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Value Relevance of Accounting Information in Consumer Goods Companies in Nigeria: A pre- and post- IFRS periods Appraisal

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Abstract

The International Financial Reporting Standards (IFRS) had been adjudged to be superior to local standards in providing more accurate information to users. Based on this, the study examined the potential relative and incremental effect which IFRS had on the value-relevance of financial information (earnings per share (EPS), book value per share (BVPS), and share price (SP)) of selected consumer goods firms listed on the Nigeria Stock Exchange. Secondary data were sourced from daily price list of the Nigeria Stock Exchange and audited annual report of the 5 sampled companies for a 6-year period divided into 2009-2011(pre-IFRS) and 2012-2014 (post-IFRS) periods. Using panel least square regression model with the aid of E-view 8, the study found that only BVPS is slightly value relevant in the post-IFRS period of the selected manufacturing companies. Incrementally, the study found that relevance of EPS in the pre-IFRS period improved marginally in the post-IFRS period. These outcomes suggest that the BVPS of consumer goods companies has become more informative to users of the information in determining share price of firms following IFRS adoption than under the previous Nigerian statement of accounting standards. It is recommended that compliance with IFRS requirements improves accounting information and that financial statement figures of these companies could be relied upon in making investment decision.

Key Words: IFRS, Value, Disclosure, Improvement, Relevance

1. Introduction

The wake of Enron debacle and other notable corporate misadventures aggravated the extent to which public confidence plummeted in the corporate disclosure practices of listed companies, the world over. From the United State to Europe and Asia the list include Tyco, Worldcom, Waste Management and Global Crossing. In Nigeria, such corporate missteps include such companies as Cadbury Nigeria Plc., African petroleum, and some banks which went under over mismanagement and issues of design accounting practices. This scenario has created doubts in the minds of both the current and would be investors as to the reliability of accounting numbers. According to Du Plessis, McConvill and Bagaric (2005), a fundamental tension in the corporate governance debate is balancing the profit-making objective of corporations and company officers against broader social responsibilities owed to the wider community.

The quest to reinstate the lost public confidence in the corporate reporting practices, among others, led to the development of a unified accounting standard called the International Financial Reporting Standards (IFRS). The journey towards a unified accounting standards on a global scale commenced fully in 80s and the move was fuelled by stakeholders in developed economies and in 2001, the International Accounting Standards Board (IASB) was established to realise this objective (Sani &

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Umar, 2014). The International Financial Reporting Standards (IFRS) seeks to promote transparency in the disclosure made by corporate entities and hence, enhance comparability of financial statement. Hitherto, each country relied on its statutorily constituted accounting standard setting body to develop sets of accounting standards; the provisions of which were keenly observed in the preparation and presentation of financial reports of public companies. Expectedly, different reporting jurisdiction exhibited diverse financial reporting orientations; a development that widened the comparability gap among countries and limited cross-boarder flow of investment funds. In Nigeria, for example, the defunct Nigeria Accounting Standards Board (NASB) (replaced by the Financial Reporting Council of Nigeria (FRC)) was responsible for issuing the Statement of Accounting Standards (SASs). Although the SASs are similar, in a number of ways to IFRS, There are areas of divergence which can offer serious implications for business-wide operations (KPMG, 2010). Nigeria embraced IFRS in three phases. In the first phase, all publicly listed entities and significant public interest entities, from January 1, 2012 mandatorily switched to IFRS. Statutorily, the remaining public entities adopted IFRS since January 1, 2013 in the second phase while small and medium enterprises transited to IFRS, in the third phase, from January 1, 2014. Imperatively therefore, all entities in Nigeria whose operations are quoted on the floor of the Nigeria Stock Exchange must by now have fully complied with the provisions of IFRS. Relevance or otherwise of the celebrated shift to IFRS has been keenly debated and researchers have argued both in favour and against the conversion exercise. According to Obazee (2012), the shift to IFRS transcends mere accounting exercise and portrays an effect outside the finance function in such areas as investor relations, human resources and information technology. Although, study by Okafor and Ogiedu (2011) revealed that IFRSs come with the potential for yielding greater benefits than the Nigerian generally accepted accounting principles (NGAAP); improve corporate performance management and impact on other organisational activities apart from financial reporting. Osisioma (2014) cautioned that the IFRS era holds out much promise; but there are still a whole lot of issues that demand close and informed attention.

Compliance with established reporting framework is necessary to enlist stakeholders' confidence in the corporate reporting. Expectedly, market participants would scout for information that would assist their investment motive. Therefore, a major assumption is that information structure and other market-based factors would systematically stimulate investment decisions as well as market outcomes (Ambrose & Vincent, 2014). The robustness and effectiveness of IFRS adoption would potentially be visible where financial statements prepared under this reporting regime present a rather rosier propensity at reducing information asymmetry and ensure quality accounting information (see Ball, 2001; Frankel & Li, 2004; Palea, 2013; Yahaya, Fagbemi & Oyeniyi, 2015; Pascan, 2015). Globally, empirical evidence on how IFRS could placate the heightened public concern about corporate reporting through improved accounting information does not appear to enjoy consensus of accounting researchers (Jeanjean & Stolowy, 2008; Sun, Cahan, & Emanuel, 2011; Ahmed, Neel, & Wang, 2013). While some have found evidence of improved accounting quality indicators after IFRS adoption (Chen, Tang, Jiang & Lin, 2010; Yurt & Ergun, 2015), it may appear difficult for some studies to attribute changes in accounting quality mainly to IFRS (Duarte, Saur-Amaral & Azevedo, 2015). Non-compliance with the provisions of IFRS will lead to distortion of financial information, misallocation of investment funds, deepen the lost confidence of the general public and will alienate Nigerian companies from international capital market. This would have negative effects on the growth and development of the Nigerian economy.

Previous empirical studies in Nigeria have evaluated compliance with statement of accounting standard (Yahaya, 2011) and potential and post mortem influence of IFRS on the banking sector (Okafor & Ogiedu, 2011; Umoren & Enang, 2015; Yahaya, Fagbemi & Oyeniyi, 2015). This study is primarily motivated in two ways. First, previous researchers have focused attention on financial services sector, mostly banks. Second is the dearth of literature that has attempted to compare the value relevance of financial information of manufacturing companies in the pre and post IFRS regimes in Nigeria. The present study, therefore, seeks to examine whether or not value relevance of EPS and BVPS to SP has improved from pre- to post-IFRS period in the sampled firms.

2. Literature Review

The global move to enhancing stakeholders' confidence in corporate disclosure, improving credibility and quality of financial report and ensuring communication of financial information in one accounting language through the IFRS has been applauded, prima facie, by investors, regulators, governments, practitioners and researchers alike. This is evident in the massive rush by countries of the world to the adoption of or convergence with IFRS. Ojo (2012) stated that whilst the impact of globalisation and harmonization is currently being felt throughout the world, and the need to embrace the IFRSs is becoming increasingly evident, certain jurisdictions have been much quicker in their embrace, adoption and adaptation of IFRSs, than others. Although Nigeria, like other nations of the world, adopted IFRS as a reporting framework in 2012 (see Nigeria GAAP to IFRS road map), many other countries have adopted IFRS since 2005 (PWC, 2011). Presently, there are over 150 countries world-wide, including the G20 nations, which have either converged with or adopt IFRS as a framework for the preparation and presentation of financial statements. Among the reasons for Nigeria to change to IFRS framework has been articulated by Yusuf and Nor (2015) when they stated that the change was motivated by the perceived weaknesses of Nigerian GAAP and low disclosure requirements. This effort is with a view to equipping investors and decision-makers with credible financial reporting that they considered a requisite for their information needs (Okpala, 2012).

Financial information provides veritable avenue for sound decision making by the stakeholders within the economy and the extent of credibility of financial statements is inextricably linked to the accounting standards on which they are prepared. By comparison, IFRS is ranked as a high quality accounting standard over most local reporting frameworks; and arguably, this would enhance the comparability attribute of financial statements by investors (Odia & Ogiedu, 2013). Wang and Welker (2010) asserted that the switch to IFRS from local standards precipitates some changes in the way financial information is presented in the company's financial position and performance; which may cause investors to revalue the equity of the firm. Consequently, accounting regulators worldwide had been assiduously strived to meet up with this requirement through issuance of high-quality financial reporting framework and had been encouraging every reporting jurisdiction to adopt such a unified financial reporting framework.

However, whether this ingenious exercise has had the desired impact on the corporate reporting environment and corporate disclosure practices of Nigerian companies still remain contentious. According to Jensen (2001), increase in shareholders' wealth is a useful yardstick firms could use to gauge 'better' as against 'worse' performance. Expectedly therefore, the mandatory shift to IFRS in any reporting jurisdiction is expected to yield increase in shareholders' wealth either in the long-term or short-term period (Abdul-Baki, Uthman & Sanni, 2014).On one hand, Cascino and Gassen (2010) suggest that a mere switch to and/or adoption of a common set of accounting standard does not necessarily bring about the projected enhancement in earnings comparability and enhance information quality. This position is enunciated by Ball (2001) that higher accounting standard is not sufficient to improve the quality of accounting information and reduce the cost of capital unless country's enforcement mechanism work effectively or firms have incentive to voluntarily communicate high quality information to the capital market. This submission follows the call for voluntary rather than mandatory disclosure of quality financial information.

Abdul-Baki, et al. (2014) concluded that the financial information disclosure in IFRS-based financial statements does not necessarily signifies higher performance evaluation, through ratios, of the case firm. Rather, such disclosure could have been motivated by the capital needs theory or signaling theory. They arrived at this conclusion having compared some financial ratios calculated using financial statements prepared under Nigerian GAAP and IFRS. Other researchers have found that earnings reported in the annual reports of commercial banks in Nigeria have become more informative to equity investors in determining the value of banks following IFRS adoption (Umoren, & Enang, 2015). This, they concluded having found that the equity value and earnings of banks are relatively value relevant to share prices under IFRS than under the NGAAP and that EPS is incrementally value relevant during post-IFRS period while BVPS is incrementally less value relevant during the post-IFRS period.

The Nigerian manufacturing sector too offers potentials for economic prosperity of the nation. Reviewing the manufacturing sector in October 2014, the National Bureau of Statistics stated that the manufacturing sector has shown strong growth in recent years despite its numerous challenges which include inadequate electricity supply. The report shows that growth was highest in 2013, at N1,644,500.79 million or 29.42%, so that the contribution of the Manufacturing sector reached N7,233,322.48 million or 9.03% of real GDP, a value that had not been recorded in decades. Muhibudeen (2014) examined the influence of IFRS on the value relevance of accounting information in quoted cement firms in Nigeria and found that the earnings per share, book value of equity and share prices of cement companies have significantly improved following IFRS adoption. This is because the book value of equity per share and earnings per share reported under IFRS explains more about share prices as compared to the amounts being reported under Nigerian SAS.

Previous Value Relevance Research Evidence

Value relevance of accounting information contained in the annual reports of companies in different jurisdictions has gained considerable attention from researchers in both developed and developing economies. Value relevance has been defined to mean the ability of accounting information to capture and summarize share price of firm listed on the stock market. In Sri Lanka, Tharmila and Nimalathasan (2013) examined the effect of earning per share (EPS) and net asset value per share (NAVPS) on share price (described as market vulnerability). Their study considered twelve manufacturing companies over a five-year period. Using regression and correlation statistics, they found that EPS and NAVPS significantly impact and correlated with share price. In addition, Vijitha and Nimalathasan (2014) extended both the sample size and years of observation to 20 and 100 respectively; and added return on equity (ROE) and price earnings ratio (P/E) to the regression model in Tharmila and Nimalathasan (2013) in respect of listed manufacturing companies in Sri Lanka. Their study revealed these accounting information have significant impact on share prices. However, these two studies are limited in that ordinary least square (OLS) model cannot be sufficiently applied on panel data.

In Nigeria, Oyerinde (2011) evaluated the relationship between accounting information and share price. Using ordinary least square (OLS) regression model, fixed effects model (FEM), random effects model (REM) and independent-samples t-test, he discovered existence of a significant relationship between accounting information and share prices of companies listed on the Nigeria Stock Exchange (NSE). Further, he reported that dividends are the most widely used financial information for investment decisions in Nigeria, followed by earnings and net book value. The accounting information of manufacturing companies is more informative in the NSE. The study also finds that a significant negative relationship exists between negative earnings and share prices of companies listed on the NSE. Adaramola and Oyerinde (2014a) examined the impact of earnings, book values, dividends and cashflow from operations on share price. Applying OLS on 66 financial and non-financial companies listed on the NSE, they found that accounting information of listed companies is value relevant and influences the value of securities in the capital market. Okuns and Peter (2015) used pooled and panel data in the regression of share price and returns on accounting numbers (with variants of FEM and REM). It was found that earnings, cash flows and dividends were statistically associated with firm value but book value was related but not significant. Oshodin and Mgbame (2014) compared value relevance of financial information in the Nigerian banking and petroleum sectors. Using OLS regression model, their study supports the assertion that investors considered mostly the EPS when deciding the share price and that financial information in the oil and gas is more value relevant compare to the banking sector. Adaramola and Oyerinde (2014b) further applied Generalized Least Square (GLS) on panel data obtained from some listed companies in Nigeria and found that information on earnings, dividend, book value of equity and cash flows can be used to predict share prices of quoted firms. This implies that financial information serves as a guide to investors' investment decisions in Nigeria. Accordingly, studies on value relevance of financial information in Nigeria and other parts of the world have shown that financial information such as EPS, dividends, NAVPS (BVPS), cash flows from operation, P/E, ROE and asset turnover ratio (ATR) could be used to predict share price of quoted firms in different jurisdictions.

These studies are limited in one way or the other. Firstly, majority of these erstwhile studies have focused on the financial services sector while few had considered non-financial sectors. Secondly, these studies have not discussed the value relevance within the context of the IFRS. In this regard, Umoren and Enang (2015) and Muhibudeen (2015) compared the relevance of financial information in the pre- and post-IFRS periods in the banking sector and cement firms respectively. The present study, attempt to compare value relevance of financial information in five manufacturing companies in listed on NSE in the pre- and post-IFRS periods.

3. Theoretical Framework and Conceptual Model

Efficient market hypothesis theory (EMHT) provided the theoretical basis upon which this research is evaluated. The theory is concerned with the informational efficiency of the capital market. The EMHT could be used to explain the basic categorisation of information in the stock market in relation to their responsiveness to share prices (Uthman & Abdul-Baki, 2014). Capital market is labelled strong if it reflects all available information in the share price; semi-strong if all publicly available information is represented in the stock price and weak, if only historical information is incorporated in the stock prices. Financial information thrives much in the semi-strong form since it is the fundamental source of public information conveyed through the issuance of financial report (Hadi, 2006). Although, Cunningham (2005) pessimistically asserted that any effort at improving both accounting theory and practice is meaningless because the historical accounting information is rapidly impounded into share price. This criticism rather augmented the proposition that accounting information is majorly considered in predicting share prices. Hence, as share price mirrors accounting information, investors are likely to be prompted into deciding whether to buy, sell or withhold their existing investment depending on whether the changes in the share price, on the account of the information, is favourable or not (Thaler, 2001). Moreover, accounting systems often influence decisions in unexpected ways and people are more likely to react to perceived changes than to absolute levels (Thaler, 1985). Besides, several empirical studies have confirmed that EPS, dividends, BVPS, cash flow from operation, earnings yield, and return on equity have influence on share price (Oyerinde, 2011; Adaramola & Oyerinde, 2014; Okuns & Peter, 2015; Shafi, 2014) and that accounting information conveys news to the market (Ball & Brown, 1968; Beaver, 1968, Bamber, Christensen & Gaver, 2000). While Merilkas, Merilkas & Prasad (2003) identified fluctuation in the price index, recent price movement in a company's stock and current economic indicators as factors capable of influencing investors in the capital market, Ambrose and Vincent (2014) included accounting information in the list of five factors investigated as affecting investment decision of investors. This theory therefore informed the thinking that, first, EPS and BVPS could offer some explanations for the variation in the price of equity of bank and manufacturing sectors in Nigeria. And second, that the explanatory power of these accounting figures would become better where the underlying information is prepared in compliance with the IFRS provisions. Thus, it is hypothesized that:

Value relevance of EPS and BVPS to SP has not improved from pre- to post- IFRS period in the sampled firms.

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The following model showing the relationship between share price, earnings per share and book value of equity was developed to guide the study.

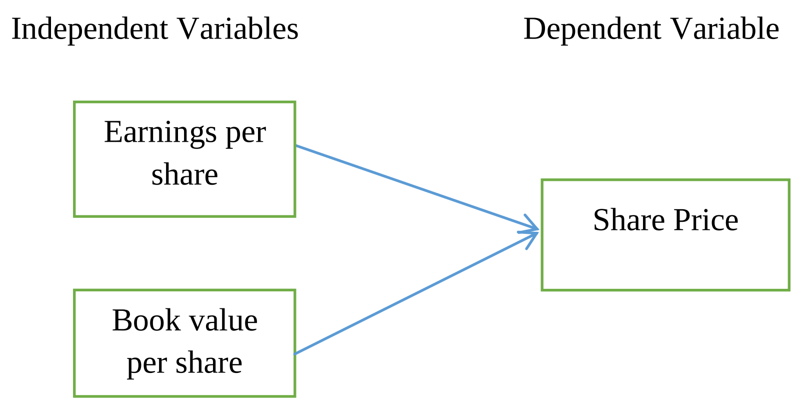

Fig.1: Relationship between Share Price, Earnings per Share and Book Value per Share
Source: Authors, 2017.

Fig.1 depicts the perceived relationships among the variables of the study and it is upon the model that the study's hypothesis was developed. The model shows how individually and jointly earnings per share and book value of equity could impact on the market price of equity of companies as reported in the literature.

4. Research Methods

This study employed ex-post facto research design through content analysis of financial disclosures in the annual reports of listed companies in Nigeria. Five (5) Manufacturing companies whose equities or debt instruments are traded on the Nigerian Stock Exchange and whose reporting affairs have been shifted to IFRS platform in the first phase of the Nigeria IFRS adoption schedule were selected for consideration.

Simple random sampling procedure (specifically the lottery method) was employed whereby all elements of the population (as listed in the sampling frame) were written on small piece of paper and carefully folded. An independent person was asked to pick five companies from each of the sub-category. The resulting selected companies were used in the study.

Secondary data were obtained from the audited financial statements of the selected companies covering a period of 6 years divided into two periods: pre-IFRS (2009-2011) and post-IFRS (2012-2014) periods. The data were considered valid and reliable on the basis that the annual reports from which these figures were sourced had been duly audited and certified by independent auditors of the various companies (Ajape, Agbaje & Uthman, 2016). These data included financial figures such as the share price (SP), book value of equity per share (BVPS) and earnings per share (EPS). The resulted change in the statistics relating to BVPS, EPS and SP was compared for pre and post-IFRS periods. Share price data were sourced from the daily official share price list of the Nigerian Stock Exchange.

Variables and Model Specification

Both the dependent variable (DV) and independent variable (IV) in this study are represented as stated below.

Dependent Variable: Share price

Independent variables: Accounting Information represented by EPS and BVPS

The relationship between DV and IV was evaluated before and after IFRS adoption as explained in the model below.

Mathematically, the relationship between the dependent variable (SP) and the two independent variables (EPS and BVPS) are specified thus:

$$SP_{i,j} = \alpha_0 + \alpha_1 EPS_{i,j} + \epsilon_{i,j} \quad (1)$$

$$SP_{i,j} = \alpha_0 + \alpha_{11} BVPS_{i,j} + \epsilon_{i,j} \quad (2)$$

$$SP_{i,j} = \alpha_0 + \alpha_{12} EPS_{i,j} + \alpha_2 BVPS_{i,j} + \epsilon_{i,j} \quad (3)$$

$$SP_{i,j} = \alpha_0 + \alpha_{13} EPS_{i,j} + \alpha_{21} BVPS_{i,j} + \alpha_3 P + \alpha_4 P \times EPS_{i,j} + \alpha_5 P \times BVPS_{i,j} + \epsilon_{i,j} \quad (4)$$

Where; i,j is for manufacturing company i in year j;

$SP_{i,j}$ is the share price at fiscal year-end, for manufacturing company i in year j;

$BVPS_{i,j}$ is book value per share, for manufacturing company i in year j;

$EPS_{i,j}$ is earnings per share, for manufacturing company i in year j.

P is a dummy variable set equal to 1 for the post-IFRS period and 0 otherwise

$\alpha_4 P \times EPS$ (P1) is the interaction variable between P and EPS

$\alpha_5 P \times BVPS$ (P2) is the interaction variable between P and BVPS

Models 1-3 were used to determine the relative value relevance (RVR) of EPS & BVPS while model 4 is used to evaluate the incremental value relevance (IVR) of EPS & BVPS due to IFRS as contained in Umoren & Enang (2015).

Data Analysis and Results Presentation

This aspect of the paper is devoted to analysis of the data and discussion of the outcome of the study.

Table 1: Descriptive Statistics of the Variables

Pre-IFRS Period				
	Minimum Value	Maximum Value	Mean Value	Std. Deviation
SP	2.31	129.64	48.9713	41.60047

EPS	1.08	95	12.7467	24.39928
BVPS	1.6	284.22	28.996	71.04892
Post-IFRS Period				
	Minimum Value	Maximum Value	Mean Value	Std. Deviation
SP	2.09	218.99	75.936	65.92543
EPS	0.64	42.26	12.062	13.49149
BVPS	1.98	62.81	22.7793	19.37391

Source: Data Analysis, 2017.

Table 1 reveals that BVPS ranges between N1.60 to N284.22 and N1.98 to N62.81 with a decrease mean value (N6.22) from the pre- to post-IFRS periods. For both EPS and BVPS, standard deviation values are higher in the pre-IFRS period. In the pre-IFRS period, share price ranges from N2.31 to 129.64. Whereas, for post IFRS period, share price were between N2.09 and N218.99. Therefore, mean values for EPS and BVPS reduced slightly from pre- to post-IFRS periods (contrary to Muhibudeen, 2015). Also, share price showed significant increase of N89.35 (using maximum value only) from pre- to post-IFRS period. This would suggests that investors favourably react (among other things) to the compulsory shift from NGAAP to IFRS.

Regression Models

Table 2: Relative Value Relevance of Accounting Information

Regression Coefficients				
Pre-IFRS				
Models	**EPS**	**BVPS**	**Adjusted R^2**	**F-Value**
1a	-1.258723	0.74582**	0.354059	4.836911**
2a	0.728801		0.119848	2.906338
3a		0.350227**	0.308381	7.242347**
Post-IFRS				
Models	**EPS**	**BVPS**	**Adjusted R^2**	**F-Value**
1b	-0.838578	1.611078***	0.202939	2.782268
2b	-1.738235		0.059352	1.883353
3b		1.838163**	0.237331	5.356595**

Source: Data Analysis, 2017.

Table 2 clearly presents the relative value relevance of EPS and BVPS in the selected manufacturing companies. Models 1a and 1b revealed 15% decrease in the adjusted R^2 value between pre- and post IFRS periods while there is a minor improvement in the BVPS and EPS coefficients. Only coefficient of BVPS is significant in both pre- and post-IFRS periods and only pre-IFRS period 1a is significant. An important implication of this is that both EPS and BVPS show more prospects in determining share price value in the pre-IFRS period than in the post-IFRS period for the selected manufacturing companies.

Separately, models 1b, 2b, 3a and 3b depicted regression results for the two independent variables. The Adjusted R^2 for both the EPS and BVPS dropped by 6% each in the post-IFRS period. Coefficient of BVPS improved slightly in the post IFRS period while coefficient of EPS is negatively insignificant in the post-IFRS period. Also, while models 3a and 3b are significant, models 2a and 2b are not significant. This could be conveniently interpreted to mean that the explanatory power of EPS and BVPS is lower in the post-IFRS era. Further, it would also mean that market participants would perceive BVPS as more informative than they would perceive EPS.

Table 3: Incremental Value Relevance

	Regression Coefficients						
Model	**EPS**	**BVPS**	**P**	**P1**	**P2**	**Adjusted R^2**	**F-Value**
4	-1.26	0.746	5.96	0.42	0.865	0.266	3.103**

Source: Data Analysis, 2017.

Model 4 revealed adjusted R^2 of 27%; negative coefficient of -1.26 for EPS and positive coefficient of 0.746 for BVPS. The interactive variables P1 and P2 are 0.42 and 0.865 respectively. While none of the variables' coefficients is significant, the overall model 4 is significant at 5% with F-value of 3.103. These results suggest that the relevance of EPS in the pre-IFRS period improved marginally in the post-IFRS period (P1 = 0.42) while BVPS improved slightly in the post-IFRS period. This outcome is consistent with the outcomes reported in Tables 1 and 2 and support the discussion of the descriptive statistics.

Table 4: Fixed Effect and Random Effect Models

FEM and REM for Manufacturing Companies				
Estimator	Fixed Effect Model		Random Effect Model	
Variables	Coefficient	t-value	Coefficient	t-value
Constant	64.54747	9.38424	62.61508	7.91124
EPS	-0.316676	-0.3753	-1.371139	-2.8155
BVPS	0.070858	0.23953	0.65076	3.63804
R-squared	0.7984		0.184145	
F-statistics	15.18126(0.0000)		3.047056(0.064088)	
Hausman Test	Chi-square = 3.723860(0.0000)			

Source: Data Analysis, 2017

In Table 4, the results of panel data regression using FEM and REM are presented. BVPS has larger coefficient than the EPS. While BVPS is positively (but insignificantly) related to share price, EPS maintained a negative and insignificant relationship with share price. The adjusted R^2 is approximately 80% indicating that both EPS and BVPS account for 80% of the variation in the market price of equity of the selected companies. Conversely, the R^2 results of REM is 18% indicating that the explanatory variables account only for 18% of variation in the share price. The Hausman test has chi-square value of 3.723860 which is significant and implies that FEM is preferred to REM.

Overall, the comparative results indicate that the book value of equity is more sensitive to share price in than the EPS. Prior empirical studies (e.g. Kousenidis, Ladas & Negakis, 2010; Ahmed, Neel & Wang, 2013; Yurt & Ergun, 2015), having partitioned their study period to pre- and post- IFRS periods, have conceived changes in the reported accounting numbers (among other things) as effect of IFRS. Consistent with previous studies, outcomes of this study simply imply that the book value of equity of manufacturing companies have become more instructive to equity investors in valuing firms following IFRS adoption than under the defunct Nigerian statement of accounting standards. As a consequence of this, the main hypothesis of the study is rejected; implying that the value relevance of the stated accounting information has improved from pre- to post-IFRS periods.

5. Conclusions and Recommendations

Given the acclaimed potential of IFRS to enhance the information environment of capital market stakeholders, this study assessed how value relevant certain accounting information is following IFRS adoption in the manufacturing sector in Nigeria. Based on the analysis, the study established that only BVPS is individually value relevant in the post-IFRS period of manufacturing companies. Incrementally, the results suggest marginal improvement of the EPS and slight improvement of BVPS of manufacturing sector. Thus, the BVPS of manufacturing sector is relatively more value relevant to SP than EPS. The study therefore, recommends enforcement of strict compliance with IFRS requirements in preparing financial statements of manufacturing companies as such would enhance information value of accounting figures. Also, BVPS could explain changes in the market price of equity of the sampled companies.

This study is however limited as its sample is limited only to five (5) consumer goods companies, hence generalisation may not extend beyond the sampled firms.

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Appendix

Table 5: List of Sampled Companies

S/N	Company Name
1	Dangote Cement
2	Larfarge Wapco
3	Flourmills of Nigeria
4	Unilever Nigeria Plc.
5	Honeywell Nigeria Limited

Source: Compiled by the Authors, 2017