

The University of Chicago Booth School of Business

## *Preliminary Syllabus: Subject to Change*

### **Deal Structuring and Financial Reporting Implications** **BUSN 30122: Spring 2025**

Section 01 –Wednesdays 8:30 AM to 11:30 AM (Harper Center, room C04)

Instructor: Haresh Sapra Phone: 773.834.1585 Office: Room 526 Harper Center Email: <a href="mailto:hsapra@chicagobooth.edu">hsapra@chicagobooth.edu</a> Course web site: <a href="https://canvas.uchicago.edu/">https://canvas.uchicago.edu/</a> Office hours: By Appointment only	Teaching Assistants:  Ben Smith: <a href="mailto:bsmith32@chicagobooth.edu">bsmith32@chicagobooth.edu</a> Ishita Suri: <a href="mailto:isuri@chicagobooth.edu">isuri@chicagobooth.edu</a>  Administrative Assistant: Gen Hensley Email: <a href="mailto:ghensley@chicagobooth.edu">ghensley@chicagobooth.edu</a>
---	--

#### **Course Objectives:**

The objective of this course is to develop the core tools needed to understand the financial reporting, tax, and legal implications of structuring complex deals. Such tools are essential for investment bankers, consultants, restructuring/turnaround specialists, private equity professionals, corporate development/internal M&A professionals and entrepreneurs who want to have a competitive advantage by understanding how financial reporting, tax and legal considerations affect deal structures.

#### **Course Prerequisites**

- Strict Prerequisites: BUS 30000 - Financial Accounting ***and one*** of the following:
  - BUS 30130 - Financial Statement Analysis, BUS 30116 - Accounting and Financial Analysis, BUS 30118 - Taxes & Business Strategy, BUS 30131 - Advanced Financial Analysis and Valuation for Global Firms.<sup>1</sup>
  - I may grant a waiver based on previous work/academic experience—please contact me at [hsapra@chicagobooth.edu](mailto:hsapra@chicagobooth.edu).
- Recommendations: Proficiency in Excel & Financial Modelling
- Time Commitment: This class is demanding and potentially overwhelming if you are not prepared to dedicate significant amounts of time and energy. Students should expect 6-8 hours of work per week outside of class for the course assignments, merger model, pre-class or post-class videos.
- I do not allow auditors.

---

<sup>1</sup> The 1<sup>st</sup> class assignment is a very good gauge of whether you have the right foundation for the course. If you find Assignment 1 very painful, then you should probably not take the course.

## *Preliminary Syllabus: Subject to Change*

### **Major Topics**

- Financial Reporting Implications of firms under Influence and Control situations.
- Financial Reporting rules for M&A deals.
- Tax Structuring and Tax Implications of M&A deals.
- Merger Consequences model (the M&A project)—students will learn how to build a merger model that combines two companies under a variety of deal structures and consideration mixes in order to evaluate the feasibility of deals.
- Financial Reporting and Tax Issues for Firms operating Under Bankruptcy Reorganization and emerging from Bankruptcy—students will learn how to build a bankruptcy restructuring and reorganization model.
- Corporate Restructuring and Financial Reporting implications for Spin-offs, Equity carve-outs, and Morris Trust Transactions.

### **Course Materials**

There is no specific textbook for the course. All course materials will be available for download on the 30122 course web site at <https://canvas.uchicago.edu/>

### **Course Evaluation**

This course cannot be taken for a Pass or Fail grade. Your overall grade will be as follows:

Item	Individual or Group	Weight
Class Attendance	N/A	See below
In Class Midterm Exam	Individual	25%
M&A Project	Group	25%
In Class Final Exam	Individual	25%
Assignments	Assignments 1&2: Individual; Assignment 3: Group	25%

### **Class Attendance**

The course will be **fully in person**. If you enroll in the course, you are expected to be present in class. *Week 1 attendance is mandatory*. As the material for the quarter is cumulative and week 1 is foundational, you will need to be present in your assigned section in week 1. If your travel plans interfere with your ability to be present in week 1, you should avoid enrolling in this class.

Beyond week 1, class attendance will explicitly be incorporated into your grade in a non-continuous way. As there are only 9 weeks of class, each session represents more than 10% of the course material and is thus an important fraction of the class.

I will take attendance every class and you need to be present for the entire 3 hours. Attendance will be incorporated into your grade as follows:

If you miss:

The University of Chicago Booth School of Business

## *Preliminary Syllabus: Subject to Change*

- 1 class: no penalty (provided that it is not week 1)
- 2 classes: automatically drops your final grade by 1/3 of a letter (e.g., an A becomes an A-).
- 3+ classes: automatically drops your final grade by two full letters (e.g., an A becomes a C).

This system automatically allows for you to get sick once during the quarter and have no penalty. It is also important to note that class attendance is positively correlated with performance in the class on other dimensions, so it is important to remember if you earned a “C” based on your numerical grade but missed 3 classes, you would automatically fail the class.

### **Group Work**

There is a significant amount of group work for the course. All group work must be performed in a team of two students. You are responsible for forming your own team. Submit your group members’ names to the teaching assistant by the beginning of week 3.

### **Midterm Exam (25%)**

The midterm exam—worth 25% of the overall grade—will be open notes and held in the first half of class during week 6.

### **M&A Group Project (25%)**

The purpose of this group project worth 25% of your overall grade is to help you synthesize and apply all the important M&A concepts learned in the course in order to evaluate a hypothetical M&A deal involving an acquirer and a target. The project will require you to do a comprehensive M&A analysis by building a merger consequences model. Building a merger model is an important exercise that will help you develop the following practical skills:

- Apply the accounting and tax M&A concepts learned in this course and other concepts learned from accounting/finance courses at Chicago Booth.
- Learn how to build a comprehensive financial model using Microsoft Excel.
- Understand how a financial model is used to evaluate a deal—this skill set would be beneficial for those who want to have a competitive advantage by understanding how financial reporting, tax and legal considerations affect deal structures.

### **In-class Final Exam (25%)**

The in-class final exam would take place during finals week and is worth 25% of the overall grade. It would be open-notes and would not be cumulative but cover topics discussed after the midterm exam.

***Preliminary Syllabus: Subject to Change*****Assignments (25%)**

- Three (3) assignments:
  - Assignment 1 (1st class assignment) is due on the 1st day of class and is worth 5% of your grade. For your convenience, it is available [here](#). It gauges your skill level in financial reporting issues.<sup>2</sup>
  - Assignment 2 is an individual assignment and is worth 10% of your grade.
  - Assignment 3 is a group assignment and is worth 10% of your grade. It is based on the M&A project and should be worked as the same team as your M&A project.
- All assignments would be posted on and submitted via canvas.

**Weekly Review Sessions**

I will hold online review sessions once a week at a date and time that is still to be determined. While attending review sessions is not mandatory and you would not be penalized for not attending, I strongly encourage you to do so. Moreover, in the case of borderline grades, I may take your attendance into account to bump up your grade. During the review sessions, I will go over the assignments, previous exams, merger model, and discuss some actual deals in order to solidify the concepts that we have learned in class.

**Office Hours**

My office hours are by appointment only. To make an appointment, please email me at [hsapra@chicagobooth.edu](mailto:hsapra@chicagobooth.edu).

**Chicago Booth Honor Code**

Students will be required to sign the following honor pledge on any materials turned in for grading:

“I pledge my honor that I (or the team) have not violated the Chicago Booth Honor Code on this assignment or examination.”

In this course, we will be developing skills and knowledge that are important to discover and practice on your own. Because use of AI tools inhibits development of these skills and knowledge, students are not allowed to use any AI tools, such as ChatGPT or Dall-E 2, in this course. Students are expected to present work that is their own without assistance from others, including automated tools. If you are unclear if something is an AI tool, please check with your instructor. Using AI tools for any purposes in this course

---

<sup>2</sup> The deadline for submitting the 1<sup>st</sup> class assignment is 5:00 PM (Chicago time) on March 25, 2025. If you want to enroll in the course, it is your responsibility to submit the assignment by the deadline. If you already have access to the 30122 course site on Canvas, please use the relevant Assignment 1 module on that site. Otherwise, please email your assignment to my teaching assistant Ben Smith at bsmith32@chicagobooth.edu.

The University of Chicago Booth School of Business

## *Preliminary Syllabus: Subject to Change*

will violate both the Booth Honor Code and the University's academic integrity policy. If any person or group violates this rule, the assignment in question will get a 0% and you may fail the course.

### **Accommodations for Disabilities**

The University of Chicago is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or think you may have a disability) and, as a result, need a reasonable accommodation to participate in class, complete course requirements, or benefit from the University's programs or services, please contact Student Disability Services as soon as possible. To receive a reasonable accommodation, you must be appropriately registered with Student Disability Services. Please contact the office at 773-702-6000/TTY 773-795-1186 or [disabilities@uchicago.edu](mailto:disabilities@uchicago.edu), or visit the website at [disabilities.uchicago.edu](http://disabilities.uchicago.edu). Student Disability Services is located at 5501 S. Ellis Avenue.

If you have an approved accommodation from Student Disability Services that you plan to use in this course, please contact Academic Services ([AcademicServices@lists.chicagobooth.edu](mailto:AcademicServices@lists.chicagobooth.edu)) as soon as possible. Academic Services will provide support to you and your instructor and coordinate the details of your accommodations on your behalf.

### **Diversity and Inclusion**

The University of Chicago believes that a culture of rigorous inquiry demands an environment where diverse perspectives, experiences, individuals, and ideas inform intellectual exchange and engagement. I concur with that commitment and expect to maintain a productive learning environment based upon open communication, mutual respect, and non-discrimination.

### **Laptops, Tablets, Smart Phones and Other Devices Policy**

You are not allowed to use your laptops, smart phones, and tablets during the lectures. There are no exceptions to this policy. If you need to use your phone even for sending text messages, please step out of the classroom. Note that given this policy, you are responsible for bringing hard copies of the lecture notes to class. It would be hard to follow the lectures without them.

### **Important dates for the course**

Assignment 1 (First Class Assignment) Available	January 1, 2025
Assignment 1 Due and Assignment 2 Available.	First day of class
Assignment 2 Due and Assignment 3 Available	Week 3
Assignment 3 Due and M&A Project Assigned	Week 5
Midterm Exam (In-Class lasting 90 minutes)	Week 6
Extended Classes (see below)	Week 5 & Week 8
M&A Model Project Due	Week 9
Final Exam (In-Class lasting 90 minutes)	Week 10

The University of Chicago Booth School of Business

***Preliminary Syllabus: Subject to Change*****Tentative Course Outline and Calendar****Week 1:**

## TOPICS:

- Financial Reporting Implications of Influence and Control situations.
- Equity Method of Accounting.

## ASSIGNMENTS:

- Assignment 1 due. See Assignment for details.
- Assignment 2 available.

**Week 2:**

## TOPICS:

- U.S. and International Merger Accounting Rules.

## ASSIGNMENTS:

- Work on Assignment 2.

**Week 3:**

## TOPICS:

- Comprehensive Illustration: Equity Method vs. Consolidation continued.
- Introduction to Tax Concepts in M&A Deals.

## ASSIGNMENTS:

- Assignment 2 due. Work on Assignment 3.

**Week 4:**

## TOPICS:

- Tax Structuring of M&A Deals: Taxable Deals vs. Tax-Free Deals.
- Tax treatment of Intangibles in M&A Deals.
- Financial Reporting Implications of the tax structure of a deal.

## ASSIGNMENTS:

- Complete Assignment 3.
- M&A Modeling Project available. Start Part 1 of Project as soon as possible.

***Preliminary Syllabus: Subject to Change*****Week 5:**

**We will meet for an extra hour this week from 8:30 AM to 12:30 PM.**

**TOPICS:**

- Accretion/Dilution Analysis in Acquisitions.
- Treatment of Employee Compensation in Acquisitions.
- Treatment of Net Operating Losses in Acquisitions

**ASSIGNMENTS:**

- Assignment 3 due.
- Complete Part I of the M&A Project. You should not turn in Part I of the project.  
*However, completing Part I of the project is the best way to ensure that you are prepared for the midterm exam.*

**Week 6:****TOPICS:**

- Midterm Exam held during the first half of class.
- Financial Reporting Issues for Firms Operating Under Chapter 11.

**ASSIGNMENTS:**

- Start Part II of the M&A project.

**Week 7:****TOPICS:**

- Financial Reporting Issues for Firms Emerging from Chapter 11: Fresh Start Accounting.

**ASSIGNMENTS:**

- Complete Parts II and Part III & Requirement 1 of the M&A Project (i.e., all the projected schedules and pro forma financial Statements). Again, you should not turn Part II. This is just to ensure you are not falling behind on the project.

The University of Chicago Booth School of Business

***Preliminary Syllabus: Subject to Change*****Week 8:*****We will meet for an extra hour this week from 8:30 AM to 12:30 PM*****TOPICS:**

- Financial Reporting Issues for Firms Emerging from Chapter 11: Fresh Start Accounting Continued.
- Corporate Restructuring Mechanisms: Divestitures, Equity Carve-Outs, and Spin-offs.

**ASSIGNMENTS:**

- Complete the remaining requirements of Part III (Requirements 2 through 5) of the M&A project.

**Week 9:****TOPIC**

- Corporate Restructuring Mechanisms: Divestitures, Equity Carve-Outs, and Spin-offs (continued).
- Morris Trust Transactions

**ASSIGNMENTS:**

- M&A Modeling Project due. Please carefully follow all the instructions on how to submit the project.

**Week 10: Final Exam Week**

- In-Class Final Exam: 90 minutes.