

Subject	Corporate Value Creation and M&A		Semester/ Credit	Fall-Winter 2 Credits
Instructor	Prof. Isao Murafuji		Subject Code	Compulsory / Elective Students
			17176031	
Scheduled Sessions Dates Hakata Station Thu.20:10-21:40	① Oct.5 th ② Oct.12 th ③ Oct.19 th ④ Oct.26 th ⑤ Nov.2 nd ⑥ Nov.9 th ⑦ Nov.16 th ⑧ Nov.30 th ⑨ Dec.7 th ⑩ Dec.14 th ⑪ Dec.21 st ⑫ Jan.11 th ⑬ Jan.18 th ⑭ Jan.25 th ⑮ Feb.1 st Final Exam. Feb.8 th			
Prerequisite	Excluding exchange students, successful completion of accounting and corporate finance courses are required	Keywords	Enterprise Value, DCF, Consolidated Division system, Performance Evaluation Standard, Business Sale, Merger, Share Swap, Company Spin-Offs, MBO, LBO, Hostile Acquisition, Defense, Securitization. IPO, Debt Equity Swap	
Purpose of the program	Based on the theory of corporate finance, understand the methodologies of optimization of business portfolio and capital structure	Objective of the study	Understanding the merits and the problems of methodologies of optimization of business portfolio and capital structure. Understanding of methodologies of the restructuring of Japanese financial institutions and governments.	

Summary of the Lecture

1. Managerial environment has radically changed for Japanese companies as the result of the collapse of land & equity bubbles, accounting & financial big bangs, the emergence of China and the world' financial crisis. Japanese companies have to plan and implement revolutionary financial restructuring. As the result of the accounting big bang, disclosure now has to be based on consolidation and market value principles. As the result of the financial big bang, Japanese companies now have to manage themselves based on self-responsibility principle and have to satisfy the investors of the market. Japanese companies are required to calculate enterprise and equity values based on global standards and have to optimize its business portfolio in order to increase these values.
2. Following the disclosure of consolidated financial statements, methodologies of managerial consolidation, such as consolidated division management or holding company structure were introduced where periodical consolidated financial reporting are made for consolidated divisions not for disclosure purpose but for managerial purpose. Now, the targets of M&A transactions are not always legal entities but are consolidated divisions. In addition to business sale and merger, share swap and company spin-offs were introduced as the new methodologies for M&A. We do not see LBO too often in Japan but the number of MBOs are increasing steadily. Securitization has been active for off-balance sheet purpose in various receivables and real estates which are producing steady cash flows. In order to optimize capital structure, disclaimer and debt equity swap have been sometimes used in addition to IPO and new equity issue. However, actual cases have a lot of misunderstandings on the methodologies. This course focuses on the practical aspect of corporate finance and tries to evaluate various methodologies to optimize the business portfolios and capital structures of private enterprises.

	<p>3. In Japan, we face financial restructuring issues for financial institution sector and government sector as well. Financial institution sector needs to provide enough for bad debt and has to optimize its business portfolio and maintain necessary equity ratio based on consolidated division management and market value principles. Government sector has to introduce accrual and double entry accounting system and disclose consolidated service divisions to show the real financial picture to the people. The real picture is that the government is too large with excessive debt and has to transfer many public businesses to private sector in order to make the government healthier and sustainable. This course touches upon most significant issues for Japanese financial institution and government sectors and possible solutions to solve those issues.</p>
<p>Notes for taking the course</p>	<p>1. Frequency : one lecture per week x 15 weeks and final examination 2. Language : Lecture and discussion are done in English but the text book is in Japanese 3. Proceeding of the Course</p> <p>Students with necessary language capability are required to read the specified reading materials and consider the answer for the exercise for the day before the lecture. Regarding the topic for the day, participants are required to express their opinions in front of others and discuss to evaluate solution alternatives.</p>
<p>Text Book References</p>	<p><Text Book> • “The Optimization of Business Portfolio” by Murafuji, Chuo Keizai, 2010(Jap.) <References > • “The Secret of M&A Adviser” by Murafuji, Soseisha, 2008(Jap.) • “Corporate Finance” by Murafuji, Chuo Keizai,2006(Jap.) • “Net Government” by Murafuji, Dobunkan 2015(Jap.) • “Consolidated Financial Strategy” by Murafuji, Toyo Keizai, 2000(Jap.) • Corporate Finance, Brealey, Myers/Allen(11th edition: English) • Defense against Hostile Acquisition under New Company Act and New Securities Exchange Act, Shinsuke Matsumoto, 2005, Tax and Accounting Association (Jap.)</p>
<p>Final Exam and Evaluation Standards</p>	<ul style="list-style-type: none"> • Attendance, participation and contribution to the course : 50% • Final Examination : 50%