University of Economics, Prague

Faculty of Finance and Accounting

Study programme "Finance and Accounting"

Master Thesis Evaluation

Supervisor form

Student name:	*Gerenzel Talykova*
Title of the thesis:	*IFRS Adoption and Its Influence on Capital Markets in Transition Countries: The Case of Russia*
Year of the defence:	*2017*
Supervisor name and affiliation:	*David Procházka* *Department of Financial Accounting and Auditing*
Reviewer name and affiliation:	*Libor Vašek* *Department of Financial Accounting and Auditing*

THESIS CONTENT SUMMARY:

The thesis goal is to assess the impact of International Financial Reporting Standards (IFRS) adoption on the cost of capital of Russian listed companies. Countries adopt IFRS to benefit from harmonised corporate reporting, which is supposed to attract foreign investors by mitigating their information risk. The reduction in the cost of capital is one of the expected positive outcome of accounting harmonisation. However, recent literature reveals a heterogeneity in economic consequences of IFRS adoption. The benefits of IFRS adoption seem to be decisively preconditioned by reporting incentives of companies to provide the users with transparent financial statements as well as by functioning country's enforcement regime. Both conditions are especially important in transition countries (such as Russia). Therefore, the thesis addresses an up-to-date issue of foremost importance both for accounting research and policy makers, regulators, standard-setters.

OBJECTIONS AND REMARKS:

The thesis is logically structured; a strong theoretical background precedes the empirical test of the main research hypothesis about the impact of IFRS adoption on cost of equity capital. Empirical analysis rests on a complex set of advanced statistical and econometrical methods and offers thus solid arguments to express reasonable conclusions.

The accounting research generally utilises ex-ante and ex-post approach to the calculation of cost of capital, when the first is preferred. The author decided to apply the latter method. The reasons for this choice might be explained in more detail in the thesis, including mentioning the limitation of this selection in the concluding remarks. However, this is the only one thesis' weakness (yet minor).

QUESTIONS FOR THE DEFENCE:

Your thesis addresses the cost of equity capital. Do you suppose that IFRS adoption has affected the cost of debt capital of Russian listed companies anyhow?

ASSESSMENT:

Criterion	Excellent	Very good	Good	Insufficient
Aim formulation and fulfilment	☒	☐	☐	☐
Work with literature	☒	☐	☐	☐
Methods and data used	☒	☐	☐	☐
Results and their discussion	☒	☐	☐	☐
Formal aspects	☐	☒	☐	☐

Suggested overall grading: *1 - Excellent*

Prague, 28 May 2017

Signature