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International Financial Reporting Standards and Value Relevance of Accounting Information: A Mult-Institutional Perspectives from Nigeria Quoted Firms

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Abstract

This study examined the effect of International Financial Reporting Standards on value relevance of accounting information of quoted firms in Nigeria. The objective is to examine if International Financial Reporting Standards affect value relevance of accounting information. The study focus on the commercial banks, manufacturing firms, insurance, government agencies and the oil and gas firms, questionnaires were structured and administered to accountants and finance managers. The data analyses adopted was the simple percentages and correlation coefficient. The results found a coefficient of 85.1 %, R^2 and adjusted R^2 of 60.3% and 51.4 %. We conclude that there is significant relationship between International Financial Reporting Standard and value relevance of accounting information of quoted firms in Nigeria. We therefore recommend full compliance to the International Financial Reporting Standard, audit firms should adopt fully the International Financial Reporting Standard and Nigerian accounting bodies such as Institute of Chartered Accountants of Nigeria and Association of National Accountants of Nigeria should endeavor to encourage the auditing firms on the relevance of adopting International Financial Reporting Standard.

Keywords: International Financial Reporting Standards, Value Relevance of Accounting Information, Quoted Firms.

1. Introduction

Accounting has been identified, acknowledged and defined as the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof. Accounting information helps users to make better financial decisions. Users of financial information are both internal and external to the organization. The internal users are Management, for analyzing the organization's performance and position and taking appropriate measures to improve the company results, employees for assessing company's profitability and its consequence on their future remuneration and job security, owners for analyzing the viability and profitability of their investment and determining any future course of action (Abdulkadir, 2012) . It is presented to internal users usually in the form of management accounts, budgets, forecasts and financial statement while the external users of accounting information include the creditors for determining the credit worthiness of the organization, tax authorities for determining the credibility of the tax returns filed on behalf of the company, investors for analyzing the feasibility of investing in the company. Value relevance is one of the basic attributes of accounting quality (Francis et al. 2004). High quality accounting information is a pre-requisite for well functioning capital markets and economy as a whole and as such should be of importance to investors, companies and accounting standard setters. Value relevance is being defined as the ability of information disclosed by financial statements to capture and summarize firm value. Value relevance can be measured through the statistical relations between information presented by financial statements and stock market values or return.

Financial reporting is a mandatory duty of every public limited company or listed firm. The primary function of accounting is the provision of information necessary for evaluation of past business decision, which consists of current operating profit and realizable cost saving (Edward & Bell, 1961). Financial statements provide information about an entity's, assets, liabilities, equity, income and expenses, including gains and losses, contributions by and distributions to owners in their capacity as owners; and cash flows. This information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

International Financial Reporting Standards (IFRS) are designed as a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. They are a consequence of growing international shareholding and trade and are particularly important for companies that have dealings in several countries. They are progressively replacing the many different national accounting standards (Iyoha, 2013). They are the rules to be followed by accountants to maintain books of accounts which are comparable, understandable, reliable and relevant as per the users internal or external. Financial statements are a structured representation of the financial positions and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it.

For the past decade, members of the accounting profession have been anticipating the adoption of the IFRS (Securities and Exchange Commission, 2010 as cited in Winney, Marshall, Bender, Swiger, 2010) and this anticipation has prompted a lot of academic research on the subject of adoption of IFRS by different countries of the world Nigeria is not exempted. IFRS began as an attempt to harmonize accounting across the European Union but the value of harmonization quickly made the concept attractive around the world (Musa and Shehu, 2014). However, it has been debated whether or not de facto harmonization has occurred. Standards that were issued by IASC (the predecessor of IASB) are still within use today and go by the name International Accounting Standards (IAS), while standards issued by IASB are called IFRS.

One of the features of today's financial reporting is the wide adoption of International Accounting Standard such as the International Financial Reporting Standard. This is due to the globalization of the world economy, internationalization trade, cross border financial transactions and instruments which unavoidable involves the preparation and presentation of accounting report that is useful across various national borders. The International Financial Reporting Standard (IFRS) are standards, interpretations and the framework adopted by International Accounting Stand board (Pius et al, 2014). However, since the corporate scandal that led to the collapse of Enron stakeholders and shareholders are more proactive and watchful in the management activities concerning corporate firms. In the past three decades, corporate collapse has been one of the challenges facing Nigerian firms; some of these are traced to non-compliance to accounting standard, poor corporate governance, insider dealings and agency cost. Financial statements of the firms do not really show the true picture of the firms for end users such as investors and creditors (Ahmed, 2011).

Again, there are two schools of thought on the adoption of the international financial reporting standard. Some believed that the accounting standard will enhance transparency and attract foreign investors to the domestic market (Azobu, 2010), (Efobi et al., 2014), other believe that the International Accounting Standard is difficult for the developing countries such as Nigeria due to different operating environment and economic statue (Kenneth, 2012). From the above, this study intends to examine International Financial Reporting Standard and value relevance of accounting information of Nigeria firms.

2. Literature Review

2.1 International Financial Reporting Standards

International Financial Reporting Standards are set of guidelines and rules set by the International Accounting Standard Board (IASB) that companies and organizations can follow when compiling financial statements (Psaroulis, 2011). Since financial information is a medium of communicating financial transactions, it became imperative that different countries accounting standards be harmonized to form a single set of accounting standard, to improve the rate at which investment and credit decisions are taken and aid international comparability of companies' performance both within and outside the reporting countries (Herbert, Tsegba, Ohanele & Anyahara, 2013).

International Accounting Standard (IAS) was developed as a uniform global accounting standard which helps in reducing discrepancies in international accounting principles and reporting standards. For over two decades IAS has been in charge of harmonization of accounting practices because Initial efforts focused on harmonization which entailed reducing differences among the accounting principles used in major capital markets around the world. By the 1990s, the notion of harmonization was replaced by the concept of convergence; the development of a single set of high quality International Accounting Standards (Zayyad, 2014). In 2001, the IASC was taken over by International Accounting Standard Board (IASB) with an objective to develop global standards and related interpretations that are now collectively known as IFRS. The board adopted the existing IAS and referred to them as IFRS including the new standards. This reorganization became very necessary since accounting is the language of business, then business enterprises cannot continue to speak in different languages to each other while exchanging financial numbers from their international business.

The International Financial Reporting Standards Interpretations Committee is the interpretative body of the IASB. The Interpretations Committee comprises 14 voting members appointed by the trustees and drawn from a variety of countries and professional backgrounds (Chen, Chen and Su, 2011). The mandate of the Interpretations Committee is to review on a timely basis widespread accounting issues that have arisen within the context of current IFRSs and to provide authoritative guidance (IFRICs) on those issues. In developing interpretations, the Interpretations Committee works closely with similar national committees and follows a transparent, thorough and open due process.

2.2 Adoption of International Financial Reporting Standards in Nigeria

Prior to IFRS adoption in 2012, Statements of Accounting Standards (SAS) were issued by the Nigerian Accounting Standards Board (NASB) (now, Financial Reporting Council of Nigeria, FRC). The defunct NASB was the Federal Government agency statutorily charged with the responsibility of developing and issuing SAS used in the preparation of financial statements in Nigeria. The SAS, which had many similarities with IASB standards, were governed by Nigeria's GAAP. The defunct NASB derived its powers from Section 335(1) of the Companies and Allied Matters Act (CAMA), 1990 until the enactment of the Nigerian Accounting Standards Board Act No. 22 of 2003. The Nigerian GAAP consisted of Companies and Allied Matters Act, as amended 2004;

SAS issued by the NASB, Other local legislations and industry-specific guidelines such as Banks and Other Financial Institutions Act (BOFIA), Prudential Guidelines issued by the Central Bank of Nigeria, Insurance Act, and SEC Rules (Iyoha, 2013). The application of these laws, rules and guidelines in accordance with international best practice was optional. From inception, the SAS were patterned after IAS except in structure. In 2007, the NASB started the process of closer harmonization with the release of SASs 25, 27, 28, 29, and 30. Altogether, the NASB issued 30 Statements of Accounting Standards (SAS) which mainly addressed financial reporting issues affecting all major sectors of the economy. However, the SAS were never reviewed or revised to match the pace with IASB pronouncements.

The NASB was renamed the Financial Reporting Council (FRC) through the enactment of the Financial Reporting Council of Nigeria Act No. 6, 2011. Thus, the FRC is now a unified independent regulatory body for accounting, auditing, actuarial, valuation and corporate governance practices in both public and private sectors of the Nigerian economy (Obazee, 2014). As the IFRS blaze spread rapidly across the globe, it became inevitable that the basic function of accounting standard setting was no longer tenable. National response came in the way of new legislations that would ensure the protection of the new global financial reporting architecture.

A serious constraint in corporate financial reporting against which IFRS is designed to militate is the perceived institutional weakness in corporate governance. The FRC was established to, inter alia; address the institutional weaknesses in regulatory, compliance and enforcement standards and the development of robust infrastructure for monitoring and enforcing compliance with the IFRS. The FRC Act is also meant to (a) reshape the national risk management system to enhance the alignment of government and private sector responsibilities, (b) forestall the worst outcomes of and/or sanction errant management of SPEs, and (c) economize on the bounded rationality attributes of board members in terms of increasing their competences and responsibilities.

2.3 International Financial Reporting Standard and Nigerian Accounting Standards

In line with developments in other countries and jurisdictions, Nigeria had signaled its willingness to adopt the IFRS in 2012. On 28 July 2010, the Nigerian Federal Executive Council (FEC) approved January 2012 as the effective date for the convergence of accounting standards in Nigeria (SAS or NGAAP) to International Financial Reporting Standards (IFRS). The FEC also directed the Nigerian Accounting Standards Board (NASB) to take further necessary actions to give effect to the decision. The Financial Reporting Committee (FRC) which was formally Nigerian Accounting Standards Board (NASB) first published in September 2010 a roadmap which outlined specific milestones that would lead to the adoption of IFRS.

- In the road map it was indicated that public listed firms and significant public interest companies would commence reporting in IFRS from 1st January 2012, other public interest companies in 2013 and small and medium sized companies in 2014.
- The report sought the amendment of relevant laws and regulations that had one provision or the other impacting on financial reporting in Nigeria to ensure uniformity and removal of conflicts and ambiguity. Specifically; Companies and Allied Matters Act (CAMA) 1990, Banks and Other Financial Institutions Act (BOFIA) 1991, Investments and Securities Act (ISA) 2007, etc.
- The report recommends the passage and signing into law of the Financial Reporting Council Bill as soon as possible since it has the capacity to bring all financial reporting regulations under one umbrella and thus ensure ease of compliance.
- The report recommends for an early countrywide intensive capacity building programme to facilitate and sustain the process of adoption and the establishment of IFRS Centre of Excellence as an institutional platform for capacity building.
- The Report recommends the establishment of the proposed Financial Reporting Council for Nigeria to

ensure proper enforcement of IFRS (Herbert 2010). This bill has since been signed into a law, and in 2011 the NASB transited into FRC.

2.4 Value Relevance

The concept of value relevance may be defined in a number of ways. Francis and Schipper (1999) discuss four different interpretations of value relevance. Consistent with their fourth interpretation, value relevance is the ability of financial information to capture or summarize information that determines firm value. Therefore value relevance is measured as the degree of statistical association between accounting information and market values or returns. Barth, Beaver and Landsman (2001) simply state that value relevance research examine the association between accounting amounts and equity market values. In a more thorough discussion of the construct, Francis and Shipper (1999) offer four interpretations of value relevance. Interpretation one is that financial statement information influences stock prices by capturing intrinsic share values toward which stock prices drift. Under interpretation two, Francis and Schipper (1999) state that financial information is value relevant if it contains the variables used in a valuation model or assists in predicting those variables, while interpretation three and four are based on value relevance as indicated by a statistical association between financial information and prices or returns. Value relevance research does not focus on how accounting information is used in valuation.

The value relevance of a particular accounting standard can also be evaluated, because stakeholders assume that accounting standard do affect the quantum and presentation of accounting numbers (Amir, Harris and Venuti, 1993; Ayers 1998; and Cheng, Liu and Schaeffer 1996). In context of a specific accounting standard, the higher the association between accounting number deriving from it and a measure of market value, the higher the value relevance of that standard. This is of interest to policy makers and standard setters, in assessing the effect of changes in accounting standard, under local conditions. The concept of value relevance refers to the strength of relationship between accounting variables and market value of equity of a firm. This is indicated by R-square from regression analysis and the earnings response coefficient of each accounting variable in the equation. The regression result can be used to measure another important concept of financial information, its timeliness. Timeliness means having information available to decision makers before it loses its capacity to influence decisions. The value relevance of financial information can also be affected by how timely that information is (Kothariand, 1992; Alford Jone, Leftwich and Zmijewiski, 1993; Colins et al 1997; Lev, 1999). The coefficient of regression of market value on accounting numbers also indicates the timeliness of that accounting number.

2.5 Theoretical Framework

2.5.1 Theory of Value Relevance

The first tests of value relevance were, of course, based on capital market theories prevalent at the time. For example, Ball and Brown assumed that the Efficient Market Hypothesis is maintained (Brown, 1989). This allowed them to calculate information value of accounting earnings (an approach which was not followed upon). They were probably aware of the Modigliani-Miller propositions, which explicitly connect firm value with its expected income (Modigliani & Miller, 1958). It is thus apparent that the return on a share of stock will be equal to the return on assets less interest expense. Notice however, that Modigliani-Miller propositions use expected return, not actual return. Return, which is reported in financial statements, influences stock return only indirectly through its impact on expected earnings. Market efficiency, the attribute of Modigliani-Miller's ideal world, is a significant concern in capital market studies. In emerging and transition economies market institutions are not well developed, which often entails market inefficiency. The question is, whether market efficiency is necessary for value relevance studies to produce reliable results. Aboody *et al.* (2002) argue that semi-strong market efficiency is necessary, if economic inferences are to be unbiased. However, in emerging country studies the goal is only to determine if accounting earnings are at all relevant. Even if a market is not efficient, investors and their decisions can be significantly affected by earnings information.

Efficient Market Hypothesis notwithstanding, testing value relevance requires a market where investors are free in making their decisions and where investors' decisions affect prices. Otherwise, even if accounting numbers are of highest quality, they will not have an impact on stock returns. In other words, stock prices must reflect the preferences of market participants (Abdel-Khalik, Kie Ann Wong, & Wu, 1999). Thus, the stock market must be free from manipulation by the authorities, or other people of power. Moreover, restrictions on trading must not be too strict or subject to authorities' discretion. Examples of such restrictions include setting a narrow limit on daily price fluctuations and freezing trading. In an inefficient market preferences of investors are not reflected in prices, so accounting numbers which influence these decisions are not relevant for stock value. However, the existence of an efficient market does not necessarily imply value relevance. Accounting earnings may still be of doubtful quality: accounting methods may not be well defined; manipulation may be commonplace, internal and external controls non-existent. In such a case, rational investors will not base their decisions on accounting information.

2.5.2 Positive Accounting Theory

Robert and Abbie (2001) posits that positive accounting theory research initiated by Watts (1977) and Watts and Zimmerman (1978) investigates how contracts based on financial accounting numbers affect firms' accounting practices. A feature common to this contracting research and governance research is an interest in the use of accounting number in contracts. However, the focus of research in these two areas is different. The positive theory literature usually takes contracts as given, and investigates how the use of accounting numbers in contracts influences firms' measurement of the accounting numbers. Hence, this literature does not address the effects of accounting information on efficiency. In contrast, governance research is concerned with how the information and limits to the information provided by financial accounting measures affect their use in contracts, and how financial accounting information affects firms' resource allocation decisions and productivity through a variety of corporate control mechanisms.

2.6 Empirical Review

The following scholars have examined the relationship between International Financial Reporting Standard and value relevance of accounting information.

Uwalomwa, Uwuigbe, Durodola, Jimoh and Jimoh (2017) examined the impact of International Financial Reporting Standard (IFRS) adoption on the value relevance of accounting information in Nigeria. The study found out that; earnings per share (EPS) and book value of equity per share are accounting variables that jointly explains share price. The study observed that with the introduction and adoption of IFRS, there has been is an improvement in the value relevance of accounting information. The study also observed that EPS exhibits a stronger explanatory power both in pre and post IFRS adoption periods.

Muhibudeen (2015) empirically examined whether the mandatory adoption of IFRS has improved the value relevance of financial information in the financial statements of quoted cement companies in Nigeria. The study finds that the earning per share, book value of equity and share prices of Cement Company have significantly improved following IFRS adoption, although earnings per share proved more significant compared to book value of equity. The study further suggests that earnings per share and book value of equity are relevant in determining the value of shares in Nigerian Cement Company in the post IFRS era.

Yahaya, Majiyebo and Usman (2015) examined post-IFRS adoption value relevance of accounting information using two models. The results show that the explanatory power *R2* for the price model specification is 84% for the total sample and that all coefficients are statistically significant. A comparison of coefficients indicates that the EPS of 3.47 has a higher explanatory power than any other variables. The results also demonstrate that explanatory power of accounting numbers increased from pre-adoption (60%) to post-adoption (78%). Similarly, Explanatory power (R2) for the return model specification is 13.4% for the total sample and just coefficient of EPS level is statistically significant. The explanatory power for the return model increased from pre-adoption (15.6%) to post-adoption (16.4%). According to both sub-samples just a coefficient of EPS level is statistically significant.

Markus and Stefan (2014) surveyed data on the information quality under IFRS, IFRS for SME and German-GAAP from the perspective of non-publicly traded mid-sized corporations. The findings of empirical research previously obtained regarding publicly traded corporations, which show preferences for IFRS, cannot be confirmed in respect of the preferences of the non-publicly traded mid-sized corporations participating. Muhammad, Tony, and Keitha (2015) examined the effects of mandatory IFRS adoption and investor protection on the quality of accounting earnings in forty-six countries around the globe. They found that earnings quality increased for mandatory IFRS adoption when a country's investor protection regime provides stronger protection.

Perrara and Thrikawala (2010) addressed the relevance of accounting information on investor's stock market decisions in Commercial Banks registered under Colombo Stock Exchange (CSE) in Sri Lanka used correlation coefficient on data of the Accounting information in the published financial statements of Commercial banks registered under CSE, covering a period of 5 years from 2006 to 2009. The finding reveals a relationship between Accounting Information and Market Price per Share, further revealed that investors still consider Accounting Information which contain in the published financial statements of Commercial Banks registered under CSE for the stock market decisions in Sri Lanka. Yusuf and Nsor Asma (2015) discuss conceptually about the adoption of International Financial Reporting Standards (IFRS) by the Nigerian financial institutions. They concluded that IFRS reporting has more disclosures than NGAAP especially for financial institutions giving instances and that with the mandatory adoptions of reporting under IFRS by all listed financial institutions, will the accounting disclosures be more value relevant among Nigerian financial institutions

Zayyad, Ahmad and Mubaraq (2014) examined the effect of IFRS adoption on the performance evaluation of a case firm using some financial ratios selected from four major categories of financial ratios. The result of the Mann- Whitney U test showed that there is no significant difference between the pair of ratios at 5% level of significance. Oshodin and Mgbame (2014) conducted a comparative study on the value relevance of accounting information in the Nigeria banking and Petroleum sectors. The regression results revealed among the following that: the EPS information is the most considered by investors when deciding the share price and that the financial information in the oil and gas is more value relevant compare to the financial information disclosed by companies in the banking sector.

Adaramola and Oyerinde (2014) examined the value relevance of accounting information of quoted companies in Nigeria using a trend analysis. The Ordinary Least Square (OLS) regression method was employed in the analysis. The study reveals that accounting information on quoted companies in Nigeria is value relevant. Pius, Jane and Raymond (2014) assessed the impact of International Financial Reporting Standard on stock market movement and extent at which it can improve the position of corporate organization in Nigerian capital market. It observed that the adoption of IFRS in Nigeria will enhance credible financial statements that will also provide a basis for the strength of a corporate entity in capital market hence is a welcome development in Nigerian economy.

Karampinis and Hevas (2009) examined mandatory application of IFRS on the Value Relevance of Accounting Data. The study reported that the adoption of IFRS positively affected the value relevance of consolidated net income and book value. The study also reports that disaggregating net income increases the explanatory power of the earnings –book value capitalization model. Finally the study reports that although the overall explanatory power of the model increases, the incremental explanatory power of both net income and financial income decreases.

Kousendis, *et al*. (2010) examined Value Relevance of Accounting Information in the Pre- and Post-IFRS Accounting Periods examine the value relevance of accounting information in the pre- and post-periods of IFRS implementation using the models of Easton and Harris (1991) and Feltham and Ohlson (1995) for a sample of Greek companies. The results of the study indicate that the effects of the IFRS reduced the incremental information content of book values of equity for stock prices. However, earnings incremental information content increased for the post-IFRS period. The results are explained by the introduction of the fair value principle under the IFRS that brought major changes in book value but not in earnings.

Clarkson, Douglas-Hanna, Richardson and Thompson (2011) examined the impact of IFRS adoption on the value relevance of book value and earnings; investigate the impact of IFRS adoption in Europe and Australia on the relevance of book value and earnings for equity valuation. The results suggested that the distribution of measurement errors becomes more similar across code law and common law countries after the adoption of IFRS, removing one difference between these groups. Tsalavoutas, Andre and Evans (2011) examined transition to IFRS and Value Relevance in a Small but Developed Market. The study finds no significant change in the value relevance of book value of equity and earnings between the 2004 pre IFRS and 2005 post IFRS periods. The study also finds no change in the relative value relevance of accounting information (R^2) between the two periods.

Oyerinde (2011) examined the value relevance of accounting information in the Nigerian stock market with a view to determining whether accounting information has the ability to capture data that affect share prices of firms listed on the NSE. The study concludes that there is a significant relationship between accounting information and share prices of companies listed on the NSE. The study also concludes that dividend per share is the most widely used accounting information for investment decisions in Nigeria, followed by earnings per share and book value of equity per share. The study also concludes that the accounting information of manufacturing companies is more informative in the NSE. The study also finds a significant negative relationship exists between negative earnings and share prices of companies listed on NSE. It equally observes that there is no significant difference between the perception of institutional and individual investors about the value relevance of accounting information.

Agostino, Drago and Silipo (2011) examined the value relevance of IFRS in the European Banking Industry. Evidence shows that the 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. Chalmers, Clinch and Godfrey (2011) examined change s in value relevance of accounting information upon IFRS adoption The study suggests that even for a country categorized by strong investor protection and high quality financial reporting and enforcement, IFRS adoption affects the associations between accounting information and market value.

Bogstrand and Larsson (2012) examined IFRS contributed to increased value relevance. The results show significant empirical signs of increased value relevance in Scandinavian earnings information and book values, allowing the authors to draw significant as well as contributing conclusions on the information content of financial statement information disclosed in the Scandinavian region. Qystein and Frode (2012) evaluate the relevance of financial reporting overa 40-year period. The results show that the value-relevance of Norwegian GAAP was non-declining throughout (1965–2004). Dung (2013) tests the value-relevance of financial statement information on the Vietnamese stock market. The results show that the value relevance of accounting was statistically meaningful, though somewhat weaker than in other developed and emerging markets.

Kargin (2013) examined the impact of IFRS of the value relevance of accounting information from Turkish Firms; the study finds that market value is related to book value and earnings per share by using the Ohlson model (1995).

Overall book value is value relevant in determining market value or stock prices. The results show 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. Joshi and Basteki (2013) examine the adoption of IAS for Bahrain and suggest that organizations in Bahrain should continue to apply IAS, but that the application of these standards needs to be regulated. Joshi and Ramadhan (2012) examine the accounting practices and the degree of adoption of IAS by small and closely held companies in Bahrain. The research finds that 86% (31) of the 36 companies which responded to the questionnaire applied IAS and they considered IAS to be very relevant for them.

Aljifri and Khasharmeh (2014) investigated empirically the suitability of IAS to the United Arab Emirates (UAE). The study finds that there is a general consensus among the user groups (auditors, brokers, finance managers, and financial analysts) on the suitability of adoption of IAS in the UAE. Filip (2014) investigated the impact of the mandatory IFRS adoption on the value relevance of accounting in Romania and findings suggest that the implementation of IFRS increased the value relevance of earnings. Saidu and Dauda (2014) examined the assessment of compliance with IFRS Framework at First Time Adoption by the Quoted Banks in Nigeria; assess the extent to which the Nigerian banking industry complied with requirements of IFRS. The study found amenability, globalization, and response to users' needs as factors significantly influencing the compliance level of Nigerian banks with IFRS framework.

Devalle, Magarini and Onali (2014) examined whether value relevance has improved after the compulsory adoption of IFRS using a sample of 3,721 companies listed on five European stock exchanges. The study found little evidence of an improvement in value relevance. However, earnings are found to influence share price to a greater extent than prior to IFR S adoption, while the influence of the book value of equity is found to have decreased. Mousa and Desoky (2014) examined whether the adoption of IFRS has increased the value relevance of accounting information in one of the Gulf Cooperation Council (GCC) countries, Bahrain. Findings of the study show a slight difference in the value relevance of accounting information after the adoption of IFRS by listed companies in Bahrain Bourse. However, in the price earning model, the findings show some improvement in the value relevance after the adoption of IFRS.

Umoren and Enang (2015) empirically examined whether the mandatory adoption of IFRS has improved the value relevance of financial information in the financial statements of banks. The result indicates that the equity value and earnings of banks are relatively value relevant to share prices under IFRS than under the NGAAP. Results also indicate that earnings per share is incrementally value relevant during post IFRS period while book value of equity per share is incrementally less value relevant during the post adoption period. The above studies have focused on a particular sector of the economy mainly the banking sector, this study include other sectors of the economy such as the manufacturing, insurance, the airline and the oil sector.

3. Research Methodology

The sample of this study is made up 50 employees of sleeted quoted commercial banking, 50 employees of selected quoted manufacturing firms, 50 employees of selected quoted oil and gas firms, 50 employees of selected quoted insurance firms and 50 employees of federal and state government agencies that have accounting and finance related functions. This implies that the total population of the study is 250 employees which comprises the accountants and of finance department. Primary data method of data collection was adopted. The questionnaire was designed to generate concise and precise answers from the respondents using close-ended questions. The responses to the questionnaires copies were processed using electronic statistical package (SPSS) via regression analysis parameter to determine the effects of the variables under study. The retrieval rate of questionnaire copies was 80 percent. Data were analyzed using combination of univariate and multivariate techniques. Hypotheses formulated were specifically tested using linear regression technique.

Table 1. Judgmental Sampling

Institutions	SA	A	D	SD	Total
Banking	34	12	-	-	46
Insurance	27	13	2	1	43
Manufacturing	17	16	2	-	35
Oil and gas	9	13	5	2	29
Government agencies	37	7	-	3	47
Grand Total	124	61	9	6	200

Source: Survey Data, 2017

Formulating a multiple regression model from the above table to test the effect of the responses on the dependent variables, we have a model below:

$$Y = X_1 + X_2 + X_3 + X_4 + \mu \qquad 1$$

Where

Y = Total Respond

X_1 = Strongly Agree

X_2 = Agree

X_3 = Disagree

X_4 = Strongly Disagree

μ = Error Term

4. Presentation and Discussion of Results

The following tables explain the relationship between the dependent and the independent variables as formulated in the above regression model.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.851[a]	.603	.514	4.901123	.509	4.675	7	21	.004	1.345

Source. SPSS 22.0

a. Predictors: (Constant), X_1, X_2, X_3, X_4

b. Dependent Variables: Y

The table above correlation coefficient of .851 which means that the relation between the dependent and the independent variables is 85.1 %, this implies strong relationship between the variables, the R^2 and adjusted R^2 shows that 60.3% and 51.4 % variation on the dependent variables can be explained by variation on the independent variables, the f-ratio and f-probability justifies that the model is significant.

Collinearity diagnostics

Model Dimension	Eigen value	Condition index	Variance proportions					
			(Constant) X3 X4	Y		XI		X2
1	6.086	1.000	.00	.00	.00	.00	.00	.07
2	.573	5.045	.04	.00	.00	.00	.00	.45
3	.354	7.214	.01	.87	.04	.07	.09	.37
4	.076	11.008	.00	.34	.06	.08	.01	.89

Source: SPSS 22

The above table illustrates the colinearity diagnostic test result. The result shows an Eigen value that corresponds to the highest Condition index and the variance constant are less than 0.05 at 5% level of significance. This indicates the significant relationship between the dependent and the independent variables in the long run. The Durbin Watson statistics of 1.345 approximates 1.50 which signifies that there is no serial correlation between the variables in the time series.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	10.695	3.112		7.389	.000		
X1	.456	2.652	.538	1.076	.211	.698	1.117
X2	.564	4.290	.586	1.481	.018	.456	3.065
X3	-.609	3.851	-.210	-1.108	.307	.408	3.290
X4	-.508	4.894	-.892	-1.216	.275	.397	2.148

Table shows the tolerance Value results and variance inflation factors of the variables in the model. The tolerance values are less than 1.00 but above 0.1 in all the variables examined in the model with relation to International Financial Reporting Standards and value relevance of accounting information. This is inverse to the traditional level and the rule of thumb which is contrary to testing the multicolinearity on the tolerance. The variance inflation factor result shows that all the variables less than 5.0 and 10.0 as the conventional rule of thumb. However the relationship between the independent which is International Financial Reporting Standards and the dependent variable which value relevance indicates that X1 and X2 have positive relationship with value relevance of accounting information of the selected institutions while X3 and X4 have negative impact on the dependent variable. The positive effect of the variables on the dependent variable confirms the a-priori expectation of the result and justifies the adoption of International Financial Reporting Standards in Nigeria. The positive effect of the responses confirm the findings of Uwalomwa, Uwuigbe, Durodola, Jimoh and Jimoh (2017) that; earnings per share (EPS) and book value of equity per share are accounting variables that jointly explains share price, Muhibudeen (2015) that the earning per share, book value of equity and share prices of Cement Company have significantly improved following IFRS adoption, although earnings per share proved more significant compared to book value of equity, Markus and Stefan (2014) that earnings quality increased for mandatory IFRS adoption when a country's investor protection regime provides stronger protection, Yusuf and Nsor Asma (2015) that IFRS reporting has more disclosures than NGAAP especially for financial institutions giving instances and that with the mandatory adoptions of reporting under IFRS by all listed financial institutions, will the accounting disclosures be more value relevant among Nigerian financial institutions, Adaramola and Oyerinde (2014) that accounting information on quoted companies in Nigeria is value relevant, Pius, Jane and Raymond (2014) that the adoption of IFRS in Nigeria will enhance credible financial statements that will also provide a basis for the strength of a corporate entity in capital market hence is a welcome development in Nigerian economy and the findings of Oyerinde (2011) concludes that the accounting information of manufacturing companies is more informative in the NSE.

5. Conclusion and Recommendation

The objective of this study was to investigate the relationship between International Financial Reporting Standard and value relevance of accounting information of quoted firms in Nigeria. The study had a

population of 250 respondents sleeted from the main sectors of the economy and government agencies. Questionnaire was administered to accountants and other heads of department that have full knowledge of the research problem. The results found a coefficient of .851 which means that the relation between the dependent and the independent variables is 85.1 %, this implies strong relationship between the variables, the R^2 and adjusted R^2 shows that 60.3% and 51.4 % variation on the dependent variables can be explained by variation on the independent variables, the f-ratio and f-probability justifies that the model is significant. From the above, we conclude that there is significant relationship between International Financial Reporting Standard and value relevance of accounting information of quoted firms in Nigeria. We make the following recommendations:
There should be full compliance to International Financial Reporting Standard among Nigerian quoted firms to enhance quality financial reports and value relevance of accounting information in Nigeria. The audit firms should adopt fully the International Financial Reporting Standard. Nigerian accounting bodies such as ICAN and ANNA should endeavor to encourage the auditing firms on the relevance of adopting International Financial Reporting Standard and corporate organizations and public limited liabilities should make policy of adopting International Financial Reporting Standard. The government should ensure that corporate organizations comply with International Financial Reporting Standard and the operational objectives of the firms should be harmonized with the objective of International Financial Reporting Standard.

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