ABSTRACT

Title of Dissertation	Fixed Asset Revaluation: Management Motivation and Value Relevance
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The objectives of this study are: 1) to examine the value relevance of fixed asset revaluation by reflecting the state of the firm at a point in time in terms of the relation between price and asset revaluation reserves or price analysis and by reflecting timeliness in terms of the relation between returns and net increment to asset revaluation reserves or return analysis. 2) to examine the management's motivations for an asset revaluation decision.

Data is collected from two main sources. The financial information during 1994-1997 is collected from I-SIM CD-ROM, whereas information during 1998-2004 is collected from **www.setsmart.com**. According to the study of management's motivations for an asset revaluation decision, the sample is composed of 76 first-time revaluating firms listed in Stock Exchange of Thailand (SET) during 1994-2004. So as to study the value relevance, the sample of price analysis is composed of 620 firm-year observations and the sample of return analysis is composed of 526 firm-year observations. Linear regression analysis is used to analyze value relevance, whereas logistic regression is used to analyze management motivations. The results show: 1) fixed asset revaluation is value relevant accounting information because the association between price and revaluation reserves is found. It means that asset revaluation reflects state of the firm at the point in time. However, the weak relation between returns and net increment in the asset revaluation reserves rejects the timelines of asset revaluation. 2) there are two main motivations for fixed asset

revaluation. The first motivation is to decrease debt ratio in order to avoid debt covenant violation. The second motivation is to signal firm's growth opportunity and liquidity improvement in order to decrease the problem of information asymmetry.

The results of this dissertation have three main benefits. The first benefit is to illustrate the important of asset revaluation for investors in order to make better decision. The second benefit is to develop or improve accounting standards in order to enhance their value relevance and reflect firm value. Due to resolving information asymmetry, the third benefit is to show the preparers that asset revaluation can be used as a tool to enhance the quality of listed firms' financial accounting information.