REFEREE'S REVIEW

Program:	Master in Corporate Finance
Student:	Anastasia Anufrieva
Title of thesis:	Capital structure: an instrument to manage firm's value (on the example of Russian retailers)

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	**_5_**	4	3	2
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	5	**_4_**	3	2
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	5	4	**_3_**	2
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.	5	4	**_3_**	2
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.	5	4	**_3_**	2
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	5	4	**_3_**	2
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	**_5_**	4	3	2

Each item above is evaluated on the following scale, as applicable: 5 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

Additional comments:

The author chose an important topic of cost of capital influence on firm's value, relevant for any company around the globe. Justification of the topic choice and specific industry to be analysed is well performed, together with literature review of the first chapter. The layout meets the requirements of the Regulations for master thesis preparation and defense, text is well structured, reader-friendly and clear.

However specific assumptions of WACC concept applied by the author make results of the analysis disputable: The author claims that short term financing should not be included into WACC calculation as well as cost of accounts payable, which is considered as interest free source of capital for the company. Both assumptions are generally wrong especially considering the industry under analysis, which is highly dependent on short-term funds.

WACC being strategic long term measure should account for the whole mix of financing instruments the company uses in the long-run. Especially in retail, where long-term financing is not easily obtained due to the nature of business, ignoring short term loans is a big omission. Also accounts payable can't be considered as interest free financing in most cases, especially in trade: Advance vs post payments are important tools of financial management in trade, discounts in case of advance payment (or surcharges for more favourable payment terms) are always accounted for.

Failure to incorporate most important types of debt financing into the analysis narrow its results to influence of long-term debt cost on company value. But if the thesis is to be assessed from this perspective, other omissions arise. There's no discussion of types of long-term financing (bank loans, bonds, for example), their availability to companies being researched, changes in this availability due to market tightening, sanctions etc.
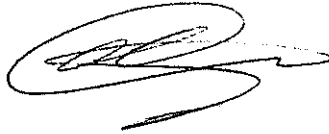
Suggested design of the model is conventional, however discussion on how different company size influences the output would be highly advisable: the model uses nominal values of EBITDA, for example, for set of 7 companies of different size, which normally makes the output not very efficient (as it averages very large and much smaller companies).

Results and recommendations are detailed, but also lack industry-specific discussion. For example, improving demand forecast recommendation doesn't say anything about logistics, which is crucial for federal retail chains under analysis (neither logistics is mentioned as separate item in inventories and payables turnover management).

Master thesis of Anastasia Anufrieva meets the requirements of the Master in Corporate Finance program, and according to the reviewer's opinion deserves a *satisfactory (D)* grade, thus the author can be given the desired degree.

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