

Book Review

The Process of Company Mergers in the Context of Legislation, Accounting and Taxes

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The assessed monograph is devoted to the processes of company mergers in the legal, accounting and tax contexts and it brings interesting findings about mergers implemented in the Czech Republic. The presented results are based on the research that was supported by the Czech Science Foundation. The reviewed monograph represents a comprehensive work devoted to the important issue of company mergers from different, but logically connected aspects. It fills the gap in the in professional literature since it deals with the mergers in the Czech Republic in the way the other publications have not and provides interesting results of empirical research using a unique dataset.

The monograph is divided into eight chapters which are logically connected. In the second chapter (the first one is the Introduction), the authors define mergers in the context of business transformations. The characteristics of the individual forms of joining of the companies such as acquisitions, mergers and foreign direct investments are presented. Moreover, the problems related to mergers and acquisitions are discussed.

The development of mergers and acquisitions in the world and in the Czech Republic is introduced in the third chapter. The comparison of the behaviour in the mergers and acquisitions markets in the Czech Republic and abroad is included in the chapter. The authors also consider the impact of the last global financial and economic crisis on mergers and acquisitions.

The fourth chapter presents empirical research into mergers in the Czech Republic. It brings results of unique research which was done using a data sample that covers a 10-year period (2001–2010) and allowed the authors to statistically process company mergers implemented in the Czech Republic. In addition, the causes of the failures of mergers are also provided.

The motives of mergers in the Czech Republic are a subject of the fifth chapter. The motives are described in the detail based on the current literature. Furthermore, the chapter includes the evaluation of the empirical study based on

the questionnaire survey that was devoted to the research into accounting and tax issues related to mergers in the Czech Republic.

The sixth chapter is devoted to company transformations and their commercial-law legislation. The changes brought by the act on transformations and the changes brought by the amendment from the year 2012 are discussed. The directly applicable standards of the European accounting act are mentioned as well.

The seventh chapter brings a complex view of the accounting methods to deal with the process of company mergers. It compares the Czech accounting standards with the IFRS (International Financial Reporting Standards) and with the US GAAP (Generally Accepted Accounting Principles).

The last chapter deals with the tax aspects of company transformations. Within this chapter, the authors were trying to find whether and what role the tax motive has when the domestic companies make a decision about merger. The problematic aspects of taxes related to mergers are also discussed and the recommendations for reducing the tax administrative burden and problems are proposed.

The monograph contributes to the discussion about partial issues of merger process in the area of accounting, tax and law.

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