

# Teaching guide

## IDENTIFICATION DETAILS

Degree:	Business Administration and Management		
Field of Knowledge:	Social and Legal Sciences		
Faculty/School:	Law, Business and Government		
Course:	COMPANY MERGERS AND TAKEOVERS		
Type:	Optional	ECTS credits:	3
Year:	3	Code:	7153
Teaching period:	Sixth semester		
Subject:	Financials		
Module:	Functional Management of Business Areas		
Teaching type:	Classroom-based		
Language:	Spanish/English		
Total number of student study hours:	75		

## SUBJECT DESCRIPTION

The Merger and Acquisition of Companies course is an optional course in the third year of the Degree. The objective of this subject is to provide the student with the necessary knowledge to correctly assess the processes of external growth and business restructuring.

Mergers and acquisitions of companies are one of the most popular investment transactions in recent years as a means of gaining competitiveness in the market. But in addition to the objectives of economic and financial profitability, we also intend to train students in values, and to give them a more complete knowledge as seekers of truth.

Based on the Christian anthropology that inspires our university, the goal we seek as professors at the Francisco de Vitoria University is the search for truth and good in community.

## GOAL

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## PRIOR KNOWLEDGE

Prior knowledge of financial mathematics is required, especially value of money and financial accounting

## COURSE SYLLABUS

### SYLLABUS

#### 1.- The Economic-Financial Activity of the Company.

- \* Balance sheet, Profit and Loss account.
- \* The business cycles of business activity. C/P and L/P cycle.
- \* The Average Maturation Period of the Company.
- \* The long-term solvency of the company. The Maneuvering Fund

#### 2.- The analysis of the Economic-Financial Structure of the Company. Ratios

- \* Situation Ratios.
- \* Solvency and Financial Balance Ratios.
- \* Rotation Ratios.

- \* Profitability Ratios.

3.- The Merger in Capital Companies. Concept. Types. Phases of the corporate procedure.

4.- The Division of Capital Companies. Concept. Types. Phases of the corporate procedure. Differences with the Fusion.

5.- The global transfer of assets and liabilities in Capital Companies. Types. Phases of the corporate procedure.

6.- Acquisition of Listed Companies: OPAS

7.- Acquisition of companies. Procurement process and types. Regime for the transfer of shares and shareholding.

8.- Acquisition of companies. Letter of Intent. Features and content

9.- Acquisition of companies. Legal Due Diligence. Technological platforms and procedures

10.- Acquisition of companies. Acquisition contract. Structure and content.

11.- The valuation of the company, The cost of Capital

- \* Cost of the company's different financial sources.

- \* Weighted Average Cost of Capital

12.- The valuation of the company. Free Cash Flow

- \* Free Cash Flow Concept.

- \* Calculation of Operating Free Cash Flow.

- \* Calculation of Financial Free Cash Flow.

- \* Estimation of future Free Cash Flows.

- \* Estimation of the company's residual value.

- \* Enterprise Value Calculation

13.- The valuation of the company. The Multiples.

- \* Gordon-Shapiro model

- \* Price-Benefit Ratio (PER).

- \* Other ratios used for the valuation of companies.

## EDUCATION ACTIVITIES

### FACE-TO-FACE ACTIVITIES/VIRTUAL SESSIONS

These activities are based on active teaching methodologies based on flipped learning, which promote the best use of class time so that students actively participate in the development of different activities that ultimately involve greater student participation in their learning. For this purpose, among other techniques, those of carrying out Problem-Based Learning, gamification, project-based learning, etc., will be used.

The teacher will be the one who will energize the different sessions that will allow the development of the various topics that make up the subject, interspersing theoretical presentations with the presentation of exercises or practical cases, which will be solved by the students and which will be corrected and analyzed among the students with the teacher's moderation and guidance.

These classes are intended to enable the student to understand and interrelate the concepts explained, with a technical vocabulary in the legal and economic disciplines.

At the teacher's proposal, students will carry out work individually and/or in teams, with the purpose of strengthening the autonomy and teamwork of each of the students.

### TUTORING

Personalized and individualized attention in order to be able to clarify and review the concepts and work carried out during face-to-face classes and those other works to be carried out by students as non-face-to-face activities. The tutoring will serve as an element of support and guidance to the student in their learning process.

Tutoring schedules will be specified on the first day of class or at the request of the student who will request tutoring from the teacher by email

### NON-FACE-TO-FACE ACTIVITIES

In addition to face-to-face activities, the student will have to carry out a theoretical study of the subject, topics developed in class, and a practical study by solving the proposed exercises and preparing the practical cases proposed for discussion and/or presentation in class.

## DISTRIBUTION OF WORK TIME

TEACHER-LED TRAINING ACTIVITIES	INDIVIDUAL WORK
30 Horas	45 Horas

## SKILLS

### Basic Skills

Students must have demonstrated knowledge and understanding in an area of study that is founded on general secondary education. Moreover, the area of study is typically at a level that includes certain aspects implying knowledge at the forefront of its field of study, albeit supported by advanced textbooks

Students must be able to apply their knowledge to their work or vocation in a professional manner and possess skills that can typically be demonstrated by coming up with and sustaining arguments and solving problems within their field of study

Students must have the ability to gather and interpret relevant data (usually within their field of study) in order to make judgments that include reflections on pertinent social, scientific or ethical issues

Students must be able to convey information, ideas, problems and solutions to both an expert and non-expert audience

Students must have developed the learning skills needed to undertake further study with a high degree of independence

Ability to carry out synthetic and analytical thought.

To have developed the necessary skills to ensure problems are solved and goals are reached.

To be able to work and make decisions in all manner of situations.

To be able to apply relevant IT knowledge to the field of study.

### General Skills

Ability to carry out synthetic and analytical thought.

To have developed the necessary skills to ensure problems are solved and goals are reached.

To be able to work and make decisions in all manner of situations.

To be able to apply relevant IT knowledge to the field of study.

### **Specific skills**

Be able to design and manage projects.

Know how to use the tools necessary to optimize the balance of basic funding between equity and long-term debt with confidence.

Know how to prepare and understand Financial Statements as a tool for decision-making, being able to verify their fidelity.

Identify the techniques, models and methods for valuing companies and integrating them into society.

Know how to effectively use computer tools to make presentations.

## **LEARNING RESULTS**

He has an in-depth understanding of financial statements and the relationships between them, mainly he knows how to calculate cash flows

He knows the different valuation methods. Multiple Valuation and Discounted Free Cash Flows

Knows how to value a company based on different valuation methods

It efficiently uses office automation tools in the valuation of companies and the presentation of results

Understands the operation of companies and the optimal level of indebtedness to guarantee their sustainability and their contribution to society

## **LEARNING APPRAISAL SYSTEM**

The learning evaluation system will be carried out using the continuous evaluation model, evaluating the student's learning process based on the continuous monitoring of the work they do, and is aimed at verifying that the student has acquired the competencies, skills and learning results expected for this subject.

The evaluation system in the ORDINARY CALL will be:

For students in FIRST ENROLLMENT, the evaluation of learning will be carried out using the following conditions and proportions:

a) Attendance and active participation in class (10%): Attendance together with a degree of active participation in the course of the class will weigh 10%. In the teacher's opinion, intelligent contributions to the discussion with the

rest of the class will be especially valuable. (For the concept of 'Attendance and Active Participation in Class' to count and to be able to measure with the rest of the concepts, this must not be less than 80%)

b) Work, resolution of exercises, cases, etc. (30%): Tests of different types may be included as part of this continuous evaluation, such as tests, questionnaires, individual or group work and partial evaluation tests. For job grades to be averaged, a minimum score of 4 out of 10 is required.

c) Final Exam (60%): A minimum score of 5 out of 10 is required in the evaluation exam. In the case of a lower grade, the final grade would be the one obtained in the exam.

The FINAL AVERAGE GRADE will be determined by the weighted average value of the grades obtained in the three sections, that is:

$\text{Attendance and participation} * 0.10 + \text{Papers} * 0.30 + \text{Examination} * 0.60$

For those students in 2nd and SUBSEQUENT REGISTRATIONS, and those others with ACADEMIC EXEMPTION granted by the Career Management, the learning evaluation system will be carried out using the following conditions and proportions:

a) Papers, resolution of exercises and cases will weigh 30% on the final grade. For job grades to be averaged, a minimum score of 4 out of 10 is required.

b) The final exam will weigh 70% on the final grade. A minimum score of 5 out of 10 is required on the evaluation exam. In the case of a lower grade, the final grade would be the one obtained in the exam.

In this case, the FINAL AVERAGE GRADE will be determined by the weighted average value of the grades obtained in the two sections, that is:

$\text{Papers} * 0.30 + \text{Examination} * 0.70$

The evaluation system in the EXTRAORDINARY CALL will be carried out using the following conditions and proportions:

a) Papers, resolution of exercises and cases will weigh 30% on the final grade. For job grades to be averaged, a minimum score of 4 out of 10 is required.

b) The final exam will weigh 70% on the final grade. A minimum score of 5 out of 10 is required in the evaluation exam. In the case of a lower grade, the final grade would be the one obtained in the exam.

In this case, the FINAL AVERAGE GRADE will be determined by the weighted average value of the grades obtained in the two sections, that is:

$\text{Papers} * 0.30 + \text{Examination} * 0.70$

**IMPORTANT:**

Individual or group work will be carried out within the period established in the ordinary call for the course, and the deadlines and dates set must be met. In the extraordinary call, no other works will be proposed for this call, and the grades obtained in this section will be maintained in the ordinary call.

Plagiarism, as well as the use of illegitimate means in evaluation tests, will be sanctioned in accordance with those established in the Evaluation Regulations and the University's Coexistence Regulations.

## ETHICAL AND RESPONSIBLE USE OF ARTIFICIAL INTELLIGENCE

1.- The use of any Artificial Intelligence (AI) system or service shall be determined by the lecturer, and may only be used in the manner and under the conditions indicated by them. In all cases, its use must comply with the following principles:

a) The use of AI systems or services must be accompanied by critical reflection on the part of the student regarding their impact and/or limitations in the development of the assigned task or project.

b) The selection of AI systems or services must be justified, explaining their advantages over other tools or methods of obtaining information. The chosen model and the version of AI used must be described in as much detail as possible.

c) The student must appropriately cite the use of AI systems or services, specifying the parts of the work where they were used and describing the creative process followed. The use of citation formats and usage examples may be consulted on the Library website([https://www.ufv.es/gestion-de-la-informacion\\_biblioteca/](https://www.ufv.es/gestion-de-la-informacion_biblioteca/)).

d) The results obtained through AI systems or services must always be verified. As the author, the student is responsible for their work and for the legitimacy of the sources used.

2.- In all cases, the use of AI systems or services must always respect the principles of responsible and ethical use

upheld by the university, as outlined in the [Guide for the Responsible Use of Artificial Intelligence in Studies at UFV](#). Additionally, the lecturer may request other types of individual commitments from the student when deemed necessary.

3.- Without prejudice to the above, in cases of doubt regarding the ethical and responsible use of any AI system or service, the lecturer may require an oral presentation of any assignment or partial submission. This oral evaluation shall take precedence over any other form of assessment outlined in the Teaching Guide. In this oral defense, the student must demonstrate knowledge of the subject, justify their decisions, and explain the development of their work.

## **BIBLIOGRAPHY AND OTHER RESOURCES**

### **Basic**

Aurelio Menéndez, Ángel Rojo (directors); Rodrigo Uría... [et al.]; coordination, María Luisa Aparicio. Lessons in commercial law/10th ed. Cizur Menor (Navarra): Aranzadi, 2012.

Mascareñas Pérez-Íñigo, Juan. Mergers, acquisitions and valuation of companies/6th edition.

### **Additional**

José M<sup>a</sup> Álvarez Arjona, Ángel Carrasco Perera (ed.). Business acquisitions/3rd ed. Cizur Menor (Aranzadi): Aranzadi, 2010.