

Independent study title	<b>WHEN NUMBERS CHANGE: THE IMPACT OF ACCOUNTING RESTATEMENTS ON COST OF CAPITAL IN THAILAND'S SET INDEX</b>
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## **ABSTRACT**

This research paper inspects on accounting restatements and its impact on the cost of capital from 700 public companies listed on the Stock Exchange of Thailand (SET) from January 1, 2014 to December 31, 2023. We aim to extend the work of Hribar and Jenkins (2004) over a more recent period, post-Sarbanes-Oxley Act (SOX) era and a period of significant regulatory change and increased global market integration.

For sample analysis, we get a complete observation of 117 accounting restatements. we employ three methodologies for implied cost of equity estimations including a residual income model developed by Gebhardt et al. (2001) to calculate the future expected returns estimation. Then, the model from Gode and Mohanram (2002) in analyzing short-term earnings forecast by looking at dividends and perpetual growth rate. Lastly, the price to forward earnings model by Easton and Monahan (2003). Some variables are adjusted and modified appropriately for Thailand's emerging characteristics.

The findings show that Thai market response negatively after the restatement announcement at a minimal rate than in developed market. Likewise, the statistical test of all three models has very little impact to the changes in implied cost of capital following restatements, ranging from -0.11% to +0.18%. This brings a huge difference when U.S. markets increase around 7-19%.

Keywords: Accounting restatements, Cost of equity, Emerging markets, Thailand, Financial reporting quality, Stock Exchange of Thailand

