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## Course Information

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**Course Title:** Mergers and Acquisitions #360624

**Recommended CPE credit hours for this course**

**CPA: 19** (accepted by all states)

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE.51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

**Course Description**

This course shows how to maximize the benefits to be gained from an acquisition, while reducing the risk of failure. It does so by discussing the strategies that are most successful for buyers, the steps and pitfalls in the acquisition process, how to gain government approval of an acquisition, and how to conduct a sufficiently detailed due diligence investigation. The course goes on to address those legal structures that are most beneficial from a tax perspective, how to develop a sensible purchase price, and how to engage in a seamless operational integration. The course also covers acquisition accounting.

**Course Content**

Publication/Revision date: 12/14/2023.

Author: Steven M. Bragg, CPA.

Final exam: Ninety-five questions (multiple-choice).

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

**Subject Codes/Field of Study:** Finance

## **Course Level, Prerequisites, and Advance Preparation Requirements**

Level: Overview

Prerequisites: None

Advance Preparation: None

### **Instructions for Taking This Course**

- **Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."**
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- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

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- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

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## **Learning Objectives**

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- Cite the types of acquisition strategies that companies engage in.
- Specify the players involved and documents used in the acquisition process.
- Identify the laws and regulations under which the government reviews proposed acquisitions.
- State the activities that can be engaged in to prepare a business for sale, as well as the reasons for selling.
- Specify the problems and advantages of data rooms.
- Cite the different types of acquisition valuation methods, the variability of their results, and why a detailed valuation is of such interest to the seller's board of directors.
- Recognize the reasons why identified synergies are not shared with the seller.
- Identify the techniques available for acquiring a target business with a hostile takeover, and the defenses that may be raised against it.

- State the areas in which due diligence should be conducted on a target company, the specific tasks to be completed, and the impact of due diligence costs on small acquisitions.
- Cite the advantages and disadvantages of paying for an acquisition with stock, debt, or cash from the perspectives of the acquirer and seller.
- Identify the legal structures used in an acquisition, and why they are used.
- Recognize the uses of the documents and clauses required to enter into and close an acquisition.
- State the role of the integration team, and the areas in which it is most likely to take steps to integrate the operations of the acquirer and acquiree.
- Specify the accounting required for an acquisition transaction under Generally Accepted Accounting Principles.
- Recognize the useful economic life concept.
- Describe the carrying amount concept.
- Identify the responsibilities and fee structures of the various acquisition specialists.
- State the merits and shortfalls of reverse mergers, and how a reverse merger transaction works.
- Specify the required notification period to the SEC when a reverse merger occurs.
- Recall the concept of the shareholder of record.

## About the Author

**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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# Preface

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The process of locating, acquiring, and integrating another company is fraught with difficulties, resulting in many failed acquisitions. Similarly, the seller of a business may not know how to market it properly, or determine if a fair price is being offered. In *Mergers & Acquisitions*, we present a complete view of the acquisition process from the perspectives of the buyer and the seller.

In Chapter 1, we discuss the reasons why a business might want to engage in an acquisition. We then move on to a description of the acquisition process in Chapter 2, from the perspectives of the buyer and the seller. There is a side discussion in Chapter 3 about regulatory approvals for acquisitions, after which we return in Chapters 4 and 5 to the exit planning steps that a seller should pursue. Chapter 6 contains a lengthy discussion of the various methods used to value a business, while Chapter 7 addresses the concept of synergy. Chapter 8 covers the techniques used to engage in and block hostile takeover attempts. Chapters 9 through 13 cover the steps needed to complete an acquisition once the parties have decided to go forward with a deal. This includes due diligence, the types of payment and legal structures used in an acquisition, the legal documents used to purchase a business, and the integration process that occurs after the purchase is complete. In the final three chapters, we cover topics related to the acquisition process; this includes accounting for acquisitions, the personnel involved in acquisitions, and the use of reverse mergers.

You can find the answers to many questions about mergers and acquisitions in the following chapters, including:

- Which acquisition strategy should I follow?
- How does the auction process work?
- Do I need regulatory approval for an acquisition?
- How can I improve the value of a business that I want to sell?
- How do I set up a data room?
- What methods are available for valuing a business?
- How can I fend off a hostile takeover attempt?
- Which issues should I examine as part of the due diligence process?
- What are the advantages of a stock-for-stock exchange?
- How can I structure an acquisition to defer taxes?
- Which terms should I include in a letter of intent?
- How do I go about integrating an acquired business into my main business?
- How do I account for an acquisition?
- How can I use a reverse merger to take my company public?

*Mergers & Acquisitions* is designed for both professionals and students. Professionals can use it as a reference tool for engaging in acquisition transactions, while it provides students with an overview of the entire process. Given its complete coverage of the mergers and acquisitions topic, *Mergers & Acquisitions* may earn a permanent place on your book shelf.

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