

## SCIENTIFIC ADVISOR'S REFERENCE

<b>Program:</b>	<b>Master in Management</b>
<b>Student:</b>	<b>Andrei Sviridov</b>
<b>Title of thesis:</b>	<b>The role of the board of directors and the audit committee in restraining earnings management: analysis of Russian firms</b>

**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.

Master thesis of Andrei Sviridov is devoted to one of the most popular research topics in the field of accounting, which is earnings management. Accounting standards provide the management of a company with a certain degree of freedom concerning treatment of particular items, thus giving them an opportunity to manipulate accounting numbers in their favor. Although earnings management in its core represents legal actions, in some companies it can get out of control and become illegal. Hence, there is a growing necessity to elaborate certain organizational mechanisms to restrain earnings management. These mechanisms are generally covered under the corporate governance system. In his thesis Andrei considers two very important mechanisms of corporate governance – board of directors in general and audit committee - and their impact on earnings management. In this regard, the current study is the first to consider the structure of audit committee of Russian companies and its relationship with earnings management. Hence, the research topic is justified. Topics, goal and objectives are aligned.

**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.

The research is logical. Its theoretical and empirical parts are balanced. Chapter 1 is devoted to theoretical underpinnings of research: definition of earnings management, description of different motives, methods and consequences of earnings management, etc. This chapter also provides a review of existing studies of relationship between corporate governance mechanisms and earnings management. Chapter 2 contains the description of research methodology and also presents and analyses research findings.

**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.

The research methodology is based on the existing studies and is justified. It's necessary to mention that the student checks his results for robustness by using different variables to define board of directors and audit committee's independence. Additionally, the student tries to incorporate the specifics of Russian market into his analysis. In line with this, as an additional robustness test, he conducts the analysis on the subsample of state-owned companies, since they play an important role in Russian economy.

**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.

The data is collected and presented in an appropriate way. The data is adequate for the research method used. It should be also mentioned that the student has provided a lot of effort in order to collect the data. The problem is that the data on corporate governance to the major extent is not contained in databases and hence needs to be hand-collected from companies' annual reports.

**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.

The thesis makes a contribution to the existing literature by demonstrating how the use of corporate governance mechanisms is related to the level of earnings management in the emerging market of Russia.

**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.

The conclusions of the thesis have practical implications and can be used by Russian companies in order to determine the main characteristics of their corporate governance systems.

<b>Quality of thesis layout.</b> Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.
Layout fulfils the requirements of the Regulations for master thesis.
<b>Originality of the text.</b> All sources of match identified by the Safe Assign system follow the allowed cases, the paper does not contain any elements of plagiarism.
All sources of match identified by the Safe Assign system follow the allowed cases. The master thesis is original and does not contain elements of plagiarism.

The Master thesis of Andrei Sviridov meets the requirements for master thesis of **MIM** program thus the author of the thesis can be awarded the required degree.

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