IFRS ADOPTION AND VALUE RELEVANCE OF ACCOUNTING INFORMATION: A STUDY OF LISTED INSURANCE FIRMS IN NIGERIA

BY

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PG13ADAC8010

BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY.IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc) DEGREE IN ACCOUNTING AND FINANCE

JANUARY, 2017

DECLARATION

I declare that the work in this thesis entitled" IFRS adoption and value relevance of accounting information: A study of listed insurance firms in Nigeria" have been performed by me in the Department of Accounting, Faculty of administration, Ahmadu Bello University, Zaria. The information derived from the literature has been duly acknowledged and a list of references provided. No part of this dissertation has been previously presented for another degree or diploma at this or any other institution.

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Muhammad, Aisha Chado   Date

CERTIFICATION

This dissertation entitled " **IFRS Adoption and Value Relevance of Accounting Information: A Case study of Listed Insurance Firms in Nigeria**" by Muhammad, Aisha Chado meets the regulation governing the award of M.sc in Accounting and finance, Ahmadu Bello University, Zaria and is approved for its contributions to knowledge and literally presentation.

Dr L. Mailafia Chairman, Supervisory Committee	Date
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DEDICATION

This dissertation is dedicated to my parents for their unending love and their undying support throughout my life.

ACKNOWLEDGEMENTS

Praise is unto the Supreme Being, the One, the Beginning, the End, the Provider, the Self-sufficient, Who beget not nor is He begotten and there is non-comparable to Him.

I owe so much gratitude to the Chairman of my supervisory committee Dr L. Mailafia who has nursed the work with so much enthusiasm right from when it was a mere idea. I sincerely thank him for tirelessly reading through the work many times and for his constructive criticisms that led this work to the light. Worthy of mention are members of the supervisory committee in the person of Dr (Mrs) A.C. Dikki, for her keen interest and unrelenting efforts in reading the manuscripts, her motherly love and compassion during the period of this study is very much appreciated. I also appreciate Dr. S. Abubakar, Dr. M.S Tijjani, D.r A.B. Dogarawa, Dr. S.U Hassan, Dr. Bagudo, Dr. Sabari, Mal Lawal, Mal Nuhu, Mrs. Aisha Mahmud, Mrs. Aisha Nuhu and other members too numerous to mention who have inputted valuably in many different ways to the success of this work.

Many have contributed in various ways to the success and completion of this study, prominent amongst whom are the Prof. M.A Chado family, in particular, my father who set my path on learning, and as a seasoned teacher he always provided light and guidance in many different ways. Formore constant than the sun will rise tomorrow is your love and support for me throughout my life and course of study. To my mother, the woman with the biggest heart, the voice of sincerity and reason Mrs. Z.U Chado you would forever remain the source of my motivation, mentorship and courage. To my siblings YaZahra, Ruqqaya and Mustafa, their love and unflinching support and words of encouragement will forever be appreciated.

To my husband, Muhammad Suleiman and Baby Yasir I remain eternally grateful for their patience and understanding during the course of this study. The numerous contributions of my co- travelers on the same path Umar Abdulkarim, Farida Muhammad, Nafisa Abubakar, and other too numerous to mention are very much appreciated. The queries of many kind hearted friends and extended family members are also deeply appreciated especially Late Dr. Mohammed Usman whose face was always illuminated at every milestone of this work, how I wish he saw the end, may his gentle soul rest in peace, Amin.

Abstract

The International financial reporting standard (IFRS) was adopted for being a higher quality standard than SAS which was previously used. This study examines the impact of IFRS adoption on the value relevance of accounting information. Hence, the objective of the study was to empirically test using price regression model based on a re-modified Ohlson's (1998) model Market share price (MSP); the dependent variable with accounting information was proxy by Book value per share (BVS), Earnings per share (EPS), Dividend per share (DPS), Cash flow from operations (CFO), IFRS served as independent variables in both pre and post IFRS adoption eras. Data was collected from a sample of 20 listed insurance firms for the period 2009–2014. Ordinary least square regression model was used in estimating the weight of the coefficient of models of the study. The overall result shows that the adoption of IFRS has decreased the value relevance of accounting information in the listed insurance firms, however, the individual independent variables EPS, DPS & BVS showed an increase after the adoption of IFRS and positive relationship with market per share. This study recommends that investors should rely more on DPS as a measure of accounting information as it has the greatest contributory value than other variables used in the study.

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CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Accounting literatures on value relevance research dates back to early 1960s with the remarkable seminal work of Ball and Brown (1968) being the center stage. The work provided an extensive analysis on the value relevance of accounting information and equity valuation and found that accounting information contained in financial statement have an effect on share price. This perhaps laid the foundation for numerous empirical studies seeking to measure association between accounting numbers and equity values in both the developing and developed world. Recent studies however, have taken a different dimension by measuring the association between value relevance of accounting information under different regimes of accounting standards that is local standards (GAAP) and the International Financial Reporting Standard (IFRS). IFRS is in the fore front of accounting standards used in the world today with over 120 countries fully adopting it.

Nigeria is a signatory to the International Financial Reporting Standard (IFRS) which compels its public and special entities to adopt the new accounting standard. This is following the approval of the Federal Executive Council in December 2010, the then Nigerian Accounting Standards Board (NASB), now designated as Financial Reporting Council of Nigeria (FRCN)) issued an implementation roadmap for Nigerian's adoption of IFRS which set a January 2012 date for compliance of publicly quoted companies, banks and insurance firms in Nigeria. The Central Bank of Nigeria (CBN) and the Securities and Exchange Commission also adopted this date for compliance and issued guidance compliance circulars to ensure full implementation of IFRS in Nigeria.

Several studies such as: Laurenco and Curlo (2008), Hung and Subramanyam (2007), Bartov, Goldberg & Kim (2005), Barth, Landsman & Lang (2008), have compared the value relevance of accounting information under IFRS and domestic standard in various countries. IFRS was adopted in Nigeria to overcome the weaknesses of Statement of Accounting Standard (SAS) and improve the quality of financial reporting (Bagudo, Abdul Manaf and Ishak,2015). The country's vision 20:20:20 envisioned the country's insurance sector to be among the highly placed emerging markets famous for high market capacity and transparency to achieve a position in the 20 largest insurance markets in the world by the year 2020Badejo (2014).

The Nigerian insurance industry is ranked 65th globally in terms of size and 6th in Africa out of 8 largest markets; nevertheless the operational scope of the operators is still vague thereby reducing its strategic role in the domestic economy (National Technical Working Group report, 2009).For these strategic roles to be achieved researchers have advocated the increasing need for more relevant and timely accounting information due to the increased sophistication of investors, hence an increased focus on this issue would perhaps reduce investors' reliance on non-accounting sources of information. Therefore, the need for value relevance of accounting information became eminent to achieve the vision. This makes the early adoption of IFRS in the insurance industry to be seen as a move in the same direction considering that the industry has recorded a considerable growth. For foreign investors, the adoption of IFRS will provide them with better understanding of the company's financial statements so that they can take better decisions based on such information.

In 1997, the National Insurance Commission (NAICOM) was established with the aim of overseeing and organizing insurance in Nigeria, it also acts as the foremost insurance regulator. However, it was not until 2007 that a major impact of NAICOM was felt in the insurance industry after a major form of recapitalization exercise was prompted by the commission which was lunched successfully and the overall capital base was overturned.

Value relevance studies became necessary by the fact that listed firms use financial information as a medium of communication to the insiders and outsiders of a company. Value relevance literature deals with the usefulness of financial statement information in equity valuation, financial information assists the owner’s, stakeholders and the general public to evaluate and know the performance of firms. Under this context value relevance of financial statement is the ability of financial information to be adequately used in decision process. The insurance firms have over the years experienced problems which have hampered the growth and development of the industry. Hence, the need for reforms to revamp the industry arose (Bologi 2015).These criticisms have generated the need to critically examine the relationship of value relevance of accounting information and the adoption of the new standards IFRS, especially listed insurance firms, because the Nigerian stock exchange is a medium of funds for economic growth and growth will only be appreciated where relevant and reliable accounting information is provided to the stakeholders.

1.2 Statement of the Problem

A large number of researches have been conducted on IFRS adoption using data from over 120 countries, however the results have been mixed. The proponents of IFRS such as Barth, Landsman and Lang 2008, argue that its adoption has prospects of improving information quality.

Oshodin and Mgbame (2014) carried out a comparative study on the value relevance of accounting information in the Nigeria banking and Petroleum sectors, Adebimpe and Ekwere, (2015) studied IFRS adoption and value relevance of financial statements of Nigerian listed banks, Babalola (2012) investigates the value relevance of accounting information in corporate firms in Nigeria. Adaramola and Oyerinde, (2014), Abiodun, (2012), Oyerinde, (2009), Omokhudu and Otakefe, (2004) although all of these studies to the best of the researcher's knowledge has been conducted on value relevance of accounting information of companies in the different sectors in Nigeria no study was seen in the insurance sector. It is in the light of this that the study aims to provide empirical evidence on IFRS adoption and the value relevance of accounting information in listed insurance companies in Nigeria.

Several studies have sprung up comparing IFRS adoption with local standards such as; Laurenco and Curlo (2008) provided evidence of the change from a context where accounting numbers are significant and are more value relevant in the Anglo-Saxon than in continental countries in the (pre IFRS) period to a context where value relevance of accounting numbers differ significantly between countries with different levels of shareholder protection (post IFRS). Bagudo et al (2015) examined the pre and post effect of the relative and incremental value relevance of mandatory adoption of IFRS in the Nigeria financial industry using Ohlson's (1995) model for the period of four years (2010-2013). They found that book value of equity and earnings where greater in post IFRS period. However, the time period for which the study was conducted was not adequate to capture the impact of IFRS adoption as the adoption was still in its early stages and might not have been felt. This study will also see a six year period where 3 years of Pre IFRS period and 3 years of post IFRS period, this is a wider scope than prior empirical studies.

The subject of value relevance of accounting information using data from developed countries such as Germany, United States of America (USA) and United Kingdom (UK) such as Hung and Subramanyam (2007), Bartov, Goldberg & Kim (2005), Barth, Landsman

&Lang (2008),), Dobija and Klimczak (2010), Nilson (2003), Kargin (2013), Halenon et al (2013), but on the other hand empirical research in this area has been less forthcoming in developing countries not much has been explored in Nigeria. The adoption of IFRS necessitates the need for feedback of its actual impact from all over the world(Bagudo, Abdulmanaf and Ishak, 2015). Hence this study seeks to examine the impact of IFRS adoption on the value relevance of accounting information in listed insurance firms in Nigeria to provide empirical evidence to the standard setters the Nigeria context of the IFRS switch.

The widespread adoption of IFRS heralded a new era in financial reporting (Fasina and Adejare,2014). This study seeks to examine this statement to ascertain the truth in Nigeria being an Anglo-Saxon country. In Nigeria, for instance, International Accounting Standards (IAS) and the accounting standards of UK have had a magnanimous impact on accounting practices and standards–setting in the country. The adoption of IFRS was sought to bring uniformity in accountings practice regarding annual preparation of financial reports to the owners of companies and other interested parties much more than the GAAP that was in use. Therefore this study will examine the impact of IFRS adoption on the value relevance of accounting information which deals with financial report preparation, an accounting practice.

Ali and Hwang (2000) conducted a study on the value relevance of accounting information based on country specific factors. Their study found strong relationships between the value relevance of accounting and some country-specific factors. Mulenga (2016) asserted there is a growing literature that links value relevance of accounting information with new accounting standards from various countries where financial reporting standards differ. Thus, results become divergent with matured markets taking a largest portion of the empirical evidence. This leaves the question of declining value relevance, an empirical matter, demanding new empirical evidence and insights, from a setting different from previous studies. This study is thus borne out of the thirst to address aforementioned gaps and further motivated by the fact that the relevance of accounting information to equity valuations in Nigeria has not been extensively addressed in empirical literature.

1.2 Research Questions

In line with the above statement of the problem the following research questions are raised for the period pre and post IFRS Adoption:

i. Does earning per share affect market share prices of listed insurance companies in Nigeria?

ii. Does book value per share have influence on the market share prices of listed insurance companies in Nigeria?

iii. How much influence does dividend per share influence the market share prices of listed insurance companies in Nigeria?

iv. What is the impact of cash flow from operations on the market share prices of listed insurance companies in Nigeria?

v. Does the adoption of IFRS have impact on value relevance of accounting information of listed insurance companies in Nigeria?

1.4 Research Objective

The main objective of this study is to explore the impact of the value relevance of accounting information for the period pre and post IFRS Adoption IFR in listed insurance firms in Nigeria, the specific objective are to

i. Determine the effect of earnings per share on the market share prices of listed insurance companies in Nigeria.
ii. Assess the effect of book value per share on the market share prices of listed insurance companies in Nigeria.
iii. Examine the effect of dividend per share on the market share prices of listed insurance companies in Nigeria.
iv. Assess the effect of cash flow from operations on the market share prices of listed insurance companies in Nigeria.
v. Determine the effect of IFRS adoption on the value relevance of accounting in listed insurance companies in Nigeria.

1.5 Research Hypotheses

Based on the research objectives, the following research hypothesis are formulated in null form for the period pre and post IFRS Adoption:

H_{01}: Earnings per share has no significant impact on the share prices of listed insurance companies in Nigeria.

H_{02}: Book value per share has no significant impact on the share prices of listed insurance companies in Nigeria.

H_{03}: Dividend per share has no significant impact on the share prices of listed insurance companies in Nigeria.

H_{04}: Cash flow from operations has no significant influence on the share prices of listed insurance companies in Nigeria.

H_{05} :IFRS adoption has no significant impact on the value relevance of accounting information of listed companies in Nigeria.

1.6 Scope of the Study

The study emphasizes on the IFRS adoption and the value relevance of accounting information of listed insurance companies in Nigeria and it covers a period of 6 years from 2009 to 2014. Thus 3 year preceding years before the adoption of IFRS and 3 years after were studied. The used independent variables earnings per share, book value per share, dividend per share, cash flow from operations and IFRS adoption served as the independent variables while market share prices of the firms was used as the dependent variable of listed Insurance firms in Nigeria using a more modified Ohlson 's (1995) model. The population of the study is 30 and 20 listed firms were sampled.

1.7 Significance of the Study

This research provides a point of reference as to which accounting information is valued by accounting information users. The users of the financial reports use the reports regularly in temporary judgment on the capability of a company. Studies on value relevance of accounting information are motivated by the fact that listed companies use financial statements as one of the major media of communication with their equity shareholders and public at large. With growing adoption and implementation of IFRS by different countries around the world, many researchers aimed to find out empirically whether the new accounting standards has improved relevance of accounting information reported to the users. Thus this research will serve as a guide to the preparers of accounting information and accounting policies to further enhance value relevance of earnings per share, book value per share and cash flow operations with regards to this new standards IFRS. The significance of this study can also be seen in these areas;

Investors use financial accounting information for investment decisions. Financial statements remain perhaps the most reliable source of externally feasible information on companies. Hence studies like this in which the value relevance is tested empirically will boast the confidence of the investors on investment decisions of listed insurance companies in Nigeria.

The public the main consumers of accounting information is the general public, although public revelation is not of great importance to managers hence they exercise greater prudence as to the items that are to be disclosed in the annual accounts. In countries such as Nigeria where the stock exchange plays a vital role in the financing of firms' activities and public disclosure studies that show the value relevance of such information becomes handy to avoid beneficiaries of such information from misguidance.

Regulatory bodies, tax authorities & government agencies: need it particularly for tax purposes while regulatory agencies use it to determine whether existing statutory pronouncements are complied with, among others. There is a tough link between financial reporting and taxation. In fact, the fiscal authorities use information provided in the financial statements in order to determine taxable income. The findings and conclusion may enable the national standards setters to know the nature of demand placed on accounting information by their local investment community, stakeholders and public before they rush into adapting a unified set of accounting standard.

Researchers will use findings generated in this study may be used to test the existing theories under extreme conditions not present in developed economies where most of the prior studies were carried out and as a source material for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents and reviews the concept of Value relevance of Accounting Information and also discusses IFRS adoption vis-a-vis value relevance of accounting information. The chapter reviews related prior empirical studies and the theoretical framework.

2.2 Conceptual Issues

2.2.1 IFRS Adoption and IFRS Framework

IFRS is an abbreviation for International Financial Reporting Standards. It represents a single set of high quality, globally accepted accounting standard that can enhance comparability of financial reporting across the globe (Fasina & Adejare, 2014).The evolution of international convergence towards a global set of accounting standards started in1973, when 16 professional accounting bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and the United States decided to establish the International Accounting Standards Committee (IASC), which in 2001 transmuted into the International Accounting Standards Board (IASB).IFRS is expected to improve the comparability and credibility of financial reporting in different countries. It is also widely for seen to improve the quality of financial statement information so that investors and shareholders have reliable and relevant information which they can use as a basis for economic decision (Arum,2013).

The adoption of IFRS by various countries around the globe is accompanied with mixed reactions. Advocates of IFRS adoption believe that a single global accounting standard has the prospects of improving information quality across borders and will enable cross border investments this is according to (Masud, 2013),IFRS are a set of accounting principles that is rapidly gaining acceptance around the world. They are published by the London based International Accounting Standards Board (IASB). IFRS is a more focused and conscious way of reporting financial statements. In Nigeria on the 28th July 2010, the Nigerian Federal Executive Council approved January 1, 2012 as the effective date for the convergence of Nigerian Statement of Accounting Standards (SAS) or Nigerian GAAP (NG-GAAP) with International Financial Reporting Standards (IFRS). A roadmap was designed for this transition to take place in phases.

The IFRS framework describes the basic concepts that underlie the preparation and presentation of financial statements for external users. The IFRS serves as a guide to the board in developing future IFRS and as a lead in finding solutions to accounting issues that have arisen and have no earlier international financial reporting standard or international accounting standard. The IFRS framework has a scope as follows;

i. **The objective of financial reporting**; these scope deals with the primary users of financial reporting which are the existing shareholders and prospective investors, lenders, creditors. These groups of users use financial information for the purpose of holding and buying of equity or debt instruments and the provision or settling loans or other forms of credit. Another use they have of this financial information is to assess the management for efficiency. The IFRS framework states that the general aim of financial reports are not to provide all comprehensive information that users may require to make economic decisions hence, the need to consider pertinent information from other sources as well. Other notes of the IFRS framework state that parties including prudential and market regulators find general purpose financial reports useful however, the objectives of general purpose financial reporting and the objectives of financial regulation may not be consistent. Hence, regulators are not considered a primary user and general purpose financial reports are not primarily directed to regulators or other parties.

ii. **The qualitative characteristics of useful financial information**; this scope identifies the type of information are likely to be most useful to users in the decision making process. The qualitative characteristics apply equally to financial information in general purpose financial reports as well as to financial information when it has been provided in other forms. Two types of qualitative characteristics of useful information exist, the fundamental which consist of relevance and faithful representation and enhancing qualitative characteristics which consist of comparability, verifiability, timeliness and understandability. The former enhances the usefulness of the latter.

iii. **The reporting entity**; information about the nature and the amounts of a firm as a reporting entity's economic resources and claims assists users to assess the firm's finance strengths and weaknesses, to assess liquidity and solvency, its need and ability to obtain finance. This scope also allows for prediction of future cash flows and the distribution to claimants of the reporting entity.

iv. **The definition, recognition and measurement of the elements from which financial statements are constructed**; recognition is the process of incorporating in the balance sheet or income statement an item that meets the definition of an element and satisfies these two fundamental characteristics of recognition. The future economic benefit will flow to or from the firm and the second characteristic is the cost of the item having the ability to be measured with an extent of reliability. Measurement involves assigning monetary values to items of financial reports; these values can be determined using any of the following historical cost, current cost, net realizable value or present value.

v. **Concept of capital and capital maintenance**; this scope deals with information about changes in an entity's economic resources and claims resulting from events and transaction other than financial performances these include issue of equity instruments, cash distributions. The changes in an entity's economic resources and claims not resulting from financial performance is presented in the statement of changes. The establishment of IFRS by IASB is aimed at achieving harmonization and promotion of accounting practices to ensure consistency in reporting format across countries which should minimize cost of processing accounting information to investors and improving efficiency of capital markets Wen et al (2011).

2.2.2. Value Relevance of Accounting Information

Value relevance literature deals with how useful financial statements which are diverse in nature are and large, researchers have for over 30 years debated on the relevance of value relevant studies while some argued that it is an important tool in standard setting because of its link with how accounting is done others argue it is not the case. Value relevance studies assess how well accounting information measures equity. According to Francis and Schipper (1999), relevance is measured if there is a statistical association between accounting information and market stock price (stock returns).

Value relevance has been defined in many ways in the accounting literature (Francis & Schipper, 1999; Beaver, 2002, Scott, 2003; Nilson, 2003; Beisland, 2009; Khanagah, 2011; Shehzad and Ismail, 2014). Value relevance is defined in the plainest terms as the association between accounting numbers and security market values. Technically, value relevance is defined as the ability of financial statement information to capture and summarize firm value (Beisland, 2009). Oshodin and Mgbame (2014) defined the concept of value relevance of accounting information as the usefulness of financial accounting information, given the investors' decision to invest or to maintain their investment in shares of companies arising from the relationship between the financial statements and market share prices.

Value relevance is measured as the statistical association between financial statement information and stock market values or returns. According to Shehzad and Ismail (2014), the value relevance literature deals with the usefulness of financial statement information in equity valuation, how well do accounting figures measure value and what accounting figures can be used to predict value attributes. The key commonality in the definitions is that an accounting amount is deemed value relevant if it has a significant association with security market value. Earnings and book value are commonly used as the basis for firm valuation. However, the reliability of earnings may be affected by the earnings management; it may affect the relevance of earnings in determining firm value. Information perspective on the other hand, defines value relevance as the usefulness of financial statement information in equity valuation. A value relevant study is an evaluation of the relationship between accounting information and capital market values (Khanagha, 2011).

In a more detailed discussion of the construct, Francis and Schipper (1999) offer four interpretations of value relevance. First interpretation is that financial statement information affects stock prices by capturing intrinsic share values toward which stock prices drift. Secondly financial information is value relevant if it contains the variables used in a valuation model or assists in predicting those variables, while third and fourth interpretations are based on value relevance as indicated by a statistical association between financial information and prices or returns. Following Francis and Schipper's (1999) fourth interpretation, they defined "value relevance of accounting information as the ability of accounting numbers to summarize information that affects the firm’s value which can be measured by the aggregate market reaction to accounting information”.

According to Nilson (2003), value relevance of accounting information deals with the usefulness of financial statement in equity valuation. It investigates the association between a security price and a set of accounting variables (Beaver, 2002). Scott 2003, opines that accounting information is value relevant if it leads investors to change their beliefs and actions and in order to be relevant, accounting data must among others, be quick to respond to users’ (particularly the investors) needs. This study defines value relevance as the ability of accounting information especially market share prices to be useful to its users thereby aiding the user to make an informed and reliable decision towards the accounting information. The market value per share is a forward looking measure of what the investment look like. It reflects the future growth potential of the company.

Value relevance as an area of research has been in existence since the 1960’s and can be categorized into two phases. The first phase lasted from 1960 to 1995 when perhaps the most significant study was conducted and as a result the founding model of value relevance studies was created namely; the Ohlson’s 1995 model which is and still remains a reference point in value relevance studies till date. The second phase started after 1995 and is still in existence to date within which another magnanimous study was carried out which sprung up another model namely; the Ohlson & Feltham‘s 1998 model. The Ohlson’s (1995) study developed the statistical model linking earnings and book value of equity to companies market price. However later scholars such as Bartov, Goldberg & Kim, (2001) considered dividends and cash flows in their analysis of value relevance.

Value relevance has for many decades been used as a construct for accounting quality, studies measure the usefulness of primary accounting variables from the point of view of investors. The relationship between market per share and the proxy of accounting information are the most sought after research studies of this present decade. Value relevant literatures are vast, so also are the perspectives of value relevance studies however. These studies usually have two goals this is according to Klimczak (2009), firstly it is to test whether accounting earnings are relevant for equity valuation in the domestic market. The second goal is to compare the results of the test with results obtained by older studies of developed countries and make conclusion on the state of domestic markets. However, in both cases value relevance is seen as the evidence of the quality and usefulness of accounting numbers and according to Amir, Harrris and Veuti, (1993) the term "value relevance" can be seen in the context of information content of accounting figures.

A value relevance perspective (VRP) is an instrument to estimate quality of accounting information, which is a prime importance to the well-functioning of the economy (Beuselinck, 2005 in Khangha, 2011). Value relevance is conceptualized in literature as the capacity of the accounting variables disclosed in the financial statement to explain the market price of shares. Hellstorm (2006) identified two major perspectives in evaluating value relevance the first been the signaling perspective in which the description of value relevance studies is based on the assessment of whether there is a reaction in the market when accounting information is released. The second perceptive views value relevance studies from the measurement point where the relationship between market indicators of the company's value and the accounting measure are been assessed. This is the view this study holds with regards to the independent variables where accounting information of the company are used in relation to market share prices. Francis and Schipper (1999) gave four perspectives to value relevance as fundamental analysis perspective, prediction perspective, information perspective and measurement perspective.

i. **Fundamental analysis perspective;** This perspective holds that accounting information is said to be value relevant if it trigger changes in the share price trends through its intrinsic value in a similar way and in the same direction as market prices Oshodin & Mgbame (2014). According to this view accounting information from the financial statements causes the stock price to change by capturing values towards which stock prices drift.

ii. **The Information Perspective;** Most of the studies on information perspective assume that information content or usefulness can be evaluated by observing stock market ups and downs in reaction to specific accounting information items. Christensen and Demski (2003) suggest two views of accounting objectives the value school based on wealth measurement and the information content school based on measuring and disclosing informative events. They believe that the latter is the most logical objective of accounting. If one accepts the information-content approach to accounting, quite different concepts may arise. They define information of accounting number broadly with respect to price formation in capital markets as: the relation between key accounting numbers, such as earnings, and securities prices or the relation between manager's voluntary disclosure choices and capital markets or how taxation affects the relation between accounting numbers and capital markets.

    This study takes this perspective because it holds the view that accounting information is value relevant if it is used by investors when setting prices. Statistical measures are used as indicators where information of accounting number with respect to price formation in capital markets is used for investment decisions.

iii. **The Measurement Perspective;** Here, value relevance is measured by the financial statement's ability to capture information regardless of source which may affect the value of stocks. This view is however in contrast with the information view because it does not assume that investors actually use the information. Instead it is of the view that if an accounting variable has a relation with a market metric then the accounting variable captures information that is used by investors to determine price. Studies that have adopted this view usually have long time periods and deduce regression analysis to investigate value relevance. This study also seeks to look at value relevance of accounting information from this perspective and will use, book value per share and the earnings per share of to assess the insurance industry as another perspective. This method was used by Karampinis and Hevas, (2009), Kargin,(2013),Halenon, Pavlovia & Pearson (2013) and cash flow from operations to ensure that the entire accounting information is covered. Hence, two major perspectives were used in the previous related studies to evaluate the value relevance of accounting information: the information perspectives and the measurement perspective. This study adopted the measurement perspective because they see value relevance as the statistical relationship between the accounting information as disclose in the financial statements and the market prices or returns of shares.

iv. **The prediction perspective;** this view of value relevance considers accounting information to be relevant if it has those values that are considered relevant for the imminent value estimate of firms and foreseeing the returns of the coming years

(Abiodun, 2012). In the information and measurement views, accounting information is relevant if there exist a statistical association between financial information and prices or returns. The third and fourth interpretations inform the view of researchers like: Barth, Beaver & Landsman (2001); Chang, Chen & Chang (2008) and Abiodun (2012) that see value relevance as the statistical relationship between the accounting information as disclose in the financial statements and the market prices or returns of shares. This statistical relationship between share price and accounting information as suggested by definition above can be further explain in terms of the extent of volume of share or share price change following the release of financial information. This places the investors as the theme of this definition.

Holthausen and Watts (2001) opined that there are three categories exist on which value relevance studies can be based these are ; relative association studies, here the studies examine whether there is a statistical association between stock prices and accounting numbers. In this regression is used as a tool of analysis and an accounting information with R-square that is significant is termed value relevant.

The second category is the incremental association where the studies measure association of usefulness of accounting information in influencing market returns given other specified variables. It is measured using estimated coefficient from the regression, where it is found to be statistically significant from 0 accounting variable will be considered relevant. Studies like Umoren and Enang(2015) using 12 listed banks empirically tested whether the mandatory adoption of IFRS improved the value relevance of share prices. Their results showed that it did and that accounting information is more informative to investors under IFRS.

The third is the marginal information category studies which examine the association of the release of accounting information which comes up with the changes in the value of stock prices. Accounting information here is relevant if its release causes a reaction to stock prices.

Accounting Information

Accounting information can defined as any information that is sourced from the accounting system of a particular firm and can be shown in a special report, a financial statements or verbal statement (William, 1968). Oyerinde (2009), defined accounting information as the quantitative written information presented in complete or partial financial statements including balance sheet or profit and loss account or cash flow statement either quarterly or annually. To facilitate the communicative role of the accounting information which is published in the financial statement, it is required to possess some qualitative characteristics which makes it relevant for decision making by different users particularly investors SFAC 2outlines the desired qualitative characteristics of accounting information these are;

i. Understandability; Is the ability of accounting information to be understood by the user and for the user to be able to make an informed decision from that information, it is a user specific quality as it is opinion based. Thus, for accounting information to be characterized understandable the classification, characteristics and presenting information clearly and concisely made understandable to the user, the user is believed to have a reasonable knowledge of business and economic activities and those who will be able to review and make analysis of the information with diligence.

ii. Relevance; is the ability of accounting information that is capable of making a difference in the decisions made by users. For the decision process to be able to cause a reaction, information must possess either predictive, confirmatory or feedback value or an interrelation of predictive and confirmatory value. Useful information will possess both qualities where the predictive ability is central to the concept of earnings quality which is its ability to predict a company's future earnings.

iii. Timeliness; is a component of relevance, it is important that information is timely available to its users. This quality asserts the need for firms to provide information to external users on periodic bases. Information can only be termed timely if it is available before the decision process takes place.

iv. Reliability; is the extent to which information is verifiable, representational faithful and neutral.

v. Faithful representation; is the agreement between a measure or description and the phenomenon it purports to represent. Neutrality, reliability assumes the information being relied on is neutral with respect to parties potentially affected. General purpose accounting information purports economic phenomena in words and numbers for it to be termed relevant it must represent faithfully the phenomena. This characteristic seeks to maximize the underlying characteristics of completeness, neutrality and freedom from error.

vi. Verifiability; This characteristic of accounting information helps assures users that information represents faithfully economic phenomena it purports to represent. The term here is used to refer to different knowledgeable and independent observers reaching consensus, this may not necessarily mean a complete agreement that the item in contention depicts a faithful representation but that the different measurers have reached a consensus, it is similar to objectivity.

vii. Comparability; Accounting information about a reporting entity is more useful if it can be compared with similar information about the same entity for another period or another date. Comparability as a characteristic of accounting information it's to help users see similarities and differences between events and conditions.

viii. Consistency; this characteristic of accounting information allows valid comparisons between different periods. The predictive and feedback value of information is enhanced if users can compare the performance of firms over time.

2.3 Prior Empirical Studies

Numerous value relevance studies have established, one stream of literature focuses on whether the value relevance of accounting information has declined or minor increase (Oyerinde,(2011), Dobija and Klimczak, (2010), Nilson, (2003), Kargin,(2013), Halenon et al (2013)or increased strong relationship (Fasina and Adegbite,(2014), Khanagha, (2011), Oyerinde,(2011), Hung and Subramanyam (2007), Karampinis and Hevas, (2011). These Previous studies have taken different stance on this subject matter and results have shown conflicting findings as result of economy differences. There have been arguments about the relevance and suitability of accounting information in many developing countries. The role of accounting information in these economies still remains an unanswered question. Hence, declarations in many of these countries conclude that accounting information tends to have little relevance to the local environment Oyerinde, (2011).

Literatures in the areas of IFRS and value relevance of accounting information, earnings per share and market share prices, book value per share and market share prices, dividend per share and market per share, cash flow and market per share were extensively reviewed. Adebimpe and Ekwere, (2015) studied the impact of IFRS adoption on value relevance of financial statements of Nigerian listed banks for a period of four years sampling 12 out of the 14 listed banks and using equity value and earnings of banks. Ordinary Least square regression was used and results showed a positive increase in earnings per share value relevance in the post IFRS period while book value of equity per share is incrementally less value relevant during the post IFRS period than what was obtained before the adoption. The study did not investigate the insurance industry to see the impact of IFRS adoption on value relevance of accounting information.

Fasina and Adegbite (2014) studied the effect of IFRS adoption on accounting practices in Nigeria using interviews and questionnaire. The study concluded that there is a strong positive relationship between the adoption of IFRS and financial performance. The studies all show a strong and positive relationship which this study hopes to see if it still holds water. Although the study is very significant it failed to bridge the gap of lack of literature on value relevance of accounting as it did not dwell on value relevance as per individual nor institutional investor of the banks who rely on the information in the aspect of the proxy of value relevance of earnings per share, dividend per share, market value per share. This study will see cash flow from operations and dividend per share as additional determinants of accounting information which many study including this have ignored thereby adding to the existing knowledge of value relevance variables studied.

Vijitha & Nimalathasan (2014), examined value relevance of accounting information proxy by Earning per Share (EPS),Net Assets Value Per Share (NAVPS), Return On Equity (ROE) and Price Earnings Ratio (P/R) to Share Prices (SP) of manufacturing companies in Colombo Stock Exchange (CSE). Here, quantitative approaches were used mainly from financial report of the selected companies in Sri Lanka. Findings of this research revealed that accounting information has significant impact on Share price and value relevance of accounting information is significantly correlated with share price. Hence, the use of share prices as a dependent variable in this study because the future dividend expectation by the investors is the driver of the market price of share, in that; the market price of share is the present value of the future dividend expected by the investors Beaver (1998).Desoky & Mousa(2014), studied the impact of mandatory adoption of IFRS on the value relevance of financial information of 40 listed companies in Bahrain, a Gulf cooperation council countries relative to price and return models. Their result showed only a slight difference in the return model and an improvement with the price model after the adoption of IFRS. This study will also use the price model to see the impact of IFRS adoption on the Value relevance of accounting information as against return model.

Uthman and Abdul-baki, (2014) studied the effect of IFRS adoption on the value-relevance of accounting information in Nigeria using the extant finance theories on the value and timing of information. IFRS was measured with disclosure of economic events and the fair valuation of economic events under IFRS. Questionnaires were sourced and a log-linear test was run to test the interaction of the variables and concluded that IFRS adoption has enhanced the value relevance of accounting information in Nigeria. This study will deploy quantitative source of data which is more reliable and ordinary least square regression to test the interaction between the variables.

Halenon, Pavlovia and Pearson (2013), studied the value relevance of financial report in Sweden after the introduction of the new IFRS standard 2005 using the Ohlson's model. They concluded that value relevance from the balance sheet measured by book value per share has increased. Accounting data from the income statement measured by earnings per share for the whole period of investigation period is value relevant. They also revealed that accounting data explains a high proportion of the stock price. However, they study fell short as only share prices in the beginning of the last week in march were considered hence the stock prices results can differ for different periods and their volatility were also ignored which also distorts the reliability of the study.

Salala (2013) studied a sample of three listed manufacturing companies in Tanzania where the pre and post IFRS adoption era of relative and incremental value relevance of book value of equity and net income between 1997-2012 was examined. The findings showed an increase in the value of earnings and book value in the post era. Although the study saw more than a 10 year period all at once it fell short of the number of sample companies as 3 companies cannot be used to generalize for an entire industry. This study has examined a pre and post IFRS adoption era for a sample of 20 listed insurance firms in the Nigeria stock exchange.

Kargin (2013), examined the impact of IFRS on the value relevance of accounting information in the pre and post financial periods of IFRS application in Turkish listed firms from 1998 to 2011. Using the Ohlson model and the market value was related to book value and earnings per share and the overall book value. It concluded that the value relevance of accounting information has not improved in the post IFRS period considering the book value where improvement were not been observed in the value relevance of earning. Similarly the study of Truel (2009) examined the relative and incremental value relevance of earnings and book value of equity under capital market board standards and IFRS for the period 2001-2005 for listed turkey companies. Results showed an increase in the value relevance of earnings and book value of equity significantly increased in the IFRS period. Hence this study will examine the same for listed Nigerian firms to see if the concur with these study.

Khanagha (2011) examined the value relevance of accounting of information in pre and post IFRS implementation period in United Arab Emirates (UAE) and the Bahrain. The results showed the accounting information has in increased in terms of value relevancy in Bahrain stock market, while in the UAE stock markets showed a decline in value relevance of accounting information after the reforms in accounting standards. A replica of this study is necessary to see if the value relevance of accounting information in Nigeria will react with the adoption of IFRS.

IFRS adoption and the value relevance of accounting information around the world were studied by Mulenga (2016), with the aim of reviewing empirical studies and summarizing the results between 1999 and 2015 of 20 sample countries. The study concluded that IFRS adoption has significant influence on the quality of accounting information but financial reporting standards and requirements remain the reason for inconsistent results.

Clarkson, Douglas, Richardson and Thompson (2009) investigated whether adoption of IFRS in Europe and Australia has significant impact on the value relevance of book value and earnings by using traditional linear pricing models. Their results reported value relevance of book value and earnings measured under IFRS enhanced comparability and have the same explanatory with local GAAP.

However, many studies in this decade have dwelled on value relevance, either the mandatory or the voluntary adoption of IFRS and whether it has improved quality accounting information as seen in the analysis below; Chamisa, Mangena & Yen (2012) examined the value relevance of 86 listed companies in relation to Chinese accounting standards CAS and IFRS for using a price model. Their findings show that IFRS based accounting information were more value relevant. This study will also use the price model to see IFRS based information will be more value relevant. Also another study in China, Wen, Fong & Oliver(2012) also investigate whether 2007 IFRS converged has improved quality of accounting information for investors. The findings their study found earnings per share relative to book value of equity is a stronger explanatory variable of market return in both during the pre- and post IFRS convergence periods. Their results also suggest that in the post IFRS convergence period reliance of investors on accounting information from the income statement information for investment decisions increased.

Another study in Turkey by Bilgic and Ibis (2013) analyses whether adoption of IFRS increased value relevance or not and reported accounting information to be more relevant during the period covered for the study and after the introduction new financial accounting reporting standards. In addition, new accounting standards reported to increase relevance of book values but value relevance of earnings decreased

2.3.2 Earnings per Shareand Market Share Prices

Earning is a fundamental and important accounting variable when it comes to the investigation of the value relevance of accounting information. This is due to its superiority over cash flow (Oshodi & Mgbame, 2014). Earning per share (EPS) is also called net income per share; it is a market prospect ratio that measures the amount of net income earned per share of stock outstanding.

According to Adaramola & Oyerinde (2014), the most important component of financial reports is the income statement (Kallunki, 1996) as it indicates the result of operation of the period.. The following studies also deployed EPS as an independent variable; Oshodi and Mgbame(2014)conducted a comparative study on the value relevance of accounting information in the Nigeria banking and Petroleum sectors. Were 10 companies where randomly selected from each of these sectors and data were collected from the annual reports and accounts of the companies on the Market Price per Share (dependent variable), Earning per Share, Book Value of Equity, and Leverage (independent variables) for the period 2007-2011. Multiple regressions analysis was adopted for the analysis of the data and the Ordinary Least Square was the method of estimation. The regression results revealed EPS information as the most considered by investors when deciding the share price and that the financial information in the oil and gas is more value relevant compare to the financial information disclosed by companies in the banking sector. However, this study only focused on 5 years and also left out up to 5 years 2012-2016. Moreso, the study ignored the insurance industry and could not establish if the adoption of IFRS affects value relevance of accounting information.

Oyerinde (2011) studied the value relevance of accounting data in the Nigerian stock market with a view to determining whether accounting information has the ability to capture data that affect share prices of firms listed on the Nigerian Stock Exchange. It also examined difference in perception of institutional and individual investor about the value relevance of various items of financial statements in equity valuation. The ordinary least square, random effort method, fixed effect model and individual sample t-test. The study concluded that there is a significant relationship between accounting information and the share prices of companies listed on the Nigerian Stock Exchange and no significant relationship between the perception of institutional and individual investor about the value relevance of accounting information. This study was conducted all in the pre- IFRS period hence, the adoption of IFRS was not considered.

2.3.3 Book Value per Shareand Market Share Prices

Book value per share is used by investors who are evaluating the price of a company's stock, if the market value per share is lower than the book value per share, then the stock price may be undervalued. It is used by investors to determine the equity in a company relative to the market value of the company which is the share price.

The value relevance of book values is sensitive to the valuation principles employed to various assets and debt components. Kousenidis, Ladas and Negakis (2010), examined the value relevance of accounting information in the pre and post periods of IFRS implementation using the Easton and Harris model and the Feltham and Ohlson model for a sample of Greek companies. The results showed an increase in the earnings information content and a decrease in the content of book values of equity for stock prices.

Karampinis and Hevas (2009), investigated IFRS implementation and the value relevance of accounting data. The examined the impact of mandatory adoption of IFRS on the value relevance of earnings and book values using data from the Athens stock market covering two years before and after the adoption. They reported a positive effect on the value relevance of consolidated net income and book value although it had no effect on unconsolidated counterparts ones in both periods. An addition of cash flow operations as an independent variable will be added which is an item of statement of cash flow will be examined in this study to see the impact of IFRS adoption in listed insurance firms in Nigeria. Babalola(2012) investigated the value relevance of accounting information in corporate firms in Nigeria and employed simple descriptive statistics coupled with the logarithmic regression models to examine this interaction between the period 1999 and 2009 and results showed that earnings is more value relevant than book values .

2.3.4 Dividend Per share and Market Share Prices

Adaramola and Oyerinde (2014)examined the value relevance of accounting information in the Nigerian stock market This study used secondary data to investigate the value relevance of accounting data. The Generalized Least Squared (GLS) regression method was employed on the panel model for the analysis. Findings show that there is a significant relationship between accounting information and share prices of companies listed on the Nigerian Stock Exchange. Information on earnings, dividend, book value and cash flows can be used to predict share prices of quoted firms. This implies that accounting information serves as a guide to investors' investment decisions in Nigeria.

Negash (2008) examined the IAS adoption effect on the value of listed firms on the Johannesburg securities Exchange (JSE) using a version of the Ohlson model (book value plus earnings and dividends). He applied a four year window period to examine the value relevance of accrual accounting information in pre liberalization (pre IAS adoption period 1989-1993) and post IAS adoption (1998-2004). The study suggested that value relevance did not improve. There are several factors that have been proposed in order to explain differences in financial reporting practices across countries. Nobes and Parker (2000) identify four of these as the most important: the nature of the legal system, the information requirements of different providers of finance, the linkage between company taxation and disclosure in published financial reports and the degree of professionalism.

2.3.5 Cash Flow from Operations and Market Share Prices

Cash flow measures provide value relevant information about the growth opportunities of the firm or lack of it. The ability of the firm to meet its internal needs for cash is indicated by the operating cash flow. Adaranmola and Atanda (2014)studied value relevance of accounting information in the Nigerian stock market with a view to determining whether accounting information has the ability to significantly affect share prices of quoted firms. Where book value, market value, historical cost and cash flow from operations were examined using the Generalized Least Squared (GLS) regression method. The results show that accounting information on cash flows from operations has a positive relationship with share prices in Nigeria.

Gjerde, Knivsfla and Seattem (2003), examined the incremental value relevance of book value, earnings and cash flow in share prices in the Korean Stock Market from 1994-2005. They found that book value was most value relevant of the three, followed by cash flow and earnings. Ben and Abaoub (2006), examined the value relevance of earnings and components in Tunisian Stock Exchange sampling 262 firms from 1997-2004.They provided empirical evidence that operating income from taxes, special items and income taxes are value relevant for firm's valuation and that cash flow from operations and accruals are not value relevant. Similarly, Ben and Nachi (2007) studied accounting reforms on the value relevance of financial information of firms trading in the Tunisian Stock Exchange between 1992 and 2001. Earnings, book value and cash flow was examined against stock prices before and after accounting reforms and the results showed that they were all significant and positively related to share prices.

2.5 Theoretical Framework

Signaling theory

This theory can be traced back to the renowned works of Akerlof (1970), Spence (1973) and Joseph Stights which won a Nobel Prize in 2001 in economics for their work in information economics. Before that signaling was the idea that one party (termed the agent) credibly conveys some information about itself to another party (the principal). The theory tries to understand why certain signals are reliable and others are not. This however, can be applied to situations of information asymmetry between a company's insiders and outsiders; the underlying reason has been that managers of firms want to signal the value of their firms to its stakeholders.

Signaling theory explains how a firm by acting in a specific way can create a specific reputation (Spencer 1973) in the context of this study IFRS adoption is seen as the action in a specific way, the information thus released after the adoption can be said to the specific reputation. The adoption of IFRS is a new standard, although quite a number of researchers feel it is the best to thing that has happened to accounting profession. The proponents argue that a single global accounting has the prospects of improving information quality across borders and foster cross border investments (Masud 2013). Policy makers who set standards and accountants around the world hold dear the conceptual framework for financial reporting, which states that the goal of financial reporting is to provide useful financial information to investors, lenders and other creditors concerning their capital allocation decisions. According to Djayoon (2012), this can only be measured by the usefulness of the published accounting information's relevancy to the user and the reaction of the user after the publication of the information.

The American Accounting Association (AAA) saddled with the design of A Statement of Basic Accounting Theory (ASOBAT) opined that the most significant criterion in choosing an accounting measurement's technique is the decision usefulness of accounting information for users which is evaluated by the predictive ability of the accounting information. The more accurate users can predict economic and financial events using accounting information the better. Value relevance studies provide empirical evidence on accounting numbers association with the predicted value of the securities market, where accounting information is said to have value relevance if the accounting information can be used to predict the company's market share price. Where market share prices become published information signals are sent to investors in making investment decisions. Investors can also understand the factors affecting company's stock price and anticipate the trend of price changes, thus, making the necessary decisions to buy or not to take stock.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the method and procedures that were employed in carrying out the research. They include research design, method of data collection, population and sampling technique, technique of data analysis, variable measurements and model specifications.

3.2 Research Design

A correlation research design was adopted for the study. The design is considered appropriate because the interest of the researcher is to examine the impact of IFRS adoption on value relevance of accounting information. It also suits the paradigm of the study which has positivist approach thus requiring a qualitative data to test the hypotheses. A pre and post comparative analysis was carried out.

3.3 Population andSample size

The population of the study consist of 33 listed insurance firms as at 31st december 2014. Filters was used study to arrive at the sample of 20 listed insurance firms for the study. These are;

i. For a firm to be selected in to the sample it must have been listed prior to the year 2009.The sampled companies must not have any missing data on the stock Exchange factbook or their official websites during the period under study.

ii. The firm must have complete data for the period 2009 - 2014 Hence, 20 listed insurance firms have satisfied the condition and will be used for this study. The full detail of the firms is contained in the table below;

Table 3.1: sample of the population

1	AIICO Plc
2	Consolidated Hallmark
3	Continental Reinsurance
4	Cornerstone Insurance
5	Custodian & Allied Insurance
6	Equity Assurance Plc
7	Guinea Insurance
8	Lasasaco Assurance Plc
9	Lawunion & Rock Plc
10	Linkage Assurance Plc
11	NEM Insurance Plc
12	Prestige Assurance
13	Regency Aliance Insurance
14	Royal Exchange Plc
15	Sovereign Trust
16	Staco Insurance Plc
17	Standard Alliance Insurance
18	UNIC Insurance Plc
19	Unitykapital Assurance Plc

20 Wapic Insurance Plc

Source: author's compilation from the Nigerian stock exchange

3.4 Sources and Method of Data Collection

The study used panel data mainly from secondary sources of data, which was extracted from audited annual financial reports of listed Insurance companies on Nigerian Stock Exchange for the period 2009-2014 for the independent variables. Market share price was extracted from the Nigerian Stock Exchange fact book. Secondary data was considered more appropriate, since the variables of the study can be best measured using financial information available in the financial report of the selected firms.

3.6 Technique of Data Analysis

In line with previous studies on value relevance of accounting information, this study employs regression analysis to test the hypotheses raised. Value relevance is determined by the estimated regression coefficients of accounting variables using the ordinary least square method.

To study the relationship between the dependent variable (market share price) and independent variables (earnings per share, book value per share, dividend per share and cash flow from operations), descriptive statistics, correlation analysis and inferential statistics are also carried out to examine the price model regression. Some tests were carried out on the data and these include normality test, multi-collinearity test, using variance inflation factor and tolerance range.

3.5 Variable Measurement and Model Specification

A price regression based on the re-modified Ohlson's (1995) Model is used to examine the value relevance of accounting information in the listed insurance firms in Nigeria with the adoption of IFRS. The objective here is to show empirically the extent to which accounting information contained in the financial statements In line with this, the study formulated the following equations to find the multiple regression results using the re-modified Ohlson (1995) Model.

The norm for value relevance study is the adaptation or adoption of the Ohlson's (1995) model or the Ohlson and Feltham model (1998) which states that the firm value is a linear function of book values of owner's equity and earnings. Ohlson (1995) depicts in his work that the value of a firm can be expressed as a linear function of book value, earnings and other value relevant information in an efficient market. This makes the use of Ohlson's model in Nigeria questionable as Ojo & Azeez (2012) and Okpara (2010) found Nigeria market as weakly efficient. This study will use a re-modified Ohlson's model (1995) which will include cash flow from operations and dividends per share following the work of Brief (2000), Dechow (1994) and Omokhudu and Ibadin (2015). Mathematically the model is as thus;

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

$$MSP_t = \beta 0 + \beta_1 EPS_{it} + \beta_2 \; BVS_{it} + e_{it} \text{…………(1)}$$

The basic model is modify to accommodate cash flow, dividends and IFRS thus the model is stated as

$$MSP_t = \beta 0 + \beta_1 EPS_{it} + \beta_2 BVS_{it} + \beta_3 DPS_{it} + \beta_4 CFOit + \beta_5 \; IFRS_{it} + e_{it} \text{…………(2)}$$

IFRS is used as an independent variable at time t

BVS_t: book value of at time t

EPS_t: earnings of for period ending at time t

DPS_t : dividend per share for the period at time t

CFO_t: Cash flow from operations for period ending at time t

$E_{it:}$ represents error term

β is used as coefficients.

The analysis is based on the re-modified Ohlson's (1995) valuation model which states that the firm value is a linear function of book values of owners' equity and earnings. Following Dechow (1994) and Ortega (2006), this study includes cash flow, as it is suspected that cash flow may provide additional information about firms' financial situations not captured in earnings and book value in the context of the Nigerian economy. The basic Ohlson's (1995) model is also modified to accommodate dividends following Brief's (2000) suggestion.

3.5 Variable measurements

Table3.1: presents the variables names, acronym, measurement and the various sources where used in prior studies

Table 3.1 variable measurements

Variable name	Variable acronym	Variable measurement	Variable source
Marketshare prices(dependent variable)	MSP	market share prices at exactly three months after accounting year ends	Adaramola & Oyerinde2014, Vajitha & Nimalathasan 2014, Olubenga et al 2015
Earnings per share (independent variable)	EPS	Is calculated by subtracting preference dividend and dividing by number of ordinary share outstanding.	Kargin 2013,Vajitha & Nimalathasan 2014, Adebimpe & Ekwere 2015,
Book value per share (independent variable)	BVS	This is calculated by dividing the shareholders' fund of each firm with the latest outstanding ordinary shares in issue.	Adaramola & Oyerinde 2014, Halonea et al 2013
Dividend per share (independent variable)	DPS	Is calculated by dividing annual dividends by the number of shares	Negash 2008, Adaramola & oyerinde 2014
Cash flow from operations (independent variable)	CFO	Scaled to total assets	Gjerde et al 2013, oyerinde 2014
International financial reporting standards	IFRS	1 is used to denote adoption and 0 to denote non adoption	Tsalavoutas et al 2012

Source: author's compilation, 2015

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CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the analysis of the results obtained from the data. The chapter begins with descriptive statistics and correlation matrix of the variables. This was followed by the presentation and discussion of the regression results for the purpose of estimating the model used in the study. The chapter concludes with discussion of findings of the study and policy implications of the findings.

4.2 Descriptive Statistics

The summary of the empirical description, distributions of the variables are presented in table 4.1, the full result is attached in appendix 4

Table 4.1 Descriptive Statistics

	SP	**BVPS**	**EPS**	**DPS**	**CFO**	**IFRS**
Mean						
Pre-IFRS	0.76	1.45	-0.01	0.12	0.03	1
Post-IFRS	0.69	9.37	0.02	0.02	0.05	0.3
Minimum						
Pre-IFRS	0.50	-1.59	-0.99	0	-0.18	0
Post-IFRS	0.50	0.29	-5.70	0	-0.07	1
Maximum						
Pre-IFRS	3.99	15.95	0.43	0.13	0.25	1
Post-IFRS	4.00	183.86	1.77	0.17	0.28	1
Standard						
Deviation	0.70	2.25	0.23	0.02	-0.18	0
Pre-IFRS	0.54	32.86	0.86	0.04	0.07	0.46
Post-IFRS						
Kurtosis						
Pre-IFRS	13.94	30.59	8.89	10.07	4.04	0
Post-IFRS	26.31	20.65	35.38	7.85	5.37	1.76
Skewness						
Pre-IFRS	3.39	4.83	-1.18	2.47	0.11	0
Post-IFRS	4.55	4.30	-5.21	2.32	1.32	0.87

* Note; Values were round up to 2 decimals
Source: Stata Output (2016)

The descriptive statistics of the variables as presented in table 4.1 shows that book value per share has the highest value with per share value of N9.37 on the average in the post IFRS adoption era against the pre IFRS adoption era of N1.45 which indicates an increase of shares price as documented in the books of account. Thus an appreciation of book value per share has occurred, a range value of 29 as minimum price per share in the books and N183.86k on the maximum approximately in the post IFRS adoption while pre-adoption minimum book value per share was given by an estimated decline of –N1.59 as minimum and N15.95 at maximum also confirms the increase. The standard deviation of N32.86 relative to the mean of N9.37 shows the data is widely dispersed.

On the other hand, earnings per share in the pre-adoption era had an average of N0.01 and N0.02 during the post IFRS adoption era depicting a slight increase in the value of EPS in the post IFRS era. The minimum and maximum before adoption of IFRS were N0.99 andN0.43 respectively. The standard deviation of N0.86 relative to the mean of N0.02 shows that the data was widely dispersed. This indicates more relevance of accounting numbers of earnings after the adoption era as against the pre-adoption era.

Dividend per share had an average at 12k with the highest declared dividend put at 13k in the pre IFRS adoption era. However, the post IFRS adoption era had an increase of 17k as maximum but a decrease of the minimum to N0.02. The standard deviation N0.04 shows a sparse variation from the mean of N0.02. Here, the result shows only a slight increase in the value of dividend declared.

Cash flow from operations ranged between a negative value of -7% as minimum and a maximum value of 28% given that on average, cash flow from operation was put at 5% after the adoption era while before the adoption, cash flow from operation was averagely put at 3% ranging between -18% and 25% as minimum and maximum. This is a pointer to the fact that accounting information was more value relevant in the post-adoption era across the industry. Share price on the other hand was averaged at 76k approximately ranging between a minimum of 50k to a maximum of N4 per share before the adoption exercise while it decline to 69k on average after the adoption era ranging between a minimum of 50k to a maximum of N3.99 per market share in the industry given that all other factors are held constant.

IFRS showed a wide dispersion of mean 0.3 to a standard deviation of 0.46 in the post adoption era. The mean was 0.3 for post adoption and 1 for pre adoption era. The result for measure of central dispersions revealed that amongst all the variables considered for the model, book value per share contributed least to the interaction of the model of the study while on the other hand, dividend per share contributed more to the model of our study with a low dispersion tendency of 2% and 4% for pre and post adoption era respectively.

4.3 Correlation Matrix Results

Table 4.2 shows the correlation matrix for the model, the coefficient of variables and their corresponding correlation coefficient too. The asterisk beside the person correlation coefficient shows the level of significance of the correlation between the variables.

Table 4.2correlation matrix of dependent variable and independent variables in the pre IFRS adoption era

	SP	BVPS	EPS	DPS	CFO
SP	1				
BVPS	0.0975 (0.4585)	1			
EPS	0.4301*** (0.0006)	0.1126 (0.3918)	1		
DPS	0.5269*** (0.0000)	-0.0079 (0.9520)	0.3586*** (0.0049)	1	
CFO	0.1054 (0.4227)	-0.0617 (0.6395)	0.2276 (0.0803)	0.3766*** (0.0030)	1

Source; stata output
*** Correlation is significant at1% and 10% (0.05 level 2 tailed)

Table 4.3 Post-IFRS Adoption correlation matrix

	SP	BVPS	EPS	DPS	CFO	IFRS
SP	1					
BVPS	-0.0428 (0.7455)	1				
EPS	0.1313 (0.3175)	-0.0059 (0.9645)	1			
DPS	0.7792*** (0.0000)	0.1085 (0.4091)	-0.1303 (0.3209)	1		
CFO	0.1273 (0.6488)	-0.262*** (0.0000)	-0.0223 (0.8665)	0.0506 (0.7010)	1	
IFRS	-0.1599	0.1058	0.1031	0.0856	-0.0490	1

* ** Correlation is significant at 0.01 level (2 tailed)
Source; stata output

The result reveal that before the adoption of IFRS, share price positively correlates with book value per share at 0.0975,while after the adoption of IFRS a negative correlation was seen at -0.0428 that is a reduction from a positive coefficient of 9.75% to a negative coefficient of -4.28% was witnessed. This implies that a unit changes in book value per share, affected share price negatively after the adoption exercise.

Earnings per share value revealed that before the adoption of IFRS the correlation coefficient was0.4301,but dropped to0.1313showinga decline which represents a more than proportional fall in the correlation of earnings per share after the adoption of IFRS.

Dividend per share revealed 0.5269 for the period before IFRS adoption and 0.7792 for the period after the adoption of IFRS. It has a positive correlation coefficient of 77.92% significant improved after the adoption of IFRS against the initial coefficient of 52.69% which depicts the appreciation of the relevance of accounting information after the adoption of IFRS.

Cash flow from operation revealed 0.1054 for the period before the adoption of IFRS and 0.1273 after the adoption of IFRS. This shows an improvement marginally after the adoption era from 10.54% to 12.73% as revealed by the positive coefficient value respectively.

The relationship between share price and earnings per share are significant at 1%.as well as MSP and DPS are significant at 1%. Dividend per share was found to be statistically significant at 5% significance level while for cash flow from operations and book values per share were insignificant. IFRS showed a negative relationship with MSP .

4.4 Robustness Test

The interaction of the variables amongst themselves showed a mix of positive and negative correlation which was almost all statistically insignificant. The size of the correlation that is whether or not it is greater or equal to 8 suggests the presence of multi-collinearity. Hence, the values in the tables 4.4 and 4.5 suggests the absence of multi-collinearity amongst the variables though we cannot say categorically that there is complete absence of multi-collinearity until otherwise checked under robustness check which considers a mix of variance inflation factor and tolerance range as given thus.

Robustness test is carried outing order to make better the validity of all statistical inferences; robustness check was conducted with specific interest on variance inflation factor and tolerance range under pre and Post IFRS adoption era. The Tolerance value and Variance Inflation Factor (VIF) as shown in table 4.4 and 4.5 were used as the two advanced measures of assessing multi-collinearity between the independent variables of the study. As can be inferred from the tables presented above for pre-IFRS and post-IFRS adoption era for the models, the variance inflation factors were consistently less than 10 indicating complete absence of multi-collinearity since the range value is between 0 to 10. In addition, the tolerance values are consistently less than 1.00 under the pre and post IFRS era which substantiates the fact that there is complete absence of multi-collinearity between the independent variables of our model (Neter, Kutner, Nachtsheim & Wasserman, 1996; Tobachnick, and Fidell, 1996). This further provides evidence to the fact that multi=collinearity will not affect the inferences drawn from the results of this study.

4.5 Presentation of Regression results, discussion and hypotheses tests

The independent variables, BVS, EPS,DPS,CFO and IFRS where regressed against MSP which is the dependent variable using ordinary least square for both the pre and post adoption period. It is thus shown below;

Table 4.4; OLS Regression results for pre- IFRS adoption era

Variables				
MSP	Coefficient	T	P-value	VIF
BVS	0.0011388	0.81	0.423	1.08
EPS	0.0205163	0.39	0.697	1.02
DPS	11.16339	9.22	0.000	1.03
CFO	0.8004623	1.24	0.219	1.08
IFRS				
-CONS	0.453935	7.54	0.000	
F-Stat		22.48		
P-value F Stat			0.000	
R-Squared	0.6205			
Adj R-squared	0.5929			

Source: Stata Output (2016)

Table 4.5; OLS Regression results for post- IFRS adoption era

Variables				
MSP	Coefficient	T	P-value	VIF
BVS	0.026072	0.80	0.426	**1.03**
EPS	0.9354317	2.70	0.009	**1.19**
DPS	14.03037	4.27	0.000	**1.29**
CFO	-1.451566	-1.41	0.164	**1.20**
IFRS	-0.3783252	-2.39	0.020	**1.03**
_cons	0.7050914	6.68	0.000	
F-stat		8.00		
P-value F-Stat			0.000	
R-squared			0.4255	
Adj-R-squared			0.3723	

Source: Stata Output (2016)

Under post-IFRS adoption era, the result revealed that book value per share has increased given the coefficient value of 0.0011388 as against the pre-IFRS coefficient value of 0.026072 though still remaining positive but statistically insignificant at 0.05 significant level. The p-value showed a slight increase in the post adoption era 0.426 to 0.423 in the pre adoption era.

Earnings per share increased to 0.0205163 after the adoption of IFRS which in approximate percentage expression is 2.1% as against the initial0.9354317 of the pre IFRS era, hence a 93.5% contribution per head which denotes a positive statistical significant impact of earnings per share before adoption IFRS. However, the p-value of 0.009 in the pre IFRS period increased to 0. 697.

Dividend per share significantly impacts on share price of listed insurance companies in the pre and post adoption era as revealed by the p-value computed of 0.000 for each period which were below 0.05 significance level. The coefficient of regression also showed an increase from the pre IFRS adoption era11.16339 to14.03037 in the post IFRS adoption era.

While on the other hand, cash flow positively but insignificant impacts on share price of quoted insurance firms in Nigeria in the pre adoption era0.8004623. The p-value of 0.219 in pre adoption era also decreased to 0.164 in the post adoption era. A decrease higher than 0.05 significance level was recorded but a negative and insignificant impacted on share price before the adoption period as revealed by a negative coefficient of -1.451566 is seen. Cash flow from operation and IFRS showed a negative coefficient after the adoption of IFRS which connotes less value relevance of accounting information. Hence, we fail to reject hypothesis $H_{04}$and H_{05}which states that CFO and IFRS have no significant effect on market share prices.

The overall value relevance test focuses on the changes on the value of R^2(Barth et al 2008, Karampinis & Hevas 2011 and Bagudo et al 2015) if the value of R^2 increases significantly conclusions can be drawn that the value relevance accounting information has increased due to the adoption of IFRS. From the tables above the post adoption era revealed a R^2 of 0.4255 which is a decreasefrom0.6205in the pre adoption era. From this analysis we can conclude that value relevance of accounting information has decreased in the post IFRS adoption era, this is in line with existing literature such as Khanaga 2011in the case of Bahrain and Kargin (2013). It is contrary to the studies of Bagudo et al 2015, Bilgic and Iblis 2013, Chamisa et al 2012, Mulenga 2016 which showed an overall increase of R-square depicting an increase in post IFRS adoption era of value relevance of accounting information.

Further, the adjusted R-squared value of 0.5929 before adoption showed that accounting information were more valuable before the adoption of IFRSas against the pre-adoption value of 0.3723 in the post adoption era. Thus, this represents a more than proportionate decrease in the valuation of accounting information in the post-adoption era. We therefore conclude that accounting numbers were more value relevant after the adoption period of the International Financial Reporting Standard as revealed by the inferential analysis conducted.

The fitness statistic values of 8.00 and 22.48 for pre and post periods respectively depicts that the variables were properly selected and combined to give an exact prediction as revealed by the p-values computed of 0.000 for each which were statistically significant at both 1% and 5% significance level. Pre-IFRS coefficient of multiple determinations revealed a collective impact of 62.05% of accounting information before adoption and decreased to 42.55% after adoption. This implies that accounting information variables used in this study after the adoption of IFRS were found to be value relevant in predicting share price of quoted insurance companies in Nigeria at only 43% and that other factors accounted for 57.45% changes in IFRS after adoption.

CHAPTER FIVE

SUMMARY,CONCLUSION & RECOMMENDATIONS

5.1 Summary

The study examined the value relevance of accounting information and the adoption of IFRS in the Nigerian insurance company for a six year period (2009- 2014). The research problem emanated from the fact that limited research has been conducted in Nigeria in this area and scope of study. The signaling theory was reviewed, because it provided adequate perception of value relevance of accounting information and IFRS adoption. The study used firms market per share which is associated with accounting data by the re-modified Ohlson (1995), which expresses the value of the firm as a linear function of book value and earnings, dividends, and cash flow from operations.

Empirical studies were reviewed for Earnings per share, book value per share, dividend per share, cash flow from operations in relation to market per share. The concept of value relevance, IFRS and IFRS adoption and accounting information was seen, perspectives of value relevance, qualities of accounting information, dimensions of IFRS studies was also reviewed.

The study concluded that the overall value relevance decreased in the post-IFRS adoption era as the showed by a decreased in R-square from 0.6205 in the pre-IFRS adoption era to 0.4255 in the post adoption era. However, majority of the individual variable coefficients showed an increase in value with a positive relationship with market per share for the period of 2009- 2014, where 20 listed insurance firms in the Nigerian stock exchange was used.Correlation, descriptive statistics, inferential statistics and ordinary least square regressions result were used to gauge the results.

5.2 Conclusion

In line with the findings of the study, the following conclusion was arrived at;

i. The findings of this study show that the overall value relevance of accounting information decreased after the adoption of IFRS.

ii. The findings also revealed that DPS is more significant in terms of its contributory value to the model and in comparison with all other variables used in the study.

iii. The individual coefficient of the independent variables BVS, DPS and EPS did increase in the post IFRS adoption era.

iv. The individual coefficient of the independent variables CFO decreased in the post IFRS adoption era

5.3 Limitation of the Study

The following are the limitations posed by this study:

i. This independent variables EPS, BVS, DPS, CFO as measures of accounting information in the insurance company can be used in other sectors of the Nigerian stock exchange to see the relationship which might not necessary coincide with this study's finding.

ii. This study is limited by the period of years, as the number of years examined by the study is limited by the number of post IFRS adoption years, the population of the study was also not taken in entirety.

iii. As with all quantitative studies, the methodological approach on its own it's a limitation. As a question of why or how a relationship exist can never be 100% answered.

5.4 **Recommendations**

In line with the findings and conclusion of this study, the following recommendations are reached:

i. Potential investors, shareholders, owners and users of accounting information should rely more on dividend per share as it has the highest positive relationship with market share price of listed insurance company in Nigeria.
ii. In view of this, this study therefore recommends that standards should be better complied with by Nigerian insurance companies in Nigeria and other companies in general. More so, more standards that can improve quality of accounting information should be issued.
iii. The capacity of regulators such as Corporate Affairs Commission, Securities and Exchange Commission, National Insurance Commission, Central Bank of Nigeria must be strengthened to enable them to effectively deal with accounting and financial reporting practices of the regulated firms under them, so that the mandatory adoption of IFRS in Nigeria continues to be a success.
iv. There is no doubt based on the findings of this study that Nigeria investors and policy makers might forecast changes the market per share values with changes in accounting information. The importance of the quality of information sourced from accounting statements cannot be overemphasized. Any effort geared towards improving information quality of accounting from accounting records is in a right direction.

5.5 **Areas of Further Study**

Based on the objectives set by this study and the limitations thereof, the following areas of further study are suggested;

i. High quality of accounting standards remains the absolute concern of investors in every sector of the Nigerian economy. The study of value relevance of accounting information and the adoption of IFRS adoption will perhaps be a long term debate, its significance will always be empirically tested among industries and countries. Further studies can see IFRS adoption segregated i.e pre and post adoption individually, other models can also be used to see the relationship.

ii. This study only covers a period of seven years from 2009 to 2014 because of shortage of data. Future studies could increase the scope to increases post IFRS adoption years and consider the value relevance of accounting information period before and immediately after the collapse in the Nigerian stock market.

iii. Future research could consider only the opinions of professional bodies, potential investors, shareholders and stakeholders about their perception about value relevance of accounting information and IFRS adoption by means of questionnaires.

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APPENDIX 1

YEAR	ID	MPS	IFRS	BVS	EPS	DPS	CFO
2014	1	0.90	1	1.609	0.314	0.000	0.269
2013	1	0.77	1	1.652	-0.116	0.080	0.025
2012	1	0.91	1	1.623	0.188	0.060	0.104
2011	1	0.50	1	1.049	-0.003	0.050	0.040
2010	1	0.86	0	1.594	0.127	0.000	0.042
2009	1	1.28	0	1.823	0.142	0.000	0.059
2014	2	0.50	1	0.641	0.032	0.000	-0.008
2013	2	0.50	1	0.536	-0.029	0.030	0.073
2012	2	0.50	1	0.698	0.066	0.020	0.038
2011	2	0.50	1	0.653	0.026	0.030	0.092
2010	2	0.50	0	1.384	0.066	0.000	0.070
2009	2	0.50	0	0.661	0.040	0.000	0.059
2014	3	0.90	1	1.382	0.080	0.110	-0.009
2013	3	0.98	1	1.385	0.170	0.100	0.018
2012	3	1.05	1	1.302	0.160	0.080	-0.010
2011	3	1.03	1	1.195	0.140	0.000	0.076
2010	3	0.92	0	1.133	0.120	0.060	0.123
2009	3	0.97	0	1.111	0.090	0.050	0.099
2014	4	0.50	1	0.819	0.100	0.000	-0.039
2013	4	0.50	1	0.787	0.098	0.000	0.068
2012	4	0.50	1	0.687	0.058	0.000	0.025
2011	4	0.50	1	0.632	0.044	0.000	0.028
2010	4	0.50	0	0.752	0.050	0.000	0.011
2009	4	0.57	0	0.632	-0.050	0.000	0.001
2014	5	4.00	1	3.943	0.700	0.170	0.048
2013	5	2.10	1	3.251	0.600	0.080	0.152
2012	5	1.95	1	1.210	0.180	0.130	0.082
2011	5	1.50	1	2.300	0.207	0.070	0.060
2010	5	3.05	0	2.312	0.400	0.060	0.034
2009	5	3.99	0	2.169	0.367	0.130	0.050
2014	6	0.50	1	0.650	0.500	0.000	0.085
2013	6	0.50	1	0.500	-5.700	0.000	0.062
2012	6	0.50	1	0.455	0.016	0.000	0.034
2011	6	0.50	0	0.426	-0.080	0.000	-0.040
2010	6	0.50	0	0.534	0.003	0.000	-0.044
2009	6	0.50	0	0.618	-0.100	0.000	0.063
2014	7	0.50	1	0.472	0.022	0.000	0.275
2013	7	0.50	1	0.524	0.007	0.000	0.253
2012	7	0.50	1	0.511	0.010	0.000	0.121

2011	7	0.50	0	0.460	-0.081	0.000	0.024
2010	7	0.50	0	0.616	-0.021	0.010	0.081
2009	7	0.50	0	0.640	-0.003	0.000	0.011
2014	8	0.50	1	0.791	0.060	0.000	0.034
2013	8	0.50	1	0.854	0.040	0.000	0.034
2012	8	0.50	1	0.658	-0.030	0.000	-0.071
2011	8	0.50	1	0.725	0.030	0.000	0.022
2010	8	0.50	0	0.764	0.030	0.000	0.080
2009	8	0.50	0	0.792	0.070	0.030	0.061
2014	9	0.50	1	1.334	0.040	0.000	0.098
2013	9	0.50	1	1.203	0.140	0.000	0.037
2012	9	0.50	1	1.027	0.390	0.000	-0.003
2011	9	0.50	1	1.336	0.070	0.050	0.003
2010	9	0.53	0	1.452	0.110	0.030	0.071
2009	9	0.54	0	1.387	0.090	0.000	-0.004
2014	10	0.50	1	19.665	0.410	0.000	0.031
2013	10	0.50	1	19.290	0.520	0.000	-0.038
2012	10	0.50	1	28.574	0.340	0.000	-0.031
2011	10	0.50	1	15.952	0.430	0.000	-0.020
2010	10	0.50	0	5.990	-0.300	0.000	-0.090
2009	10	0.50	0	6.050	-0.510	0.000	0.001
2014	11	0.69	1	1.115	0.290	0.060	0.077
2013	11	0.79	1	0.832	0.070	0.000	0.095
2012	11	0.84	1	0.850	0.090	0.050	0.110
2011	11	0.50	1	0.819	0.050	0.050	0.250
2010	11	0.55	0	1.084	0.160	0.000	0.130
2009	11	0.59	0	0.943	0.170	0.040	0.230
2014	12	0.50	1	183.859	0.570	0.000	-0.044
2013	12	0.56	1	1.759	-0.036	0.000	-0.004
2012	12	0.71	1	1.541	0.240	0.000	-0.024
2011	12	0.57	1	1.101	-0.014	0.000	-0.104
2010	12	2.15	0	2.212	0.227	0.000	0.014
2009	12	3.42	0	2.020	0.276	0.000	0.073
2014	13	0.50	1	0.335	0.082	0.000	0.046
2013	13	0.50	1	0.412	0.066	0.000	0.042
2012	13	0.50	1	0.527	0.067	0.000	0.034
2011	13	0.50	1	0.487	-0.001	0.000	0.038
2010	13	0.50	0	0.679	0.035	0.000	0.026
2009	13	0.50	0	0.635	-0.010	0.000	-0.043
2014	15	0.50	1	3.568	0.060	0.000	0.019
2013	15	0.62	1	1.609	0.020	0.000	0.028
2012	15	0.76	1	1.563	0.120	0.000	0.000

2011	15	0.50	1	1.587	-0.010	0.000	0.002
2010	15	0.51	0	-0.975	0.060	0.000	0.009
2009	15	0.56	0	-1.594	0.040	0.000	-0.108
2014	16	0.50	1	0.286	0.125	0.000	0.038
2013	16	0.50	1	0.402	0.040	0.000	0.107
2012	16	0.50	1	0.489	0.230	0.040	0.045
2011	16	0.50	1	0.330	-0.090	0.030	0.062
2010	16	0.50	0	0.720	0.059	0.000	-0.015
2009	16	0.50	0	0.656	0.001	0.030	0.132
2014	17	0.50	1	0.549	0.030	0.000	-0.005
2013	17	0.50	1	0.530	0.080	0.000	0.129
2012	17	0.50	1	0.442	0.050	0.000	0.131
2011	17	0.50	1	0.396	-0.350	0.000	-0.176
2010	17	0.50	0	1.095	0.010	0.000	0.076
2009	17	0.50	0	0.863	0.080	0.020	0.018
2014	18	0.50	1	0.285	-0.174	0.000	0.047
2013	18	0.50	1	0.399	-0.074	0.000	0.016
2012	18	0.50	1	0.406	-0.169	0.000	0.052
2011	18	0.50	1	0.531	0.001	0.000	0.012
2010	18	0.50	0	0.907	-0.990	0.000	0.112
2009	18	0.50	0	1.896	-0.670	0.000	-0.051
2014	19	0.50	1	1.110	0.190	0.000	0.045
2013	19	0.50	1	1.117	0.060	0.000	0.003
2012	19	0.50	1	1.080	-0.140	0.000	-0.037
2011	19	0.50	1	1.220	-0.060	0.000	-0.044
2010	19	0.50	0	1.094	-0.400	0.000	-0.088
2009	19	0.81	0	4.201	-0.220	0.000	0.112
2014	20	0.50	1	0.846	0.054	0.000	-0.029
2013	20	0.50	1	0.802	0.040	0.020	0.066
2012	20	0.50	1	0.782	0.030	0.010	-0.060
2011	20	0.50	1	0.706	0.010	0.000	-0.019
2010	20	0.50	0	0.614	-0.015	0.000	0.002
2009	20	0.56	0	0.665	-0.009	0.000	-0.092
2014	21	0.50	1	106.130	1.770	0.000	-0.030
2013	21	0.75	1	149.203	-2.190	0.000	-0.011
2012	21	1.39	1	1.592	0.080	0.000	0.059
2011	21	0.50	1	1.473	0.070	0.000	0.072
2010	21	0.55	0	1.528	-0.120	0.000	0.063
2009	21	0.96	0	1.660	-0.080	0.000	-0.102

APPENDIX 2

1 Acen insurance plc

2 AIICO Plc

3. Amicable Assurance plc

4 Baico insurance plc

5 Confidence insurance plc

6 Consolidated Hallmark

7 Continental Reinsurance

8 Cornerstone Insurance

9 Crusader insuance plc

10 Custodian & Allied Insurance

11 Equity Assurance Plc

12 Great nigeria insurance plc

13 Guinea Insurance

14 Investment allied insurance plc

15 Lasasaco Assurance Plc

16 Lawunion & Rock Plc

17 Linkage Assurance Plc

18 Mansard insurance plc

19 Mutual benefits

20 NEM Insurance Plc

21 Niger insurance plc

22 NFI Insurance plc

23 Oasis insurance plc

24 Prestige Assurance

25 Regency Aliance Insurance

26 Royal Exchange Plc

27 Sovereign Trust

28 Staco Insurance Plc

29 Standard Alliance Insurance

30 Sun insurance plc

31 UNIC Insurance Plc

32 Unitykapital Assurance Plc

33 Wapic Insurance Plc

APPENDIX 3;

```
  ___  ____  ____  ____  ____ tm
 /__    /   ____/   /   ____/
___/   /   /___/   /   /___/   10.0   Copyright 1984-2008
  Statistics/Data Analysis            StataCorp
                                      4905 Lakeway Drive
                                      College Station, Texas 77845 USA
                                      800-STATA-PC        http://www.stata.com
                                      979-696-4600        stata@stata.com
                                      979-696-4601 (fax)

28-student Stata for Windows (network) perpetual license:
       Serial number:  1910569294
         Licensed to:  James Lin
                       UC Riverside

Notes:
      1.  (/m# option or -set memory-) 1.00 MB allocated to data

. edit
(8 vars, 60 obs pasted into editor)

. xtset cross year
       panel variable:  cross (strongly balanced)
        time variable:  year, 2012 to 2014
                delta:  1 unit

. sum ifrs sp bvs eps dps cfo, detail

                            IFRS
-------------------------------------------------------------
      Percentiles      Smallest
 1%            1              1
 5%            1              1
10%            1              1       Obs                  60
25%            1              1       Sum of Wgt.          60

50%            1                      Mean                  1
                        Largest       Std. Dev.             0
75%            1              1
90%            1              1       Variance              0
95%            1              1       Skewness              .
99%            1              1       Kurtosis              .

                             SP
-------------------------------------------------------------
      Percentiles      Smallest
 1%           .5             .5
 5%           .5             .5
10%           .5             .5       Obs                  60
25%           .5             .5       Sum of Wgt.          60

50%           .5                      Mean              .6945
                        Largest       Std. Dev.      .5360983
75%           .7           1.39
90%         .945           1.95       Variance       .2874014
95%         1.67            2.1       Skewness       4.548003
99%            4              4       Kurtosis       26.31282

                             BVS
-------------------------------------------------------------
      Percentiles      Smallest
 1%         .285           .285
 5%         .367           .286
10%         .409           .335       Obs                  60
25%        .5285           .399       Sum of Wgt.          60

50%         .848                      Mean           9.374217
                        Largest       Std. Dev.      32.86334
75%       1.5775         28.574
90%      11.6165         106.13       Variance       1079.999
95%       67.352        149.203       Skewness       4.299969
99%      183.859        183.859       Kurtosis       20.64782
```

```
                            EPS
-------------------------------------------------------------
      Percentiles      Smallest
 1%        -5.7           -5.7
 5%      -.1715          -2.19
10%       -.095          -.174       Obs                  60
25%        .026          -.169       Sum of Wgt.          60

50%       .0665                      Mean           .0172833
                        Largest      Std. Dev.       .856041
75%        .184            .57
90%        .455             .6       Variance       .7328062
95%        .585             .7       Skewness      -5.207042
99%        1.77           1.77       Kurtosis       35.37958

                            DPS
-------------------------------------------------------------
      Percentiles      Smallest
 1%           0              0
 5%           0              0
10%           0              0       Obs                  60
25%           0              0       Sum of Wgt.          60

50%           0                      Mean           .0173333
                        Largest      Std. Dev.      .0373198
75%        .005             .1
90%         .08            .11       Variance       .0013928
95%        .105            .13       Skewness       2.320439
99%         .17            .17       Kurtosis       7.847637

                            CFO
-------------------------------------------------------------
      Percentiles      Smallest
 1%       -.071          -.071
 5%      -.0415           -.06
10%       -.034          -.044       Obs                  60
25%      -.0045          -.039       Sum of Wgt.          60

50%       .0355                      Mean           .0450333
                        Largest      Std. Dev.      .0716567
75%        .075           .152
90%        .125           .253       Variance       .0051347
95%       .2025           .269       Skewness       1.322388
99%        .275           .275       Kurtosis       5.364865


. corr sp bvs eps dps cfo ifrs
(obs=60)

             |       sp      bvs      eps      dps      cfo     ifrs
-------------+------------------------------------------------------
          sp |   1.0000
         bvs |  -0.0428   1.0000
         eps |   0.1313  -0.0059   1.0000
         dps |   0.7792  -0.1085   0.1303   1.0000
         cfo |   0.1273  -0.2621  -0.0223   0.0506   1.0000
        ifrs |        .        .        .        .        .        .

. reg sp bvs eps dps cfo ifrs

      Source |       SS       df       MS              Number of obs =      60
-------------+------------------------------           F(  4,    55) =   22.48
       Model |  10.5215219     4  2.63038048           Prob > F      =  0.0000
    Residual |  6.43516287    55  .117002961           R-squared     =  0.6205
-------------+------------------------------           Adj R-squared =  0.5929
       Total |  16.9566848    59  .287401437           Root MSE      =  .34206

------------------------------------------------------------------------------
          sp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         bvs |   .0011388   .0014111     0.81   0.423     -.001689    .0039667
         eps |   .0205163   .0524909     0.39   0.697    -.0846779    .1257104
         dps |   11.16339   1.211123     9.22   0.000      8.73624    13.59053
         cfo |   .8004623   .6444003     1.24   0.219    -.4909448    2.091869
        ifrs |  (dropped)
       _cons |   .4539235   .0602128     7.54   0.000     .3332543    .5745927
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
         bvs |      1.08    0.922204
         cfo |      1.08    0.930080
         dps |      1.03    0.970709
         eps |      1.02    0.982172
-------------+----------------------
    Mean VIF |      1.05
```

POST IFRS

```
. sum ifrs sp bvs eps dps cfo, detail

                            IFRS
-------------------------------------------------------------
      Percentiles      Smallest
 1%            0              0
 5%            0              0
10%            0              0       Obs                  60
25%            0              0       Sum of Wgt.          60

50%            0                      Mean                 .3
                        Largest       Std. Dev.      .4621248
75%            1              1
90%            1              1       Variance       .2135593
95%            1              1       Skewness       .8728716
99%            1              1       Kurtosis       1.761905

                             SP
-------------------------------------------------------------
      Percentiles      Smallest
 1%           .5             .5
 5%           .5             .5
10%           .5             .5       Obs                  60
25%           .5             .5       Sum of Wgt.          60

50%           .5                      Mean           .7578333
                        Largest       Std. Dev.      .6974459
75%         .565           2.15
90%        1.155           3.05       Variance       .4864308
95%          2.6           3.42       Skewness        3.38706
99%         3.99           3.99       Kurtosis       13.93548

                             BVS
-------------------------------------------------------------
      Percentiles      Smallest
 1%       -1.594         -1.594
 5%         .363          -.975
10%        .4735            .33       Obs                  60
25%        .6375           .396       Sum of Wgt.          60

50%         .925                      Mean           1.444917
                        Largest       Std. Dev.      2.248462
75%       1.5005          4.201
90%        2.256           5.99       Variance       5.055583
95%       5.0955           6.05       Skewness       4.825875
99%       15.952         15.952       Kurtosis       30.59066


. corr sp bvs eps dps cfo ifrs
(obs=60)

             |       sp      bvs      eps      dps      cfo     ifrs
-------------+------------------------------------------------------
          sp |   1.0000
         bvs |   0.0975   1.0000
         eps |   0.4301   0.1126   1.0000
         dps |   0.5269  -0.0079   0.3586   1.0000
         cfo |   0.1054  -0.0617   0.2276   0.3766   1.0000
        ifrs |  -0.1599   0.1058   0.1031   0.0856  -0.0490   1.0000

. reg sp bvs eps dps cfo ifrs

      Source |       SS       df       MS              Number of obs =      60
-------------+------------------------------           F(  5,    54) =    8.00
       Model |  12.2123845     5  2.44247691           Prob > F      =  0.0000
    Residual |  16.4870343    54  .30531545            R-squared     =  0.4255
-------------+------------------------------           Adj R-squared =  0.3723
       Total |  28.6994188    59  .486430828           Root MSE      =  .55255

------------------------------------------------------------------------------
          sp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         bvs |    .026072   .0324757     0.80   0.426    -.0390377    .0911818
         eps |   .9354317   .3467185     2.70   0.009     .2403029     1.63056
         dps |   14.03037   3.289304     4.27   0.000     7.435713    20.62503
         cfo |  -1.451566   1.029075    -1.41   0.164    -3.514737    .6116056
        ifrs |  -.3783252   .1581211    -2.39   0.020    -.6953389   -.0613114
       _cons |   .7050914   .1055531     6.68   0.000     .4934703    .9167126
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
         dps |      1.29    0.773687
         cfo |      1.20    0.836339
         eps |      1.19    0.841658
        ifrs |      1.03    0.969167
         bvs |      1.03    0.970532
-------------+----------------------
    Mean VIF |      1.15
```