



## Subject Outline

# **FIN330 Mergers and Acquisitions**



## Section 1 — General information

### 1.1 Administrative details

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Duration	Credit points	Level
One study period (12 weeks)	6	AQF9

### 1.2 Core or elective subject

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This is an elective subject for the Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

### 1.3 Delivery mode

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This subject is delivered online.

### 1.4 Assumed knowledge

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Kaplan assumes that students have completed FIN202 Fundamentals of Asset Valuation and FIN203 Fundamentals of Equity Markets, and FIN204 Fundamentals of Risk or understand the content covered in those subjects, prior to undertaking FIN330 Mergers and Acquisitions.

### 1.5 Course transition subject equivalence

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Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- E142 Mergers and Acquisitions
- FIN230 Mergers and Acquisitions.



## **1.6 Work integrated learning**

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There are no placements, internships or work experience requirements associated with undertaking this subject.

## **1.7 Other resource requirements**

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Students do not require access to specialist facilities and/or equipment to undertake this subject.



## Section 2 — Academic details

### 2.1 Subject overview

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This subject focuses on the merger and acquisition process in the Australian market. It examines the regulatory environment for mergers and acquisitions in Australia and identifies the relevant shareholding thresholds under the Corporations Act. It also provides an overview of the research phase and role of the corporate adviser. It compares the different forms of acquisition, including private treaty acquisitions, and discusses the implementation of offeror and defensive strategies. Students apply their understanding of the merger and acquisition process through analysis of a real transaction that occurred in the Australian market in recent years.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Apply the regulatory framework to acquisitions and takeovers.
2. Compare different forms of acquisitions and divestments.
3. Apply valuation methods to mergers and acquisitions.
4. Implement offeror strategies.
5. Implement defensive strategies.
6. Compare methods of structuring and funding the acquisition.

## 2.3 Topic learning outcomes

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### Topic 1: Introduction to mergers and acquisitions

On successful completion of this topic, students should be able to:

- explain some of the key motives behind mergers and acquisitions, be they public or private transactions
- describe the research phase of mergers and acquisitions and the role of the corporate adviser in this phase
- provide an overview of the differences between a public company takeover and a private treaty acquisition
- outline the regulatory framework for the conduct of mergers and acquisitions in Australia
- outline the relevant shareholding thresholds under the Corporations Act 2001 (Cth) (Corporations Act)
- describe possible alternatives to takeovers.

### Topic 2: Valuation issues for mergers and acquisitions

On successful completion of this topic, students should be able to:

- compare the advantages and disadvantages of the main valuation methodologies
- determine an appropriate valuation methodology given a particular situation
- examine the value of a target company for a bidder
- revise key valuation issues that must be considered
- examine taxation and accounting issues that might arise during a merger or acquisition
- outline the financial impact of an acquisition on the bidder.

### Topic 3: Private treaty acquisitions and sales

On successful completion of this topic, students should be able to:

- explain how private treaty acquisition is applied in practice
- apply the mechanics of private treaty sale or acquisition to various situations
- apply alternative approaches to the method of acquisition or sale
- explain the role of an adviser in a private treaty acquisition or sale
- apply the mechanics of a typical sale of a business
- discuss the legal issues which apply in the sale of a business
- evaluate how due diligence is applied
- compare 'warranties' and 'representations'
- explain how the negotiation process turns an expression of interest into a firm offer and finally into an agreed sale.

#### Topic 4: Regulatory considerations for bidders

On successful completion of this topic, students should be able to:

- discuss relevant provisions of, and definitions in, the Corporations Act relevant to mergers and acquisitions
- calculate the relevant interest and voting power of a party in a shareholding structure
- explain the merger test in section 50 of the Competition and Consumer Act 2010 (Cth) (CCA) and the factors considered by the ACCC in determining if this test has been triggered
- describe the role of ASIC in mergers and acquisitions transactions
- explain the relevance of the ASX Listing Rules to mergers and acquisitions transactions
- explain when a notification is required to be given to FIRB
- explain specific legislation regulating the acquisition of interests in companies in specific industries.

#### Topic 5: Public company activities

On successful completion of this topic, students should be able to:

- compare and contrast the processes involved in a market bid and off-market bid
- explain the major rules for formulating and undertaking a takeover bid, including the purpose of a bidder's statement
- differentiate between the use of defeating conditions and acceptable defeating conditions in a takeover offer
- review other permissible methods of acquisition under the Corporations Act 2001 (Cth)
- explain the need for, and ways of eliminating, minority interests
- compare the difference between a members' scheme and a creditors' scheme
- compare a scheme of arrangement with a takeover bid
- explain the defining characteristics of a dual listed company structure and a demerger company restructure
- compare the differences between a capital reduction and a share buyback, and the processes for undertaking each.

#### Topic 6: Forms of consideration and funding the acquisition

On successful completion of this topic, students should be able to:

- evaluate the various types of consideration used in an offer
- examine the disclosure requirements associated with each alternative offer
- compare the methods and strategic implications of various structuring and financing approaches used in a takeover offer
- examine the financial risks associated with a takeover offer and propose strategies to minimise these risks
- explain the key taxation issues that apply to takeover financing and their implications for the parties involved
- revise the prohibitions contained in section 260A of the Corporations Act that apply to financial assistance.



### Topic 7: Commercial considerations and strategies for the acquirer

On successful completion of this topic, students should be able to:

- discuss the objectives and commercial considerations that must be considered in determining the bid strategy and tactics in a takeover or merger
- discuss the key issues that determine whether an aggressive or agreed takeover approach should be preferred
- discuss the objectives that must be satisfied when determining the form of offer consideration and price, and what conditions (if any) might be included in the offer
- explain situations where it may be appropriate for a bidder to accumulate a pre-bid stake in a target
- explain the courses of action open to a bidder during and after the offer.

### Topic 8: Formal response to a bid

On successful completion of this topic, students should be able to:

- powers and duties of directors during a takeover bid
- matters that must be disclosed in a target's statement
- framework and circumstances in which an independent expert report must be provided to shareholders, and the requirements of the experts in forming their opinions
- issues related to the liability of directors, experts and others, which may affect mergers and acquisitions.

### Topic 9: Defensive strategies: Pre-emptive and reactive

On successful completion of this topic, students should be able to:

- provide examples that distinguish between pre-emptive and reactive defensive strategies
- explain the various forms and uses of pre-emptive defensive strategies
- explain the various forms and uses of reactive defensive strategies.

### Topic 10: The Takeovers Panel

On successful completion of this topic, students should be able to:

- explain the roles, functions and responsibilities of the Takeovers Panel and the courts in the resolution of takeover disputes
- explain how the factors considered by the Takeovers Panel determine whether there are unacceptable circumstances
- explain the composition of the Takeovers Panel and the process the Takeovers Panel follows from receipt of an application to determination
- explain the process of appeal against a Takeovers Panel decision
- revise the content of guidance notes issued by the Takeovers Panel.

## 2.4 Assessment schedule

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Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task	Preparation of a PowerPoint pack	Week 4	1 and 3	15%	LO1–LO2
Assignment 1	Case study: short and long answer questions	Week 7	2–6	45%	LO1–LO3 and LO6
Assignment 2	Case study: short and long answer questions	Week 12	7–10	40%	LO1, LO4–LO5

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

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There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan’s online databases. Students are encouraged to research and read widely on the topic.





## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Introduction to mergers and acquisitions	8
2	Topic 2: Valuations issues in mergers and acquisitions	10
3	Topic 3: Private treaty acquisitions and sales	12
4	<b>Task (Weighting 15%)</b> Topic 4: Regulatory considerations for bidders	12
5	Topic 5: Public company activities	12
6	Topic 6: Forms of consideration and funding the acquisition	14
7	<b>Assignment 1 (Weighting 45%)</b> Topic 7: Commercial considerations and strategies for the acquirer	12
8	Topic 8: Formal response to a bid	8
9	Topic 9: Defensive strategies: Pre-emptive and reactive	8
10	Topic 10: The Takeovers Panel	10
11- 12	<b>Assignment 2 (Weighting 40%)</b>	14
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	70 hours
<b>Total study load, including additional study hours</b>	<b>190 hours</b>