



ORIGINAL ARTICLE

## **International Financial Reporting Standard Adoption and Value Relevance of Accounting Information of Listed Deposit Money Banks in Nigeria**

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### **ABSTRACT**

The study examined the effect of International Financial Reporting Standard (IFRS) adoption on value relevance of accounting information of listed deposit money banks (DBMs) in Nigeria for the period from 2007 to 2020. The pre IFRS adoption period spanned from 2007 to 2011 while post adoption period spanned from 2012 to 2020. The study adopted an ex-post facto research design because the study is purely secondary in nature. The population for the study consisted of all the 15 deposit money banks listed on the Nigerian Exchange Limited as at 31<sup>st</sup> December 2020, with a sample size of 12 banks. The Ohlson model was adopted for the study. Using ordinary least square regression, the study found out that post IFRS adoption model has more explanatory power than the pre IFRS adoption period. Also, earning per share moderated by IFRS has a positive and significant effect on market price per share and book value per share moderated by IFRS has negative and significant effect on market price. The study concluded that earning per share is more value relevant with IFRS adoption of the listed deposit money banks in Nigeria while the value relevance of book value decreases with IFRS adoption of listed deposit money banks in Nigeria. The study recommended among others that prospective investors, shareholders, owners, and users of accounting data should place a greater emphasis on earnings per share, which has the strongest positive link with the market share price of listed DMBs in Nigeria.

**Keywords:** IFRS adoption, value relevance accounting information, earning per share, market price per share, book value per share, market efficiency theory

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## INTRODUCTION

Accounting is useful for providing financial information, which should be conveyed to stakeholders in order to improve decision-making. This means that the value relevance of the information in the financial statement determines how well and efficiently it can help investors make decisions about their investments (Okafor, Ogbuehi, & Anene, 2017). High-quality reporting delivers decision-useful information that is relevant and accurately portrays the economic reality of the company's activities during the reporting period, as well as the financial status of the company at the conclusion of the period.

Also, according to the International Accounting Standard Board (IASB) in the United Kingdom, the Australia Accounting Standard Board (AASB), and the Financial Reporting Council (FRC) of Nigeria, financial reporting quality is the financial statements that provide accurate and honest information on an entity's financial position and economic performance. Despite rising global trade exposure, access to foreign shares and loans has led to the adoption of the Single Collection of Accounting Principles. Implementing a consistent set of standards is crucial for improving financial statement comparability and quality in the industry. Many economies have implemented International Financial Reporting Standards in an attempt to harmonise cross-border financial reporting (IFRS). The International Accounting Standards Committee (IASC) was formed in 1973 as a result of an agreement between professional accounting bodies from leading countries (the United Kingdom and Ireland, the United States, Australia, Canada, France, Germany, Japan, the Netherlands, and Mexico) to develop a global set of accounting standards. The initial purpose of the IASC was to encourage best practises in financial statement preparation while also offering different approaches for specific transactions and events.

The International Financial Reporting Standard (IFRS) assists investors in making sound financial decisions and forecasting firm financial results, and it signals improved accounting efficiency and transparency. IFRS reduces the ability to manipulate results, increases capital market leverage, and has a complete impact on equity returns and asset-related financial interventions on enterprises. Comprehending IFRS mechanics demands a new mindset. The necessity to adopt IFRS was prompted by the need to confirm improved comparability and better transparency and efficiency of financial reporting worldwide. IFRS primarily based on principles, have been put in place to provide a high degree of transparency and accountability in financial statements, increase corporate integrity and enhance the quality of financial reporting (Budrina, 2014; Chen, Tang, Jiang & Lin, 2010; IASB, 2008).

The focus is on addressing the needs of the major economic decision-makers, which completely results in a stable and healthy financial system. The critical issue with the transition to IFRS is that it is more fundamentally focused, and there is a risk that organisations will apply the same regulations differently, resulting in inconsistent outcomes. Nigeria's Honorable Minister of Commerce and Industry, Senator Jubril Martins-Kuye, announced the adoption of IFRS in September 2010. The Federal Government of Nigeria enacted the Financial Reporting Council of Nigeria Act into law in 2011, emphasising that the country's road map to IFRS adoption would begin on January 1, 2012, with publicly traded enterprises. In 2012, Nigeria's Apex Bank ordered all banks to conform to IFRS, while Public Interest Entities (PIEs) must do so by January 1, 2013, and SMEs must comply by January 1, 2014. (NASB, 2011). The implementation of the International Financial Reporting Standards (IFRS) was planned in such a way that all stakeholders were able to use them by January 2014. (Madawaki, 2014). The IFRS is

clearly more extensive than the Nigerian statement of accounting standards (SAS) were not reformed since its publication in the 1980s.

Many companies' efforts to convert have placed a large amount of emphasis on overcoming the compliance problem posed by the implementation of IFRS, while many businesses believed that the implementation of IFRS would result in an ongoing increase in annual accounting and compliance costs (Oladeji & Agbesanya, 2019). Also, Oladeji and Agbesanya (2019) argue that developing nations face significant obstacles in implementing the International Financial Reporting Standards (IFRS) namely: fair value issues, costs, regulations, a lack of technical skills and awareness of standards, inadequate training of accountants, etc. (Schachler et al., 2012; Laga, 2012; Masoud, 2014). In Obazee (2007) however, noted problems such as; cultural issues, mental models, legal impediments, educational demands, and political influence.

The scandals surrounding Enron and WorldCom, the stock market's fall, the pandemic, and the collapse of the economy have raised serious doubts about whether GAAP reporting is value-relevant. This resulted in the development of a single set of accounting standards known as IFRS for global usage to provide value-relevant information. Accounting issues are also a challenge for Nigeria as a country (Okafor *et al.*, 2017). Even though numerous studies exist on the relationship between IFRS adoption and value-relevant accounting information worldwide (such as Davies, 2018; Kuansa *et al.*, 2019; Agbo, *et al.*, 2020; Sun, *et al.*, 2021; and Olawale & Shehu, 2021), to the study researchers' best knowledge, there is an inconsistency in the previous results hence, this study answers the question, "Does International Financial Reporting Standard Adoption affect the Value Relevance of Accounting Information of Listed Deposit Money Banks in Nigeria?"

The leading aim of the study is therefore to evaluate the impact of International Financial Reporting Standard Adoption and Value Relevance of Accounting Information of Listed Deposit Money Banks in Nigeria from 2007 to 2020. In order to achieve the aim, the study hypothesized that IFRS has no significant effect on the value relevance of accounting information of listed DMBs in Nigeria.

The boards of directors of the listed firms will greatly benefit from the study as the findings might help them efficiently see the importance of adopting IFRS in dealing with differences in accounting standards use. The remaining parts of the paper cover four sections: Section Two contains theory and previous literature reviews; Section Three discusses methodology. In addition, results, conclusions, and recommendations are presented in sections four and five, respectively.

### Hypothesis development

#### Concept of IFRS

IFRS is a set of rules and guidelines set by the International Accounting Standards Board (IASB) for companies and organisations to follow when preparing financial statements (Psaroulis, 2011; Okafor, *et al.*, 2017). Additionally, IFRS are a collection of accounting standards provided by the IASB, the main aim of which is to establish a common set of internationally agreed, universally accepted and high-quality accounting standards based on specific principles. The procedure for international convergence towards a global set of standards was initiated by 16 professional accountancy bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and the United States of America in 1973. They admitted to developing the International Accounting Standards Committee (IASC), which in 2001 was redesigned as

the International Accounting Standards Board (IASB). The IASB creates worldwide standards known as international financial reporting standards (IFRS). IFRS are a set of accounting pronouncements issued by the International Accounting Standard Board (IASB) to assist in the preparation of financial statements around the world in order to produce and present high-quality, transparent, and comparable financial data.

### **Concept of Value relevance**

Value relevance, according to Kargin (2013), is the relationship between accounting information and the market value of a security. It's also about how well the details in the financial statements show and sum up the value of the company. It looked at the relationship between the number of financial statements and the prices or returns on the stock market (Suadiye, 2012). Also, Veith and Werner (2010) have said that value relevance is an intermediary for the information content of financial accounting data and is most often measured by how certain accounting numbers relate to market measures. Some scholars see information content as having different structures, each of which has its own meaning. This makes it hard to describe value's importance as an agent for information content. Most of the time, earnings and book value are used to figure out how much a company is worth. But earnings management can change how reliable earnings are, which can change how earnings are used to figure out a firm's value (Yahaya 2016). On the other hand, from an information viewpoint, what is important is how useful the information on the financial statements is for valuing equity. The stock price importance of financial details is about the value of the stock valuation financial statements (Nilson 2003).

### **Empirical Review of related studies**

Contrary to popular belief, Akpaka (2016) noted that pre-IFRS financial information is value relevant, while post-IFRS financial information has very weak value relevance, and post-IFRS financial information has no relative value relevance over pre-IFRS financial information. This research used a correlational research design and generalised least square to draw conclusions. This is consistent with the research by Musa, Usman, and Mamuda (2015), in which data was retrieved from the audited financial statements of eight Nigerian listed conglomerate corporations covering the pre-adoption period of 2007 to 2011 and analysed using multiple regression. The study's findings revealed that the explanatory variables namely: book value per share, earnings per share, and change in earnings per share, statistically and significantly influenced the explained variable, indicating that accounting information released by Nigeria's listed conglomerate firms has a high value relevance to investors when making investment decisions on the firms. In particular, earnings are more relevant to value than book value. The majority of firms in Nigeria adopted IFRS in 2012 and converted 2011 and 2010 from Nigerian GAAP to it, IFRS is a new reporting standard. This new IFRS standards has been used and proven effective in numerous IFRS studies conducted abroad. Additionally, only businesses that had embraced IFRS and existed in 2006 were included in the sample. Although there are enough observations from 7 listed banks and an 8-year study period, this method is not scientific and has some bias.

Earnings persistence, accounting conservatism, and income smoothing were all found to significantly improve after the adoption of IFRS as noted by Kwon *et al.* (2017). More losses were recognised more frequently, and the value relevance was higher following IFRS implementation, while the absolute value of accrual-based and real activity-based earnings management estimations decreased. Better value relevance,

according to Kwon *et al.* (2017), would result from a more rigorous implementation of IFRS and a more detailed level of accounting information. When comparing the two Korean stock markets (the KSE and the KOSDAQ), Kwon *et al.* (2017) failed to take into account the vastly different information environments in which the two markets operate.

Okafor *et al.* (2017) using data from the consumer businesses' sector, conducted an empirical analysis of the impact of International Financial Reporting Standards (IFRS) adoption on the value relevance of book value, earnings per share, and cash flow from operations in Nigerian firms. The investigation was guided by three hypotheses. The research design was *ex-post facto*. The 25 consumer companies that were listed on the Nigerian Exchange Limited make up the population. Twelve businesses were chosen as the sample size, based on the data's availability. The study spanned over a period of eight years, from 2008 to 2015. using secondary data gathered from company annual reports and the Capital Assets database (<http://www.capitalassets.com.ng/>). The Statistical Package for Social Sciences (SPSS) Version 22 was used to analyse the data using multiple regression analysis. The results showed that the implementation of IFRS had a cumulative impact on the value relevance of book value, earnings per share, and cash flow from operations, with earnings per share exhibiting the largest cumulative impact. Based on their findings, the researchers suggested that before making any investment decisions, investors should take into account the values of earnings, book values of equity, and cash flow from operations in the annual reports of enterprises prepared in accordance with IFRS. Earnings should, however, receive more attention. The current investigation is lengthy at the DMBs, whereas this paper has focused on consumer items from Nigeria, exposing a conceptual knowledge gap. Also, the last study was done over the course of eight years, while the current one was done over the course of fifteen years.

Accounting information in Nigeria was studied to see if adopting IFRS affected its value relevance by Uwuigbe *et al.* (2017). The research goals were accomplished through consulting the fact book and annual reports from 2010 through 2013. In addition, the Ohlson model was employed to build six models for the duration of the paper, and ten companies were picked from a population of twenty-six companies in the consumer products industry listed on the floor of the Nigerian Exchange Limited (NGX). Results from ordinary least square regression analysis indicated that EPS and book value of equity per share are accounting factors that together explain the stock price. This research confirmed that the usefulness of accounting information has increased since the advent and widespread implementation of IFRS. Furthermore, the study discovered that earnings per share (EPS) has greater explanatory power in both the pre- and post-IFRS adoption eras. Based on these results, the study concluded that earnings management is still possible, even though IFRS has helped make accounting information more useful.

Nijam and Jahfer (2018) compare the value relevance of accounting information in pre-and post-IFRS adoption periods to evaluate the impact of International Financial Reporting Standard (IFRS) adoption on the value relevance of accounting information in Sri Lanka. To explain the value significance of accounting information, the study applied Ohlson's price regression model. It describes market value per share (MVPS) in terms of earnings per share (EPS) and book value of equity per share (BVEPS). The pre-IFRS period extends from 2010 to 2011, and the post-IFRS period extends from 2012 to 2014. The sample includes 188 firms and 935 firm-year observations, nearly all of which are listed on the Colombo Stock Exchange, with the exception of those without at least two annual reports before and after 2012, and those with severe and missing data. Both BVEPS and EPS are found to considerably and positively explain MVPS throughout the periods



following IFRS adoption, despite the fact that EPS was not a major predictor of MVPS prior to IFRS introduction. However, pooled regression using data from both regimes indicates that BVEPS and EPS significantly and positively explain MVPS. Although the overall predictive power of the value relevance model improved in the years following IFRS adoption, the value relevance of BVEPS has fallen since then. However, the drop in the value relevance of BVEPS may have been compensated for by increased earnings quality, making EPS a strong predictor of the market value of equities in post-IFRS years. Even after excluding the transitional year of 2012 from the sample, these conclusions were not refuted or changed. This study adds to the existing value relevance literature and IFRS studies by evaluating the impact of IFRS adoption in a developing economy, specifically in Sri Lanka, for the first time. The study made a conceptual gap because it focused on IFRS and value-added accounting in Sri Lanka, while the current study focuses on it in Nigeria.

Davies (2018) studied the accounting information of publicly traded companies in Nigeria to determine the impact of International Financial Reporting Standards on its usefulness for making business decisions. Questions were designed and given to accountants and finance managers at commercial banks, manufacturing firms, insurance companies, government organisations, and oil and gas companies. Simple percentages and a correlation coefficient were used to analyse the data. The coefficient was found to be 85.1 percent, and the  $R^2$  and adjusted  $R^2$  were 60.3% and 51.4 percent, respectively. To sum up, the study found that the accounting information of publicly traded companies in Nigeria is significantly more valuable when it complies with International Financial Reporting Standards.

Ki *et al.* (2019) explore the impact of IFRS adoption on South Korea's economy by analysing how the value relevance of accounting information has changed. Prior studies in this area have yielded conflicting results depending on the methodology used and the time frame examined. However, the two Korean stock markets (KSE and KOSDAQ) have different features, so the impact of IFRS adoption on value relevance may vary between them. The primary financial statements provided by Korean enterprises shifted from individual financial accounts to consolidated financial statements with the implementation of IFRS. In light of this, the research compares the changes in explanatory powers of Ohlson's (1995) model on each listing market and examines the impact of IFRS adoption on the value relevance of individual and consolidated accounting numbers over longer research periods (5 years before and after IFRS adoption). According to the empirical results, after adopting IFRS, the value relevance of Korean listed enterprises generally fell. However, after IFRS adoption, the value significance of KOSDAQ-listed enterprises increased while that of KSE-listed firms fell. In addition, the research discovered that listed markets had varying reactions to the value relevance of individual and consolidated financial information after the adoption of IFRS. This suggests that the effects of adopting IFRS on value relevance could be different depending on how much information is needed.

To what extent do the financial statements of Nigerian Deposit Money Banks (DMBs) reflect the market value of their equity? This was the empirical question that Agbo *et al.* (2020) attempted to answer. The study used an ex-post-facto research design. The research relied on information culled from the yearly published accounts of listed DMBs for the years 2012 to 2018, which corresponded to the years in which IFRS was required to be applied in the compilation and publication of financial statements in Nigeria. The data was analysed using both descriptive statistics and panel data regression. The study found that listed DMBs in Nigeria had value due to their earnings per share, bank capital efficiency, and liquidity. While DMBs' book value per share does not affect value. This

data supports the conclusion that audited income statements and statements of the financial position of DMBs in Nigeria are of high value. Therefore, the study suggested that potential investors should give more weight to earnings per share, equity, and liquidity when deciding whether or not to participate in DMBs. While the previous study ended in 2018, the present one goes all the way until 2020.

Olawale and Shehu (2021) investigated the adoption of international financial reporting standards, comparing the PRE/POST adoption era and the value relevance of accounting information of Nigeria's listed Deposit Money Banks (DMBs). The Edwards Bells and Ohlson (1995) model was used in this study's correlational and ex-post facto research designs. Earnings per share (EPS), book value per share (BVPS), change in earnings per share (CEPS), and share price (SP) data were obtained from the published annual reports of seven publicly traded banks in order to undertake a pre (2008 to 2011) and post (2012 to 2015) obligatory adoption study. The General least square (GLS) regression model demonstrated that both pre- and post-compulsory adoption of IFRS period financial information are value-relevant. However, IFRS adoption has yet to achieve its goal because post-IFRS financial information has no relative value relevance over pre-IFRS financial information. As a result, the report calls for strong enforcement, full training in IFRS, and good corporate governance. Also, accounting information's usefulness was studied by Sun *et al.* (2021) both before and after IFRS was implemented in Indonesia's banking sector. The study employed a panel data empirical analysis with 22 banks spanning the years 2012 and 2016, two years before and four years after the implementation of IFRS. Ohlson's price model has been used in this investigation. The effects of IFRS adoption on value relevance to earnings were equally demonstrated.

### Market Efficiency Theory Review

First-value relevance tests on efficient market hypotheses (EMH) were conducted based on capital market notions. (Bell and Brown, 1968, cited in Davies, 2018). The stock market needs information. Information helps capital market investors solve problems. Information helps investors analyse and monitor investment opportunities. In turbulent capital markets, investors with fast, reliable information have an advantage. The Nigeria Exchange Limited (NGX) sets listing and post-listing procedures for companies seeking quotes since information is crucial in stock markets globally. The NGX values timely financial data reporting. NGX-listed firms must disclose financial statements quarterly, semi-annually, and annually. Ball and Brown (1968) assume an efficient stock market. Fama (1991) says a market is efficient if the security price represents all available information. The efficient market idea says the market responds quickly to new information. Financial statements are only relevant if they offer new information. Efficient marketplaces boost Nigeria's economy. Olawale (2004) says efficient markets provide sustainable and equitable economic growth. The Nigerian stock market efficiency is weak Olowe (1999); Okpara (2010); & Agbo *et al.*, 2020). Investing in equities based on their price movements gives the investor no undue advantage. This theory explains the relationship between the IFRS Value relevant accounting information of listed DMBs in Nigeria.

### METHOD

Since the study's variables are amenable to numerical measurement, it takes a quantitative approach in keeping with the post-positivist paradigm to which they adhere. The study uses a causal research design because it is one of the most effective strategies for

determining the relationship between variables and the effect that one factor has on another, as well as because it can be used with data gleaned from historical archives. The population of the study consisted of all fifteen (15) of the Nigerian deposit money banks that were publicly listed on the NSE as of December 31, 2020; the sample size of twelve (12) was determined using various filtering criteria. Only secondary data spanning from 2007 to 2020, collected from publicly available audited financial statements of Nigerian companies quoted on the NGX as of December 31st, 2020, were used for this analysis. All of the study's variables can be quantified, and the data needed were readily available in the publicly traded companies' annual reports and accounts in Nigeria. Hence, secondary data was employed for this research. The Ohlson model was adopted for the study and STATA 13 was used for the analysis of the data.

The variables used in the study were as follows: dependent variable MPPS (market price per share, measured by averages of price of equity shares): Independent variables (1) IFRS: In this study, the value "0" is assigned to the pre-IFRS period while the value "1" is assigned to the post-IFRS period; (2) book value per share (BV, measured by book value of equity capital divided by number of equity shares); (3) Dividend per share (DPS) and (4) earnings per share (EPS, measured by profit before tax divided by number of equity shares). Following a number of value relevance studies (Okafor et al., 2017; Najim & Jarfar, 2018; Olawale & Shehu, 2021).

The following model were specified in this study:

$$\text{Model 1: } \text{MPS}_{it} = a_0 + b_1\text{EPS}_{it} + b_2\text{BVPS}_{it} + \varepsilon_{it} \dots\dots\dots (1)$$

$$\text{Model 2: } \text{MPS}_{it} = a_0 + b_1\text{EPS}_{it} + b_2\text{BVPS}_{it} + b_3\text{DPS}_{it} + \varepsilon_{it} \dots\dots\dots (2)$$

$$\text{Model 3: } \text{MPS}_{it} = a_0 + b_1\text{EPS}_{it} + b_2\text{BVPS}_{it} + b_3\text{IFRS}_{it} + b_4\text{IFRS}_{it} * b_5\text{EPS}_{it} + b_5\text{IFRS}_{it} * b_6\text{BVPS}_{it} + \varepsilon_{it} \dots\dots\dots (3)$$

Where:

MPPS: the market price per share, measured by averages of price of equity shares

EPS: earnings per share, measured by profit before tax divided by number of equity shares

DPS: dividend per share, measured by dividend paid divided by number of equity shares

BVEPS: book value of equity per share, measured by book value of equity capital divided by number of equity shares

$\varepsilon_{i,t}$ : error term and  $i$  and  $t$  are bank and year subscripts, respectively.

**RESULTS AND DISCUSSION**

**Table 1:** Descriptive Statistics- Overall, Pre and Post IFRS Adoption.

Overall										
Variables	N	Mean	SD	Min	Max					
MPS	168	10.35	11.47	0.42	49.1					
EPS	168	1.39	2.36	-14.41	8.10					
BPS	168	8.53	8.10	-23.86	28.83					
Variables	Pre IFRS Adoption					Post IFRS Adoption				
	N	Mean	SD	Min	Max	N	Mean	SD	Min	Max
MPS	60	11.83	12.08	0.5	49.1	108	9.54	11.09	0.42	48.3
EPS	60	0.55	2.67	14.40	8.30	108	1.84	2.03	-1.27	7.34
BPS	60	6.83	6.14	10.05	25.99	108	9.47	8.90	-23.86	28.83

The statistical **Table 1** expressed the accounting information before the recession (2007 to 2011) and during the recession (2012-2020) periods. The figures showed average



market price per share (MPS), earnings per share (EPS) and book value per share (BVPS) of 11.83, 0.55, and 6.83, respectively, pre IFRS adoption and 9.54, 1.84, and 9.47 in that order for post IFRS adoption. When the two periods were compared, the average MPS was higher in the pre adoption period while the accounting numbers EPS and BVPS had a higher mean value during post adoption. This implied that IFRS adoption improved the accounting numbers of the DMBs in Nigeria.

**Table 2** Multicollinearity Table

Variables	VIF	1/VIF
EPS	2.21	0.45
BPS	4.97	0.201
ECR	2.24	0.45

Source: Authors' computation, 2022

The multicollinearity test from **Table 2** showed that all the VIF values were less than 10, and the tolerance values were not less than 0.1. The result showed that there is no sign of multicollinearity among the variables.

**Table 3** Regression result

IFRS ADOPTION

Period	N	Intercept	EPS <sub>it</sub>	BVPS <sub>it</sub>	F-Statistics	R <sup>2</sup>	Mean VIF
Pre (2007 to 2011)	60	6.61(0.000)	0.79(0.01)	0.70(0.006)	4.85(0.011)	0.168	1.01
Post (2012 to 2020)	60	1.61(0.011)	4.82(0.00)	-.100(0.229)	46.46(0.000)	0.675	2.29

**Table 3** presented the regression result of the pre and post IFRS Adoption on the Value Relevance of Accounting Information in listed DMBs in Nigeria. Overall, the independent variables (EPS and BVPS) used in explaining the market prices of the sampled firms reveal an (R<sup>2</sup>) of 0.168 in the pre-adoption period. This showed that the explanatory variables (EPS and BVPS) jointly explained a 16.8% (R<sup>2</sup>) variation in the market prices for the period of 2007–2011. While the post adoption period revealed an explanation power (R<sup>2</sup>) value of 0.675, which suggested that (EPS and BVPS) were able to explain 67.5% of the change in MPS for the period (2012-2020).

The probability of chi<sup>2</sup> for pre-IFRS has a significant value of 0.011, which is at 5%, indicating that the model is fit. However, the post-IFRS adoption had a more significant F statistic P-value of 0.0001. However, only BVPS had a significant (p 5%) level of effect on MPS post IFRS adoption.

The R-Squared figure of post IFRS adoption (0.675) was greater than the R-Squared in pre IFRS adoption with a value of 0.168. This finding serves as considerable evidence that the explanatory powers of accounting information (EPS and BVPS) in post IFRS adoption have a higher predictive relevance and are more informative in explaining the market prices to the users of the information. However, it also established that the accounting numbers have an increase in explaining the market prices during post IFRS.

**Table 4:** IFRS moderated with Accounting Numbers (EPS and BPS) for the period of the Study (2007-2020).

Variables	Coefficient	T	p-value
INTERCEPT	6.61	4.07	0.000
EPS	0.79	2.45	0.015
BPS	0.70	2.90	0.000

<b>IFRS</b>	-5.0	-2.47	0.014
<b>IFRSEPS</b>	4.03	5.50	0.000
<b>IFRSBVPS</b>	-0.80	-3.54	0.001
<b>R-Square</b>	0.479		
<b>F-Statistic</b>	22.36		
<b>Prob. of chi<sup>2</sup></b>	0.000		

**Table 4.** revealed that the R-square is 0.479. This means that all the explanatory variables used in the study when moderated with IFRS explained the market prices of the listed DMBs in Nigeria to the tune of approximately 48%. The value of the F-statistic is 22.36 with a probability of  $\chi^2 = 0.000$ . When  $\chi^2$  is less than 5%, it is significant. This means that the model is fit.

**Table 5: Test of Hypotheses**

Variables	Pre IFRS Adoption period p-value		Post IFRS Adoption period p-value		IFRS moderated with Accounting Numbers (EPS & BVPS) p-value	
	EPS	BPS	EPS	BPS	IFRS*EPS	IFRS*BVPS
	0.018	0.006	0.000	0.229	0.000	0.001

H<sub>01</sub>: Earnings per share have no significant effect on the market prices of listed DMBs in Nigeria during pre and post IFRS adoption.

Table 5 showed that IFRS moderated by BVPS has a p-value of 0.001. The result suggests that IFRSBVPS is significant at less than 5% level of significance statistically. The result further suggests that the study has established enough statistical evidence to reject the null hypothesis.

H<sub>02</sub>: Book value per share has no significant effect on the market prices of listed DMBs in Nigeria

Table 5 showed that book value per share (BPS) has a p-value of 0.006 prior to IFRS and a p-value of 0.229 after IFRS adoption, indicating that BPS is statistically significant at less than 5% level of significance prior to IFRS but not statistically significant after IFRS adoption. This result implied that the aforementioned findings are contrary to the proposed hypothesis. Therefore, the null hypothesis 2, which states that the BPS has no significant effect on the market prices of the listed DMBs in Nigeria pre and post, is rejected.

H<sub>03</sub>: IFRS adoption has no significant effect on the value relevance of earnings per share of firms listed DMBs in Nigeria.

Table 5 also showed that IFRS (IFRS) moderated with EPS has a p-value of 0.000. The result suggests that IFRSEPS is significant at less than 5%. The result further suggests that the study has established enough statistical evidence to reject the null hypothesis of this study.

H<sub>04</sub>: IFRS adoption has no significant effect on the value relevance of book value per share of listed DMBs in Nigeria.

Table 5 also showed that IFRS moderated by BVPS has a p-value of 0.001. The result suggests that IFRSBVPS is significant at less than 5% level of significance statistically. The result further suggests that the study has established enough statistical evidence to reject hypothesis four of this study.

## Discussion

Table 4 showed that earnings per share have a beta coefficient of 0.79 with a p-value of 0.0001, which was significant at 1%. This means that earnings per share (EPS) have a positive significant relationship and a strong statistical influence on the MPS of the listed DMBs in Nigeria. The positive relationship indicated that a unit (1 kobo) change in EPS will result in approximately 79 kobo changes in MPS. Hence, the beta value measures the degree to which each of the explanatory variables affects the dependent variables. Therefore, a 1 kobo change in EPS will lead to a 79 kobo change in the market prices of the sampled listed DMBs in Nigeria. It therefore follows that EPS plays a vital role in explaining the average MPS of the sampled listed DMBs in Nigeria in this study. This finding is consistent with signalling theories and previous research by Karn (2013), Ali (2017), and Uwuigbe (2017), who discovered that EPS is value relevant.

### Book Value per Share and Market Price per Share

Table 4 showed that book value per share has a beta coefficient of 0.70 with a p-value of 0.015, which is significant at 5%. This means that book value per share (BPS) has a positively related and statistically significant relationship at 5% level with the MPS of the sampled listed DMBs in Nigeria. The positive relationship between the MPS indicates that a unit (1 kobo) change in BPS will result in a 70 kobo change in MPS. This finding is consistent with signalling theories and previous research by Karn (2013), Ali (2017), and Uwuigbe (2017), who discovered that BVPS is value relevant.

### Earnings per Share (EPS) moderated with IFRS in explaining Market Price per Share (MPS)

Table 4 further presented the results of the explanatory powers of EPS in explaining MPS when moderated with IFRS. The question is whether the value relevance of earnings per share (EPS) has improved when applying IFRS. In answering this question, we realise that the beta value of EPS when moderated with IFRS reveals a positive beta coefficient value of 4.03 with a p-value of 0.00. This implies that EPS with the moderation of IFRS is positively significant at less than a 5% level of significance, in explaining the MPS of the listed DMBs in Nigeria. Further, the positive beta value suggests that with the coming of IFRS, the value relevance of EPS has increased. According to the IFRS, a kobo increase in EPS results in an increase in MPS of approximately 403 kobo. This implies that EPS has become more relevant with IFRS adoption in the listed DMBs in Nigeria.

The result of this study is in tandem with signalling theory and prior studies by Alnodel (2018), Nijam and Jahfer (2018), and Sun et al. (2021), who discovered that the value relevance of EPS increases with IFRS adoption.

### Book Value per Share (BPS) moderated with IFRS in explaining Market Price per Share (MPS)

Table 4 also presented the results of the explanatory powers of BVPS in explaining MPS when moderated with IFRS to see whether the value relevance of book value per share (BPS) has improved when applied with IFRS and reveals a negative beta coefficient value of -0.80 with a p-value of 0.000. This implies that EPS with the moderation of IFRS is negatively significant at less than 5% level of significance, in explaining the MPS of the listed DMBs in Nigeria. Further, the negative beta value suggests that with the coming of IFRS, the value relevance of BVPS has decreased. According to the IFRS, a kobo increase in EPS results in a kobo decrease in MPS of approximately 80 kobo. This implies that the value relevance of BVPS decreases with IFRS adoption. The result of this study is in line with signalling theory and with prior studies by Alnodel (2018) and Nijam and Jahfer (2018), who discovered that BVPS becomes less value-relevant with IFRS adoption.

## CONCLUSION

The following conclusions were drawn based on the findings and discussion in section four. Firstly, the study found evidence that EPS influences the market price per share. As a result, the study concludes that EPS is the most important value in Nigeria's listed DMBS. BVPS also influences the market price per share. Hence, the study concludes that book value per share is the relevant value in the listed DMBS in Nigeria. Thirdly, the study found a higher positive and significant coefficient for EPS moderated with IFRS. Hence, the study concludes that earnings per share are more relevant during the post-IFRS adoption of the listed DMBS in Nigeria. Finally, the study found that book value per share has a negative and significant value with IFRS moderation. The study concludes that book value per share is less relevant with IFRS adoption of the listed DMBS in Nigeria.

On the basis of the outcomes and findings of this, the study recommended that: prospective investors, shareholders, owners, and users of accounting data should place a greater emphasis on earnings per share, which has the strongest positive correlation with the market share price of listed DMBS in Nigeria; the IASB should take into account the conduct of financial statement users; and more severe local laws should be implemented to keep company financial reports under control.

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