



Financial issues in acquisition agreements

Course objectives

This course is designed to build on the information covered in the Understanding Company Accounts course and to concentrate on how financial information can have an impact on how a share purchase agreement (and similar) is structured and the key issues that are likely to arise in the negotiation of the agreement. The course is specifically designed for corporate lawyers involved in all types of corporate transactions. The course can also cover some of the basic skills in reading and understanding financial statements if needed.

Typical content

- Initial steps and agreeing the value of the shares
 - o Profit based valuation methods such as EBITDA
 - o Asset based valuations
 - o Assessment of alternative methods and the financial adjustments needed at completion
- Working capital and cash free/debt free adjustments
 - o How these work and the issues such standard mechanisms may create
- Accounting policies
 - o Reading accounting policies and identifying the more subjective and judgemental aspects and where provisions may need to be made in the SPA
- Locked-box v traditional agreements
 - o Comparative strengths and weaknesses
 - o Financial issues that may arise under locked-box agreements
- Earn out agreements and other post acquisition payments
 - o How they are reported financially and their impact on distributable profits
- Summary of other topical issues in the current market

Typical practical work

- How to calculate EBITDA and understand strengths and weaknesses of this measure of profit
- Assessment of accounting policies and identifying the important issues
- Calculation of working capital and how to define 'normal' working capital
- How to identify and define 'cash' and 'debt' adjustments and calculate adjustments required on completion
- Closing exercise to assess typical issues in an example SPA (this can be based on an example provided if preferred)

Duration and guideline fee

The course works best as a full day of 6 hours

£1,700 per day

Recommended maximum group size - 30