

**The Value Relevance of Accounting Information:  
A Comparison between Published Interim and Annual  
Financial Statements**

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**Abstract**

Main objective of the accounting information is providing useful information to stakeholders of the entity. Current and prospective investors are the most important users of such information. Public Listed Companies in the stock market use financial statement as one of the main medium of communication with their stakeholders. Value relevance can be defined as the ability of information disclosed by financial statement to capture and summarize firm value. Investors predict future performance through existing accounting information. When the economy changes time to time investors need to be referred timely information for the investment decision making. If the investors depend on outdated information, investment decision will become inappropriate and ineffective. On the other hand, investors can obtain the short-term financial progress from the interim quarterly financial statements and also they can use audited annual financial reports after completing the accounting year.

Therefore, the purpose of this study is to distinguish the value relevance between interim financial statements and the audited annual financial statements in Sri Lanka context. The study is based on 35 listed manufacturing companies in the Colombo Stock Exchange (CSE) for the period of 2012 to 2017. The relevant data were gathered from the published interim financial report, audited annual financial statement and publish research articles. Earnings per share, book value per share, dividend per share and return on equity are use as key independent variables. Data were analyzed using correlation and regression analysis through E-views software.

The results show that the interim financial statement appear to have higher value relevance than annual financial statement and value relevance of accounting