

HR Metrics

COURSE CODE: BUAD 468**COURSE TITLE:** Selected Topics: Advanced Financial Modelling for
Mergers and Acquisitions

Calendar Description

This hands-on course enhances and further develops the concepts and technical skills learned in BUAD 354, Financial Modelling, by applying them to mergers and acquisitions and leveraged buyouts. Through modelling a few case companies and interpreting the results, the course presents a balance of theoretical foundations and practical applications.

Prerequisite(s): BUAD 354**Co-requisite(s):** None**Prerequisite For:** None**Substitutable Courses:** None**Graduation Requirement:** BBA, Finance - Elective**Transfer Credit:** None**Special Notes:** None**Credits:** 3**Hours per Week:** 3**Originally Developed:** Fall 2023**EDCO Approval:** NA

CHAIR'S APPROVAL: *Chadwick*

Learning Outcomes

Outcome	Upon completion of this course students will be able to:
1	Analyze in-depth information and the deal term sheet for strategic mergers and acquisitions (M&A) and leveraged buyouts (LBO).
2	Create dynamic financial models of combined entities following an M&A or an LBO transaction.
3	Integrate dynamic debt schedules into a financial model for high-leveraged deals.
4	Develop valuation toolkit with support from comparable transactions and LBO analysis methods.
5	Evaluate the economic merits of an M&A or an LBO transaction using sensitivity analysis.

Course Objectives

Objectives	This course will cover the following content:
1	See Course Schedule

Professors

Name	Phone Number	Office	Email
Elena Mitropolsky	C143		emitropolsky@okanagan.bc.ca

Evaluation Procedure

Term work	10 %
Group case study	20 %
Exams (2)	70 %
Total	100 %

What is the acceptable and approved use of Artificial Intelligence (AI) in this course?

Generative AI tools are permitted with specific restrictions

- Students are permitted to use AI tools for formative work such as gathering information or brainstorming but may not use them for any assessed work or final submission. Whenever generative AI tools are used, they must be appropriately cited. (See [How to cite ChatGPT \(apa.org\)](#))
- Students can use AI tools to assist in proofreading, grammar checking, and language refinement for written assignments where the student has composed the first draft. Students should keep in mind that AI revisions are only suggestions and that they are ultimately responsible for the quality of their submissions. Students may be asked by their instructor how they interacted with AI tools and be prepared to explain and justify their process.

Required Materials

Investment Banking: Valuation, Leveraged buyouts, and Mergers & Acquisitions, 2nd edition (university edition), J. Rosenbaum & J. Pearl, Wiley.

A free e-book is also available through the Library Link: <https://ebookcentral.proquest.com/lib/okanagan-ebooks/detail.action?docID=1211892>

Other required materials will be posted on Moodle

Notes

In order to pass this course, the student must obtain a weighted average of 50% or higher on both exams.

Course Format The class will be Excel-based, and students will be building models in class by moving along with the instructor, through interactive lectures and hands-on modelling exercises. There will be a midterm and a final exam.

There will be a group component where teams of students will be working on an M&A case followed by delivering the presentation to the class.

Course Schedule

(Subject to change at the discretion of the professor)

Date		Topic	Textbook
2025 Week of:		Monday, January 6 th , First day of class Friday, January 17 th , Last day to register for Winter 2025 Friday, January 17 th , Last day to withdraw from class without academic penalty Monday, February 17 th , Statutory Holiday (no classes) Tuesday, February 18 th – Friday, February 21 st , Mid-semester break (no classes) Friday, April 11 th , Last day of classes Friday, April 18 th and Monday, April 21 st – Statutory Holidays (no classes) Tuesday, April 15 th – Tuesday, April 29 th – Final Exam Period	Chapter(s):
Jan	6	Introduction - Strategic and financial acquisitions – reasons, synergies, the importance of execution Review of the best practices of financial modelling Leveraged buyout analysis as a valuation tool	
	13	Static debt versus dynamic debt concepts and applications Building a model with a cash sweep – introduction	
	20	Debt waterfall and detailed debt schedules Practicing with more complex cash sweep models	
	27	Exam 1 – Cash sweep	
Feb	3	Financial Statement Analysis for Mergers and Acquisitions	
	10	Establishing the value of the target: Review of Discounted Cash Flow Valuation Relative valuation using comparable companies' analysis. Relative valuation using precedent transactions analysis	Ch 1-3
	17	No class – Mid-Semester Study Break	
	24	Leveraged Buy Out (LBO) overview LBO valuation and drivers of return	Ch. 4
Mar	3	LBO analysis – building a model Sources and uses of funds at entry and at exit Operating forecast model and debt analysis Returns to investors	Ch. 5
	10	Mergers and Acquisition Process – strategic buyer Mapping a model and M&A model: screening, short-form or long-form M&A analysis fundamentals – building a screening model	Ch. 6
	17	M&A analysis – building a short form model: Valuation summary and deal assumptions, Source and use of funds Combo shares calculation, Goodwill calculation Opening balance sheet Relative P/E analysis, Credit and ROIC analysis	Ch. 7
	24	M&A analysis – a long-form model Using Buyer and Target full models to generate a combo model. Opening balance sheet – goodwill and fair value adjustments Financing mix and fees Combo forecast 3-statement model. Combo interest and tax Analyzing returns	
	31	Team project presentations	

Apr	7	Review for the final exam	
	15	Final Exam Period	

Skills Across the Business Curriculum

The Okanagan School of Business promotes core skills across the curriculum. These skills include reading, written and oral communications, computers, small business, and academic standards of ethics, honesty and integrity.

Student Conduct and Academic Honesty

What is the Disruption of Instructional Activities?

At Okanagan College (OC), disruption of instructional activities includes student “conduct which interferes with examinations, lectures, seminars, tutorials, group meetings, other related activities, and with students using the study facilities of OC”, as well as conduct that leads to property damage, assault, discrimination, harassment and fraud. Penalties for disruption of instructional activities include a range of sanctions from a warning and/or a failing grade on an assignment, examination or course to suspension from OC.

What is Cheating?

“Cheating includes but is not limited to dishonest or attempted dishonest conduct during tests or examinations in which the use is made of books, notes, diagrams or other aids excluding those authorized by the examiner. It includes communicating with others for the purpose of obtaining information, copying from the work of others and purposely exposing or conveying information to other students who are taking the test or examination.”

Students must submit independently written work. Students may not write joint or collaborative assignments with other students unless the instructor approves it in advance as a group/team project. Students who share their work with other students are equally involved in cheating.

What is Plagiarism?

Plagiarism is defined as “the presentation of another person’s work or ideas without proper or complete acknowledgement.” It is the serious academic offence of reproducing someone else’s work, including words, ideas and media, without permission for course credit towards a certificate, diploma, degree and/or professional designation. The defining characteristic is that the work is not yours.

“Intentional plagiarism is the deliberate presentation of another’s work or ideas as one’s own.” Intentional plagiarism can be a copy of material from a journal article, a book chapter, data from the Internet, another student, work submitted for credit in another course or from other sources.

“Unintentional plagiarism is the inadvertent presentation of another’s work or ideas without proper acknowledgement because of poor or inadequate practices. Unintentional plagiarism is a failure of scholarship; intentional plagiarism is an act of deceit.”

What are the Students’ Responsibilities to Avoid Plagiarism?

Students have a responsibility to read the OC Plagiarism Policy and Procedures outlined in the OC calendar, which is available in online format www.okanagan.bc.ca. Students must acknowledge the sources of information used on all their assignments. This usually involves putting the authors’ name and the year of publication in parentheses after the sentence in which you used the material, then at the end of your paper, writing out the complete references in a Reference section.

“Students are responsible for learning and applying the proper scholarly practices for acknowledging the work and ideas of others. Students who are unsure of what constitutes plagiarism should refer to the UBC publication “*Plagiarism Avoided; Taking Responsibility for your Work*”. This guide is available in OC bookstores and libraries.

Students are expected to understand research and writing techniques and documentation styles. The Okanagan School of Business requires the use of the APA or MLA style, but suggests that students cite references using the APA guidelines (see Publication Manual of the American Psychological Association, 6th edition (2009)). A copy of the APA manual is available in the reference section and also available for circulation from OC libraries. The library website has access to these two major citing styles.

What are the Penalties for Plagiarism and Cheating?

The Okanagan School of Business does not tolerate plagiarism or cheating. All professors actively check for plagiarism and cheating and the Okanagan School of Business subscribes to an electronic plagiarism detection service. All incidents of plagiarism or cheating are reported and result in a formal letter of reprimand outlining the nature of the infraction, the evidence and the penalty. The Dean of the Okanagan School of Business and the Registrar record and monitor all instances of plagiarism and cheating. Penalties for plagiarism and cheating reflect the seriousness and circumstances of the offence and the range of penalties includes suspension from OC.