

## LEVERAGE AND FINANCIAL PERFORMANCE: EVIDENCE FROM NIGERIAN FOOD PRODUCTION FIRMS

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### ABSTRACT

This study ascertained the effect of financial leverage on financial performance of food production firms in Nigeria. Specifically, the study ascertained the effect of financial leverage on earnings per share of food production firms in Nigeria; the effect of financial leverage on Return on Equity in food production firms in Nigeria and the effect of financial leverage on Return on Assets of food production firms in Nigeria. Ex post facto research design was adopted and data for the study were obtained from 2009 to 2014 annual reports and accounts of food production firms Nigeria. Paired sample t-test analysis was applied for the test of the three hypotheses formulated with the aid of Statistical Package for Social Sciences (SPSS) version 2.0. Findings showed that financial leverage has no significant effect on Earning Per Shares of food production firms in Nigeria and also that financial leverage) has effect on Return on Equity of manufacturing companies in Nigeria. However another finding showed that financial leverage has effect on Return on Assets of companies in Nigeria. The researcher recommends, among other things that the amount of debt finance in the financial mix of the firm should be at the optimal level in order to ensure the firms' assets are utilization appropriately.

**Key words:** Financial Leverage, Financial Performance and Food Production Firms.