The Effect of Periodic Accounting Adjustment on Equity Cost of Capital (expected return rate of investors)

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Abstract:
This study investigates the relationship between accounting adjustment and equity cost of capital. In this paper, size, leverage and book to market value ratio is controlled. The data used, has been extracted from financial reports of the firms listed in the Tehran Stock Exchange in the period of 1379-1389. A multivariate regression model is used for testing the research hypotheses and data analyses. The results indicate that there isn't a significant relationship between periodic accounting adjustment and equity cost of capital. Also, findings show that there is positive relationship between negative periodic accounting adjustment and equity cost of capital and with increase in the level periodic accounting adjustment, the expected return rate of investors increases. But there isn't significant relationship between the positive periodic accounting adjustment and equity cost of capital. In other words, the results indicate that is more impact of negative periodic accounting adjustment compared to positive periodic accounting adjustment on the expected return rate of investors.

Key words: Accounting Adjustment, Equity Cost of Capital, expected return rate of investors, Gordon model

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Real and Accounting Earnings Management and the Level of Conservatism in Successful and Unsuccessful Firms

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Abstract:
This paper compares real and accrual (accounting) earnings management and the level of conservatism in successful and unsuccessful firms of Tehran Stock Exchange. In addition to unbalanced Panel data regression analysis, t-tests and two-way analysis of variance are utilized to test the research hypothesis. Using a sample of failed and continuing firms during the period from 1997 to 2009, it is found that prior to failure; failed firms achieve manipulation through both discretionary accruals manipulation and by implementing real operating actions. In addition, companies with low probability of bankruptcy have successfully managed earnings compared to firms with high probability of bankruptcy. Finally, finding indicates the existence of non-conservative approach in both the successful and unsuccessful firms.

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Assessing the Valuation Model Based on Abnormal Earnings (Ohlson) by Notice to the Macroeconomic Variables

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Abstract:
This article examines the effect of " other information" or Vt in valuation model based on abnormal earnings (Ohlson). So in this study the relationships between research variables have been examined by using panel data during 1376-88 through Generalized Method of Moment (GMM). In this paper, variables such as foreign exchange rate, inflation rate, interest rate and economic growth rate have been considered as other information in valuation model and the effect of each on abnormal earnings in future period has been evaluated. The obtained result of testing the research hypothesis using Eviews.6 software in dynamic models framework showed that exchange rate, inflation rate and interest rate affect abnormal earnings. Thus they have informational content and can be put them in Ohlson valuation model as other information. While the effect of economic growth on abnormal earnings is meaningless and doesn't have informational content

Keywords: Abnormal Earnings, Ohlson Model, Macroeconomic Variables, Generalized method of Moments (GMM)

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An Appraisal of the Merit of Candlestick Technical Trading Strategies in Tehran Stock Exchange

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Abstract:
In this paper, merit of the oldest known form of technical analysis, candlestick charting is investigated. Candlestick technical analysis is a short-term timing technique that generates signals based on the relationship between open, high, low, and close prices. In this paper we use stock prices of 17 companies listed in Tehran stock market from 1374/10/1 to 1387/9/10 to investigate the merit of 28 candlestick patterns. The method employed to test the hypotheses is Bootstrapping simulation based on GARCH-M model. Results show that comparing with buy-and-hold strategy, candlestick trading rules can earn extra benefits, but these returns vanish if we take commissions into account. So we conclude that candlestick trading rules can not beat the market in Tehran stock exchange.

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Effects of Weather and Seasonal Variables on the Tehran Stock Market Liquidity

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Abstract:
This study investigates the relationship between Tehran stock market liquidity and seasonal climate variables. Thus, variables such as temperature, cloudy surface, weather conditions (sun and cloud), the amount of air pressure and the surface horizon are used to study climate. Moreover, number of months and days in a week are used for periodic variables. Rial volume, number of shares traded and number of transactions considered as variable volume traded in the stock market. Also, three ratios using the three variables mentioned above are used as variables indicating the depth exchanges. The results show that the climate variables affect market liquidity and market liquidity has shown different behavior with seasonal variables.

Keywords: Behavioral finance, capital market liquidity, depth exchanges, climate variable, seasonal variables.

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The Value Relevance of Non-cash Net Working Capital of Listed Companies in Tehran Stock Exchange

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Abstracts:
Considering the elements of financial policy (strategy), such as company's financial leverage and amount of current working capital that company needs to do it's operations, helps managers for expansion of a particular financial program and to succeed and survive in today marketplace. This paper tries to survey value relevance of non-cash net working capital. This study is a fundamental experimental research and in nature is a correlation research. The type of regression model used in this study is a regression model with pooled data. To test the research hypotheses a sample of 118 listed companies in Tehran stock exchange, is selected by using systematic elimination method of sample selection, for a period of 2006-2010. The results of the research indicate that there is no negative relationship between the net working capital investment and firm's value. Moreover findings show extra investment in net working capital considering the current level of firm's net working capital have negative relationship with firm's value. Also, stockholders give an especial attention to the level of debt and capital structure of company in levered companies.

Keywords: Value Relevance, Non-Cash Net Working Capital, portfolio expected rate of return, Financial Leverage.

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Bankruptcy Prediction of Companies listed Corporations in Tehran Stock Exchange by Using Decision Tree and Logistic Regression

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Abstracts:
The main goal of this study is the prediction of companies listed in Tehran Stock Exchange using decision tree and logistic regression, which are data mining methods and can help facilitate prediction. Financial ratios are independent variables and healthy and bankrupt companies are dependent variables. Statistical population of the research is information about financial statements of companies listed in Tehran Stock Exchange during 1999 – 2010. No sampling was used in this study; we have two groups of healthy and bankrupt companies. Bankrupt companies group was selected based on article 141 of Commercial law and the healthy group was selected based on profitability criteria. Results suggest that both decision tree and logistic regression methods predict bankruptcy with different accuracy. Area under ROC curve in logistic regression model is more than in decision tree model.

Keywords: prediction bankruptcy, data mining, decision tree, cart, logistic regression

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