

Accounting 2: M&A

Accounting for Mergers and Acquisitions

Summary

Many finance professionals need to analyze M&A transactions. A critical element of this is being able to understand the impact of these transactions, and related financing decisions, on the financial statements of the parties involved.

This course provides an interactive review of important M&A accounting concepts from the perspective of a finance professional. Participants will have the opportunity to review various transactions and to make adjustments to the financial statements to account for the deals.

Assignments, handouts and examples will be used throughout the course.



Prerequisites

Participants should have a solid grasp of accounting fundamentals prior to taking this course.



Timing

This course requires 1 day.

Learning Topics

1. Key M&A Accounting Concepts

- ✓ Discuss key accounting principles relating to M&A deals, including:
 - Accounting treatment for various levels of ownership of subsidiaries and investee companies
 - Consolidation accounting
 - Non-controlling interest
 - Equity method
 - Purchase price allocation
 - Fair market value adjustments
 - Goodwill
 - Buying shares vs. buying assets
 - Tax implications
 - Impact of deal timing
- ✓ Learn to read disclosure in financial reports that describe M&A transactions
 - Business combination footnotes
 - Pro forma presentation used in deal filings

2. Understand Important Accounting Adjustments

- ✓ Participants will review a series of M&A transactions and adjust a company's financial statements to reflect these events:
 - Full purchase or sale of a company
 - Transactions involving partial equity stakes at various levels of ownership
 - Purchase or sale of individual assets
- ✓ Various accounting adjustments will be examined:
 - Calculation of purchase price
 - Purchase price allocation
 - Consolidating adjustments
 - Financing adjustments
 - Treatment of transaction fees
 - Tax impacts
 - Treatment of stock options
 - Gains/losses on disposals
 - Goodwill impairment charges