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Value Relevance of Accounting Information and Firm Value: A Study of Consumer Goods Manufacturing Sector in Nigeria

[1]Appolos N Nwaobia, [2*]Grace O Ogundajo, and [3]Jerry D Kwarbai
Department of Accounting, Babcock University, Ilishan-Remo, Ogun State, Nigeria.

Abstract
Studies on the improvement of value relevance of accounting information between IFRS and other accounting standards' regimes as well as on value change after the adoption of IFRS have yielded mixed results. This study investigates the value relevance of accounting information of companies listed on the Nigerian Stock Exchange (NSE) using modified Ohlson model. The population of the study consists of all the 28 listed firms under the consumer goods sector. Judgmental sampling technique was used to select ten of the firms. Secondary data obtained from the annual reports of sampled firms were used to investigate the value relevance of accounting numbers. Content analysis was used to measure the qualitative values of accounting information (relevance, faithful representation, understandability, comparability and timeliness). The outcome of Hausman's test favoured the use of pooled OLS. ANOVA test was also conducted. The findings showed that there is no significant difference between the value relevance of accounting information prior and after the adoption of IFRS. The study therefore, could not support the idea that global adoption of uniform standards lead to improvements in reporting quality. It was concluded that transition in standards from SAS to IFRS has no significant influence on the accounting information as a predictor of firm's value.
Keywords: Value, Information, IFRS, Ohlson model, Accountants, Analyst

1.0. Introduction

It is an obligation for corporate bodies to provide information about the financial position, performance and changes in financial position of their activities that is useful to a wide range of users in making economic decisions. This should be in conformity with standards and other stipulated regulatory frameworks. Standards contain a list of assumptions and qualities that a financial statement should comply with, as well as detailed regulations for disclosing various kinds of activities, assets and liabilities of an entity (Prather-Kinsey, 2006).

Value relevance is seen as proof of the quality and usefulness of accounting numbers and as such, it can be interpreted as the usefulness of accounting data for decision making process of investors and its existence is usually evidenced by a positive correlation between market values and book values (Takacs, 2012).

Since financial information is a medium of communicating the effects of financial transactions, it became imperative that different countries' accounting standards be harmonized to form a single set of accounting standards, to improve the rate at which investment and credit decisions are taken and aid international comparability of companies' performance both within and outside the reporting countries (Herbert, Tsegba, Ohanele & Anyahara, 2013).

It is believed that the transition from local GAAP to IFRS can bring an increase in value relevance if the new standard is simplified, well executed and understood by intending users. IFRS is formulated to homogenize the language of investing and are the result of global political economy equilibrium, thus it is not expected to provide reporting standards that uniquely befit any given country's circumstances (Leuz & Wysocki, 2008).

IFRSs are expected to provide the stakeholders, with more useful information on the true financial position of companies, which should bridge the gap between reported accounting data and market value of listed companies (Escaffre & Sefsaf, 2011).

Alfaraiah (2009) argued that value relevance of accounting information is not a product of adoption of high quality standards either domestic or international; the quality of standards is not a determining factor of improving the value of accounting information but good and strictly complied implementation process. It is therefore professed that appropriate enforcement of high quality standards would provide consistent, comparable, relevant, reliable financial information and value relevance of accounting information for considerable decisions, thus meeting the needs of its various users (Khanaga, 2011).

The aim of the International Accounting Standards Board (IASB) is to develop an internationally acceptable set of high quality financial reporting standards that would depict the overall objectives and usefulness of financial information to all users (Barth, Landsman & Lang, 2008). Since its establishment, many standards have been issued, revised or superseded. However, several studies on the value relevance of accounting information have resulted into contentious conclusions from these standard changes both in the advanced and emerging nations. Studies have yielded mixed results on the improvement of value relevance of accounting information between IFRS and other accounting standards as well as on value transformation after the adoption of IFRS. Some studies report increase of value relevance after adoption of IFRS (Bartov, Goldberg & Kim 2005; Barth, Landsman &

Lang 2008; Karampinis & Hevas 2009), while others fail to find any statistically significant improvements (Hung & Subramanyam, 2007; Karampinis & Hevas, 2011; Macias & Muiño, 2011); some even suggest decline of value relevance (Khanagha, 2011). This study examined the effect of the transition in accounting standards from Nigerian GAAP to IFRS on the value relevance of accounting information of Nigerian corporate bodies.
As a result of the mixed results from previous studies and the paucity of such studies conducted in Nigeria, specifically on the Consumer goods manufacturing sector, there existed a knowledge gap that necessitated this study. The main objective of this study was to conduct a comparative and analytical review of the level of improvements in the value relevance of accounting information prior and after the implementation of IFRS. The paper argues that the adoption of IFRS in Nigeria has not improved the value relevance of financial information provided by manufacturing companies as no statistically significant difference is found between the value relevance of accounting information before and after the adoption of IFRS.

The rest of this paper is organized as follows: In section 2, we review related literature and highlight the theoretical base for the study. Section 3 presents the methodology of the study. The empirical results and discussions are presented in section 4, while we conclude the study in section 5.

2.0 Literature review

This section deals with the theoretical framework of the research and review of empirical literature.

2.1 Theoretical Framework

Two theories are adopted in this study, that is, Ohlson Clean Surplus (Residual Income Valuation) theory and the Present value Model.

Residual Income Valuation Model

The Ohlson Clean Surplus Theory, also referred to as Residual Income Valuation Model (RIVM), propose that the market value of the firm can be expressed in terms of fundamental balance sheet and profit and loss components (Scot, 2003). Residual Income Valuation Model defines total common equity value in terms of the book value of stockholders' equity and net income determined in accordance with GAAP (Halsey, 2001).
Ohlson (1995) suggests that, as long as forecasts of earnings, book values and dividends follow clean surplus accounting ($bv_t = bv_{t-1} + x_t - d_t$), security prices should be determined by book value and discounted future abnormal earnings: $P_t = bv_t + \sum_{i=1}^{\infty} \mathrm{R_f}^{-\mathrm{i}} \mathrm{E_t}\, [x_{t+i}^{a}]$
where, d_t denotes the dividend per share at time t; P_t denotes the share price at time t, bv_t denotes the book value per share at time t, $\mathrm{E_t}$ represents the expectations operator at time t, x_{t+i}^{a} represents abnormal earnings per share in period t + i and R_f is 1 plus the risk free rate of return.
Ohlson believed that linear information dynamics, that is, abnormal earnings can be estimated with linear regression analysis. Then, the abnormal earnings for period t+1 are defined as:

$$x_{t+i}^{a} = \delta x_t^{a} + v_t + \varepsilon_{1t+i}$$

where the non-accounting information for period t+1 is defined as:

$$v_{t+1} = \beta v_t + \varepsilon_{2t+i}$$

If these assumptions hold, the price of a security is defined as:
$P_t = bv_t + a_1 x_t^{a} + a_2 v_t$
where

$$a_1 = [\delta/(\mathrm{R_f} - \delta)] \geq 0; \text{ and } a_2 = [\mathrm{R_f}/(\mathrm{R_f} - \delta)(\mathrm{R_f} - \beta] > 0$$

Present Value Model

Present value model defines relevant information as information about the company's future economic prospects - its dividends, cash flows and profitability.
Present value under certainty connotes an ideal condition where future cash flows of the firm and the interest rate in the economy are publicly known with certainty. The present-value relation says that, under certainty, the value of a capital good or financial asset equals the summed discounted value of the stream of revenues which that asset generates (LeRoy, 2005). According to Scott, (2003), the following additional assumptions are presumed of present value under certainty:
1. Relevant financial statements about the firm's stream of future dividends are given to investors. The emphasis is on dividend irrelevancy because the investors can invest any dividends they receive at the same rate of return as the firm earns on cash flows not paid in dividends;
2. Company's net income plays no role in firm's valuation. The Balance sheet items contain all relevant information. In other words, market valuation of assets and liabilities can serve as indirect measures of value of

the company. This is because the cash flows are known and can be discounted to provide balance sheet valuations. The implication is that, though the net income is "true and correct", it conveys no information that helps investors predict future economic prospects of the firm. The investors can easily calculate it for themselves;

3. The financial statements are perfectly reliable. Put differently, the financial statements are precise and free from bias and

4. The market value of an asset equals the present value of its future cash flows because of the principle of arbitrage.

This study is established on both the Residual Income Valuation Model and present value model theory which is more suitable for the value relevance study as used in the studies of Bernard, (1995); Burgstahler and Dichev, (1997); Penman and Sougiannis, (1998); Dechow, Hutton and Sloan, (1999); and Scott, (2003).

2.2 Empirical Review

Our empirical review is presented in three segments, namely: International studies on value relevance; studies done in advanced countries, studies in emerging economies and then studies in Nigeria. Most of the studies of this nature employed the price model by Ohlson (1995) to measure the value relevance of accounting figures to the capital market investors.

International Studies on IFRS and Value Relevance of Accounting Information

Barth et al, (2006, 2008) using a sample of 428 firms in different regions examined the effect of accounting quality for companies applying IAS from 1990 to 2004. The result indicated that the accounting quality (value relevance) of IFRS is lower than US GAAP but higher than other domestic GAAPs.

Opposed to the result of Barth et al, (2008) was the study of Vafaei (2010), which used data from six countries to examine the impact of IFRS adoption on value relevance of reported accounting information of 325 listed companies from UK, Australia, Hong Kong, Singapore, South Africa and Malaysia. The results indicate that, within the year of adoption there was no difference in value relevance of book value of equity and net income between IFRS and national GAAP in all six countries. This result was supported by the study of Muharani & Sinegar (2014) which indicated that overall accounting information reported during the period towards full convergence of IFRS is value relevant for listed companies in the three countries but no incremental value relevance is observed during the period of the study. Also, Clarkson, Hanna, Richardson & Thompson (2011) concluded that IFRS adoption do not enhance quality of financial reporting.

Lourenco & Branco (2014) reviewed a set of 67 articles published in high rated accounting journals on the consequences of IFRS adoption. It was deduced that IFRS adoption, having greater enforcement, positively influenced the quality of financial information among the companies in the European countries but insignificant or negative effect on information quality when prepared in an IFRS environment than when prepared in accordance with local standards among firms in developing and less developed countries. The study is of the opinion that global standards is not a stand-alone factor to create a common business language but several other factors such as country and firm's characteristics and institutional factors play a major role in enhancing the value of reported information.

Kaaya (2015) conducted a desktop and library study on value relevance across the international, developed and developing continents; the results from the review imply that IFRS is a critical determinant for quality reporting but not a conclusive determinant.

Studies on IFRS and Value Relevance of Accounting Information in Advanced Countries

Hung & Subramanyam (2007) corroborated by the study of Paglietti (2009) compare the financial statements prepared under the German Accounting rules (HGB) with those of International Accounting Standards (IAS) during 1998-2002 by regressing stock prices on book values of equity and net income. They found that the book values of equity have higher coefficients under IFRS and net incomes have higher coefficients under the German GAAP. They concluded that the total assets and book value of equity as well as variability of book value and net income are significantly higher under IAS than under HGB. Also, the studies of Paananen et al (2005); Karampinis & Hevas (2009); Cormier (2013), Bongstrand (2012); Nulla (2014) found that the accounting quality increased in different countries after the adoption of IFRS due to significant increase in the association of book values and share prices after the transition. In addition, they found an increase in the incremental value relevance of both measures. Also, Bagaera (2010) in a Russian circumstance using both listed and unlisted Russian firms found evidence that the quality of accounting information published in Russia depends on many factors, the most influential one being, the IFRS. The result is supported by the study of Ashbaugh & Olsson (2002), Agostino et al (2010) from European context, and Paananen (2008) and Lin & Paananen (2008) using the data of Swedish listed companies. It was observed in Oystein et al (2008) and Knivsfla, Sattein, & Gjerde (2008) that value relevance of financial information slightly increased after adoption of IFRSs

On the other hand, the study by Tsalavoutas, Andr´e & Evans (2012) using a sample of Greek listed companies, examined IFRS value relevance relative to Greece GAAP. Their findings suggest that there was no change in the combined value relevance of book value of equity and earnings, thus accounting quality did not improve after IFRS adoption contrary to its longstanding preposition. The result of the study was in line with the findings of Callao, Jarne, & Lainez (2007), Tsalavoutas (2009) and Kousernidis & Ladas (2010).

Studies on IFRS and Value Relevance of Financial Information in Emerging Economies

The studies conducted on value relevance in developing nations are numerous but limited in African context and based on Ohlson valuation model. An empirical research on a Chinese reporting scene by Zeng et al (2012); Lin et al (2012); Chamisa, Mangena & Ye (2012); Lee, Walker & Zeng (2013); in Indonesia by Arum (2013); in South Africa and Mexico by Qu et al (2012); in the context of Tanzanian reporting by Salala (2014); Alfaraiah (2009) examined the Kuwait Stock Market, Khanaga (2011) on United Arabs Emirates (UAE) Abu Dhabi Stock Exchange and Bahrain Stock Exchange as well as Pascan (2014) in Romanian context and Benyasrisawat (2011) on Thailand Stock Market, suggest that adoption of IFRS improved the value relevance of accounting information and thus improved quality of financial information. Supporting this result was the study of Kwong (2010) in Malaysia, Truel (2009) in Turkey as reported in Bongstrand & Larson (2012) which concluded that IFRS is value relevant for decision making among investors as reflected in the market values. As such, the study finds that book value of equity and earnings do significantly jointly explain variation in their association with market values for three periods but becomes more increasingly important post mandatory IFRS adoption.

On the contrary, the studies of Mousa and Desoky (2014) and Peng & Chen (2014) on value relevance of IFRS in Gulf Cooperation Council (GCC) country reported no apparent differences in value relevance of accounting information after the adoption of IFRS by listed companies under stock return model while slight improvement was noticed using price earning.

Kargin (2013) investigates the value relevance of accounting information for Turkey listed Companies pre and post IFRS adoption between 1998-2011 periods, and reported that accounting information was value relevant in post IFRS adoption era. His finding was supported by the studies of Soderlund (2010), Sibil (2013), Ayzer & Cema (2013), Vijltha & Nimalathasan (2014) and Othman & Chebaane (2014). These studies concluded that the increase of value relevance level are positively influenced by a common legal system; a high level of external economic openness; a strong investors protection; a full protection of minority shareholders and by advanced capital markets.

On the contrary, the study of Ames (2013) supported by the study of Ngole (2012) found that the earnings quality is not improved among the firms, post-IFRS adoption. This was in accord with the studies of Klimczak & Mulenga (2009), Dobija & Klimczak (2010) and Klimczak (2011) on Polish market and Bolibok (2014). Their results revealed no statistically significant improvement in the value relevance after the adoption of IFRS. They suggested that there may be country unique concerns in IFRS implementation.

Value Relevance of Accounting Information – Evidence from Nigeria

The existing studies found in relation to Nigeria are, but not limited to that of Oyerinde (2009), Oyerinde (2011), Abubakar (2010), Abubakar (2011), Abiodun (2012), Adaramola & Oyerinde (2014), Umoren & Enang (2015), Umobong & Akani (2015) and Omokhudu & Ibadin (2015).

These studies produce mixed results on the relationship between accounting information and share price of listed firms. While Oyerinde (2009) and Abubakar (2011) found that accounting information especially earnings has value relevance, Abubakar (2010) and Adaramola & Oyerinde (2014) documented that accounting information of listed new economy firms in Nigeria has less value relevance. On the other hand, the study of Abiodun (2012) and Umoren & Enang (2015) revealed that, earning is more value relevant than book value. Umobong & Akani (2015) found a decline in accounting quality using earnings management, value relevance, and timely loss recognition as independent variables. Earnings and book value of equity are less value relevant and timely loss recognition is less in post-IFRS compared to pre-IFRS period.

Omokhudu & Ibadin (2015) used the basic Ohlson (1995) model and the modification of the model that includes cash flow from operation, and dividends, to ascertain the value relevance of accounting information in Nigeria. They found that earnings, cash flow and dividends were statistically significantly associated with firm value but book value was related but not statistically significant. Based on these findings, it is suggested that the focus of investors should be on earnings, dividends and cash flows while less emphasis be placed on book values.

Based on the above literature, the study hypothesizes that:

H_{o1}: Financial reporting quality has no significant impact on firm value, pre- and post- IFRS adoption.

H_{o2}: IFRS adoption does not significantly improve the quality of financial information.

3.0. Methodology

Both qualitative and quantitative methods were adopted in this study. The 28 firms listed under consumer goods sector on the Nigerian stock exchange constituted the population for this study, out of which ten firms were sampled for the study. The accounting data used were collected primarily from the financial statements of the sampled firms, Nigerian Stock Exchange Fact books and Nigeria Stock Exchange daily price quotations for a period of eight (8) years – four years prior and four years after IFRS adoption. Also, content analysis was carried out using a modified model of Beest, Braam and Boelens (2009). Empirical and content analysis were conducted over the period of 8 years covering 4 years prior adoption and 4 years post-adoption era of IFRS.

Both descriptive and inferential statistical techniques were employed to test the hypotheses raised. Value relevance has been extensively measured as the statistical relationship between figures in the financial statement and the market values of the firm (Suadiye, 2012). It is deduced that the more closely the relationship, the higher the valuation (Barth et al, (2008) and the usefulness of the financial information disclosed by firms, thus enhancing the value of decision taking by the stakeholders (Lee, Walker and Zeng, 2013). Also, the analysis is based on the reformed Ohlson (1995) valuation model, using market value model. Included in independent variables are such proxies as cash flow from operating activities, dividends and liquidity in line with the studies of Ortega (2006), Brief (2000) and Christensen, Lee & Walker (2013).

Also, the study examined the value relevance of non-financial disclosures in terms of the enhancement of qualitative features (i.e. relevance, faithful representation, understandability, comparability, and timeliness). This information is embedded in other segments of the financial reports such as the auditor's report, chairman's report, director's report, notes to the accounts and other explanatory details as published in the financial report (Atanassova (2009). A 21-item index constructed helped to examine the extent financial reports meet each of the qualitative characteristics separately and in combination.

3.1 Models Specification and Measurement of Variables

The basic model derived within the Ohlson (1995) framework, is stated as

$Pjt = \delta_0 + \delta_1 E_{it} + \delta_2 BV_{it} + \varepsilon_{it}$ -- (1)

Instead of share price used in the Ohlson model, this study used market values as the dependent variable. This justifies the true value of the firms under study. The real value of a firm cannot be determined by just its share price but its current worth, thus, the usage of market value. The study also redesigns the explanatory variables to accommodate cash flow from operating activities, dividends and liquidity status of the firm in line with Present Value Model, thus the model is modified as:

$InMV_{it} = \delta_0 + \delta_1 InEit + \delta_2 InBV_{it} + \delta_3 InDIV_{it} + \delta_4 InLIQ_{it} + \delta_5 InCFO_{it} + \varepsilon_{it}$-----------------------(2)

δ_0 is the intercept;

$\delta_{1,}$ $\delta_{2,}$ $\delta_{3,}$ δ_4 and δ_5 are the partial slope coefficients of variables (InE, InBV, InDIV, InLIQ and InCFO);

i represents the number of firms in the study and t represents the period covered by the study;

ε is the stochastic error term which represents other independent variables not included in the model.

3.2 Measurement of variables

Nature	Variables	Abbreviation	Measurement
Dependent variable	Market value of Equity	MV	Market Capitalization: Number of shares in issue
Independent variable	Earnings	E	Profit after tax
	Book value	BV	Total assets
	Dividend	DIV	Dividend paid
	Liquidity	LIQ	Total current assets minus inventory
	cash flow	CFO	Net cash flow from operating activities

Authors, 2016.

3.3 Validity and Reliability Checks of the Research Instruments.

Annual Reports

The data instrument used for this study is the annual reports and accounts of all the ten (10) sampled firms. This instrument is considered to be valid and reliable because it is prepared in accordance with Accounting standards (SAS and IFRS) and the Companies and Allied Matters Act (CAMA). Also, it has been reviewed, audited and approved by various bodies and regulators such as Corporate Affairs Commission (CAC), and the Financial Reporting Council of Nigeria.

Metrics for the content analysis

The 21-item index quality assessment tool used for the content analysis was adopted from the study of Beest, Braam and Boelens (2009). The instrument could be classified as secondary data because it is an instrument that has been used and validated in the study from which it was adapted. This study takes into consideration all the contents of the annual reports in order to determine value relevance of accounting information. Non-financial information that is not included in the annual report or not specifically referred to is beyond the scope of this research.

Empirical checks on data and the estimation of the model assessment validity and reliability

To test whether the difference in value relevance is significant, the study conducted Hausman test to determine the appropriate estimator between fixed and random effect and Pooled Ordinary Least Square (OLS).

3.3. Statistical Significance for Test of Hypothesis and A priori Expectation

The significance or otherwise of the isolated effect of independent variable on dependent variable will be evaluated at 5% level of significance employing the t-statistics. It is expected that there will be no improvement in the value relevance of accounting information of the conglomerates firms in Nigeria due to adoption of IFRS. Hence, $\delta_{1pre} = \delta_{1post}$, $\delta_{2pre} = \delta_{2post}$, $\delta_{3pre} = \delta_{3post}$, $\delta_{4pre} = \delta_{4post}$ and $\delta_{5pre} = \delta_{5post}$

4.0. Data Analyses, Results and Discussions

Table 1: Value Relevance of Financial Information – Pre-Adoption of IFRS (2007-2010)

MV	Coef.	Std. Err	t-stat.	P(t-stat)
PAT	1.21	0.18	6.74	0.000*
LIQ	0.86	0.34	2.55	0.017*
DIV	-0.13	0.06	-2.01	0.054
CFO	0.06	0.06	1.01	0.321
BV	-1.0	0.39	-2.58	0.015*
C	4.48	2.18	2.05	0.049
Adj R-squared = 0.8980				
F(5, 28) = 59.12		Prob > F = 0.0000		

*Significance @ 5%

From table 1, PAT, LIQ and CFO positively influenced the market value of firms (MV) within the period of study (2007-2010) although, only the PAT and LIQ have significant effects on MV while CFO has insignificant effect. DIV has negative but insignificant influence on the MV while BV has a significant negative influence on MV. The F-stat of 59.12 (P-value = 0.0000) showed that the combined effect of the explanatory variables (PAT, LIQ, DIV, CFO and BV) on the dependent variable (MV) was significant at 5% significance level. The adjusted R-squared revealed that 89.8% change in the value of MV is caused by the combined change in the explanatory variables (PAT, LIQ, DIV, CFO and BV) while the remaining 10.2% is caused by factors not captured in this model.

Table 2: Value Relevance of Financial Information – Post-Adoption of IFRS (2011-2014)

MV	Coef	Std. Err	T	P(t-stat)
PAT	0.65	0.18	3.72	0.001*
LIQ	1.08	0.23	4.73	0.000*
DIV	0.13	0.09	1.52	0.141
CFO	0.21	0.15	1.37	0.180
BV	-0.64	0.29	-2.22	0.034*
C	-6.23		-4.89	0.016
Adj R-squared = 0.9162				
F(5, 29) = 75.36		Prob (F-stat) = 0.0000		

*Significance @ 5%

From table 2, PAT, LIQ, DIV and CFO positively influenced the market value of firms (MV) although only PAT and LIQ have significant effect while DIV and CFO insignificantly influenced the MV within the post-adoption period covered by the study (2011-2014). BV has significant negative effect on MV. The F-stat of 75.36(P-value = 0.0000) showed that the explanatory variables (PAT, LIQ, DIV, CFO and BV) combined have significant influence on the dependent variable (MV) at 5% level of significance. The adjusted R-squared revealed that 91.62% change in the value of MV is caused by the combined change in the explanatory variables (PAT, LIQ, DIV, CFO and BV) while the remaining 8.38% is caused by factors not captured in this model.

Table 3. Comparative analysis of value relevance - pre and post adoption of IFRS

MV	Pre-adoption		Post-adoption		Pre vs. Post
	Coef	P(t-stat)	Coef	P(t-stat)	
PAT	1.21	0.000*	0.65	0.001*	Sig
LIQ	0.86	0.017*	1.08	0.000*	Sig
DIV	-0.13	0.054	0.13	0.141	Insig
CFO	0.06	0.321	0.21	0.180	Insig
BV	-1.0	0.015*	-0.64	0.034*	Sig
Adj R-Squared	0.898		0.9162		
Prob. (F-stat)	0.0000		0.0000		

Authors' Computation, 2016.

Table 3 gives a comparative analysis of value relevance of financial information of sample companies, pre- and post- adoption of IFRS. The results indicate that PAT, LIQ and BV were statistically significant both prior and after the adoption. The degree of influence of PAT on MV before and after the adoption is averagely the same at approximately 1%; likewise that of LIQ and BV. DIV has positive but insignificant effect on MV before the adoption but a positive and insignificant influence after the adoption though the degree of influence is menial and at the same time insignificant both prior and after the adoption. CFO on the other hand has positive but insignificant influence on MV prior and after the adoption and the degree of effect is relatively low at approximately 0.1% and 0.2%. While considering the relativity of the degree of influence of the explanatory variables prior and after the adoption and their level of significance, it is apparently clear that transition in standards has not drastically influenced the quality of the financial information as a predictor of value. Therefore, the result of this study suggests that there is no significant difference between the coefficients of the variables studied both prior and after the adoption of IFRS. Therefore, the results of the study is in line with it's a priori expectations that $\delta_{1pre} = \delta_{1post,}$ $\delta_{2pre} = \delta_{2post,}$ $\delta_{3pre} = \delta_{3post,}$ $\delta_{4pre} = \delta_{4post}$ and $\delta_{5pre} = \delta_{5post.}$

Ho1 is therefore accepted.

Table 4: Analysis of the Qualitative Features of Accounting Information (ANOVA)

Source	SS	Df	MS	F	Prob > F
Between groups	5.85801106	5	1.17160221	5.38	0.0050
Within groups	3.26911979	15	0.21794132		
Total	9.12713085	20	0.456356543		

Bartlett's test for equal variances: chi2(3) = 2.4091 Prob>chi2 = 0.492*

The result of the ANOVA Bartlett's test of P-value = 0.492 indicated that the two groups (pre and post adoption) have equal variance which implies that there is no significant difference in the qualitative factors of accounting information before and after the adoption of IFRS. Thus, Ho2 which states that IFRS adoption does not significantly improve the quality of financial information is equally upheld.

The results reported in table 1, table 2, table 3 and table 4, support the position of Kao & Wei (2014) that no consistent empirical findings reveal whether the adoption of IFRS produces information quality superior to other accounting standards. Evidence from literature tend to support the thinking that countries' institutional and market setting can significantly shape its financial reporting. Apparently IFRS convergence is considered more useful in countries with more developed stock markets and better institutional framework than in countries without these attributes. It is then expected that less benefit from IFRS is likely to accrue to developing countries with ostensibly weak and questionable enforcement mechanisms and where IFRS relevance and applicability is doubtful. But there are also divergent opinions in the reviewed literature where studies found IFRS to be value relevant in developing countries and reject the affirmation by Lee et al, and support the report of Karampinis & Hevas (2009) that IFRS can benefit even unfavorable reporting context. Though the period of this study post-adoption (2011 to 2014) is not sufficiently long enough to conclude on the benefits and impact of IFRS adoption on value relevance of financial information, the results tend to align with the "IFRS adoption irrelevance school". The findings of this study supported the propositions of Residual Income Valuation Model and the Present Value Model which explained that information about the company's future economic prospects - its dividends, cash flows and profitability help investors predict future economic prospects(market value) of the firm.

5.0. Conclusion and Recommendations

This study concluded that transition in accounting standards has no significant influence on the accounting information as a predictor of value. The result supported the annotation of previous studies carried out in Nigeria such as Abubakar (2010) and Adaramola & Oyerinde (2014).
The study thus recommends that Nigerian listed firms should prepare in a simplified language suitable and adaptable for our environment, supporting documents to the financial reports in order to remove information over-load as well as unwieldiness of the report especially for users who are not accountants and financial analysts.

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Appendix A
OUTLINE OF THE measures used IN OPERATIONALIZING the fundamental qualitative characteristic OF ACCOUNTING INFORMATION (including the measurement scales)

Relevance

S/N	QUESTION	MEASUREMENTS	CONCEPT	JUSTIFICATIONS FROM EXTANT LITERATURES
R1	To what extent does the presence of the forward looking statement help forming expectations and predictions concerning the future of the company?	1 = No forward-looking information 2 =Forward-looking information not an apart subsection 3 = Apart subsection 4 = Extensive predictions 5 = Extensive predictions useful	Predictive value	McDaniel et al., 2002; Jonas and Blanchet, 2000; Bartov and Mohanram, 2004

		for making expectation		
R2	To what extent does the presence of non-financial information in terms of Business opportunities and risks c omplement the financial information?	1 = No non-financial information 2 =Little non-financial information, no useful f or forming expectations 3 = Useful non-financial information 4 = Useful non-financial information, helpful for developing expectations 5 = Non-financial information presents additional information which helps developing expectations	Predictive value	Jonas and Blanchet, 2000; Nichols and Wahlen, 2004
R3	To what extent does the company use fair value instead of historical cost	1 = Only HC 2 = Most HC 3 = Balance FV/HC 4 = Most FV 5 = Only FV	Predictive value	Schipper and Vincent, 2003; McDaniel et al., 2002; Barth et al., 2008; Schipper, 2003
R4	To what extent do the reported results provide feedback to users of the annual report as to how various market events and significant transactions affected the company?	1 = No feedback 2 = Little feedback on the past 3 = Feedback is present 4 = Feedback helps understanding how events and transactions influenced the company 5 = Comprehensive feedback	Confirmat ory value	Jonas and Blanchet, 2000

Source: Adapted from Beest, Braam and Boelens (2009)

Faithful representation

S/N	QUESTION	MEASUREMENT	CONCEPT	JUSTIFICATIONS FROM EXTANT LITERATURE
F1	To what extent are valid arguments provided to support the decision for certain assumptions and estimates in the annual report?	1 = Only described estimations 2 = General explanation 3 = Specific explanation of estimations 4 = Specific explanation, formulas explained etc. 5 = Comprehensive argumentation	Verifiability	Jonas and Blanchet, 2000; Maines and Wahlen, 2004
F2	To what extent does the company base its choice for certain accounting principles on valid argument	1 = Changes not explained 2 = Minimum explanation 3 = Explained why 4 = Explained why + consequences 5 = No changes or comprehensive explanation	Verification	Jonas and Blanchet, 2000; Maines and Wahlen, 2004
F3	To what extent does the company, in the discussion of the annual results, highlight the positive events as well as the negative events?	1 = Negative events only mentioned in footnotes 2 = Emphasize on positive events 3 = Emphasize on positive events, but negative events are mentioned; no negative events occurred 4 = Balance pos/neg events 5 = Impact of pos/neg events is also explained	Neutrality	Dechow et al., 1996; McMullen, 1996; Beasley, 1996; Razaee, 2003; Cohen et al., 2004; Sloan, 2001
F4	Which type of auditors' report is included in the annual report?	1 = Adverse opinion 2 = Disclaimer of opinion 3 = Qualified opinion 4 = Unqualified opinion: Financial figures 5 = Unqualified opinion: Financial figures + internal control	Free from material error, verification, neutrality, and completeness	Maines and Wahlen, 2006; Gaeremynck and Willekens, 2003; Kim et al., 2007; Willekens, 2008
F5	To what extent does the company provide	1 = No description CG 2 = Information on CG limited, not in apart	Completeness, verifiability, and free from	Jonas and Blanchet, 2000

	information on corporate governance?	subsection 3 = Apart subsection 4 = Extra attention paid to information concerning CG 5 = Comprehensive description of CG	material error	

Source: Adapted from Beest, Braam and Boelens (2009)

Understandability

S/NO	QUESTION	MEASUREMENT	CONCEPT	JUSTIFICATIONS FROM EXTANT LITERATURE
U1	To what extent is the annual report presented in a well organized manner?	Table of contents, headings, components, summary and conclusion at the end of each section 1 = All are not arranged 2 = All are scantily arranged 3 = Part are arranged while others not arranged 4 = All are arranged 5 = All are well arranged	Understandability	Jonas and Blanchet, 2000
U2	To what extent are the notes to the balance sheet and the income statement sufficiently clear?	1 = No explanation 2 = Very short description, difficult to understand 3 = Explanation that describes what happens 4 = Terms are explained (which assumptions etc.) 5 = Everything that might be difficult to understand is explained	Understandability	Jonas and Blanchet, 2000; Courtis, 2005
U3	To what extent does the presence of graphs and tables clarifies the presented information?	1 = no graphs 2 = 1-2 graphs 3 = 3-5 graphs 4 = 6-10 graphs 5 = > 10 graphs	Understandability	Jonas and Blanchet, 2000; IASB, 2006
U4	To what extent is the use of language and technical jargon in the annual report	1 = Much jargon (industry), not explained 2 = Much jargon, minimal	Understandability	IASB, 2006; Jonas and Blanchet, 2000; Iu and Clowes, 2004

	easy to follow?	explanation 3 = Jargon is explained in text/ glossary 4 = Not much jargon, or well explained 5 = No jargon, or extraordinary explanation		
U5	What is the size of the glossary?	1 = No glossary 2 = Less than 1 page 3 = Approximately one page 4 = 1-2 pages 5 = > 2 pages	Understandability	Jonas and Blanchet, 2000

Source: Adapted from Beest, Braam and Boelens (2009)

Comparability

S/N	QUESTION	MEASUREMENT	CONCEPT	JUSTIFICATIONS FROM EXTANT LITERATURE
C1	To what extent do the notes to changes in accounting policies explain the implications of the change?	1 = Changes not explained 2 = Minimum explanation 3 = Explained why 4 = Explained why + consequences 5 = No changes or comprehensive explanation	Consistency	Jonas and Blanchet, 2000
C2	To what extent do the notes to revisions in accounting estimates and judgements explain the implications of the revision?	1 = Revision without notes 2 = Revision with few notes 3 = No revision/ clear notes 4 = Clear notes + implications (past) 5 = Comprehensive notes	Consistency	Schipper and Vincent, 2003; Jonas and Blanchet, 2000
C3	To what extent did the company adjust previous accounting period's figures, for the effect of the implementation of a change in accounting policy or revisions in accounting estimates?	1 = No adjustments 2 = Described adjustments 3 = Actual adjustments (one year) 4 = 2 years 5 = > 2 years + notes	Consistency	Cole et al., 2007; Jonas and Blanchet, 2000

C4	To what extent does the company provide a comparison of the results of current accounting period with previous accounting periods?	1 = No comparison 2 = Only with previous year 3 = With 5 years 4 = 5 years + description of implications 5 = 10 years + description of implications	Consistency	Jonas and Blanchet, 2000; Beuselinck and Manigart, 2007; Cole et al., 2007
C5	To what extent is the information in the annual report comparable to information provided by other organizations?	Judgment based on: - accounting policies - structure - explanation of events In other words: an overall conclusion of comparability compared to annual reports of other organizations	Comparability	IASB, 2008; Jonas and Blanchet, 2000; Cole et al., 2007; Beuselick and Manigart, 2007
C6	To what extent does the company presents financial index numbers and ratios in the annual report?	1 = No ratios 2 = 1-2 ratios 3 = 3-5 ratios 4 = 6-10 ratios 5 = > 10 ratios	Comparability	Cleary, 1999

Source: Adapted from Beest, Braam and Boelens (2009)

Timeliness

S/N	QUESTION	MEASUREMENT	CONCEPT	JUSTIFICATIONS FROM EXTANT LITERATURE
T1	How many days did it take for the auditor to sign the auditors' report after book year end?	Natural logarithm of amount of days 1 = 1-1.99 2 = 2-2.99 3 = 3-3.99 4 = 4-4.99 5 = 5-5.99	Timeliness	IASB, 2008

Source: Adapted from Beest, Braam and Boelens (2009)

Appendix B:
Descriptive Analysis of the Fundamental Qualitative Characteristic of Accounting Information (PRE ADOPTION 2007 - 2011)

Qualitative features	Items	Mean	Std.dev	Min	Max
Relevance					
R1	The annual reports discloses forward-looking information	2.5	0.506	2	3
R2	The annual reports discloses information in terms of business	3	0	3	3
R3	The company uses fair value as measurement basis	1.7	0.464	1	2
R4	The annual report provides feedback information on how various market events and significant transactions affected the company?	3	0	3	3
Faithful representation					
Fr1	To what extent are valid arguments provided to support the decision for certain assumptions and estimates in the annual	2.5	0.506	2	3
Fr2	To what extent does the company base its choice for certain accounting principles on valid argument	2.5	0.506	2	3
Fr3	To what extent does the company, in the discussion of the annual results, highlight the positive events as well as the negative events?	3	0	3	3
Fr4	Which type of auditors' report is included in the annual report?	3	0	3	3
Fr5	To what extent does the company provide information on corporate governance?	2.5	0.506	2	3
Understandability					
U1	To what extent is the annual report presented in a well organized	3.25	0.439	3	4
U2	To what extent are the notes to the balance sheet and the income statement sufficiently clear?	2.5	0.506	2	3
U3	To what extent does the presence of graphs and tables clarifies the presented information?	3.23	0.439	3	4
U4	To what extent is the use of language and technical jargon in the annual	2.275	0.452	2	3
U5	What is the size of the glossary?	3.5	0.506	3	4
Comparability					
C1	To what extent do the notes to changes in accounting policies explain the implications of the change?	2.5	0.506	2	3
C2	To what extent do the notes to revisions in accounting estimates and judgements explain the implications of the revision?	2.25	0.439	2	3
C3	To what extent did the company adjust previous accounting period's figures, for the effect of the implementation of a change in accounting	2	0.716	1	3

C4	To what extent does the company provide a comparison of the results of current accounting period with previous accounting periods?	2.5	0.506	2	3
C5	To what extent is the information in the annual report comparable to information provided by other organizations?	3.35	0.483	3	4
C5	To what extent does the company presents financial index numbers and ratios in the annual report?	3.725	0.640	2	4
Timeliness					
T1	How many days did it take for the auditor to sign the auditors' report after book year end?	4.775	0.423	4	5

Descriptive Analysis of the Fundamental Qualitative Characteristic of Accounting Information (POST ADOPTION 2011-2014)

Qualitative features	Items	Mean	Std.dev	Min	Max
Relevance					
R1	The annual reports discloses forward-looking information	3.5	0.506	3	4
R2	The annual reports discloses information in terms of business	3.75	0.439	3	4
R3	The company uses fair value as measurement basis	3	0	3	3
R4	The annual report provides feedback information on how various market events and significant transactions affected the company?	3.5	0.506	3	4
Faithful representation					
Fr1	To what extent are valid arguments provided to support the decision for certain assumptions and estimates in the annual	3	0	3	3
Fr2	To what extent does the company base its choice for certain accounting principles on valid argument	3.75	0.439	3	4
Fr3	To what extent does the company, in the discussion of the annual results, highlight the positive events as well as the negative events?	3.75	0.439	3	4
Fr4	Which type of auditors' report is included in the annual report?	3	0	3	3
Fr5	To what extent does the company provide information on corporate governance?	3	0	3	3
Understandability					
U1	To what extent is the annual report presented in a well organized	3.5	0.506	3	4
U2	To what extent are the notes to the balance sheet and the income statement sufficiently clear?	3.75	0.439	3	4
U3	To what extent does the presence of graphs and tables clarifies the presented information?	3.5	0.506	3	4
U4	To what extent is the use of language and technical jargon in the annual	2.75	0.439	2	3

U5	What is the size of the glossary?	3	0	3	3
Comparability					
C1	To what extent do the notes to changes in accounting policies explain the implications of the change?	3	0	3	3
C2	To what extent do the notes to revisions in accounting estimates and judgements explain the implications of the revision?	3	0	3	3
C3	To what extent did the company adjust previous accounting period's figures, for the effect of the implementation of a change in accounting	3	0	3	3
C4	To what extent does the company provide a comparison of the results of current accounting period with previous accounting periods?	2.75	0.439	2	3
C5	To what extent is the information in the annual report comparable to information provided by other organizations?	1.75	0.439	3	4
C5	To what extent does the company presents financial index numbers and ratios in the annual report?	3.5	0.506	3	4
Timeliness					
T1	How many days did it take for the auditor to sign the auditors' report after book year end?	4.875	0.335	4	5