

**UNIVERSITI TEKNOLOGI MARA**

**THE INFORMATION CONTENT OF NON-  
CURRENT ASSETS**

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**Thesis submitted in fulfillment of the requirements  
for the degree of  
Doctor of Philosophy**

**Faculty of Accountancy**

**February 2007**

## ABSTRACT

This thesis study examines the information content of non-current assets (NCA) during economic crisis period. Specifically this study asked two questions. First, whether NCA information content still exist during economic crisis period. Abandonment option hypothesis suggest firms' net book value of equity has more information content than earnings, conceptually during economic crisis period. However there is vague evidence in prior literature with regards to NCA information content during economic crisis period even though NCA is the major component of net book value of equity. Second, this study asked whether NCA information content during economic crisis period might be diluted due to NCA having two major components of opposite nature, tangible and intangible NCA. There is very little evidence on the information content of tangible together with intangible NCA during economic crisis period in prior literature. This thesis research empirically test information content of NCA based on multiple regressions of three decision making models. The models are the analysts' earnings forecasts accuracy model, the price model and the returns model. Sample data consist of all firms listed on the main board of Bursa Malaysia throughout years 1990 until 2001, inclusive. Sample data is partition into three main sub-samples of three different economic conditions, namely pre-crisis, crisis and post-crisis periods. Focus of thesis study is on crisis period proxy by the Asian financial crisis being years 1997 and 1998. Pre-crisis period cover years before 1997 and post-crisis period cover years after 1998. Pre-crisis period results suggest NCA have less information content compared to post-crisis period results. Economic crisis period results suggest NCA have information content based on NCA association with dependent variables in all three main models. Results also suggest NCA information content is better for decision on firms' value than for predicting firms' performance. Price models consistently show higher explanatory power compared to accuracy and returns models. In further analysis on crisis period, results provide evidence NCA information content might be diluted when examined as one item compared to when examined as components of tangible and intangibles. Findings imply that abandonment option hypothesis could be refined by investigating NCA as components rather than as one item. Findings provide evidence to financial statement preparers and accounting regulators that NCA is important information for decision making by capital market participants during economic crisis period.



## ACKNOWLEDGEMENTS

Bismillahirrahmanirrahim.

In the Name of Allah Most Merciful Most Beneficent. Alhamdulillah. First and foremost I thank Allah Subhanahuwataala for granting me this opportunity to finally finish my PhD thesis at Universiti Teknologi MARA.

I would especially like to thank both my supervisors, Professor Dr. Muhd Kamil bin Ibrahim and Associate Professor Dr. Jagjit Kaur for never giving up on me and continuously encouraging me throughout my studies time period.

I would also like to thank all staff especially at Faculty of Accountancy, Universiti Teknologi MARA, Shah Alam, as well as my colleagues at Faculty of Economics and Business, Universiti Kebangsaan Malaysia, Bangi, for providing assistance directly and indirectly throughout my study years.

To my father, Dato' Hj. Abdul Shukor bin Hj. Siraj, to my mother, Hjh. Dzan bt Mansor, to my son, Abdul Rahman bin Abdul Kadir, to all my brothers and sisters especially Cila bt Umat, Zaiton bt Abd. Shukor, Zarina bt Shukur, to all my nieces and nephews especially Sarah bt Azizul and Balqis bt Abdullah, to my adopted family members in Melaka especially my adopted father, Umat bin Hj. Baba, my adopted mother, Maznah bt Hj. Abdullah, my thanks and unending appreciation for continuously providing me with psychological and financial support throughout my study years. May Allah Taala bless and give His mercy to all of us forever in this life and hereafter.

I am forever grateful to all and wish the best of life to everyone involved. May Allah Taala bless everyone and forever take care of our life in this world and hereafter. Amin.

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