

Thunyaporn Phakanon 2008: Earnings Quality: A Case of Seasoned Equity Offering; Companies Listed in The Stock Exchange of Thailand. Master of Accountancy, Major Field: Accounting, Department of Accounting.

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The study aimed to investigate earnings quality of listed companies on the Stock Exchange of Thailand which had seasoned equity offering during the period 2002 to 2003. 63 companies were examined by using Kang-Sivaramakrishnan model, quality of income ratio, standard deviation and coefficient of variation.

The results showed that there seems to be earnings management. The study found that the companies tend to manage their earnings by increasing accounts receivable, working capital related to expenses and depreciation after the period of seasoned equity offerings. The results from earnings quality analysis by using quality of income ratio indicated that the companies conducting seasoned equity offerings in the year 2002 and year 2003 experience higher pre-offering earnings quality than post-offering earnings quality by 71.43%. On the other hand, by using standard deviation the results showed that the companies conducting seasoned equity offerings in the year 2002 and year 2003 experienced lower pre-offering earnings quality than post-offering earnings quality by 57.14%. Under coefficient of variation, the results showed that pre-offering earnings quality of companies issuing seasoned equity in the year 2002 is lower than the post-offering earnings quality by 57.14%. Meanwhile, pre-offering earnings quality of companies issuing seasoned equity in the year 2003 is higher than the post-offering earnings quality by 71.43%. This study showed that most of the offering firms experience higher earnings quality before the time of the offerings. Therefore, the findings could lead to the conclusion that the offering firms tend to manage their earnings in order to affect external funding sources.

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