

Independent study title	THE ANATOMY OF BUYOUT FAILURE: THE CASE OF TOYS “R” US
Author	Miss Pimchanok Maneepan
Degree	Master of Science (Finance)
Major field/Faculty/University	Master of Science Program in Finance (International Program) Faculty of Commerce and Accountancy Thammasat University
Independent study advisor	Associate Professor Seksak Jumreornvong, Ph.D.
Academic year	2017

ABSTRACT

The bankruptcy of Toy “R” Us is reportedly a third largest retail bankruptcy in the history of The United States of America. This paper examined several factors in both financial aspect and business aspect of this brick and mortar bankruptcy, where we able to conclude that the main reason that trigger this collapse were an immense debt burden of HLT transaction making the firm fall short on working capital. Hence, failed to compete with its online competitors. To ensure that the consortium were not shortsighted on accounting manipulation data we deployed Benish M-Score to test the accuracy of financial statements pre and post buyout and our study found that the financial statements were sound. Additionally, we also applied both MDA (Altman) and Logit (Olson) technique of Bankruptcy prediction model in our testing and found that MDA methodology suggested that the likelihood of Bankruptcy increases after Buyout. While Logit technique suggested the firm is already at risk at the time of pre-buyout.

Keywords: Leveraged Buyout, Bankruptcy, Case study, Altman, Olson, Benish