



Accounting Information and Share Prices in the Food and Beverage, and Conglomerate sub-sectors of the Nigerian Stock Exchange

Sylvester ERIABIE^a Ben-Caleb EGBIDE^b

^a Ph.D., Benson Idahosa University, Department of Accounting, seriabie@biu.edu.ng

^b Ph.D., Covenant University, Department of Accounting,

Keywords

Accounting Information,
Value Relevance, Book
Value Per Share,
Earnings Per Share.

Jel Classification

M41, M49.

Abstract

The main objective of the study is to examine whether accounting information is value relevant in both the food and beverage, and the conglomerate subsectors of the Nigerian Stock Exchange (NSE). The study also compared the value relevance of accounting information for both sectors. A random sample of seven companies was selected from a total population of thirteen companies listed in the Food and Beverage subsector of the NSE. The study also took a random sample of another seven companies in the conglomerate subsector. Data were gathered from these companies for the period 2005 to 2014. Using the Ohlson (1995) model and the multiple regression method, we found that market price per share (MPS) is positively, but insignificantly related to book value per share (BVPS) and earnings per share (EPS) in the conglomerate sub sector. On the other hand, for food and beverage sub sector, MPS is positively and significantly related to BVPS and EPS. Accounting information is more value relevant in the food and beverage subsector than the conglomerate subsector as shown by the adjusted R^2 of 0.89 for Food and Beverage subsector and 0.15 for the conglomerate sub sector. We recommended that accounting rules should be more sector-specific, and monitoring should be taken more seriously in the conglomerate subsector to enhance value relevance of accounting information in NSE.