REFEREE'S REVIEW

Program:	Master in Corporate Finance
Student:	Anfisa Lisetskaya
Title of thesis:	Bankruptcy risk over the business cycle: Factors identification

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 thesis under review examines how bankruptcy risk in Russia can be influenced by different macroeconomic factors and if such factors differ depending on certain phase of the business cycle.

First chapter gives an overview of bankruptcy as a concept in Russia, discussing both legal and economic implications of this institute, and discusses different approaches to bankruptcy risk estimation. What can be advised for this section is a deeper discussion of arbitration court and jurisprudence practice role in bankruptcy proceedings: Legal framework for a company depends not only on the law, but also on how this law was interpreted by arbitration court in different cases and if these interpretations were approved by courts with higher jurisdiction.

The above fact might influence further analysis as well. After adoption of the law, low number of bankruptcies might be (partially) explained by lack of jurisprudence practice rather than other reasons mentioned in the thesis: stakeholders are unsure how bankruptcy proceeding will be conducted and what the outcome and complications might be. In case delaying bankruptcy is possible, stakeholders would rather wait for several other litigations and proceedings to finish and enter into bankruptcy having certain model cases to consider. This becomes more important in instances when limited time interval for analysis is involved, as number of observations is limited and the above bias might distort the results.

The second chapter discusses business cycle influence on corporate bankruptcy risk and suggests certain approaches to incorporate macroeconomic factors into bankruptcy risk modelling. As a result a list of factors to be included into further analysis is developed, although sometimes it remains unclear, why a specific parameter is included or not.

The last section describes the model developed and discusses results. While being clear on assumptions, model limitations and further research suggestions, this section gives very little information on practical implications of the research. If management of the company should use it to predict, how likely their company will fall into bankruptcy during the next year (2, 3 years), a tool is need to evaluate current

business cycle phase: it is not that evident before state statistics is released, which happens much later that potential bankruptcy. It is also questionable how and why management would use the proposed technique, since (which is outlined by the author in first chapter) many reasons for a company to fall into bankruptcy are connected to poor management and wrong decisions, resulting in failure of the company to properly adapt to the environment or its changes. In these circumstances considering bankruptcy risk (by management itself) will often be regarded as acknowledgement of mismanagement, which is unlikely to happen frequently.

Otherwise the proposed model is clear and well justified on each step of its design and implementation, demonstrating both accuracy in details and due diligence. More details on how non-bankrupt companies for the sample were chosen would be appreciated, but in general data for the analysis was properly gathered and processed.

The layout meets the requirements of the Regulations for master thesis preparation and defense, text is well structured, reader-friendly and clear.

Master thesis of Anfisa Lisetskaya meets the requirements of master in Corporate Finance program, and according to the reviewer's opinion deserves an "excellent" grade (ECTS grade B), thus the author can be given the desired degree.

Date 2nd June 2016

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