ABSTRACT

The mandatory adoption of IFRS in 2012 is believed to provide an increase in the quality of accounting information that will benefit the users of the financial statement. This study aimed to test and compare the value relevance of accounting information by seeing the effect of earning, equity book value, and cash flow from operating activities in the decision-making of investors as reflected in the change of the stock price.

This research is an empirical study of property and real estate companies that listed in Indonesia Stock Exchanges (BEI) during the period of 2010 through 2013. The sample of companies were chosen from the purposive sampling technique and consisted of 14 listed companies each year. The data were obtained as secondary data of property and real estate company through the financial statements released in Indonesia Stock Exchanges website. The data then analyzed using Ohlson’s price model regression analysis and an additional Chow test analysis.

The result of this study showed that there were differences in the value relevance of accounting information after the full adoption of IFRS in Indonesia. The result obtained from the Ohlson’s price model regression showed that there is a decrease in the value relevance of accounting information in the period after the adoption of IFRS.

Keywords: IFRS, Value Relevance of Accounting Information, Price model, Chow Test.