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THE VALUE RELEVANCE OF IFRS ADOPTION: EVIDENCE FROM LISTED BANKS IN NIGERIA

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Abstract

The paper investigates whether the mandatory adoption of IFRS by listed banks in Nigeria has increased the value relevance of accounting information for the users of the financial statements. Using a sample of 10 banks over the pre-IFRS (2008-2010) and post-IFRS (2011-2013) periods, the study adopted Ohlson model (1995) to analyze the data gathered. The results of analysis reveal that accounting information of listed banks in Nigeria shows no significant improvement on the market based and accounting based attributes after the adoption of the new standards, as the value relevance of accounting numbers of the banks have not significantly increased after IFRS adoption. Based on the results of the study, the paper recommends that banks should ensure strict compliance with the provisions of IFRS so as to enhance the value relevance of accounting information disclosed in published financial statements, as this will go a long way in enhancing the overall financial reporting quality of the financial statements. However, the results of the study imply that apart from IFRS, there are also other institutional structures/factors that may affect value relevance of accounting information.

Keywords: Accounting information, Financial reporting, IFRS, Ohlson's model, Value relevance

1.   Introduction

The essence of accounting is to provide information regarding the value of resources employed, assets and liabilities of the business, and the profitability or otherwise of the business enterprise. Accounting is of little use if it does not provide timely, relevant and sufficient information to those who require the information. The users of accounting information include owners, managers, creditors, lenders, customers, government and above all investors. As posited by the American Accounting

Association (AAA, 1966) in its definition of accounting, accounting information is expected to provide investors and other users of financial statements useful information to help them make informed economic decisions. The International Accounting Standards Board in its framework for the preparation and presentation of financial statements states that the objective of financial statements is to 'provide information about the financial position, performance, and changes in financial positions of an entity that is useful to a wide range of users in making economic decisions' (IASB 2001, Paragraph 12).

According to Beisland, (2009), the ability of financial information to capture and/or summarise information that determines firm value is referred to as value relevance. Therefore, value relevance is measured as the degree of statistical association between accounting information and market values or returns, with Beaver (2002) stating that the primary objective of value relevance research is to investigate whether the financial statements that companies produce provide investors and other users, high quality and valuable accounting information that enable them to make informed decisions. The value relevance of accounting information is a major concern for investors, regulators and other users of financial reports, and is a popular study area for accounting researchers. Consequently, Alfaraih, (2009) posits that value relevance research has been a primary area of capital market-based research, with Kothari (2001) stating that

empirical research on the relation between financial statement information and capital markets is referred to as capital markets research. 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 the public at large (Vishnani & Shah, 2008). In addition, Francis and Schipper (1999), state that, value relevance is one of the basic attributes of the quality of financial statements.

Similarly, Hellstron (2005) posits that high quality accounting information is a pre-requisite for well functioning capital markets and the economy as a whole, and as such, should be of importance to investors, companies and accounting standard setters. Thus, in order for accounting information to be relevant; it must offer quick response to the needs of its users. Karunarathne, Huber and Rajapakse (2007) note that this is because investors are not in a position to directly assess the performance of the company in which they intend to invest as they usually depend on the financial statements prepared by the management of the company. As such, rational investors make use of the financial reports and disclosures, among other publicly available information to assess the risk and the value of the firm. Karunarathne et al. (2007) state further that, since the 1990s, studies on value relevance of accounting information have been increasing, with focus placed on its

historical development and its comparison among different countries.

Accordingly Beisland (2009) states that, one of the major objectives of financial reporting is the provision of information relevant for estimating company value to stock investors. As such, active equity investors need financial statement analysis in order to determine the fundamental value of the firms they are investing in. These investors utilise the analysis to find out how much the firms are worth, so that they can evaluate the respective stock prices, thus, making it important for such information to be relevant, reliable and timely. This emphasizes the importance of research on value relevance of accounting information because such research indicates whether this goal is met. In particular, this research paper seeks answers to the following questions: Has the value relevance of accounting information (earnings and book value) changed following the mandatory IFRS adoption by listed banks on the Nigerian Stock Exchange (NSE)?; Is the change after mandatory adoption of IFRS significant?; Was the effect on value relevance of accounting information positive or negative?.

These questions are necessitated because, while there have been a number of studies on the value relevance of accounting information before and after IFRS adoption in developed countries (Alali & Foote, 2009; Alfaraih, 2009; Chalmers, Clinch, Jayne & Goddfrey 2011; Clarkson, Hanna, Richardson & Thompson 2009; Gjerde, Knivsfla and Saettem 2008; Silipo,Agostino & Drago

2009; Qu, Fong & Oliver 2012Kargın, 2013; Kousenidis, Ladas & Negakis 2013), most of the studies in Nigeria were carried out on the adoption, benefits, and challenges of implementation of IFRS in the country (Demaki, 2013; Ehijeagbon, 2010; Ikpefan & Akande, 2012; Isenmila & Adeyemo, 2013; Iyoha & Jimoh, 2011; Madawaki, 2012; Oduware, 2012; Okafor & Ogiedu, 2011; Okaro, 2011; Okpala, 2012; Oyedele, 2011; Usukuma, 2010). Value relevance of accounting information remain(s) relatively underexplored in the Nigerian stock market. Although there are few related studies (Abubakar 2011; Bello, 2009; Oyerinde 2011; Thompson & Adah 2011), however, there is lack of expansive study on the subject of IFRS adoption and the value relevance of accounting information in Nigeria.

The aforementioned area is still under researched in the Nigerian market because IFRS adoption in Nigeria is still at an infant stage, as the Federal Government of Nigeria mandated listed and significant publicly quoted companies and banks to prepare their financial statements using applicable IFRSs from January 2011 and to start reporting by December 31, 2012 (Demaki, 2013). However, the Central Bank of Nigeria (CBN) directed all banks to comply with IFRS in September 2010 (Nyor, 2012), and start reporting by 31st December, 2011, making the banking sector the first to start reporting under IFRS in 2011. In the words of the former CBN governor Sanusi Lamido Sanusi at a lecture he

delivered at the University of Warwick's Economic Summit, UK on 17th February, 2012:

"The CBN has taken steps to integrate the banking system into global best practice in financial reporting and disclosure through the adoption of the International Financial Reporting Standards (IFRS) in the Nigerian banking sector by end-2010. This should help to enhance market discipline, and reduce uncertainties, which limit the risk of unwarranted contagion (CBN, 2012, Paragraph 18, p. 9)".

Meanwhile, other public interest entities are under obligation to adopt IFRS for statutory purposes by December 31, 2013, and Small and Medium Enterprises (SMEs) to compulsorily adopt IFRS as statutory reporting by December 31, 2014 (Oduware, 2012). Thus, the research can be seen as timely, since IFRS adoption in the country is still in its infant stage, with the banking sector being the first in the country to transit from Statement of Accounting Standards (SAS) to IFRS. The study will therefore bridge a gap in the literature by assessing the impact of IFRS adoption on the value relevance of accounting information by investors of listed banks in Nigeria. In order to achieve this objective, the following hypothesis is formulated:

H_0: *IFRS adoption is not significantly value relevant to investors of listed banks in Nigeria*

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Value Relevance of Accounting Information

Francis and Schipper (1999) define value relevance of accounting information as the ability of accounting numbers to summarize the information underlying the stock prices, implying that value relevance is indicated by a statistical association between financial information and prices or returns. An accounting number is said to be value-relevant, if it has a predicted significant relation to share prices (Silipo et al., 2009). This means that, the information contained in the financial statement needs to be measured reliably enough to be reflected in share prices by equity investors when valuing the firm. Value relevance can also be defined using two perspectives; measurement perspective and information perspective. The measurement perspective is rooted on the theoretical framework of equity valuation models of Ohlson (1995) and Beisland (2009) in which value relevance is measured as the statistical association between financial statement information and stock market values or returns (Chang et al., 2008 in Oyerinde, 2011). Amir, Harris and Venti (1993) were the first to use the term value relevance in the context of information content of accounting figures; where value relevance is seen as the usefulness of financial statement information in equity valuation. An accounting figure is seen to be value relevant, if it is significantly associated with the stock prices and stock market indicators such as, price-earnings or price to book ratios.

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Ohlson (1995) in his work asserts that, the value of a firm can be expressed as a linear function of book value, earnings and other value relevant information. From the information perspective, In essence, value relevance can be seen as the ability of financial statement information to capture and summarise information that determines the firm's value, signifying that, an accounting amount is deemed value relevant, if it has a significant association with security market value, with earnings and book value being the most commonly used bases for firm valuation.

2.2 Development of International Financial Reporting Standards (IFRS)

Glautier, Underdown and Morris (2011) described the accounting movement that developed in the 1970's in the USA and UK as the origin of the perception that financial reports drawn up on the basis of Generally Accepted Accounting Principles (GAAP) were failing to meet the needs of users for information relevant to decision making. Moreover, during the period, high inflation levels were prevalent, making accounting measurements based on historical cost to distort the meaning of accounting income and the underlying reality of balance sheet values, thereby, making information produced under GAAP to appear unrelated to the realities facing shareholders and investors. The accounting standards movement according to Glautier et al.(2011) marked the beginning of a long-lasting debate that revisited the very foundation

of accounting concepts, questioned the relevance of accounting methods and saw the essential problem as residing in the need for an objective framework that would establish the relevance of accounting information for the decision needs of users. Historically, the Accounting Standards Committee was created in 1970 and in 1973, the International Accounting Standards Committee (IASC) was set up; both based in London, all in a bid to improve the practice of accounting worldwide. Ajibade (2011) disclosed that because of globalization and the need to address comparability issues, IASC was restructured in April 2001 leading to the creation of International Accounting Standard Board (IASB), which is the board that issues International Financial Reporting Standards (IFRS). The IASC formulates uniform and global accounting standards aimed at reducing the discrepancies in international accounting principles and reporting practices.

The IASC has actively been championing the uniformity and standardization of accounting principles for over two decades (Carlson, 1997). In April 2001, the International Accounting Standards Board (IASB) took over the setting of International Accounting Standards from the International Accounting Standards Committee (IASC). IASB then updated the already existing International Accounting Standards and referred to them as International Financial Reporting Standards (IFRS). By January 1st, 2007, the IASC had issued 49 accounting

standards comprising; 8 International Financial Reporting Standards (IFRS); and 41 International Accounting Standards (IAS). Standards pronounced by the IASB have positively affected the efficiency of global capital market, and this fact is admitted by International Organization of Securities Commissions (IOSCO) when it recommended its members to use IFRS by May 2000, as a basis for the preparation of its financial statements (Roberts, Weetman, and Gordon, 2002).

In a nutshell, IFRS represents a single set of high quality, globally accepted accounting standard that can enhance comparability of financial reporting across the globe. As opined by Jacob and Madu (2009), the increased comparability of financial information using IFRS could result in better investment decisions and ensure a more optimal allocation of resources across the global economy. Cai and Wong (2010) also posit that, having a single set of internationally acceptable financial reporting standards will eliminate the need for restatement of financial statements, yet ensure accounting diversity among countries thus facilitating cross-border movement of capital and greater integration of the global financial markets.

2.3 Empirical Studies on Value relevance of IFRS adoption

Gjerde et al. (2008) using a sample of 145 restatements from NGAAP to IFRS for firms listed on the Oslo Stock Exchange, and price regression and return regression models, found little evidence of increased value-relevance after adopting IFRS when comparing and evaluating the two regimes unconditionally. On the other hand, when evaluating the change in the accounting figures from NGAAP to IFRS, evidence was found that the reconcilement adjustments to IFRS are marginally value-relevant due to increased relevance of the balance sheet, and the normalized net operating income. Alfaraih (2009) motivated by lack of research on the value relevance of accounting information after IFRS adoption in emerging markets investigates the extent of compliance with IFRS with respect to Kuwait Stock Exchange. Using disclosure index and price and returns models, the results show that the average level of compliance with IFRS mandatory disclosures for all KSE listed firms in 2006 was 72.6%, indicating that KSE listed firms did not fully comply with all the requirements, however, the results for the price and returns models provide evidence that EPS and BVPS decreased significantly during the period, suggesting that investors relied less on financial statements, possibly due to the increase in the available non-financial statement sources.

Alali and Foote (2009) examined the value relevance of accounting information under IFRS in the Abu Dhabi Stock Exchange. Based on models developed by Easton and Harris (1991), and Ohlson (1995) and using monthly market data from 2000 to 2006, the overall results show that earnings scaled

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by beginning of period price are positively and significantly related to cumulative returns; and that, earnings per share and book value per share are positively and significantly related to price per share. In another study conducted by Clarkson et al. (2009), findings using traditional linear pricing models, reveal that earnings per share (EPS) and book value per share (BVPS) numbers measured consistently with IFRS according to the original local GAAP requirements with an increased nonlinearity subsequent to IFRS adoption, with the increase being most pronounced for firms in common law countries. However, when measured by controlling for nonlinear effects, there was no observed change in price relevance for firms common law countries. Thus, from their findings, IFRS adoption does not enhance financial reporting quality for Europe and Australia.

Also, Silipo et al. (2009) applied panel methods to a multiplicative interaction model in which the partial effects of earnings and book value on share prices are conditional on the adoption of IFRS. According to their findings, IFRS introduction enhanced the information content of both earnings and book value for more transparent banks. By contrast, less transparent entities did not experience significant increase in the value relevance of book value. While investigating if IFRS has changed how investors respond to earnings and book values, Beisland and Knivsfla (2009), utilised a sample of 741 firm-year observations from the Oslo Stock Exchange in Norway over the years 2003-2006 using price and earnings regression. Their study which controlled for economic drivers of response coefficients revealed that while the association between stock prices and book values has increased after the transition to IFRS, the earnings response coefficients have been reduced. Their findings indicates that the increase in investors' response to book values is attributable more to recognition of intangible assets, and more measurement at fair value and that the lower response to earnings is found to be driven mainly by nonrecurring items.

Chalmers et al. (2011) in their study of firms listed on the Australian Securities Exchange using a longitudinal study and regression analysis covering pre and post IFRS periods from 1990-2008 found that, the combined relevance of book value of equity and earnings alters little with IFRS adoption, with earnings becoming more value relevant whereas the book value of equity did not. And Qu et al. (2012) used multiple regression analysis and data from 309 listed Chinese companies, and their findings show that earnings per share, relative to book value of equity, is a stronger explanatory factor of market return in both the pre- and post IFRS convergence periods, suggesting that investors rely heavily upon earnings released by listed companies when making security price decisions in the Chinese stock market. The results also suggest that investors' reliance on the income statement information for investment decisions becomes greater in

the post IFRS convergence period. While Kargin (2013) using the Ohlson model (1995), finds that value relevance of accounting information has improved in the post-IFRS period (2005-2011) considering book values, while improvements have not been observed in value relevance of earnings.

The literature indicates mixed findings on whether relevance of accounting information has declined or increased after IFRS adoption. Some studies reveal that after IFRS adoption, the value relevance of accounting information declines (Alfaraih, 2009; Clarkson, Hanna, Richardson & Thompson, 2009). Contrarily, some other studies revealed that value relevance of accounting numbers increases (Alali & Foote 2009; Gjerde, Knivsfla & Saettem, 2008; Silipo, Agostino & Drago 2009). Other studies indicate that accounting information had little (more on the side of EPS) or no relevance to investors after IFRS adoption especially with regards to book values (Beisland & Knivsfla, 2009; Chalmers, Clinch & Godfrey, 2011; Qu, Fong & Oliver 2012) Kargin (2013) however suggested more improvements in book values over earnings.

In Nigeria, studies on value relevance of accounting information have equally produced mixed results. Abubakar (2011) found accounting information of sampled firms in Nigeria to be less value relevant while Babalola (2012) concludes that earnings is more value relevant than book values. Other studies (Oyerinde, 2009, 2011; Thompson 2011) showed that

accounting information is value relevant. However, despite the divergence of the results from these studies, it is noteworthy that none of the Nigerian studies was carried out on value relevance of accounting information after IFRS adoption thus, it is hoped that the results of this study will bridge a gap in the literature by providing additional contributions and evidence to the literature on IFRS adoption and value relevance of accounting information in Nigeria.

2.4   Value Relevance Theories

According to Houlthausen and Watts (2001), although in most cases the fundamental theories underpinning the value relevance literature are not specified, but have to be gleaned from experimental designs of empirical researches; most studies on value relevance employ two theories of accounting and standard setting to make deductions: direct valuation theory; and inputs-to-equity valuation theory. The direct valuation theory proposes to either measure or highly relate the level of changes in equity market value to earnings. Under this theory, book value of equity is measured or highly associated with market value of equity, thereby making standard setters to be interested in the end results of empirical studies on the comparative stock price associations of alternative accounting earnings to book value of equity measures. On the other hand, the inputs-to-equity valuation theory posits that the role of accounting is the provision of

information on 'inputs' to valuation models which investors employ in assessing the equity of firms. The theory assumes a link between accounting numbers and variables flowing into the valuation model by inferring a necessitation of a valuation theory, thereby making standard setters to be interested in studies that suggest investors could use accounting numbers in their valuation models. However, studies that rely on this theory more often than not carry out incremental association studies (Houlthausen and Watts, 2001).

Generally, from a standard setter's perspective, value-relevance authors in actual fact presume accounting's principal role is equity valuation whichever theory of accounting and standard setting they choose. However, Barth, Beaver and Lambert (2000) are of the view that the overriding role is to provide measures associated with value, or measures of value (direct valuation theory); or to provide information relevant for equity valuation (inputs-to-equity valuation theory). Similarly, Houlthausen and Watts (2001), state that extensive increase in the application of the inputs-to-valuation approach in standard setting would produce the same results as application of the direct-valuation approach. As in both cases, earnings would measure, or be highly associated with equity market values or changes in equity market values, and equity book values would measure, or be highly associated with, equity market values. From the above mentioned theories, the

direct valuation theory can be perceived to be the value relevance theory which best underpins this study.

3. Methodology

The study examines listed Nigerian deposit money banks for the period 2008-2013 to observe improvements on the value relevance of accounting information after IFRS adoption. The population of the study is made up of seventeen banks listed in the Nigerian Stock Exchange. The sample size for the study was determined using the sample selection formula depicted as: $n = \dfrac{N}{1 + Ne^2}$

Where n = the sample size

N = the population

e = the marginal error at (20%)

$$n = \dfrac{17}{1 + 17(0.20)^2}$$

After arriving at the size of 10, simple random sampling technique was used in selecting the banks. The selected banks are Access Bank, Diamond Bank, Eco Bank, FCMB, Fidelity Bank, GTB, Sterling Bank, UBA, Wema Bank and Zenith Bank. The Ohlson (price) model is adopted to assess the value relevance of accounting information after IFRS adoption. Regression analysis was conducted using STATA version 12.00. The study used secondary data obtained from NSE Daily Diaries, NSE website, and annual reports and accounts of the

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sampled banks for a period of six years (2008 to 2013).

3.1 The Ohlson's Price Model of 1995

The price model developed by Ohlson (1995) is used in this study for assessing the value relevance of accounting data for the given. The model examines the association between stock price and earnings and book value. This model was chosen because a review of the accounting literature reveals that there is consensus among accounting researchers that one of the beneficial attributes of the Ohlson model is its formal association between valuation and accounting numbers, and according to Lundholm (1995) as cited in Lo and Lys (2000); Ohlson provided a descriptive representation of the accounting and valuation process. The Ohlson model (1995) shows that stock value is a function of two financial statement variables (book value and earnings) and other value relevant information not or not yet captured by accounting system. To test this relationship, linear regressions with stock prices as the dependent variable and book value as well as earnings per share as independent variables are estimated. The model is specified as:

$$P_{it} = \alpha + \beta_1 EPS_{it} + \beta_2 BVPS_{it} + \varepsilon_{it}$$

Where: P_{it} = Market Share Price at period t.

EPS_{it} =   earnings per share during period t.

$BVPS_{it}$ =   book value per share during period t.

α =   the intercept

$\beta_1, \beta_2....$ =   the coefficients of independent variables

ε_{it} =   error term

In order to test the hypothesis of the study, IFRS adoption was incorporated as a dummy variable to partition between the periods before IFRS adoption and after the adoption. Similarly, in order to control for potential differences in the IFRS effect caused by differences in the sampled bank sizes, SIZE variable was incorporated into the model. The model used in testing the hypothesis for this study is thus specified as:

$$P_{it} = \alpha + \beta_1 EPS_{it} + \beta_2 BVPS_{it} + \beta_3 IFRS + \beta_4 Size + \varepsilon_{it}$$

Where: P_{it} =   price per share for firm i, measured three months following fiscal year t

EPS_{it} =   earnings per share of firm i at time t

$BVPS_{it}$ =   book value per share of firm i at time t

IFRS   =   dummy variable (0, 1) representing the periods before and after IFRS adoption

Sizeit, =   log of total assets in year t, in order to control for potential

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differences in the IFRS effect caused by differences in bank size

α =   the intercept

$\beta_1, \beta_2....$=   the coefficients of independent variables

ε_{it} =   error term

4.   Results and Discussion

The study uses the returns of the share prices for the third month after the end of the fiscal year as the dependent variable so as to ensure that investors reaction to published financial statements are adequately captured, and also to ensure that the share prices adequately reflect the accounting information published by the sampled banks. Table 1 shows the descriptive statistics of the dependent and independent variables for the Ohlson model. The average market price is 7.82, which is impressive as it signifies that Nigerian banks have strong share price in the capital market. The BVPS is also indicating a strong average price at 9.16, signifying that the banks are trading their shares at an average rate to their equity, while the average EPS is having 0.54, which is signifying a low average in terms of returns attributable to each share. However, there is no much difference of the means and standard deviation for all variables, which means that the data are not skewed, implying that inferences will not be misleading.

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Table 1: Descriptive Statistics of Dependent and Independent Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
P	60	7.825167	7.255047	.5	27.96
IFRS	60	.5	.5042195	0	1
EPS	60	.5416667	3.22424	-21	6.87
BVPS	60	9.1655	9.900026	.07	49.86
SIZE	60	27.12783	1.147191	23.07	28.69

Source: Stata Output Version 12.00

Table 2 shows the correlation between the dependent and independent variables. The table shows that none of the explanatory variables are highly correlated. As shown in the table, IFRS has a negative association with price (-0.07). Similarly, EPS has a positive association with price (0.30) indicating that as EPS of the banks increases, their market share prices also increases. In addition, BVPS has a positive correlation with share price (0.31) showing that as BVPS of the banks increases, share price also increases. Finally SIZE has a positive correlation of 0.49 indicating that as the size of the banks increase, their share price also increases.

Table 2: Correlation Matrix of the Variables

	P	IFRS	EPS	BVPS	SIZE
P	1.0000				
IFRS	-0.0720	1.0000			
EPS	0.2962	0.2199	1.0000		
BVPS	0.3071	0.0197	0.0552	1.0000	
SIZE	0.4918	0.0236	0.2686	0.3072	1.0000

Source: Stata Output Version 12.00

The regression estimates presented in Table 3 indicate how each of the explanatory variables explains share prices. Findings show that IFRS adoption is insignificant in explaining share prices. Similarly, BVPS has a positive but insignificant impact on share price. Regression estimates indicates that EPS is positively and significantly related to share prices. This implies that an increase in EPS leads to increase in share prices. Findings also indicate that firm size has a positive and significant impact on share price. This implies that as the size of the banks increase, share prices also increases. Results reveal overall fit of the model with R^2 of 0.32. This indicates that 32% of change in price is jointly explained by changes in IFRS, EPS, BVPS and SIZE. In addition, after adjusting for error term, the adjusted R^2 of 0.27 implies that 27% of the change in price is explained by changes in IFRS, EPS, BVPS and SIZE, while the remaining 73% can be explained by other variables outside the model that explain the variations in the market share prices. Similarly, the F value of 0.0003 indicates that the model is statistically fit at 5% level of significance.

Table 3: Regression Results

P	Coef.	Std. Err.	t	P>|t|
IFRS	-1.888	1.647	-1.15	0.256
EPS	.4778	.2673	1.79	0.079*
BVPS	.1323	.0859	1.54	0.129
SIZE	2.418	.7693	3.14	0.003***
cons	-58.302	20.669	-2.82	0.007

$F_{(4,55)} = 6.35$; Prob > F = 0.0003; R-squared=0.3159; Adj R-squared= 0.2661

Note: *significant at p<0.10; **significant at p<0.05; ***significant at p<0.01.

Source: Stata Output Version 12.00

5. Conclusions and Recommendations

The finding of the study reveals that there is no significant improvement in the value relevance of accounting information after IFRS adoption, as the value relevance of accounting numbers of the banks have not significantly increased after IFRS adoption. This finding is in line with that of previous studies (Alfaraih 2009; Clarkson, Hanna, Richardson & Thompson, 2009) and can complement researches examining other aspects of accounting quality. Based on the results of the study, the paper recommends that banks should ensure strict compliance with the provisions of IFRS so as to enhance the value relevance of accounting information disclosed in published financial statements, which will go a long way in enhancing the overall financial reporting quality of the financial statements since the study has indicated that IFRS impacts negatively on share price. Secondly, investors should be made to understand the importance of IFRS and should have some idea on its relevance as the adoption has the potential of achieving remarkable success in increasing comparability worldwide and financial reporting quality. However, the results of the study imply that apart from

IFRS there are also other institutional structures/factors that may affect value relevance of accounting information, this finding can also be related to the fact that the post IFRS period is relatively short, hence, further research may reveal an improvement in the value relevance of accounting information when more post IFRS data are available.

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