

Glossary of Key M&A and Corporate Terms

7th edition

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ABS

► Asset Backed Securities.

Accruals

Term used in accounting. Accruals are recognised when future revenue or liabilities become known, but before there is any actual exchange of funds. This enables companies to plan their finances with certainty. Accruals overlap with ► Provisions in the context of expected liabilities.

Acquirer Concept

Involves application of an acquirer's restructuring plan by the insolvency administrator in the context of insolvency proceedings, which can include dismissing staff.

Acquisition

General term for all methods of acquiring an equity interest.

Acquisition Finance

Financing a corporate acquisition through borrowing; the resulting

► Leverage Effect is aimed at generating a higher return on the capital employed (see also ► LBO). However, the higher proportion of debt capital also leads to increased risks for the company.

Acquisition Group

Group of companies to be acquired in the course of a transaction (see also ► Target Group).

Acting in Concert

Several parties acting by mutual agreement in relation to a ► Target; acting in concert can lead to voting rights being attributed, with the result that notification thresholds under capital markets law may be triggered. A mandatory offer may also become necessary under the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*). The question as to whether the parties are acting in concert is complex and often difficult to establish.

Action List

List in which all the (pending and completed) action items (together with deadlines and persons responsible) are recorded and updated (see also ► Procedure Plan).

Add-on Acquisition

Acquisition of a company subsequent to an investment already made, with the aim of supplementing the original investment ("add-on"). From the investor's point of view, there may be various reasons for such an acquisition, e.g. gaining new customers, boosting market share, exploiting synergy effects, etc.

Advisory Board

Body established by a company to provide management with advice; not to be confused with the ► Supervisory Board.

Affiliate

Affiliated company; in German contracts often defined as an affiliated undertaking within the meaning of sections 15 et seq. of the German Stock Corporation Act (*AktG*).

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