

MERGERS, ACQUISITIONS AND CORPORATE RESTRUCTURING

MSc Degree in Auditing

Code: 28700

Main Scientific Area: Business management

Lecturer: Carlos Manuel Fernandes Plácido

Language of Instruction: Portuguese

Regime: S1

Contact Hours: 24h Total Workload: 88h

ECTS: 4,0

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.

This "Mergers, Acquisitions and Corporate Restructuring" course, is intended to identify, characterize and highlight the importance of these reorganization operations in corporations, as vehicles for the implementation of strategies and goals 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, accounting and auditing areas according to Portuguese 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;

- Understand and perform the appropriate accounting treatment for mergers, acquisitions and corporate restructurings;

Understand the role of auditing in mergers, acquisitions and corporate restructuring.

Course Contents

Chapter 1 - Introduction

1.1 - Value Creating and Corporate Evolution

1.2 - Types of Organizational Structures

1.3 - Decision Levels

1.4 - MA and shocks between Cultures

1.5 - Main Strategic Decisions

Chapter 2 - Fundamental Aspects

2.1 - Types of Mergers and Acquisitions

2.2 - Merger by Concentration, Simple or Pure

2.3 - Merger by Incorporation

2.4 - Pure Acquisition

2.5 – Types of Financing and Settlement of Acquisition and corresponding Prizes

Chapter 3 - Horizontal, Vertical, Conglomerate and Concentric Mergers and Acquisitions

3.1 - Horizontal Mergers and Acquisitions

3.2 - Vertical Mergers and Acquisitions

3.3 - Conglomerates or Aggregation

3.4 - Concentric Mergers and Acquisitions

3.5 - Cycles or waves of Mergers and Acquisitions

Chapter 4 - Restructuring and Deconsolidation. Spin-offs, Transformations and Divestments

4.1 - Restructuring

4.2 - Splits, Transformations and Divestments

4.2.1 - Spin-offs or Simple Splits

4.2.2 - Split-offs

4.2.3 - Split-ups

4.2.4 - Spin-off/Mergers

4.2.5 – Public Sale Offer

4.2.6 - Equity Carve-Outs

4.2.7 - Tracking Stocks

4.2.8 - Swaps

Chapter 5 - LBOs - MBOs - Special Purchases with High Debt

5.1 - Buy-Outs - LBOs, MBOs and LMBO, MEBO and EBO, MBIs and BIMBOs, BINGOS, IBOs and VIMBO

6.1 - Previous matters

6.2 - Portuguese accounting and financial reporting standard 14 (NCRF 14): Concentration of business activities

6.2.1 - Some definitions

6.2.2 - Identifying a business concentration

6.2.3 - Business concentration' accounting method

6.2.4 - Goodwill: recognition and measurement

6.2.5 - Concentration of business activities achieved in phases

6.3 - Provisions on Corporate Restructuring (NCRF 21)

6.4 - The exchange ratio

6.4 - Resolution of practical cases of Mergers, Acquisitions and Corporate Restructuring

7. (Brief) Corporate framework for mergers and spin-off of companies

7.1. Merger/spin-off modalities

7.2. Organization of the Merger / Spin-off process

7.3. Specifics and requirements of the Spin-off

8. The role of auditors in Mergers Acquisitions and corporate restructuring

8.1. The statutory missions of the Reviewers

8.1.1. In mergers

8.1.2. In the splits

8.1.3. In-kind inputs

8.2. Other aspects of ROC intervention

Recommended Bibliography

Aviso n.º 8256/2015 de 29 de julho: Normas Contabilísticas e de Relato Financeiro do SNC.

· De Pamphilis, D. (2018), Mergers, Acquisitions, and other restructuring activities. 9th edition, Elsevier.

Ferreira, D. (2018), Fusões, Aquisições, Cisões e Outras Reestruturações. Vol. 1, 2 3, Editora Rei dos Livros.

· Rodrigues, J. (2015). Participações Financeiras e Consolidação de contas (1ªEd). Porto: Porto Editora.

· Rosa Lopes, C. A. (2017). Consolidação de contas (3ª Ed). Lisboa: Edições sílabo.

· Rosa Lopes, C. A. (2017). Casos Práticos de Consolidação de Contas (1ªEd). Lisboa: Edições sílabo

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, at least, 3 groups of questions:

1. What type of Mergers, Acquisitions and Restructuring exist?
2. What accounting rules are subject to Mergers, Acquisitions, and Corporate Restructuring?
3. What is the auditor's role in the process of corporate mergers, acquisitions and restructuring

The 1st group of questions is intended to provide answers with the content developed in chapters 1 to 5;

The 2nd group of questions is intended to provide answers with the content developed in chapter 6 to 7.

The 3rd group of questions is intended to provide answers with the content developed in chapter 8.

Assessment Methods

Continuous Assessment System:

Students will perform an individual written test with the following weights:

Chapter 1 to 5 – 30%, immediately after the classes of the mentioned chapters.

Chapter 6 to 8 – 70%, immediately after the classes of the mentioned chapters.

To obtain approval through continuous valuation, the final classification resulting from the application of the above weights must be equal to or greater than 10 values, on a scale between 0 values and 20 values.

Exam:

The exam weights 100% in the final grade.