Insights into Financial Restatements: How Things Have Changed and Improved Since SOX

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Number of restatements declined and restatement severity decreased

Figure 1: Number of Restatements Announced per Year
Fewer multiple issue restatements and fewer core earnings restatements
Fewer restatements decrease reported income
Proportion of restatements by industry are consistent across years

Figure 11: Proportion of Restatements by Industry (N=10,479)
Restatement companies are relatively small in recent years.

**Figure 16: Compustat and Restatement Company Average Assets (Millions)**
(N=6,535)
Market reactions were most severe for fraud and revenue restatements.
Restatement companies disclose ICFR material weaknesses much more frequently before restatements than do non-restatement companies.
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