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VALUE RELEVANCE OF ACCOUNTING INFORMATION AND MARKET VALUES IN OF LISTED FIRMS

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ABSTRACT

This study examines value relevance of accounting information and market values in of listed firms in Nigeria: A comparative study. A regressions analysis was used for the analysis of the data and pre-estimation tests were carried out. 11 firms were randomly chosen from each of manufacturing sector and healthcare sector. Data were obtained from the yearly financial reports of the selected listed firms on the Market Price per Share (MPS), Earning per Share (EPS), Book Value of Equity (BVE), and returns on equity (ROE) covering a period of 10 year, from 2011-2020 to test for relationship that exists between value relevance of accounting information and market values in manufacturing sector and healthcare sector. The findings of this study showed that all the explanatory variables (EPS, BVS and ROE) in both sectors have significant positive relationships with dependent variable (MPS) but the financial information in healthcare sector is more value relevant than that of the financial information of manufacturing sector. The study concludes that there is no distinction in the value relevance of accounting information in the manufacturing and healthcare sectors and recommends that every sector should comply with accounting standards in order to improve quality of financial statements.

KEYWORDS: *Value relevance of accounting information; Market values; Financial statements*

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