Derry (2008) plant and machinery as the fixed assets of a company, other than land and building, motor vehicle, mobile plant, ships, locomotive, airplanes and similar assets which are patently not physically fixed will normally to considered to be plant and machinery. Plant and machinery are term used to refer to installations and support facilities for manufacturing in industry design to perform a specific prèt ermined function, whether used single or in combination with other items to enhance the productivity or operating facility, and includes all devices in fixed or movable form (Stevenson, 2011). Plant and any fixed asset that could be removed without damage to the premise and it is relevant to consider not only its design, size, method of construction and mode of attachment at the soil, but also and most importantly, it use and its function. The machinery terminology was referred to as an appliance and apparatus for applying mechanical power, having several parts, each with definite function. A machine is a device meant to convert a slow motion at some point into a more rapid motion at the other desire point or the device to convert rotator motion into linear motion or the device to step down electricity higher voltage into lower voltage.

### **Motor Vehicles**

In business, motor vehicles are very important because it is used to transport goods from one area to another. Motor vehicles are called commercial vehicles. A commercial motor vehicle (CMV) is any vehicle used to transport goods or passengers for the profit of an individual or business. Examples of CMVs include pickup trucks, box trucks, semi-trucks, vans, coaches, buses, taxicabs, trailers and travel trailers. In the United States, a vehicle is labeled "commercial" if it is registered to and its title is owned by a company (Stevenson, 2011). Commercial motor vehicles get passengers and goods where they need to go for any given business. The transport itself may be to get people to personal destinations or to get employees to workplaces; goods may be moved from one business location to another or direct to individual customers.

Lavyet al. (2010) CMVs designed for heavy cargo, which may involve towed trailer units, are larger, more unwieldy and more powerful than most other vehicles on the road with complex gearing. Driving these vehicles requires great skill and awareness, plus operational and safety training for any additional equipment. Therefore, operating a commercial vehicle requires a special driver's license and commercial markings, including a dot number signifying oversight by the United States Department of Transportation (DOT). Commercial motor vehicles also include exceptionally heavy vehicles and those that carry large numbers of passengers (Preiser & Vischer). The USDOT designates vehicles as commercial if they are: designed to carry more than 15 passengers, greater in weight than 10000 pounds with a towed unit or units' total weight to 26,001 pounds, or weighing greater than 26,001 pounds on its own. Additionally, any vehicles that are used to transport hazardous materials are deemed a CMV.

### **Financial Performance**

Financial performance measures how well a firm uses its resource to make a profit and it is a vital tool to several stakeholder in a firm. Financial performance therefore is crucial to any business organization's survival and continuous patronage by investors, potential investors, creditors and other stakeholders in the business world. These stakeholders include creditors, bond holders, investors, employees and management. The various groups has its own interest in tracking the financial performance of a firm through the financial statement. Financial statements are financial records covering cash follows, statement of financial position profit -loss and capital charges that become information for corporate managers in taking the company's financial statements are the financial condition of a company comprising the statement of financial position and other financial information which include; cash flows and retained earnings. It is imperative for companies to manage the limited resources within the company or corporation. This will ensure efficiency and at the same time deliver quality goods and services required in order to achieve effectiveness. Most companies fail due to poor financial planning and management. Companies are required to measure their financial performance to determine their financial well-being over a given period.

The measures of consumer goods performance can be classified into three according to practitioners and academics. These include: traditional measures, economic measures and market-based measures. The traditional measures of bank performance include: Return on Assets (ROA), Return on Equity (ROE) or cost to income ratio being the most popularly used. Also net interest margin is used as a performance measures, Kimball (1998). Again, Ongore and Kusa, (2013) asserted that the ROA measures how efficient the bank management is in utilizing the available company assets to generate income. According to Kumbirai and Webb (2010), the ratio (ROA) indicates how much net income is generated on each unit of assets, thus the higher the ROA, the more the profitable the bank. Hence, ROA is given as the net income for the year divided by total assets, usually the average value over the year. Both financial and nonfinancial indicators of performance subsist. Ratios such as profitability, liquidity, solvency and efficiency are used as financial indicators. Economic value added and market value added are nonfinancial indicators. Maditinos (2005) divided performance measures into traditional accounting measures and modern value based measures. The commonly used accounting measures include Return on Equity (ROE), Return on sales (ROS) and Return on Assets (ROA). The most widely used measure of financial performance is ROA (McGuire, 1988) and it tells what earnings were generated from invested capital.

### **Overview of Manufacturing Sector in Nigeria**

According to Nigerian stock exchange website (accessed in September 2020), the manufacturing sector has 168 companies listed in it as at 31<sup>st</sup> December 2019 and 13 activities namely oil refining; cement; food, beverages and tobacco; textile, and footwear; wood and food products; pulp paper and paper products; chemical and pharmaceutical products; non-metallic products, plastic, and rubber products; electrical and electronic, basic metal and iron and steel; motor vehicles and assembly; and other manufacturing (Businessday, 2020). For example, the industrial goods sub sector is made of fourteen (14) companies active in it while the consumer goods sub sector has the highest active with 19 companies listed in the category ([www.nse.com/ng](http://www.nse.com/ng)). As earlier stated, according to 2019 report of the Nigerian Bureau of statistics (NBS), an analysis of financial performance of five (5) key players in the manufacturing companies showed that they had a collective decline in profit of 20% from year 2018-2019. For example, Dangote Sugar (consumer goods sub sector) has its group turnover fell by 26% from 2017 to 2018, as well as falling profit before tax and profit after tax; Guinness Nigeria recorded 8% fall in turnover from 2018 to 2018; Nigerian Breweries reduction turnover of 5.9 percent from 2018-2019; Okomo Oil turnover fell by 34%. In all, it is reported that many of the companies struggled to raise their margins in Nigeria, with purchasing power heading increasingly south. Furthermore, the chemical and pharmaceutical products under manufacturing sector contracted - 1.27percent in Q2 2019, from 1.66percent in Q1 2019 and 1.52percent in Q4 2018. However, the cement subsector under grew by 1.58percent in Q2 2019 from 2.81percent in Q1 2019 and 0.98 percent in Q4 2018. Food, beverage and tobacco sub-sector grew by 1.22percent in Q2 2019 from 1.76 percent in Q1 2019 and 2.22percent in Q4 2018 (Businessday, 2020). Collectively, the manufacturing industry in Nigeria accounted for as low as 3.91% of GDP in 2006, 4.02% in 2007, 3.6% in 2008 and 4.2% in 2009. While sectors like Agriculture contribute 39.5%, telecom 5.6%, crude oil and natural gas 13.6%, the manufacturing sector contributed a mere 4.5% to GDP (Alli, 2012). The sectors contribution to GDP has not changed substantially over the course of the decade. The contribution of the manufacturing sector remains below its potential, well below other African peers such as South Africa (13%) and Mauritius (16%) (Asaleye et al., 2018). With this situation it becomes necessary to engage in research to find out what are the reasons and ways of overcoming this situation so that the sector could experience better performance both in terms of subsectors and sectorial performance.

### **The relationship between Noncurrent Assets and Financial Performance**

The relationships between noncurrent assets and consumer goods financial performance have been identified and examined by previous studies. This relationship differs from one study to another. Some of the studies found a positive relationship between investment in noncurrent assets and bank performance, Okwo et al. (2012) and Olatunji and Tajudeen (2014) whereas Abubakar et al. (2013) found a negative relationship between noncurrent asset and bank performance. SNA (2003), states that owners or users of fixed assets carry out maintenance and repairs periodically for them to be able to make use of these assets above its expected useful life and hence make reasonable profit. Okwo et al. (2012), also states that the generation of profit by most companies is dependent on their investment on noncurrent assets. New and highly maintained equipment are necessary for increased productivity and efficiency of business firms, which will eventually result in higher profit. Consumer goods industry is among the business firms that invest on noncurrent assets.

An analysis of noncurrent assets indicates that adequate maintenance and repairs of noncurrent assets, increases the current and future income of business firms. Proper repair and maintenance of noncurrent assets help business firms including banking industry to prevent losses due to deterioration and misuse. The inability of the consumer goods industry to properly maintain malfunctioning assets as well as not replacing obsolete and irreparable assets will result to decrease in productivity and hence decrease in profitability of the bank. According to Farlane (2012), business firms engage in repair and maintenance of noncurrent assets in order to avoid making huge expenses for the purchase of new assets. On the other hand, frequent repairs and maintenance of old equipment is usually a waste of resources and often reduces the profitability of a business firm.

Abubakar et al. (2013) studied the impact of additional sustained investment of ICT on bank performance in Nigeria. The result of the study revealed that the relationship between additional investment in ICT and bank performance is inverse. Asset impairment occurs due to an abrupt drop or

fall in the fair value of given asset below its stated costs. According to finance train (2016), the impact of asset impairment of firm in the initial period following asset impairments are: the asset turnover ratios of the firm will increase due to the lowered value of equity caused by impairment, as a result of the written-down expense (assuming all needed write-downs have taken place), lower profit margin will be recorded, and there will be a reduction in the book value of equity.

## **2.2 Theoretical Review and Framework**

### **Pecking order theory**

Pecking order theory was first suggested by Donaldson in 1961 and enhanced by Myers in 1984 (Myers, 1984). It is also analysed in the journal on Corporate Finance and investment decisions when firms have important information the investors do not have (Frank et al., 2011). It states that companies prioritize their sources of financing according to the cost of financing, preferring to raise equity as a financing means of last resort. It is based on the concept of information where retained earnings are considered first in the financing pecking order because they are cheaper and are rarely affected by asymmetry of information. Second, debt is considered next since it carries low asymmetry which serves as a monitoring device against wasteful spending by the management.

Finally, external equity is used as a last option because of its adverse selection effect (Ayot, 2013). The value of tangible assets affects the capital structure according to the pecking order theory of debt, as these assets are pledged as collateral, meaning that the larger their share, the higher the leverage. Redeploy ability of tangible assets has also been cited as a key determinant of firm capital structure (Murillo et al., 2010). It has been noted that companies with higher collateral value of assets have greater access to bank loans compared to the firms dominated by intangible assets due to the reduced risk level of investments and transactions involving assets, which are easily disposable on the market (Koralun-Bereźnicka, 2013). This study borrows from this perspective and makes assumption that these assets are pledged as collateral, and thus the firm with high level of tangible asset can easily access debts, without being forced by situation to issue equity. This in turn may translate to higher financial performance. This study is anchored on the Pecking order theory

### **Empirical Literature Review**

Omesi and Ordu (2021a) in their study adopted a theoretical approach and discuss analysis. The authors argued that the impacts of the pandemic are extensive and have far-reaching consequences for people, businesses, and governments around the world. However, little is known about how its impact on accounting and finance at different levels in the reorganisation of life. Consequently the study explored the impact of Covid 19 across several areas including the accounting profession, practice as well as teaching and research and its implications for research in Nigeria. The study discussed the impacts, challenges and research implications as it pertains accounting and finance in the midst of the Covid 19 Pandemic. Theory of Planned Behaviour and Protection Motivation Theory were the theories it anchored on. Generic impacts of Covid 19 were such as impact on graduates, school leavers, families, rental income among others were discussed. Looking at specific impact on accounting and finance, it discussed impacts on Accounting Practice, Accounting Reporting, Accounting teaching and learning as well as impact on Accounting and Finance Research and noted that they have been impacted heavily and brought about several challenges. In its findings, the study highlighted several ways of overcoming these challenges which include increased adoption of technology, embracing a flexible work pattern, and being innovative in the midst of crisis among others. The paper concludes with the research implications in Nigeria that contemporary method and means which is technologically and ICT based has to be adopted rather than the traditional method and means; Future research can empirically investigate the effect of accounting behaviour on firms during the coronavirus pandemic

Nangih (2020) assessed the influence of current assets on stock performance of listed oil and gas companies in Nigeria. The specific objectives of the study were to determine the influence of trade receivables, inventories and cash/cash equivalents (all measures of current assets) on stock performance (measured using earnings per share). The study employed the ex post facto research design. Judgmental sampling technique was used to select five (5) quoted Oil and gas companies on the Nigerian Stock Exchange (NSE). Data were collected mainly from published annual reports and



was analyzed using correlation and regression statistics. The results obtained from the analysis revealed that receivables and inventory significantly influenced share price of the listed firm whereas cash did not. The study therefore concluded that the receivables of oil and gas firms in Nigeria did not positively influence their share prices. It was recommended that the management of oil and gas firms should re-evaluate their credit policies in order to ensure that the level of receivables is reduced.

Damjan et.al (2020) carried out a study on an analysis of physical asset management core practices and their Influence on operational performance. The objective of the study was to examine the PAM core practices and the performance implications of integrating these practices into business, in particular by assessing their impact on operational performance. Survey data were collected from managers in 138 international and local organisations. The data was analysed using Partial Least Squares Path Modeling (PLS-PM). The results have shown that PAM core practices directly influence operational performance.

Jan-Horas and Denny (2019) determined the effect of asset management on financial performance. The study used fixed asset turn over (FATO) as a measure for asset management while financial performance is measured by profitability using return on assets (ROA). The study uses panel data analysis which consists of six companies in the period 2013-2017. The analytical method used is panel Data regression analysis. Based on the results of hypothesis testing, it is found that the independent variable FATO has a positive and significant effect on ROA. This means that asset management is needed to improve the profitability of the company.

Lydia and Patrick (2018) examined the effect of asset performance management on profitability of deposit taking Saccos in Nakuru County. The study was guided by four variables; loan performance management, fixed assets management, financial investments management, and accounts receivables management. The study used explanatory research design, stratified proportional sampling and random sampling technique. Primary data was collected using structured questionnaires. Data was analyzed using descriptive statistics including, frequencies, mean and standard deviations and inferential statistics methods including correlation coefficient and with the assistance of SPSS as the tool of analysis. The research findings indicate there exist a significant positive relationship between loan performance, fixed assets management, financial investments management, accounts receivables management and profitability of deposits taking Saccos in Nakuru Town.

Gospel and Celestine (2017) investigated the effect of tangible assets on the corporate performance of manufacturing firms in Nigeria. The study used financial statement data from ten manufacturing companies listed on the stock exchange, and measured corporate performance using return on assets and return on equity. The independent variables comprise plant and machinery as well as land and building, and the models used in the study controlled for board size and board independence. Results from multiple regression analysis reveal a significant positive relationship between return on assets and plant and machinery; but the relationship between return on assets and land and buildings is negative. The result is also consistent in respect of the relationship between return on equity and the independent variables, leading to the conclusion that investments in tangible non-current assets affects the profitability of firms. Each firm must therefore invest prudently in tangible non-current assets, and ensure that these assets are properly utilised.

Oliver et al. (2017) evaluated the relationship between assets growth rate and financial performance of manufacturing firms in Nigeria. The study used Non-current assets growth rate, current assets growth rate and net assets growth rate were used as proxies for firm growth (independent variables) while profit after tax was used as proxy for financial performance (dependent variable). The study selected Six (6) firms from the twenty two (22) manufacturing firms listed on the Nigeria Stock Exchange Market (NSE) and secondary data collected from the firms for ten years period (2006 – 2015). The study employed Pearson Product Moment Correlation Matrix and Multiple Regression method of data analysis. Result shows that non-current assets growth rate and net assets growth rate of manufacturing firms in Nigeria positively and strongly related with the profit after tax of the firms for the period of 2006 – 2015, while current assets growth rate positively and weakly related with the profit after tax of the firms for the period. It was recommended that manufacturing firms in Nigeria should increase their non-current assets and net assets value by increasing their total assets and reducing the components of their current liabilities.

Marian and Ikor (2017) examined the impact of fixed assets investments on financial performance of selected banks in Nigeria. The specific objectives of study were to examine the impact of cost of maintenance and repairs, additions and impairments on Return on Assets (ROA) of banks. The study used an ex-post-factor research design using secondary data which was obtained from annual reports and accounts of Deposit Money Bank of eight selected banks over the period of eleven (11) years (2002 – 2014). The study employed multiple regression method of data analysis. The findings of the study show that cost of maintenance and repairs have a negative and significant impact on return on assets of banks. Also the results of the study revealed a negative and statistically significant relationship between additional acquisition of fixed assets and return on assets (ROA) of banks. Furthermore, the study shows a negative and significant relationship between impairments of fixed assets and return on asset (ROA). The study recommended that the central bank should ensure adequate monitoring and evaluation of banks with respect to the stipulated maximum amount a bank can invest on fixed assets.

Amahalu et al. (2017) researched on the effect of forensic accounting application on the detection of financial crime in deposit money deposit banks. Using the survey approach and testing the collected data with t-test statistics, the findings showed that forensic accounting is effective in reducing financial crimes. The study thus recommended that auditors be required to introduce some elements of forensic accounting techniques into the average financial statement audit to increase the effectiveness of the audit. In addition, certain standard methodology and procedures to guide forensic accounting assignments be implemented to act as a reference for practice reviews especially in cases of dispute with client.

Alexandra et al. (2016) examined the effect of non-current fixed assets on profitability and asset management efficiency. The study relied on combining the deductive approach with the quantitative analysis approach, where the deductive approach was used to root the subject through books, periodicals and scientific communications and electronic articles published online. The results of the research: The differences in the measurement of accounting figures under IFRS and EAS may directly affect the numerator of ratio calculations, their denominator, or both. In cases where the difference in measurement affects only the numerator or only the denominator, the effect of the changes is straightforward, easy to identify and to interpret. Identification and interpretation are less obvious in cases of numerous diverging effects on ratios. The results provided by this article have a practical value for designers and users of financial statements.

### **Gap in studies**

From the review of extant literature it can be seen that past studies in recent times such as (Ofor & Farajimakim, 2020; Nangih et al., 2020; Jan-Horas & Denny, 2019; Lydia & Patrick, 2018; Marian & Ikor, 2017), cuts across several sectors aside the consumer goods manufacturing sector as well as used various other variables to measure non-current assets and financial performance, thereby creating a gap in sector and variable of which this study could fill. That of Mirain and Ikpan (2017) as well as Lydia and Patrick (2018) focused on the banking sector, Nangih et al. (2020) (focused on oil companies listed in the stock exchange) while Ofor and Farajimakim (2020) focused on big cap net worth companies in Nigeria stock exchange, consequently leaving out the consumer goods manufacturing companies. In addition, Jan-Horas and Denny (2019) among others were done outside of Nigerian context, hence the need for a localised study, thus creating a gap in scope and variable for which the study attempts to fill.

### **3 METHODOLOGY**

The study adopted the ex-post facto research design and data were sourced from the companies' annual audited financial reports for the periods 2009 to 2022. Multiple regression technique was applied in estimating the study's parameters. The study's target population was the entire twenty-one (21) listed consumer goods companies in Nigeria for the period 2009 to 2022. The study population comprises of Twenty-one (21) listed consumers' goods companies on the Exchange as at June, 2022, according to available data from Nigerian Exchange website. The Using purposive sampling technique five of the companies were selected for the study. This is based on companies that have not stopped trading or not been delisted, and their listed date known within the period of the study. Consequently, these companies were chosen for the study. A sample of five (5) firms was drawn from

the twenty-one (21) consumer goods manufacturing firms listed on the Nigerian Stock Exchange via judgmental sampling approach

Table below depicts the list of the listed companies

<b>COMPANY</b>	<b>Ticker</b>	<b>Sector</b>	<b>Date Listed</b>	<b>Date Incorporated</b>
<b>BUA FOODS PLC</b>	BUAFOODS	CONSUMER GOODS	January 5, 2022	April 13, 2005
<b>CADBURY NIGERIA PLC.</b>	CADBURY	CONSUMER GOODS	-	January 9, 1965
<b>CHAMPION BREW. PLC. [BLS]</b>	CHAMPION	CONSUMER GOODS	September 1, 1983	July 31, 1974
<b>DANGOTE SUGAR REFINERY PLC [CG+]</b>	DANGSUGAR	CONSUMER GOODS	March 8, 2007	January 4, 2005
<b>DN TYRE &amp; RUBBER PLC [MRS]</b>	DUNLOP	CONSUMER GOODS	-	October 21, 1961
<b>FLOUR MILLS NIG. PLC. [CG+]</b>	FLOURMILL	CONSUMER GOODS	-	September 29, 1960
<b>GOLDEN GUINEA BREW. PLC. [BLS]</b>	GOLDBREW	CONSUMER GOODS	-	September 26, 1962
<b>GUINNESS NIG PLC [CG+]</b>	GUINNESS	CONSUMER GOODS	January 2, 1965	April 29, 1950
<b>HONEYWELL FLOUR MILL PLC [CG+]</b>	HONYFLOUR	CONSUMER GOODS	October 20, 2009	July 9, 1985
<b>INTERNATIONAL BREWERIES PLC. [BLS]</b>	INTBREW	CONSUMER GOODS	-	December 22, 1971
<b>MCNICHOLS PLC</b>	MCNICHOLS	CONSUMER GOODS	December 18, 2009	April 26, 2004
<b>MULTI-TREX INTEGRATED FOODS PLC [DIP]</b>	MULTITREX	CONSUMER GOODS	November 1, 2010	October 30, 1999
<b>N NIG. FLOUR MILLS PLC.</b>	NNFM	CONSUMER GOODS	-	October 29, 1971
<b>NASCON ALLIED INDUSTRIES PLC</b>	NASCON	CONSUMER GOODS	October 20, 1992	April 30, 1973
<b>NESTLE NIGERIA PLC. [CG+]</b>	NESTLE	CONSUMER GOODS	April 20, 1979	September 25, 1969
<b>NIGERIAN BREW. PLC. [CG+]</b>	NB	CONSUMER GOODS	September 5, 1973	November 16, 1946
<b>NIGERIAN ENAMELWARE PLC.</b>	ENAMELWA	CONSUMER GOODS	-	May 21, 1960
<b>P Z CUSSONS NIGERIA PLC. [CG+]</b>	PZ	CONSUMER GOODS	-	April 12, 1948
<b>UNILEVER NIGERIA PLC. [CG+]</b>	UNILEVER	CONSUMER GOODS	April 1, 1973	November 4, 1923
<b>UNION DICON SALT PLC. [BRS]</b>	UNIONDICON	CONSUMER GOODS	September 23, 1993	November 12, 1991
<b>VITAFOAM NIG PLC.</b>	VITAFOAM	CONSUMER GOODS	-	April 8, 1962

Source (<https://ngxgroup.com/exchange/trade/equities/listed-companies/>) (2022).

The unit population was derived from the staff of the companies from various departments such as Finance and Accounts; Risks, Audits and Assurance Quality & Regulatory affairs; Planning &

Procurement as well as office of the General Managers. However, an optimum population sample is determined for which the study was based for ease of analysis.

**Model Specification**

In line with the hypotheses earlier stated, regression models were formulated to capture the effect of noncurrent assets on financial performance of consumer goods companies in Nigeria. A functional link between noncurrent assets and financial performance as rooted from the pecking order theory is shown in the following implicit equations:

$$FP = (NCA) \tag{1}$$

$$NPT = f(P\&M, MV) \tag{2}$$

$$ROA = f(P\&M, MV) \tag{3}$$

Where;

NPT = Net Profit After Tax

ROA = Return on Assets

P&M = Plant and Machinery

M&V= Motor Vehicles

f = functional notation

The ordinary least square for the above models is stated thus:

$$NPT_{it} = \beta_{0i} + \beta_1 P\&M_{it} + \beta_2 MV_{it} + \varepsilon_{it} \tag{4}$$

$$ROA_{it} = \beta_{0i} + \beta_1 P\&M_{it} + \beta_2 MV_{it} + \varepsilon_{it} \tag{5}$$

Where;

$\beta_0$  = Unknown constant to be estimated

$\beta_1$ - $\beta_2$  = Unknown coefficients to be estimated

i= observations

t=time

$\varepsilon$  = Stochastic error term that captures variables not included and expected to be identically distributed with zero mean and constant variance.

$\beta_0, \beta_1, \beta_2, \geq 0$

**Models for hypotheses testing:**

$$NPT_{it} = \beta_{0i} + \beta_1 P\&M_{it} + \varepsilon_{it} \tag{i}$$

$$NPT_{it} = \beta_{0i} + \beta_2 MV_{it} + \varepsilon_{it} \tag{ii}$$

$$ROA_{it} = \beta_{0i} + \beta_1 P\&M_{it} + \varepsilon_{it} \tag{iii}$$

$$ROA_{it} = \beta_{0i} + \beta_2 MV_{it} + \varepsilon_{it} \tag{iv}$$

**4 FINDINGS AND DISCUSSION**

**4.1 Data Presentation**

**Analysis of Multi-Collinearity and Normality of Residuals**

**Table 4.1 Test of Multi-Collinearity**

**Coefficients<sup>a</sup>**

Model	Collinearity Statistics		
	Tolerance	VIF	
1	MV	.276	3.620
	PM	.233	4.297
	NETP	.729	1.372

a. Dependent Variable: ROA

**Coefficients<sup>a</sup>**

Model	Collinearity Statistics		
	Tolerance	VIF	
1	MV	.262	3.822
	PM	.296	3.375
	ROA	.783	1.277

a. Dependent Variable: NETP

**Source: SPSS Output of Data**

Table 4.1 revealed a highest VIF value of 4.297 that is less than 10, tolerance value is less than 1. This means that the independent variables used in this study do not suggest multicollinearity problem.

**Table 4.2. Descriptive statistics**

Descriptive Statistics								
	N	Sum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
NETP	49	344622885.0000	7033120.102041	5821795.1069772	1.509	.340	1.901	.668
ROA	49	7.4135	.151296	.1553551	1.499	.340	1.293	.668
PM	50	943424174.0000	18868483.480000	13930029.3184287	.718	.337	-.988	.662
MV	50	38657388.0000	773147.760000	677005.9203579	1.402	.337	1.870	.662
Valid N (listwise)	49							

**Source: Output from SPSS version 21**

**Decision:** Normality assumption not violated using skewness and Kurtosis values

**4.2 Test of Hypotheses**

**Test of Hypothesis 1**

**H<sub>01</sub>:** There is no significant effect of investment in plant and machinery on Net Profit of consumer goods companies in Nigeria.

**Table 4.3.** Regression on the effect of investment in plant and machinery on profit after tax of consumer goods companies in Nigeria.

Number of obs = 50

R square = 0.205

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.453 <sup>a</sup>	.205	.188	5246144.3234462	.205	12.112	1	47	.001

a. Predictors: (Constant), PM

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3440182.258	1275737.390		2.697	.010		
	PM	.188	.054	.453	3.480	.001	1.000	1.000

a. Dependent Variable: NETP

Source (SPSS Output of data, 2024)

From table 4.3 above, the result of the data regressed on plant and machinery shows a positive and significant effect of investment in plant and machinery on net profit of consumer goods companies in Nigeria (p-value= 0.001). It means that a 1% increase in property and machinery will bring about a 0.453% increase in net profit all other variables are held constant. Since the p-value of the independent variable is less than 0.05, we therefore reject the null hypothesis and therefore concluded that “There is significant effect of investment in plant and machinery on Net profit of consumer goods companies in Nigeria.”

**Test of Hypothesis 2**

**H<sub>02</sub>:** There is no significant effect of investment in motor vehicle on net profit of consumer goods companies in Nigeria.

**Table 4.4** Regression on the effect of investment in motor vehicle on net profit of consumer goods companies in Nigeria.

Number of obs = 50

R-squared = 0.056

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.237 <sup>a</sup>	.056	.036	5716162.8754078	.056	2.790	1	47	.101

a. Predictors: (Constant), MV

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5478883.676	1237949.119		4.426	.000		
	MV	2.015	1.206	.237	1.670	.101	1.000	1.000

a. Dependent Variable: NETP

Source (SPSS Output of data, 2024)

From table 4.4 above, the result of the data regressed on motor vehicle on net profit shows a positive but insignificant effect of investment in motor vehicle on net profit of consumer goods companies in Nigeria (p-value= 0.101). It means that a 1% increase in motor vehicle will bring about a .237% increase in net profit all other variables are held constant. Since the p-value of the independent variable is greater than 0.05, we therefore accept the null hypothesis and therefore concluded that “There is no significant effect of investment in motor vehicle on net profit of consumer goods companies in Nigeria.

**Test of Hypothesis 3**

**H<sub>03</sub>:** There is no significant effect of investment in plant and machinery on return on assets of consumer goods companies in Nigeria.

**Table 4.5:** Regression on the effect of investment in plant and machinery on return on assets of consumer goods companies in Nigeria.

Number of obs = 50

R-squared = 0.098

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.312 <sup>a</sup>	.098	.078	.1491396	.098	5.084	1	47	.029

a. Predictors: (Constant), PM

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.217	.036		5.996	.000		
	PM	-3.469E-009	.000	-.312	-2.255	.029	1.000	1.000

a. Dependent Variable: ROA

Source (SPSS Output of data, 2024)

From table 4.5 above, the result of the data regressed on plant and machinery on return on assets shows a negative and significant effect of investment in plant and machinery on return on assets of consumer goods companies in Nigeria (p-value= 0.029). It means that a 1% increase in plant and machinery will bring about a .312% decrease in return on assets all other variables are held constant. Since the p-value of the independent variable is less than 0.05, we therefore reject the null hypothesis and therefore concluded that “There is significant effect of investment in plant and machinery on return on assets of consumer goods companies in Nigeria.

**Test of Hypothesis 4**

**H<sub>04</sub>:** There is no significant effect of investment in motor vehicle on return on assets of consumer goods companies in Nigeria.

**Table 4.6:** Regression on the effect of investment in motor vehicle on return on assets of consumer goods companies in Nigeria.

Number of obs = 50

R-squared = 0.203

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.451 <sup>a</sup>	.203	.186	.1401502	.203	11.980	1	47	.001

a. Predictors: (Constant), MV

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.230	.030		7.586	.000		
	MV	-1.024E-007	.000	-.451	-3.461	.001	1.000	1.000

a. Dependent Variable: ROA

Source (SPSS Output of data, 2021)

From table 4.6 above, the result of the data regressed on motor vehicle on return on assets shows a negative but significant effect of investment in motor vehicle on return on assets of consumer goods companies in Nigeria (p-value= 0.001). It means that a 1% increase in investment in motor vehicle will bring about a .451% decrease in return on assets all other variables are held constant. Since the p-value of the independent variable is less than 0.05, we therefore reject the null hypothesis and therefore concluded that “There is significant effect of investment in motor vehicle on return on assets of consumer goods companies in Nigeria.”

### 4.3 DISCUSSION OF FINDINGS

#### Effect of investment in plant and machinery on Net profit of consumer goods companies in Nigeria

The study evaluated the effect of non-current assets on financial performance of consumer goods companies in Nigeria. Findings shows a positive and significant effect of investment in plant and machinery on net profit of consumer goods companies in Nigeria (p-value= 0.004). It means that a 1% increase in plant and machinery will bring about a 0.453% increase in net profit all other variables are held constant. In addition with R squared value of .205 (20.5%) show that 20.5% of the variation of the financial performance in terms of net profit is accounted for by investment in plants and machinery. The findings here is in agreement with the study of Lydia and Patrick (2018) as well as that of Ofor and Farajimakim (2020) whose study findings revealed that both current assets and tangible non-current asset are positively and significantly affects the net worth of companies.

#### Effect of investment in motor vehicle on net profit of consumer goods companies in Nigeria.

In any case, there is a positive but insignificant effect of investment in motor vehicle on net profit of consumer goods companies in Nigeria (p-value= 0.101). It means that a 1% increase in motor vehicles will bring about a 237% increase in net profit all other variables are held constant. In addition, with R square value of 0.056 means just 6% of the variation of financial performance in terms of net profit is accounted for by investment in motor vehicles. The findings here aggress with that of Raji et al.(2017) as well as Okwo et al. (2017) whose study results indicated that there is no significant relationship between working capital and firms’ performance in Nigeria.

#### Effect of investment in plant and machinery on return on assets of consumer goods companies in Nigeria.

Again, there is a positive and significant effect of investment in plant and machinery on return on assets of consumer goods companies in Nigeria (p-value= 0.029). It means that a 1% increase in plant and machinery will bring about a .312% increase in return on assets all other variables are held constant. In addition with R squared value of 0.098 (10%) it means 10% of the variation of financial performance in terms of return on assets is accounted for by investment in plant and machinery. Study result here also agrees with that of Lydia and Patrick (2018) as well as that of Ofor and Farajimakim

(2020) whose study findings revealed that both current assets and tangible non-current asset are positively and significantly affects the net worth of companies.

#### **Effect of investment in motor vehicle on return on assets of consumer goods companies in Nigeria.**

In a nutshell, the findings of this study shows a negative but significant effect of investment in motor vehicle on return on assets of consumer goods companies in Nigeria (p-value= 0.001). It means that a 1% increase in land and building will bring about a .451% decrease in return on assets all other variables are held constant. In addition, it shows R squared value of 0.203 (20.3%) this shows that 20.3% of the variation in financial performance in terms of return on assets is accounted for investment in motor vehicle. Result here is in consonance with that of previous studies such as Raji et al.(2017) as well as Okwo et al. (2017) whose study results indicated that there is no significant relationship between working capital and firms' performance in Nigeria.

### **5 CONCLUSION AND RECOMMENDATIONS**

The study evaluated the effect of non-current assets on financial performance of consumer goods companies in Nigeria. Based on the findings made by this study, it is concluded that investment in plant and machinery positively and significantly affects the net profit as well as return on assets of consumer goods companies in Nigeria. On the other hand, investment in motor vehicles positively but insignificantly affects the net profit, while it negatively but significantly affects return on assets of consumer goods companies in Nigeria. Based on these, the study concludes that non-current assets have a mixed effect on the financial performance of consumer goods companies in Nigeria. The study thus recommended that:

- i) Since plant and machinery of the selected consumer goods firms is positively and significantly related with the net profit of the firms, this study therefore recommends that the consumer goods firms in Nigeria should sustain their investment in plant and machinery to enhance profitability.
- ii) Investment in plant and machinery has a positive and significant impact on the return on assets of consumer goods firms in Nigeria. This implies a direct relationship between investment in plant and machinery and return on asset resulting that an increase in investment in plant and machinery could bring about an increase in firm profitability and hence on return on asset of the firms. Thus firms in the Nigerian consumer goods industry should encourage investment in modern plants and machinery to enhance speedy production and packaging that could bring about a reduction in production cost and an enhancement in profitability and to a large extent on the return on assets of the firms. Also, adequate provision for depreciation should be made to enhance the ease of replacement as well as modernization of worn out plants and machinery to sustain steady production of consumer goods products to avoid loss of sale and profitability.
- iii) Firms in the Nigerian consumer goods industry should invest cautiously in motor vehicle as a means to ease the problem inherent in distribution of consumer goods products to the length and breadth of Nigeria. This is important as much investment in these assets could affect the financial performance on the negative side.
- iv) Adequate provision for publicly listed firms in the Nigerian consumer goods industry should be made to enhance the ease of replacement of worn out motor vehicles so as to maintain adequate fleet of motor vehicles at any point in time. Also, Government of Nigeria should provide the needed road infrastructure required for the ease of distribution of Consumer goods products across the Country.

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