VALUE RELEVANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARD ADOPTION IN NIGERIA FINANCIAL SERVICE FIRMS

BY

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BEING A DISSERTATION PRESENTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY ZARIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (MSC) DEGREE IN ACCOUNTING AND FINANCE

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ZARIA

DECLARATION

I hereby declare that this research work titled "Value Relevance of International Financial Reporting Standards Adoption in NigeriaFinancial Service Firms**"** is a genuine product of my effort and to the best of my knowledge it has never been previously published in any form or submitted for the award of degree in any institution of learning. All the works and articles consulted have been cited and acknowledged in the references accordingly. Moreover, I assume full responsibility of any error which might exist in the work.

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CERTIFICATION

This to certify that this dissertation titled "Value Relevance of International Financial Reporting Standards Adoption in Nigeria Financial Service Firms" by Adamu Umar meets the requirements for the award of Master of Science Degree in Accounting and Finance of Ahmadu Bello University, Zaria. Hence, it is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This research work is dedicated to Almighty Allah (SWT), and my beloved father, my late mother, my step mothers, my wife, brothers, sisters and children.

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In the name of Allah, the most Merciful and the most Beneficent. All praise is due to Allah (S.W.T), the creator of the universe. May the peace and benedictions of Allah be upon his noble messenger, the best of mankind, Prophet Muhammad (S.A.W)

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ABSTRACT

This study examines the value relevance of International Financial Reporting Standards adoption in the Nigerian financial service firms. The study utilizes secondary data extracted from 35 listed firms for the period of 8 years (2008 to 2015); 2008-2011 for pre IFRS adoption and 2012-2015 for post adoption. The study uses correlation, pre and post research designs. Multiple regression models areused as technique of data analysis adapting Ohlson model (1995). The findings reveals that book value per share is more value relevant in post IFRS adoption on share price of listed financial service firms in Nigeria. While, earnings per share is more value relevant in pre-IFRS adoption. Capitalized intangible assets are also more value relevant in post IFRS adoption period. Post IFRS adoption accounting information is more value relevant than pre IFRS period.The Study concludes that mandatory adoption has been proven to enhance the relevance of book value of equity to the users of accounting information of financial service firms in Nigeria while IFRS adoption has not improved the value relevance of earnings per share of the listed financial service firms in Nigeria. IFRS adoption reflects value relevant information on capitalized intangible assets. IFRS adoption period is more value relevant on accounting information. The study recommended among others that investors and management of Nigerian financial service firms should adhere strictly to IFRS as it impacted on book value per shareand capitalize intangible assets for investment decision as they contain more explanatory power on share price after IFRS adoption.

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CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Accounting standards have changed greatly over the past decades with regard to the consistently increasing emphasis placed on measurement of assets base on fair valuation and pressing need for harmonization. However, in order to address the need of various users of financial information, locally formulated standards limit the ability to undertake cross boarder comparison. Therefore, the need for harmonizing of global financial accounting increased. The journey for the international harmonization toward a unique and global set of accounting standards started in 1973 when 16 professional accounting bodies agree to form the International Accounting Standard Committee (IASC).

The rationale behind the formation of the Committee was to produce and issue the International Accounting Standards (IAS) which came out of necessity to encourage growth in trade and investment between countries around the globe. The Committee was reorganized in 2001 to become International accounting Standard Board (IASB) which develops and issues International Financial Reporting Standards (IFRSs). Consensus has been reached that quality of accounting reporting is paramount to the information users for various decisions making purposes. IFRSs are increasingly becoming more acceptable set of regulations followed by many countries. In an effort to increase comparability, European Union mandated the adoption of IFRS to all its public entities in 2005. It is reported that more than 130 countries conformed to IFRSs as domestic reporting standards with 90 countries fully adopted (PWC, 2016).

Prior to international financial reporting standards, different countries develop their own standards locally and also to a certain extent adopt or adapt that of the other countries. In

Nigeria, National Accounting Standard Board (NASB) develop and issue Statements of Accounting Standards (SAS) which are popularly known as Generally Accepted Accounting Principles (GAAP). These standards cut across various aspect of accounting activities such as recognition, measurements, and reporting of accounting transactions of various form of business activities. Therefore, SAS play a vital role in regulating the activities of accounting locallydue to the fact that financial reporting practicebefore IFRS depend on legal, economic, cultural and historical background of any country.

However, the major concern about the GAAP in several countries is that they are designed to reflect specific countries accounting needs, taken in to consideration different countries' regulatory and legal framework. Therefore, the need for globalization and growth of businesses brought difficulties in comparability and understandability of the local standards internationally. Also, the need to attract funds from the investors, creditors and financial institutions externally ignite the idea of accepting a common language for financial reporting in Nigeria so as to encourage international comparability. These and other issues pave the way toward harmonization of accounting standards and necessitate the need for a single set of high quality internationally generally accepted accounting standards (Ocansey, and Enahoro, 2014).

It is expected that adoption of IFRS would result in high quality reporting practice in Nigeria (Abiodun, 2012). The adoption of IFRS in Nigeria will lower the cost of capital and improve market liquidity (Leuz&Verrecchiia, 2010). Furthermore, IFRS adoption may encourage comparability and lower the cost of producing multiple financial reports to cater the need of cross-border investors in Nigeria (Okere, 2009). Similarly, the demands for functional financial institutions that would facilitate the development of stock market also encourage harmonization of financial reporting system. Financial sector is a driving sector of the economy; it contributes tremendously to the overall growth and development of stock markets (Mohammed & Lode, 2015).

Report on the Observance of Standard Codes (ROSC) in 2011 states that financial institutions in Nigeria do not provide full disclosure of accounting information as stipulated by the standards in their financial reports which was attributed to downturn in the Nigeria stock market and serve as a remote cause of the crises in the sector. As a result of this report and other reasons mentioned earlier, Nigerian government started IFRS adoption process by signing in to law, Financial Reporting Council (FRC) Act 2011 to replace the NASB Act 2004.

Jafaar (2011) reported that functional capital market depends on high quality information (book values, earnings, liquidity, other comprehensive income) to survive. Investors and accounting standards setters also require such information too. The primary characteristics of accounting information are relevance and reliability (now representational faithfulness). Value relevant information is the information that has the capacity to influence user's decision making (Barth Beaver & Landsman, 2001).

Similarly, differences exist between GAAP based system and fair value system in respect of the recognition and valuation of assets and liabilities. These differences distort the statement of financial position through the book-values (shareholders' funds). Book value is an important variable which affect the market value of equity share. It is the value of the financial service firms' funds. The book value tells us the worth of each share in a financial service firm and helps in fundamental analysis of shares. Book value shows worth of shareholders stake in a firm, it includes share capital and reserves. The book value reflects the past earnings and dividend distribution. A high book value indicates huge reserves and bonus to the shareholders. Book value affects both investment decisions and dividend decisions of a financial service firms and both investment and dividend decisions affect the share prices.

IFRS adoption most likely results in reduction of information asymmetry between investors and management due to the increased disclosure of financial information (Jafaar, 2011). Also, the adoption of IFRS showcase a significant changes in bank loan loss accounting in Nigeria as regard the recognition and measurement of credit risk. International Accounting Standard (39) requires bank to make a provision for only incurred losses. While Nigeria GAAP suggests that a provision should be made for even future expected losses. Considering the importance of loan loss provision in determining the reported earnings and discretionary tendencies that the reported provisions may generate, earnings reported under IFRS may defer from that of the GAAP of the financial service firms in Nigeria. Furthermore, income as an important variable, which is the change in purchasing power possessed by the entity between two points in time, provides indications of the earning power and future cash flows of financial service firms. The value and usefulness of income numbers is significantly different under the GAAP and fair value accounting period which potentially affect the users' decisions.

Opinions are divided regarding the accounting of intangible assets (goodwill and Identifiable intangible assets) during the globalization of accounting standards (Chalmers, Clinch &Godfray, 2008). The controversy is centered on capitalization, amortization, and impairment among others. Adoption of IFRS in Nigeria in 2012 have change the recognition measurement and reporting procedures for intangible assets of financial service firms in Nigeria. Intangible assets according to International Accounting Standard on Intangibles (IAS 38) are identifiable non-monetary assets without physical substance, such as computer software, patents, and copyrights. Lev (2001) opined that intangibles are created through innovation, unique organizational designs or human resource practices, and they interact with tangible and financial assets to create value. It is therefore believe that intangibles are sources of probable economic profits, lacking physical substance and controlled by the firm due to previous events or transactions (Canibano, Covarsi& Sanchez, 1999).

The increasing choice to capitalized intangible assets provides an important mechanism for manager in supplying private information to the investors in order to minimize the problem of information asymmetry which consequently maximizes the value of the firm in line with efficient market hypotheses and signaling theory. In essence, choice in capitalizing intangible assets is like spreading strong insider information about the quality and achievement of the firm to the public which would in turn enhance investor's confidence and belief about the future cash flow of that organization and consequently reflect on their share price. This implies that capitalizing intangible assets impacted on the market value of equity (Chalmers, Clinch & Godfrey, 2008; Istrate, 2013).

Several studies have examined the value relevance of book values, earnings, intangible assets, cash flow among others. These studies reported that book values and earnings contain value relevant information (Bagudo, Abdulmanaf&Ishak, 2015; Bolibok, 2014, Barth, Landsman&Lang, 2008). While some of the studies posit that intangible assets capitalized have a significant impact on share prices (Jaafar, 2011; Tsoligkas&Tsalavoutas, 2011). Therefore, it is imperative to investigate whether adoption of IFRS is still meeting the stated expectations of relevance and comparability.

1.2 Statement of the Problem

The purpose of accounting information to stakeholders is to provide information about the entire aspect of their investment. Useful and timely information is needed about the assets, liabilities, equity, revenue, profits or losses, cash flows, stakeholders, strength and weakness of the business. Potential and existing investors rely on accounting information in their pricing of shares and take a decision on whether to have a stake in the business or not. Proponents of fair value accounting (mark-to-market) such as Veron (2008) and Barth (2006) argue that historical cost accounting (which is the measurement procedure during SAS regime) lack relevance as the information produced by the historical cost model do not reflect market situations and hence, is irrelevant for decision and even misguiding. In a Stock market like any other market, prices are determined by the forces of demand and supply. In line with the argument of Malkiel&Fama, (1970), any company that supplied relevant information needed by investors may likely have the lead and undue advantage over the others.

Additionally, the ROSC (2011) report concluded that regulatory institutions and enforcement of accounting standard is weak and ineffective in Nigeria and consequences of the weak and inefficient environment lead to an insider's abuse. In an effort to address these challenges, federal government of Nigeria in 2011, kick started the process of establishing FRC in 2012, announce the mandatory adoption of IFRS. The expectation is that, the new accounting regime (IFRS) may improve the quality and relevance of accounting information (book value of equity and earnings)

The debate on the link between book value and market value is equally inexhaustible. It has been a subject of intense divergent views even before the adoption of IFRS. Several studies have reported mixed reactions on the impact of book values on share price. Most of these studies observed only one period (Hunt &Shevlin, 1997: Bao, & Chow, 1999). That is, either the pre adoption of IFRS or post adoption period. It is equally important to examine the value relevance by studying the two periods together to see which one is better off or worse off.

Although earnings play a very important role in the valuation process, relevant earnings information can be considered as an informant that explain the market value and relevant tool in evaluating firm's ability to generate future earnings. There is possible tendency that the earnings would improve over time as a result of capitalization of more intangible asset during IFRS regime. However, in determining future earnings, linking the earnings and share price is never being out of place. Hence, this study is set to examine earnings and share price of listed financial service firms in Nigeria.

Before the adoption of IFRSs, investors have witnessed challenges of comparability of financial information due to largely diverse choice of valuations and reporting. The choices are either to capitalize or to expense the assets. Capitalizing intangible assets may result in improving the information contents of financial statement which as a result may likely influence its share prices. Also expensing the said assets may result in understating profits. Therefore, with the mandatory adoption of IFRS, there is high expectation and hope for comparability and this may attract foreign direct investments. Thus, the absent of intangible assets in the financial statement render it less informative on current financial position as opined by (Abubakar&Abubakar, 2015). These further added to the increasing gap between market value and book value of equity which serve as an indicator of loss of relevance. Hence, this study examines the effect of capitalized intangible assets on the share of listed financial service firms in Nigeria.

Similarly, the items that are previously classified as identifiable intangible assets in business combination under the previous GAAP are required to be reclassified as goodwill under IFRS 3 (2008). This is due to the fact that the goodwill asset does not meet the definition of intangible assets as prescribed by IAS 38. Also, under IFRS, intangible assets can be measured at cost or revalued, while the Nigerian GAAP (SAS) suggested such assets to be measured at cost only. Considering the aforementioned, it is imperative to exploit these differences reported under the two regimes in order to assess their effects on market value. In other word, to establish how the various components of intangible reflect in the share price of a firm. By implication may contain some useful information that will influence the decision making of the users of financial information.

Previous studies have been carried out in different parts of the world to address the relationship between value relevance of IFRS and share price of listed financial service firms by different economy. These include that of United State of America (Barth, Landsman & Lang, 2008; Ding, Hope, Jeanjean&Stolowy, 2007); China (Elshadidy, 2014; Liu, Yao, Hu &Liu, 2011); Germany (Bartov, Goldberg & Kim, 2005; Hung, &Subramanyam, 2007); UnitedKindom(Tsoligkas&Tsalavoutas, 2011,); South Africa (Ames, 2013) and Nigeria (Bagudo, Abdulmanaf&Ishak, 2015) among others. Mixed findings have been reported and few of these studies explored the Nigerian perspective. Considering the differences of economic transformation, changes in macroeconomic index and level of technological advancement, findings of this study may be of great importance. Furthermore, time variant is another gap the study addresses as most of the studies did not cover recent period while this study is expected to extend to 2015.

1.3 Objectives of the study

The main objective of the study is to determine the impact of IFRS adoption on the value relevance of accounting information of listed financial service firms in Nigeria. Specifically, the study aimed to:

i. Determine the impact of IFRS adoption on value relevance of Book value per share of listed financial service firms in Nigeria

ii. Determine the impact of IFRS adoption on value relevance of earnings per share of listed financial service firms in Nigeria.

iii. Investigate the impact of IFRS adoption on value relevance of capitalized intangible assets of listed financial service firms in Nigeria

iv, Determine the incremental impact of IFRS adoption on relevance of accounting information of listed financial firms in Nigeria

1.4 Hypotheses of the Study

In line with the objectives of the study, the following hypotheses have been formulated in null form.

H_{01}: IFRS adoption has no significant impact on value relevance of Book value per share of listed financial service firms in Nigeria

H_{02}: IFRS adoption has no significant impact on value relevance of earnings per share of listed financial service firms in Nigeria.

H_{03}: IFRS adoption has no significant impact on value relevance of capitalized intangible assets of listed financial service firms in Nigeria

H_{04}: IFRS adoption has no significant incremental impact on the value relevance of accounting information of listed financial service firms in Nigeria

1.5 Scope of the Study

The study examines the value relevance of international financial reporting standards adoption in Nigeria financial service firm. The study cover the period of 8 years from 2008 - 2015. Specifically, 2008-2011 for pre IFRS adoption and 2012-2015 for post adoption. The period of the study is considered adequate because it is an analysis of association between the dependent and independent variable over the relatively long period that covers the pre and post IFRS by financial service firms in Nigeria.

The study choose financial service firms as domain of the study because of increasing demand of accounting users such as shareholders, prospective and potential investors, government, foreigners and other stakeholders of the information contained in the financial statement and challenges they face in meeting off with the demand of shareholders, prospective and potential investors. The study covers only 35 financial service firms listed on the Nigerian stock exchange that have complete financial records for the period of the study. The independent variables of the study are book value, earnings per share and capitalized intangible assets. The dependent variable is represented by share price as a proxy used inOhlson (1995) model.

1.6 Significance of the study

This study is expected to be beneficial in ascertaining the value relevance of international financial reporting standards adoption in Nigeria financial service firms. This will serve as a guide to the various users of financial service firms' statements to make informed decisions.

Considering the necessity of looking at value relevance of IFRS, the findings of this study are expected to contribute to both theoretical and practical fold. Theoretically, the findings of this study are expected to either support the theory or contradict it, which would provide an avenue for the applicability of the aforementioned theories underpinning the study. In practical fold, policy makers such as Security and Exchange Commission, Corporate Affairs Commission, Financial Reporting Council and other stakeholders may use the finding of this study as guide in formulating policies that would serve as a yardstick for decision making. Therefore, this study would be of immense significance to the following categories of beneficiary.

Potential and prospective investors and all other shareholders in the industry will be willing to commit their resources in an atmosphere where business strives. Hence, this study will provide information concerning the complete and reliable reported financial statement to the users by critically examining the impact the adoption of IFRS has to the share prices. This by implication assists the shareholders in making an informed decision about their holdings.

To the managers, the study will help them in ascertaining the relevance of IFRS in determining the market value of their firms. Considering the competitive nature of the contemporary business environment, the managers need to know what bring value to their firm. That is, the managers can critically evaluate the variables used in this study to see which one is viable and more beneficial to the overall growth of their stewardship.

Financial Reporting Council of Nigeria (FRCN) will find this work very useful as it reveal the extents to which of IFRS adoption impacts on share price of listed financial service firms in Nigeria. This study will help to critically evaluate the extent to which IFRSs adoption issues is being taken care off. Mean while, the study will serve as a feed back to determine the extent to which the mandatory adoption of IFRS yield an expected result or vice versa.

Finally, scholars, researchers and students would find the work useful as it adds to the existing literature. Though several literature exist in this area on value relevance of IFRS adoption and around the globe, there is limited evidence from prior literature that empirically investigate the relationship between the value relevance of IFRS and share price of listed financial service firms in Nigeria. These will therefore serve as a reference for further researches in this area, by critically looking at the Nigerian perspectives.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

In this chapter, concept of all the variables of the study will be reviewed. Relevant literatures on the Value relevance, IFRS adoption and market value of equity (share price) would be reviewed and properly acknowledged.The theories underpinning the study would equally be discussed.

2.2 Conceptual Framework

This section covers the concept of value relevance, IFRS, accounting information such as, book value, earnings and intangible assets are reviewed.

2.2.1 Concept of Value Relevance

Relevance is one of the qualitative characteristic of financial statement. Value relevance is one of the aspects of accounting that is gaining a lot of attention. It is use as an instrument for ascertaining whether accounting financial statements convey the required information to the users. Barth, Beaver and Landsman (2001) define value relevance as an association between accounting amounts and security market value.

The value relevance of accounting information is determined by the ability of that information to influence its user's decision making. Barth, Beaver and Landsman (2001)outline six reasons why value relevance research is useful to financial accounting setters as thus: it provides an insight to the standard setters; it focuses on equity investment; empirical implementation; it accommodates conservatism; it carries information for valuing equities; and it allows the uses of econometric techniques. Holthausen and Watts (2001) outlined different type of value relevance researches as: relative association studies, incremental association studies and marginal information content studies. Each of these studies carries a specific uses to the standard setters. This study is based on relative association type of value relevance. This study investigates the how IFRSs associate with the share prices.

Value relevant Research has different approaches. Francis and Schippers (1999) outline four approach of handling value relevance research, thus: fundamental analysis view, the predictive view, the information view and the measurement view. Fundamental view deals with fundamental analysis in accounting research with the expectation that the stock market is efficient. Prediction view also considers financial information as value relevant if it can predict variables. Information view on the other hand considers information to be value relevant if that information can be use in setting prices. Lastly measurement view considers financial information to value relevant if it can be able to capture information. This study adopts predictive approach of value relevance research. The assumption of fundamentalist is extreme; the efficient market is more of assumption than reality. It is a market where all the needed information is available and accessible.

2.2.2 Market Value of Equity

International Valuation Standards Committee (2003) defines market value as a representation of value in exchange, or the amount a property would bring if offered for sale in the open market at the date of valuation. The most common method used to estimate market value include, cost approach, sales comparison and income capitalization approach. The standard further outlined conditions upon which the valuer shall comply. These are, valuer shall: completely and understandably set forth the valuation in a manner that will not be misleading; ensure that the estimate of market value is based on market derived data; ensure that the estimate of market value is undertaken using appropriate method and technique. Market value of equity in other word called market capitalization; is the firm's amount of total shares outstanding multiplied by stock market price of each share (Istrate 2013). That is, the amount must reflect the current market situation of the stock. The current price can be obtained from the daily price of share as reported by the stock exchange market.

Market value reflects investor's expectation as revealed by (Wyatt 2008). That is, investor usually use the value of the share of the company in order to determine its viability or otherwise. This is in line with the conclusion of Istrate (2008), that higher quality of financial reporting and better disclosure is strongly associated with the firm value.

Ohlson (1995) model is used in other research papers such as (Barth and Kasznik 1999) in an effort to split the book value and earning exploratory variables in various components to examine the relevance of the small components in order to see how these components influence the market value of equity. Easton (1999) shows that, Ohlson (1995) model can split the book value of equity and net income in different components, and examines the value relevance of each of the individual items. Wyatt (2008) equally used Ohlson model to examine the extent to which management makes accounting choices in order to record intangible assets. Sahut (2011) has used Ohlson (1995) model in his research in order to see if book values of other intangible assets of European listed firms are higher under IFRS than local GAAP.

Therefore, market value of equity for the purpose of this study can be seen as a market share price that reflects the investor's expectation which can be used to determine the viability of the firm.

2.2.4 Concept of Intangible Assets

Intangible assets call for attention among the contemporary scholars, researchers and standard setters. Stewart (1997) defines intangible asset as the sum of an organization's patents, processes, employee's skills, technologies, information about customers and suppliers, and old-fashioned experience. The above definition categorized intangible in the process of which it occurred. Contrary to this, Lev, Sarath and Sougiannis (2005) consider Intangible assets as an asset that are generally recognized as sources of future performance and competitive advantage in the knowledge based economy, but recognition criteria make it difficult to be included in to statement of financial position as asset, especially if they are internally developed.

Intangible accounting is described as the major area of controversy and disagreement in the process of globalization of accounting standard (Chalmers, Chunch& Godfrey, 2008). There are divergent views with regards to which of the asset (intangible) to be capitalized, which should not be capitalized. Whether they should be amortized or they should be impaired. As such, these disagreements translate in to a huge difference between Nigerian GAAP and IFRSs. While Nigerian GAAP recommends the capitalization of the research expenditures, start up (pre-operating, pre-opening) expenditures, training expenditures, advertisement & promotion expenditures, moving & relocation expenditures, However, IAS 38 derecognized these expenditures as intangible assets. Furthermore, goodwill under IFRS is recognized as an asset and reported on the statement, and it's subjected to impairment. Research expenditures are expensed while Development expenditures are capitalized.

Sveiby (1997) divides intangible asset in to three groups in his definition as: employee competence, internal structure and external structure. In essence, employee competence means individual ability to work or act in variety of situation to create value. Internal structure includes patent, concept and computer software. While external structure includes relationship with customers, suppliers, brands name among others. The definition above succeeded in categorizing intangible in to three different groups without putting emphasis on its basic forms and content. Despite the growing concern about intangible asset there is still problem of ascertaining the acceptable types and component of intangible asset.

Another classification of intangible assets is based on their identity, these include intellectual capital, knowledge capital, and knowledge based asset. They are also reclassified in to computerized information (Computer software and Computer databases), Innovative property (Goodwill, Research and development, Copyright and license costs) and Economic competencies (Brand equity and human capital)

Ernst and Young (2009), further elaborate on the attribute of intangible assets as workforce skills and know-how, effective management and marketing, business models, relation with suppliers. Therefore, by implication intangible asset occupied all categories of the business activities ranging from property intensive (such as real estate, oil and gas) labour-intensive (construction and retail trade) and capital-intensive (banking and insurance).

Considering the advancement in technology, significant part of the assets that constitute the statement of financial position of modern business does not have physical appearance. For instance, investigations have shown that United Kingdom business investment is close to 130 billion pounds in 2004, and most of which are intangible assets. To be more precise, about 20 percent more than the physical assets (Blaug&Lekhi 2009). Therefore, the investment in intangible assets is more than that of tangible asset.

2.2.4.1 Intangible asset and IAS 38

IAS 38 was issued by international accounting standard board and was revised in 2004. The standard was issued to cover intangible assets, its compositions and components. According to IAS 38, intangible asset is defined as an identifiable non-monitory asset without physical substance. The components of the above definition are identifiable non-monitory asset, control (that's, ability to benefit from benefit accruable from that asset), and future economic benefit (ability to produced revenue and reduced cost).

Like any other accounting aspect, intangible asset must fulfill the following stages to be accepted and recognized in accounting. These are recognition, measurement and disclosure. The IAS 38 recognized intangible asset either purchased or self-created (at cost), if and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably [IAS 38.21]

Also if the aforementioned criteria are not met, IAS 38 requires the expenditure on this item to be recognized as an expense when it is incurred [IAS 38.68]. For the measurement, the intangible asset is measured at cost, but subsequent measurement can be in cost model or revaluation model based on the discretion of the company. Cost model here implies that the measurement should be carried at cost less any amortization and impairment losses [IAS 38.74]. While in revaluation model intangible assets may be carried at a revalued amount (based on fair value) less any subsequent amortization and impairment losses only if fair value can be determined by reference to an active market [IAS 38.75]. For the disclosure, (IAS 38.118 and 38.122) made available the following as thus: Useful life or amortization rate method, gross carrying amount, accumulated amortization and impairment losses

This study classify intangible based on IAS 38 as computer software, patents, copyrights, motion picture films, customer lists, mortgage servicing rights, licenses, import quotas, franchises, customer and supplier relationships, and marketing right. Also adopt the same definition by the said standard.

2.2.5 IFRS Adoption

The divergence among different countries in respect of accounting practices calls for harmonization of financial statements. In an effort to ensure uniformity, comparability and relevance of financial information, IFRS was introduced to harmonize the financial reporting across the world.

IFRS are laid down rules, regulations and procedures prescribed in order to safeguard, protect and control the financial reporting. The idea behind the prescription of these standards is to encourage the international comparability of financial statements. The harmonization of financial statements will translate in to trans-border investments and general improvement in Foreign Direct Investment (FDI). Adoption of IFRS in Nigeria changes the recognition, measurement and managements of intangible asset in particular and financial reporting in general.

An acceptable financial accounting standard was initiated in 1983 (Rotimi&Ezeani, 2012). It is within that period the international accounting standard committee (IASC) was formed by 16 professional bodies from different countries (including United States of America, United Kingdom, France, Canada, Germany, Australia, Japan, Netherlands and Mexico) to form the committee (Garuba&Donwa, 2011). The body was properly reorganized in 2001 to form what we are still seeing as International Accounting Standard Board. The body is the one that produced what is called International Financial Reporting Standards.

Sequel to the need of Nigeria to compete and meet with international standard, the federal government provided a road map toward the successful implementation and compliance.Rotimi&Ezeani, (2012) successfully outlined the objectives of IFRS as follow: To work actively with the national setter to bring about convergence of national accounting standards; IFRSs are designed for adoption by profit oriented entities; IFRSs require that financial statements (FS) give a true and fair view of thefinancial health of entities, to develop a single set of high quality understandable and enforceable globalaccounting standard that requires transparent and comparableinformation in financial statements; to help participants in various capital markets (investors, stock brokers) across the globe to understand financial statements

Brown (2013) outline four factors to be properly assessed in order to determine the viability of IFRS adoption. These are: thermal of the accounting standards; the reason given by the country committed to adopting IFRS; what benefit has been reported from the adopted countries; how the adopting countries do the better job in assessing adoption. Demaki(2013) maintained that IFRS will position Nigerian companies in the global market place as well as bursting transparency, accountability and integrity in financial reporting in Nigeria which is the pre- requisite for the investment attraction and economic development. He also reaffirm that IFRS will provide international investors the ability to make well-informed, useful and meaningful comparison of investment portfolio in Nigeria and other countries. Akpan-Essien (2011), opined that IFRS adoption will ensure transparency and accountability.

On the other hand, the IFRS adoption is facing a lot of criticism. Ball (2006) opined that investors will be misled in believing that there is more uniformity in practice than actual. In other words, he believes that IFRS does not represent the actual uniformity as it ought to be. The reason is that some value judgment still exists in ascertaining the prices through fair value measurement. He further remain skeptical about uniformity of implementation, In actual term, the preparers (managers) and enforcers (auditors, courts, regulators, boards) remain primarily local, as such there is no harmony. Ikpefan and Akande, (2012) become more precise by identifying some of the particular problems that will serve as intrigue on the convergence of IFRS. They identify awareness to international laws, training, taxation, fair valuation, amendments to the existing laws among others.

2.2.5.1 IFRS vs. SAS

Nigerian GAAP does not specifically prescribe a standard on intangible assets. But that does not remove intangible assets from SAS. For instance, intangible assets held by an entity for sales in the ordinary business activity are captured in SAS 4 (accounting for stock), and SAS 5 - accounting for construction contracts. Similarly, goodwill assets acquired from business combination is captured under SAS 26. Intangible assets arising from an insurer's contractual right were properly captured under SAS 16 - accounting for insurance business (event though, the standard did not specify the disclosure of that asset). Also, intangible is accounted for under SAS 14 - accounting for petroleum industries: upstream activities. Accounting for telecommunications (SAS 25) also capture intangible assets.

On the other hand, IAS 38:9 recognizes the intangible expenditures as computer software, patents, copyrights, motion picture firms, customers list, mortgage serving right, fishing licenses, import quotas, franchises, customer or suppliers relationship, customer loyalty, market share and market right. But IAS 38:10 set out criteria for the intangible assets recognition as, identifibility (IAS 38:11), control (IAS 38:13) and future economic benefits (IAS 38:17). As such, most of the aforementioned intangible expenditures fail the recognition test, and were therefore expensed. Internally generated goodwill (IAS 38:48) is recognize to be an asset, while internally generated intangible assets (IAS 38:51) are categorized based on their characteristics. For research and development expenditures, research phase (IAS 38:54) expenditures are expensed while developments phase (IAS 38:57) expenditures are capitalized. But other expenditures related to internally generated brands, mastheads, publishing titles, customer list and other similar in substance shall not be recognized as intangible assets (IAS 38:63).

For measurement of intangible assets, IAS 38:74 suggests cost model or revaluation model (IAS 38:75) as accounting policy. The cost model is determine as cost of intangible less accumulated amortization and any accumulated impairment losses. Revaluation model is determined as revalued amount (at fair value) less any subsequent accumulated impairment losses. But the GAAP suggests intangible assets to be measured based on cost model only (SAS 26).

Generally, Ikpefan and Akande (2012) differentiate IFRS with GAAP as former is a more robust and principle based set of accounting standards with detailed disclosure requirement. He further distinguished them based on their components formats. For instance, Nigerian GAAP Comprises balance sheet, profit and loss, cash flows statement, notes to Account etc as the contents of financial statements while IFRS Comprises Statements of Financial Position, Statement of Comprehensive Income, Statement of Cash flow etc

2.3 Review of Empirical Studies

Empirical literatures in respect of book value per share, earnings per share and intangible assets in relation to share prices are reviewed in this section.

2.3.1 Book Value per Share and Market share price

Bagudo, Abdulmanaf and Ishak (2015) examine the value relevance of mandatory adoption of IFRS in the Nigerian financial industry using the data collected from 52 companies for the period 2010–2013. Ohlson (1995) model was used to proxy share price. The result revealed that the adoption of IFRS improved the value relevance of accounting information in the Nigerian financial industry. The Book Value per Share (BVPS) and Earnings per Share (EPS) are higher under IFRS than under SAS. This study stopped at 2013 and the findings of this study may not necessarily reflect the current economic reality.

Bolibok (2014) examines the impact of IFRS on value relevance of accounting data using a sample generated from the listed banks on Warsaw stock exchange over the period of 1998-2012. The analysis is based on Ohlson model (1995) and the findings revealed that there is an increase in the value relevance of both book value of equity and residual income of banks after the introduction of IFRS. The study avoided the use of any normality test which may likely affect the validity and reliability of the statistical inferences derivable from the model.

Barth, Landsman and Lang (2008) examine the effect of international accounting standards on accounting quality. The paper investigated whether application of IAS is associated with higher accounting quality using 1896 sample generated from 21 countries for the period 1990–2003. The study used OLS regression for data analysis. The findings revealed that firms that apply IAS are less earning management, more timely loss recognition, and more value relevance of accounting amounts than do matched sample firms that apply non-US domestic standards.

Hung and Subramanyam (2007) examine the financial statement effects of adopting international accounting standards. The study compared the financial statements of a sample of German companies that voluntarilyadopted the IAS reporting approach. They examined their accounting numbers of prior years' restated in the IASadoption year. The results indicated that bookvalues of equitybetween the two reporting systems are value relevant, but not for earnings. However, the study found no difference in value relevance of the book value of equity andearnings under IAS and German GAAP. The study is beneficial in such a way that it used the restated statement that allows direct comparison.

Chen, Chen and Su (2007) examine the effect of the comparability and relevance of financial reporting after adoption of IFRS in Spain. The study used a sample size of all listed firms (financial and non-financial) issued A-share and AB-share in China under the period of 1991–1998. The study used annual return, and market value as dependent variables and the independent variables are Earnings per share, change in earnings, previous year price, and book value of equity per share, net income per share, profitability, firm size, earnings persistence, and liquidity. The models used for data analysis are return model, and a price model. The findings revealed that accounting information has value relevance to investors. The study is unique in such a way that it utilizes the major two value relevance models of price and return.

Tanko (2012) uses a multiple regression model to examine financial performance measures under the IFRS. The study defines the change in performance based on two parameters. First, change in accounting quality (earnings management and timely loss recognition). Second, the performance of the firms based on changes on identified financial ratios of the firms. Multiple logit regression and t-test were used in the analysis. The study finds that variability of earnings has decreased in the post IFRS adoption period. The study uses two parameters, for accounting quality and financial ratios. This makes it unique in this aspect.

Bartov et al. (2005)in a comparative study, compare the value relevance of earnings produced under three accounting phenomena, German GAAP, US GAAP and IAS, the study examine the association of stock returns and reported earnings as a measure of the quality of accounting standards. The study used both return and price model. The findings revealed that the value relevance of US GAAP and IAS-based earnings is higher than that of German GAAP-based earnings. However, they found no significant difference in value relevancebetween US GAAP and IAS.

One of the early studies that investigate the value relevance of book value is that of Hunt and Shevlin, (1997). The study examines earnings volatility, earnings management and equity value using China sample. The findings revealed that an incremental explanatory power of book value per share has been found to be higher than that of earnings per share. Also, Bao, and Chow, (1999) examine the usefulness of earnings and book values for equity valuation in emerging capital markets, also using china sample and observe that the explanatory power of earnings and book value for stock prices in China had increased over time through 1992 to 1996.

Safajou, Pourhyidari,andSolaimani, (2005) examine the empirical relationship of earnings per share and book value per share with stock market value, using the Ohlson price model for the period 1997-2003. The results showed that there was a significant relationship between earnings per share, book value per share and price.

Ragab and Omran, (2006), using Egyptian sample 1998- 2002, examine accounting information, value relevance, and investors' behaviour. The study revealed that, based on both returns and price models, earnings per share and book value per share were all relevant and explained about 40 percent of the variation in stock prices. Qystein&Frode (2007) using Norwegian sample, examine the value relevance of financial reporting over a period of 40 years revealed that the value relevance of accounting remain intact.

Among the recent studies is the work of Barth, Landsman and Lang, (2008) in their study titled, International Accounting Standards and accounting quality, examine the voluntarily adopted IASs between 1994-2003 a pre-post design for a sample of 319 firms, found that the R^2 for the price model increased from 28 percent to 40 percent in the adoption year relative to the pre-adoption. Also, Abayadeera (2010) tests for the value relevance of financial and non-financial information in high-tech industries in Australia with a sample size of 91 companies running through various sectors of the Australian economy. His studies showed that value relevance declined in earnings but increase in book value. He also found out in his study, with overall evidence, that the book value is the most significant factor and earnings are the least significant factor in deciding share prices

2.3.2 Earnings and Market Share Price

Elbakry, Nwachukwu, Abdou and Elshandidy (2017) examine the comparative value relevance of accounting information before and after the mandatory adoption of IFRS in Germany and the UK using Ohlson model and a large sample of 1970 from the population of 3378 using a period of 6 years (2001-2007). The finding revealed that value relevance of the book values of equity has declined while increase in earnings is reported in both Germany and the UK after the switch to the IFRS. Also using modified model, the result revealed that the incremental value relevance of both earnings and book values are considerably higher for firms in the UK than in Germany. One of the unique characteristic of this research is that it observed the individual relevance and comparative relevance. Though, period under study is too short to observe a meaningful relevance.

Alfraih and Alanezi (2015) examine the value relevance of mandatory corporate disclosure using Kuwait sample firms. This study explored the association between the levels of compliance with International Financial Reporting Standards (IFRS) mandatory disclosures and the value relevance of accounting information to market participants. The study first, examine the level of compliance with mandatory IFRS disclosures of Kuwait Stock Exchange (KSE) listed firms in 2010 using a disclosure index. Second, the value relevance of financial statement information,specifically, earnings and book values, is examined empirically using Ohlson (1995) valuation model that captures the level of compliance with IFRS among KSE listed firms. The results revealed that value relevance of earnings and book values increases significantly. The study employed the used of primary data to ascertain level of compliance, considering the level of subjectivity of this source of data, validity test should have been employed to validate the data.

Elshandidy (2014) examines the value relevance of accounting information using emerging market of China. 34,020 firmfrom 1999 to 2013. Stock price were used as a dependent variable while earnings per share and book value per share are the independent variables. Fixed effect model was used to run the regression. The findings revealed that accounting information is value relevant with A- and B-share markets, while it is partially relevant with the H-share market. The paper finds that the converged IFRS with CAS is more value relevant in A-shares and B-shares and it is partially more value relevant with the H-share market.

Titilayo (2011) examines the information content of accounting numbers of listed companies on the NSE in Nigeria. using a sample of 68 listed firms for the period 2002 to 2008. The study used survey questionnaire and the annual reports. The study finds no difference in the perception of investors on accounting information in firm valuation. In addition, the regression result shows a significant relationship between accounting information and share prices.

Abiodun (2012) examines the significant of accounting information on corporate values of firms in Nigeriamcompared the information content of equity and earnings across 40 firms listed on the NSE for the years 1999 and 2009. Using logarithmic regression, the study finds earnings are more value relevant in determining corporate values in Nigeria.

Agostino, Drago and Silipo (2011) examine listed banks from 15 EU countries over the period 2000–2006, finding that the introduction of IFRS enhanced the information content of earnings and book value for more transparent banks, but the less transparent entities did not experience any significant increase in the value relevance.

Goodwin, Ahmed and Heaney (2007) examine the effect of Australian equivalents to IFRS on the accounts and accounting quality of 1,065 listed firms using reconciliations from Australian GAAP to IFRS. The study used return and price models. The finding revealed no evidence that IFRS earnings and book value are more value relevant than AGAAP earnings and book value. The study also find that the changes to accounting for share-based payment, intangibles, provisions and impairment components are value relevant but not consistent with the way the market perceives these components, but that goodwill accounting under IFRS improves associations with market value.

Ding, Hope, Jeanjean and Stolowy (2007) examine the differences between domestic accounting standards and IAS using the data generated from 30 countries. The study generated a list of differences between domestic and international standards and then creates two indices. The first was absence which measures the extent to which the rules regarding certain accounting issues are missing in DAS but are covered in IAS. Divergence applies in circumstances where the rules regarding the same accounting issue differ in DAS and IAS. They find that the absence index is determined by the importance of equity market and ownership concentration while the divergence index is positively related to the level of economic development and the importance of accounting profession.

Uthman and Abdul-baki (2014) examine the relevance of accounting information in explaining firm value after the adoption of IFRS in Nigeria. Using primary data, the study concludes that IFRS adoption enhances the information content of accounting numbers in Nigeria.

Kinnunen, Niskanen, and Kasanen (2000) in a study titled to "whom are IAS earnings informative?" Examine domestic and foreign shareholders' perspectives. Using a sample of 19 Finnish firms reported under both IAS and local Finnish GAAP from 1984 to 1991. The study examined how informativeness of IAS numbers varies across two different sets of investors. The study finds that the information content of IAS reported numbers is higher for foreign investors.

Pourheydari, Aflatooni, and Nikbakhat, (2008) using Iranian stock exchange sample, examine the pricing of dividends and book value in equity valuation. The study reveals positive relationship of dividends, book value, and earnings with stock market value. Similarly, Uddin (2009) examines the determinants of market price of stock for bank leasing and insurance companies in Bangladesh. The study reviled a significant linear relationship among market return and net asset value per share, dividend percentage, earning per share of bank leasing, and insurance companies with 95 percent level of significance.

Almumani(2014) examines the determinant of share prices for the listed banks in Amman Stock Exchange over the period 2005-2011 using empirical analysis of a set of independent and dependant variables using correlation and a linear multiple regression models. The result shows that, there is a positive correlation between the independent variables DPS, EPS, BV, PE and S and dependant variable market price at 1% significant level.

Oyerinde (2009)examinesvalue relevance of accounting information in emerging stock market in Nigeria using sample from Nigerian Stock Market (NSM) over the year 2001 to 2004. The study reveals the relationship between share price and EPS is high but that of ROE is very low.Svenssonand Larsson, (2009) examine the value relevance of accounting information Using earnings and market values from 30 companies and over 10 years from 1999 to 2008. The study that reviled earnings are value relevant.

Srinivasan(2012) examines the fundamental determinants of share price in India. The study employed panel data consisting of annual time series data over the period 2006-2011 and cross-section data pertaining to 6 major sectors of the Indian economy, namely, Heavy and Manufacturing, Pharmaceutical, Energy, IT and ITES, Infrastructure, and Banking. The panel data techniques have been employed for the study. The results revealed that the dividend per share has a negative and significant impact on the share price of manufacturing, pharmaceutical, energy, and infrastructure sectors. Earnings per share and price-earnings ratio has a significant impact on share prices of manufacturing, pharmaceutical sector, energy, infrastructure, and commercial banking sectors. Size is being a significant factor in determining the share prices of all sectors under consideration except manufacturing. Moreover, the book value per share positively influences the share prices of pharmaceutical, energy, IT & ITES, and Infrastructure.

Sharma and Singh (2006) examine the determinants of equity share price using data from 160 Indian firms between 2001 and 2005; the study revealed that earnings per share, price-earnings ratio, dividend per share, dividend coverage, dividend payout, book value per share, and firm size are the determinants of share prices. Similarly, Sharma (2011) examines the empirical relationship between equity share prices and the explanatory variables; Book Value Per (BVP) share, Dividend Per Share (DPS), Earnings Per Share (EPS), price earnings ratio, dividend yield, dividend payout for the period 1993 to 1994 and 2008 to 2009 in India. The results revealed that EPS, DPS and BVP had significant impact on the market price of shares with the former two being the strongest determinants.

Seetharaman and Rudolph, (2011) examine the impact of earning per share on stock price of listed Malaysian banks. The result revealed that there was significant positive relationship between earnings per share and stock prices.

Solomon, Memba and Muturi, (2016) examine the relationship between accounting information variable, earnings per share and equity share investment in companies listed on Nigerian Stock Exchange for the period of 2004-2014. Data were collected from a sample of fifty eight (58) listed companies in Nigeria using the data and information gathered from published annual reports collected online from the website of the sampled companies. Findings also revealed that earnings per share have a significant influence on equity share investment in the companies listed on Nigerian Stock Exchange

Oswald (2008) examines the determinants and valuerelevance of the choice of accounting for research and developmentexpendituresusing United Kingdomlargersample of 603 firms over the period of 1996 to 2004 was used. The price and return models that are based on Ohlson(1995) and Feltham and Ohlson (1995; 1996) are used. The findings reveal that capitalisers, the value relevance of 'as-if expense' earnings and book values is not significantly lower than the value relevance of the reported amounts. Similarly, for expenses, the value relevance of 'as-if capitalise' earnings and book values is not significantly lower than the reported amounts.

Harris and Muller (1999) study market valuation of IAS versus US-GAAP accounting measures using Form 20-F reconciliations. Using a sample of 31 cross-listed foreign firms that voluntarily reported under IFRS between 1992 and 1996 and reported reconciliations of IAS earnings and book values of equity based on US GAAP. The finding revealmixed evidence as to which accounting method produces amounts that are more highly associated with market values, i.e. IAS amounts are more highly associated with prices per share and US GAAP amounts are more highly associated with returns.

2.3.4 Intangible Assets and Market Share price

Sahut, Boulerne and Teulon (2011) examinethe information content of intangible assets under IAS/IFRS when compared to Local GAAP for European listed companies. The paper employs multiple regression models for a sample of 1855 European listed firms in a six-year period, from 2002 to 2004 in Local GAAP and from 2005 to 2007 in IAS/IFRS to investigate the empirical relationships between market value of European firms and book value of their intangible assets. The findings reveal that the book value of other intangible assets of European listed firms is higher under IFRS than Local GAAP. Thus, identified intangible assets capitalized on European company balance sheets provide more value-relevant information for shareholders than unidentified intangible assets.

Rodrigues and Craig (2010) find that goodwill and the aggregate amount of identifiable intangible assets reported under the Portuguese GAAP are value relevant. However, when considering the subclasses of identifiable intangible assets, the amounts recognised for intellectual property and R&D expenditures do not appear to be value relevant. The findings also suggest that, while the adoption of IFRS had no impact on the value relevance of identifiable intangible assets as a whole, it has a positive effect on the value relevance of goodwill.

Oswald and Zarowin (2007) examine capitalization of R&D and the informativeness of stockprices. The study used a sample of 201 firms between 1990 and 1999. Also find evidence of the value relevance of R&D capitalisation for the sample. The value relevance is examined in terms of stock price informativeness, which is measured by the future earnings response coefficient (FERC) in a regression of current stock return against current and future earnings. Thus, the results revealed that R&D is value relevant

Ritter and Wells (2006) in a study titled “identifiable intangibleassets disclosure, stock pricesand future earnings”.Using Australianfirms sample, over the period 1979-1997. Investigate the relationship that exists between voluntarily recognized and disclosed identifiable intangibles assets (licences, brand names, trademarks and intellectual property) and stock prices, and future earnings. The result revealed a positive association between stock prices and voluntarily recognised and disclosed identifiable intangible assets; a positive association between identifiable intangible assets and income in the future periods.

Morricone, Oriani and Sobrero, (2009) report a statistically significant decrease in the value relevance of intangible assets, but increase in book value per share and earnings per share particularly after the adoption of IFRS similar to the finding of Ji and Lu, (2011) using a large sample of 6650 Austrian firms, conclude that the reliability of information about intangible assets influence the relevance of intangible.

Ciftci (2010) in a study on value relevance of accounting information for intangible-intensive assets and not intangible-intensive industries, found a decline in relevance for an intangible-intensive assets. Choi et al., (2000) in a research titled Market valuation of intangible assets examined the relationship between intangible assets, amortization expense and firm market value of equity. The findings reveal that financial markets positively recognize reported intangible asset.

Barnes (2010) finds that intangible assets are likely to be more important in some industries then the others. He opined that amount of intangibles is bigger in manufacturing sectors than in services sector.

Rodrigues and Craig, (2010) examine value relevance of IFRS identified intangible assets in Portugal. It was reported that goodwill and other intangible assets are significantly related with stock price of the firm and value relevance of intangible assets has reduced after the adoption of standards.

Istrate (2013) examines the value relevance of goodwill and other intangible assets in the pre and post adoption periods of IFRS by using a sample of 350 UK companies over the period 2002 to 2007. The study found that Goodwill and other intangible assets are significantly related with market value but the relevance of two does not increase in the post adoption.

Oliveira, *et al*, (2010) report that goodwill reported under the Portuguese GAAP are value relevant while intellectual property and R&D expenditures are not value relevant. The findings also suggest that the adoption of IFRS had no impact on the value relevance of identifiable intangible assets as a whole; it has a positive effect on the value relevance of goodwill.

Bugeja and Gallery, (2006), using Australian sample, investigate whether the value-relevance of purchased goodwill holds over the long period of time. They have found that newly acquired goodwill is more value relevant than older goodwill. The results show that the goodwill acquired in the observation year and each of the previous 2 years is positively associated with firm's market value but that association does not carry the same weight as when goodwill was acquired more than 2 years ago.

Chambers (2007) investigates whether change from Australian GAAP to IFRSs has increased the value relevance of goodwill. The study has shown that the annual impairment testing is associated with an increase in value- relevance. Similarly,

Horton *et al,* (2007) examine market reaction and valuation of IFRS reconciliation adjustment from UK and found that reconciliation goodwill adjustment from UKGAAP to IFRS is value relevant. Similarly Chalmers *et al* (2008) examined the value relevance of intangible asset on IFRS adoption of Austria. The study reaffirm that goodwill under Austria IFRS generally conveys incremental useful information for investors.

Tsoligkas and Tsalavoutas, (2009) examine the value relevance of R&D in the UK after IFRS mandatory implementation. The studies reveal that capitalizing portion of R&D is significant and positively related to market values. But also the study reported negatively significant R&D expenses on the market values under IFRS. Also, Dinh, Kang and Schultze, (2015) Analyzed the capitalize research and development using Germany sample firm. The study revealed that market values are not associated with capitalized R&D for the samples.

Mihai, Mihalciuc and Mihal, (2011) examine accounting treatment for R&D activities in accordance with IFRS. The study concluded that accounting treatment of intangible asset has course great difficulties and confusions. This study reveals that intangible asset (R&D included) does not add any value to the market share price.

Cazavan-jeny and Jeanjean (2006) report a negative relationship R&D and stock price. That is, it does not have any relevance to the market value. The Research took the sample French firm and analyzed. Contrary to aforementioned finding, (Cazavan -jeny*et al*, 2006) reported negative but neutral impact on future performance. DinhThi and Schultz (2011) as cited in Mihalciuc, Mihai and Mihal, (2011) find that R&D capitalization under IAS 38 does not reduced information asymmetries but increase analyst forecast error. Cazavan-jeny*et al,* (2011) analyzed the implication of the R&D capitalization decision for financial statements and reported that the decision to capitalize will affect the income statement and balance sheet.

Zhao (2002) studies the relative value relevance of R&D in France, UK, Germany and the USA and reported that the total R&D cost increase the association of equity price.

The early study of the value relevance of capitalized software is documented by Aboody and Lev, (1996). The study examined the relevance of software development capitalization in accordance with Financial Accounting Standard Board SFAS 86. This study was motivated by the petition written by Software Publishers Association. The claim was that, since the inauguration of the standard, it does not benefit the investors in anyway. Thus they believe that the software should be expensed. Therefore, with a large sample of 163 and a wide period of

1987 through 1995, Aboody& Lev examine the relevance of capitalized software cost. The result revealed that an annually capitalized software have positive association with stock return and earning.

Jaafar (2011) examinesaccounting choice, firm life-cycle and the value relevance of intangible assets. The study revealed evidence on the effects of accounting choice for intangible assets on the value-relevance of such assets. Even though the study did not limit to a particular content, but it can be used as an evidence to prove that software capitalization has an effect on it choice.

2.4 Theoretical framework

This section discuss and used two theoretical framework mostly used by the researchers in the area to explain the relationship between value relevance of accounting information and share so as to adopt the theory after a thorough explanation on how they capture all the variable of the study.

2.4.1 The Efficient Markets Hypothesis (EMH)

The efficient markets hypothesis (EMH) maintains that market prices fully reflect all available information. The model was developed independently by Fama andPaul (1960). This idea has been applied extensively to theoretical models and empirical studies of financial securities prices. The origins of the EMH can be traced back to the work of two individuals in the 1960s: Eugene F. Famaand Paul A. Samuelson. The model is on the view that, the more efficient the market, the more random the sequence of price changes generated by such a market, and the most efficient market of all is one in which price changes are completely random and unpredictable. EMH literature revolves around the popular literature of LeRoy in 70th and that of Lucas in the 80th on the random walk hypothesis (RWH).

The model hypothesize and empirically tests that, market price of a share of common stock must equal the present value of all future dividends, discounted at the appropriate cost of capital. The theory is on the notion that, the current stock price reflects all the available information about the value of the firm and given no chance for earning excess profit. Fama (1970) states that, the efficient market is in three forms; the weak, semi strong and strong.

2.4.2 Residual Income Valuation Model

Value relevance researches are research that tried to show case the relationship between market information and accounting information. Therefore many studies (Tsalavoutas, (2009); Alfonso, Hutzen, Georgios and Sotiropoulos, (2011); etc) opine that the best theory that is underpinning value relevance research is Residual Income Valuation (RIV). The model is based on the assumption that value of the firm equity equals to the net present value of the expected dividend that will be distributed to equity holders. It's also based on the assumption that three basic statement supply accounting data, which are income statement, balance sheet and statement of changes of owner’s equity. The theory reconciles income statement and balance sheet through clean surplus relation.

It is equally important to note that Residual Income Valuation is based on the notion that investors base security prices on the future earnings. The theory is derived from Modigliana and Miller, M&M concept of debt. The M&M is on the view that firm’s borrowing activities, whether incremental or on average, yielding zero present value. Financing activities is separated from operating activities to ensure that firm equity value equal to value of operating activities plus value of financial assets (Feltham&Ohlson, 1995). Therefore, financial asset is assumed to be equal to book value. As a consequence, the analysis of the firm value and IFRS as a function of accounting data depend on how these affect the prediction of future abnormal earning sequence.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design, population and sample size of the study. These are followed by the sources and method of data collection. It also captures the techniques and tools of data analysis. Finally, the variables measurement and model specification of the study are to be presented.

3.2 Research Design

For the purpose of this study, correlation, pre and post research designs are used. The reason for the selection of these designs is; first, correlation, pre and post research designs are sibling of quasi-experimental research design which relate to social science research. And the second, correlation, pre and post research design has the ability of describing the statistical association between the two or more variables and allows for making predictions by testing the expected relationship between variables.For the pre-post design, the period of the study is split in to 4 years each, 2008-2011 and 2012-2015. Therefore, the two research designs are suitable and appropriate for this study.

3.3 Population and Sampling Design.

The population of the study comprises all the 56 financial service firms quoted on the Nigerian stock exchange as at 31st December 2016 (see appendix A). The sample size of the study is 35 companies and it is arrived at as a result of employing the following filter:

a) remove any firm with incomplete information within the period under review (2008-2015)

b) remove any firm delisted from the trading flow of the Nigerian stock exchange during the period of the study (2008-2015)

The first filter is employed to eliminate any firm with incomplete data of the information needed for measuring the variables within the period of the study (2008-2015). Therefore, 14 firms were eliminated living 42 firms. The second filter was employed again to eliminate any firm that disappeared from the trading flow of the NSE within the period of the study as a result of technical suspension or any other reason. Consequently, 7 firms were eliminated living 35. Thus, the remaining thirty five firms were utilized as sample of the study as shown in appendix B.

3.4 Sources and Method of Data collection.

The study used the data from secondary sources because it is a quantitative study with positivism paradigm and the core of the data needed for analysis can be adequately and conveniently extracted from published financial reports and accounts of the selected firms within the period of the study while the share prices are obtained from daily price listings of the Nigerian Stock Exchange.

3.5 Techniques of Data Analysis and Model Specification

The technique of analysis that the study employs is panel multiple regression. It is a type of regression that addresses the course and effect of each variable in relation to their different time series. The reason why we employed this technique or model is because the data used for this study comprises the combination of longitudinal and time series.

The regression models can be specified thus:

$\mathbf{Msp_{it} = \beta_0 + \beta_1 BVPS_{it} + \beta_2 EPS_{it} + \beta_3 CINTASS_{it} + e_{it}}$ for pre IFRS

$\mathbf{Msp_{it} = \beta_0 + \beta_1 BVPS_{it} + \beta_2 EPS_{it} + \beta_3 CINTASS_{it} + e_{it}}$ for post IFRS

Where:

MSP= Share Price in year t for firm i

BVPS= Book value per share in year t for firm i

EPS= Earnings per share in year t for firm i

CINTASS = Capitalised intangible asset in year t for firm i

e= Error terms in the course of year t for firm i

$\beta_0 =$ Intercept or constant

β_1- β_2 = Coefficient of parameters for firm i

i = intercept

t = Period (Time)

Table 3.6.1 Independent Variables Definition

S/N	VARIABLES	DEFINITION	MEASUREMENT	JUSTIFICATION
1	MSP	Market Share Price in rear t for firm i	Market share prices are measured as a price of share four month after the accounting period.	
2	BVPS	Book value per share in year t for firm i	Book value of equity scale by the number of ordinary shares outstanding at the end of the year	Chalmars, et al. (2008), Istrate, (2013)
3	EPS	Earnings per share in year t for firm i	Net income reported scale by the number of ordinary shares outstanding at the end of the year	Chalmars, et al. (2008), Istrate, (2013)
4	CINTASS	Capitalised intangible asset in year t for firm i	Total capitalised intangibles scale by the number of ordinary shares outstanding at the end of the year	Chalmars, et al. (2008), Istrate, (2013)

Sources: Author, 2017

And finally, the study conducted robustness test (Hausman's test of heteroskedesticity and multicollinearity test) in order to improve the validity and reliability of the statistical inferences derivable from the regression model.

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter starts with analyzing the trend of the variables using descriptive statistics. This is followed by the presentation and analysis of the correlation matrix. Presentation and discussion of results of the model estimations and inferences from the test of hypotheses are also given. Finally, findings are discussed and policy implications are presented.

4.2 Descriptive Statistics

Table 4.1 presents the descriptive statistics for both pre and post IFRS compliance, where minimum, maximum, mean and standard deviations of the data for the variables used in the study are presented and discussed.

Table 4.1 Descriptive Statistics

	Pre IFRS				**Post IFRS**			
Variable	**Min**	**Max**	**Mean**	**Standard Deviation**	**Min**	**Max**	**Mean**	**Standard deviation**
MSP	0.50	19.05	3.651	4.628	0.50	29.45	3.974	6.597
BVPS	-18.93	25.99	3.558	5.391	-1.65	18.93	4.116	4.905
EPS	-12.66	8.30	0.190	1.534	-5.70	10.00	0.647	1.553
CINTASS	0.00	14.43	1.234	2.947	0.00	11.77	0.740	1.837

Source: Stata output, 2017

The statistics show an average market share price, book value per share, earnings per share and capitalized intangible assets of 3.651 3.558, 0.190 and 1.234 respectively in the pre IFRS period and 3.974 4.116, 0.647 and 0.740 in that order, in the post IFRS period. The data analysis shows an average market share price of N3.65K which ranges from a minimum of 50k and a maximum of N19.05 with a standard deviation of 4.628 in pre IFRS. While in the post IFRS adoption the result indicates that market share price has an average value of N3.97k which ranges from a minimum of 50k and a maximum of N29.45k with a standard deviation of 6.60 within the period of the study. Table 4.1 shows an average book value per share of N3.56k which ranges from a loss N18.93k to a maximum profit of N25.99k with a standard deviation of 5.39 in pre IFRS, while an average book value per share is N4.12k and ranges from a loss of N1.65k to a maximum profit of N18.93k with a standard deviation of 4.91 in the post IFRS period. However, table 4.1 indicates the average value of earnings per share to be 19k which ranges from a loss of N12.66k and a maximum N8.30k with a standard deviation of 1.53 in pre IFRS. While the result indicate an average value of earnings per share of 65k which ranges from a loss of N5.70k and maximum value of N10 with a standard deviation of 1.55 in post IFRS.

Table 4.1 also show that the mean value of capitalized intangible assets is N1.23 and ranges from a minimum of 0.00 to a maximum of N14.5k with a standard deviation of 2.95 in pre IFRS. On contrary, table 4.1 indicates a mean value of 74k which ranges from a minimum of 0.00 to the maximum of N11.77k with a standard deviation of N1.84k. If the two periods are compared, mean value of all the variables except capitalized intangible assets is higher in post IFRS adoption period.

4.3 Correlation Matrix

The correlation matrix presents the relation of the independent variables and dependent variable and also between independent variables themselves.

Table 4.2: Correlation Matrices for Pre and Post IFRS Adoption

	Pre IFRS				Post IFRS			
Variable	**MSP**	**BVPS**	**EPS**	**CINTASS**	**MSP**	**BVPS**	**EPS**	**CINTASS**
MSP	1.0000				1.0000			
BVPS	0.6364	1.0000			0.8058	1.0000		
EPS	0.2104	0.4472	1.0000		0.3868	0.4486	1.0000	
CINTASS	-0.0875	0.1791	-0.0266	1.0000	0.1170	-0.1809	-0.2514	1.0000

Source: Stata output, 2017

The result in the table 4.2 shows that two independent variables (book value per share and earnings per share) are positively related to market share price of listed financial service firms in Nigeria. While capitalized intangible asset is negatively related to share price for pre IFRS period. The table presents a positive relation between book value per share and share price from the correlation coefficient of 0.6364. This implies that as the portion of book value per share increases, the share price of the sample firm increases too. The table 4.2 also shows that there is positive association between market share price of the sample firms and earnings per share for pre adoption from the correlation coefficients of 0.2104. This implies a relationship that, as the proportion of earning per share of the sample increases, the market share price also increases. Finally, table 4.2 indicates a negative correlation between market share price and capitalized intangible assets in pre IFRS period from the coefficient of -0.0875. This implies that as the capitalized intangible asset decreases market share price of the sample firm increases.

The table 4.2 also shows that book value per share, earnings per share and capitalized intangible assets are positively related to market share price of listed financial service firms in Nigeria after the adoption of IFRS. Similarly, the table reports a positive relationship between book value per share and market share price from the correlation coefficient of 0.8058 implying that as the portion of book value per share increases, the share price of the sample firm increases too. Table 4.2 shows that there is positive association between market share price of the sample firms and earnings per share for post adoption period from the correlation coefficients of 03868. This implies a relationship that, as the proportion of earning per share of the sample increases, the market share price also increases too. Finally, table 4.2 also indicates a positive correlation between market share prices and capitalized intangible assets after IFRS adoption from the coefficient of 0.1170. This implies that as the capitalized intangible asset decreases market share price of the sample firm increases

In comparison, this suggests that both book value per share, earnings per share and capitalized are more associated with market share price in the post IFRS period and therefore could be more value relevant.

4.4 Robustness Test for Dependent and Independent Variables

This section presents the result of robustness tests conducted in order to improve the validity and reliability of all statistical inferences for the study derivable from the regression model. These tests include, multicollinearity test and cook-wiesburge test of total heteroskedasticity.

Table 4.3: Robustness Test Results

Variables	**VIF for pre(IFRS)**	**VIF for post (IFRS)**	**Tolerance Values for pre (IFRS)**	**Torrance values for post (IFRS)**
BVPS	1.05	1.26	0.9491	0.7438
EP	1.02	1.30	0.9774	0.7688
INTAGA	1.03	1.07	0.9670	0.9310
Mean VIF	1.04	1.21	-	-
			Pre IFRS	**Post IFRS**
Hettest chi^2			37.19	16.77
Hettest sig			0.0000	0.0000

Source: Stata Output, 2017

Multicollinearity Test: This is to check whether there is excess correlation between the independent variables which will mislead the result of the study. Table 4.3 presents the matrix of linear relationship among the continuous independent variable. From observation, there is no variable with high correlation above 0.50 in both pre and post IFRS adoption. In addition, the low magnitude of the correlations amongst the independent variables indicating that multicollinearity should not be a problem for the sample of the study. To formally substantiate the lack of multicollinearity between the independent variables, collinearity diagnostics are observed and that the variance inflation factor (VIF) and tolerance values indicate that multicollinearity does not pose a threat to the reliability and validly of the results.

The variance inflation factor and tolerance values are two advanced measure of assessing multicollinearity between the independent variables. Using stata, the variance inflation factor and tolerance values are computed and found to be consistently smaller than ten and one respectively for both before and after IFRS adoption indicating the absence of multicollinearity (Neter, Kunter, Nachtshem, and Wasserman, 1996 and Casey and Anderson, 1999). In addition, the tolerance values are consistently smaller than 1.00 thus further substantiating the fact that there is no multicollinearity between independent variables (Tobanichnich and Fidell, 1996) for both pre and post IFRS adoption.

Heteroskedesticty Test: This test is conducted to check whether the variability of the error terms is constant. The present of heteroskedesticity indicates that the variation of the error terms is not constant which would affect the best linear unbiased estimators (BLUE) of the study for both before and after IFRS adoption. The result of the test reveals that there is a present of heteroskedesticity because the probability Chisquare is statistically significant at 1% for both before and after IFRS Adoption indicating that the data are not homoskedestic. These suggest that the original OLS regression would not suit the study. Therefore, robust OLS is used.

4.5 Presentation and Interpretation of Regression Result

This section presents the regression result of the dependent variables (share price) and all the independent variables (book value per share, earnings per share and capitalised Intangible assets). It follows with interpretation of the association between dependent and each independent variable individually and cumulatively.

Summary of the regression result obtained from the model of the study (***MSP=β_0+ β_1BVPS+ β_2EPS+ β_3CINTASS+ e***) for both pre and post is presented in the table 4.4

Table 4.4: Summary of Regression Result

Variables	Beta Coefficient (pre-IFRS)	Beta Coefficient (pos FRS)	t-values for Pre IFRS	t- values for post IFR	Sig (pre-IFRS)	Sig (post-IFRS)
BVPS	0.0607	0.0927	4.61	14.25	0.000	0.000
EPS	0.0411	0.0334	1.67	1.22	0.098	0.223
CINTASS	0.0055	0.0874	0.31	4.15	0.756	0.000
Constant	0.0115	-0.2879	0.15	-11.65	0.879	0.000
R^2					0.4199	0.7273
F-Stat					7.94	128.83
F-Sig					0.000	0.000

Source: Stata output, 2017

The results from table 4.4 indicates that independent variables (book value per share, earnings per share and capitalized intangible assets) explained 0.4199 of the dependent variable (market share price) which means that 42% of the changes in dependent variable (market share price) are determined by independent variables of listed financial service firms in Nigeria under pre IFRS period. Similarly the result of F-statistics (7.94) shows that the model is well fitted as the accounting numbers used in the study are well selected and combined as supported by the prob chi^2 of 0.0000 (at 1%). The book value per share as indicated in table 4.4 shows that pre IFRS adoption has a beta coefficient of 0.0607 and a t-value of 4.61 which is significance at 1% and the earnings per share reveals that pre IFRS adoption has a beta coefficient of 0.0411 and a t-value of 1.67 which is significant at 10%. This indicates a positive relationship between book value per share and earnings per share on market share price. Finally, result in respect of capitalize intangible asset as indicated table 4.4 shows that pre IFRS adoption has a beta coefficient of 0.0115 and t-value of 0.15 which is insignificant at any acceptable level of significance. This indicates a positive relationship between capitalize intangible assets and market share price but insignificant at any acceptable level of significance.

The result from table 4.4 indicates that independent variables (book value per share, earnings per share and capitalized intangible assets) explained cumulative R^2 of 0.73 (73%) of the total variation of the market share price of the listed financial service firms in Nigeria under post IFRS period. Similarly the result of F-statistics (128.83) shows that the model is well fitted as the accounting numbers used in the study are well selected and combined as supported by the prob chi^2 of 0.0000 (at 1%). The book value per share as indicated in table 4.4 shows that post IFRS adoption has a beta coefficient of 0.0927 and a t-value of 14.25 which is significance at 1% and the capitalized intangible assets reveals that post IFRS adoption has a beta coefficient of 0.0874 and a t-value of 4.15 which is significant 1%. These indicate a positive relationship between book value per share and capitalize intangible assets on market share price. Finally, result in respect of earnings per share as indicated table 4.4 shows that post IFRS adoption earnings per share has a beta coefficient of 0.0334 and t-value of 1.22 which is insignificant at any acceptable level of significance. This indicates a positive relationship between earnings per share on market share price but insignificant at any acceptable level of significance.

If a comparison is made between the R^2 of Pre-IFRS adoption period of 42% and the R^2 of 73% of Post-IFRS adoption period, this indicates that Post-IFRS adoption period is greater.

4.6 Hypotheses Testing and Discussion of Findings

This section presents the hypothesis testing and discusses the findings in order to test the hypotheses stated in chapter one. The regression results used for the test of hypotheses of the study is presented below:

Table 4.5 Result of Hypotheses Testing

	Pre –IFRS Adoption				**Post -IFRs adoption**			
Variables	Beta	Sig	VIF	Tolerance	Beta	Sig	VIF	Tolerance
BVPS	0.0607	0.000	1.05	0.9491	0.0927	0.000	1.26	0.7438
EPS	0.0411	0.098	1.02	0.9774	0.0334	0.223	1.30	0.7688
CINTASS	0.0055	0.756	1.03	0.9670	0.0874	0.000	1.07	0.9310

Source: Stata Output, 2017

Table 4.5 shows that pre IFRS adoption period book value and earnings per share are significant at 1% and 10% respectively, with a beta coefficient of 0.0607 and 0.0411 respectively, while capitalised intangible assets with a beta coefficient of 0.0115 is insignificant. However, after IFRS adoption two independent variables, book value per share and capitalized intangible assets are significant at 1% each, with a beta coefficient of 0.0927 and 0.0874 respectively. While earning per share is insignificant at any acceptable level. This reveals that two of the explanatory variables of pre and post IFRS adoption used in this study explain the attitude of market share price of the listed financial service firms in Nigeria

The result for each hypothesis is presented below:

4.6.1 Hypothesis 1: Value Relevance of Book Value per Share

H_{01}: IFRS adoption has no significant impact on value relevance of Book value per share of listed financial service firms in Nigeria.

The coefficient of book value per share in the pre IFRS adoption is 0.0607 and a t-value is 4.61, while post IFRS adoption reported a beta coefficient of 0.0927 and a t-value of 14.25. Pre and Post IFRS adoption periods are found to be significant and positively associated with share price at 1% level of significant. Post IFRS adoption book value per share has a higher coefficient value after. This indicate that market give more weight of book value per share under post IFRS adoption period in the valuation of market share price

In view of the result reported in respect of book value per share showing that IFRS adoption is significant in influencing market share price, this is therefore provides enough evidence of rejecting the null hypothesis one of the studies. Thus, for hypothesis 1, H_0, is rejected. The finding supports prior studies (Bagudo, Abdulmanaf&Ishak, 2015; Alfraih&Alanezi 2015; Bolibok , 2014; Agostino, Drago&Silipo , 2011;Chen, Chen & Su,2007; Goodwin, Ahmed & Heaney, 2007)

4.6.2 Hypothesis 2: Value Relevance of Earnings per Share

H_{02}: IFRS adoption has no significant impact on value relevance of earnings per share of listed financial service firms in Nigeria.

The coefficient of earnings per share in pre IFRS is 0.0411 and a t-value of 1.67 while post IFRS adoption has a coefficient 0.0334 and t-value of 1.22. Pre IFRS adoption reported a significant and positive association at 10% on market share price while post IFRS adoption are found to be insignificant but positively associated with market share price at any significant level. This reveals that earnings per share of listed Nigerian financial service firms are value relevant during pre IFRS period.

In view of the result reported in respect of earnings per share indicating that pre IFRS is significant in influencing share price. This is therefore, provides evidence of fail to reject the null hypothesis two of the study. The study fails to reject hypothesis 2. This finding is supported by the prior studies (Istrate ,2013; Tanko, 2012; Barth, Landsman & Lang, 2008; Morricone, Oriani&Sobrero, 2009).

4.6.3 Hypothesis 3: Value Relevance of Capitalised Intangible Assets

H_{03}: IFRS adoption has no significant impact on value relevance of capitalized intangible assets of listed financial service firms in Nigeria

The coefficient of capitalized intangible assets in pre IFRS adoption period is 0.0055 and a t-value is 0.31 while post IFRS adoption reports a beta coefficient of 0.0874 and a t-value of 4.15. Also, capitalised intangible assets of financial service firms result reveals that pre IFRS period report a positive and insignificant association with share price of listed financial service firms in Nigeria and post IFRS reported a positive but statistically significant association with share price at 1% level.

In view of the result reported in respect of capitalised intangible assets showing that post IFRS period is significant in influencing market share price of listed financial service firms in Nigeria. This is therefore provides evidence of rejecting the null hypothesis three of the study. Thus, hypothesis 3, H_{03} is rejected. Thus, for hypothesis 3, H_{03} is rejected. The finding contradict the prior literature (Istrate, 2013; Morricone, Oriani&Sobrero, 2009) and supported (Morricone, Oriani&Sobrero, 2009; Sahut, Bouleme& Teulon,2008; Chalmers et al,2008).

4.6.4 Hypothesis 4: Incremental Value relevance of Accounting Information

H_{04}: IFRS adoption has no significant incremental impact on the value relevance of accounting information of listed financial service firms in Nigeria

The overall value relevance of accounting information is determine by comparing the coefficient of determination of the two models, that is pre and post IFRS adoption models. The result of the coefficient of determination of the two models R^2 reveals that pre IFRS adoption has R^2 of 42% while post IFRS adoption has a coefficient of 71%.

In view of the result reported the post IFRS adoption is more value relevant than the pre IFRS adoption. Therefore, provides an evidence of rejecting the null hypothesis four of the study. The finding support prior literature of (Bagudo et al, 2015; Alfraih&Alanezi 2015; Bolibok , 2014; Elshandidy , 2014; Barth, Landsman & Lang, 2008;Chen, Chen & Su; 2007)

4.7 Policy Implications of the Study

The findings of this study have important policy implications for Nigerian Financial Reporting Council, investors, preparers of accounting information and government. The study reported significant and insignificant result. The significant results of the test serve as proof of the quality of accounting standards (IFRS and GAAP) and quality of accounting standards translates to quality financial statements. This will influence the users' perception of quality of financial information. In line with government policy of attracting foreign investors, financial information quality will attract Foreign Direct Investments. Also the insignificance results indicate the lack of quality of the said standards which would consequently affect the share price in the long run by chasing the investors away.

The investors should know that it is not enough to rely on one criterion in making investment decision, statistical evidence provided by this study has shown that several factors determine share price of Nigerian listed financial service firms. For instance, evidence indicates that earnings are value relevant before the adoption of IFRS, while the same earnings per share is losing its relevance after IFRS adoption. By implication this should make the preparers of accounting standard setters to find out the reason why earnings per share are losing its relevant after the adoption of IFRS. IFRS should be adequately adhered because of the evidence that the standards are value relevant. This is because accountants are in competition with other providers of information and if they do not provide useful, cost-effective information, the accounting function would decline over time.

4.8 Contributions of the Study

The findings of this study contribute to the body of knowledge, both in theory and practice.

4.8.1Contributions to the Body of Knowledge

The findings of the hypothesis One contributes to IFRS literature on the value relevance of book value per share in Nigerian context (Bagudo et al., 2015; Bolibok 2014; Hung &Subramanyam 2007; Chen et al., 2007). Few of these studies have been conducted based on Nigerian perspective. Therefore their findings cannot be generalized to cover the Nigerian situation. Also,finding of the hypothesis Two contributes to literature that has examined how IFRS mandatory adoption impacted on the value relevance of earnings (Elbakry et al., 2017; Alfraih&Alanezi 2015; Goodwin et al., 2007; amongothers). this study is one of the recent studies that cover up to 2015 financial year, using Nigerian financial service firms.

In addition, prior Nigerian literature on IFRS adoption neglects the value relevance of intangible assets. Intangible assets are documented to the most controversial aspect in the process of harmonization of financial reporting. The finding of hypothesis three contributes to the body knowledges (Sahut et al., 2011; Rodrigues & Craig, 2010; Istrate 2013; Oliveira, et al, 2010), especially in Nigerian perspective. However, no known literature has examined how IFRS affect the value relevance of intangible assets. Lastly, the finding to hypothesis Four contributes to literature that has examined value relevance of IFRS accounting information (Bagudo et al., 2015; Alfraih&Alanezi 2015; Bolibok , 2014; Elshandidy , 2014; Barth, Landsman & Lang, 2008; Chen, Chen & Su; 2007). Few of these studies have examined the information content of IFRS accounting numbers in Nigeria. Therefore this study adds to the literature in Africa and Nigeria specifically by examining the incremental value relevance of accounting information in Nigeria after the adoption of IFRS.

4.8.2 Contribution to Theory

The study successfully contributes to the testing of Efficient Market Hypothesis (EMH) in a semi strong form of efficiency by examining how the market response to historical and public information in pre and post-IFRS period, three month after the release of the financial statements. The study observed that Nigerian capital market do have responded to historical and public information in both pre and post-IFRS periods four month after the release of the financial information to the public domain. Therefore this is the only known study that observes the market after the fourth month. Also the study observed that the market responded to that information in both periods under study. But the post IFRS period responded more favourably. The study also contributes to the theory of valuation that is residual income valuation model (RIVM) of firms by examining the valuation effect of accounting numbers and intangible assets using the Ohlson (1995) model.

4.8.3 Practical Contribution

The study contributes significantly to various stakeholders, including standard-setters, regulatory bodies, auditors, investors and managers.

Firstly, the standard-setters could benefit from the study in many ways. IFRS is claimed to be a high-quality standard by the standard setters and superior to any other standards, Nigerian GAAP inclusive. The finding of this study supported the aforementioned assumption by reporting a positive significant relationship between share price and value relevance of accounting information. Therefore, this finding could serve as a feedback to the standard setters on quality of IFRS in Nigeria financial service firms.

Secondly, the regulatory bodies would also benefit from the findings of this study. Since the findings of this study supported the mandatory adoption of the IFRS, it is an obligation to the regulatory bodies like financial reporting council, central bank of Nigeria and security and exchange commission to ensure compliance of the IFRS reporting in Nigeria. Therefore, there is a need to strengthen the enforcement mechanisms in order to improve the efficiency and effectiveness of the regulatory bodies in order to function well.

Thirdly, auditors could also benefit from the research findings. Since it is mandatory for any listed company to submit audited financial report to the regulated authority, it is a duty of auditors to ensure that financial statement conformsto IFRS in Nigeria. The auditors being the first examiners of financial statements, they have a duty to present and opinion as to whether the statements conformto the said standards or not. Therefore, the findings of this study would strengthen the audit practice in Nigeria.

Fourthly, the investors could benefit from this study as it helps them in knowing the usefulness or otherwise of IFRS as compared to the Nigerian SAS in explaining share prices and its effects on their decision-making process. The study reveals that post-IFRS period BVPS is more associated with the share prices and therefore, more value relevant in decision- making. Also, CINTASS is more value relevant after the adoption of IFRS. This finding could guide investors in their decision-making and remove the fear that the new accounting regime may result to investment downtime or even reduction in the value of their stake.

Lastly, the managers can also use the finding of the study to make and analysis as to which accounting information influences the share price. It is a dream of any manager to improve the value of the share of his company. Therefore, the significant results of this study reports the area of strengths that the company would capitalized on in order to create more value to their share

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study examines the value relevance of IFRS adoption in the Nigerian financial service firms. However, four objectives and four supportive hypotheses were stated and formulated respectively. In addition, the study covered 8 years from 2008 – 2015.

In the second chapter of this study several concepts were reviewed, such as the concept of value relevance of accounting information, concept of intangible asset, IFRS adoption and empirical reviewed in respect of each independent variable with the dependent variable. Finally efficient market hypotheses (EMH) & residual income valuation model theory where used to underpin the theory.

Correlation, pre and post research was used as methodological approach to the study, fifty six (56) listed financial service firms in Nigeria makes the population of the study, thirty five 35 were arrived as sample size using purposive sample technique, Multiple regression models was developed to help empirically explain and predict the relationship and effect of four independent variables; book value per share, earnings per share and capitalize intangible assets. The share prices, as the dependent variable. The study use longitudinal balanced panel data from secondary sources extracted from the annual report and account of the sample firms for the periods of 8 years from 2008 – 2015.

The study provides evidence of positive and statistically significant relation for pre and post IFRS adoption and statistically significant relationship between book value per share and market share price of listed financial service firm. Furthermore, it documents that earning per share has a positive and statistically significant impact on market share prices in pre IFRS and positively insignificant impact in post IFRS period of listed financial service firm in Nigeria in pre IFRS. In addition, capitalise intangible assets was found to have positive and insignificant impact on market share price in pre adoption period and negative statistically but significant impact on share price of Nigeria listed financial service firm.

5.2 Conclusions

Based on the discussion and analysis in the preceding chapter, the study concluded that both empirical and statistical evidence on the utility of three explanatory variables of book value, earnings per share and capitalizes intangible in predicting the explained variable (share prices of the sample firm) was provided. Also, it is concluded that even though the adoption of IFRS was mandated in order to increase the value relevance of accounting information, that mandatory adoption has been proven to enhance the relevance of book value of equity to the users of accounting information of financial service firms in Nigeria through share prices.

Secondly, this study concludes that relevance of IFRSs regarding to earnings per share has been improved after the adoption of IFRS. This can be further explained by the fact that adoption of IFRS has not restored the confidence of investors by influencing the share price of financial service firms in Nigeria.

Thirdly, the study provides evidence that value relevance of capitalised intangible assets has been improved after the adoption of IFRS. This can be explained by the fact that the mandatory adoption has enhanced the investors need by influencing the share price of financial service firm in Nigeria.

Lastly, IFRS adoption reflect more value relevant information on accounting information which is beyond that of pre IFRS adoption period through the share prices of listed financial service firms in Nigeria.

5.3 Recommendations

In line with the findings and conclusions of the study the following recommendations are proffered:

i. Statistical evidence revealed that book value per share has conveyed useful information to the market share price of the listed financial service firms after the adoption of IFRS. Therefore, management should pay more attention to IFRS by ensure adequate compliance. This can be achieved by strengthening internal control unit in the organization to ensure that every aspect of accounting processes undergone a holistic check of IFRS compliance checklists. Similarly, potential and existence investors should give priority investment wise, to the company that adopts IFRS fully as shown statistically that the said standards influence the share prices through book values of equity.

ii. Statistical evidence proved that capitalized intangible asset has impact on share price of Nigeria listed financial service firms after IFRS adoption period. Therefore, management should capitalize their intangible assets because they have significant impact on market share price. Also the Standard setters should therefore ensure adequate adherence to the IAS 38 which prescribe how intangible assets should be capitalized, expensed, amortized or impaired. Managers should ensure that more intangible capital should be present in their financial statement.

iii. Financial reporting council and other regulatory agency should ensure the strict adherence of IFRS. Because the adoption of the standard is proved to have an incremental value relevance on accounting information of listed financial service firms in Nigeria.

5.4 Limitations of the Study

Like any other research, the result of this study is subject to the following limitations:

The finding and recommendation is limited to the domain of the listed financial service firms in Nigeria. Thus, any other firm not from this industry is excluded from this study, in addition the sample selection is an important determinant when generalising result of a study. Thus, the sample selection of the study was based on the availability of the data. This hampers seriously on the ability to generalize the result of this study

The study however suffer from choosing the independent variable of the study which is restricted to only three accounting information variable (book value per share, earning per share and capitalise intangible assets) without considering the other variables like liquidity, profitability, among others. This does not in any way affect the reliability of the result.

5.5 Suggestion for Future Research

This research work examines value relevance of IFRS and share prices of listed financial service firms in Nigeria. The same research can be replicated using firms from consumer goods, agriculture, oil and gas and other sector of the economy.

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APPENDIX A

LIST OF FINANCIAL SERVICE FIRMS IN NIGERIA

S/N	COMPANY	CATEGORY
1	ABBEY MORTGAGE BANK PLC	MORTGAGE CARRIER
2	ACCESS BANK PLC.	BANKING
3	AFRICA PRUDENTIAL REGISTRARS PLC	OTHER FINANCIAL INSTITUTION
4	AFRICAN ALLIANCE INSURANCE COMPANY PLC	INSURANCE
5	AIICO INSURANCE PLC.	INSURANCE
6	ASO SAVINGS AND LOANS PLC	MORTGAGE CARRIER
7	AXAMANSARD INSURANCE PLC	INSURANCE
8	CONSOLIDATED HALLMARK INSURANCE PLC	INSURANCE
9	CONTINENTAL REINSURANCE PLC	INSURANCE
10	CORNERSTONE INSURANCE COMPANY PLC.	INSURANCE
11	CUSTODIAN AND ALLIED PLC	INSURANCE
12	DEAP CAPITAL MANAGEMENT & TRUST PLC	OTHER FINANCIAL INSTITUTION
13	DIAMOND BANK PLC	BANKING
14	ECOBANK TRANSNATIONAL INCORPORATED	BANKING
15	EQUITY ASSURANCE PLC.	INSURANCE
16	FBN HOLDINGS PLC	BANKING
17	FCMB GROUP PLC.	BANKING
18	FIDELITY BANK PLC	BANKING

19	FORTIS MICROFINANCE BANK PLC	BANKING
20	GOLDLINK INSURANCE PLC	INSURANCE
21	GREAT NIGERIAN INSURANCE PLC	INSURANCE
22	GUARANTY TRUST BANK PLC.	BANKING
23	GUINEA INSURANCE PLC.	INSURANCE
24	INFINITY TRUST MORTGAGE BANK PLC	MORTGAGE CARRIER
25	INTERNATIONAL ENERGY INSURANCE COMPANY PLC	INSURANCE
26	INVESTMENT AND ALLIED ASSURANCE	INSURANCE
27	LASACO ASSURANCE PLC.	INSURANCE
28	LAW UNION AND ROCK INS. PLC.	INSURANCE
29	LINKAGE ASSURANCE PLC	INSURANCE
30	MUTUAL BENEFITS ASSURANCE PLC.	INSURANCE
31	N.E.M INSURANCE CO (NIG) PLC.	INSURANCE
32	NIGER INSURANCE CO. PLC.	INSURANCE
33	NIGERIA ENERYGY SECTOR FUND	OTHER FINANCIAL INSTITUTION
34	NPF MICROFINANCE BANK PLC	BANKING
35	OMOLUABI SAVINGS AND LOANS PLC	OTHER FINANCIAL INSTITUTION
36	PRESTIGE ASSURANCE CO. PLC.	INSURANCE
37	REGENCY ALLIANCE INSURANCE COMPANY PLC	INSURANCE
38	RESORT SAVINGS & LOANS PLC	MORTGAGE CARRIER

39	ROYAL EXCHANGE PLC.	OTHER FINANCIAL INSTITUTION
40	SIM CAPITAL ALLIANCE VALUE FUND	OTHER FINANCIAL INSTITUTION
41	SKYE BANK PLC	BANKING
42	SOVEREIGN TRUST INSURANCE PLC	INSURANCE
43	STANBIC IBTC HOLDINGS PLC	BANKING
44	STANDARD ALLIANCE INSURANCE PLC.	INSURANCE
45	STANDARD TRUST ASSURANCE PLC	INSURANCE
46	STERLING BANK PLC.	BANKING
47	UNIC INSURANCE PLC.	INSURANCE
48	UNION BANK NIG.PLC.	BANKING
49	UNION HOMES SAVINGS AND LOANS PLC.	MORTGAGE CARRIER
50	UNITED BANK FOR AFRICA PLC	BANKING
51	UNITY BANK PLC	BANKING
52	UNITY KAPITAL ASSURANCE PLC	INSURANCE
53	UNIVERSAL INSURANCE COMPANY PLC	INSURANCE
54	WAPIC INSURANCE PLC	INSURANCE
55	WEMA BANK PLC.	BANKING
56	ZENITH INTERNATIONAL BANK PLC	BANKING

Sources: Nigerian Stock Exchange

APPENDIX B

LIST OF SELECTED FIRMS

S/N	COMPANY	CATEGORY
1	ABBEY MORTGAGE BANK PLC	MORTGAGE CARRIER
2	ACCESS BANK PLC.	BANKING
3	AIICO INSURANCE PLC.	INSURANCE
4	CONSOLIDATED HALLMARK INSURANCE PLC	INSURANCE
5	CONTINENTAL REINSURANCE PLC	INSURANCE
6	CORNERSTONE INSURANCE COMPANY PLC.	INSURANCE
7	CUSTODIAN AND ALLIED PLC	INSURANCE
8	DIAMOND BANK PLC	BANKING
9	EQUITY ASSURANCE PLC.	INSURANCE
10	FBN HOLDINGS PLC-	BANKING
11	FIDELITY BANK PLC	BANKING
12	FCMB	BANKING
13	GUARANTY TRUST BANK PLC.	BANKING
14	GUINEA INSURANCE PLC.	INSURANCE
15	INTERNATIONAL ENERGY INSURANCE COMPANY PLC	INSURANCE
16	LASACO ASSURANCE PLC.	INSURANCE
17	LAW UNION AND ROCK INS. PLC.	INSURANCE
18	LINKAGE ASSURANCE PLC	INSURANCE
19	MUTUAL BENEFITS ASSURANCE PLC.	INSURANCE

20	N.E.M INSURANCE CO (NIG) PLC.	INSURANCE
21	PRESTIGE ASSURANCE CO. PLC.	INSURANCE
-22	ROYAL EXCHANGE PLC.	OTHER FINANCIAL INSTITUTION
23	SKYE BANK PLC	BANKING
24	SOVEREIGN TRUST INSURANCE PLC	INSURANCE
25	STANBIC IBTC HOLDINGS PLC	BANKING
26	STANDARD ALLIANCE INSURANCE PLC.	INSURANCE
27	STERLING BANK PLC.	BANKING
28	UNIC INSURANCE PLC.	INSURANCE
29	UNION BANK NIG.PLC.	BANKING
30	UNITED BANK FOR AFRICA PLC	BANKING
31	UNITY BANK PLC	BANKING
32	WEMA BANK PLC.	BANKING
33	ZENITH INTERNATIONAL BANK PLC	BANKING
34	STACO	INSURANCE
35	WAPCO	INSURANCE

Sources: Author, 2017

APPENDIX C
STATA OUTPUT

```
. reg  logmsp  bvps eps cintass

      Source |       SS       df       MS              Number of obs =     140
-------------+------------------------------           F(  3,   136) =   32.81
       Model |  16.0223767     3  5.34079222           Prob > F      =  0.0000
    Residual |  22.1347233   136  .162755318           R-squared     =  0.4199
-------------+------------------------------           Adj R-squared =  0.4071
       Total |  38.1570999   139   .27451151           Root MSE      =  .40343

------------------------------------------------------------------------------
      logmsp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        bvps |   .0606771   .0065156     9.31   0.000     .0477921    .0735621
         eps |   .0410715   .0225631     1.82   0.071    -.0035484    .0856914
     cintass |   .0055432    .011807     0.47   0.639    -.0178059    .0288922
       _cons |   .0115248    .044988     0.26   0.798    -.0774418    .1004913
------------------------------------------------------------------------------

. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of logmsp

         chi2(1)      =    37.19
         Prob > chi2  =   0.0000

. reg  logmsp  bvps eps cintass, r

Linear regression                                      Number of obs =     140
                                                       F(  3,   136) =    7.94
                                                       Prob > F      =  0.0001
                                                       R-squared     =  0.4199
                                                       Root MSE      =  .40343

------------------------------------------------------------------------------
             |               Robust
      logmsp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        bvps |   .0606771   .0131702     4.61   0.000     .0346323    .0867219
         eps |   .0410715   .0246531     1.67   0.098    -.0076815    .0898244
     cintass |   .0055432   .0177827     0.31   0.756    -.0296232    .0407096
       _cons |   .0115248    .075845     0.15   0.879    -.1384633    .1615129
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
        bvps |      1.05    0.949059
     cintass |      1.03    0.966972
         eps |      1.02    0.977388
-------------+----------------------
    Mean VIF |      1.04
```

. correlate msp bvps eps cintass
(obs=140)

	msp	bvps	eps	cintass
msp	1.0000			
bvps	0.6544	1.0000		
eps	0.2595	0.1472	1.0000	
cintass	-0.0313	-0.1791	-0.0566	1.0000

. correlate logmsp bvps eps cintass
(obs=140)

	logmsp	bvps	eps	cintass
logmsp	1.0000			
bvps	0.6364	1.0000		
eps	0.2104	0.1472	1.0000	
cintass	-0.0875	-0.1791	-0.0566	1.0000

. *(4 variables, 140 observations pasted into data editor)

. su

Variable	Obs	Mean	Std. Dev.	Min	Max
msp	140	3.650571	4.627681	.5	19.05
bvps	140	3.558429	5.390881	-18.93	25.99
eps	140	.1896429	1.534009	-12.66	8.3
cintass	140	1.234429	2.947231	0	14.43

```
. reg logmsp bvps eps cintass

      Source |       SS       df       MS              Number of obs =     140
-------------+------------------------------           F(  3,   136) =  120.94
       Model |  31.4108221     3  10.470274           Prob > F      =  0.0000
    Residual |  11.7744778   136  .086577043           R-squared     =  0.7273
-------------+------------------------------           Adj R-squared =  0.7213
       Total |  43.1852999   139  .310685611           Root MSE      =  .29424

------------------------------------------------------------------------------
      logmsp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        bvps |   .0927339   .0057104    16.24   0.000     .0814411    .1040266
         eps |   .0334194   .0183232     1.82   0.070    -.0028159    .0696547
     cintass |   .0874228   .0140805     6.21   0.000     .0595777    .1152678
       _cons |   -.287864    .035639    -8.08   0.000    -.3583423   -.2173858
------------------------------------------------------------------------------

. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of logmsp

         chi2(1)      =    16.77
         Prob > chi2  =   0.0000

. reg logmsp bvps eps cintass, r

Linear regression                                      Number of obs =     140
                                                       F(  3,   136) =  128.83
                                                       Prob > F      =  0.0000
                                                       R-squared     =  0.7273
                                                       Root MSE      =  .29424

------------------------------------------------------------------------------
             |               Robust
      logmsp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        bvps |   .0927339   .0065062    14.25   0.000     .0798674    .1056003
         eps |   .0334194   .0273169     1.22   0.223    -.0206015    .0874404
     cintass |   .0874228   .0210847     4.15   0.000     .0457266     .129119
       _cons |   -.287864   .0247128   -11.65   0.000    -.3367351    -.238993
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
         eps |      1.30    0.768769
        bvps |      1.26    0.793787
     cintass |      1.07    0.930969
-------------+----------------------
    Mean VIF |      1.21
```



```
.
```

```
. correlate msp bvps eps cintass
(obs=140)
```

	msp	bvps	eps	cintass
msp	1.0000			
bvps	0.6603	1.0000		
eps	0.4376	0.4486	1.0000	
cintass	0.0451	-0.1809	-0.2514	1.0000

```
. correlate logmsp bvps eps cintass
(obs=140)
```

	logmsp	bvps	eps	cintass
logmsp	1.0000			
bvps	0.8058	1.0000		
eps	0.3868	0.4486	1.0000	
cintass	0.1170	-0.1809	-0.2514	1.0000

```
. su
```

Variable	Obs	Mean	Std. Dev.	Min	Max
msp	140	3.973929	6.597047	.5	29.45
bvps	140	4.115571	4.905379	-1.65	18.93
eps	140	.6471429	1.553439	-5.7	10
cintass	140	.7395714	1.836996	0	11.77