

## **MERGERS, ACQUISITIONS AND CORPORATE RESTRUCTURING**

MSc Degree in Auditing

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Code: 28700

Main Scientific Area: Accounting and Financial Reporting

Lecturer: Rui Mira Gomes

Language of Instruction: Portuguese

Regime: S1

Contact Hours: 24h Total Workload: 88h

ECTS: 4,0

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### **Objectives**

In the current context of economic and financial markets globalization, the performance of companies, or groups of companies, increasingly relies on organizational structures and previously defined business strategies. These structures are characterized by their elasticity and capacity to reorganize in response to the constant changes in the cyclical economic situation, whether expansive or recessive.

In this "Mergers, Acquisitions and Corporate Restructuring" course, it is intended to identify, characterize and highlight the importance of these reorganization operations in corporations, as vehicles for the implementation of strategies and goals in order to maintain or reinforce competitive advantages.

Therefore, the purpose of this course is to address Mergers, Acquisitions and Corporate Restructurings in terms of the financial, corporate, tax, accounting and auditing areas, and according to Portuguese laws and regulations.

### **Learning Outcomes**

At the end of this course our master students should be able to:

- Identify the motivations for implementing the various types of business restructuring and understand the associated financial issues;
- To know the legal framework and other procedures required to implement and execute a merger, demerger and other corporate restructuring operations, in accordance with the provisions of the commercial and corporate Portuguese law;
- Know how to interpret and apply tax and labor regulations pursuant to corporate restructuring operations;
- Understand and perform the appropriate accounting treatment for mergers, acquisitions and corporate restructurings;
- Know the role of auditing and the auditor's activity in the process of mergers, demergers and corporate restructuring;

## **Course Contents**

Financial Approach to Mergers, Acquisitions and corporate Restructurings

1.1. Terminology and Concepts;

1.2. Mergers and acquisitions;

1.3. Other forms of business combinations;

1.4. Motivations to carry out Business Combinations;

1.5. Exchange Ratio Calculation;

1.6. Friendly vs. Hostile Acquisitions;

1.7. The Due Diligence Process;

1.8. Brief notes about the Portuguese Competition Law

1.9. Business Restructuring;

2. Corporate law approach to Mergers and Demergers

2.1. Modalities of merger /demerger

2.2. Organization of the merger / demerger process

2.1.1. Merger/Demerger Project: draft; oversight; registration and publication

2.1.2. Document consultation; opposition of creditors

2.1.3. Deliberation and registration;

2.3. Corporate and labor law effects of Mergers / Demergers

2.4. Cross-border mergers

2.5. Special features and requirements for demergers

3. Tax law framework on corporate mergers and demergers

3.1. The special corporate tax neutrality regime (IRC) on mergers and demergers

3.2. Tax benefits associated with corporate restructurings (mergers and demergers)

4. Accounting analysis of mergers, acquisitions and corporate restructurings.

- 4.1. Previous matters;
- 4.2. Portuguese accounting and financial accounting standard 14 (NCRF 14): Combination of Business Activities;
  - 4.2.1. Some definitions;
  - 4.2.2. Identifying a business combination;
  - 4.2.3. Business Combinations' accounting method;
  - 4.2.4. Goodwill: recognition and measurement;
- 4.3. Provisions on Corporate Restructuring (NCRF 21)
  
- 5. The role of auditors in Mergers, Acquisitions and corporate restructuring.
  - 5.1. The legal missions of auditors:
    - 5.1.1. In mergers;
    - 5.1.2. In demergers;
    - 5.1.3. In-kind equity contributions;
  - 5.2. Other auditing related matters regarding Mergers and Acquisitions.

### **Recommended Bibliography**

- Aviso n.º 8256/2015 de 29 de julho: Normas Contabilísticas e de Relato Financeiro do SNC.
- Decreto lei n.262/86 de 2 de setembro: Código das Sociedades Comerciais (com as posteriores alterações).
- Decreto lei n.º442-B/88 de 30 de novembro: Código do Imposto sobre o Rendimento das Pessoas Coletivas (com as posteriores alterações).
- Decreto-Lei n.º 215/89 de 1 de julho: Estatuto dos Benefícios Fiscais (com as posteriores alterações).
- Ferreira, Domingos, 2017. Fusões, Aquisições, Cisões e outras reestruturações de empresas: abordagem estratégica e organizacional, criação de valor, sinergias e sucessos. 1º volume. 1.ª edição,. Rei dos Livros.
- Mendes, António R., 2016. IRC e as Reorganizações Empresariais. Universidade Católica Editora.
- Silva, Eduardo Sá. 2015. Fusões e aquisições - abordagem contabilística, financeira e fiscal. Vida económica.
- Vieito, João P. et al, 2013. Finanças empresariais, teoria e prática. 2.ª edição Escolar Editora.

### **Learning and Teaching Methods**

The syllabus contents were defined based on the goals that are intended to be achieved within the scope of this curricular unit, as well as the skills to be acquired by students.

To this extent, the program content seeks to answer, basically to 2 groups of questions:

- 1.º. When Should a Business Restructuring Be Done? What motivations drive a restructuring process?
2. How does the entire process of corporate restructuring proceed from the legal point of view? What corporate, ethical, labor, fiscal, accounting, and audit and inspection rules are subject to mergers and acquisitions and corporate restructurings?

The first group of questions is intended to be answered from the contents developed within the first chapter. The answers to the 2nd group of questions are given within the contents developed in chapters 2,3,4 and 5.

### **Assessment Methods**

The evaluation on this curricular unit will be held as follows:

- Students will be proposed to carry out a group work with a 40% weighting in the final grade, which consists of drawing up a proposal for solving a practical and theoretical case proposed by the teachers, duly based on the applicable legal regulations, related to the subject of mergers and acquisitions.
- Students will perform an individual written test weighting for 60% of the final grade.
- In order to obtain approval through continuous valuation, the final classification resulting from the application of the indicated weights must be equal to or greater than 10 values on a scale between 0 values and 20 values.
- Students who failed to obtain a continuous valuation approval are admitted to final examination on a schedule defined by the Master's Board of Directors.