Report on **Bachelor / Master Thesis**

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	**Bc. Michal Kolář**
Advisor:	**Prof. Ing. Evžen Kočenda M.A., Ph.D., DSc**
Title of the thesis:	**Does the Accrual Anomaly Persist? Evidence from the U.S. Stock Market**

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.

Contribution
The paper analyzes a question if an accrual anomaly decreased recently and if it could be due to the role of cash flow forecasts. The author builds on previous studies, above all Mohanram (2014), but uses a more recent data. I consider using practically identical methods on newer data as an adequate contribution for a master thesis but I would rather see the author to go slightly beyond the original paper. Therefore, in my opinion the contribution is slightly limited.

Methods
The author uses a well-established methodology. I have only a few questions regarding the analysis which could be adressed during the defense:
1. Could it be that the decision if a firm gets a cash flow forecast is endogenous to the expectations of abnormal accruals? It would be therefore interesting to know if a firm once get a forecast, it typically continues in the future. This is not clear from the description in the thesis.
2. The author finds that the reduction of abnormal accruals do not hold for subsample of years 2011-2015. However, an alternative explanation could be that the anomaly already decreased in the previous years (2000-2010). Then, there could be not enough variation to capture the reduction in following years. Is it possible to rule out this explanation?
3. Is it possible that the recent financial crisis contributed to the reduction of abnormal accruals?

Literature
The author starts with a lengthy introduction to the topic (sections 2.1, 2.2, 2.3 and 2.4) where some mentioned notions and literature only vaguely relate to the topic of the thesis. Otherwise, the author correctly discusses a relevant literature and builds on recent studies.

Manuscript form
The thesis is well written – concise and clear. I would only like to see structure of the introduction typical for a research paper which includes not only an introduction into the topic and specification of the main objective of the thesis but also short summary of the results and above all expressed contributions of the thesis. On the other hand, this is a common mistake among almost all bachelor and master thesis at the IES. Regarding typos, It only seems that notes of Table 9 got somehow mixed up with the text.

SUMMARY OF POINTS AWARDED *(for details, see below):*

CATEGORY	POINTS
Contribution (max. 30 points)	20

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Methods	*(max. 30 points)*	28
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**87**
GRADE	**(1 – 2 – 3 – 4)**	

NAME OF THE REFEREE: PhDr. Václav Korbel

DATE OF EVALUATION: 25.8.2017

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong	Average	Weak
20	10	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong	Average	Weak
30	15	0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong	Average	Weak
30	15	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong	Average	Weak
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě