

Course Outline

Corporate Finance Course – 1 Day

Overview

This course helps participants get on the front foot with negotiations around the big value items in corporate finance deals. The course examines the areas in transactions where the work of the lawyer and specialist accountant or corporate finance advisor collide.

Key issues discussed include the impact on value of net asset adjustment mechanisms and completion accounts, debt free cash free valuations and alternative processes such as “locked box”.

Session 1: overview. Where is the money?

- What is debt free cash free?
- Why is it used?
- Reconciling debt free cash free to net proceeds
- What’s the opportunity here?

Group exercise – debt definitions. Pretend you are advising the acquirer (or the vendor) of a business. Simply working from a standard balance sheet, what would you want to see included in the definition of debt? What is the effect on net proceeds? Yes there is a lot to argue about!

- What is debt?
- Where is the money?
- Where else is the money?

Session 2: working capital. Getting on the front foot from the start

- What is working capital?
- What kind of business could it be an issue for?

Group exercise – working capital. Delegates work to come up with a short and snappy definition for working capital: “how could we describe it”. Delegates compete in groups to dream up a business that has the highest possible (and lowest possible) working capital requirements.

- What's the likely impact on negotiations?
- What's our strategy?
- How can we anticipate working capital issues?
- How can we avoid the price chip?

Session 3: sale & purchase issues. Earning your fee from completion accounts

- Why do we have a target NAV?
- What's the opportunity here?
- Fine tuning the price

Group exercise – completion accounts policies. Teams are supplied with sample completion accounts policies. How could these be played to your client's advantage?

- Completion accounts nightmares.

Group exercise – target NAV. Your team is at the final stages of negotiation and, on your client's behalf, you are concerned about target NAV. There are lots of arguments flying around the negotiating table right now. Which arguments are going to help your case? Which arguments do you need to counter and how?

- Policies that will help you – locking the stable door before the horse has bolted
- The critical window – statutory year end until completion
- The relationship with working capital – timing sale to benefit your client

Session 4: other sale & purchase issues

- Earn outs

Group exercise – earn outs. Delegates are supplied with a sample earn out from their client's lawyer, who has asked for your input. What issues do you see there? What would it make sense to negotiate over? What could you achieve for your client here?

- Course wrap up – key opportunities