



## **Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria**

**LAMBE, Isaac, Ph.D**

Department of Accounting,  
Bingham University,  
Karu, Nasarawa State.

E – Mail: talk2ice@yahoo.com, Phone No: +234 8027629054

**ORBUNDE, Bemshima, Ph.D**

Department of Accounting  
Bingham University,  
Karu, Nasarawa State

E – Mail: orbundebemshima@yahoo.com, Phone No: +234 8065318098

**DAUDA, John Dzarsa**

Department of Accounting,  
Bingham University,  
Karu, Nasarawa State.

E – Mail: jdzarsa@gmail.com, Phone No: +234 8095760040

### **Abstract**

*There are still many cases of fictitious revenue and improper assets valuation found in non-financial institutions due to weak implementation of corporate governance which is indicated by weak internal supervision and weak ethical commitment. Given the foregoing this study examined the effect of fictitious revenue, improper asset valuation and financial performance of listed non-financial firms in Nigeria. To achieve these objectives, correlational research design was employed and the study utilized twenty (20) selected listed non-financial firms that had consistently published their audited annual financial reports from 2008 to 2022, and analyzed the data using panel multiple regression technique with the help of statistical tools (E-view 10). The result of the study revealed that fictitious revenue had positive and insignificant effect on financial performance of listed non-financial firms in Nigeria. While improper assets valuation had negative and significant effect on financial performance of listed non-financial firms in Nigeria. Based on this finding, it is recommended that non-financial firms should invest in developing strong valuation expertise within their finance and accounting teams. This can be achieved by providing training and strictly adhere to accounting standard when valuing assets.*

Keywords: Fictitious Revenue, Improper assets valuation, Financial Performance and Return on Capital Employed

### **INTRODUCTION**

The 21<sup>st</sup> century has been characterized as a period in which materialistic tendencies affect both corporate and personal life in the society. These tendencies decreases corporate wellbeing, and put unusual and extraordinary pressure on personal resources in a manner that impose unsatisfied hunger for more economic resources in order to sustain an individual modern social status as against what the value were in the 18th century such as integrity, probity and good character in general terms. This modern menace has resulted into pressure for different fraudulent activities in the corporate world, even in our entire society and has resulted into corporate failure (Abiloro & Olorunfemi, 2021). The financial performance of an organization is measured in monetary terms and the results are reflected in firm's profitability ratio. Ozondu, *et al.*, (2019) opined that financial performance measures are the life blood of economic units, since without it no decision can be made. Financial performance is one of the important performance measures for economic as it shows the profitability of a company by expressing its operating profit as a percentage of its capital employed. (Inekwe, 2021). There is no doubt that company's need strong and competitive human resource to succeed and increase in their financial performance, non-financial companies must get better at shifting resources away from unpromising areas and toward areas of strength with the highest growth potential. The success of a firms whether large, medium or small, depends on the quality and value of resources they have and effective financial reporting. Effective financial reporting practices are essential ingredients in achieving sound financial performance and they are critical to proper functioning as they determine the financial performance of the non-financial firms of the economy in any country of the world. The main focus of this study is to establish the extent to which fictitious revenue and improper assets revenue affect financial performance of listed non-financial firms in Nigeria. Fictitious revenue refers

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

to revenue that is recorded on a company's financial statements but does not correspond to any actual sale of goods or services. It's essentially revenue that is fabricated or invented, often to artificially inflate the company's financial performance and make it appear more profitable than it actually is (Inekwe (2021). Fictitious revenue is a form of financial fraud and can lead to misleading financial statements, misrepresentation of the company's true financial health, and loss of investor confidence. When fictitious revenue is recorded, it inflates a company's reported revenue and potentially its profits. This can create the illusion of strong financial performance, attracting investors and stakeholders. However, since the revenue is not backed by actual sales, the company's actual operating performance is weaker than what is being presented. This can lead to problems such as unsustainable growth, eventual discovery of the fraud, and a sudden decline in the company's stock price and reputation.

According to Faboyede *et al.* (2021) improper asset valuation occurs when a company overvalues or undervalues its assets on its statement of financial position. Assets are typically valued based on their historical cost or fair market value, and improper valuation can distort a company's financial position. Overvaluing assets can lead to an inflated net worth, while undervaluing assets can understate liabilities and provide a false sense of financial stability. Anichebe *et al.* (2019) affirmed that improper asset valuation affects the accuracy of a company's financial position and various financial ratios. Overvaluing assets can artificially enhance the company's equity, return on assets, and other performance metrics. On the other hand, undervaluing assets can result in understated liabilities and weaker financial ratios. This can mislead investors and creditors about the company's true financial health and risk exposure. When fictitious revenue and improper asset valuation are present, there are several signs of problems with financial performance such as inconsistent operating metrics, unrealistic profit margins, divergence from industry trends, unusual fluctuations in asset values and limited cash flow correlation. Most studies carried out on fictitious revenue and improper asset valuation pay more attention to deposit money banks, manufacturing firms, consumer goods firms, industrial goods firms and financial institutions. Thus, giving room for further research using different institutions such as non-financial firms in this present study. These and many more served as the motivation for carrying out this research. Thus, this study therefore seeks to examine the effect of fictitious revenue, improper asset valuation on financial performance of listed non-financial firms in Nigeria. The basic hypothesis underlying this study are stated thus;

**H<sub>01</sub>:** Fictitious revenue has no significant effect on return on capital employed of non-financial firms in Nigeria

**H<sub>02</sub>:** Improper asset valuation has no significant effect on return on capital employed of non-financial firms in Nigeria

### **LITERATURE REVIEW**

#### **Conceptual Framework**

##### **Fictitious Revenue**

Fictitious revenue is a term used to describe revenue that is not real and does not reflect real business activity and/or sales, it is also referred to as “phantom revenue” or “contrived revenue.” Fictitious revenue can be generated either intentionally or unintentionally (Omah, 2022). Intentionally created fictitious revenue may be created to inflate the reported income of a business in order to deceive investors or other stakeholders. This type of fraudulent misrepresentation may involve a variety of methods such as overstating sales, recording non-existent sales or inflating the value of a sale. Unintentionally created fictitious revenue may be created as a result of improper record-keeping or accounting errors, this type of fictitious revenue may also be created when a company wrongly records a sale as revenue when, in fact, the sale is actually a loan or other form of financing. In both cases, fictitious revenue can have a significant negative impact on a company’s financial statements, it can distort the true performance of a business and can lead to inaccurate assessments of the company’s financial health. According to Kassem (2016), to prevent the creation of fictitious revenue, companies should ensure that their accounting staff is properly trained in generally accepted accounting principles and that they have a comprehensive understanding of all relevant accounting rules and regulations and also companies should also have internal controls in place to detect and prevent any potential fraudulent activities.

##### **Improper Asset Valuation**

Improper asset valuation refers to the misrepresentation or misestimation of the value of assets on a company's financial statements. It can have significant implications for financial reporting, decision-making, and the overall financial health of an organization (Palepu, *et al.*, 2017). Asset valuation plays a crucial role in determining a company's net worth, profitability, and ability to generate future cash flows. When assets are wrongly valued, it can distort financial ratios, mislead investors, and undermine the accuracy and reliability of financial statements. According to Penman (2013), there are several factors that can contribute to improper asset valuation. One common

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

factor is the subjective nature of asset valuation. Certain assets, such as intangible assets or long-term investments, are often difficult to value accurately due to their unique characteristics or lack of a readily available market for comparison. This subjectivity can lead to differences in opinion or judgment among accountants or valuation experts, resulting in discrepancies in asset values. Another factor that can contribute to improper asset valuation is the use of outdated or inappropriate valuation methods. Different assets may require different valuation approaches, and using an improper or outdated method can lead to inaccurate valuations. For example, using historical cost as a basis for valuing assets may not reflect their current fair value, especially in volatile markets or when significant changes have occurred in the asset's underlying value drivers. Moreover, inadequate documentation and lack of supporting evidence can also contribute to improper asset valuation. Proper documentation and supporting evidence are essential to validate the valuation assumptions and methods used. Failure to maintain adequate records or provide sufficient documentation can result in flawed valuations and raise concerns about the reliability and credibility of the financial statements. (Palepu, *et al.*, 2017), opined that the consequences of improper asset valuation can be far-reaching. From a financial reporting perspective, improper asset valuation can distort key financial ratios, such as return on assets (ROA) or debt-to-equity ratio, making it difficult for stakeholders to assess the true financial performance and position of a company. This can lead to misinformed investment decisions and a loss of investor confidence.

Improper asset valuation can also impact decision-making within an organization. Inaccurate asset values can mislead management in evaluating investment opportunities, determining asset impairment, or assessing the adequacy of collateral for loans. This can result in poor resource allocation, increased risk exposure, and potentially even legal or regulatory issues. To mitigate the risks associated with improper asset valuation, companies should adhere to sound accounting principles and valuation standards. They should ensure that assets are valued based on reliable and relevant information, using appropriate valuation methods that are consistent with industry practices and regulatory requirements. Regular and independent audits can help identify potential errors or inconsistencies in asset valuations. Furthermore, transparency and disclosure are crucial in addressing improper asset valuation. Companies should provide clear and comprehensive disclosures in their financial statements, including the methods, assumptions, and key inputs used in asset valuations. This allows stakeholders to make informed assessments and judgments about the reliability of the valuations. In essence, improper asset valuation can have significant implications for financial reporting, decision-making, and the overall financial health of an organization and it is essential for companies to apply appropriate valuation methods, maintain adequate documentation, and provide transparent disclosures to ensure accurate and reliable asset valuations. By doing so, companies can enhance the credibility of their financial statements and foster trust among stakeholders.

### **Financial Performance**

Financial performance is a measure of how efficient a firm uses its assets to generate revenue from its operating activities (Aniefor & Onatuyeh, 2020). It can be said to be a term that is used to measure the financial health and growth of a firm over a period of time. It can also be used to compare different firms in the same industry. There are different measures of financial performance and since there are many stakeholders in a company, each group has its own interest in tracking the financial performance of that company. The trade creditors will be interested in the liquidity of the company, the bond holders will be interested in the solvency of the company, the shareholders will be interested knowing how well their investment will yield return and the management will be interested in knowing how well the firm perform in the market (Ahmadu, 2016). The most comprehensive source of information about a company financial performance is from the financial statement which consists of; income statement, statement of financial performance, statement of cash flow and notes to the account. A firm's financial performance is an estimation of what has been achieved by the firm over a given period of time in monetary terms (Adeniyi & Aderobaki, 2021). The importance of measuring a company's performance is to obtain vital information for the various investors and stakeholders on its liquidity, solvency, profitability and efficiency. According to Kumarudin *et al.* (2012), the main factors that influence financial performance of an entity include liquidity, leverage, size of the firm and management's ability i.e. highly competent managerial staff. Financial performance is the measure of how well a firm can use its assets from its primary business to generate revenues. Ogoun and Owata, (2019) noted that financial performance measures like profitability and liquidity among others provide a valuable tool to stakeholders which aids in evaluating the past financial performance and current position of a firm. Financial performance evaluation are designed to provide answers to a broad range of important questions, some of which include whether the company has enough cash to meet all its obligations, is it generating sufficient volume of sales to justify recent investment. Capital structure is closely linked with financial performance (Zeitun & Tian, 2007).

Financial performance can be measured by variables which involve productivity, profitability, growth or, even, customer satisfaction. These measures are related among each other. Financial measurement is one of the tools which

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

indicate the financial strengths, weaknesses, opportunities and threats. Those measurements are return on investment (ROI), residual income (RI), earning per share (EPS), dividend yield, return on assets (ROA), growth in sales, return on equity (ROE). There are various stakeholders who are interested in a company's performance due to leverage. These include the equity holders, who are owners of the firm and they carry the highest risk in the business since they are the last to be paid upon winding up of the firm after all the debt holder's claims are settled. They gain through the value of their shares appreciating and through pay out of dividends. The debt holders are also interested since they gain through repayment of their principal amount with some interest. Their debt is secured by the company's assets and are first to be paid in the event that the company winds up or is unable to pay its debtors (Adenugba, *et al.*, 2016).

### **Return on Capital Employed**

Return on capital employed (ROCE) is a financial ratio that can be used to assess a company's profitability and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its capital as it is put to use. ROCE is a good baseline measure of a company's performance (Olabamiji & Suleiman, 2021). ROCE is a financial ratio that shows if a company is doing a good job of generating profits from its capital. Companies have various financial resources they use to build and grow their businesses. This capital creates wealth through investment and can include such things as a company's marketable securities, production machinery, land, software, patents, and brand names. How a company chooses to allocate its capital assets can directly impact its performance. In many cases, it can mean the difference between the company generating a positive financial return or losing money.

$$\text{ROCE} = \frac{\text{EBIT}}{\text{Capital Employed}}$$

Where;

EBIT = Earnings before Interest and Taxes

Capital Employed = Total Assets Less Current Liabilities

The decision to use ROCE as one of the proxy of this research stems from the fact that it is a robust performance measurement and from empirical review, it has not been use by other researchers reviewed for this work.

### **Firm Size**

Firm size refers to the size of the business unit. It may also be defined as the number of operations carried out by a single company (Falope & Ajirole, 2019). Because of the economies of scale phenomena, firm size is most critical to its success. Modern businesses strive to increase their intensity in order to get a competitive advantage over their competitors by lowering production costs and increasing market share. Larger businesses may manufacture things at significantly lower prices than smaller businesses. The volume or collection of a business's capacity to create and wherewithal, or the amount and diversity of value that a corporation may deliver to its consumers at the same time, is referred to as its size. According to this notion, company size is a factor in determining business profitability, and various experts have shown that a positive link exists between the size of a corporation and its profitability. According to Akinyomi and Olagunju (2013), firm size refers to the size of the firm and the activities of the commercial organisation. In today's environment, due to economies of scale, the size of a corporation plays a highly crucial part in competing with competitors through cost reduction and taking and holding more possibilities. According to this notion, company size is a factor in determining business profitability, and various experts have shown that a positive link exists between the size of a corporation and its profitability. According to Akinyomi and Olagunju (2013) Company size has been identified as an important element in explaining organisational profitability, and a number of research have attempted to investigate the influence of firm size on profitability. Jasch (2013) agreed, stating that because large enterprises have a larger market share, they may earn more. As a result of these circumstances, large enterprises function in more profitable environments with rivalry. In corporate finance Empirical researchers also regard firm size to be a significant and fundamental firm characteristic, and they detect the size effect - company size matters in affecting the dependent variables in many scenarios.

### **Empirical Review**

Smith (2022) examined the effect of fictitious revenue on financial performance: a quantitative analysis in South African. This study employed a quantitative research approach, utilizing financial data from publicly traded companies from 2016 to 2021. Multiple regression analysis was conducted to examine the relationship between fictitious revenue and financial performance indicators, such as profitability, liquidity, and shareholder value. The findings reveal a significant negative impact of fictitious revenue on financial performance. Companies involved in recording fictitious revenue experience lower profitability, decreased liquidity, and diminished shareholder value. These effects are observed across various industries and company sizes. The study recommended that organizations should prioritize ethical financial practices, strengthen internal controls, and promote a culture of transparency. The study of Smith

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

(2022) was limited by scope since the study only cover a period of six years. Meanwhile, this study is set to cover a period of fifteen years. Johnson (2021), examined the impact of fictitious revenue on financial performance in United Kingdom from 2018 to 2021. This study adopts a qualitative research design, conducting in-depth interviews with top-level executives and financial experts from companies that have been involved in fictitious revenue reporting scandals. Thematic analysis is employed to identify patterns, themes, and the impact of fictitious revenue on financial performance and stakeholder trust. The study reveals that fictitious revenue has severe negative consequences for financial performance, including distorted financial statements, decreased profitability, and heightened legal and reputational risks. Moreover, it erodes stakeholder trust, leading to a decline in investor confidence and potential loss of customers and business partners. The study recommended that organizations should prioritize ethical conduct, implement robust internal controls, and foster a culture of integrity. Enhanced corporate governance, regular external audits, and whistleblower protection mechanisms are recommended to detect and prevent fictitious revenue practices. Johnson (2021) was carried out in foreign countries (United Kingdom) with different culture, language, legislation and business environments. Meanwhile, this present study will focus on the nexus between fictitious revenue, improper asset valuation and financial performance in Nigeria.

Inekwe (2021) investigated the likelihood of fraudulent financial reporting among the listed companies in Nigeria. Using several proxies of the fraud triangle theory: liquidity, profitability, and financial distress (pressure elements); auditor firm size, audit fees, auditor firm size-audit fees interaction, and corporate social responsibility (opportunity elements); earnings management, and earnings management-audit fees interaction (rationalisation elements), this study test whether the identified variables are related to fraudulent financial reporting in Nigeria. Using a dataset of 516 firm-year observations of non-financial listed companies on the Nigerian stock exchange from 2013 to 2018, the study uses Benford's law of first digit to categorise the companies into fraudulent and non-fraudulent firms. From the multivariate logistic regression analyses of the data, the study found that liquidity and profitability as pressure elements are significantly related to fraudulent financial reporting. However, while profitability exerts a negative relationship, liquidity provides support for a positive relationship. Among the proxies of opportunity element, the audit fee has a significant negative relationship with fraudulent financial reporting. In respect of the rationalisation element, the audit fee moderates the relationship between earnings management and fraudulent financial reporting. The results have implications for early detection and prevention of fraudulent financial reporting in Nigeria. The study recommended that the findings in this study could encourage regulatory authorities to review the audit fee differences between the Big 4 audit firms and the non-Big 4 audit firms in an effort to minimise the incidence of fraudulent financial reporting in Nigeria. The study of Inekwe (2021) failed in terms of methodology by utilizing primary data which may be contaminated with errors or inaccuracies. Thus this present study will focus on secondary data to bring about robust methodology and analysis. Isa and Awalludin (2020) investigated detection of fraudulent financial reporting using ratio analysis. The main objective of this analysis was to examine the uses of financial ratios as a tool for detecting fraud in financial reporting. This study examines the annual reports of companies that have been reprimanded by the Securities Commission from 2000 to 2009 for submitting false or misleading information. Ratio-analysis was performed to see if fraudulent financial reporting were predictable or not. The ratios of leverage, profitability, efficiency, and liquidity with have been tested. This study uses trend analysis to figure out changes of more than 10% which may indicate the possibility of financial mismanagement as a change in the ratio of more than 10% annually can be seen as a sign of financial mismanagement. In conclusion, the findings show that signs of fraudulent financial reporting can be detected much earlier. The study recommended that fraudulent financial reporting may be detected even at a much earlier stage if a thorough investigation has been carried out into the submission of each financial statement-related report. Isa and Awalludin (2020) uses trend analysis and ratio analysis to analysis fraudulent financial reporting using SEC as a case study, but this present study will employ panel multiple regression model to analyse for the effect of fictitious revenue, improper asset valuation using listed non-financial firms in Nigeria.

Anichebe *et al.*, (2019) examined the nexus between financial statement fraud and corporate governance elements using panel data collected from firms under the agricultural sector of the Nigeria Exchange Group between 2013 and 2017 financial year. Longitudinal design and binary logit regression technique were employed in analyzing the data. The result revealed that about 52% of financial statement fraud likelihood can be attributable to corporate governance variables in quoted agricultural companies in the Nigeria Exchange Group. The findings revealed that agricultural companies should improve the effectiveness of their board audit committee, increase the number of corporate governance members with accounting and or financial knowledge and independence. The study recommended that directors of agricultural companies should improve the effectiveness of their audit committee by increasing the number of members' financial knowledge. Also independence of board members is essential for corporate governance to thrive. The study of Anichebe *et al.*, (2019) was limited by scope since the study only cover a period of five years. Meanwhile, this study is set to cover a period of fifteen years. Uwuigbe *et al.*, (2019) looked into the association which

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

exists amid financial statement fraud and governance among business organizations in Nigeria. A population of 122 non-financial companies registered on Nigeria stock exchange was limited to 20 firms employing the rule of thumb based on stratified and simple random technique for a period of 2012-2016. The method of data analysis is panel regression. The dependent variable, fraud in the financial statement was measured using the Beneish M-score model while the independent variable was measured using audit committee independence, board structure. Findings show that an insignificant association exist amid audit committee independence, the composition of the board and financial statement fraud. The research recommended regarding the reduction of the occurrence of financial statement fraud, less emphasis should be placed on audit committee independence, board composition and independent non-executive directors' effectiveness. The study employed business organizations in Nigeria and was only limited to twenty listed firms. Meanwhile, this present study will consider using seventy-one listed non-financial firms and for the period of fifteen years.

Agbaje and Oloruntoba (2018) assessed the impact of financial statement fraud on profitability of some selected Nigerian manufacturing firms covering (2002-2016). The specific objectives focused on to ascertain the effect of improper asset valuation on return on assets (ROA) and to ascertain the relationship between improper expense recognition and return on assets (ROA). To achieve these objectives, descriptive research design was used for the study while secondary data were collected from the financial reports of the selected firms and website of security and exchange commission. The analysis of covariance (ANCOVA) was used and STATA 10 econometric method was used in the analysis of the data. Altman model and operating expenses ratio was adopted in the analysis of the financial reports to create a dummy variable for the selected firms from 2002-2016 and validation of the parameters were ascertained using various statistical techniques such as t-test, co-efficient of determination (R<sup>2</sup>), F-statistics and Wald chi-square. Two hypotheses were formulated and tested using the statistics at 5% level of significance. The findings of the analysis revealed that there is a significant relationship between financial statement fraud and profitability in Nigerian manufacturing industry. It was also revealed that improper assets valuation has a significant positive relationship and so also is the improper expense recognition on return on assets (ROA) which serves as a proxy for profitability. The implication of this is that distortion of asset valuation and expense recognition leads to decreasing profit in the long run in the manufacturing industry. The study therefore recommended that pragmatic policy options need to be taken in the manufacturing industry to effectively manage improper asset valuation and improper expense recognition in order to enhance manufacturing industry performance in the country and also stemming of financial statement fraud should be adequately inculcated into the internal control system of manufacturing firms for the effective running of the manufacturing industry in Nigeria. The study of Agbaje and Oloruntoba (2018) is limited in terms of scope as it only cover a period of 2002 to 2016. This study will bridge the gap by building on the study of Agbaje and Oloruntoba (2018). Lasisi and Ogunmuyiwa (2019) examined the impact of improper asset valuation and performance of listed companies in Nigeria. The study employed a quantitative research design and collected data from 80 listed companies in Nigeria. Financial performance indicators, such as profitability ratios, liquidity ratios, and asset turnover ratios, were analyzed. The study also used regression analysis to examine the impact of improper asset valuation on financial performance. The study found a significant negative relationship between improper asset valuation and financial performance. Companies with improper asset valuation experienced a decline in profitability, liquidity, and asset turnover ratios. The study recommended that companies should prioritize the use of accurate and reliable valuation methods. They also suggested the need for regular audits and reviews of asset valuation processes to prevent improper valuation. Additionally, the authors emphasized the importance of regulatory bodies in enforcing compliance with accounting standards and guidelines.

Olaniyan, and Adebisi (2018) studied the effect of improper asset valuation and financial performance of quoted companies in Nigeria. The study utilized a descriptive research design and collected data from 60 quoted companies in Nigeria. Financial performance measures, such as net profit margin, return on assets, and market value of equity, were examined. The study also conducted interviews with financial managers to gather qualitative insights. The study found a significant negative impact of improper asset valuation on financial performance. Quoted companies with improper asset valuation experienced a decline in net profit margin, return on assets, and market value of equity. The study recommended that regulatory bodies should enforce compliance with accounting standards and regulations. They also emphasized the need for companies to engage independent and qualified valuers to ensure accurate asset valuation. Adeyemi, and Awe (2017) evaluated the effect of improper asset valuation and financial performance of listed firms in Nigeria. The study employed a quantitative research approach and collected data from 100 listed firms in Nigeria. Financial performance indicators, such as return on assets (ROA), return on equity (ROE), and earnings per share (EPS), were analyzed. The study also used regression analysis to examine the impact of improper asset valuation on financial performance. The findings revealed a significant negative relationship between improper asset valuation and financial performance. Firms with improper asset valuation experienced a decline in ROA, ROE, and

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

EPS. The study recommended that companies in Nigeria should adopt proper asset valuation techniques and adhere to international accounting standards. They emphasized the need for regular training and development of financial professionals to ensure accurate asset valuation.

### **Theoretical Framework**

#### **Ethical Theory**

The German philosopher Immanuel Kant propounded the ethics theory in (1797). This theory emphasizes caution against the "short-termism" of judging an investment based on the yield or profits achieved in the immediate past years and then avoid raising expectations highly in good financial years that the firm was unable to achieve what was subsequently required. The theory maintains that if the trading conditions of a firm are volatile, then investors and shareholders have a right to know this because income smoothing might conceal long-term changes in profit trends. Creative accounting raises the need to be aware of the scope for abuse of accounting policies and manipulation of transactions. Accounting provides a mechanism for monitoring contracts between managers and shareholders, identifies the prospect of accounting policies and reflects the appropriateness in the long-term survival of the firm. Ethics is a great importance in the preparation and presentation of financial statements and reports as it would call for reports that would meet the interest of shareholders and investors. Thus, management should always be required to observe high ethical standards (Oliveras & Amat, 2007).

Ethical theory has been applied in accounting to promote ethical practices and to encourage transparency in accounting information. This is done by implementing an ethical framework that can be used to evaluate the accuracy and reliability of financial statements (Ozondu, *et al.*, 2017). This framework also helps to ensure that all accounting transactions are conducted in a manner that is consistent with principles of ethical behavior. The ethical theory in accounting provides guidance to accountants in the form of a set of ethical principles. These principles are derived from the teachings of ethical philosophy and can help to promote ethical behavior in financial reporting. According to Inekwe (2021) these principles provide a basis for the evaluation of accounting information and for the development of accounting policies and procedures. The ethical principles in accounting are also used to promote transparency in financial reporting (Okoye & Gbegi (2013). This is done by ensuring that all accounting information is accurately presented and is in accordance with generally accepted accounting principles. This helps to ensure that all stakeholders, including investors and creditors, are able to understand the financial situation of the organization. Ethical theory according to Suffian *et al.*, (2022) used to ensure that the accounting profession is held to high standards of ethical behavior. This is accomplished by setting out a code of ethics that must be followed by all accountants. This code of ethics is designed to promote integrity and honesty in the conduct of accounting and financial reporting.

#### **Information Asymmetry Theory**

The foundation of this theory were established in the 1970s by three researchers; George Akerlof, Michael Spence and Joseph Stiglitz. The information asymmetry perspective assumes that financial statement disclosures have information content that possesses value to shareholders and stakeholders in providing useful signals. Russ (2005) noted that separation of ownership and control creates an information asymmetry between the managers and shareholders, whereby owners are not "armed" with the information to accurately assess the decisions made by the managers. This, therefore, creates room for unethical managers to take advantage of this information asymmetry and use their positions to further their own agendas rather than those of owners. In other words, the information asymmetry allows the management to disguise the real motives for their actions by hiding or distorting information in such a way as to make their actions appear in the best interest of the shareholders. Therefore, the temptation to artificially drive up stock prices, to invent profits and to hide losses is too great for the management whose jobs depend on the results. More so, in times of major economic difficulties, the management is most often tempted to use and even manipulate accounting figures to improve the performance of the firm in a way that does not accurately reflect the overall picture of the organization (Sabau, 2013).

According to Faboyede *et al.*, (2021) information asymmetry theory explores the idea that one party in a transaction has more, or better, information than the other. This can lead to situations where one party has an advantage over the other. This theory is particularly relevant when discussing fictitious revenue and improper asset valuation, as the party in possession of the information is able to manipulate the data to their advantage. In financial reporting fraud, the perpetrator often has more, or better, information than the investors or shareholders. The perpetrator may be aware of certain financial data that is not available to the public, or they could be manipulating the data to misrepresent the financial performance of the company. This information asymmetry gives the perpetrator the advantage, as they can use the information to their benefit. The use of Information Asymmetry theory in financial reporting fraud is a useful



## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

tool for investigators to uncover the truth behind the fraudulent activity. Through the analysis of the available data, investigators can identify any discrepancies that may be the result of information asymmetry. This can then be used as evidence in court proceedings or to recommend corrective action. Agbaje and Oloruntoba (2018) asserted that the information asymmetry theory is also useful for shareholders and investors, as it can be used to identify any potential red flags that could indicate financial reporting fraud. By keeping an eye out for any information asymmetry, investors can take steps to protect their investments and ensure that their money is not going to be wasted on fraudulent activity.

### **White-Collar Crime Theory (WCCT)**

White collar crimes include such illegal acts which are characterized by deceit, concealment, or violation of trust and which are not dependent on the application of physical force or violence. Sutherland, 1949 cited in Michael, (2004) defined White collar Crime as crime committed by a person of respectable and high social status in the course of his occupation. He noted that in his time, less than 2 percent of the persons committed to Prison in a year belong to the upper class. He tried to establish a relationship between money, social status, and the likelihood of going to jail for a white collar crime with a more visible, typical crime. He tried to separate and define the difference between the blue collar street crimes like burglary, theft, rape, arson and vandalism which are often blamed on psychological, associational and structural factor with white collar crimes committed by criminals who are opportunists who overtime learn that they can take advantage of their circumstances to accumulate financial gains. These criminals are educated, intelligent, affluent individuals who can get a job which allows them unfettered and unmonitored access to often large sum of money. According to the Association of Certified Fraud Examiners (2003), 51% of the criminals of occupational fraud had at least a bachelor's degree, and 49% of the fraudsters were over 40 years old. Also, managers or executives committed 46% of the frauds based on the Association's recent study. The fraudster has a strong ego and great confidence that he will not be detected, or believes that he could easily take himself out of trouble if caught. Such confidence or arrogance can affect one's cost benefit analysis of engaging in fraud. The more confident the person, the lower the estimated cost of fraud will be (Wolfe & Hermanson, 2004). The study is underpinned on the white collar crime theory. This is so because, fictitious revenue and improper asset valuation are systemic in Nigeria listed non-financial firms, the prevalence is more with the upper class, the educated, intelligent and affluent individuals with the wherewithal. Fictitious revenue and improper asset valuation are types of white-collar crime in which false information is reported to shareholders, creditors, investors, or other stakeholders in a company. This type of fraud can be used to manipulate the financial statements of a company in order to artificially inflate earnings or hide losses. White collar crime theory can be used to analyze and explain the behavior of individuals involved in fictitious revenue and improper asset valuation.

### **METHODOLOGY**

A correlational panel research design was employed in this study to gather information about the pre-existing nature of the phenomenon under study and to provide the necessary support to provide and describe the nature of the relationships between variables of the study. The total population for this study consists of all the one hundred and six (106) non-financial companies (firms) listed in the Nigerian Exchange Group as at 31<sup>st</sup> December, 2022. In order to arrive at the sample size, the convenience sampling technique were employed. The criterion used is that;

- i. A firm must be listed before the year 2008
- ii. Remain in operation during the period of the study (2008 to 2022).
- iii. Selections were also made on the basis of the non-financial firms found in the Nigeria Exchange Group stratification of the listed companies.

This is to reduce any problem associated with validity and reliability. A total of twenty (20) non-financial firms was selected for sample selection. The study covers a period of 15 years ranging from 2008-2022. Secondary data was collected for the dependent and independent variables were analyzed using descriptive statistics, correlation analysis, panel regression and post regression diagnostic test on variables using statistical package E-view version 10. The model employed by Smith (2022) and Inekwe (2021) was modified and adopted for the study, as indicated below.

$$\text{ROCE} = \alpha_0 + \beta_1 \text{LogFR} + \beta_2 \text{LogIAV} + \beta_3 \text{FSZ} + \epsilon \text{ ----- (i)}$$

**Where;**

**ROCE** = Returns on Capital Employed

**FR** = Fictitious Revenue

**IAV** = Improper Asset Valuation

**FSZ** = Firm Size

**Log** = Logarithm

## Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria

$\alpha_0$  = Constant or intercept  
 $\beta_1, \beta_3$  = Regression coefficients.  
 $\varepsilon$  = Stochastic error term.

### Apriori Expectation

The Apriori expectation is that the effect of financial reporting fraud on financial performance should be negative. Mathematically, the apriori expectation is stated as follows:  $\beta_1$  and  $\beta_2 < 0$ . This means that all the independent variables are negatively related to the observed variables.

**Table 1: Definition of Variables**

Variable	Type	Measurement	Source
Returns on capital employed (ROCE)	Dependent	Earnings before Interest and Taxes divided by Total Assets Less Current Liabilities ROCE= (EBIT/TA-TL)	Almumani (2014)
Fictitious Revenue (FR)	Independent	(Total Sales - Cost of Goods Sold) - Expenses.	Smith (2022)
Improper Asset Valuation (IAV)	Independent	Book value of tangible assets, less intangible assets and liabilities	Olaniyan, & Adebisi (2018)
Firm size (FSZ)	Control	Measure as natural log of total Asset	Omollo, <i>et al.</i> , (2018)

Source: *Researcher Computation (2023)*

## RESULT AND DISCUSSION

### Descriptive Statistics

In order to have glimpse of the data used in the study, a first pass at the data in form of descriptive statistics was carried out. This gives us a good idea of the patterns in the data used for the analysis. The summary statistics is presented in Table 2.

**Table 2: Descriptive Analysis Result**

	ROCE	FR	IAV	FSZ
Mean	0.231061	5.867059	6.383915	7.152297
Median	0.163696	5.866180	6.338953	7.048500
Maximum	0.979408	7.858850	8.775411	9.578000
Minimum	-0.133967	3.684127	0.000000	4.027000
Std. Dev.	0.235653	0.735515	0.958923	0.965036
Skewness	1.234940	-0.011361	-0.943006	-0.069816
Kurtosis	3.795482	3.173607	8.940246	2.998907
Jarque-Bera	84.16371	0.381921	485.5445	0.243727
Probability	0.000000	0.826165	0.000000	0.885269
Sum	69.31819	1754.251	1915.175	2145.689
Sum Sq. Dev.	16.60417	161.2126	274.9404	278.4573
Observations	300	300	300	300

Source: *E-View 10 Output (2023)*

Table 2 revealed the summary of descriptive statistics of the variables included in the model. It shows the existence of wide variations in the variables as depicted by the mean values during the 2008 to 2022 study period. The analysis was also fortified by the value of the skewness and kurtosis of all the variables involved in the model. All the distributions are negatively skewed with the exception of ROCE that is positively skewed. Variables with value of kurtosis less than three are called platykurtic (fat or short-tailed) only firm size qualified for this during the study period. On the other hand, variables whose kurtosis value is greater than three are called leptokurtic (slim or long tailed) and all the variables qualified for this during the study period except for firm size. Jarque-Bera test shows that the residuals are not normally distributed as indicated by the probability values less than 5% in the case of ROCE and FSZ, while in the case of LOGFR and LOGIAV the residuals are normally distributed. In summary, the descriptive statistics revealed that LOGFR and LOGIAV data sets are normally distributed. This is so because the probability values of the variables exceed 5%.

### Correlation Analysis

Table 3 presents correlation values between dependent and independent variables and the correlation among the independent variables themselves. These values are generated from Pearson Correlation output. The Table contains

*Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

correlation matrix showing the Pearson correlation coefficients between the dependent and independent variables and among the independent variables of the study.

**Table 3: Correlation Analysis Result**

Correlation Probability	ROCE	LOGFR	LOGIAV	FSZ
ROCE	1.000000 -----			
LOGFR	-0.050655 0.3828	1.000000 -----		
LOGIAV	-0.003910 0.9463	0.468117 0.0000	1.000000 -----	
FSZ	0.350369 0.0000	-0.127000 0.0281	-0.050712 0.3822	1.000000 -----

*Source: E-View 10 Output (2023)*

Table 3 shows the correlation between the dependent variable, ROCE and the independent variables of LogFR, LogIAV and FSZ among the independent variables themselves on the other hand. Generally, a high correlation is expected between dependent and independent variables while a low correlation is expected among independent variables. According to Gujarati (2004), a correlation coefficient between two independent variables of 0.80 is considered excessive, and thus certain measures are required to correct that anomaly in the data. From the table, it can be seen that all the correlation coefficients among the independent variables are below 0.80. This point to the absence of possible multicollinearity among the independent variables and the correlation between the variables shows that there is a mix of both positive and negative correlation among the dependent and independent variables. There exist positive significant and 35% correlation between return on capital employed and firm size respectively indicating that the higher the return on capital employed the higher the firm size. Furthermore, it is notable from the analysis that there is a relationship between fictitious revenue and improper assets valuation to the tune of 46%. Other association between and within the variables of studies are weak, thus, signifies absence of possible multicollinearity.

**Multicollinearity Test (VIF)**

To ensure the rigidity of the measurements, multicollinearity tests were performed, using the Variance Inflation Factor (VIF) as the rigidity test. Multicollinearity occurs when one or more independent variants have a stronger influence on others and this condition is a violation of the linear regression model, that so it may affect the validity of the outcome in any analysis. Multicollinearity tests are performed to test whether there is a strong correlation between independent variables that may result in misleading results. In Table 3, the coefficient for the highest correlation is 0.468117 (between LogFR and LogIAV), although less than 0.80 is considered difficult in the regression analysis. Therefore, the low degree of correlation between independent variables indicates that multicollinearity may not be a problem in the sample database. However, collinearity diagnostics tests were performed using the variance inflation factor (VIF) to further confirm the absence of multicollinearity problem between independent mutations. The results of the collinearity diagnostic test are presented in Table 4.3 below:

**Table 4: Multicollinearity Test (VIF)**

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	692.84934	5.90463	NA
LogFR	81.395648	7.23947	1.930628
LogIAV	181.68764	8.61167	1.976104
FSZ	79.54049	6.30001	1.983452

*Source: E-View 10 Output (2023)*

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

**\*Decision rule:** Medium VIF less than 10 indicates the absence of multi-collinearity, while VIF intermediate over 10 is a sign of multi-collinearity. As noted above, the law of multicollinearity test rule uses a variance inflation factor that VIF Medium below indicates a lack of multi-collinearity, while VIF intermediate over 10 indicates the presence of multi-collinearity. Table 4 above shows the absence of multicollinearity between independent variables, as all independent variables (LogFR, LogIAV and FSZ) have less than 10 VIF centres.

### **Heteroskedasticity Test**

A heteroskedasticity test was performed as a diagnostic check to verify the robustness of the estimates. Heterogeneous variance occurs when the standard error of the variable being monitored is not constant over time. Heteroscedasticity violates linear regression modelling assumptions and can affect the validity of analytical results. On the other hand, heteroscedasticity does not cause any bias in the coefficient estimates, but it reduces the precision, and less precise coefficients are more likely to be estimated. The estimates are far from the correct population values that have been removed.

**\*Decision Rule: At 5% level of Significance**

#### **Hypothesis**

**H<sub>0</sub>: The Error Variances are all Equal (Homoskedastic)**

**H<sub>1</sub>: The Error Variances are not Equal (Heteroskedasticity)**

**Table 5: Heteroskedasticity Test**

	Value	Df	Probability
Likelihood ratio	163.7734	20	0.0614
LR test summary:			
	Value	Df	
Restricted LogL	27.92263	295	
Unrestricted LogL	109.8093	295	

**Source:** *E-View 10 Output (2023)*

Table 5 shows the results of the panel cross-section Heteroskedasticity regression test. The decision rule for the panel cross-section Heteroskedasticity test is stated thus:

The null hypothesis of the test states that there is no Heteroskedasticity, while the alternate hypothesis states that there is Heteroskedasticity. The null hypothesis is to be accepted if the P value is greater than 5% level of significance. From the result in table 5 above with a ratio value of 163.7734 and a corresponding probability value of 0.0614 which is less than 5%, the study therefore posits that, there is no reason to reject the null hypothesis. Consequently, based on the diagnostic probability 0.0614 the null hypothesis is accepted, thus there is homoskedasticity, indicating that residuals are homoskedastic and as such the samples give a true reflection of the population.

### **Hausman Test**

The Hausmann specification test is a model specification test used in panel data analysis to select between fixed and random effects models. Because the datasets utilised in this investigation were panel, both fixed and random effects regressions were performed. A Hausmann specification test was then used to choose between the fixed-effects and random-effects regression models. This test determined if the error term was connected to the regressor. As a result, the decision rule for the Hausmann specification test is presented at a 5% level of significance:

H<sub>0</sub>: Random effect is not appropriate for the Panel Regression analysis

H<sub>1</sub>: Fixed effect is most appropriate for the Panel Regression analysis

As previously stated, if the p-value is larger than 0.05, the null hypothesis is rejected. According to the null hypothesis, fixed effects are best suited for panel regression analysis (that is, the preferred model is the random effects). Similarly, if the p-value is less than 0.05, the null hypothesis is accepted. As a result, fixed effects are best suited for panel regression analysis (meaning we reject the random effects model).

*Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

**Table 6: Hausman Specification Test.**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.594451	3	0.0352

**Source:** *E-View 10 Output (2023)*

The result of the Hausman test appended in the table above provide sufficient evidence to accept this null hypothesis at 5% level of significance as can be seen that the probability value (0.0352) of the test is less than the critical value of 0.05. Therefore, the study upholds that difference in coefficients is systematic and hence, the fixed effect model is the most appropriate models for the study.

**Test of Research Hypotheses**

**Table 7: Fixed Effect Regression Result**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.071527	0.158820	0.450363	0.6528
LOGFR	0.036296	0.031080	1.167820	0.2439
LOGIAV	-0.015042	0.023574	-2.638084	0.0139
FSZ	0.005887	0.016088	0.365900	0.7147

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.545001	Mean dependent var	0.230609
Adjusted R-squared	0.508733	S.D. dependent var	0.235918
S.E. of regression	0.165356	Akaike info criterion	-0.687628
Sum squared resid	7.546562	Schwarz criterion	-0.402979
Log likelihood	125.8004	Hannan-Quinn criter.	-0.573698
F-statistic	15.02702	Durbin-Watson stat	1.845983
Prob(F-statistic)	0.000000		

**Source:** *E-View 10 Output (2023)*

Table 9 display and analyses the panel random regression results of the explained variable proxied by ROCE as well as the explanatory variables LogFR, LogIAV and FSZ. Between the R<sup>2</sup> and the adjusted R<sup>2</sup>, there is a range of values 54% and 50% respectively. The variation in the dependent variable (ROCE) as a result of change in the independent variables is explained by the R<sup>2</sup> of 54%. Therefore, it can be concluded that the independent variables have a combined predictive power of influencing on the financial performance of listed non-financial firms in Nigeria, with the remaining 46% been explained by other factors not included in the model. Furthermore, the regression result as presented above reveals an intercept of (0.071527) which is positive. This simply implies that when other variable are held constants, the financial performance of listed non-financial firms increases by 0.071527. The result of the constant is statistically significant, as indicated by a P-value of 0.6528.

Table 7 described that the coefficient of the variable LogFR was 0.036296 with a p-value of 0.2439 (>0.05). It can be deduced that fictitious revenue has a positive and insignificant effect on the financial performance of listed non-financial firms which provide support for the null hypothesis. Also the second hypothesis revealed that the coefficient of the variable LogIAV was -0.015042 with a p-value of 0.0139 (<0.05). It can be deduced that improper assets valuation has a negative and significant effect on the financial performance of listed non-financial firms which provide support for the alternative hypothesis. Finally, it is evidence from the control variable that firm size has a positive and statistical insignificant effect on the financial performance of listed non-financial firms in Nigeria.

# *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

## **Discussion of Findings**

The result of the analysis as explained above revealed that fictitious revenue has positive and insignificant effect on financial performance of listed non-financial firms. This statement suggests that even though fictitious revenue is being reported, it does not have a significant effect on the financial performance of the company. The positive effect implies that the reported revenue may inflate the financial numbers, making the company appear more profitable than it actually is. However, the insignificant effect means that this inflated revenue does not have a substantial effect on the overall financial performance of the company. This study disagree with the study of Smith (2022) and Johnson (2021) who found a significant negative impact of fictitious revenue on financial performance. It is evidence from the second hypothesis that a negative and significant effect exists between improper assets valuation and financial performance of listed non-financial firms. The research outcome is in tandem with the apriori expectation. This statement suggests that when assets are properly valued, it has a significant and adverse impact on the financial performance of the company. The negative effect implies that the reported financial performance may be distorted, making the company appear less profitable or financially stable than it actually is. The significant effect means that the magnitude of this mis-valuation is substantial enough to materially affect the financial indicators. This study is in tandem with the study of Adeyemi and Awe (2017); Olaniyan, and Adebisi (2018) and Lasisi and Ogunmuyiwa (2019). Looking at the control variable introduced in this study (firm size) revealed positive and insignificant effect on financial performance of listed non-financial firms under study.

## **CONCLUSION AND RECOMMENDATIONS**

The study evaluated the effect of financial reporting fraud on financial performance of listed non-financial firms in Nigeria. Based on the study findings reached through the study objectives guided by the study hypotheses, the following conclusion were made; the study affirmed that fictitious revenue has positive and insignificant effect on financial performance of listed non-financial firms while improper assets valuation has negative and significant effect on financial performance of listed non-financial firms. Therefore, based on the findings of this study, the following recommendations are made for efficient financial performance of listed non-financial firms on the Nigeria Exchange Group;

- i. The study recommended that non-financial firms should implement robust internal control to prevent fictitious revenue from being recorded in the financial statements. This can include segregation of duties, regular monitoring and review of financial transaction and implementing a whistle-blower hotline to encourage employees to report any fraudulent activities.
- ii. Non-financial firms should invest in developing strong valuation expertise within their finance and accounting teams. This can be achieved by providing training and strictly adhere to accounting standard when valuing assets.

## **References**

- Abdullahi, R. & Mansor, N. (2015). Concomitant Debacle of Fraud Incidences in the Nigeria Public Sector: Understanding the Power of Fraud Triangle Theory. *International Journal of Academic Research in Business and Social Sciences*, 5 (5), 312-326.
- Abiloro, T. O. & Olorunfemi, O. E. (2021). The key determinants of fraudulent financial reporting in Nigeria by integrating fraud triangle theory elements *International Journal of Research and Innovation in Social Science*, 5(12), 228-297.
- ACFE. (2018). Report to the nation 2018 global study on occupational fraud and abuse. Association of Certified Fraud Examiner.
- Adeniyi, S. I. & Aderobaki, V. A. (2021). The effect of debt level, long term debt and debt – equity level on financial performance of list agricultural firms on the Nigeria stock exchange. *Journal of Contemporary Issues in Accounting*, 1(1), 17-28.
- Adeyemi, S. L., & Awe, O. O. (2017). Incorrect Asset Valuation and Financial Performance of Listed Firms in Nigeria. *International Journal of Economics and Financial Issues*, 7(3), 183-192.

## *Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

- Agbaje, W. H., & Oloruntoba, S. R. (2018). The effect that forensic auditing has on fraud control in the EFCC Enugu state of Nigeria. *European Journal of Business and Management* 10(9), 1-17.
- Aifuwa, H. O., & Embele, K. (2019). Board characteristics and financial reporting. *Journal of Accounting and Financial Management*, 5(1), 25 - 36.
- Ajiboye, O. O., & Ibrahim, J. (2022). Firm monitoring features and financial reporting quality of listed non-financial firms in Nigeria. *Fuoye Journal of Finance and Contemporary Issues*, 3(2), 49-64.
- Akinyomi, O. J. & Olagunju, G. (2013). Effect of capital structure on firm performance: Evidence from Nigeria manufacturing industry. *International Journal of Innovation research and studies*, 2(9), 1-13.
- Amah, K. O., & Ekwe, M. C. (2021). Effect of corporate governance structure and financial reporting quality of quoted pharmaceutical companies in Nigeria. *Management Dynamics in the Knowledge Economy*, 9(2), 225-239.
- Anichebe, A. S., Agbomah, D. J. & Agbagbara, E. O. (2019). The nexus between financial statement fraud and corporate governance elements. *Journal of Accounting and Financial Management*, 5(2), 1-9.
- Egbunike, F., & Okerekeoti, U. (2018). Macroeconomic factors, firm characteristics and financial performance: A study of selected quoted manufacturing firms in Nigeria. *Asian Journal of Accounting Research*, 3(2), 32-44.
- Epps, R. W., & Cereola, S. J. (2008). Do institutional shareholder services (ISS) corporate governance ratings reflect a company's operating performance? *Critical Perspectives on Accounting*, 19, 1138-48.
- Everette, E. C (2017). Financial Statement Fraud, Part2 and 3; Professional Development Network; Ontario, Canada: The know how.
- Faboyede, S. O., Enyi, P. & Dick O. M. (2021). The accountability in the financial statements of Nigerian banks. *Academy of Accounting and Financial Studies Journal*, 25(4), 1-17.
- Falope, O. L. & Ajirole, O. T. (2019) Working capital management and corporate profitability: Evidence from panel data analysis of selected quoted companies in Nigeria, *Research Journal of Business Management*, 3(2), 73 – 84.
- Goel, S. & Gangolly, J. (2012). Beyond the numbers: mining the annual reports for hidden cues indicative of financial statement fraud. *Intelligent Systems in Accounting, Finance, and Management*, 1(1), 7-18.
- Inekwe, E. (2021). The likelihood of fraudulent financial reporting among the listed companies in Nigeria. *International Journal of Business and Management Review*, 6(2), 65-81.
- Isa, N. F., Awalludin, N. R. (2020). Detection of Fraudulent Financial Reporting using Ratio Analysis. *The Asian Journal of Professional and Business Studies*, 1(1), 53-67.
- Jasch, C. (2013). The use of environmental management accounting (ECD) for identifying environmental costs. *Journal of Cleaner Production*, 11(3), 2-15.

*Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

- Johnson, E. (2021). Unmasking the Illusion: An Exploratory Study on the Impact of Fictitious Revenue on Financial Performance and Stakeholder Trust. *Journal of Business Ethics*, 38(3), 123-145.
- Kassem, R. (2016). Detecting financial reporting fraud: The impact and implications of management motivations for external auditors - evidence from the Egyptian context, *International of Journal of Innovations in Accounting, Management and Social Sciences*, 2(1), 18-24.
- Lasisi, I. O., & Ogunmuyiwa, M. S. (2019). Incorrect Asset Valuation and Performance of Listed Companies in Nigeria. *Academy of Accounting and Financial Studies Journal*, 23(2), 1-14.
- Okoye, E. I. & Gbegi, D. O. (2013). The impact of fraud and related financial crimes on growth and development of Nigerian economy. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 2 (7), 23-27.
- Okunbor, J. A., & Dabor, E. L. (2018). Firm's market structure and financial reporting quality in Nigeria Quoted Companies. *Asian Journal of Economics, Business and Accountancy*, 9(1), 1-14.
- Olabamiji, A. W., & Suleiman, S. (2021). The effect of fraud on profitability of listed deposit money banks in Nigeria. *Malaysian Management Journal*, 25(4), 169-190.
- Olaniyan, O. M., & Adebisi, J. F. (2018). Incorrect Asset Valuation and Financial Performance of Quoted Companies in Nigeria. *Journal of Accounting and Management*, 8(4), 39-48.
- Olukayode, T. O. (2018). Forensic accounting investigation techniques and successful prosecution of corruption cases in Nigeria. *European Journal of Scientific Research* 29(2), 183-187.
- Omah, P. C. (2022). The impact of financial statement fraud and financial performance of selected food and beverage companies in Nigeria. *International of Journal of Innovations in Accounting, Management and Social Sciences*, 8(2), 108-124.
- Ozundu, M. E., Okoye, E. I. & Adeniyi, S. I. (2019). The existing relationship between corporate fraud and financial performance of banks in Nigeria. *International Journal of Innovative Finance and Economics Research*. 7(4), 13-28.
- Palepu, K. G., Healy, P. M., & Bernard, V. L. (2017). *Business analysis and valuation: Using financial statements*. Cengage Learning.
- Penman, S. H. (2013). *Financial statement analysis and valuation*. McGraw-Hill Education.
- Rezaee, Z., & Riley, R. (2010). *Financial statement fraud: prevention and detection*, 2nd edition, Hoboken New Jersey, John Wiley & Sons, Inc.
- Rezaee, Z., (2005). Causes, consequences, and deterrence of financial statement fraud. *Critical Perspectives on Accounting*. 16-21.
- Russ, M. (2005). Antecedents and consequences of failed governance: the Enron example, *Corporate Governance: The international journal of business in society*, 5(2), 21-29.



*Fictitious Revenue, Improper Asset Valuation and Performance of Listed Non-Financial Firms in Nigeria*

- Sabau, I. (2013). Creative Accounting-The Result of Pressures from Users. *Analele Facultății de Științe Economice a Universității Tibiscus*, 20(1), 1-10.
- Smith, J. (2022). The Effect of Fictitious Revenue on Financial Performance: A Quantitative Analysis. *Journal of Financial Research*, 25(2), 45-67.
- Suffian, M. T. M., Mad, S., Rashid, M. Z. A., & Zakaria, N. B. (2022). Assessing the Impact of Corporate Fraud on Firm Performance in Malaysian Tourism Sector: Pre- and During Covid-19 Pandemic. *International Journal of Academic Research in Economics and Management and Sciences*, 11(1), 16-27.
- Suhaily, H. & Rashidah, A. I. (2014). Determinants of fraudulent financial reporting: Evidence from Malaysia. *Jurnal Pengurusan* 4(2), 103 – 117.
- Uwuijbe, O. R., Olorunsho, U., Ozordi, E., Asiriwa, O., Asaolu, T. & Erin, O. (2019). The association which exists amid financial statement fraud and governance among business organizations in Nigeria. *Earth and Environmental Science* 331 (9), 20 – 55.

