# ABSTRACT

Lee YongHee (00000028351)

**THE EFFECT OF IFRS ADOPTION ON THE VALUE RELEVANCE OF ACCOUNTING INFORMATION**

**(ix + 39 Pages; 15 Tables)**

Although the relevancy of accounting information has been boosted by the widespread adoption of International Financial Reporting Standards, questions regarding the value relevance of accounting information continue to persist. The writer of this paper will empirically examine whether the adoption of IFRS increases the value relevance of accounting information. Value relevance can be measured through the statistical relations between information presented by financial statements and stock market values or returns. A regression model which was developed from the Ohlson Model (1995) theory was used as proxy in measuring the value relevance by exploring the relationships among the market value of equity and two main financial reporting variables, which are the book value per share and earnings per share. Data used in this study are the 28 firms listed in Indonesian Stock Exchange (IDX) which consistently existed during the research period. The writer specifically designates 2004-2007 as the Pre-IFRS period and 2012-2015 as the Post-IFRS period for the research period. The results of the analysis showed that the value relevance of accounting information for Indonesian companies listed in IDX increased after the adoption of IFRS, considering the explanatory power which is the adjusted r-square significantly increased after the adoption of IFRS. Therefore, these findings will contribute to the persisting debate of the effect of IFRS adoption.

Keywords: International Financial Reporting Standards (IFRS), The Ohlson Model Theory, Value relevance, Market Price, Book Value Per Share, Earnings Per Share.

References: 28 (2000-2019)