RESEARCH ARTICLE

Adoption Of New Accounting Information In Nigeria: Is Accounting Information More Relevant?

Mohammed Yusuf Alkali [1], Umaru Hussaini [2], Almustapha Aliyu [3], Sani Abdulrahman Bala [4]

Abstract

This paper discussed whether there is an incremental value relevance of accounting information among Nigerian financial institutions. The study is motivated by the Report on the Observance of Standard Code (ROSC) of 2014 and 2011, which report that Nigerian accounting reporting has been marred with non-compliance, non-update, and non-disclosures of accounting information. These have contributed to the sudden fall of the Nigerian stock market from 2008 to 2009 and Nigerian financial institutions that made investors lose confidence in the Nigerian capital markets. This situation provided an opportunity to study the value relevance of accounting information among Nigerian financial institutions. The study uses 52 listed financial institutions in Nigeria. The stock return model used in value relevance studies is employed for data analysis. Data is collected from Bank Scope and Thompson Reuters Data Stream. The study findings provide more value relevance of accounting information under IFRS. Furthermore, assets and liabilities provide positive and negative significant relationships with stock returns, respectively. Lastly, the study provides evidence of the value relevance of accounting information after adopting IFRS.

Author Affiliation: [1]Waziri Umaru Federal Polytechnic Birnin Kebbi, Kebbi State Nigeria.

[2]Waziri Umaru Federal Polytechnic Birnin Kebbi, Kebbi State Nigeria.

[3]Department of Accounting Usmanu Danfodio University Sokoto.

[4]Department of Accounting Usmanu Danfodio University Sokoto

Corresponding Author: Mohammed Yusuf Alkali. Waziri Umaru Federal Polytechnic Birnin Kebbi, Kebbi State Nigeria.

Email: mayurimn15@gmail.com, rashmis@jssateb.ac.in

1. Introduction

Several regulations concerning accounting reporting for financial institutions have been provided to ensure quality financial reporting in Nigeria. These studies provided evidence of more value relevance of accounting information using stock price models. Although, other studies provided decline in the value relevance of accounting information. However, , mentioned that value relevance of accounting variables when collectively together provide a lower in high sentiment periods than in low sentiment periods. [1]

The regulatory acts responsible for ensuring that Nigerian financial institutions disclose relevant accounting information comprise the National Insurance Commission (NAICOM) Act of 1968, Company and Allied Matter Act (CAMA) of 1990, Nigerian Stock Exchange (NSE) Act of 1960, Central Bank of Nigeria Act 2004, Bank and Other Financial Institutions Act (BOFIA) 2004 and Financial Reporting Council Act of 2011 (Nigerian Accounting Standards Board (NASB) Act of 2003). The NASB issued several accounting standards (SAS1 to SAS 32) from 1984 to 2009. The majority of these standards were adopted from the International Accounting Standards (IAS) for financial reporting in Nigeria. [2]

Specifically, two types of accounting reporting standards existed for financial institutions in Nigeria for banks before the adoption of IFRS: (i) Statement of Accounting Standard 10 Part 1 (referred to as "SAS 10 Part 1") issued in 1990; and non-banks financial institutions and (ii) Statement of Accounting Standard 15 Part 2 (referred to as "SAS 15 Part 2") issued

in 1998. Because of the requirements to provide for new developments in non-banks financial institutions, SAS 15 Part 2 was issued even though banks to some extent perform activities similar to those of other financial institutions. SAS 10 Part 1 covers all aspects of the banking sector for financial reporting (SAS 10 Part 1). SAS 15 Part 2 provides guidelines for accounting policies and accounting methods required by non-bank financial institutions. Therefore, both banks and non-bank financial institutions have been mandated to prepare financial reports using SAS 10 Part 1 and SAS 15 Part 2 issued in 1990 and 1997 respectively. [3]

However, SAS 10 Part 1 and SAS 15 Part 2 were adopted from IAS 30: Disclosures in Financial Statements of Banks and Similar Financial Institutions issued in 1990. The Financial Reporting Council replaced SAS 10 Part 1 (1990) and SAS 15 Part 2 (1997) for "banks and non-bank financial institutions in 2011 with IFRS7 "Financial Instrument: Disclosure". This is because International Accounting Standard Board (NASB) issued IFRS 7 to replace IAS 30 and removed duplicate disclosures by simplifying the disclosures concerning credit risk, concentration risk, market risk and liquidity risk in IAS 32 disclosures to IFRS 7 from 1st January 2007 (IFRS 7; IN3). Subsequently, IAS 32 was renamed Financial Instruments: Presentation. IAS 32 and IAS 39 Financial Instruments: Recognition and Measurements are being used for financial assets and financial liabilities even though IFRS 7 replaced IAS 32 disclosures. [4]

Does the question arise as to what extent accounting

disclosures under IFRS can be more relevant in determining the stock prices or returns over the transition period from Nigerian accounting standards (Statement of Accounting Standard (SAS) to IFRS?) Therefore, this research investigated the value relevance of assets and liabilities in financial institutions during IFRS periods consistent with other studies (See, Mbekomize & Popo, 2020; Nelwan et al., 2020; Omran & Tahat, 2020)

2. VALUE RELEVANCE STUDY

The earliest use of the term "value relevance" was adopted in Amir, Harris and Venuti (1993). Several researchers find this study interesting after the work of Amir. For instance, Bath investigated the value relevance of investments securities using two different measurement approaches of stock prices' historical and fair value of assets and earnings. However, Ohlson first developed the model that associates a firm's stock price value to financial measures. Using the model, Ohlson provided firm value as a linear function of accounting numbers (earnings, book value and other relevant information). One criticism of the model does not explain the relationship between accounting disclosures and the stock market better. The majority of the empirical studies on the relevance of accounting reporting have broadly recorded the significant statistical relationship between book values earnings with share prices or returns. For example, examined the relevance of both book values, earnings, combined book value and earnings value in US firms from 1953 - 1993. [5]

The conceptual framework of financial reporting of IASB 2010 addresses two key operational dimensions or qualitative descriptions of accounting reporting that consist of relevance and reliability to present accounting numbers. The financial statement represents economic phenomena in measures and words, but for it to have relevance should be presented without bias. For the context of this study, on the value relevance of accounting numbers and stock prices contrary to the views of considered, their relevance of accounting information to accounting numbers should be significant and reliable enough to investors, to also be indicated in the share prices or returns. For example, Barth identified relevance as a predictive value, feedback value and timeliness, while reliability includes faithful representation, neutrality and verifiability. To further buttress this, provided that relevance and reliability of accounting information be two main characteristics of accounting information. [6]

Accordingly, emphasised that relevance and reliability are the capacity of accounting numbers to summarise and capture accounting information that has a significant effect on stock prices. Therefore, the usefulness of accounting numbers and financial information must reflect the fundamental value. For example, the study of examined whether the relations between accounting numbers and stock prices are valuerelevant in explaining market value. Investigating the relevance of accounting information means a researcher wants to find out if accounting numbers are used by stock investors as an input for valuation in the stock market. [7]

Value relevance is the "association between accounting amounts and security values". The ability for accounting reporting to summarise and capture accounting information affecting share information has been examined in testing the statistical relationship between accounting numbers

and market values and mapping from financial statements to "intrinsic" values. Similarly, value relevance of financial information can be predictive and statistically measured through the relationship between stock market values or returns from the information reported by the financial statement, with the ability of the information provided in the annual reports to summarise and capture firm value. [8,9,10]

Beisland reported that the majority of value relevance researches are related to market efficiency because they can provide the relationship between accounting measures and stock prices. In several studies, the Ohlson model is used to explore the association between the stock market value of equity and accounting disclosure variables, such as book value per share (representing balance sheet), earnings per share (representing income statement), other comprehensive income and cash flows. [11,12,13,14]

In the work of Francis and Schipper, they considered four possible interpretations of the assumptions of value relevance. The first clarification is that accounting measures lead stock prices by capturing intrinsic values of shares that give the significance or meaning of stock prices. Secondly, accounting reporting is value relevant once it can assist in predicting variables used in a valuation model. The third and fourth are more relevant when accounting information shows the statistical association between accounting numbers and returns or prices. [15,16,17,18]

To (or "intending to")expand the research on value relevance in other fields, like expenditure for advertisement in the pharmaceutical business, Gu and Li investigated the contribution of growing demand for expenditures in pharmaceutical companies with firm value. They believe that stock investors understand pharmaceutical firms advertisements as a source of economic benefit. They found that advertisement expenditure in the pharmaceutical business has a significant relationship with firm returns and stock prices. Furthermore, they discovered expenditure has similar characteristics with capitalised intangible assets, unlike research and development (R&D). [19,20,21,22,23]

Meanwhile, Holthausen and Watts critically evaluated standard-setting inferences drawn from value relevance studies. They drew 62 value relevance research papers from high-quality accounting journals from 1980 to 2000. From the evaluation of the papers, it is reported that the majority of the research use relative association studies and the rest use information content and association research. Vijitha and Nimalathasan, (2014) provide evidence from their studies on the Sri Lanka stock exchange that accounting numbers have a significant impact on share prices with a significant correlation between accounting information and share price. Furthermore, a study on the value relevance of compliance with the mandatory adoption of IFRS was carried out found that mandatory compliance with adoption is value relevant. They further prove that the R2 coefficient is high in the net income of those firms with high compliance in comparison with low compliance companies. [24,25,26,27]

Barth, Beaver and Landsman and Holthausen and Watts in their study clarified some misconceptions about value relevance studies that: (i) empirical applications of valuation models are employed to discuss issues on the relevance of accounting information, even with the assumptions underlying models for valuations are

simplified; (ii) the use of econometric models can be applied to moderate the relationship between the common econometric problems in value relevance studies; (iii) the study of value relevance can address the issue of conservatism, regardless of being inconsistent with the characteristics of accounting practice established by FASB; in fairness, in the absence of value relevance studies, it would be challenging to establish that accounting practice is conservative; and (iv) it enables researchers to understand how accounting numbers reflect accounting information used by the investors with regards to the equity value of firms.

The results of prior literature have mixed results on the findings of value relevance of book value and its components as measured by the balance sheet, i.e., the net assets less liability presented to common shareholders. Balance sheet disclosures on assets and liabilities provide the information needed by the investors for decision-making. Section 7 of IFRS 7 stated that firms should disclose accounting information for users of financial statements to examine the importance of financial instruments for their performance and financial positions. Thus, Nigeria, the second most significant capital market in Africa after South Africa, expects assets and liabilities to be more relevant to investors under the new accounting reporting. This can also be further stated that non-performing loans disclosed under IFRS using fair value will be more value relevant than non-performing loans under SAS using historical cost.

Thus, the value relevance of assets and liabilities can increase or decrease because of new accounting regulations depending on the complexity of the number of several factors. Nevertheless, the most fundamental consideration is if the net benefit from having more disclosure could be positive or negative, specifically using IFRS for financial instruments.

Hence, hypotheses for this study are as follows:

H1: Assets and liabilities disclosed under IFRS are more value relevant than assets and liabilities disclosed under NGAAP among Nigerian Financial Institutions

3. METHODOLOGY

The basic approaches with the study on value relevance and assets and liabilities and selected assets and liabilities are based on the reported accounting disclosures derived from annual reports. The foundation of the total assets, total liabilities, selected assets, and liabilities from the regression models are based on accounting data generated from Bank Scope, Thompson Data Stream and annual reports of each of the respective financial institutions. Several literature exists on the different approaches from the previous research on the assets, liabilities, selected assets and liabilities. The most effective method concerning this study is possibly. Barth used disclosure of SFAS 107, such as fair value disclosures of financial assets as well as liabilities in the first group. The second group contains no SFAS 107 assets and liabilities, like non-financial assets and tangible assets. The last group contained the non-performing loans. A similar design was also used.

The study uses 52 financial institutions from the listed firms in the Nigerian stock markets. However, there are 69 listed financial institutions in the Nigerian capital markets from 2009, but 17 financial institutions were delisted from the markets as a result of not meeting the minimum capital requirements and non-compliance with the mandatory IFRS

adoptions. The study adopted stock return models by Easton and Harris. Furthermore, the study uses two periods of pre- and after adopting IFRS. The pre period s from 2009 to 2011 and after from 2012 to 2013. The choice of the two periods is because the year 2009 is the year in which the financial crisis ended by having a bailout from the Nigerian Central Bank to financial institutions, and 2012 is the year in which all firms listed in the Nigerian capital market commence adoption of IFRS.

3.1 Total Assets and Liabilities Models

This equation model describes the association between assets and liabilities and stock returns that have been derived from Easton and Harris (1991)

This is derived based on the disclosure requirements as in IAS 39 classifications of financial assets.

Model 1.

$$Ret_{it} = \alpha_0 + \beta_1 \ TA_{it} + \beta_2 \ \Delta TA_{(t-1)} + \beta_3 \ TL_{(it)} + \beta_4 \ \Delta TL_{(t-1)} + \beta_5 \ SIZE_{it} + \beta_6 \ LEV_{it} + \mu_{it} \qquad (1b)$$

Ret = stock return for firm i at end of three months of the fiscal year-end

TA_{it} = Total assets per share for firm i for the period t

TL_{it} = Total liabilities per share in firm i for period t

$\Delta TA_{i_{t-1}}$ = Change in total assets per share for firm i for the period t-1

ΔTL_{it-1} = Total liabilities per share in firm i for period t-1

Size = Log of assets

Lev = Current assets divided by current liabilities

μi = random error term or disturbance error

α, γ, β & a = regression coefficient to capture the fraction of prices.

3.2 Data and Descriptive Statistics

From Panel 1A, the stock return model, the mean values in the period of 2009 to 2011 was NGN16.32019 (USD0.01053) kobo per share, and the standard deviation was NGN8.51573 (USD0.0549) kobo per share. The minimum value of NGN1.51 (USD0.0097) kobo per share was low during the period because of the market failure in 2009, and the maximum value of NGN33.88 (USD0.0086) kobo per share can be attributed to an increase in share return for Stanbic IBTC Bank. That means the stock return deviated from the mean by NGN8.51573 (USD0.0549) from under NGAAP. However, under IFRS, the mean value was NGN16.80577 (USD0.1084) kobo per share, the standard deviation was NGN7.799562 (USD0.05158) kobo per share, the minimum value was NGN1.51 (USD0.0097) kobo per share, and the maximum value was NGN33.88 (USD0.0086) kobo per share. Demonstrating that stock return deviated from the mean by NGN8.51573 (USD0.05158) under NGAAP. The mean value under IFRS was higher than the mean value under NGAAP. The overall mean value for stock return was greater than the mean values for stock price for both periods, indicating an increase in share price and share return under IFRS.

This is not surprising because during the period from 2008 to 2009, a drastic fall in share prices was produced because of the financial crisis during the period. Also, in

January 2013, the NSE injected six secondary fixed income liquidity traded in the market to provide market liquidity (NSE, 2012).

3.3 Pearson correlations

From Panel 1A and 1B in Table 2, the variables from Panel 1A under NGAAPtahada positive coefficient of 0.2618 at a significance level of 10%. Also, the Δta variable had a positive coefficient of 0.3703 but was not significant. Variable tl had a coefficient of -0.2915 at a significance level of 10%. Furthrmore, variable Δtl had a negative correlation of -0.22032with a significance level of 10%. However, under IFRS in Panel 1B ta had a greater correlation than under NGAAP with a coefficient of 0.5638 at the 1% significance level. But, Δta with a positive coefficient of 0.2721 had a significance level of 1%, which was different from Δta under NGAAP. The tl variable in Panel 2A had an adverse coefficient of -0.4783 at the 1% level, which was greater than under NGAAP. Variable Δtl had an adverse coefficient of -0.1844 but had no significant association with stock return.

3.4 Value Relevance of Regression Models
Assets and liabilities

Model 1a presents the regression analysis using stock return for assets and liabilities. The variable ta had a positive coefficient of 0.025 under NGAAP. This shows that an increase of NGN1 (USD0.01) in ta results in an increase of NGN2.50 (USD0.02) Kobo under NGAAP. Under IFRS, the result was positive, but the coefficient is larger than that of NGAAP. These findings provide evidence that an increase in ta creates an increase in the stock market. For every increment of NGN1 (USD0.01) in ta, an increase of NGN7.09 (USD0.05) kobo occurs under IFRS. Therefore, there is the greater value of accounting information under IFRS for ta. Although, Δta had a positive coefficient, this value was not significant under NGAAP. The result shows that a change in Δta did not produce any increase or decrease in the value of stock return in the period. In contrast, Δta under IFRS had a positive coefficient of 0.027. This presents evidence that for every increase of NGN1 (USD0.01) in Δta, an increase of NGN2.70 (USD0.02) Kobo would occur in stock return.

The tl variable had a negative coefficient of -0.058 under NGAAP. The finding indicated that for every increase of NGN1 (USD0.01) in tl, the stock return is expected to decrease by NGN5.8 (USD0.04) kobo per share. The variable tl under IFRS had a negative coefficient -0.045, showing that positive change in the stock price occurred whenever there was an increase in tl. Thus, a decrease of NGN1 (USD0.01) in tl will result in an increase of stock return by NGN4.50 (USD0.03) kobo. The variable Δtl under NGAAP had a negative coefficient of -0.001 signifying that a change in Δtl would cause a change in stock return. Thus, a decrease in Δtl would result in an increase in stock return of 0.1 Kobo. Under IFRS, the Δtl coefficient was negative and was not significant. This demonstrated that under IFRS, Δtl did not provide any decrease or increase on stock return. This insignificance of Δtl could be as the result of stock return not reflecting the real situation of the market because a shareholder depends on ta for firm performance information.

The control variable size had a positive but insignificant relationship under NGAAP, showing that under NGAAP size had no influence overstock return. This insignificance might be attributed to the fact that shareholders did not rely on the size of firms under NGAAP to determine the value relevance of accounting information. Interestingly, under IFRS, size had a positive coefficient of 0.014, which is quite a normal in capital market research. This is because, as Fama and French (1992) have argued, firms that are small usually have greater expectations in the market. The result indicated that for every increase in NGN1 (USD0.01) in size, the stock return would increase by NGN1.4 (USD0.01) kobo. The variable lev had a negative coefficient of -0.020 under NGAAP and a negative coefficient of -0.497 under IFRS. Thus, for every increase of NGN1 (USD0.01) in Δlev, the stock return increased by NGN0.02 (USD0.0001) Kobo under NGAAP and decreased by NGN4.97 (USD0.03) kobo per share under IFRS.

Two models were used in the study. The value of the Hausman test under NGAAP had a p-value of 0.523. This shows that RE was the best model for the study. To determine the applicability of RE, the LM test was conducted to compare LM and OLS. The further analysis had a p-value of 0.000 signifying that the RE model was the most appropriate model. In contrast, the value of the Hausman test of 0.000

Table 1 (Descriptive Statistics)
Panel 1A: Stock Return Model: Assets and Liabilities and Component of Assets and Liabilities Data (In Billions of NGN) NGAAP

Var	Obs	Mean	Std. Dev.	Min	Max
ret	156	16.32019	8.515730	1.51	33.88
Ta	156	5230.720	8207.975	0.049742	66058.48
Tl	156	3548.420	5201.848	0.022482	24778.10
size	156	7.678356	1.0380400	0.012090	9.927604
lev	156	2.663079	3.0490190	0.139643	20.29097

Panel 1A: Stock Return Model: Assets and Liabilities and Component of Assets and Liabilities Data (In Billions of NGN) IFRS

Eleyon Publishers

Var	Obs	Mean	Std. Dev.	Min	Max
ret	104	16.80577	7.799562	1.51	33.88
Ta	104	23094.73	134379.9	0.266925	1371708
Tl	104	5253.743	9854.680	0.134812	73358.01
size	104	7.757409	1.089620	0.033913	11.28494
lev	104	1095.211	11033.16	0.001000	112524.3

Note: The descriptive statistics for stock return are stated in the panel.ret = stock return three months after the fiscal year end; ta = total assets scaled by the common equity at the beginning of the fiscal year; Δta = change in Total assets scaled by the common equity at the beginning of the fiscal year; tl = total liabilities scaled by the common equity at the beginning of the fiscal year; Δtl = change in total liabilities scaled by the common equity at the beginning of the fiscal year;

Table 2

Pearson's Correlation for Assets, Liabilities
Panel 1A: Stock Return under NGAAP

Variable	Ret	ta	Δta	tl	Δtl	Size	lev
ret	1.000						
ta	0.262**	1.000					
Δta	0.370	0.031	1.000				
tl	-0.292**	0.266	0.069	1.000			
Δtl	-0.203**	0.132	0.241	0.212	1.000		
size	-0.248***	0.008	0.284	-0.057	0.135	0.050	0.104
lev	-0.349**	0.084	-0.012	0.487	0.347	0.219	0.717

Table 2(Continued)

Panel 1B: Stock Return Model IFRS

Variable	Ret	Ta	Δta	tl	Δtl	Size	Lev
ret	1.000						
ta	0.5638***	1.000					
Δta	0.2721*	-0.1599	1.000				
tl	-0.4783***	0.4301	-0.1456	1.000			
Δtl	-0.1434	0.1695	-0.1321	0.2100	1.000		
size	0.4152***	0.4426	-0.3021	0.5264	-0.0292	1.000	
lev	-0.2318**	0.0807	-0.1301	0.4679	0.8872	0.45731.00	1.000

Note: The descriptive statistics on the stock return is stated in the panel. ret = stock return three months after the fiscal year end; ta = total assets scaled by the common equity at the beginning of the fiscal year; Δta = change in total assets scaled by the common equity at the beginning of the fiscal year; tl = total liabilities scaled by the common equity at the beginning of the fiscal year; Δtl = change in total liabilities scaled by the common equity at the beginning of the fiscal year;

Table 3

Model 1 Results of the Regression on Assets and Liabilities

$$Ret_{it}=\alpha_0+\beta_1 TA_{it}+\beta_2 \Delta TA_{(t-1)}+\beta_3 TL_{(it)}+\beta_4 \Delta TL_{(t-1)}+\beta_5 SIZE_{it}+\beta_6 LEV_{it}+\mu_{it} \qquad (1a)$$

Panel 2A: Stock Return Model

	NGAAP-RE			IFRS-FE		
Variable	Coef.	t-value	p-value	Coef.	t-value	p-value
Constant	0.930	2.61	0.009	-7.722	-1.94	0.058
Ta	0.025	2.30	0.022	0.709	7.37	0.000
Δta	0.003	1.44	0.149	0.027	1.76	0.084
Tl	-0.058	-2.28	0.023	-0.045	-9.79	0.000
Δtl	-0.001	-2.23	0.026	0.048	0.48	0.636
Size	-0.010	-1.32	0.188	0.014	2.82	0.007
Lev	-0.020	-2.28	0.023	-0.497	-2.21	0.031
Hausman	0.523				0.00	
LM test	0.000					
F-statistic				46.70		
P-statistic 0.001				0.00		
Wald	21.86					
Adjusted R2	26.4%				54.2%	
Cramer			0.23452			

Note:ret = stock return three months after the fiscal year end ta = total liabilities per share return, Δta = change in total assets per share return, tl = total liabilities per share return, Δtl = change in total liabilities per share return, size = log of assets, and lev = current assets/current liabilities.

In summary, the reported Adjusted R2 for IFRS in the two models was higher than the Adjusted R2 for NGAAP, demonstrating that more explanatory power of accounting information was present under IFRS. The presence of a lower Adjusted R2 under stock return has been reported to be very common in the literature. Furthermore, the coefficient of stock return under IFRS was also higher than the coefficient for stock return under NGAAP except for tl. The significance value of tl under IFRS was also higher than tl under NGAAP. All variables were found to be value relevant under the NGAAP and IFRS in the models. These results are consistent with those of Bath and Venkatachalam, who reported assets and liabilities were significant in providing relevant information to the investors. This finding implies that investor uses ta and tl to determine the value of accounting information in the Nigerian stock markets.

We conduct the further test to determine whether adjusted R2 is statistically different. The results of Cramer (1987)Z (statistics) provide no significance between the two periods. This need to be interpreted with caution because the study did not use all the companies during the periods. Furthermore, the study used three years before and two years after the adoption. Moreover, the non-statistical difference could also be attributed to the fact firms have been reporting non-mandatory accounting reporting before the adoption of IFRS.

4. Conclusion

Prior literature and studies have supported the notion that accounting information has decreased in value relevance over the past few decades. The results of this study show that assets and liabilities, income and expenditure and cash flows captured most of the required information in determining the value relevance of accounting information among Nigerian financial institutions. The present study's findings show that accounting disclosures under NGAAP and IFRS adoption have statistically significant findings in explaining share prices and returns. Specifically, the disclosures reported from financial statements of financial institutions such as; assets and liabilities

The results of the present study show that for both NGAAP and IFRS, assets and liabilities are positively and negatively related to the stock market value of the equity for stock return models. These findings are consistent with prior value relevance related studies, which originated from the seminal works of Ball and Brown (1968) and Beaver (1968). The results are similar in some points, with the theoretical assumptions of the EMH for the listed firms. However, unlike prior literature on value relevance research in emerging markets, the present study found relatively higher Adjusted R2s (explanatory power) in regression measurement. This indicates that an increase in the value relevance of accounting information grew from NGAAP to IFRS over the period.

The most significant aspect of the present study within the period of NGAAP and the transition reporting period of January 2012 is the mixed empirical signals on the variables adopted. They exhibit greater and lower value relevance of accounting information after adopting IFRS. Furthermore, the empirical findings from the stock price and return models show significant signs of increase and decline in the value relevance of information and a rise in value relevance in the disclosures. Namely, total assets and total liabilities have shown an increase in value relevance

during the transition periods. The possible explanation of this finding can be attributed to the fact that the period of transition was characterised by greater use of IFRS by the banks.

The present study's findings have shown that markets provide signals to explain the behaviour of accounting reporting under NGAAP and IFRS using both the stock price and return models. Connelly, Certo, Ireland, and Reutzel (2010), for example, are of the notion that managers and investors must make a choice on whether and how to send information (a signal) while other users (the receivers) should choose the method of how to understand the signal from the market. This process and understanding derived from it will further increase investors' confidence in the market based on the new requirements of IFRS standards

Furthermore, the present study's findings show significant evidence of the increased relevance of accounting information among Nigerian financial institutions during the period of IFRS adoption evident in the Adjusted R2. The present study concludes that financial institutions reports of accounting information, the disclosure of assets and liabilities, income statement, other comprehensive income and cash flow statements will increase the relevance of accounting information. Today, financial institutions have recovered much of the decision usefulness lost under NGAAP. However, this regaining of the value relevance of financial institutions could be the result of adopting IFRS, which can further be studied because the CAMA 1990 requirement is not in alignment with IFRS. Furthermore, CAMA emphasises the use of historical cost accounting rules for all listed firms in Nigeria. This requirement of CAMA conflicts with IFRS requirements for fair value measurements.

Lastly, value relevance researchers are motivated because firms listed on the stock market use accounting information as one of the important channels of communication to investors, government, equity investors and the public at large. Furthermore, the accounting regulation setters and stock market regulators, have much work to improve the accounting reporting relevance by increasing the financial reporting and transparency level. Therefore, this study has contributed to the development of relevant accounting reporting to users of accounting information.

References
1. D. Aboody, J. Hughes, J. Liu, Measuring value relevance in a (possibly) inefficient market. Journal of Accounting Research, 40(4) (2002) 965–986.
2. E. Amir, T.S. Harris, E.K. Venuti, A Comparison of the Value-Relevance of U .S. versus Non-U . S . GAAP Accounting Measures Using Form 20-F Reconciliations, Journal of Accounting Research, 31 (1993) 230–264.
3. N. Balasundaram, The Value Relevance of Accounting Information and Its Impact on Market Vulnerability: A Study of Listed Manufacturing Companies in Sri Lanka, Merit Reserach Journals, 1(2) (2013) 30–36.
4. M.E. Barth, W.H. Beaver, The Relevance of Value Relevance Research, Journal of Accounting & Economics Conference, 650 (2000).
5. M.E. Barth, W.H. Beaver, W.R. Landsman, Value relevance of banks' fair value disclosures under SFAS No. 107, In Accounting Review, 71(4) (1996) 513–537.
6. M.E. Barth, W.R. Landsman, D. Young, Z. Zhuang, Relevance of differences between net income based on IFRS and domestic standards for european firms, Journal of Business Finance and Accounting, 41(3–4) (2014) 297–327.
7. L. Beisland, Essays on the value relevance of accounting information (Issue November), (2008).
8. L.A. Beisland, A Review of the Value Relevance Literature, The Open Business Journal, 2(1) (2009) 7–27.
9. J.O. Brien, Relevance and Reliability of Fair Values : Discussion of Issues Raised in " Fair Value Accounting for Financial Instruments : Some Implications for Bank Regulation " (2005) 1–12.
10. B.L. Connelly, S.T. Certo, R.D. Ireland, C.R. Reutzel, Signaling Theory: A Review and Assessment, Journal of Management, 37(1) (2011) 39–67.
11. D.W. Collins, E.L. Maydew, Accounting. Journal of Accounting and Economics, 24 (1997) 39–67.
12. L.M. Dunham, J.L. Grandstaff, The Value Relevance of Earnings, Book Values, and Other Accounting Information and the Role of Economic Conditions in Value Relevance: A Literature Review*, Accounting Perspectives, (2021).
13. E.A. Eccher, K. Ramesh, S.R. Thiagarajan, Fair value disclosures by bank holding companies, In Journal of Accounting and Economics, 22(1–3) (1996) 79–117.
14. I. Goncharov, A. Hodgson, Measuring and Reporting Income in Europe, In Journal of International Accounting Research, 10(1) (2011) 27–59.
15. J.J. Gong, S.I.L. Wang, Changes in the value relevance of research and development expenses after IFRS adoption, Advances in Accounting, (2016).
16. W. He, K.H. Hong, E. Wu, Does Investor Sentiment Affect the Value Relevance of Accounting Information? Abacus, 56(4) (2020).
17. K. Hellström, The Value Relevance of Financial Accounting Information in a Transition Economy : The Case of the Czech Republic The Value Relevance of Financial Accounting Information in a Transition Economy : The Case of the Czech Republic, European Accounting Review, 15(3) (2007) 325–3.
18. R.W. Holthausen, R.L. Watts, The relevance of the value-relevance literature for financial accounting standard setting, Journal of Accounting and Economics, 31(1–3) (2001) 3–75.
19. S. Kargin, The Impact of IFRS on the Value Relevance of Accounting Information: Evidence from Turkish Firms, International Journal of Economics and Finance, 5(4) (2013) 71–80.
20. J. Kommunuri, Value Relevance of Accounting Information Subsequent to the Adoption of IFRS in New Zealand. Finance, 5(8) (2008) 2005–2006.
21. C.J. Mbekomize, S. Popo, Value Relevance of Accounting

Eleyon Publishers

Information in the Botswana Listed Companies, International Business Research, 13(5) (2020).

22. Y.A. Mohammed, N.A. Lode, Value relevance of asset and liabilities among Nigerian financial institutions, Journal of Business and Management and Accounting, 2(2) (2012) 81–100.

23. M. L. Nelwan, C. Simatupang, B.I. Tansuria, Value Relevance of Accounting Information in the Presence of Earnings Management, Jurnal Reviu Akuntansi Dan Keuangan, 10(2) (2020).

24. M. Omran, Y.A. Tahat, Does institutional ownership affect the value relevance of accounting information? International Journal of Accounting and Information Management, 28(2) (2020).

25. I. Tsalavoutas, D. Dionysiou, Value relevance of IFRS mandatory disclosure requirements, Journal of Applied Accounting Research, 15(1) (2014) 22–42.

26. M. Venkatachalam, Value-relevance of banks' derivatives disclosures, Journal of Accounting and Economics, 22(1–3) (1996) 327–355.

27. P. Vijitha, B. Nimalathasan, Value Relevance of Accounting Information and Share Price : A Study of Listed Manufacturing Companies in Sri Lanka, Merit Research Journal of Business and Management, 2(1) (2014) 1–6.

Eleyon Publishers