

## Fair Value Accounting and Evolution of the Ohlson Model

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**Abstract :** Our study examines the Ohlson Model, which links a company's market value to its equity and net earnings, in the context of the evolution of the Canadian accounting model, characterized by more extensive use of fair value and a broader measure of performance after IFRS adoption. Our hypothesis is that if equity is reported at its fair value, this valuation is closely linked to market capitalization, so the weight of earnings weakens or even disappears in the Ohlson Model. Drawing on Canada's adoption of the International Financial Reporting Standards (IFRS), our results support our hypothesis that equity appears to include most of the relevant information for investors, while earnings have become less important. However, the predictive power of earnings does not disappear.

**Keywords :** fair value accounting, Ohlson model, IFRS adoption, value-relevance of equity and earnings

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