THE IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) ON VALUE RELEVANCE OF ACCOUNTING INFORMATION: EVIDENCE FROM NIGERIA

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ABSTRACT

Value relevance as a field of study has been growing rapidly and gaining attention by many scholars. Value relevance was also viewed as extent of association between accounting information and market value. Therefore, the main objective of this study is to investigate the value relevance of accounting information among listed companies in Nigeria. The study also examined the impact of IFRS on value relevance of accounting information of Nigerian listed companies where, 68 listed companies in NSE were used as the sample of the study over the period of 6 years (2009-2014). It investigated the pre-IFRS period from 2009-2011 and post-IFRS period from 2012-2014. The study used pooled OLS model to analyze the data extracted from Thompson Reuters online data stream.

Furthermore, the study found that accounting information of listed companies in Nigeria as value relevant using the Ohlson model where, both book value of equity and earnings are positively and significantly related to market value of equity. More also, the study found that value relevance of both earnings and book value of equity has increased in the post-IFRS period.

Keywords: value relevance, accounting information, IFRS, Ohlson model, NSE

ABSTRAK

Nilai relevan sebagai satu bidang kajian telah berkembang pesat dan semakin mendapat perhatian oleh banyak ulama. Nilai relevan juga dilihat sebagai sejauh mana kaitan antara maklumat perakaunan dan nilai pasaran. Oleh itu, objektif utama kajian ini adalah untuk mengkaji perkaitan nilai maklumat perakaunan di kalangan syarikat tersenarai di Nigeria. Kajian ini juga mengkaji kesan IFRS perkaitan nilai maklumat perakaunan Nigeria di mana syarikat-syarikat, 68 syarikat yang tersenarai di NSE telah digunakan sebagai sampel kajian ini sepanjang tempoh 6 tahun (2009-2014) yang disenaraikan. Ia disiasat tempoh-IFRS pra dari 2009-2011 dan tempoh pasca IFRS 2012-2014. Kajian ini menggunakan model OLS dikumpulkan untuk menganalisis data yang diekstrak daripada Thompson Reuters aliran data dalam talian.

Tambahan pula, kajian itu mendapati bahawa maklumat perakaunan syarikat yang tersenarai di Nigeria sebagai nilai yang berkaitan dengan menggunakan model Ohlson di mana, kedua-dua nilai buku ekuiti dan pendapatan yang positif dan signifikan dengan nilai pasaran ekuiti. Lebih juga, kajian ini mendapati bahawa perkaitan nilai perolehan dan nilai buku ekuiti telah meningkat dalam tempoh selepas IFRS.

Kata kunci: nilai relevan, maklumat perakaunan, IFRS, model Ohlson, NSE

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Abbreviation	Description of Abbreviations
ATS	Automated Trading System
ASEA	African Stock Exchange Association
BOFIA	Banks and Other Financial Institution Act
BVPS	Book Value per Share
CAMA	Company and Allied Matters Act
CBN	Central Bank of Nigeria
CVM	Brazilian Securities Commission
EPS	Earnings per Share
EMH	Efficient Market Hypotheses
EU	European Union
FASB	Financial Accounting Standard Board
FDI	Foreign Direct Investment
FIBV	World Federation of Exchange
FRC	Financial Reporting Council
FSC	Financial Service Committee of Korea
FSRCC	Financial Statement Reporting Council Committee

GAAP	Generally Accepted Accounting Practice
IASB	International Accounting Standard Board
IASC	International Accounting Standard Committee
IFRS	International Financial Reporting Standard
IOSCO	Committee of International Organization of Securities Commission
MBAR	Market Based Accounting Research
NAICOM	Nigerian Insurance Commission
NASB	Nigeria Accounting Standard Board
NDIC	Nigeria Deposit Insurance Corporation
NGAAP	Nigerian Generally Accepted Accounting Principles
NSE	Nigeria Stock Exchange
OPEC	Oil Producing and Exporting Countries
ROSC A&A	Reports of Observance on Standard and Codes Accounting and Auditing
SAS	Statement of Accounting Standard
SEC	Security and Exchange Commission
SSE	United Nation's Sustainable Stock Initiation
UA	United Arab Emirate

UK	United Kingdom
US	United States

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Provision of highly qualitative financial information has been the ultimate aim of International Accounting Standard Board (IASB) and Financial Accounting Standard Board (FASB). Of course, qualitative financial information is not only necessary for users of financial statement but for a vibrant economy and for a strong capital market as well asserted by Svenssor and Larsson (2009). Financial reporting is about providing report or statement revealing the financial condition of an entity. It is only when an entity revealed its financial condition that investors or users will be able to make sound economic decision. The preparer of such report are expected to out sketch the true financial position of an entity. Although there is nothing as ideal condition in real life, as such there is nothing as "perfect or true and fair" financial statements. As an alternative, accountants should try to prepare statements that are most useful to users.

However, Dandago and Hassan (2013) further identified three items to be considered in preparing financial report. The users, information needed by the users and the preparers. In the opinion of Konstantinos (2011) users of accounting information are categorized into two. External users comprise of users that are outside the organization as; investors, government, lawyers, standard setters, external auditors and general public. Internal users are those within the organization for example; managers, directors, employees to mention but a few. The investor is assumed to be rational and risk averse where he makes investing decision based on market response. Even though, Svenssor and Larsson (2009) opined whenever the information need of investors are met by, then it is considered that the need of other users of financial statement will also be met. This is because investors are among the most important users of financial statement.

Ideally, financial statements should reveal arrangement of recorded details, accounting principles, concepts and conventions, personal judgments and estimates. A consolidated financial statement is a statement that is expected to picture out the financial affairs of an economic entity comprising of more than one business entity. These statements are governed by accounting rules and standards in order to provide accurate accounting information needed by users.

The Reports on Observance of Standards and Codes, Accounting & Auditing Review (ROSC A & A) is 1 of 12 modules established in cooperation of the World Bank and International Monetary Fund (IMF) after the occurrence of the Asian financial crisis in 1997 as part of a sequence of measures to reinforce the international financial architecture. These modules were established and adopted into a country in order to strengthen the weaknesses of actual practices regarding various components of financial architecture.

Before harmonization of International Financial Reporting Standard (IFRS), every country develop and make use of their own national accounting standard while other countries tends to adopt that of other nation accounting standard. The provision of different financial statement under the regulation of different accounting standards of various countries tends to alter the comparability nature of financial statement. In the same similar vein, there is the need to maintain the transparency and accountability in all sectors of every country. Moreover, the need to have a single global standard worldwide was due to attracting investment capital from investors and business activities both within and outside a nation as asserted by Ocansey and Enahoro (2014).

However, as reported by World Bank Nigeria is considered as the most open country for foreign equity ownership in all sectors of the economy with the exclusion of banking sector among the region of sub-Saharan Africa. Foreign ownership in the banking sector is allowed 40% and below of an existing Nigerian bank with no restriction of ownership in establishing a new bank (ROSC A & A 2011). Despite this openness of the economy, still the reporting system in Nigeria has been concluded to be weak especially when compared internationally.

However, poor reporting system in Nigeria as compared to the developed countries made investors to perceive more risk in investing. This made the foreign direct investment (FDI) in Nigeria to drop from US$6.9 billion in the year 2007 to US$3.94 in 2010 as lamented by Titilayo (2011). Secondly, Sanusi (2010) pinpointed that lack of co-ordination among the Financial Statement Regulation Council Committee (FSRCC) was also a contributing factor worsening the reporting system in Nigeria. He also mentioned that the council has not meet for two years as at 2010.

However, accounting information as viewed by Scott (2012), to be a commodity, which is expected to provide ultimate satisfaction to users (both internal and external). There are a number of factors to be considered before accounting information is recognized as a qualitative one among which are relevance, reliable, timeliness, accuracy, comparability and verifiability (Kargin, 2013). Several authors consider relevance and reliability as the most valuable ingredient to be found in accounting information (Kargin, 2013; Khanagha, 2011; Nayeri & Bidari, 2012; Scott, 2012). Additionally, Nayeri and Bidari, (2012) further asserted that these two qualities (relevance and reliability) one must not be used at the expenses of the other as doing this will make the accounting information to less useful to users. Relevance and reliable are items that cannot be quantifiable as no any criteria that will statistically explain them which give room for value relevance as to incorporate the two. In fact, Svenssor and Larsson (2009) were of the view that value relevant happens to be more important than conservatism and or timeliness.

In addition to that, Mohammed and Lode (2012); Kamardin and Edogbanya (2014) pinpointed before Nigeria adopted International Financial Reporting Standard (IFRS), they existed several accounting policies and regulations responsible to take care of the financial reporting affairs in Nigeria, among these regulations are mention as follows; Nigeria Accounting Standard Board (NASB 1985), Nigeria Deposit Insurance Corporation act (NDIC 1988), Company and Allied Matters Act (CAMA 1990), Nigerian Securities and Exchange (NSE 1982) and Banks and Other Financial institution Act (BOFIA 1991, updated 2004). Never the less, of all these regulations, NASB was the only acknowledged Act as independent body in Nigeria that happened to be in charge of establishing, improving and issuance of statement of accounting standards for preparers of financial statements. All these became the regulatory body for prescribing the format, guidelines, policies, procedures and the information content regarding financial statement preparation and reporting in the country. Although, these regulations put the country in a good shape especially after the discovery of oil and the openness of the economy but still Nigerian financial reporting standard has not meet the required level especially when compared with other developed countries.

Meanwhile, the Company and Allied Matters Act (CAMA 1990) was in charged with the responsibility of prescribing the style and details of company financial statement regarding issue of necessary disclosures and also that of auditing. The act further obliges, the entities' financial statement must act in accordance with and remain to the Statement of Accounting Standards (SAS) issued from moment in time by NASB (Edogbanya & Kamardin 2014). All these regulations later provided accounting information that is less relevant and reliable especially when compared with that of other international countries for instance the developed countries. Contrary to this, Sanusi (2010) made comparison between Nigerian regulations and international regulation where conclusion was drawn that Nigerian regulations were not as comprehensive as that of the international regulations.

However, the establishment of IFRS as developed by International Accounting Standard Board (IASB) where Okpala (2010) pointed out has been from global request as a result of the global quest for comparability, uniformity and reliability among the financial statements of companies globally. Originally, before IASB comes International Accounting Standard Committee (IASC). In 2001, the IASC was later change to IASB which was charged with the responsibility of creating the new global standard (IFRS). In the same year, the European Union (EU) mandated all its 17 member countries to adopt IFRS by all listed companies when preparing their consolidated financial report with effect from 1st January, 2005.

Furthermore, Baba (2013) opined that the IFRS adoption by the EU gave it (the IFRS) a global recognition where, China also mandated all its listed companies to adopt IFRS by 2007. Following China was Canada where it also mandated all listed companies in China to adopt IFRS in preparing their financial report with effect from 2011. However, as at the year 2013 IFRS has been accepted and adopted by more than 130 countries in the world (Ocansey & Enahoro 2014). IFRS was purposely established for the sole purpose of producing a single set of standards globally so as to give room for comparison, transparency and reduce the cost of further processing of financial statement (Doupnik & Perera, 2012; Ocansey & Enahoro 2014), where Okpala (2012) added that IFRS adoption and implementation would reduce information irregularity and strengthens the communication link between all stakeholders as another added advantage of IFRS when implemented. Additionally, increase in international trade, cross border financial transactions and investments which inevitably requires proper preparation and presentation of accounting reports that is most useful across various national borders, has brought about the issue of adoption of IFRS by both the developed and developing countries.

In September 2010, IFRS adoption was instigated by the minister of commerce and industry, where the adoption was organized in three phases; phase 1; IFRS to be adopted by all public listed entities as at 2012. Phase 2, IFRS to be adopted by other public entities by 2013 and lastly, phase 3 all Small and Medium Enterprise (SME) to adopt IFRS by 2014 (Madaki 2012).

Moreover, value relevance is a matured field of study or area under Market Based Accounting Research (MBAR) since 1960s. MBAR is a research field that is very broad covering wide areas. Among the MBAR areas are; Feltham-Olhson modeling, analyst's behavior, market efficiency. However, the main reason of MBAR is for determining the accounting information's value relevance for investors in market` (market participant).

Today, value relevance as a field of study has been growing rapidly and gaining attention by many scholars. This field of study is diverse and comprehensive. In the opinion of Nilsson (2003) value relevance study only differs on accounting perspective used; either information or measurement perspective. It also differ on the type of market assumption either the market is efficient or inefficient. So also in the model used either Feltham and Olhson model (price model 1995) and/or the Eastern and Harris model (return model

1991). Therefore, this study is using the measurement perspective, the market is considered as efficient and this study adopts the price model.

However, the term value relevance refers to the ability of stock price to reflect accounting information. Vijitha and Nimalathasan, (2014) went further by positing value relevance as having statistical relationship between financial information with share return. Moreover, literature on value relevance contract with the usefulness of financial information towards valuation of equity. The research questions mostly attended in value relevance studies are: How accounting figures measure equity's value? What accounting figures capture information about value the most? What and how can account figures be used to predict future value attributes? (Nilsson 2003).

Several stream of studies have been undergone on the effect of value relevance in securities exchange market of various countries for example, Poland, Indonesia, Egypt, Sri Lanka, Australia, United Arab Emirates (UAE), Sweden, Taiwan and United Kingdom, France, Pakistan to mention but a few (Azim, 2010; Bao, 2004; Barth & Beaver 2000; Camodeca, Almici, & Brivio, 2014; Chiha, Trabelsi, & Hamza, 2013; Hassan, Romilly, Giorgioni, & Power, 2009; Kargin 2013; Klimczak, 2011; Khanagha 2011; Kousenidis, Ladas & Negakis 2010; Shehzad, & Ismail, 2014; Ragab, A & omran, 2012; Svensson & Larsson, 2009; Titilayo, 2011; Vijitha & Nimalathasan, 2014 ; Mohammed & Lode 2015).

Whereas, other researchers investigated on IFRS impact of value relevance of accounting information and compared it between the period before IFRS and period after the adoption of IFRS. It was evidenced that where they came out with contradictory results see for instance, Kargin (2013); Kousenidis, Ladas and Negakis (2010) and Khanagha (2011). Khanagha (2011) investigated a decrease in value relevance of accounting information after the adoption of IFRS in United Arab Emirate. However, Kargin (2013); Kousenidis et al (2010) examined value relevance of accounting information in post adoption period to have increased contrarily. However, this contradictory finding of previous researchers has become an issue of concern.

Furthermore, with the issue of 2008 global financial scandal, many investors have lost confidence towards investment. Also, following Titilayo (2011) examined accounting information's' value relevance in Nigeria before IFRS adoption. Hence, a more deliberate study to see the whether IFRS has impacted on value relevance of accounting information in Nigeria or not.

1.2 Problem Statement

Customarily, it is the responsibility of Financial Reporting Council FRC of every country to present and monitor accounting, valuation and auditing standard. In Nigeria however, it is the Nigerian Accounting Standard Board (NASB) that issue and regulate the accounting and auditing standard. The board does so through the Company and Allied Matters Act (CAMA 1990). CAMA was in charged with the responsibility of prescribing format and details of company financial statement regarding the issue of necessary disclosure and auditing. The act mandates that the financial statement of all corporate organizations must fulfill and stick to the Statement of Accounting Standards (SAS) issued from any moment in time by the NASB (Edogbanyo & Kamardin 2014). In 2011, the board was later renamed Financial Reporting Council (FRC).

In addition to this, before Nigeria adopted IFRS, the accounting standard was considered as weak especially when compared with international standards (more especially the developed countries). Sanusi (2010) made comparison between Nigerian regulations and international regulation where conclusion was drawn that Nigerian regulations were not as comprehensive as that of the international regulations. Secondly, Sanusi (2010) also pinpointed that lack of co-ordination among the Financial Statement Regulation Council Committee (FSRCC) was also a contributing factor worsening the reporting system in Nigeria. He also mentioned that the council has not meet for two years as at 2010.

With regards to this issue, the Nigerian Report on the Observant of Standard and Code Accounting and Auditing (ROSC A & A 2011) appealed for the way forward of strengthening the institutional framework supporting the practices of accounting and auditing and also to advance the level of Nigerian financial reporting. The ROSC A & A (2011) found that the existence of incomplete performance of the Action Plan of 2004 in the country and further found limited upgrading in Nigeria's financial reporting practices, whereas the Nigerian authorities put into action only 6 out of the 14 plan of action 2004 without addressing other important areas. Furthermore, with its power to observe the standards and codes regarding accounting and auditing, it went further to support the

IFRS adoption in the country (Nigeria) and promulgate the Financial Reporting Council (FRC) bill where it was taken to national house of assembly for the president consent for it to become an Act.

However, with IFRS adoption and implementation in Nigeria, the need to evaluate on the value relevance of accounting information and also the impact of IFRS on value relevance of accounting information among listed companies in Nigeria is of crucial importance. Additionally, few studies observed the value relevance on accounting information with regard to Nigerian economy (Abiodun 2012; Titilayo 2011) even though their studies were undertook within the listed companies in Nigeria but their studies does not incorporate the changes regarding switching from NGAAP to IFRS as the scope of their studies were prior to IFRS adoption.

Therefore, this study wants to investigate the IFRS impact on value relevance of accounting information among the listed companies in Nigeria.

1.3 Research questions

The following are the research questions formulated by this study;

1. Is accounting information of Nigerian companies' value relevant?

2. What impact has IFRS on value relevance of accounting information in Nigerian companies?

1.4 Research objectives

The main objective of this study is to investigate the impact of IFRS on value relevance of accounting information among listed companies in Nigeria. Specifically, this study aims to:

1. To investigate the value relevance of accounting information of companies in Nigeria.

2. To investigate the impact of IFRS on value relevance of accounting information within Nigerian companies.

1.5 Scope of the study

Prior to 2007-2008 financial crises, Titilayo (2011) viewed that, the stock market in Nigeria performed better between 2002-2007 with a high market capitalization of about US$ 82 billion as at 2007. Therefore, this study is limited to companies that are listed in the Nigerian stock market with the exclusion of banks, insurance companies and other financial institutions over a period of six years i.e 2009 – 2014. The exclusion was due to different reporting approach by banks, insurance companies and other financial institutions. The period of study will be divided into; pre-adoption period 2009-2011 and post adoption period 2012-2014 so as to have equal length between the two periods to avoid biased result and wrong conclusion. The study will employ quantitative research in the analysis of the subject matter.

1.6 Significance of the study

This study provides insight to IFRS impact on value relevance of accounting information within the listed companies in Nigeria. Notwithstanding, preceding studies on value relevance of accounting information in Nigeria were all undertook before the adoption and implementation of IFRS. Along this line, this study wants to investigate IFRS impact on value relevance of accounting information among the Nigerian companies. As at ending 2007, NSE was ranked as the third largest market in Africa with market capitalization of US$82 billion. During that period, there is slight use of the knowledge of accounting information in explaining the prices of stocks in NSE.

Therefore, this study is of significant important as it will provide the following:

i. Add to the existing body of knowledge; as earlier mentioned, value relevance studies have been in existence since 1960s. Therefore, this study will be of significant importance on the existing body of knowledge that has already been done by prior authors.

ii. Add to literature for both current and future researchers; this study will be of significant importance to both existing researchers and also future once for either better understanding purpose and or for reference purpose.

iii. This study would also assist investors in making investment decision as whether current investors to continue to hold their shares or to sell them off and potential investors will be encouraged to buy new share. It will also serve as a guide to financial analyst and managers in evaluating firm value.

1.7 Organization of the thesis

The study maintains as follows: chapter two reviews of related literatures to the topic to build the research framework. Chapter three covers the population, sample size, hypotheses development, research design, research model and hypothesis development, source of data and method of collecting the data. Chapter four presents data analysis, presentations, description and interpretations, while the findings, conclusions and recommendations are discussed in the fifth chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

IFRS adoption and its impact on value relevance of accounting information has been explored by many authors among which are (Camodeca, Almici, & Brivio 2014; Khanagha 2011; Shehzad, & Ismail 2014; Trabelsi & Trabelsi 2014). Furthermore, value relevance study is also an area that attracted the attention of prior authors as (Azim, 2010; Bao, 2004; Chiha, Trabelsi, & Hamza, 2013; Hassan, Romilly, Giorgioni, & Power, 2009; Klimczak, 2011; Ragab, A and omran, 2012; Svensson & Larsson, 2009; Titilayo, 2011; Vijitha & Nimalathasan, 2014; Bao, 2004; Mohammed & Lode, 2015; Pencheva, 2008;). This chapter will extensively discuss about the conceptual, theoretical and empirical literatures regarding the issue of value relevance, accounting information, IFRS and Nigerian stock exchange market.

2.2 Accounting information

Accounting information as viewed by Scott (2012), to be a commodity, which is expected to provide ultimate satisfaction to the users. There are a number of factors to be considered before accounting information is recognized as a qualitative one among which are relevance, reliable, timeliness, accuracy, comparability and verifiability (Kargin, 2013). Several authors consider relevance and reliability as the most valuable ingredient to be found in accounting information (Kargin, 2013; Khanagha, 2011; Nayeri & Bidari, 2012; Scott, 2012). Additionally, Nayeri and Bidari, (2012) further assert that these two qualities (relevance and reliability) one must not be used at the expenses of the other as doing this will make the accounting information to less useful to users. Relevance and reliable are items that cannot be quantifiable as no any criteria that will statistically explain them which give room for value relevance as to incorporate the two.

2.2.1 Qualities of good accounting information

There are certain qualities or features that accounting information must possess, these are;

i. Relevance refers to the situation where by accounting information are used to assist users in making investment decision. Whenever, financial statement help user to make decision on investment, such accounting information is said to possess this feature of relevance.

ii. Reliability; accounting information should be a type that present the true and fair financial views and affairs about an entity.

iii. Consistency; accounting information should have uniformity and steadiness in the application of accounting policies and treatment of similar items.

iv. Comparability; accounting information should possess the quality of comparability. This is only possible when there is a standard bases. Comparability makes users to compare similar companies in the same industry or sector and or make comparisons of performance over time.

v. Objectivity; means that accounting information should be prepared and reported in an unbiased manner. Meaning, it should not influenced a particular user set.

vi. Timeliness; accounting information should be period-specific. It is to be produce as at when needed. When the information is released too frequently or produced after the period in which it is required, it is said to be of no use.

2.3 Concept of value relevance

The concept of value relevance has been defined in several ways by different scholars. For example Mohammed and Lode, (2015); Vijitha and Nimalathasan, (2014) define value relevance as the ability of accounting numbers to capture the information underlying the share price where Vijitha and Nimalathasan, (2014) went further by positing value relevance as having statistical relationship between financial information with share return. Value relevance was also viewed as extent of association between accounting information and market value (Titilayo 2011). In another vein, Barth and Beaver, (2000) value relevance refers to association existing between accounting information and securities market value. Therefore, value relevance is all about explaining the relationship existing between accounting information and share price. The study of value relevance is of crucial important as it covers a wide range of constituencies as standard setters, policy makers, financial users as asserted by (Barth & Beaver, 2000).

2.4 Capital market Research

Generally, the primary goal of capital market is to allocate ownership of capital stock of an economy as asserted by (Fama 1969). However, Kothari (2001) stressed that capital market research in accounting covers researches on wide area of accounting as; research on coefficient of earnings response and properties of analysts' forecasts, research of fundamental analysis and valuation, and also research on the test of market efficiency. The author also was of the opinion that, of all the research areas in accounting, that of research on market response have been given much attention by authors.

2.5 Evolution of value relevance research

Value relevance studies can be traced back from late 1960s (Hellström 2005; Titilayo 2011). Although (Titilayo, 2011) opined that during this period, investigations were based on stock market and accounting information with less emphases about firm value. For example, Ball and Brown study in 1969. Book value of equity was later instituted in the middle of 1990s where several authors used valuation frame work so as to express share price in relation to book value of equity and earning inclusive (Kargin, 2013; Kousenidis, Ladas & Negakis, 2010; Oscar, 2014; Pathirawasam, 2013) to mention but a few. Frameworks commonly used for valuation are mostly are: Ohlson, Ohlson and Feltham, Easton and Harris (Kargin, 2013; Kousenidis et al., 2010; Titilayo, 2011).

2.5.1 Approaches to value relevance

Scott (2012) and Titilayo, (2011) identify two approaches to value relevance where as Abiodun (2012) identify two more approaches to that of Scott and Titilayo making it a total of four approaches used in value relevance studies. They are as follows;

i. Fundamental analysis
ii. Predictive
iii. Information
iv. Measurement

i. The fundamental analysis view of value relevance

This approach is used in determining and evaluating the exact value of a firm's share without considering to the price of share in the capital market. This approach further assume that, the market is inefficient and share price respond in the same direction with price in market with changes in accounting information (Abiodun, 2012).

ii. Predictive view of value relevance

The predictive approach is more of value evaluating, forecasting and predicting return of firms. The accounting information assists in making the prediction through intrinsic value features. The prediction can be for profit forecast.

iii. Information view of value relevance

The information approach of value relevance assumes that investors are rational and accounting information is measured based on the response of market share (Abiodun, 2012). In the opinion of Titilayo (2011) information approach is mostly used for examining capital market reacting to earnings management and public disclosure.

iv. Measurement view of value relevance

The measurement approach as define by Scott (2012) to be as an approach to financial reporting where by accountants undertake the liability of incorporating current values to financial statement, providing that this can be done with reasonable reliability, thereby recognizing an increased obligation to assist investors to predict firm performance and value.

2.5.2 Classification of value relevance research

Researches on value relevance are of different category. Mohammed and Lode (2015) asserted that value relevance studies are categorized into three;

I. Relative association studies

II. Incremental association studies

III. Marginal information studies

1 **Relative association studies:** this refers to the studies of value relevance that describe the decrease or increase on the association of share price. It involves making comparison between two standards. For example (Kargin, 2013; Müller, 2014) compare

GAAP with IFRS between the pre and post IFRS adoption and also found an improvement in accounting information in the post-adoption period within companies in Turkey and Europe respectively. Conversely, Kousenidis et al., (2010) discover decrease accounting information in post adoption period but in book value of equity in Greek.

2 **Incremental association studies:** this is a type of value relevance studies that investigate whether prolong period accounting information insists in determining the market return. For example Mohammed and Lode (2015) cited the work of Ventachelun (1999) in examining the incremental relationship in value risk management.

3 **Marginal association studies:** this is the third category of studies in value relevance that examine the association of accounting number on information accessory to investors and explore the relationship arising from any value change there from.

However, based on classification of value relevance studies this studies will explore on the first category; meaning relative association studies in order to see if there is increase or decrease of accounting information between the pre and post IFRS adoption period.

2.6 The concept of financial statement

Financial statement as earlier stated is a consolidated statement showing the financial situation and performance and cash flow of an organization. However, the major purpose of preparing financial statement is to support users in making decision.

Therefore, every financial statement is expected to provide the followings;

I. All assets of the entity
II. All liabilities of that entity
III. All equities of the entity
IV. All income and expenses, gains and losses inclusive
V. Contributions by owners and distribution to owners
VI. Cash flow.

Move over, in addition to this, the entity must provide along side with additional information note in order to give and provide more details regarding the financial affairs of that entity in concern.

Furthermore, financial statement comprised of four statements;

I. Financial position statement
II. Other comprehensive income statement
III. Changes in equities statement
IV. Cash flow statement

2.7 Financial Reporting

The concept of financial reporting refers to the procedure of translating the events of a company in order to show the financial position and affairs to supply information which is to be used by users to make useful decision. The translation of these events is based on the accounting policies of that particular company. The company is also expected to adhere to the regulations governing the reporting standard of particular economy. As earlier mentioned in chapter one, before the adoption of IFRS, there exist regulatory frameworks governing the issue of financial reporting in Nigeria as the CAMA, NASB, CBN, BOFIA, NAICOM.

2.8 Historical background of Nigeria

Nigerian nationalism was founded in 1920 by Herbert Macaulay with a populace of about 166.2 million as par statistic collected as at the year 2012. Nigeria is a country located in Africa and it is considered as one of the most popular country in the continent (Africa). It is positioned at the Gulf of Guinea in West African region. Nigeria has four neighboring borders; Chad, Cameroon, Benin Republic and Niger. It was on 1st October 1960 that Nigeria got her independence from the British colony (United Kingdom). As reported by ROSC A & A (2011) Nigeria is naturally blessed with plentiful natural resources, particularly crude oil. It is also an affiliate of the Oil Producing and Exporting Countries (OPEC), Nigeria is ranked as the 8th largest oil-producer, 6th largest oil exporter and 6th largest deposit of gas in the world. The economy remains largely rural and agrarian, with agriculture providing for the major share of economic output. Nigeria comprised of four regions; the North, South, East and West, with a total of thirty-six states (36) including the Federal Capital Territory and seven hundred and seventy-four (774) local governments.

2.9. The regulatory frameworks of financial reporting in Nigeria

There are a number of regulatory frameworks governing the financial reporting affairs of Nigeria. They have been regulating the financial reporting of the economy for over two decades. They are discussed below;

2.9.1 The Company and Allied Matters Act 1990 (CAMA)

The Act (CAMA) laid downs some style and details of what should be contained in the company's financial statements, formation of the company itself, and necessary disclosure and auditing. It mandates that financial statement of companies should also act in accordance with the Statement of Accounting Standards (SAS) issued at any point in time by the board (NASB). The following are the functions of CAMA;

I. To administer the regulation and control of company's formation, incorporation, registration, management, and winding-up.

II. To create and keep a company's registry and offices in all the States of the country.

III. To carry out an investigation into a company's affairs where the interest of the shareholders and the public so demand.

IV. To execute other functions as may be required by any law or enactment.

V. To undertake other activities necessary for giving full effect to the provisions of this Act.

2.9.2 Nigeria Accounting Standard Board (NASB)

NASB is in charge for the issuance of Nigerian accounting standards. From the time when it's established in 1982, the board has established and maintained 30 Statement of Accounting Standards. The following consists of the 30 SAS as provided below;

SAS 1 Disclosure of Accounting Policies

SAS 2 Information to be disclosed in Financial Statements

SAS 3 Accounting for Property, Plant and Equipments

SAS 4 Stocks

SAS 5 Construction Contracts

SAS 6 Extraordinary Items and Prior Year Adjustment

SAS 7 Foreign Currency Conversions and Translations

SAS 8 Accounting for Employees Retirement Benefits

SAS 9 Accounting for Depreciation

SAS 10 Accounting for Banks and Non-Banks Financial Institutions (Part I)

SAS 11 Leases

SAS 13 Accounting for Investments

SAS 14 Accounting in the Petroleum Industry: Upstream Activities

SAS 15 Accounting for Banks and Non-Banks Financial Institutions

SAS 16 Accounting for Insurance Companies

SAS 17 Accounting in the Petroleum Industry: Downstream Activities

SAS 18 Statement of Cash flows

SAS 19 Accounting for Deferred Taxes

SAS 20 Abridge Financial Statements

SAS 21 Earnings Per Share

SAS 22 Research and Development Costs

SAS 23 Provisions, Contingent Liabilities and Contingent Assets

SAS 24 Segment Reporting

SAS 25 Telecommunications Activities

SAS 26 Business Combinations

SAS 27 Consolidated and Separate Financial Statements

SAS 28 Investments in Associates

SAS 29 Interests in Joint Ventures

SAS 30 Interim Financial Reporting

These 30 SAS were treated as the generally accepted accounting principles (GAAP). It was further pointed out that the board relied more heavily on donations and membership subscription which made it very open for donors to lobby with standard setters. Then, later in 1992 that NASB receives annual grants from the Federal government through the Federal ministry of Commerce and Tourism (Mary et al 2013). The main objectives of the board are;

I. To ensure compliance with the domestic accounting need of the country.

II. To make sure of uniformity in the preparation and presentation of business report's within the country.

III. Ensure the standards comply with the GAAP.

IV. Ensure the standards comply with the existing regulatory framework.

V. However, NASB requires all companies to submit financial statement where it contains the following:

(a) Accounting Policies statement.

(b) Balance Sheet.

(c) Profit and Loss Account or Income Statement.

(d) Notes on the Accounts.

(e) Source and Application of Funds statement.

(f) Statement of Value Added.

(g) Financial Summary of five years.

2.9.3 Financial Reporting Council (FRC 2011)

The Nigerian Financial Reporting Council FRC (2011) is created by the Financial Reporting Council of Nigeria Act, No. 6, 2011 as a parastatal in federal government, under the power of the Federal Ministry of Industry, Trade and Investment. The council is liable to develop, bring out accounting practices and financial reporting standards to be strictly followed in the designing of financial statements of public entities in Nigeria and for other associated matters.

2.9.4 Central Bank of Nigeria (CBN)

The central bank of Nigeria (CBN) was created in 1958 by the CBN Act where it commenced operation on 1st July 1959. It has the responsibility of regulating authorities that take care of all activities and operations of financial institution in Nigeria. The CBN does this through the Banks and Other Financial Institution Act (BOFIA 1999). The Act provides for specific requirement as statutory reserves, lending limit, classification of assets, minimum paid-up capital and publication of annual reports and accounts by all banks in Nigeria. The CBN performed the following functions;

I. To maintain external reserves of the country.
II. To promote monetary stability and to put the economy in good financial shape.
III. To act as a banker of last resort.
IV. To serve as financial adviser to the federal government.

2.9.5 Nigerian Insurance Commission (NAICOM)

The Nigerian insurance commission (NAICOM) is accountable for regulating the insurance companies through the Nigerian insurance Act of 2003. The act provides for minimum paid-up capital, statutory deposit, types of insurance, classification of insurance companies, solvency margin required by all insurance businesses and maintenance of technical reserves. NAICOM has the following as its main functions;

I. To provide effective and efficient administrative system amongst insurance companies.

II. To control and regulate all insurance business in Nigeria.

III. To supervise the affairs of all insurance companies in the country.

2.9.6 Securities and Exchange Commission (SEC)

The Securities and Exchange Commission endow with regulatory authorities through investment and securities Act of 1999. SEC is considered as the main institution regulating the capital market in Nigeria under the supervision of the ministry of finance. The act provides for registration of capital market operation, public offer of shares and stocks, sales of securities, mergers, take-over and acquisition.

2.9.7 Nigerian Stock Exchange (NSE)

The Nigeria stock exchange NSE is a market which has been in existence since 1960 as Lagos stock exchange where it commenced operation in 1961 with nineteen (19) listed securities worth 80million (Titilayo 2011). It was in 1977 that the name Nigeria stock exchange was later changed. As at May 2009, Titilayo (2011) asserted that, the number of listed securities had rose to 294 securities; which comprised of 86 Government Stocks making a total of market capitalization of N9.45 trillion. However, in 2014 the market capitalization increased to N13.544 trillion with share index of 41017.49 points and market turnover of 12.253 billion shares (daily trust newspaper). The stock prices are quoted in the stock market. Stock market exchange report the results of trading each day that the market is open. The report contains the following information;

i. Ticker symbol for each stock

ii. Dividends

iii. Price earnings ratio

iv. Number of shares traded during the day

v. Closing price for the day

vi. Change from the closing price of the previous trading day

At the end of the week, stock reports often indicate additional information as the high or low price for the year.

2.10 Nigerian GAAP

The Nigerian Generally Accepted Accounting Principles (NGAPP) refers to the guidelines that must be strictly followed and adhered to by all companies in Nigeria regarding the content and format towards preparing financial statement, disclosure requirement and auditing. NGAAP is developed by NASB normally known as Statement of Accounting Standard SAS. As earlier states it consists of 30 SAS which has been listed previously.

2.11 International Financial Reporting Standard (IFRS)

International trade together with globalization of business gave a necessary reason for synchronized financial statement preparation and presentation (Edogbanya & Kamardin 2014). The need for a qualitative financial report and homogeneity while preparing and presenting financial statements became a global issue of concern. The principal task of the developing IFRS is to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles.

2.11.1 Funding of IFRS

The funding of the IFRS Foundation rests with its Trustees. In early days, the funding of IFRS was on voluntary contribution but after the tenth years existence of IASB the efforts were made to raise efficient and sufficient funds but still the IFRS was not independently funded. In 2005, the funding was still voluntary and was used by companies to create special access to threaten the board by not paying if they are not in support of a particular standard. This issue led to moving of funding to sponsorships. The goal of the trustees is to have an independent source of fund in order to have greater level of authenticity**.** Recently over one hundred countries have adopted the application of IFRS and thus it will have much more funds now. Countries in Asia and Europe have met their target in funding the organization. Some part of Africa and Brazil are on board. In 2012 Nigeria contributed US$61523, Malaysia US$41197.

2.11.2 IFRS Monitoring Board

The board of IFRS was established in 16th January 2009 after a meeting held at Delhi, India by the trustees of IFRS. The monitoring board comprises of the following;

I. The European Commission (EC)

II. US Securities and Exchange Commission (SEC)

III. Committee of International Organization of Securities Commission (IOSCO)

IV. Brazilian Securities Commission (CVM)

V. Financial Services Commission of Korea (FSC)

2.11.4 Global adoption of IFRS

Today, the adoption of IFRS as opined by Ocansey and Enahoro (2014) that there is global capitalization coverage of about 33%, United State (US) representing 35% while the rest of the world China and India inclusive plan to have partial adoption of IFRS. The adoption of IFRS was also practiced by the G20 countries. However, the IFRS adoption has also been given attention by most of the African countries as asserted by Okpala (2012); Ocansey and Enahoro (2014).

2.12 Nigerian Stock Exchange (NSE)

The Nigeria stock exchange market was established in 1960 as Lagos stock exchange where it commenced operation in 1961 with nineteen (19) listed securities worth 80million (Titilayo 2011). It was in 1977 that the name Nigeria stock exchange was later changed. As at May 2009, Titilayo (2011) asserted that, the number of listed securities had rose to 294 securities; which comprised of 86 Government Stocks with Industrial with a total market capitalization of N9.45 trillion. However, in 2014 the market capitalization increased to N13.544 trillion with share index of 41017.49 points and market turnover of 12.253 billion shares (daily trust newspaper). Since 1999 to date, NSE has been operating an Automated Trading System (ATS) involving connections of computer networks to server. NSE has membership with the following international organizations; World Federation of Exchanges (FIBV), International Organization of Securities Commissions (IOSCO), African Stock Exchange Association (ASEA) and United Nation's Sustainable Stock (SSE) Initiation.

2.13 Differences between NGAAP and IFRS

Although, NGAAP and IFRS are all standard regulating the preparation and presentation of financial statement but still they differ with one another. Among the difference are tabled below;

Table 2.1

Difference in the Treatment of NGAAP and IFRS

S/N	AREA	NGAAP	IFRS
1	Financial statement presentation	Income statement Balance sheet Statement of Cash flow Value added statement Accounting policies Note to account Directors report	Statement of other comprehensive income Statement of financial position (balance sheet) Statement of changes in equity Statement of cash flows Accounting policies Notes Significant management estimates and judgment.
2	Property, plant and equipment	Measured using cost model	Measured using cost model with detailed guidance regarding; Componentization Useful life

			Residual value Impairment calculations and identifying cash generating unit.
3	Related parties	Measured using cost model	Measured using cost model with detailed guidance regarding; Componentization Useful life Residual value Impairment calculations and identifying cash generating unit.
4	Segment reporting	More on geography	operation segment based on management view Threshold for reportable segments is result or assets of an individual segment should be 10% or more of all segment. If the aggregate revenue of all reported segments on this basis is less than 75% of total, then more segments required until 75% threshold is reached.
5	IFRS- first time adoption	Not applicable	Provide guidance and requirements on the transition to IFRS. Also provides relief for certain items in the preparation for opening balance sheet.
6	Financial guarantees	Disclosed as contingent liabilities	Requires financial guarantees to be recognized at their fair value.
7	Scope of consolidation	General principles	Investment under control is consolidated.

8	Employees benefits	General expenses and disclosure on pension	Complex criteria of accounting. Recognize the undiscounted amount of short term employee's benefit.
9	Risk management disclosure	Limited disclosure on foreign exchange and credit risk.	Credit risk Liquidity risk Price risk Capital risk management Risk management
10	Leases	Based on general guideline, operating and finance lease	Fair value and amortized cost are used in valuation. Certain transactions/contracts containing hidden leases which needed to be accounted for.
11	Impairment	No specific standard	Carry out impairment test based on trigger vent IFRS 36 impairment on non-financial assets IAS 39 impairments on financial assets
12	Financial assets classification and valuation	Classification includes; cost and amortized cost	Classification included; amortized cost, fair value cost. This is driven by the business model and the nature of instrument.

Source: *extracted from Nigerian ROSC accounting and auditing (2011); adapted from Edogbanya & Kamardin (2014)*

2.14 Underpinning theories

In 1960s, researchers have given much emphasis on capital market which is tantamount to information perspective. Among the earlier studies is that of Ball and Brown 1960 (Scott 2012; Titilayo 2011). However, the movement of research from capital market to stock reaction was evidenced in 1990s meaning accounting research moved from information perspective to measurement perspective.

2.14.1 Efficient market theory

Efficient market theory it is theory that has been given has attention by scholars see for instance (Fama 1969). This theory is all about stocks to be informational efficient. Meaning market securities to at all times reflect the available information. It is further assumed that, all information that is available to a single investor is also available to all other investors' except where inside trading exist which is illegal. Efficient market hypothesis are of three forms; the weak, semi-strong and the strong (Scott 2012; Titilayo 2011).

Generally, Weak market hypothesis is the type where the stock price reflects historical prices. Semi-strong market hypothesis is where the stock price reflects to all the publicly available for example, earnings announcement. Whereas the strong market hypothesis is where the stock price at all times fully reflects both the private and public available information even with the existence of insider trading and hidden information, although, insider trading and hidden information are considered illegal.

2.14.2 Single person decision usefulness theory

Single person decision usefulness theory is theory that has been developed by many scholars like (Godfrey et al 2006; Scott 2009; Cartney 2004; Dandago & Hassan 2013). There is nothing like ideal condition, therefore when conditions are not ideal there is nothing like a true and fair financial statement or a perfect one. What is expected of the accountant is to try as much as they can to produce financial statements that are useful to users. To achieve this, the accountant or preparer must discover who the users are, the needed information and their decision problems. These two accounting theories are the underpinning theories to this study.

2.15 The valuation models

There are two main models used mostly used by authors see for example, Kousenidis, Ladas and Negakis (2010); Kargin (2013) in valuing equity. These models are:

The Feltham and Olhson model (1995)

The Eastern and Harris model (1991)

2.15.1 The Feltham and Olhson model (1995)

This study uses the Feltham and Ohlson model which is also referred to as price model. In Greek, Kousenidis, Ladas and Negakis (2010) opined that this model is an aged one as it was in existence since preinreich (1938). In the same similar vein, Kargin (2013) viewed Feltham and Olhson model as an adapted price model comprising of two key statements from financial statements (financial reports); balance sheets and income statement. This model (Feltham and Olhson 1995) investigates relationship between market value of equity with respect to two financial reporting variables. These variables are; equity book value per share (from balance sheet statement) and earnings per share (from comprehensive income statement). However, this study will make use of the Feltham and Olhson model.

2.16 Review of prior empirical literatures

Value relevance has been a matured area of study that has undergone series of research and investigation by many scholars for over two decades. So also with the issue of adopting IFRS, authors have explored on the effect of IFRS on value relevance while others examined the impact of IFRS on value relevance considering the pre-IFRS and post IFRS adoption periods.

Harmonization and adoption of one global set of accounting standard has been from the global quest for comparability worldwide. IFRS adoption was evidenced by developed counties like the EU, China. Considering the adoption of IFRS by developing countries as lamented by Madaki (2012) using Nigeria as a case study, the author found attraction of foreign direct investment, reduction of the cost of further processing of financial statement and cross border listing as added advantage to be achieved when adopting IFRS. Although, there is adequate need to train personnel and create awareness.

The level of IFRS compliance is an important issue considered mostly by investors. This was evidenced in Kuwait by Alfaraih (2009) where he explored on the level of IFRS compliance and value relevance of book value of equity and that of earnings supported by both the return model and price model. He further concludes that IFRS compliance serves as additional accounting information to investors.

In line with this, Kargin (2013) examined the IFRS impact on value relevance of accounting information among listed firms in Turkey for a period of 1998 to 2011. The author compared between the two periods; before IFRS (1998-2004) and period after IFRS adoption (2005-2011), where he found that the value relevance of book value has increases in the post IFRS but has not given consideration to that of earnings. In addition to this, Andriantomo and Yudianti (2013) went further to examine the value relevance of accounting information at the same Indonesia, for a period of 2000-2009. They found that earnings and book value to be significant in explaining the share price but that of book value of equity are more relevant in explaining the share price than the earnings.

However this is in contrast with Kousenidis, Ladas and Negakis (2010), where they investigated the value relevance of accounting information in the pre- and post- IFRS accounting periods of 154 firms listed in Athens stock exchange over a period of four years (2003-2006). They discovered that, with IFRS adoption the information of book value of equity has reduced where they conclude that the reduction in the book value was as a result of the application of fair value accounting which has been brought about by IFRS. Also supporting this view, Khanangha (2011) investigated the impact of value relevance of accounting information in pre- and post- IFRS period within the United Arab Emirates (UAE). All companies listed in Abu Dhabi stock exchange were used as sample for a period of 2001-2008. He found that the value relevance of accounting information has decline in the post-IFRS period.

Moreover, value relevance in banking sector has not been ignored. Shehzad and Ismail (2014) investigated the value relevance of accounting information and its impact on stock prices within the banking sector of Pakistan (case study of Karachi stock exchange). The authors used a sample of 19 commercial banks over a period of 2008 to 2012. They make use of pooled regression analysis to arrive at their findings. The found that accounting information is value relevant as it assist users in making decision and it help them to evaluate the past, present and future. This means that, they found earning per share of been more value relevant than book value. In the same banking sector of Dubai (UAE) Trabelsi and Trabelsi (2014) examine the value relevance of IFRS in the UAE Banking Industry evidence from Dubai Financial Market found that the value relevance of both earnings and book value of equity to have decline in the post-IFRS period.

In addition to earnings and book value of equity as having relationship with share price, Vijitha and Nimalathasan (2014) examine value relevance of accounting information and share price taking listed companies in Sri Lanka as their sample. They found earnings per share and return on equity to be significantly associated with share price. while, Santoso (2010) investigated the value relevance of accounting information in Indonesia after using a sample of 2433 firms listed in Indonesian stock exchange over a period of 9years (from 2000-2008). The author found that earnings, book value of equity and cash flow from operations has value relevant as it showed significant and positive coefficient of earnings, book value of equity and cash flow from operation.

Consistence with above findings, Svenssor and Larsson (2009) examined the value relevance of earnings within 30 companies in Sweden for a period ten years (from 1999-2008). After using linear multivariate regression analysis, they came out with the findings that earnings are value relevant in Sweden and further suggest future researchers to test other accounting numbers.

However, the value relevance of both voluntary and mandatory disclosure in Egypt has been investigated by Hassan et al (2009). The authors used panel data and control two variables; assets size and profitability. They discovered that mandatory disclosure has a highly significant negative relationship with the value of firm whereas; voluntary disclosure has an in significant positive relationship with firm value. In comparison with, Hellstrom (2005), after using Czech Republic as a case study, He investigated that the value relevance of financial accounting information in a transitional economy. He also found that there is an increase in value relevance of accounting information in Czech Republic.

Moreover, studies on comparison between two countries about the value relevance of accounting information have not been neglected. As Hellstrom (2005) compared value relevance of Czech Republic and that of Sweden. The author found that there is low value relevance of accounting information in Czech than in Sweden. He also found that there is an increase in value relevance of accounting information in Czech Republic. In line with this is, Camodeca et al (2014) where the author compared value relevance of accounting information between Italian and UK stock market. They employed a sample of 100 companies in each of the two countries for a period of 3 years (2011-2013). The authors found Italy to be more value relevant than UK where they pointed out that Italy's most relevant accounting data is that of earnings where as in UK it is that of cash flows. Also, regarding the issue of corporate value of firms, Abiodun (2012) investigated the significance of value relevance of accounting information on corporate value of Nigerian firm comprised of 40 Nigerian companies over a period of 1999-2009 where he concludes based on his findings that earnings are more significant than book value of equity.

More also other researchers explored on comparing the value relevance of accounting information under local GAAP of a country with that of IFRS. See for example, Peng and Chen (2014) used listed companies in Taiwan as sample for the year 2012. The authors found although financial reporting under IFRS does not dominate in value relevance than Taiwanese GAAP, but the information of other comprehensive income items in IFRS do have additional information content after controlling Taiwanese GAAP's book values and earnings.

Additionally, the influence of institutional factors on value relevance of accounting information has been evidenced in Jordan (Jabar 2012). The institutional factors are; financial disclosure time and level, age of the company, type of industry, listing status, foreign ownership, number of shareholding and volume of trade. The study found book value to be the best predictor of share price. He further found earnings and book value of equity value relevance to companies with more foreign ownership, larger number of share holding, larger volume of trade and older age.

Effect of IFRS on earnings quality has not been neglected also as Chiha et al (2013) using 113 European listed companies as sample over 2002- 2010 found that the quality of accounting information has increased.

2.17 Hypothesis Development

Generally, the sole aim of IFRS is to provide highly quality financial statement. Therefore, the accompanying research hypotheses were created for the purpose of this study. These hypotheses serve as an aid in molding and controlling the research to a reasonable conclusion.

2.17.1 The Value Relevance of Accounting Information and Market Value Per Share

Stream of researchers has explored on the value relevance of accounting information and market value of equity per share. See for instance (Abiodun 2012; Shehzad & Ismail

2014; Vijitha & Nimalathasan 2014; Trabelsi & Trabelsi 2014; Andriantomo &Yudianti 2013). Furthermore, Trabelsi and Trabelsi (2014) investigated the value relevance of accounting information in banking industry of UAE. They found earnings to be positively and significantly related to stock price at 1% level of confidence with a pooled regression of 5.34% adjusted R^2. In addition to this, Shehzad and Ahmad (2014) also found 19 listed companies in Karachi of having accounting information that is value relevant. Using pooled regression analysis, they found earnings to be more value relevant than book value of equity and conclude that accounting information highly explains the stock price at about 86% as the reported R^2. Andriantomo and Yudianti (2013) found earnings to be value relevant and capable of explaining the stock price in Indian market at 40.8% as par adjusted R^2 at 5% level of confidence.

Additionally, book value of equity as another important variable reported in statement of financial position of entities, have been instituted as accounting information that explains market value of share since late 1990. Kargin (2013) empirically estimated that book value of equity have become a significant accounting information to be considered when investing in Turkey. Listed companies in India have also been empirically proven by Andriantomo and Yudianti (2013) that book value of equity is a major determinant in explaining variations in stock price at 54.1% adjusted R^2.

Furthermore, Abdul Manaf (2010) asserted that book value of equity and earnings are considered as the most important information that are useful to investors regarding stock price.

Hence, the followings are the proposed hypothesis;

$H1_a$: book value of equity is value relevant

$H1_b$: earnings is value relevant

2.17.2 Impact of IFRS and Market Value per Share

Impact of IFRS implementation has become an issue of concern to scholars. Studies have been carried out to examine the impact associated with the IFRS adoption. In line with this, Kargin (2013) found that the value relevance of book value of equity increase by 0.9580 in post-IFRS adoption period of listed companies in Turkey at 1% significant level of confidence. Meanwhile, value relevance of both book value of equity and that of earnings increased in post-IFRS period of listed companies in Greece as explored by Kousenidis (2010) at a significant level of 1% with an adjusted R^2 of 8%.

However, the expectation that Nigeria has adopted and implemented IFRS was to have a more value relevance accounting information due to the standard's necessary requirement in disclosure as compared to NGAAP.

Hence, the followings are the proposed hypotheses;

$H2_a$: book value of equity is more value relevant under IFRS

$H2_{b:}$ earnings is more value relevant under IFRS

Table 2.2

Summary of Reviewed Literature

S/N	AUTHOR(S) AND YEAR	TITLE	VARIABLE	METHOD(S) OF DATA ANALYSIS	FINDINGS
1	Shehzad and Ismail (2014).	Value relevance of accounting information and its impact on stock prices: a case study of Karachi stock exchange.	Earnings per share, book value of equity and share price.	Pooled regression analysis.	Found accounting information is value relevant as it assist users in making decision and to evaluate the past, present and future.
2	Camodeca et al (2014).	Value relevance of accounting information between Italian and UK stock market.	Earnings and cash flow.	Ordinary Least square regression.	Found Italy to be more value relevant than UK where they pointed out that Italy's most relevant accounting data is that of earnings where as in UK it is that of cash flows.
3	Vijitha and Nimalathasan (2014).	Value relevance of accounting information and share price: A study of listed	Earnings per share, return on equity, share price, price to earnings ratio.	Regression analysis.	Found value relevant of accounting information has significant impact and

		manufacturing companies in Sri Lanka.			correlated to share price.
4	Kargin (2013).	The impact of value relevance of accounting information: Evidence from Turkish firms.	Market value per share, earnings per share and book value per share.	Regression and portfolio approach.	Discovered increase in value relevance of accounting information in post-IFRS period.
5	Andriantomo and Yudianti (2013).	The value relevance of accounting information in Indonesian stock market.	Earnings per share, book value of equity and share price.	Pooled regression analysis.	Found earnings and book value fully explain the stock price.
6	Khanangha (2011).	the impact of value relevance of accounting information in pre- and post-IFRS period within the United Arab Emirates (UAE)	Market price of stock, earnings per share, book value of share and cash flow.	Regression variations and portfolio-return approaches	Found a decline in value relevance of accounting information after the accounting standard reform in UAE.
7	Titilayo (2011).	The value relevance of accounting information in Nigerian stock market.	Earnings per share, book value per share, dividend per share and Share price per last day.	Ordinary Least Square (OLS). regression and Random Effect Model (REM) and Fixed Effect Model (FEM)	Found significant relationships between dividends, earnings, net book value to share price.
8	Santoso (2010).	The value relevance of accounting information in	Earnings, book value of equity and cash flow	Correlation analysis and regression analysis.	Found earnings, book value of equity

		Indonesian stock exchange.	from operations.		and cash flow from operations are significantly value relevant.
9	Kousenidis, Ladas and Negakis (2010).	The value relevance of accounting information in the pre- and post- IFRS accounting periods.	Stock price, EPS, book value of equity, share return.	Rolling regression model.	Found that with IFRS adoption the information of book value of equity has reduced where the authors conclude that the reduction in the book value might be due to the application of fair value accounting.
10	Svenssor and Larsson (2009).	Value relevance of accounting information- A Sweden perspectives.	Earnings, book value of equity and share price.	Linear multivariate regression analysis.	Found an increase in the value relevant of accounting information in Sweden.
11	Hassan et al (2009).	The value relevance of disclosure: Evidence from emerging capital market of Egypt.	Book value of equity, market value of equity, mandatory disclosure and voluntary disclosure.	Univariate analysis and multivariate analysis.	Discovered that mandatory disclosure has a highly significant negative relationship with the value of firm

					whereas; voluntary disclosure has an in significant positive relationship with firm value.
12	Hellstrom (2005).	The value relevance of financial accounting information in a transitional economy: A case study of Czech Republic.	Market value of equity, Share price.	Price regression and logarithm regression.	Found an increase in value relevance of accounting information in Czech Republic.
13	Ustuner (2010)	The impact of mandatory IFRS adoption on value relevance: the case of Turkey	Net income, book value of equity and share price	Linear regression	Found increase in value relevance after the IFRS adoption in Turkey.
14	Nilsson (2003)	Essays on the value relevance of financial statement information	Market price, financial performance and environmental performance	Regression analysis	Found that environmental performance affect market value of Swedish listed companies.
15	Ocansey and Enahoro (2014)	comparative study of the international financial reporting standard implementation in Ghana and Nigeria	IFRS' adoption demand	Compared using literatures	Found the accounting standards of both Ghana and Nigeria as related suffering from lack of certain requirement in disclosure.

16	Okpala (2012)	Adoption Of IFRS And Financial Statements Effects: The Perceived Implications on FDI and Nigeria Economy	IFRS, foreign direct investment, financial statement	Correlation	Found IFRS has been adopted in Nigeria but only fraction of companies has implemented with deadline for the others to comply. It is perceived that IFRS implementation will promote FDI inflows and economic growth.
17	Akindele (2012)	The impact of IFRS on financial statement: the case study of Nigeria	IFRS	Survey	Found only 3 banks in Nigeria started preparing their financial report according to (IFRS) before it was adopted in Nigeria on 1 January, 2012
18	Edobagyo and Kamardin (2014)	Adoption of IFRS in Nigeria: concepts and issues	NGAAP and IFRS	Survey	Found high compliance in adoption particularly by financial institutions and other corporate bodies with little shortcomings
19	Trabelsi and Trabelsi (2014)	The Value Relevance of IFRS in the UAE Banking Industry: Empirical Evidence from	Earnings per share, book value of equity and share price	Price model and return model	Found that earnings and equity book value are found to decrease

		Dubai Financial Market, 2008-2013			during the recovery period After IFRS adoption
20	Alfahraih (2009)	Compliance with IFRS and the value relevant of accounting information from emerging stock markets: evidence from Kuwait	Disclosure requirement and firm - specific characteristics	Bivariant regression analysis	Found a decline in the value relevance of accounting information (that of earnings and book value of equity).
21	Peng and Chen (2014)	A Comparison of the Value Relevance of IFRS with Taiwanese GAAP Accounting Information	Book value of equity, net income after tax and share price	Ordinary least square regression OLS	Found the value relevance of accounting information to have decline in the IFRS period.
22	Konstantinos and Athanasios (2011)	The Value relevance of accounting information under Greek and International Financial Reporting Standards: The Influence of Firm – Specific Characteristics	Book value of equity, net income and share price	Pearson correlation	Found size of firm and fixed assets to be significant after the IFRS has been mandated.
23	Earnest and Oscar (2014)	THE COMPARATIVE STUDY OF VALUE RELEVANCE OF FINANCIAL INFORMATION IN THE NIGERIA BANKING AND	Book value of equity, earnings per share, share price and leverage	Multiple regression analysis	Found that investors tend to consider EPS when determining share price. Also the financial statement in oil

		PETROLEUM SECTORS			and gas is more value relevant and more disclosed than that of the banking.
24	Latridis and Dalla (2010)	The impact of IFRS implementation on Greek listed companies An industrial sector and stock market index Analysis	Net profit, dividend, cash flow	Binary logistic regression	Found IFRS implementation have positive relationship with profit in industrial sector
25	Jabar (2012)	THE INFLUENCE OF INSTITUTIONAL FACTORS ON THE VALUE RELEVANCE OF ACCOUNTING INFORMATION: EVIDENCE FROM JORDAN	Cash flow, book value, earnings and share price.	Multi regression analysis	The study found book value to be the best predictor of share price.

26	Abiodun (2012)	Significance of accounting information on corporate values of firms in Nigeria	Earnings, book value and corporate values	Logarithm regression model	Found earnings to be more value relevance than book value of equity.

CHAPTER THREE

RESEARCH METHODOLODY

3.1 Introduction

This chapter explore on the methodology adopted, it also take care of the population of the study, the sample size, variables and their respective measurement as dealt with in the chapter.

3.2 Research Design

Research design is the activities that are carried out to obtain all necessary information on the research and adequate series of results analysis. Research design can be classified into different categories such as exploratory, descriptive, casual study (Sakaran & Bougie 2013). This research work employed descriptive research design. Descriptive research design can be either quantitative or qualitative. This study however employed on quantitative as data will be collected through the online data base. The study make use of secondary data to investigate IFRS impact on value relevance of accounting information of companies listed in Nigeria stock exchange. Data will be extracted from Thompson Reuters Data Stream.

3.3 Unit of Analysis

This study will make use of organization or companies as a basis of making analysis.

3.4 Population of the Study

The entire companies in Nigeria that are listed in Nigeria stock exchange market are considered as the population to this study. As at 2014, Nigeria Stock Exchange (NSE) has 177 listed companies. Therefore the population of this study comprised of 177 Nigerian companies.

3.5 Sample Size

The sample size of this study consisted of 68 companies listed in Nigerian stock exchange market with the exclusion of banks, insurance and other financial institutions because of their differences in reporting approach. However, below is the explanation of how the sample size was arrived at;

Details	Number of companies
Population	177
Banks, insurance companies and other financial institutions	(52)
Missing/ non availability of data	(47)
Total sample	68

3.6 Sources of Data

This study makes use of secondary source to get its data. Sakaran and Bougie (2013) defined secondary source of data as the any type of information that has been gathered by someone other than the researcher. Therefore, this study sourced its data from Thompson Reuters Data Stream.

3.7 Variables and their Respective Measurement

The variables in this study are adopted based on the referred literatures of prior authors see for example Andriantom and Yudianti (2013); Earnest and Oscar (2014); Kargin (2013); Khanangha (2011); Svenssor and Larsson (2009) Trabelsi and Trabelsi (2014); Kousenidis et al (2010). Variables in every study comprise of two type; dependent and independent variables. In this study, Market value per share is the dependent variable. There are two independent variables in this study; earnings per share and book value per share.

Market value per share refers to the share price which has been collected three month after the fiscal year end.

Earnings per share

Book value per share

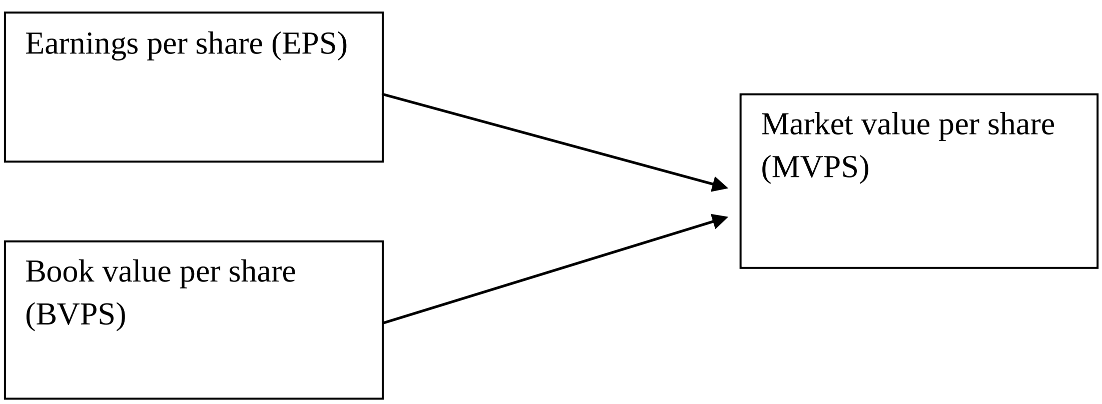

Figure 3.1

Research model

The research model in Figure 3.1 above is developed based on Feltham-Olhson model (1995). It is a model that measures the annual mean statistical relationship existing between earnings, book value of equity and market value of shares. This model has been used by many authors. See for example (Titilayo 2011; Kousenidis, Ladas & Negakis 2010; Kargin 2013; Khanagha 2011). Therefore this study adopted the variables from mentioned authors. Dummy variable is only used in equation 2 below where 0 refer to the pre-IFRS and 1 post-IFRS

$MVPS_{it}= \alpha_0 + \beta_1 BVPS_{it} + \beta_2 EPS_{it} +\mu_{it}$ ---(1)

$MVPS_{it}= \alpha_0 + \beta_1 D + \beta_2 BVPS_{it} + \beta_3 D*BVPS +\beta_4 EPS_{it} + \beta_5 D*EPS + \mu_{it}$ ----------------(2)

Where;

MVPS represent market value per share the share price which has been collected three month after the fiscal year end.

BVPS represent book value per share= $\dfrac{\text{Total book value of equity in a firm}}{\text{Total common shares outstanding of a firm}}$

EPS represent earnings per share = $\dfrac{\text{Total net income}}{\text{Total common shares outstanding of a firm}}$

D represent dummy variable which is used in equation 2; 0 is used for pre-IFRS periods from 2009-2011 and 1 used for post-IFRS period from 2012-2014.

μ refers to the error term.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the research findings of the study. The chapter is also divided into sub-sections, which comprises of descriptive statistic, correlation analysis, and pooled OLS regression analysis. However, the study used Stata software version 12 to analyze data collected from Thompson Reuters Data Stream.

4.2 Descriptive Statistics

Table 4.1 gives descriptive statistics of market value per share and the independent variables: earnings per share and book value of equity per share. Market value per share (MVPS) with a total observation of 408 has a standard deviation of 90.178 likewise 0.42 and 1050 stands for the minimum and maximum value respectively. It also showed that there is likely a problem of abnormality in data collected which will be remedied further with robust standard error. It is obvious that book value of equity per share (BVPS) have total observation of 408 with an average of 33.114(Naira) meaning Nigerian listed companies have an average book value of equity per share worth that. However, the standard deviation has a value of 63.791, 0.18 and 356.61 are the minimum and maximum value of BVPS respectively. In addition, the study obtained 408 observations as earnings per share (EPS) with an average mean of 2.134 and standard deviation of 4.425 also with range value of -15.93 as minimum and 28.08 as maximum earnings per share.

Table 4.1

Descriptive Statistics of the Variable

Variables	Obs.	Mean	St. dev.	Minimum	Maximum
MVPS	408	30.781	90.178	0.42	1050
BVPS	408	33.114	63.791	0.18	356.61
EPS	408	2.134	4.425	-15.93	28.08

Note: Obs. represents observations, St. dev. is the short form of standard deviation

4.3 Correlation analysis

Correlations analysis is used to explain the level by which one variable is related to another (Asteriou & Hall, 2007). Hence, this study begins by measuring the relationship between independent variables to dependent. Consequently, correlation analysis was utilized to explore the independent variables' relationship as this would help in estimating numerous models, which will discover no relationship in circumstances where the correlation estimation is 0. On the other hand, the correlation of ± 1.0 means perfectly negative or positive relationship. Correlation of zero (0) value for no relationship. In addition, the relationship is seen as small where $r = \pm 0.30$ to ± 0.49 and where $r \geq 0.50$ the relationship strength is thought to be substantial. The Table below presents the correlation between the variables.

Table 4.2

Correlation Analysis

Variables	MVPS	BVPS	EPS
MVPS	1.000		
BVPS	0.324*** (0.000)	1.000	
EPS	0.736*** (0.000)	0.419*** (0.000)	1.000

Note: *** represents significance level at 1 per cent, values in the parenthesis are the p-value and the reported figures are the coefficient.

Furthermore, the study clearly estimates and shows that book value per share (BVPS) is positively and significantly correlated with market value per share at 32.4% (0.324) at 1% level of significance. So also, earnings per share (EPS) has a strong positive and significant relationship with market value per share (MVPS) at 1% level of confidence of 73.6% (0.736) while at the same time, earning per share (EPS) has a positive and significant relationship with book value per share (BVPS) with coefficient of 41.9% (0.419) at 1% level of significance.

Although, the study clearly estimated the relationship between the independent variables and the dependent variable but it is not scientifically proven. We therefore move to present the pooled OLS regression analysis.

4.4 Hypothesis Testing and Regression Analysis

The reported results in this chapter are based on pooled OLS regression with robust standard error to take care of hetrokedasticity problem.

4.4.1 Test of book value of equity, earnings and market value coefficient

Following Abiodun (201); Camadeca (2014); Kargin (2013) and Titilayo (2011) Hypothesis 1_a that book value of equity is value relevant and hypothesis 1_b that earnings are value relevant, are tested by employing the price model:

$$MVPS_{it} = \alpha_0 + \beta_1 \, BVPS_{it} + \beta_2 \, EPS_{it} + \mu_{it} \qquad \text{(model 1)}$$

Where;

MVPS = market value per share the share price for company (collected three month after the fiscal year end).

BVPS = annual book value of equity per share

EPS = annual earnings per share

Furthermore, Table 4.3 presents the result of estimated regression with market value per share as the dependent variable. The table (Table 4.3) shows that book value has a coefficient of 0.375 meaning, book value has a positive and significant relationship with market value at a confidence level of 1%. The table further expressed that with 1% increase in book value of equity, market value will increase by the coefficient of 0.375 (38%). It can be concluded that, book value of equity is value relevant regarding Nigerian companies.

Therefore, the pooled OLS regression explained that book value of equity has a positive and significant relationship with market value as a result; hypothesis 1_a book value of equity is value relevant is supported. This finding is in support of Titilayo (2011) and Santoso (2010).

To test Hypothesis 1_b that earnings is value relevant, the study used the estimated results of Table 4.3 as par regression result of pooled OLS with robust standard error to tackle problem of hetrokedasticity. Furthermore, the below table (Table 4.3) shows 0.556 as coefficient of earnings per share having a positive and significant relationship with market value of equity at 1% significant level. It explains further that with 1% increase in earnings, market value of equity will increase by that coefficient (0.556). Focusing on the result in Table 4.3 it can be concluded that earnings are value relevant. Moreover, this finding is consistent with the finding of Abiodun (2012); Camodeca (2014); Earnest and Oscar (2014) where Earnest and Oscar (2014) concluded that investors tends to consider earnings when determining share price.

Therefore, the pooled OLS regression expressed that earnings has a positive and significant relationship with market value as a result; hypothesis 1_b earnings is value relevant is supported.

Conclusively, based on the regression table of Table 4.3, it can also be concluded that earnings and book value are of value relevant. It means that the accounting information of Nigerian companies' are of value relevant. The study also found earnings and book value of equity jointly explained about 71% changes in market value of equity per share while the remaining 29% are explained by other variable outside the model.

4.4.2 Test of book value of equity and earnings under IFRS

However, to examine the association of IFRS on value relevance of accounting information, the study therefore, is considering two periods; period before IFRS as earlier stated from 2009-2011 and period after IFRS adoption from 2012-2014. Table 4.4 below shows the estimated results based on pooled OLS regression with robust standard error to tackle any problem of hetrokedasticity.

Following Kargin (2013); Kousenidis et al (2010); Trabelsi and Trabelsi (2014); Hypothesis 2_a book value is more value relevant under IFRS and hypothesis 2b that earnings are more value relevant under IFRS are tested by the below model;

$$MVPS_{it}= \alpha_0 + \beta_1 D + \beta_2 \, BVPS_{it} + \beta_3 D^*BVPS + \beta_4 EPS_{it} + \beta_5 D^*EPS + \mu_{it} \qquad \text{(model 2)}$$

Where;

MVPS = market value per share the share price for company (collected three month after the fiscal year end).

BVPS = annual book value of equity per share

EPS = annual earnings per share

D = pre-IFRS and post-IFRS period

The hypothesis 2_a and 2_b are tested over the period 2009-2014 of 68 listed companies and pooled OLS regression was used to get the estimated result. Table 4.4 below, presents the coefficient of book value of equity in pre-IFRS period of 0.00393. It further expresses that book value of equity having significant and positive relationship with market value at 1% confidence level. However, the Table further expresses that with the IFRS adoption, increased in association of value relevance of book value of equity 0.25693 (0.00393 plus 0.253). Hence, Hypothesis 2_a assumes book value is more value relevant under IFRS is supported. It can also be concluded that, the value relevance of book value of equity has increased in the post-IFRS period. Therefore, the finding of this study is in consistent with the findings of (Kargin 2013).

Additionally, Table 4.4 presents the regression result after using robust standard error to do away with hetrokedasticity problem. Hypothesis 2_b that earnings is more value relevant under IFRS.

Focusing on the pre-IFRS period, Table 4.4, presents that, earnings per share is positively and significantly related to market value per share at a coefficient of 0.156 with significant level of 1%. Meaning, with an increase in 1% earnings per share, market value of equity per share will also increase by 0.156. Moreover, Table 4.4 shows that in the post-IFRS period, the value relevance of earnings to have increased by 0.445 (0.156 plus

0.289). This means that the value relevance of earnings has increased in post-IFRS period. This finding is in line with the findings of listed companies in Greece where Kousenidis et al (2010) found increased association in earnings in the period after IFRS adoption.

However, value relevance of both earnings and book value of equity tends to have increased in the post-IFRS period. Meaning, all the two independent variables in this study jointly explained market value of equity per share at 54% while the remaining 46% are explained by other variables outside the study model.

Therefore, the Pooled OLS regression explained that IFRS has positive association on accounting information of Nigerian companies as a result, hypothesis 2_a and 2_b that IFRS has impact on accounting information of Nigerian listed companies are supported.

Table 4.3

Result of the Estimated Regression with MVPS as Dependent Variable

$MVPS_{it} = \alpha_0 + \beta_1 BVPS_{it} + \beta_2 EPS_{it} + \mu_{it}$

Variables	Pooled OLS model
Constant	1.303 ***
	(0.000)
BVPS	0.375 ***
	(0.000)
EPS	0.556 ***
	(0.000)
Adjusted R^2	71%
F-statistic	412.11
Prob. F-stat	0.000

Note: *** represents 1% level of confidence and the values in the parenthesis are the p-value while the reported figures are the coefficient.

Table 4.4

Pooled OLS regression with MVPS as dependent variable

$MVPS_{it} = \alpha_0 + \beta_1 D + \beta_2 BVPS_{it} + \beta_3 D*BVPS + \beta_4 EPS_{it} + \beta_5 D*EPS + \mu_{it}$

Constant	1.565***
	(0.000)
D	-0.624**
	(0.035)
BVPS	0.00393***
	(0.003)
D*BVPS	0.253***
	(0.007)
EPS	0.156 ***
	(0.000)
D*EPS	0.289***
	(0.000)
Adjusted R^2	54%
F-Stat	83
Prob. Of F-stat	0.000

Note: ** and *** represents significant level at 5% and 1% respectively and the values in the parenthesis are the p-values while the reported figures are the coefficient.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

From the onset, this study was motivated by the academic curiosity to evaluate, from accounting point of view, those factors that explain the behavior of market value per share MVPS in the Nigerian listed companies. The researcher relied on the available literatures, relevant theories to the study (single person decision theories and efficient market hypothesis), and empirical evidence of the Nigerian situation to come up with three (2) independent variables, and a dummy variable to explain the behavior of market value per share MVPS as the dependent variable within the listed companies in Nigeria.

Hence, the objectives of this study are; to investigate the value relevance of accounting information and also to investigate IFRS impact on value relevance of accounting information among Nigerian listed companies. As earlier stated, the population of this study comprised of 68 listed companies in Nigeria with the exclusion of banks, insurance and other financial institutions. This exclusion was due to their differences in reporting approaches. As at the year 2014, there existed 177 listed companies in Nigeria. Meanwhile, out of 177, 52 companies happened to be categorized under banks, insurance and financial institutions. In a nut shell, this study used 68 companies as the sampled companies due to the problem of non-availability of data. However, the data of the 68 companies were collected from Thompson Reuter data stream .The study formulated four hypotheses which were tested.

Furthermore, the study reports the average mean, standard deviation, minimum and maximum value respectively of each independent variable (book value of equity per share, earnings per share. So also, pooled OLS regression was used in making analysis, showing that all the independent variables (book value of equity per share, earnings per share) were positively and significantly related with market value per share at 1% level of confidence. Furthermore, the adoption of IFRS in Nigeria happened to have impacted positively to both earnings and book value of equity as the result showed an increased in the value relevance of book value and earnings.

5.2 Conclusion

Based on the results, discussion and findings the researcher comes up with the following conclusions:

Book values of equity per share and Earnings per share have a strong explanatory power of 53% on the variations of market value per share. Mean while other variables that are not captured in this study explain 47% variation on market value per share.

It can also be concluded that, book value of equity per share, earnings per share are positively and significantly related to market value of equity per share of listed companies in Nigeria especially with the adoption of IFRS. Therefore, we can conclude that both earnings and book value of equity are value relevant.

The adoption of IFRS in Nigeria increases the value relevance of accounting information among listed companies especially that of earnings and book value.

5.3 Recommendations

Based on the results and conclusions, the following recommendations were made:

Investors should have fundamental knowledge of business and economics especially that of equities. They should be well informed when making their investment decision. They are not expected to rely on the information from speculators or other co investors who with the similar interest on the identical phenomenon. However, they should go through the audited annual reports which provide the financial picture of the company's performance, financial position and changes in control of the owners.

5.4 Suggestion for Future Researchers

Future researchers should use different model apart from the studied model (to make use of return model, or a combination of both price and return models). Furthermore, future researchers should explore on this area as more data becomes available so that more powerful test should be conducted.

Additionally, further researcher should use more number of companies listed in Nigeria if possible the whole companies listed in NSE in order to generalized the findings to all listed companies to avoid biased conclusion.

5.5 Contribution of the Study

This study is an addition to existing literature especially to that of IFRS and value relevance, which could be utilized in carrying out research on the value relevance of accounting information and the impact of IFRS on value relevance of accounting information. There are various beneficiaries from this study among which include: investors, companies, researchers, policy makers and so on.

5.6 Limitations of the study

The major limitation to this study is about the number of companies taken as sample size. This was due to non availability of data regarding listed companies in Nigeria. Therefore, to overcome this problem, the study would have used the whole population of Nigerian listed companies as at the year 2014 but with the exclusion of banks, insurance and other financial institutions. This was not possible as a result of non available data.

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