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THE DOCTORAL RESEARCH ABSTRACT

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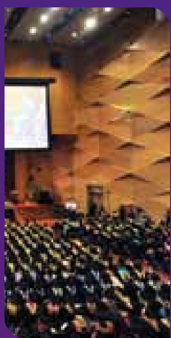

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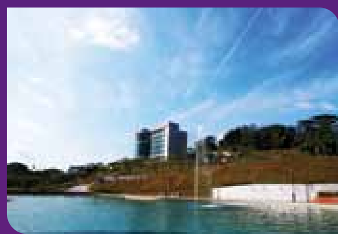

FIRST ISSUE


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1

Name : **Arun Mohamed, *PhD***
Title : **The Value Relevance Of Financial Reporting Standards And The Accounting Information Prepared Under Specific Ifrss In Malaysia**
Faculty: **Accountancy**
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The thesis aims to examine the value relevance of accounting information in Malaysia. In particular it aims to determine the value relevance of accounting information produced under different financial reporting standards (IASs/MASs, MASB standards and FRSs) used in Malaysia from 1995 to 2008. It also aims to examine the value relevance of specific standards upon the adoption of IFRSs in Malaysia in 2006. The samples consist of companies listed on the Main Board of Bursa Malaysia using data obtained from the International Datastream and the annual reports. The multiple regression analyses are used to determine the value relevance of accounting information. The findings suggest that there is significant upward trend in the combined value relevance and book value but not earnings relevance. There is no significant difference in the value relevance after the introduction of the MASB standards. However, the use of FRSs in place of MASB standards exhibits higher value relevance. Earnings are more important than book value in the valuation of the firms when IASs/MASs and FRSs were used but not MASB standards. Even though book value under FRSs exhibits greater information content than book value under MASB standards, the incremental contribution of book value under MASB standards is greater than the incremental contribution of book value when the FRSs are introduced. After excluding loss firms (which are prevalent under MASB standards) and controlling for size of the firms, the value relevance between the financial reporting standards and measures (earnings and book value) remain unchanged. The results also suggest that regulations together with the use of FRSs (but not MASB standards) increase the value relevance of accounting information in Malaysia. The adoption of IFRSs in 2006 are value relevant for property, plant and equipment, prepaid lease payments, assets held for sale, earnings from discontinued operations, goodwill and other intangible assets. However, there is very little evidence to suggest the adoption of IFRSs relating to investment property and share-based expense to be value relevant. The use of fair value estimates and the increasing discretion available to managers may result in the two items providing little evidence on value relevance. The study contributes to the existing value relevance literature and the role of financial reporting standards and regulations in improving the quality of financial reporting. The results suggest that the use of regulations without proper enforcement mechanisms may not be effective. Additionally, financial reporting standards that are based on the local economy have resulted in the decrease in earnings relevance. The use of more superior standards like the IFRSs may not be value relevant if managers have the opportunity to act on their best interest rather on the interest of the firms. The study provides preliminary evidence on the adoption of IFRSs in Malaysia before the full implementation of IFRSs is expected to take place in 2012.