Finance, Economics and Applied Research Journal
Vol. 3, No. 1, February 2023, pp. 1-15, E-ISSN: 2379 - 9269
Available online at http://fearj.com/

Research article

NON-CURRENT ASSET MANAGEMENT AND COMPANY PERFORMANCE

*** Michael Olugbenga Olaleye[1], Olabisi Michael Oyinlola[1], Oladosu Jimoh Balogun[1], Olatunji Oludayo Osunwole[1].**

[1]Department of Accountancy, Faculty of Financial Studies, Osun State Polytechnic,Iree, Nigeria.

***Correspondence Author**
E-mail: olaleyeolugbenga@yahoo.com

ABSTRACT

This paper centered on non-current asset management and Company performance and it analyzed specifically the effect of investment in plant and machinery as well as investment in land and building on the return on assets of a manufacturing company in Nigeria. The study adopted ex-post facto techniques and data were extracted from annual reports and accounts of a cement manufacturing industry quoted on the Nigerian Stock Exchange for the period 2016 – 2020. The data was analyzed using multiple regression analysis with the aid of Statistical Package for Social Sciences (SPSS) version 23. Findings revealed that there is a positive correlation and significant relationship between the investment on plant and machinery and return on asset. Also, there is a positive correlation and significant relationship between the investment on land and building and return on asset of the manufacturing company. In this regard, we concluded that the amount of investment on land and buildings and plant and machinery has significant effect on the Return on Assets of the manufacturing company. Based on this, the paper recommends that Nigerian manufacturing 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 asset of the firms. Also, firms in the Nigerian manufacturing industry should reduce unwanted accumulation of land and building for an enhanced profitability as well as return on asset.

Keywords: Performance, non-current asset, return on asset, profitability.

Introduction

The manufacturing companies' dependence on the structure of assets consists of two major types, non-current and current assets. The manufacturing companies use non-current assets to transfer the raw materials into finished goods (Lani, 2018). These assets are called property; plant and equipment, land, building, equipments, automobiles and furniture [Lani & Ani, 2018). It is the primary concern of business organization to give significant attention to return on assets because of its implications to business survival. High Performance reflects management effectiveness and efficiency in making use of company's resources and thus in turn contributes to the country's economy at large (Aquizzi & Paynee, 2019). Poor utilization of noncurrent assets causes low return on investment. And low return on investment is an attribute of ineffectiveness and inefficiency of utilization of assets. Inadequate management of noncurrent assets results to low productivities; hence non-current assets are like the structure while current assets are like flesh (Aquino, 2020). And without the structure the flesh cannot stand. The productive engine is the non-current assets in manufacturing organization.

The problem of appropriating investment on non-current assets compare to current assets in manufacturing firms in Nigeria is vital because more current assets can create high liquidity and surplus cash, and high liquidity impairs profitability (Aivaziana, 2021). The problem of proper evaluation of investment on non-current assets is therefore necessary because investment cannot be taken on the hunch; hence investment analysis is very necessary before assets are acquired for income yielding. It can therefore be argued that despite the strategic importance of non-current assets in cement manufacturing firms in Nigeria, comprehensive studies on non-current assets are lacking, hence the necessity of this study.

Statement of Problem

The optimization of investment on non-current assets in order to achieve satisfactory return on asset is a major problem being suspected by the researcher in the cement manufacturing industry in Nigeria. Given the huge investment on non-current asset, the return on asset seems not to be satisfactory as perceived by the researcher. This inadequate production of cement in the country with regard to demand causes high prices of cement and sometimes scarcity in the market. The problem of scarcity often leads to importation of cement in the country causing capital flight and foreign exchange. The inadequate plant and machinery create low production activities, while surplus investment on land and building does not affect directly the production of cement in the country. The problem of how the assets is performing or to identify specific assets or groups of assets that are idle or not performing in order to match the income to specific assets (or groups of assets) that produce the income is imperative as well as determining which assets are under-performing in the business. The older machines and equipment look attractive and profitable because they have very low depreciation expenses. However, the outdated or run-down equipment may be costing more than their worth; if the necessary overhead to support these assets are considered like repair, maintenance, utilities, taxes and low productivity. It may be that the older depreciated assets are using up too much energy, wasting resources or causing bottlenecks in the production. This undesirable situation attracted the attention and interest of the researcher in evaluating the optimization of investment in non-current asset of cement manufacturing industry in Nigeria in order to assist the investors and management of the cement manufacturing industry.

Objectives of the Study:

The broad objective of this study is to analyze non-current asset management and company performance. However, the specific objectives are to:

i. assess the effect of investment in plant and machinery on the return on assets of a manufacturing company.

ii. determine the effect of investment in land and buildings on the return on assets of a manufacturing company.

CONCEPTUAL REVIEW OF LITERATURE

Asset Management

Asset management refers to systematic approach to the governance and realization of value from the things that a group or entity is responsible for, over their whole life cycles. It may apply both to non-current assets and current assets (Vanier, 2001). Put differently, asset management is a systematic process of developing, operating, maintaining, upgrading, and disposing of assets in the most cost-effective manner (including all costs, risks and performance attributes (Okwo, Ugwunta & Nwese, 2012). Going by these descriptions, it therefore enlightens that assets management is indispensable to the growth and profitability of firms, especially those in the manufacturing sectors. Asset management refers to applying performance management principles to the management of physical assets in firms and provides a strategic approach for the preservation, rehabilitation and maintenance of these assets (Mutungi, 2010). Asset management is one of the most advanced examples of the application of performance management principles in firms. The analytic tools, data, and experience in applying performance management principles are more advanced in asset management than in many other aspects of firms. Because most of the firms' facilities have long service lives, asset management must have a long-term focus. Many asset management programs focus primarily on performance measures that reflect the key metrics related to the physical health of the facilities. However, there are other physical assets that support a range of performance goals that need to be incorporated into a comprehensive asset management program. These other performance goals include safety, operations as well as other support facilities and equipment. It must be noted that the core principles of performance management apply to all aspects of firm performance.

Basically, assets can be classified into two main parts, namely current assets and non-current assets. Current assets include Cash which can be used to finance the company's operations, Short-term investments (marketable securities), Receivable notes, trade receivables which are claims to other parties (to creditors or customers), and Inventory. Whereas what is meant by non-current assets include long-term investment, which are assets owned by companies that are physically visible (concrete / real) or intangible. Asset management ratios are used to measure how effectively a company manages its assets. Brigham and Houston [2020] say that "asset ratios are designed to answer the following question: does the total amount of each type of asset reported in the statement of financial position look reasonably too high, or too low when compared to the level of current sales and projections? If a company has too many assets, the capital costs will be too high, so the profits will be depressed. On the other hand, if the assets are too low, profitable looting will also be lost.

Non-Current Assets (NCA)

Fixed 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 (Investopedia, 2013). Non-current assets may be tangible or intangible. Olatunji and Adegbite (2014) observed the direct linkage between investment in non-current assets and performance noted that not only that non-current asset investment enhances the ability of firms to generate profit, but equally stress its importance on the daily operations of firms. According to Magoulios (2006), the totality of the cost of economy involved in the purchase of new plants and machinery with the aim of increasing the stocks of raw materials and products for new homes is referred to as investment on a macroeconomic level. Philippa (2005) defines investment as a commitment of certain amount of money, in the present year, whose returns is increased earnings in the future. Trujillo (2014), opines that investment in non-current assets like buildings, motor vehicles, and other equipment and so on determines the operational effectiveness of most industries. These non-current assets are normally shown on the statement of financial position and account a large portion of a company's value. NCA investments are very important in maintaining an effective operation of a company.

Productivity and profitability of a company depend on how it maintains its NCA operations (Trujillo, 2014). According to Noah (2016), a key driver of economic growth is investment in NCA. Emekekwue (2005), opines that investment in NCA entails expenditure in items whose benefit is expected to exceed a year. This entails a sacrifice of present consumption for future benefits. According to SNA (2003), ordinary maintenance and repairs of assets entails all the activities that must be carried out by the owners and/or users of fixed assets periodically, to enable them make use of the assets more than their expected useful life. Cost of maintenance and repairs of non-current assets is also referred to as the costs incurred in making non-current assets to get back to its original condition. .

The introduction of asset impairment accounting all over the world system dates back to the mid-1990s. Asset's impairment occurs when there is an abrupt or sudden fall in the service of an asset. This sudden decline in service utility of an asset could be as a result of physical breakdown of the asset, obsolescence due to technology innovation or legal code changes. An asset is said to be impaired when its recoverable amount is less than it carrying amount in the statement of financial position. Impairment means that the asset has suffered a permanent loss in value. Recoverable amount is the higher of an assets fair value less cost of disposal and its value in use. In this study, we used value in use in the calculation of recoverable amount. Value in use is the value that represents the present value of the expected future cash flows from use of assets discounted at 10%. The ROA is used as an effective measure in determining the efficiency of non-current asset utilization. The return on Asset (ROA) ratio is a good measure for determining the effective use of NCA, since investments implies sacrificing the present situation for a future benefit and hence, involves some risks.

Recognizing the Cost of Non-Current Assets

Every organization has its procedures that it follows in acquiring non-current assets. However, there are standard procedures that should be followed in any organization. According to different writers such as Lyengar, (1990), Spicer & Pegler (1971), Manasseh, (1991), views concerning the procedures of determining the cost of non-current assets are asserted that when acquiring them, the procedures should be adhered to, the same should be followed

and maintained. These procedures include: That there are formal policies and procedures regarding authorization for capital expenditures to be made by individuals or committee; Capital expenditure budget are to be made which the asset to be acquired are detailed, reviewed by the accounting department and other committees and finally from the appropriate authority obtained approval which is communicated to the accounting department, who, in turn, maintain cost against approved figures to guard against over spending.

The non-current assets record should provide sufficient details for the company's needs. Basic details include the following: name of assets, location of assets, department and *shelf* number, name of vendor, maker's serial numbers, insurances, acquisition dates, original cost, transportation costs, estimated residual value, depreciation rate, accumulation depreciation, capital improvement, proceeds on disposals, etc.

Determination of the Cost of Non-Current Assets

The cost of non-current assets includes Non-Current Assets Purchased price, Interests on Loan, Non-Current Assets Acquired on exchange basis and Cost Improvement and Repairs. Non-Current Assets Purchased price include the purchase price less any trade discount, sales and other taxes directly charged to assets, site preparation (includes survey), demolition cost, delivery and handling costs (e.g., clearing and forwarding costs), transport to site, installation cost and professional fees (e.g., legal ad engineers' fees) Manasseh (l991). Interests on Loan is according to Lyengar (l990), Interest charged in borrowed fund to acquire a particular non-current asset should not be debited to the cost of non-current asset. The accounting standard however, allows interest charged on capital borrowed to acquire non-current assets to be included in the cost only that applicable to period prior to the commissioning of the non-current assets. The amount included in the cost should be disclosed in a way of a note to the accounting department.

According to Lyengar (l990), where non-current assets have been received through donation and cost of which is not known, the value of those assets are either the market value or value arrived at by an independent professional evaluator. In cost improvement and repairs, the expenditure on improvement and repair to a non-current asset should only be considered as a cost of non-current assets where such expenditure will enhance future earning capacity of non-current assets over and above what would have been earned without expenditure. Future benefits may include an extension of an asset's full life, an increase in production capacity and improvement in quality output or reduction in the operation cost (Saleemi, 1989).

Acquisition and disposal of non-current assets

According to Nkoba (2002), when assets become unserviceable, that is wearing out or becoming obsolete, they should be disposed of. When assets become unserviceable the management decides to do the following for the benefit of the organization: Sold to the broker; sold to employee; use in the organization as scrap or spare parts. Various reasons are accountable for disposal of assets: Change in technology; when assets become damaged and beyond repair; long use (full life) that may cause it to reduce its efficiency; Out of fashion due to change in market taste.

Return on Asset

Return on assets identifies the level of profitability. This ratio measures the return on total assets after interest and taxes. The return on total assets or total investment shows the performance of management in using company

assets to generate profits (Sartono, 2015). Meanwhile, according to (Lestari and Sugiharto 2007) Return on Assets is the ratio used to measure the net profit gained from the use of assets. In other words, the higher this ratio, the better the productivity of assets in obtaining net profits. This will further increase the attractiveness of the company to investors. Increasing the attractiveness of the company to the investors makes the rate of return or dividends to be greater. This will also have an impact on the company's stock price in the capital market which will increase the ROA and affect the company's stock price (Kasmir (2017).

According to Munawir (2018) the usefulness of the Return on Asset (ROA) analysis is stated as follows: If a company has implemented good accounting practices, management can use the Return on Asset (ROA) analysis technique to measure the efficiency of working capital use, production efficiency and sales department efficiency; If a company can have industry data so that industry ratios can be obtained, then the analysis of Return on Assets (ROA) can be compared to the efficiency of capital use in its company with other similar companies, so it can be known whether the company is under, the same, or in above average. Thus, unveil company strength and weaknesses compared to other similar companies; Analysis of Return on Assets (ROA) can also be used to measure the efficiency of the actions taken by the division/section, namely by allocating all costs and capital into the relevant section. The importance of measuring the rate of return at the part level is to be able to compare the efficiency of a part with other parts of the company concerned; Analysis of Return on Assets (ROA) can also be used to measure the profitability of each product produced by the company by using a good product cost system, capital and costs can be allocated to various products produced by the company concerned, so as such will can be calculated the profitability of each product. Thus, the management will be able to find out which products have an essential profit in the long run; Return on Assets (ROA) in addition to being useful for control purposes, also useful for planning purposes. For example, Return on Assets (ROA) can be used as part of the basis for retaning decisions if the company will expand.

Excess Return on Assets (ROA) according to Syamsudin (2019) is useful as a control tool; it is also useful for planning purposes. For example, ROA can be used as a basis for decision making if the company will expand. ROA is used as a tool to measure the profitability of each product produced by the company, by implementing a good production cost system, then capital and costs can be allocated to various products produced by the company, so that the profitability of each product can be calculated; The most principle use of ROA is related to the efficient use of capital, production efficiency and sales efficiency. This can be achieved if the company has implemented accounting practices correctly.

Based on the explanation above, it can be stated succinctly that Return on Assets is a ratio that measures the total rate of return on assets to generate a company's net profit from the acquisition of assets, so that by using ROA the company can make the ratio as a control over investments made. From the results, Return on Assets size can be used as a basis for decision making when a company will expand its business or as a measurement of the profitability of products produced by the company, the higher the profitability achieved, the higher the likelihood that the company will distribute dividends to investors. ROA is used as a tool to measure the profitability of each product produced by the company.

THEORETICAL REVIEW OF LITERATURE

Agency Theory

Jensen and Meckling (1976) asserts that a firm can be seen as a nexus of a set of contracting relationships among individuals by means of which shareholders (principal) delegate every day decisions about the firm to managers (agent) who should use their specific knowledge and the firm's resources to maximize principal agent's return. However, the interest and decisions of mangers do not always align to the shareholders interest, resulting in agency costs or problem. Jensen and Meckling (1976) defined agency cost as the sum of the expenses in monitoring by the principal, the bonding expenditures by the agent and the inevitable residual loss derived from the separation of ownership and control. The cause of agency problems is the separation of ownership and control. This theory is relevant to this study such that assets management are done by the managers saddled with the responsibility of ensuring that shareholders' fund is judiciously utilized to yield the desired returns. Shareholders must therefore encourage management to utilize internal funds to their benefit.

EMPIRICAL REVIEW

According to Jan and Derry, (2019) in the study titled "The Influence of Asset Management on Financial Performance, with Panel Data Analysis", one of the main concerns of the company is the effort to achieve the desired level of profit. That goal can be achieved through good asset management. Good asset management reflects that the company is able to control its financial performance efficiently and effectively. The purpose of this study is to determine the effect of asset management on financial performance. The approach taken to measure asset management is Fixed Asset Turn Over (FATO), while financial performance is measured by profitability using Return on Assets (ROA). This research model looks simply and uses only one independent variable. The selection of the best model is done after testing several other variables, and the more relevant variable to explain the diversity of ROA dependent variables is FATO. This 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.

In the study of Olaoye and Ayodele (2019), their study examined asset management and performance of selected quoted firms in Nigeria. Specifically, the study analyzed effect of current asset on the profit after tax, effect of non-current asset on the profit after tax, and effect of debt-equity ratio on the profit after tax of ten (10) quoted firms in Nigeria for ten years spanning from 2007 to 2016. Panel data were collected across the selected quoted firms over the time period covered in the study. Data for the study were sourced from the annual reports of the sampled firms. Data were analyzed using panel techniques of estimation including Pooled OLS, fixed effect and random effect estimation, alongside post estimation test such as restricted F-test, Hausman test, Wald test of heterogeneity, Wooldridge autocorrelation test and Pesaran test of cross-sectional dependence. Results revealed that current assets exert insignificant positive impact on profit after tax to the tune of .0404019 ($p=0.250 > 0.05$), non-current assets exert significant positive impact on profit after tax, with coefficient estimate of .0685197 ($p=0.000 < 0.05$), Debt-equity ratio on the other hand exerts insignificant negative impact on profit after tax, with reported coefficient estimate of -719.1976($p=0.307 > 0.05$). The study found out that assets management contributed meaningfully towards improved

performance of quoted firms in Nigeria, especially when measured in terms of profit after tax, on the other hand, the study established that increase in the leverage ratio of quoted firms in Nigeria has the capacity to affect improved performance especially when measured in terms of profit after tax Quoted firms in Nigeria should ensure to maintain a non-current asset positive that is substantial for sustaining their performance and help to attain market stability that can culminate into higher market share, expansion and growth. firms should look into management of leverage ratio, so as to reduce the likelihood of reduce performance due to rising debt-equity ratio and also designed an internal monitoring system that could help to maintain a balance between current assets and non-current assets in order to guide against loss of operational efficiency that can ensue when the importance of non-current assets were overemphasized at the expense of current assets.

Alexandra, Airat, Ekaterina and Vladislav (2016) evaluate the Effect of Non-Current Assets on Profitability and Asset Management Efficiency. The purpose of their article is to investigate the problem, which stems from non-current fixed assets affecting profitability and asset management efficiency. Tangible assets, intangible assets and financial assets are all included in non-current assets. The aim of the research is to identify the impact of estimates and valuation in accounting for non-current assets through several objectives, for example, explanation of the impairment tests of tangible and intangible assets under IFRS. This 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 research resulted those 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.

Habib and Waqar (2019) examined the Impact of Current and Non-Current Assets on the Profitability of Pharmaceutical Companies of Pakistan. In their study 9 years data was collected from the annual financial statements of six pharmaceutical companies listed in Karachi Stock Exchange over a period of 2010 to 2018. The profitability was measured by ROA.Current and non-current assets were taken as independent variables. The regression analysis was used and the result showed that current assets have a significant positive impact with the return on assets while the fixed assets have a significant negative impact on profitability of pharmaceutical companies of Pakistan.

Marian and Ikpor, (2017) examined the impact of fixed assets investments on financial performance of selected banks in Nigeria. Specifically, the impact of cost of maintenance and repairs, additions and impairments on Return on Assets (ROA) of banks were used for this study. Expost Factor research design was used for the study. Secondary data were collected from annual reports and accounts of Deposit Money Bank of eight selected banks over the period of eleven (11) years (2002 – 2014). The eight (8) banks were selected using random sampling technique. Multiple regression was employed to analyze the relationship between the dependent variable (ROA) and independent variables – cost of maintenance and repairs, additions and impairments of fixed assets. 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 implications of the findings is that increase in the cost of maintenance and repairs of fixed assets leads to decrease in return on assets of banks. The findings also implied that as additional acquisition of fixed assets and impairments of fixed assets increase, return on assets of the bank's decreases. Based on the findings, it is 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.

Kotšina and Hazak (2012) examines the impact of investment intensity measured by the percentage of fixed assets to total assets and the return on assets. The sample of the study is 8,074 companies in six European Union (EU) member states over a nine-year period from 2001 to 2009. The analysis carried via regression indicates that there is no any strong negative (or positive) impact of companies' investment intensity on future rate of return on assets. Similarly, Reyhani (2012) measures the effect of assets structure on the performance of accepted companies of Tehran Stock Exchange (TSE) through some industries using Panel Data approach. He defined the assets structure by fixed assets and variable assets as independent variables and EBIT (Earnings before Interest and Taxes) as a dependent variable. The findings of the study revealed that the fixed assets have a significant positive effect on EBIT. Also, the effect of these variables on EBIT among various industries is not same.

Research Design

This study which is an ex-post facto research made use of data, from annual reports and accounts of cement manufacturing industry quoted on the Nigerian Stock Exchange for the period 2016 – 2020.

Model Specification:

For the evaluation of the effect of noncurrent assets on company performance (ROA) a multiple regression model was formed and it is specified as follows:

$ROA_t = \beta_0 + \beta_1 PAM_t + \beta_2 LAB_t + e_t$

Where:

R0A = Return on Non Current Assets

PAM = Plant and machinery

LAB = Land and Building

β_0 = Constant or intercept

β_1 and β_2 = Coefficient for Independent variables

t = Current period

e = the error term

DATA ANALYSIS AND INTERPRETATION

Hypothesis 1: The amount of investment in plant and machinery does not significantly impact on the return on Assets of a company

Table 4.1: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.556[a]	.309	.273	2.29435583

a. Predictors: (Constant), PAM

The predictor in the model is Total Budget and it is the independent variable which stands as proxy for debt servicing. The R^2 figure determines the relationship between the independent and dependent variables. In the result, the R^2 of the coefficient in the linear denominations indicate how much of variations in the dependent variable (Return on Asset) which can be explained by the independent variable. In this result, R^2 is 0.309 which indicates 30.9%. Therefore, this model can only account for 30.9% while the other 69.1% in the variation can be explained by other factors.

Table 4.2: Analysis of Variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.796	1	44.796	8.510	.009[b]
	Residual	100.017	19	5.264		
	Total	144.813	20			

a. Dependent Variable: ROA

b. Predictors: (Constant), PAM

Table 4.2 illustrates two sources of variation; regression and residual. The regression sources of variation is the portion of the variation in the dependent variable (Return on Asset that is explained by relying on the regression model while the residual variation is what the model could not explain. A model which is reliable will have higher regression mean sum of squares than the residual mean sum of squares. The mean square of each source of variation is obtained by dividing their respective sum of squares by their degree of freedom. The F-value is obtained by dividing the regression mean square by the residual mean square. Hence, a large F-value indicates that the model account is reliable. Whenever the p-value is less than the selected 5%, it implies that, the F-value is large and vice versa.

According to the table, F-value is 8.510 for model 1 with corresponding p-value of 0.009. This model is fit and reliable to predict the dependent variable since the p-value is less than 5%. It also signifies that one can rely on the model to predict Return on Asset with high accuracy.

Table 4.3: Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.806	.831		9.389	.000
	PAM	-.329	.113	.556	-2.917	.009

a. Dependent Variable: ROA

From Table 4.3, it is obvious that total budget has positive coefficient of 0.556 and a corresponding p-value of 0.009. This result is positively correlated and significant since the p-value is less than 5%. In this regard, we reject the null hypothesis and accept the alternative hypothesis which stated that the amount of investment in plant and machinery have significant impact on the return on Assets of the company.

Hypothesis 2: The amount of investment on land and buildings does not significantly affect the Return on Assets of a company

Table 4.4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.731[a]	.534	.510	1.88405733

a. Predictors: (Constant), LAB

The R^2 figure determines the relationship between the independent and dependent variables. In the result, the R^2 of the coefficient in the linear denominations also indicate how much of variations in the dependent variable (Return on Asset) which can be explained by the independent variable. In this result, R^2 is 0.534 which indicates 53.4%. Therefore, this model can only account for 53.4% while the other 46.6% in the variation can be explained by other factors.

Table 4.5: Analysis of Variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	77.369	1	77.369	21.796	.003[b]
	Residual	67.444	19	3.550		
	Total	144.813	20			

a. Dependent Variable: ROA

b. Predictors: (Constant), LAB

According to Table 4.5, F-value is 21.796 for model 1 with corresponding p-value of 0.003. This model is fit and reliable to predict the dependent variable since the p-value is less than 5% and the f-value is greater than 3. It also signifies that one can rely on the model to predict Return on Asset with high accuracy.

Table 4.6

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.113	1.099		1.013	.324
	LAB	.000	.000	.731	4.669	.003

a. Dependent Variable: ROA

From Table 4.6, it is obvious that Land and building has positive coefficient of 0.731 and a corresponding p-value of 0.003. This result is positively correlated and significant since the p-value is less than 5%. In this regard, we concluded that the amount of investment on land and buildings has significant effect on the Return on Assets of the company.

Conclusion

The study analyzed non-current asset management and company performance with particular reference to a cement manufacturing company. From the data analyzed and the tested hypothesis, the following conclusion was drawn:

The test of hypothesis in respect of the dependent and independent variables were done on presentation of the SPSS results. The amount of investment in land and building as well as plant and machinery has a positive and significant impact on the return on assets of the firm in the cement manufacturing industry in Nigeria...

Recommendation

Given the findings of the study, the following recommendations become imperative:

Investment in plant and machinery has a positive and significant impact on the return on asset of cement manufacturing industry 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 cement 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 asset 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 cement products to avoid loss of sale and profitability.

Investment in land and building has a positive and significant impact on the return on asset of firms in the cement manufacturing industry in Nigeria. This implies that unnecessary investment in acquiring more land and erecting more buildings could bring about a reduction in profitability and hence on return on asset. Thus, firms in the Nigerian cement industry should reduce unwanted accumulation of land and building for an enhanced profitability as well as return on asset.

References

Afza, T. and M. Nazir, 2020. Impact of Aggressive Asset Management Policy on Firms' Profitability. The IU Journal of Applied Finance, 15(8): 20-30. Administration, Discussion paper 1005.

Aivaziana, J., 2021. The impact of leverage on firm investment: Canadian evidence journal of corporate finance Vol.11 Firm: Managerial Behaviour, Agency Costs and ownership Structure" Journal of Financial Economics, 3(4): 305-360.

Albrecht, W. Steve, James D. Stice, Earl Kay Stice and Monte Swain, 2005. Financial Accounting. Thomson South-Western.

Amalendu, B., 2020. Financial Performance of Indian Pharmaceutical Industry, A case study, Asian Journal of Management. Research ISSN 2229-37, pp: 429.

Aquino, R., 2020. Capital Structure of Philippine listed and Unlisted firms: Athar I and Madhu on (2013) Relationship Between Noncurrent Assets Campella, M. & Gigmbone E (2010), Asset tangibility and capital structure. Retrieved from http.//www.edu/fileadmin/redakteur/funkt.dept/ 100 323 Giambone.

Aquizzi, A. and c. Paynee, 2019. Asset performance management drives mining profitability: Increasing Coal production without significant Capital investment: Retrieved from hhttp://www.ivara.com/content/pdfs Mining- Innovation – USCCG.

Ashmarina, S.I. & Khasaev, G.R. (2015). Methodical estimation basic concepts of organization changes' requirements level and enterprises' readiness to their implementation. *Review of European Studies, 7(2),* 1-9.

Ashmarina, S.I. & Zotova, A.S. (2015). The reasoning for methodical instruments of evaluation of organization readiness, possibility and necessity to implement the organizational changes. *Mediterranean Journal of Social Sciences, 6(3),* 44-48.

Ashmarina, S.I., Zotova, A.S. & Smolina, E.S. (2016). Implementation of financial sustainability in organizations through valuation of financial leverage effect in Russian practice of financial management. *International Journal of Environmental and Science Education, 11(10),*3775 –3782.

Astami, E.W. & Tower, G. (2006). Accounting-policy choice and firm characteristics in the Asia Pacific region: An international empirical test of Costly Contracting Theory. The International Journal of Accounting, 41: 1–21.

Badertscher, B.A., Collins, D.W. & Lys T.Z. (2012). Discretionary accounting choices and predictive ability of accruals with respect to future cash flows. Journal of Accounting and Economics, 53: 330-352.

Ball, R. & Brown, P. (1986). An empirical evaluation of accounting income numbers. Journal of Accounting Research, (Autumn) 159-178.

Bowen, R.M, DuCharme, L. & Shores, D. (1995). Stakeholders' implicit claims and accounting method choice. Journal of Accounting and Economics, 20: 225-295.

Chua, W.F.& Taylor, S.L. (2008). The rise and rise of IFRS: An examination of IFRS diffusion, *Journal of Accounting and Public Policy,27,*462-473.

Cornett, M. M., McNutt, J. J. & Tehranian, H. (2009). Corporate governance and earnings management at large U.S. bank holding companies, Journal of Corporate Finance 15: 412–430.

DeAngelo, H., DeAngelo, L., & Skinner, D.J., (1994). Accounting choice in troubled companies. Journal of Accounting and Economics, 17: 113–143.

DeFond, M.L., & Jiambalvo, J., (1994). Debt covenant violation and manipulation of accruals. Journal of Accounting and Economics, 17, 145– 176.

Demaria, S. & Dufuor, D. (2007). First time adoption of IFRS, Fair value option, Conservatism: Evidences from French listed companies. 30 ème colloque de l'EAA, Portugal: Lisbon.

Djatej, A. et al. (2009). An investigation of the comparative impact of degree of implementation of IFRS upon the public and private information quality of East and West European firms. Advances in Accounting, Incorporating Advances in International Accounting, 25: 208-215.

Fields, T. D., Lys, T. Z. & Vincent, L. (2001). Empirical research on accounting choice. Journal of Accounting and Economics, 31: 255–307.

Haller, A. (2002), Financial accounting developments in the European Union: past events and future prospects. European Accounting Review, 11(1): 153-190.

Jose, H.A. et al.,' 2020. A study of the relative Efficiency of ChinesePorts: A financial Ratio-Based Data Envelopment Analysis Approach. Journal of Expert Systems, 27(5): 349-362.

Kantudu, A.S., 2016. Effect of profitability and total assets on the Funded status of pension assets of quoted firms in Nigeria. Retrieved from http.//ssm.com/=1104845.

Katja, L., 2019. Assessing the resource usage decisions and Financial performance in Finnish Sawmills within the resource based view framework faculty of forest sciences university of Joensuu, Finland, pp: 11.

Kusuma, A. E., Santosa, R. A., & Handayani, A. (2018). Effect of Current Assets on Profit Through Credit on Jakarta Islamic Index Company 2012-2014 In Indonesia Stock Exchange. *Journal of Social Science Studies*, *5*(2), 183-200.

Lani, J., 2018. Linear Regression Analysis and Logistic Regression Analysis. Dissertation Statistic help Thursday January 8 (on-line Statistic Solutions Blog spot Com 2009)…../Linear regression analyses Retrieved on 4th August 2011.

Lantto, A. M. & Sahlström,P. (2009). The impact of International Financial Reporting Standard Adoption on Key Financial Ratios. *Accounting and Finance*, *49*, 341-361.

Lydia, C. (2018). *Effect of Asset Performance Management on Profitability of Deposit Taking Saccos in Nakuru County.* Jkuat.

Mawih, K. and A.I. Ani, 2014. Effects of Assets structure on the financial Performance Evidence from Sultanate of Oman. Journal of US-China Public Administration, 11(2): 170-179.

Memon, W. (2009). Importance of Pharmaceutical Industry, First published May 2008, updated 2009.

Milburn, J.A.&Skinner,R. M.(2001). *Accounting Standards in Evolution.* Direct access: https://www.wlu.ca/documents/985/GFC-Dec-15-2004.pdf

Mwangi, L. W., Makau, M., & Kosimbei, G. (2014). Effects of working capital management on performance of non-financial companies listed in NSE, Kenya. *European Journal of Business and Management*, *6*(11), 195-205.

Nikolaev, A.A. (2013). Key criteria effective strategic management of the Corporation. *Vestnik Samara State University of Economics, 1(99)*, 72-74.

Niresh, J. A. (2012). Working capital management & financial performance of manufacturing sector in Sri Lanka. *European Journal of Business and Management*, *4*(15), 23-30.

Okwo, I. M., Okelue, U. D., & Nweze, A. U. (2012). Investment in fixed assets and firm profitability: Evidence from the Nigerian brewery industry. *European Journal of Business and Management, 4*(20), 10-17.

Olatunji, T., & Adegbite, T. (2014). Investment in Fixed Assets and Firm Profitability: Empirical Evidence from the Nigerian Banking Sector. *Asian Journal of Social Sciences and Management Studies, 1*(3), 78-82.

Rehman, M. Z., Khan, M. N., & Khokhar, I. (2015). Investigating liquidity-profitability relationship: Evidence from companies listed in Saudi stock exchange (Tadawul) *Journal of Applied Finance and Banking, 5*(3), 159.

Salman, A., Folajin, O. O., & Oriowo, A. (2014). Working capital management and profitability: a study of selected listed manufacturing companies in Nigerian stock exchange. *International Journal of Academic Research in Business and Social Sciences, 4*(8), 287.

Singh, J., & Pandey, S. (2008). Impact of Working Capital Management in the Profitability of Hindalco Industries Limited. *ICFAI journal of financial Economics, 6*(4).

Sudiyatno, B., Puspitasari, E., & Sudarsi, S. (2017). Working capital, firm performance, and firm value: An empirical study in manufacturing industry on Indonesia stock exchange. *Economics World, 5*(5), 444-450.