FABA
Finance, Accounting and Business Analysis
ISSN: 2603-5324

Finance, Accounting and Business Analysis
Volume 7 Issue 2, 2025
http://faba.bg/
ISSN 2603-5324
DOI: https://doi.org/10.37075/FABA.2025.2.09

Does Audit Committee Moderate The Value Relevance Of Fair Value Accounting Information? Evidence From Listed Consumer Goods Firms In Nigeria

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Info Articles

History Article:
Submitted 10 June 2025
Revised 16 November 2025
Accepted 20 November 2025

Keywords:
Earnings, Mark-to-Market, Ohlson Model, Investors

JEL: M41, M48, G34

Abstract

Purpose: This study examines the value relevance of fair value accounting (FVA) in Nigerian consumer goods firms and explores the moderating effect of audit committee attributes on the Value relevance. The motivation is to determine whether fair value measurements under IFRS provide useful information to investors in an emerging market setting.

Design/Methodology/Approach: Panel data for a period (2012-2022) were obtained from listed consumer goods firms in Nigeria, and the Ohlson (1995) valuation model was applied within both unmoderated and moderated regression (Structural Equation Modeling) frameworks. Audit committee attributes were measured through an index.

Findings: The results show that traditional accounting measures, book value per share (BVS) and earnings per share (EPS), remain highly value relevant, while most fair value measures are not significantly associated with market price per share (MPS). Only Level 2 Fair Value liabilities were significantly priced by investors, suggesting partial relevance of FVA. Furthermore, audit committee attributes did not significantly moderate the relationship between FVA and Market Prices, indicating weak governance influence.

Practical implications- The findings highlight the need for regulators to strengthen disclosure requirements for fair value estimates, for firms to improve governance and audit committee effectiveness, and for investors to balance reliance on traditional measures with cautious interpretation of FVA disclosures.

Originality/value- This study provides new evidence on the value relevance of FVA in Nigeria's non-financial sector, an area that has received little attention compared to banks and insurance firms. It also contributes to the governance literature by assessing the moderating role of audit committees in an emerging economy.

Paper Type: Research Paper

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INTRODUCTION

Fair Value Accounting (FVA) has become one of the most transformative developments in contemporary financial reporting. Rooted in the International Financial Reporting Standards (IFRS) project, it shifted emphasis from historical cost accounting toward market-based measurement. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The intent is to provide timely, relevant, and decision-useful information. Today, over 160 countries—including Nigeria—have adopted IFRS, making FVA a central pillar of global accounting practice.

Nigeria's adoption of IFRS in 2012 marked a turning point in its reporting environment. The Financial Reporting Council of Nigeria (FRCN) expected IFRS to enhance comparability, transparency, and investor confidence, thereby attracting foreign capital. Within this framework, the consumer goods sector is highly relevant. Firms such as Nestlé Nigeria Plc, Dangote Sugar Refinery Plc, Flour Mills of Nigeria Plc, and Unilever Nigeria Plc are among the largest non-oil contributors to GDP and some of the most widely traded equities on the Nigerian Exchange Group (NGX). These companies, therefore, provide a useful context for assessing whether FVA enhances the value relevance of financial reports in Nigeria.

Despite global enthusiasm, FVA has faced criticism, particularly regarding Levels 2 and 3 of the fair value hierarchy. While Level 1 relies on quoted prices in active markets, Levels 2 and 3 involve indirect or unobservable inputs, often requiring judgment and assumptions. In Nigeria, where markets are shallow and illiquid, these inputs expose valuations to subjectivity and possible manipulation. The 2008 global financial crisis reinforced concerns that reliance on unobservable inputs undermines reliability. In response, the IASB and FASB issued stricter disclosure rules and required firms to explain valuation techniques and assumptions. Nevertheless, evidence on the usefulness of FV disclosures remains inconclusive, especially in emerging markets (Mechelli and Cimini 2020; Nicholls 2020; Eshiett et al. 2023).

Nigerian investors, in particular, remain skeptical of FV disclosures due to weak governance and enforcement. Persistent issues such as insider trading, poor monitoring, and managerial opportunism have reduced confidence in reported figures. Unlike developed markets with deep liquidity and robust enforcement, Nigeria's institutional environment limits the role of FVA in share pricing. Investors continue to rely more on book value and earnings per share, while the incremental contribution of FVA is uncertain (Abubakar 2018; Eshiett et al. 2023).

Theoretically, strong corporate governance should mitigate these weaknesses. Agency theory suggests that managers may use discretion in accounting to pursue personal interests, but effective monitoring—particularly by audit committees—aligns managerial reporting with shareholder needs. Audit committees oversee financial reporting, liaise with external auditors, and enforce compliance with standards. Attributes such as independence, expertise, gender diversity, and diligence enhance their effectiveness (Velte 2017; Siekkinen 2016). Where audit committees are robust, FVA disclosures should carry more credibility and be more strongly priced by investors.

Yet, the role of audit committee attributes in shaping the value relevance of FVA remains underexplored in Nigeria, especially in non-financial firms. Previous local research has focused largely on banks and insurance firms (Usman et al. 2017; Abubakar 2018). Consumer goods companies, however, are highly visible, widely held, and economically significant. Whether their audit committees strengthen or fail to strengthen investor confidence in FVA represents an important empirical question.

Globally, findings are mixed. Song et al. (2010) showed that in U.S. banks, strong governance increased the credibility of Level 3 valuations. Nicholls (2020) reported similar results in European and Canadian firms, confirming that audit committees and board structures influence whether investors trust FV disclosures. In contrast, Mechelli and Cimini (2020) observed that the incremental value relevance of IFRS 9 compared to IAS 39 was conditional on governance quality, implying that in weak institutions, investors may discount FV estimates. Evidence from emerging economies is equally diverse: Ahmad and Aladwan (2015) found that FV improved financial performance in Jordanian real estate firms, while Mohammed (2020) reported that Level 2 assets had a negative association with stock prices in Jordan, highlighting distrust of less observable inputs.

The Nigerian experience reflects this complexity. Abubakar (2018) showed that while FVA increased the relevance of accounting information relative to historical cost, it also created earnings volatility in banks and insurers. Eshiett et al. (2023) found that FVA positively affected earnings per share but had mixed effects on market capitalization, again suggesting ambivalence among investors. Whether such patterns extend to consumer goods firms, with different asset and liability structures, is uncertain and under-researched.

Global economic disruptions have further sharpened this debate. The COVID-19 pandemic and

subsequent inflationary pressures have stressed valuation models worldwide. Asset impairments, foreign exchange instability, and supply chain disruptions make FV estimation more complex and less reliable. Recent studies (Zhang and Qu 2022) indicate that during volatile periods, investors increasingly discount Level 2 and Level 3 inputs, questioning whether FVA continues to deliver relevance in crisis conditions. In Nigeria, consumer goods companies faced currency shortages, cost inflation, and disrupted logistics during the pandemic, raising concerns about the credibility of FV disclosures in such environments.

Recent governance reforms in Nigeria add another dimension. The Companies and Allied Matters Act (CAMA 2020) and the Nigerian Code of Corporate Governance (NCGC 2018) mandate minimum standards for audit committees, including independence and size. These provisions align with international practice, but their effectiveness in enhancing reporting quality remains contested. It is unclear whether institutional weaknesses will undermine their intended role, or whether stronger committees can, in fact, improve investor trust in FVA.

This uncertainty motivates the current study. It investigates whether audit committee attributes moderate the relationship between FVA and value relevance in Nigerian consumer goods firms. Using the Ohlson (1995) valuation model and Structural Equation Modeling (SEM), the study evaluates interactions among FVA, audit committees, and market value. The contribution is twofold: it extends the literature by examining non-financial firms in an emerging economy, and it provides practical insights on the capacity of governance mechanisms to enhance the credibility of complex accounting disclosures.

In summary, while FVA aims to provide timely, market-based information, its relevance in emerging markets is compromised by measurement subjectivity and institutional weaknesses. Audit committees are theoretically positioned to mitigate these problems, but evidence from Nigeria is limited and inconclusive. By focusing on consumer goods firms, this study adds to global debates on whether FVA enhances or undermines financial reporting quality and whether audit committee attributes can strengthen investor confidence in fragile governance environments.

Objectives of the Study

The main objective of the study is to examine the effects of audit committee attributes on the value relevance of fair value assets and liabilities of listed consumer goods firms in Nigeria. The specific objectives of the study are:

i. To examine the value relevance of the level 1 fair value assets and liabilities of listed consumer goods firms in Nigeria.
ii. To assess the value relevance of the level 2 fair value assets and liabilities of listed consumer goods firms in Nigeria.
iii. To evaluate the value relevance of the level 3 fair value assets and liabilities of listed consumer goods firms in Nigeria.
iv. To compare the value relevance of level 1 and level 2 and 3 fair value assets and liabilities of listed consumer goods firms in Nigeria.
v. To examine the moderating effect of audit committee attributes on the value relevance of the hierarchies of fair value assets and liabilities of listed consumer goods firms in Nigeria.

Hypotheses of the Study

The following hypotheses are formulated in null form for the study;

H_{01}: Level 1 fair value assets and liabilities are not value-relevant in the listed consumer goods firms in Nigeria.
H_{02}: Level 2 fair value assets and liabilities are not value-relevant in the listed consumer goods firms in Nigeria.
H_{03}: Level 3 fair value assets and liabilities are not value-relevant in the listed consumer goods firms in Nigeria.
H_{04}: Level 1 fair value assets and liabilities are not more value-relevant than level 2 and 3 fair value assets and liabilities in the listed consumer goods firms in Nigeria.
H_{05}: Audit committee attributes have no significant moderating effect on the value relevance of the hierarchy of fair value assets and liabilities of listed consumer goods firms in Nigeria.

The research provides timely insights amid ongoing concerns about the quality of financial reporting in Nigeria and other developing economies. It offers empirical evidence from a non-Western context (Nigeria), analyzing the post-IFRS 13 adoption effects on fair value measurements (FVM). The study is valuable to regulators like the FRCN and IASB, aiding them in standard-setting and oversight. The study contributes to the global FVA debate, providing a basis for reforms in IFRS and related disclosure standards. It is foundational for future academic research, particularly in the underexplored application of FVA in developing countries.

LITERATURE REVIEW

Fair Value Accounting has a long intellectual history that reflects the evolution of financial reporting thought. Early debates in the 1930s by Paton and Littleton highlighted opposing perspectives on how best to measure income. Paton emphasized a value-based, economic perspective, while Littleton advocated historical cost, stressing objectivity and reliability. Chambers, in the 1950s, advanced the exit price concept, emphasizing the use of current market prices as the most relevant measure of value. MacNeal (1939) also underscored the importance of exchange values, viewing fair value as "power in exchange."

Over time, standard-setting bodies institutionalized FVA. The U.S. Financial Accounting Standards Board (FASB) introduced Statement of Financial Accounting Standards (SFAS) 107 and 157, while the International Accounting Standards Board (IASB) embedded FVA in multiple standards, including IAS 2 (Inventories), IAS 16 (Property, Plant, and Equipment), IAS 32 (Financial Instruments), IAS 39 (Recognition and Measurement), IAS 40 (Investment Property), IAS 41 (Biological Assets), and IFRS 3 (Business Combinations). IFRS 13 later provided a comprehensive definition of fair value as the *exit price* in an orderly transaction between market participants at the measurement date.

FVA is applied using three principal bases: exit price (dominant in IFRS 13), entry price, and value in use. The exit price perspective prevails because it aligns with market-based valuation. However, its application is not without challenges. In liquid markets, Level 1 inputs provide observable, objective values. In illiquid or inactive markets, entities must rely on Level 2 (indirectly observable) or Level 3 (model-based unobservable) inputs, which increases estimation risk.

The three-level hierarchy introduced in IFRS 13 addresses these varying degrees of measurement reliability:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs observable either directly or indirectly, such as prices of similar assets or interest rates.

Level 3: Unobservable inputs requiring valuation models, assumptions, and managerial discretion.

While Level 1 is considered most reliable, Levels 2 and 3 introduce subjectivity and raise concerns about earnings management, reliability, and investor trust. Following the 2008 global financial crisis, both the IASB and FASB enhanced disclosure requirements for Levels 2 and 3, underscoring transparency and consistency in valuation.

Value relevance research provides a framework for evaluating financial reporting quality. It assesses whether accounting information is statistically associated with capital market values. Miller and Modigliani (1966) first demonstrated a link between book value and market value, while Barth et al. (2001, 2008) and Beaver (2002) confirmed that equity markets price earnings and book value. The Financial Accounting Standards Board (1980) defines relevance as the ability of information to influence decision-making.

The Ohlson model (1995, 1999), grounded in the Residual Income Valuation (RIV) model of Edwards and Bell (1961), provides the theoretical foundation for much of value relevance research. It expresses firm value as a function of book value of equity, abnormal earnings, and dividends. Its strength lies in connecting accounting information with market-based valuation, though it assumes market efficiency—a condition not always met in emerging economies such as Nigeria.

Conceptually, FVA should enhance value relevance by providing timely, market-reflective data, unlike historical cost, which lags behind economic conditions. Scholars such as Penman (2007), Laux and Leuz (2009), and Emerson et al. (2010) argue that FVA is superior in informativeness, even in illiquid markets. However, its reliance on managerial discretion, particularly at Level 3, can erode reliability and undermine investor trust.

Empirical Review

Song et al. (2010) assessed the value relevance of different levels of fair value (FV) measurements in U.S. banks, showing that Level 1 and Level 2 FVs were more relevant than Level 3. They also found that strong corporate governance improved the relevance of Level 3 estimates. Similarly, Meyers (2014) discovered that market prices were positively related to FVA, particularly Level 3 assets, despite criticisms of their subjectivity. Song (2015) further demonstrated that market volatility discounts FV values, while Du et al. (2014) revealed that transferring assets from Level 3 to Level 2 increased value relevance, underscoring the importance of observability.

Zhang and Tama-Sweet (2015) examined FV relevance during the 2008–2009 financial crisis compared to 2012–2013, finding FV assets generally more relevant than non-FV assets, especially in recessionary periods, with governance playing a strengthening role. Ahmad and Aladwan (2015) reported that FV measurements for

investment properties improved performance and market value for Jordanian real estate firms. In Singapore, Tan (2015) found that Level 1 and 2 measures were significantly related to market values, but Level 3 measures were less so. Lawrence et al. (2016) studied U.S. mutual funds and observed minimal differences across FV levels. Goh et al. (2015) noted that Level 3 assets in U.S. banks had lower relevance compared to Level 1 and 2, though the gap narrowed post-crisis. Kisseleva and Lorenz (2016) also found that Level 3 FVs were less relied upon in European banks, except for held-for-trading securities, which retained relevance.

Adwan (2016) concluded that Level 1 and 2 FVs were more relevant than Level 3 in European financial firms, especially in weaker institutional environments. Siekkinen (2015) emphasized that stronger investor protection increased relevance, with Level 1 assets being most valued. Li (2016), in China, found Level 1 and 2 assets value relevant, while Level 3 varied across firms. Tetteroo (2016), studying U.S. non-financial firms, confirmed all FV levels were relevant except for Level 3 liabilities, with crisis effects being temporary. Chung et al. (2016) highlighted that enhanced FV disclosures improved investor confidence, particularly in Level 3 estimates.

Velte (2017) revealed that gender diversity enhanced the value relevance of Level 1 and 2 measures in German firms, though not Level 3. Siekkinen (2016) also found that board independence and gender diversity increased the relevance of Level 3 FVs in European firms. Fiechter and Novotny-Farkas (2017) stressed institutional quality, observing reduced relevance in weaker information environments. Wang et al. (2017) identified that Level 1 and 2 FVs were relevant in China, while Level 3 varied with institutional contexts. Freeman et al. (2017) documented that Level 1 assets in U.S. banks were more relevant than Levels 2 and 3, which lost importance after the crisis.

Bandyopadhyay et al. (2017) studied Canadian REITs and found that conservative firms' FV adjustments better predicted future cash flows, with IFRS adoption improving predictive ability. In Nigeria, Usman et al. (2017) showed that corporate governance improved the valuation of other comprehensive income. Abubakar (2018) found that FV was more relevant than historical cost in Nigerian banks and insurers, though it increased volatility.

Daas and Jamal (2018) concluded that FV hierarchy levels affect relevance in Palestine, with Level 3 assets not necessarily reducing investor pricing when audited. Zamora-Ramírez and Morales-Díaz (2018) reviewed the literature and emphasized that FV reflects risk management more effectively than HCA. Fortin et al. (2020) demonstrated that FV relevance varies by investment type in U.S. closed-end funds, influenced by audit practices.

Adwan et al. (2020) observed that FVA mitigated the crisis impact on equity book value in European firms but not on net income. Mohammed (2020) in Jordan found that Level 1 assets were positively linked to stock prices, while Level 2 assets had negative effects. Mechelli and Cimini (2020) argued that IFRS 9 provides more relevant information than IAS 39, particularly where governance is strong. Nicholls (2020) showed that strong governance improved the reliability of Level 3 estimates in EU and Canadian banks. Tsadira (2020) reported mixed outcomes for European and Norwegian banks, with FV levels showing improvements in some contexts but deterioration in others.

Zhang and Qu (2022) established that FV adjustments increased the relevance of book value and earnings, but without incremental explanatory power. Eshiett et al. (2023) found that FVA improved earnings per share in Nigerian banks but had mixed effects on market capitalization. Recent Nigerian studies have broadened the evidence base. Abubakar and Abubakar (2015) showed that recognizing intangible assets, particularly brand value, enhanced accounting information quality in listed high-technology firms. Abubakar, Abubakar, and Iliyasu (2015) reported that FVA significantly improved earnings quality in deposit money banks. Abubakar, et al. (2024) confirmed that IFRS adoption significantly enhanced the decision usefulness of accounting information in Nigerian banks, aligning with global standards. Dandago and Abubakar (2025) found that Level 2 fair value assets and Level 1 fair value liabilities have an insignificant positive impact on financial reporting quality. The findings also revealed that Level 3 fair value assets and Level 2 fair value liabilities have a significant positive impact on financial reporting quality. However, the findings indicated that the audit committee attributes index has a significant moderating effect on the relationship between fair value accounting and the financial reporting quality of listed consumer goods firms in Nigeria.

However, several gaps remain. First, most Nigerian studies focus on financial institutions, leaving non-financial sectors, such as consumer goods firms underexplored despite their significant role in the NGX. Second, limited research has addressed the moderating role of audit committees in linking FVA and value relevance, especially in emerging markets. Third, methodological diversity is weak, as most studies rely solely on regression models without addressing measurement error. This study addresses these gaps by employing Structural Equation Modeling (SEM) to evaluate how audit committee attributes influence the value relevance of FVA in

Nigerian consumer goods firms.

METHODOLOGY

This study adopts a correlational ex-post facto research design. The choice of design is guided by the study's objective: to examine whether audit committee attributes moderate the relationship between FVA and value relevance among listed consumer goods firms in Nigeria. A correlational approach is appropriate because it allows for the investigation of relationships among variables, while the ex-post facto orientation reflects reliance on secondary data from historical financial statements and stock prices. This design is consistent with prior value relevance studies (Barth et al. 2001; Song et al. 2010; Abubakar 2018), which typically examine associations between accounting data and market-based measures.

The population of the study comprises all 25 consumer goods firms listed on the NGX as of December 2022. These firms play a pivotal role in Nigeria's economy by producing essential goods, contributing significantly to GDP, and attracting substantial investment. A purposive sampling technique was employed to ensure data availability and continuity across the study period (2012–2022). Firms with incomplete financial data, inconsistent listings, or delistings were excluded. Specifically, Premier Breweries Plc, Guinness Breweries Plc, Multi-Trex Food Plc, Jos Breweries Plc, and Dangote Flour Mills Plc were removed due to listing irregularities. DN Tyre & Rubber Plc and P.S. Mandrid Plc were excluded due to delisting, while BUA Foods Plc was only recently listed in 2022. After applying these criteria, 17 firms were retained as the final sample. This sample size is consistent with studies of similar scope in Nigeria and is deemed adequate for SEM, which requires a relatively large sample-to-variable ratio for robust estimation (Hair et al. 2010).

The study relied exclusively on secondary data. Annual reports and accounts of the sampled firms provided information on book value, earnings, fair value disclosures, and audit committee characteristics. Stock price data were sourced from NGX daily price listings. To ensure consistency, stock prices were measured 90 days after each firm's year-end to allow for market assimilation of published financial information, in line with Barth et al. (2001).

Traditional regression models such as OLS and panel regression are widely used in value relevance studies. However, they assume perfect measurement and often fail to account for latent constructs and error correlations. This study employs SEM using IBM AMOS because the Audit Committee Index is a composite latent variable that SEM models more accurately than OLS; SEM explicitly accounts for measurement error in observed variables, and SEM provides goodness-of-fit statistics (RMSEA, CFI, TLI, SRMR) that evaluate the adequacy of the model. This methodological advancement addresses the limitations of prior Nigerian studies that relied solely on regression analysis.

One of the market measures of FRQ is the association of accounting information with firm market values. To test the value relevance of FVA, the study estimates the association between share prices and fair values of assets and liabilities using the Modified Ohlson (1995) Model, which has been extensively employed in the literature. The model is as follows:

$$MPS_{it} = \beta_0 + \beta_1 BPS_{it} + \beta_2 EPS_{it} + \beta_3 FVA1_{it} + \beta_4 FVA2_{it} + \beta_5 FVA3_{it} + \beta_6 FVL1_{it} + \beta_7 FVL2_{it} + \beta_8 FVL3_{it} + \beta_9 ACI_{it} + \beta_{10} FSZ_{it} + \beta_{11} FGE_{it} + \varepsilon_{it} \quad (1)$$

Where;
MPS_{it} - Market Price Per Share of firm I in year t
BPS_{it} - Book Value Per Share of firm I in year t
EPS_{it} - Earnings Per Share of firm I in year t
β_0 is the regression intercept, β_{1-} β_{11} are estimators, while ε_{it} is the residuals

To examine the moderating effect of the audit committee (using an index score) on the value relevance of fair value assets and liabilities of listed consumer goods firms in Nigeria, the following Model will be used:

$$MPS_{it} = \beta_0 + \beta_1 BPS_{it} + \beta_2 EPS_{it} + \beta_3 FVA1_{it} + \beta_4 FVA2_{it} + \beta_5 FVA3_{it} + \beta_6 FVL1_{it} + \beta_7 FVL2_{it} + \beta_8 FVL3_{it} + \beta_9 ACI_{it} + \beta_{10} FVA1_{it}*ACI_{it} + \beta_{11} FVA2_{it}*ACI_{it} + \beta_{12} FVA3_{it}*ACI_{it} + \beta_{13} FVL1_{it}*ACI_{it} + \beta_{14} FVL2_{it}*ACI_{it} + \beta_{15} FVL3_{it}*ACI_{it} + \beta_{16} FSZ_{it} + \beta_{17} FGE_{it} + \varepsilon_{it} \quad (2)$$

As a moderating variable and for the study to capture the multiple dimensions of the firms' AC structure and attributes, an Audit Committee Attributes Index (ACI) was developed based on the attributes: audit committee size, appointment of Independent Directors, Independent Chair, Financial Expertise, Women, Foreign Membership, audit committee Meetings Frequency, and meetings Attendance.

RESULTS AND DISCUSSIONS

Descriptive Statistics

The descriptive statistics of the variables are presented in Table 1.

Table 1. Descriptive Statistics of Variables of the Study

Variables	Mean	Std. Dev.	Minimum	Maximum	Skewness	Kurtosis	N
MPS	88.086	267.155	1.000	1557	4.086	19.162	187
FVA1	1.609	7.587	0.000	62.300	5.699	36.978	187
FVA2	1.073	5.298	0.000	57.100	8.856	86.235	187
FVA3	104.28	130.389	0.050	639.00	1.614	5.158	187
FVL1	19.232	34.629	0.010	178.00	2.734	10.672	187
FVL2	33.166	47.708	0.030	257.00	2.105	7.367	187
FVL3	53.636	75.554	0.010	408.00	2.029	7.116	187
ACS	5.689	0.664	4.000	7.000	-0.996	3.887	187
AIN	1.957	0.848	0.000	3.000	-0.503	2.667	187
AMF	3.561	0.688	2.000	5.000	-0.073	2.793	187
AMA	18.567	3.652	11.000	26.000	-0.020	2.269	187
ACF	0.481	0.501	0.000	1.000	0.075	1.005	187
ACC	0.936	0.246	0.000	1.000	-3.557	13.652	187
AFX	0.492	0.246	0.000	1.000	0.032	1.001	187
ACG	0.663	0.474	0.000	1.000	-0.690	1.476	187
ACI	4.118	0.662	3.000	5.000	-0.131	2.272	187
BVS	12.396	14.321	-8.000	63.000	1.348	4.149	187
EPS	3.083	9.457	-5.740	61.770	4.437	23.434	187
FSZ	114.42	145.26	0.057	667.01	1.575	4.781	187
FGE	48.941	20.547	7.000	99.000	0.023	2.986	187

Source: Generated by the Author from Annual Reports of the Sampled Firms

The descriptive results show wide variations in market and accounting variables of Nigerian consumer goods firms during the study period. Market Price per Share (MPS) averaged ₦88.09, ranging from ₦1 to ₦1,557, with high dispersion and non-normal distribution indicated by strong positive skewness and kurtosis. For fair value measures, Level 1 assets (FVA1) averaged ₦1.61 billion, Level 2 assets (FVA2) ₦1.07 billion, and Level 3 assets (FVA3) ₦104.28 billion, all with large dispersions and extreme non-normality. On the liabilities side, Level 1 (FVL1) averaged ₦19.23 billion, Level 2 (FVL2) ₦33.17 billion, and Level 3 (FVL3) ₦53.64 billion, each also showing high variation and deviations from normal distribution.

Audit committee attributes reflected moderate compliance with governance codes. Average size was about 6 members, generally consistent with CAMA 2020 and NCGC 2018 requirements, though some firms fell short. Independence averaged 2 non-executive directors, meeting minimum standards, while meeting frequency averaged 4 times yearly, aligning with quarterly requirements. Attendance was high, with an average of 19 members present across sessions. Nearly 94% of committees were chaired by independent directors, and about half of the members possessed financial expertise. Gender diversity averaged 66% female representation, though some firms had none. Foreign membership was present in about half the firms. An Audit Committee Attributes Index (ACI) constructed from these dimensions averaged 4.12, suggesting relatively strong but uneven governance practices.

Other firm-specific variables also displayed wide variability. Book Value per Share (BVS) averaged ₦12.39, ranging from negative values to ₦63, while Earnings per Share (EPS) averaged ₦3.08, with a wide range and high skewness. Firm size was substantial, averaging ₦114.42 billion in total assets but ranging widely from ₦0.06 billion to ₦667 billion. Firm age averaged 49 years, with all firms established before 2012, and was the only variable showing normal distribution.

Overall, the results demonstrate substantial heterogeneity across firms, with most financial and governance variables exhibiting skewed and non-normal distributions, reflecting differences in firm size, asset structures, governance composition, and market valuation within the Nigerian consumer goods sector.

The analysis of the descriptive statistics revealed that the data for the variables of the study did not follow the normal distribution assumption of parametric analysis. However, to determine the statistical evidence with regards to the data normality, the study employed the Shapiro-Wilk Test for normal data. The results of the test are presented in Table 2.

Table 2. Data Normality Test

Variables	W	V	Z	Prob>Z	N
MPS	0.3432	92.675	10.379	0.0000	187
FVA1	0.2891	100.037	10.561	0.0000	187
FVA2	0.1061	125.790	11.086	0.0000	187
FVA3	0.5212	67.297	9.652	0.0000	187
FVL1	0.8589	19.854	6.852	0.0000	187
FVL2	0.8652	18.972	6.748	0.0000	187
FVL3	0.9902	1.383	0.743	0.2287	187
ACI	0.9682	4.479	3.438	0.0003	187
FVA1*ACI	0.7072	41.200	8.526	0.0000	187
FVA2*ACI	0.1274	122.787	11.030	0.0000	187
FVA3*ACI	0.7683	32.601	7.990	0.0000	187
FVL1*ACI	0.9214	11.058	5.511	0.0000	187
FVL2*ACI	0.8824	16.551	6.435	0.0000	187
FVL3*ACI	0.9503	6.991	4.459	0.0000	187
BVS	0.8512	20.940	6.975	0.0000	187
EPS	0.4079	83.312	10.141	0.0000	187
FSZ	0.9385	8.651	4.948	0.0000	187
FGE	0.9727	3.841	3.086	0.0010	187

Source: Generated by the Author from the Data of the Sampled Firms

The Shapiro-Wilk test is a useful tool for testing normality. The null hypothesis principle is used in the Shapiro-Wilk (W) test for normal data; under the principle, the Null hypothesis that 'the data is normally distributed' is tested. Table 2 indicates that data from all the variables of the study are not normally distributed because the P-values are significant at a 1% level of significance (p-values of 0.0000), except for the FVL3, which is not statistically significant at all levels of significance (p-value of 0.2287). Therefore, the null hypothesis (that the data is normally distributed) is rejected for FRQ, MPS, ACI, FVA1, FVA2, FVA3, FVL1, FVL2, FVA1*ACI, FVA3*ACI, FVA3*ACI, FVL1*ACI, FVL2*ACI, FVL3*ACI, BVS, EPS, FSZ, and FGE, while not rejected for FVL3. This may lead to problems in OLS regression, hence the need for more generalized regression models. This has prompted the study to resort to SEM, because it uses techniques like Maximum Likelihood (ML) and Generalized Least Squares (GLS), and can handle complex error structures and correlations among error terms.

Correlation Analysis

Table 3 shows the correlation coefficients between the dependent and the independent variables. The asterisk beside the correlation coefficient shows the coefficient's significance level. The correlation indicates the direction of the relationships as well as the strength of the relationship. Values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative), and the absolute value of the correlation coefficient indicates the strength, with larger values indicating stronger relationships.

Table 3. Correlation Matrix

Variables	MPS	FVA1	FVA2	FVA3	FVL1	FVL2	FVL3	ACI	FVA1ACI	FVA2ACI	FVA3ACI	FVL1ACI	FVL2ACI	FVL3ACI	BVS	EPS	FSZ	FGE
MPS	1.000																	
FVA1	-0.046	1.000																
FVA2	-0.032	0.019	1.000															
FVA3	0.063	-0.298***	0.053	1.000														
FVL1	0.183**	0.288***	0.172**	-0.146**	1.000													
FVL2	0.057*	0.182**	-0.122*	0.015	0.092	1.000												
FVL3	0.129*	-0.064	-0.171**	0.087*	-0.073*	0.090	1.000											
ACI	0.247***	-0.140	-0.117	-0.104	0.045	-0.046	0.064	1.000										
FVA1ACI	-0.104	-0.526***	0.068	0.264***	-0.025	-0.065	0.017	-0.319***	1.000									
FVA2ACI	0.013	-0.020	-0.988***	-0.043	-0.179**	0.127*	0.169**	0.025	-0.036	1.000								
FVA3ACI	0.099	0.120	-0.067	0.302***	-0.049	0.096	-0.072	0.126*	-0.241**	0.056	1.000							
FVL1ACI	0.096	-0.009	-0.228***	-0.041	-0.244***	0.079	0.137*	-0.098	0.198***	0.246***	-0.106	1.000						
FVL2ACI	0.112	-0.023	0.154**	0.075	0.075	-0.321***	0.179**	-0.126*	0.100	-0.143*	-0.002	0.071	1.000					
FVL3ACI	0.098	-0.006	0.199***	0.055	0.127*	0.174**	-0.341*	-0.129*	0.008	-0.191***	0.030	-0.209***	0.376***	1.000				
BVS	0.607***	-0.084*	-0.082	0.089	0.084	-0.133*	0.165**	0.339***	0.047	0.054	0.017	0.210***	0.095	-0.131*	1.000			
EPS	0.779***	-0.035	-0.033	0.053*	0.219***	-0.017	0.103	0.209***	-0.093	0.015	0.078	0.100*	0.075	0.092	0.567***	1.000		
FSZ	0.234***	-0.227***	-0.181**	-0.018	-0.095	-0.283***	0.205*	0.455***	-0.009	0.142*	-0.040	0.091	0.064	-0.219**	0.542***	0.266***	1.000	
FGE	0.046	-0.122*	-0.171**	-0.049	-0.175**	-0.089*	0.257***	0.481***	-0.106	0.123*	-0.011	-0.051	-0.106	-0.268***	0.359***	0.050	0.467***	1.000

Source: Generated by the Author from Results/Data of the Sampled Firm

The correlation analysis revealed mixed relationships between fair value measures and market prices of Nigerian consumer goods firms. Level 1 and Level 2 fair value assets showed weak, insignificant negative correlations with MPS, indicating low value relevance. Level 3 assets and Level 2 liabilities exhibited weak positive but insignificant associations with MPS, also suggesting limited decision usefulness. By contrast, Level 1 and Level 3 liabilities displayed significant positive correlations with MPS at the 5% and 10% levels, respectively, implying that these liability measures were value relevant to investors.

Audit committee attributes (ACI) were significantly and positively correlated with MPS at the 1% level, suggesting that stronger governance structures enhance reporting quality and investor confidence. However, when FVA variables were moderated with ACI, only FVA1*ACI showed a negative but insignificant relationship with MPS, while all other moderated interactions (FVA2*ACI, FVA3*ACI, FVL1*ACI, FVL2*ACI, FVL3*ACI) were positive but statistically insignificant, indicating no meaningful improvement in value relevance.

Traditional accounting measures showed stronger associations. BVS and EPS both had highly significant positive correlations with MPS at the 1% level, confirming their central role in valuation and financial reporting quality. Firm size was also positively significant, while firm age showed a positive but insignificant relationship, suggesting that size matters more than longevity in explaining firm value.

In conclusion, the results demonstrate that only Level 1 and Level 3 liabilities are significantly value relevant, whereas most fair value assets and moderated measures are not. Conventional measures (BVS, EPS, and firm size) remain the most reliable indicators of firm value. Furthermore, the absence of excessively high correlation coefficients (above 0.80) indicates no multicollinearity among independent variables, confirming the suitability of the Dataset for regression analysis.

Regression Diagnostic Tests

To ensure the reliability of results, the study conducted several robustness checks, including tests for normality, heteroskedasticity, multicollinearity, model specification, and SEM model fit. The Breusch-Pagan/Cook-Weisberg test confirmed the absence of heteroskedasticity in both models, indicating constant error variance. Multicollinearity was also ruled out, as the mean Variance Inflation Factors (1.46 and 1.94) were well below the threshold of 10. Model specification tests (Ramsey RESET and Linktest) showed no omitted variables or misspecification, confirming the correctness of the regression models.

For SEM, model fit was assessed using multiple indices. The Chi-square test was non-significant (χ^2 = 6.45, p = 0.092), suggesting the model adequately reproduced the data. Other fit indices supported this conclusion: RMSEA (0.079) and SRMR (0.0122) fell within acceptable ranges, while CFI (0.998) exceeded the 0.95 benchmark. Although TLI (0.886) was slightly below the ideal cutoff, overall indices indicated a good fit.

These results demonstrate that the models are statistically sound, free of major violations of classical assumptions, and adequately capture the relationships among variables, providing a reliable basis for hypothesis testing.

Path Analysis (Regression Analysis) and Hypothesis Testing

In this section, the regression results obtained are analyzed and interpreted to generate findings that address the research objectives. The results are presented in Table 4. They show the standardized path coefficients of the variables, their respective significance levels, and the variances explained for the direct and moderated effects model.

Tables 4. Path Coefficients Model 1 & 2

	Model 1 (Unmoderated Model)		**Model 2 (Moderated Model)**	
Variables	**Coefficients**	**P-Value**	**Coefficients**	**P-Value**
MPS<---BVS	0.325	0.000	0.353	0.000
MPS<---EPS	0.599	0.000	0.574	0.000
MPS<---FVA1	-0.046	0.324	-0.106	0.062
MPS<---FVA2	0.009	0.832	0.097	0.767
MPS<---FVA3	-0.015	0.743	-0.020	0.684
MPS<---FVL1	-0.006	0.894	-0.001	0.985
MPS <---FVL2	0.085	0.061	0.114	0.036
MPS <---FVL3	0.049	0.270	0.034	0.521
MPS <---ACI	0.112	0.030	0.091	0.142
MPS <---FVA1*ACI			-0.098	0.093
MPS <---FVA2*ACI			0.103	0.752
MPS <---FVA3*ACI			0.012	0.793
MPS <---FVL1*ACI			-0.027	0.605
MPS <---FVL2*ACI			0.078	0.192
MPS <---FVL3*ACI			0.011	0.862
MPS <---FSZ	-0.091	0.123	-0.093	0.110
MPS <---FGE	-0.124	0.022	-0.120	0.028
R-Square	**0.676**		**0.688**	
Chi-Square (χ^2)	**7.831**	**0.082**	**6.450**	**0.092**

Source: Results Output from IBM AMOS

The regression analyses, both unmoderated and moderated, provide valuable insights into the value relevance of FVA and the moderating role of audit committee attributes in Nigerian consumer goods firms.

The unmoderated model explained 67.6% of the variation in MPS, suggesting strong explanatory power. The results revealed that BVS and EPS exert a positive and highly significant effect on MPS at the 1% level. This confirms their strong value relevance and demonstrates that investors in Nigeria continue to rely heavily on conventional indicators such as earnings and book value in making valuation decisions. The finding is consistent with prior evidence from both developed and emerging economies (Barth et al. 2001; Ohlson 1995; Abubakar, 2018; Eshiett et al. 2023).

By contrast, most fair value measures were not significantly related to MPS. Specifically, Level 1 fair value assets (FVA1) and liabilities (FVL1) both exhibited insignificant negative effects on firm value. This supports Hypothesis 1 (H1), which stated that Level 1 items are not value relevant to Nigerian investors. Similarly, Level 3 assets (FVA3) and liabilities (FVL3) were also insignificant, supporting Hypothesis 3 (H3) that Level 3 measures lack value relevance. On the other hand, Level 2 results were mixed. While Level 2 assets (FVA2) showed an insignificant positive effect, Level 2 liabilities (FVL2) displayed a positive and significant relationship with MPS at the 10% level. This leads to the rejection of Hypothesis 2 (H2), since Level 2 liabilities are considered value relevant by Nigerian investors. Finally, a comparison across the hierarchy levels suggests that Level 1 items are not more value relevant than Level 2 or 3 items, which supports Hypothesis 4 (H4). Collectively, the unmoderated results demonstrate that while BVS and EPS are highly valued by investors, fair value information is largely ignored, except for Level 2 liabilities.

These findings align with Song et al. (2010) and Chukwu et al. (2020), who reported that investors' perception of financial reporting quality is not strongly associated with fair value disclosures, attributing this to the learning curve and the predominance of unsophisticated investors in Nigeria. However, the results contradict those of Siekkinen (2016) and Tsadira (2020), who concluded that fair value assets at all levels were value relevant to investors' decisions. They also diverge from Mohammed (2020), who provided strong evidence that Level 1 fair value assets offered a reliable Explanation of stock prices in Jordan.

The control variables provided additional insights. Firm size had a negative but insignificant effect on MPS, suggesting that larger firms are not necessarily valued more highly in the Nigerian consumer goods sector. Firm age, however, had a significant negative effect at the 5% level, indicating that older firms tend to lose value relevance over time. This may reflect the market's preference for more agile and innovative firms in a dynamic economic environment.

Turning to the moderated model, the results show that the interaction of audit committee attributes (ACI)

with FVA marginally improved explanatory power, as the adjusted R-squared increased to 68.8%. However, the interaction effects themselves were largely insignificant. The only exception was FVA1ACI, which hurt MPS and was significant at the 10% level. This suggests that investors perceive Level 1 assets, even when combined with stronger audit committees, as subject to discretionary accruals and therefore discount their value. All other moderated interactions, FVL1*ACI, FVA2*ACI, FVL2*ACI, FVA3*ACI, and FVL3*ACI, were statistically insignificant, indicating that audit committees did not enhance the relevance of these fair value measures.

At the same time, the results confirm Song et al. (2010), who argued that weaker corporate governance reduces the relevance of fair value disclosures, and align with Tama-Sweet and Zhang (2015), who showed that governance structures shape the pricing of fair value information. Furthermore, they support Velte (2017), who found that gender diversity in boards enhances the value relevance of FVA under IFRS 13. The findings therefore confirm Hypothesis 5 (H5), which posits that audit committee attributes have no significant moderating effect on the value relevance of fair value measures.

This limited moderating role of audit committees is not unique to Nigeria. Cohen et al. (2008), drawing on institutional theory, argued that audit committees often perform ceremonial rather than substantive monitoring duties. Similarly, Beasley et al. (2000) observed that audit committee oversight varies widely, but is often inadequate. More critically, Krishnan et al. (2011) provided evidence that audit committees may even be associated with less accurate reporting and a higher likelihood of fraud, supporting the notion of managerial hegemony. In the same vein, Bruynseels and Cardinaels (2014) reported that audit committees are linked to a lower likelihood of disclosing internal control deficiencies or receiving going concern opinions, while Wilbanks et al. (2017) revealed that audit committees are often less alert to fraud risk, thereby enabling greater earnings management. Taken together, this body of evidence helps explain why audit committee attributes in Nigerian consumer goods firms failed to strengthen the value relevance of FVA: they may exist more in form than in substance, with limited capacity or willingness to constrain managerial discretion.

Overall, the findings highlight several important patterns. Traditional accounting measures, namely BVS and EPS, remain the most value-relevant to Nigerian investors, reaffirming their dominance in valuation decisions. Fair value assets and liabilities are generally not priced by investors, except Level 2 liabilities, which appear to provide useful information about firms' obligations. Audit committee attributes, despite being associated with governance quality, do not significantly moderate the relationship between FVA and firm value. This underscores persistent institutional weaknesses, limited investor confidence, and enforcement challenges in Nigeria's capital market.

In sum, the evidence demonstrates that while fair value accounting is conceptually intended to improve reporting relevance, Nigerian investors remain skeptical of its usefulness. Instead, they continue to depend on traditional accounting measures that are perceived as more reliable. The limited moderating effect of audit committees further points to the need for stronger governance mechanisms, improved expertise, and stricter regulatory oversight if FVA is to achieve its intended role in enhancing financial reporting quality in Nigeria.

CONCLUSION

The study examined the value relevance of fair value accounting in Nigerian consumer goods firms and the moderating role of audit committee attributes. The results showed that traditional measures—book value per share and earnings per share remain highly value relevant, while most fair value measures are not, except for Level 2 liabilities, which investors found useful. Audit committee attributes did not significantly moderate the relationship between FVA and firm value, confirming weak governance influence. Overall, the evidence suggests that Nigerian investors still rely more on conventional indicators, reflecting skepticism about fair value reporting and the limited effectiveness of audit committees.

The study recommends that regulators such as the FRCN, SEC, and NGX strengthen disclosure requirements for fair value estimates, enforce compliance with IFRS, and enhance monitoring of corporate governance practices. Boards and audit committees should improve oversight by including more independent, financially skilled, and diverse members, while also providing continuous training to strengthen vigilance. Firms should invest in robust valuation processes, internal controls, and transparent communication to build investor trust in fair value reporting. Finally, investors should combine reliance on traditional measures like earnings and book value with informed interpretation of fair value data, supported by investor education programs to reduce knowledge gaps and improve market efficiency.

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