THE VALUE RELEVANCE OF EARNINGS,BOOK VALUES, AND CASH FLOWS: SPECIAL REFERENCE TO NON FINANCIAL SECTOR, EVIDENCE FROM SRI LANKA

AhamedLebbe Abdul Rauf*

P.A.D.D. Randika*

ABSTRACT

This research investigated that the value relevance of earnings, book value and cash flow is to provide empirical evidence concerning the value relevance of accounting information such as earnings per share (EPS), asset book value (ABV), and operating cash flow (OCF) to share price (SP) of non-financial companies listed on the S&P SL20 index in Colombo stock exchange (CSE) in the period of 2011-2015. For conducting this research, data were collected from secondary sources, mainly from financial reports of companies selected from the S&P SL20 index. For this purpose descriptive, correlation, and multiple regression analysis was employed.

The findings of this research, the multiple regression analysis, Adjusted R square revealed that earnings per share, asset book value and operating cash flow are 84.9% impact on the share price. Also earnings per share significantly impact on share price while asset book value and operating cash flows are not significantly impact on share price. The correlation analysis revealed that earnings per share has a strong positive relationship with share prices, asset book value has a weak negative relationship with share price and operating cash flow has weak positive correlation with share price. Based on these findings, it is suggested that the focus of investors should be on earnings, cash flow and while less emphasis be placed on book values.

Keywords: Value relevance, share price, Earning, book value

* **Department of Accountancy and Finance,South Eastern University of Sri Lanka**

Background of the Study

In recent times, the value relevance of financial information has been progressively apprehensive by the researchers. Value relevance is one of the basic trait of quality of the financial statements. The theory of the value relevance of accounting information is defined as ''the ability of accounting numbers to summarize the information underlying the stock prices, therefore, value relevance is statistically related with financial information and market price of a share. Listed companies use financial information as one of the major indicators of predicting about share price to stakeholders. Therefore, the transparency level of financial statements should be high in order to improve the quality of financial statements. Financial Statements will comprise with different type of information.

The primary purpose of the financial statements is to provide information about a company for better decision making for users of accounting information. It also should help to improve the knowledge of the users and give a decision maker the ability to predict future actions. Therefore, value relevance of accounting information can be defined as an essential prerequisite for stock market growth. According to the previous studies, many researchers have conducted to identify the relationship between market price per share as the dependent variable and a set of independent variables such as BV and EPS.

The companies share price is a comprehensive reflection of the company's future profit. The correlation between listed company's financial data and stock price is always studied. As such recent empirical studies on value, relevance, including Ben and Abaoub (2006), Chandrapala (2013), Charitou, Clubband Andreou (2000) and among others. The Comprehensive income statement, statement of financial position or statements of cash flows does not provide any information showing the extent of the value or the wealth created by the company for a particular period. Hence, there is a need to analyse the existing accounting and financial information to identify whether accounting and financial data impacts on share price of companies. So that this study has given importance to analyse business performance.

This study was significant for its unique approach in assessing through the value relevance of the share price as it related to the CSE. This study was particularly important because its focus on

the value relevance of share price. Wang et al. (2013) report that accounting information has some effect on stock price. But the significance diversified. The accounting information about profitability, earnings per share and rate of return on common stockholders' equity are most significant. Ragab and Omran (2006) based on price model that both earnings levels and the market value of the firm are positive and significant.

Companies live and die by their stock price, yet for the most part they don't actively participate in trading their shares within the market. In the subsequent trading of these shares on the secondary market (what most refer to as "the stock market"), it is the regular investors buying and selling the stock who benefit from any appreciation in stock price. Fluctuating prices are translated into gains or losses for these investors as they shift stock ownership. Individual traders receive the full capital gain or loss after transaction costs and taxes.

The industry background under the centrally planned economy was secretive and secured. The public did not have any insight into the companies and the economy. In the market economy, the companies must act in a different way. They are not any longer closed units managed by the state, but they need to open themselves to their surroundings– to their customers, employees, suppliers, creditors, and investors and other users. The first and most obvious reason why those in managed care about the stock market is that they typically have a monetary interest in the company. It's not unusual for a public company's founder to own a significant number of outstanding shares, and it's also not unusual for the company's management to have salary incentives or stock options tied to the company's stock prices.

Economically, Movements in the stock market can have a profound economic impact on the economy and everyday people. A collapse in share prices has the potential to cause widespread economic disruption. Yet, daily movements in the stock market can also have less impact on the economy than we might imagine. The first impact is that people with shares will see a fall in their wealth. If the fall is significant it will affect their financial outlook. If they are losing money on shares they will be more hesitant to spend money; this can contribute to a fall in consumer spending. Often share price movements are reflections of what is happening in the economy. E.g. a fear of a recession and global slowdown could cause share prices fall. The stock market itself

can affect consumer confidence. Falling share prices can hamper the firms' ability to raise finance on the stock market. A fall in the stock market makes other investments more attractive. People may move out of shares and into government bonds or gold. These investments offer a better return in times of uncertainty. This sub effects makes changes to the economy as a whole.

Internationalization of the economy, whoever through foreign customers and suppliers or through foreign investors arriving capital markets or overseas companies instituting themselves in the country, changes the informational environment of economies. The arrival of the actors from well-functioning markets into the economy encourages national enterprises to be more responsive and responsible to a larger number of stakeholders. It has a progressive effect on the change in the corporate environment. Increased internationalization and globalization of business should have positive effects on the value relevance of accounting information.

Internationally, Currency fluctuations in foreign exchange markets can have a significant impact on the performance of individual shares, as well as your overall investment returns as a country vise to compete with internationally. Share price will determine the country currency exchange rate within share markets. Therefor that will influence countries to develop and keep their place internationally.

Huffman (2013) examined whether asset capacity linked to asset use provides investors with incrementally more value relevant information in a sample of 183 international firms from 35 countries that adopt International Accounting Standard (IAS) 41. This study found that book value and earnings information is significantly more value relevant in regressions of stock price, stock returns, and mechanical projecting models of future operating cash flows and operating income when firms measure their biological assets consistent with their use, relative to when they do not.

Tharmila and Nimalathasan (2013) examines the impact of value relevance of accounting information on market vulnerability of the listed manufacturing companies in Colombo stock exchange (CSE). The results revealed that earnings per share (EPS) and net assets value per share (NAVPS) significantly impact on market vulnerability. Further EPS and NAVPS are

significantly correlated with market vulnerability. Pourheydari, Aflatooni and Nikbakhat (2008) examined the value relevance of book value and dividends versus book value and published earnings in the TSE from 1996 to the end of 2004. The results of their research initiated that there was a positive linkage between dividends, book value and earning, with a stock market value in the TSE. Safahjo, Pourhyidari and Solaimani (2005) reported the observed relationship between EPS and book value with a stock market value for the 8-year period from 1997 to 2002. They got to know that there was a considerable relationship between EPS, BV and price.

Kumari, J.S., (2015) paper examines the relevance of accounting reporting. In order to achieve this, a model that includes provisions is advanced, and studied those specific ratios affecting return earnings relation and issue of earnings relevance, in the firms of the Sri Lankan Stock Market, and its belongings on the return-earnings relation. The outcomes showed that the ratios of working capital to total assets (Liquidity ratio) and net profit to sales (Profitability ratio) have a negative impact on stock returns. While the ratios of net profit to total assets (Profitability ratio) and sales to total assets (Efficiency ratio) affect the returns positively. Total debt to total assets (Leverage ratio) has positive return earnings relation.

Andriantomo and Yudianti (2013) have carried out a research concerning the value relevance of earnings and book values to stock prices in Indonesia Stock Exchange (ISE). Relating to that the results point out that earnings and book values simultaneously are significant information in explaining stock prices.Halonan.E., et al (2013) aim was to examine the value relevance of financial reporting and its effect on share prices in Sweden after the institution of the new IFRS standards 2005. The results reveal that value relevance from the balance sheet, measured by BVPS, has increased. Accounting data from the income statement is value relevant, measured by EPS, for the whole investigated period but its importance has decreased. The findings also expose that accounting data explains a high proportion of the stock price.

This study examines the levels of relational impact on the value relevance of different sectors, according to the cash flow information from the evidence from Sri Lanka. Some previous value relevance studies have surveyed specific industries, but most prior research does not examine a great range of S&P SL20. As to S&P SL20 index introduced newly to the Colombo Stock

Exchange in Sri Lanka. Therefore, objective of the study is determining the most value relevant variable among book value, earnings and cash flows in firms listed in S&P SL20 Index in the Colombo Stock Exchange (CSE) in Sri Lanka.

Methodology

Based on the literature, it is evident that the accounting information has an impact on the value relevance as a independent variables are earnings per share (EPS), book value of assets (BV), cash generated from operations (OCF) while, as a dependent variable is Value Relevance (SP). From the literature, the conceptual model has been developed to carry out the study below figure 1 as follows.

Independent   Variable

Dependent Variable
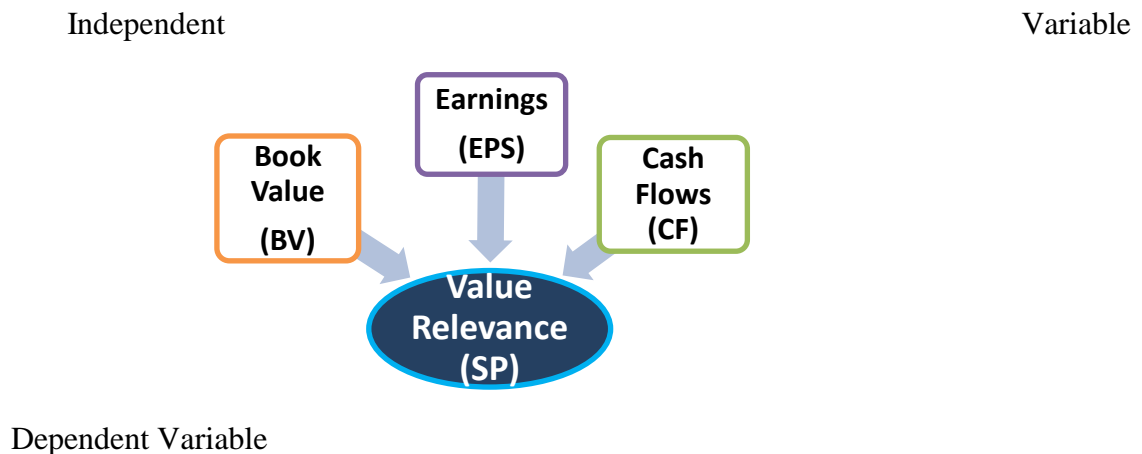
Figure:1 Conceptual Framework

There are many problems in the measurement of dependent variable, i.e. market price of share and independent accounting variables. The interpretation and significance of variables largely depend upon how they are measured. In the present study, the dependent and independent accounting variables are measured with the help secondary data.

Table: 1 Operationalization

Variable	Indicator	Measurement
Share Price	SP	Year End Price as of Mach 31st
Earnings Per Share	EPS	$P = (PH + PL) / 2$
Book Value of Asset Value	BV	Year-end value from statement of

		financial position as at March 31st
Operating Cash Flow	CF	Year-end value of cash flow statement as at March 31st

The population of this study comprises all companies listed in the Colombo stock exchange (CSE) during the five year period 2011-2015. To select the sample, the following restrictions were imposed: sampled company must be listed in S&P SL20; the financial year end of the sample companies must be March, 31; the firm has published its complete financial statements; to ensure some homogeneity of information, firms in Banking, Finance and Insurance sectors is excluded and the shares of the sampled companies must be actively traded in the period under consideration. The value relevance of accounting data in the listed non-bank, financial and insurance companies in S&P SL20 Index under the Colombo stock exchange (CSE) over a period of 5 years from 2011 to 2015.

Data Analysis and Presentation

Descriptive analysis of the sample is performed on the dependent variable (Market Price per Share) and the independent variables (EPS, BV and CF). The Analysis examines the mean, standard deviation and ranges of the data.

Descriptive statistical analysis can describe statistical data' structure and overall performance, but it cannot describe the internal law of statistical data. Descriptive statistical analysis is the first step in statistical analysis.

Table: 2 Descriptive Statistics for the period 2011-2015

	N	Minimum	Maximum	Mean	Std. Deviation
SP	60	7.10	2295.00	3.243002	521.35326
EPS	60	.04	78.77	14.8594	20.09655
ABV	60	4.09	2.011	3.80010	4.837010
OCF	60	-6.08	2.010	5.7609	6.40109
Valid N (listwise)	60				

Source: SPSS Output

Table 2 illustrates that, descriptive statistics of 2011-2015 for all variables that the average share price of the S&P SL20 Index listed companies which registered in CSE is 3.243.The Minimum share price is LKR. 7.10 and the maximum recorded as LKR. 2295.0. Standard deviation of share price is LKR. 521.35326.

The average earning per share of the S&P listed companies is 14.8594; the minimum earning per share is LKR. 0.04 and the maximum recorded as LKR78.77standard deviation of earning per share LKR. 20.09655. The average asset book value of the S&P companies which registered in CSE is 3.80. The minimum asset book value is LKR. 4., and the maximum recorded as LKR. 2.0, standard deviation of ABV is LKR 4.837 respectively. The average cash flow of the S&P companies which registered in CSE is 5.76. The minimum operating cash flow is LKR -6, and the maximum recorded as LKR 2, standard deviation of the OCF is LKR 6.401 respectively.

Table 4 clearly describes the relationship for all the pairs of variables. From the output, it can be found that, the correlation coefficient between EPS and share price is 0.921 which is significant at the 1% level. Based on that conclusion can be made that there is a strong positive correlation between EPS and the share price at 1% significance level. The correlation coefficient between BV and share price is -0.199 which indicated that there is a weak negative correlation between BV and share price. The correlation coefficient between CF and share price is 0.124 which can be concluded that there is a positive correlation but the coefficient is near to 0 therefor there is no much relationship between cash flow and share price.

Table 3 Co-Linearity Statistics for variables for the period 2011-2015

		SP	EPS	ABV	OCF
SP	Pearson Correlation	1	.921[**]	-.199	.124
EPS	Pearson Correlation	.921[**]	1	-.134	.224
ABV	Pearson Correlation	-.199	-.134	1	.510[**]
OCF	Pearson Correlation	.124	.224	.510[**]	1

		SP	EPS	ABV	OCF
SP	Pearson Correlation	1	.921**	-.199	.124
EPS	Pearson Correlation	.921**	1	-.134	.224
ABV	Pearson Correlation	-.199	-.134	1	.510**
OCF	Pearson Correlation	.124	.224	.510**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

As to the pearson correlation coefficient fluctuations in the period of 2011 to 2015 year wise reveals that the independent variable Earnings Per Share (EPS) shows strong positive relationship with SP from 2014 EPS line turn downwards, but still it has a strong positive correlation with a share price (SP). As the second point the Book Value shows the weak negative relationship in the period of 2011 to 2014 and the line turn upwards after 2014. Finally Cash Flow (CF) shows an increasing positive correlation with Share Price.

In regression analysis, the coefficient of determination (that is, the explanatory power or simply R^2) measures the percentage of variance in the dependent variable explained by the independent variable(s). If stock prices or returns are regressed on accounting variables, R^2 is a measure of how much variation in stock prices or returns is explained by the accounting variables analyzed. Hence, explanatory power is a measure of value relevance. The explanatory power from diverse samples is often compared to study the extent to which value relevance differs between samples over the years.

Table: 4 Coefficients table in the Regression analysis for the year 2011-2015

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	12.672	41.021		.309	.759

EPS	24.109	1.409	.929	17.113	.000
BV	-4.597	.000	-.043	-.693	.491
CF	-5.058	.000	-.062	-.993	.325
R	.926				
R^2	.857				
Adjust R^2 ed	.849				
F	111.729				0.000a
N = 60			Durbin-Watson = 2.158		

a. Dependent Variable: SP

Source: SPSS Output

The Table 4 Modal Summary for the period of 2011-2015 shows the impact of independent variables on the dependent variable. According to that the Durbin-Watson coefficient is 2.158, which show that there is no auto correlation among the variables. Also Adjusted R square is 0.857. It means that there is 85.7 % of the impact of the independent variable on the dependent variable. It indicates that the value relevance of accounting information has 85.7% impact on share price. From ANOVA Table of Year for the period of 2011-2015, it can be found that the accounting information has the significant impact on share price at 1% significance level.

Table 4 Coefficients table in the regression analysis for the year 2011-2015 illustrates the coefficient value of regression analysis. It clearly shows what extent each independent variable impact on share price. Based on that, the p value of beta coefficient of EPS is 0.000 which is significance at the 1% level. It means the EPS significantly impact on share price. At the same time, the p value of beta coefficient of BV and CF is 0.491 and 0.325 respectively which are not significant. Therefore, it can be concluded that, except EPS other independent variable of BV and CF does not have a significant impact on share price. From the table 4 the regression model can be retrieved as follows.

SP =   12.672   +   24.109 EPS   -4.597 BV   -5.058 CF + e

Conclusion and Recommendation

The present study has been undertaken to examine the empirical relationship between share prices and explanatory variables such as earnings per share, asset book value, operating cash flow for the period of 2011 to 2015 related to listed companies in S&P SL20 index from the evidence from Sri Lanka.

Correlation analysis and regression analysis of accounting information and share price reaction show that the accounting information significantly impact on stock price. But the significance diversified. The findings of this research, from the multiple regression analysis, Adjusted R square revealed that earnings per share, asset book value and operating cash flow are 84.9% impact on the share price. Also earnings per share significantly impact on share price while Asset Book Value and operating cash flows are not significantly impact on share price. The correlation analysis revealed that Earnings Per share has a strong positive relationship with share prices, asset book value has a weak negative relationship with share price and operating cash flow has weak positive correlation with share price. Based on these findings, it is suggested that the focus of investors should be on earnings, cash flow and while less emphasis be placed on book values.

The accounting information undertaken as accrual basis, the Earnings per Share is most significant and it has a constant correlation with share price. It can define that earnings per share has a strong positive relationship with share price. The other accrual basic accounting information variable of asset book value has a weak negative relationship. And operating cash flow as the final accounting information variable that cash basically taken has a positive relationship with share price at the end of the period of the period undertaken in this study. And operating cash flow has an increasingly positive relationship with share price during the period of five years 2011 to 2015, the companies listed in the S&P SL20 index in Sri Lanka.

The first objective of the study was to find the most value relevant variable among book value, earnings and cash flows in firms listed in the S&P SL20 index. The test results are earnings per share more value relevant than book value and cash flow. The second objective to determine

whether earning per share has Positive relationship with share prices in firms listed in the S&P SL20 index. The results are in line with the hypothesis that the earnings per share have positive relationship with share price. The third objective to determine whether the book value has negative relationship with share prices in firms listed in the S&P SL20 index. The results are in line with the hypothesis that the book value has negative relationship with share price. The final objective to determine whether operating cash flow has a positive relationship with share prices in firms listed in the S&P SL20 index. The results are in line with the hypothesis that the cash flow has a weak positive relationship with share price.

Based on these findings, it is suggested that the focus of investors should be on earnings, cash flow and while less emphasis be placed on book values. Besides, the accounting information for investment purposes should be communicated to the investing public; and such information should be of high quality to avoid sub-optimal investment decisions by investors, with negative consequences for the overall economy. This research used to examine and quantify the occurrence of earnings per share, asset book value and operating cash flow activities related to share price in the non-bank, finance and insurance sector companies listed in S&P SL20 in Colombo stock exchange (CSE).

During the research period 2011-2015 independent variable factors significantly impact on share price. The country should make improvements to consider influencing value relevance of both accrual and cash basis accounting information. The country, accounting standards and regulation should improve and establish more efficient control mechanisms which has a positive effect on the capital market. Companies also begin a start to demonstrate a change in their company attitude and became more positive towards providing access to information.

The largest companies listed in the Colombo stock exchange disclose more information than necessary, then they should reconcile their statements according to international standards and they should introduce new accounting methods. These changes will support the evidence of an increase in the value relevance of accounting information in the future.

Some additional comments and suggestions for future research are appropriate to establish. First, value relevance is only one of the attributes of accounting quality which gives space for further research in the area of accounting quality in the Sri Lankan economy. Second, value relevance tests do not distinguish between accounting regulation and the actual implementation of accounting standards. This dichotomy should be addressed in the future.

Despite the suggested improvements, the following may be learned from the results of this study. The value relevance of accounting information is a complex and ambiguous issue and its improvement cannot be achieved overnight. Variations in the quality of accounting information and financial reporting also take time, however, that the change can occur relatively quickly, the value relevance of accounting information increased to a level comparable to that of a market economy after few years of trading activity at the Colombo stock exchange.

In order to increase value relevance of accounting information, however, a number of factors must interact in the same positive direction. In other words, it is not enough to adopt high quality accounting standards – whether domestic or international accounting standards – unless control mechanisms are functioning, society is open and able to compete internationally. Thus, the issue for accounting standard setters and accounting methods are not only the way to increase value relevance of accounting information, but perhaps more importantly an understanding of the interaction between the economy and organizational factors and their importance for the value relevance of accounting information.

These implications may have important improvement for the Sri Lankan companies and capital markets because the increase in value relevance and possibility of reliance on the information promotes investor interest in the economy, strengthens the country's wealth and has effects on the cost of capital. Last but not least, the well-functioning accounting environment should be introduced to the country focusing on improvements of value relevance of accounting information on the Sri Lankan economy. Similarly, investigation of the influence of different stages of the business life cycle and the influence of different sector may provide a valuable impact to value relevance of accounting information.

REFERENCES

- Al-Jafari, M. K. (2013). The random walk behavior and weak-form efficiency of the Istanbul stock market 1997-2011*: Empirical evidence. International Journal of Management,* 30 (3 Part 1), 169–185.

- Alrabadi, D. W. H. (2012). Short-term stock price reaction to shocks: Evidence from Amman stock exchange. *Interdisciplinary Journal of Contemporary Research in Business,* 4(1), 770–780.

- Amidu, M. (2007). How does dividend policy affect performance of the firm on ghana stock exchange? *Journal of Investment Management and Financial Innovations, 4*(2).

- Bainbridge,S.M. (2013). UK insider dealing and market abuse law: strengthening regulatory low to combat market misconduct. *Research Handbook on Insider Trading,* 407-436.

- Balaguru, R., and Kumar, L.V. (2015*).*A study on stock market qutations and indiciwes (special reference with BSE Sensex).*International Conference on Business Research*, SRM University, Chennai.

- Ball, R., Bushman,R., and Vasvari,F.P. (2008). The Debt-Contracting Value of Accounting Information and Loan Syndicate Structure.*Journal of Accounting Research,* 46, 247–287.

- Beisland, L.A. (2009). A Review of the Value Relevance Literature.*The Open Business Journal,* 2, 7-27..

- Ben A, M, R., and Abaoub, E. (2006). Value relevance of accounting earnings and the information content of its components: Empirical evidence in Tunisian Stock Exchange, Working Paper, *Faculté des Sciences Economiques et de Gestion de Tunis, Université Tunis- El Manar.*

- Ben, N., and Nachi, W. (2007). Does the Tunisian accounting reform improve the value relevance of financial information? *Afro-Asian Journal of Accounting and Finance, 2*(3).

- Buryla, E. (2008). Relation between Accounting Choices, Book Values and Stock Prices.*Skövde: Institutionenförteknikochsamhälle.*

- Chalmers, K., Navissi,F., and Qu, W. (2011). Value relevance of accounting information in China pre- and post-2001 accounting reforms.Managerial auditing journal, 25 (8), 792-813.

- Chandrapala, P. (2013). The Value Relevance of Earnings and Book Value: The Importance of Ownership Concentration and Firm Size. *Journal of Competitiveness,* 5 (2), 98-107.

- Charitou.A.,Clubb.C., and Andreou. a. (2000). The Value Relevance of Earnings and Cash Flows: Empirical Evidence for Japan. *Journal of International Financial Management and Accounting,* 11(1)

- Chen,Q., Goldstein, I., and Jiang, W. (2015). Price Informativeness and Investment Sensitivity to Stock Price.*Journal of The Review of Financial Studies,* 20(3).

- Elisa,H., Jelena.P., and Rickard,P. (2013). Value relevance of accounting information and its impact on stock prices: Evidence from Sweden. *Department of Economics*, Stockholm University.

- Fama, E. F. (1970). Efficient capital markets: A review of theory and empirical work. *Journal of Finance,* 25 (2), 383-417.

- Huffman,A.A. (2013). Value relevant asset measurement and asset use: Evidence from IAS41*.* http://eifrs.ifrs.org/eifrs/comment_letters/27/27_ 3206 _adriennahuffmanuniversityofutah_ 2_huffmanadriennajobmarketpaper.pdf

- Jung, G., and Kwon. (2009). The Value Relevance of Book Values, Earnings and Cash Flows:Evidence from Korea*. International Journal of Business Management*, *4 (*10)

- Kumar.K.R., and Krishnan.G.V. (2006). *The value-relevance of cash flows and accruals: the role of investment opportunities.*Retrieved from http://ssrn.com/abstract=585801

- Kumari, J.S. (2015). The Value Relevance of Financial Statements and Their Impact on Stock Prices: With Special Reference to Listed Firms in Colombo Stock Exchange. *International Research Symposium,Rajarata University of Sri Lanka.*

- Miah, M.S. (2012). Value relevance of accounting information and stock market vulnerability - A study on listed companies in Dhaka stock exchange, *Int. J. Res. Comm. Manag. 3*(4), 24-26.

- Olsen, M.D., Kumar, R., and Kwansa, F. (2008).*The relationship between share price and operating cash flow Under the casual theme restaurant setting.* Ph.D. dissertation, Blacksburg, Virginia.

- Omokhudu,O.O., and Ibadin, P.O. (2015). The Value Relevance of Accounting Information: Evidence from Nigeria. Retrieved from http://dx.doi.org/10.5430/afr.v4n3p20.

- Perra, A.A., and Thrikawala, S.S. (2010).An empirical study of the relevance of accounting information on investor's decision.*Research Journal of Finance and Accounting 4*(18)

- Pourheydari, O., Aflatooni, A., and Nikbakhat, Z. (2008). The Pricing of Dividends and Book Value in Equity Valuation: *The Case of Iran. Int. J. Finance Econ,* (13): 1450-2887

- Ragab,A.A., and Omran,R., (2006). Accounting information, value relevance, and investors' behavior in the Egyptian equity market. Review of Accounting and Finance,5 (3), 279 - 297

- Ricquebourg, A.J.D.D., Clacher,i., and Hodgson,A. (2016). *The Value Relevance of Direct Cash Flows under IFRS.*Retrieved from https://www.researchgate.net/publication/228320758

- Sharma, S. (2011).Determinants of Equity Share Prices in India.*Journal of Arts, Science & Commerce,* 2(4).

- Tharmila, K., and Nimalathasan, B. (2013). The Value Relevance Of Accounting Information And It's Impact On Market Vulnerability: A Study Of Listed Manufacturing Companies In Sri Lanka. Research Journal of Finance and Accounting 4(18).

- Vijitha, P., and Nimalathasan.B. (2014). Value relevance of accounting information and share price: A study of listed manufacturing companies in Sri Lanka. *Merit Research Journal of Business and Management*, 2(1), 001-006.

- Wang, J., Fu,G., and Luo,C. (2013). Accounting Information and Stock Price Reaction of Listed Companies — Empirical Evidence from 60 Listed Companies in Shanghai Stock Exchange. Journal of Business & Management, 2, 11-21.