**Business Acquisitions**

**Preparation**

Use the Internet or [Basic Search: Strayer University Online Library](https://research.strayer.edu/) to research two publicly traded U.S. companies and download their financial statements. Assume that you are the CEO of one of the selected companies. You are responsible for gaining control over the other company.

You have three choices, any of which you believe that the board of directors will support:

* Choice 1: Your company acquires 35 percent of the voting stock of the target company.
* Choice 2: Your company acquires 51 percent of the voting stock of the target company.
* Choice 3: Your company acquires 100 percent of the voting stock of the target company.

**Instructions**

Write a 4–5 page paper in which you:

* Provide a brief background introduction to both the company that you are working for and the company you are responsible for gaining control over.
* Specify the overall manner in which the acquisition fits into your company’s strategic direction.
* Identify at least three possible synergies that could occur as a result of the proposed acquisition.
* Select two out of the three choices provided in the scenario and analyze the key accounting requirements for each of the two choices that you selected.
* Suggest one strategy with which you would prepare the financial statements for your company after the acquisition under each of the two choices.
* Select the choice that you consider to be the most advantageous to your company. Explain to the board of directors at least three reasons why your selected choice is the most advantageous to the company.
* Assume that two years after the acquisition, your board of directors wants to offer the shares back to the public in hopes of making a large profit. Assume that in each of the two years your company and the target company have had the same reported net income as they did in the year of acquisition. Determine the type of value (that is, cost of fair value) that you would use to report the subsidiary’s net asset in the subsidiary’s financial statements, which the company will distribute to the public with the public offering. Provide support for your rationale.
* Use [Basic Search: Strayer University Online Library](https://research.strayer.edu/) to find at least three academic resources.

**Note:**Wikipedia and similar websites are not considered quality references.